



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TO: Heads of All Budgeted Agencies
FROM: Paul E. Potamianos, Executive Budget Officer
SUBJECT: Request for Allotment of Appropriations (B-1)
DATE: June 6, 2014

A handwritten signature in black ink, appearing to read "Paul E. Potamianos".

In accordance with Section 4-85 of the Connecticut General Statutes, each budgeted agency shall submit to the Governor, through the Secretary of OPM, a requisition for the allotment of appropriations available to carry out the work of such budgeted agency during each quarter of the fiscal year.

The official allotment program (B-1) must be in accordance with the enacted budget. For agencies with multiple-source funding, a separate B-1 is required for each appropriated funding source. For higher education units, a separate B-1 is required for the operating funds as an estimate of quarterly expenditures.

The software for entering B-1 requests is essentially unchanged from the application used last year. Instructions for using the application are attached.

Adjustments to available agency funds

Public Act 14-47, as amended by Public Act 14-217, the revised budget for FY 2015, includes allocable bottom line savings (lapses) of \$20 million in the General Fund which will require adjustments to agency-specific FY 2015 appropriations. These lapses have been programmed by agency against available funds and include:

- A General Lapse of \$10.0 million, distributed as follows:
 - \$9,678,316 for the Executive branch;
 - \$39,492 for the Legislative branch; and
 - \$282,192 for the Judicial branch.
- A Statewide Hiring Reduction Lapse of \$10.0 million, distributed as follows:
 - \$8,060,000 for the Executive branch;
 - \$280,000 for the Legislative branch; and
 - \$1,660,000 for the Judicial branch.

Request for Allotment of Appropriations (B-1)

In addition to the savings outlined above, the enacted budget includes unallocated lapses in the General Fund in the amounts of \$3,028,105 for the Legislative branch, \$7,400,672 for the Judicial branch, and \$91,676,192 in government-wide savings, as well as \$11,000,000 in the Special Transportation Fund. While these required savings are not programmed against available funds, as in past years they must nevertheless be achieved in order for the budget to remain in balance.

Any adjustments to agency appropriations that are the result of the passage of other legislation and that are not reflected in the amounts loaded in the B-1 software application should be discussed with your budget analyst prior to submittal of the agency's B-1.

Specific Instructions

Quarterly Allotments

It is particularly important that agencies program B-1 allotment requirements by quarter based on projected cash needs. The B-1 application includes a default distribution by quarter which is based on historical expenditure information and other factors (specifics are detailed in the attachment). Agencies may request an alternate distribution by revising the quarterly amounts in the application and providing an explanation for the proposed distribution. OPM will review proposed allotments by quarter and will return requests that unnecessarily "front-load" or otherwise program allotments earlier in the fiscal year than necessary. Provide a detailed explanation including statutory or regulatory references to your budget analyst for any account that requires a distribution of funds that is different from the default distribution and requires significant release of funds in the first or second quarters.

Spending Plans

Agencies may be requested to submit detailed spending plans for certain accounts such as Other Current Expenses or grant accounts to substantiate projected cash flow needs and to provide other information relevant to OPM review and approval of agency allotment requisitions. OPM analysts will contact agencies regarding any additional information required to complete their reviews.

Payroll

There are 26 bi-weekly payrolls in FY 2015 which are to be programmed as follows:

- 1st quarter - 6 payrolls
- 2nd quarter - 7 payrolls
- 3rd quarter - 6 payrolls
- 4th quarter - 7 payrolls

Similar to the process used last year, OPM does not require completion of a staff roster to generate full-time salary costs.

Collective Bargaining Increases and Related Costs

The enacted budget includes funding within agency appropriations for any general wage increases and annual increments for employees that have approved contracts during the upcoming fiscal year.

2009 Retirement Incentive Program (RIP) payouts

FY 2015 General Fund and Special Transportation Fund funding for the third and final installment of deferred payments for accrued and unused vacation and/or sick leave from the 2009 retirement

Request for Allotment of Appropriations (B-1)

incentive program are budgeted in OPM's Reserve for Salary Adjustments (RSA) account. General Fund and Special Transportation Fund payments for RIP accruals will be reimbursed as necessary from the RSA account and should therefore not be built into agency allotment requests. Accrual payouts for industry-funded (i.e., Banking, Insurance, Consumer Counsel/Public Utility Control, Workers' Compensation, Regional Market Operation, and Criminal Injuries Compensation fund) positions were built into appropriations and should, therefore be included in requested first quarter allotments.

