



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

September 17, 2009

TO: Heads of All Budgeted Agencies
FROM: Robert L. Genuario, Secretary
SUBJECT: FY' 10 Budget Implementation

As you know, Governor Rell has run the state under Executive Order since the last fiscal year closed on June 30, 2009. On August 31st, the General Assembly passed HB 6802, providing an appropriation and finance package for the next two years. This bill became law without Governor Rell's signature and is now Public Act 09-3, of the June Special Session. To date, many important pieces of implementing legislation have yet to be voted on and passed by the legislature. However, as we near the close of the first quarter of operations, it is imperative that we take steps to restore normalcy to the budget process and proceed with implementation of the Appropriation Act for this fiscal year.

I know that some of you have looked at your agency budget and have begun your internal planning process of how to live within the resources provided. While I applaud your initiative, I am taking this unusual step of writing to alert you to issues that you may not yet be aware of. There are a number of significant challenges incorporated in the Appropriation Act which do not appear in your individual budgets that will stretch all of our abilities to live within our means. I want to bring these to your attention sooner rather than later.

The 2009-2010 Appropriation Act includes bottom line adjustments (lapses) to General Fund appropriations of over \$473 million, which will result in a significant number of adjustments to agency-specific appropriations. These bottom-line adjustments include:

- \$190,977,440 in Personal Services Reductions related to the SEBAC 2009 agreement with the State of Connecticut and SA 09-6;
- \$95 million of savings due to Reductions in Contract Services;
- \$30,836,354 in DOIT charges to agencies;
- \$28 million of savings due to reducing OE expenses to FY'07 levels;
- \$10 million in Management Reductions;
- \$3 million in savings attributed to Enhanced Agency Outcomes;
- \$14 million in General Personal Services Reductions;
- \$11 million in General Other Expenses Reductions;

- \$87,780,000 in Unallocated Lapse and
- \$2.7 million in Unallocated Legislative Lapse.

Similarly, in the Special Transportation Fund there are bottom line adjustments of \$11,000,000 for Estimated Unallocated Lapses and \$10,227,979 for Personal Services Reductions.

In order to keep the state budget in balance, we must achieve these savings by allocating portions of each identifiable lapse to individual agencies. Accordingly, all of the required savings, with the exception of the unallocated lapses, have been programmed by agency into your allotment request. Additional information describing the methodologies used to distribute the savings is available in the technical instructions accompanying the software that will be sent to your fiscal office in the next few days.

Section 4-85 of the Connecticut General Statutes requires each budgeted agency to submit a requisition for the allotment of appropriations available to carry on its work during each quarter of the fiscal to the Governor, through the Secretary of OPM. The official allotment program is in accordance with the Appropriation Act, adjusted for any funding received under Executive Orders 28, 31, 31A and 33 issued by Governor Rell prior to passage of the biennial budget. You will be receiving specific instructions from the Budget and Financial Management Division regarding the details of your submission.

As I mentioned earlier, agencies have received funding to provide for the first three months of the fiscal year under the Executive Orders issues by Governor Rell prior to the passage of the Appropriation Act. Except in extreme instances, since we are now less than two weeks from the start of the second quarter, additional first quarter allotments should not be required. If you need additional funds in the first quarter, please contact your budget analyst immediately.

I recognize the difficulty that you will have in developing your individual spending plans for the fiscal year. I want to sincerely thank you for your willingness to be a part of the solution and look forward to working with you over the coming year.

JB:nme

Xc: Fiscal Officers
Geary Maher