



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

June 30, 2017

Dear Commissioners,

Yesterday I sent you a memo describing the process by which funds will be allocated to your agency by SID in the absence of a budget on July 1. In that letter I committed to some additional guidance on contracting in particular. OPM certainly appreciates that state agencies have contracts and grant agreements covering a wide variety of goods and services, with a similarly wide variety of counterparties. We understand that no general guidance can cover all situations, and we will support your efforts at the agency level to navigate your own contracts in the way that best meets your needs.

That said, I offer the following general guidance:

New Contracts and Grant Awards

Agencies should not enter into any new contracts or grant awards unless they are fully supported for the entirety of FY 18 within the resource allocation plan that has been promulgated by OPM. Moreover, please consider how critical any activity is, understanding that we should defer action on any less critical activities while we await legislative action on a budget. This would also apply to pass-through grants of federal or other funds that require state match.

Existing Grants

Agencies should evaluate what reductions will be necessary to existing grant and contract commitments in order to live within the allocation plan. This may require that immediate cancellations be provided in some cases, or in others that changes in rates, utilization, or other terms be immediately modified. Please be realistic about the time it takes for revised contract terms to impact payments and factor that into your overall challenge.

I can provide no assurances that funding will be restored in any area of the state budget. Nevertheless, you may wish to consider when you revise contracts or grant awards, to address how you would deal with retroactive funding that may be made available. Please be sure to work with your counsel to ensure that any provisions meet the requirements of state and federal rules governing retroactive payments.

External Communications

If it is helpful to you, the following language may be used to communicate our predicament to vendors, grantees and others:

Dear Vendor/Grantee/Other:

As you know, the state of Connecticut has not adopted a budget for the fiscal year that began on July 1, and as a result the Governor has issued an executive order to allow limited functions

of government to continue. In order to live within the extremely limited resources available in this no-budget environment, state agencies are required to cancel, reduce, and renegotiate their contracts, grant agreements, and other agreements, including the agreement that we have with you.

Please do not take this as a reflection on the quality or significance of the services that you provide to the state. Many worthwhile and valuable activities will be curtailed until we have an appropriated budget, passed by the legislature, which provides funding for them.

While the state faces real budget problems which will ultimately require permanent reductions in state spending in many areas, many of the cuts that are necessitated by no budget can be reversed once the legislature adopts any reasonable budget. You should always feel free to communicate with your elected representatives in the legislature about your concerns with respect to the budget.

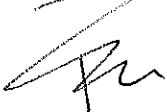
Thank you for your patience as we work through this difficult period.

Budget Changes

While we do have flexibility between budget lines in the absence of an appropriated budget, our resource constraints are considerable. Accordingly, we will not consider requests to move funding from one line to another until after August 1 when we can better determine agency success in adapting to the new budget levels. Requests for more funding cannot be considered except in extraordinary cases.

We will continue to provide you with any assistance possible, and I am sure that state agencies will work to support one another as well. Please contact your budget analyst for help as needed.

Kind Regards,



Ben Barnes
Secretary

Cc: Susan Weisselberg, Deputy Secretary, OPM
Paul Potamianos, Executive Budget Officer, OPM
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