General Lapse

Public Act 14-47, as amended by Public Act 14-217, calls for OPM to monitor agency expenditures to save \$10.0 million in the General Fund, delineated by branch of government. For Executive Branch agencies, OPM has accordingly programmed negative amounts in the Adjustments column in agency Personal Services accounts and in selected other accounts. Because these savings are general in nature, agencies have the ability to propose an alternative distribution of these holdbacks across any agency General Fund appropriation. Alternative holdback distribution proposals must be submitted to, discussed with, and approved by your assigned OPM budget analyst prior to final submission of the B-1. As always, agencies must program the net amount after holdbacks on the B-1. For Legislative and Judicial Branch agencies, negative amounts have been programmed in accordance with communications from branch leaders; any adjustments should be discussed with those leaders and a revision (if appropriate) communicated in writing to OPM prior to submission of the B-1.

Statwide Hiring Reduction Lapse

Public Act 14-47, as amended by Public Act 14-217, calls for OPM to monitor agency expenditures to save \$10.0 million in the General Fund, delineated by branch of government. For Executive Branch agencies, OPM has accordingly programmed negative amounts in the Adjustments column in agency Personal Services accounts. Unlike the General Lapse, these reductions may not be redistributed to accounts other than Personal Services. For Legislative and Judicial Branch agencies, negative amounts have been programmed in accordance with communications from branch leaders; any adjustments should be discussed with those leaders and a revision (if appropriate) communicated in writing to OPM prior to submission of the B-1.

Equipment

Allotments for Equipment accounts appropriated at \$1,000 or less should be programmed in the fourth quarter. Agencies with Equipment appropriations greater than \$1,000 should program the funds no earlier than the second quarter. Exceptions should be discussed with your analyst.

Non-Functional – Change in GAAP Accruals

Appropriations are included in the budget to reflect the anticipated change in accrued expenditure liabilities for each budgeted agency between June 30, 2014, and June 30, 2015. These appropriations are intended to ensure that the budget reflects the full costs of FY 2015 programs on an accrual basis, in accordance with Generally Accepted Accounting Principles. Since these appropriations are not available for agencies to expend during the fiscal year, and in accordance with section 108 of PA 13-247, they will not be allotted.

Early Finance Advisory Committee (FAC) Action

Agencies may not program an overall deficiency on the B-1. Instead, plan to offset any projected deficiency by transferring funds from one agency account to another. Agencies should also not program

Request for Allotment of Appropriations (B-1)

anticipated FAC's on the B-1. Contact your budget analyst immediately if you anticipate a deficiency or identify the need for FAC action.

Carry Forwards

Do not program amounts carried forward from previous fiscal years on the B-1; these allotments will be handled separately. Agencies with approved carryforwards should submit a separate B-107 to their assigned OPM analyst for allotment of such funds.

Fringe Benefit Rate - Other Than General and Special Transportation Funds

Fringe benefits are calculated on an actual basis for each position in Core-CT for group life, social security, employee health, and retiree health. Updated fringe benefits rates for FY 2015 are anticipated to be released by the Comptroller's office prior to the start of the fiscal year. To the extent possible, agencies should use the updated rates in lieu of those that were established for FY 2014 in OSC memorandum 2013-16.

Submission

The completed B-1 is due to OPM not later than the end of day **Friday, June 20, 2014**. Agencies that do not submit a valid B-1 by this deadline will receive partial allotments until an acceptable B-1 is submitted. Instructions for submittal of a signed B-1 are attached. Delivery of a hard copy to the OPM Budget Division is not required; upload of an electronic copy of the signed B-1 into the software application constitutes final submission to OPM. Please note, however, that each agency is responsible for providing a hard copy of the final, signed B-1 to the Office of Fiscal Analysis.

Enclosures

Xc: Ben Barnes, Secretary, OPM
Agency Fiscal Officers
Alan Calandro, Director, OFA