



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) – FINAL REVISED GUIDANCE

DATE: September 2, 2011

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 on the work of such budgeted agency during each quarter of the fiscal year.

The official allotment program (B-1) will 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.

With the ratification and approval of the 2011 agreement between the State and the State Employees Bargaining Agent Coalition (SEBAC), OPM is now able to issue final instructions regarding the submission of allotment requisitions. This memorandum supersedes all previous guidance from this office regarding allotment requisitions for fiscal year 2012.

Adjustments to available agency funds

The FY 2012 budget includes bottom line savings (lapses) of over \$777.9 million in the General Fund and \$53.5 million in the Special Transportation Fund which will require significant adjustments to agency-specific appropriations. The majority of these lapses have been programmed by agency against available funds. These include:

- General Personal Services reductions in the General Fund of \$476,000 for the Legislative branch and \$11,538,800 for the Executive branch;
- General Other Expenses reductions in the General Fund of \$374,000 for the Legislative branch and \$9,066,200 for the Executive branch;
- Labor-Management Savings of \$4,586,734 in the General Fund for the Legislative branch, which will be programmed against available funds in accordance with a letter from the Joint Committee on Legislative Management to OPM dated June 20, 2011;

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- Labor-Management Savings of \$625,947,354 in the General Fund and \$42,536,383 in the Special Transportation Fund for the Executive branch, which will be programmed against available agency funds;
- Labor-Management Savings of \$27,670,929 in the General Fund for the Judicial branch, which will be programmed against available funds as per the distribution provided to OPM by the Judicial Department on August 22, 2011 and by the Public Defenders Services Commission on August 26, 2011; and
- A Branch Savings Target of \$254,913 in the Banking Fund, which is programmed against the Judicial Department's available funds.

In addition to the savings outlined above, the enacted budget includes unallocated lapses in the General Fund in the amounts of \$2,700,000 for the Legislative branch, \$3,545,000 for the Judicial branch, and \$92,006,562 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 should be discussed with your budget analyst prior to submittal of the agency's B-1.

Specific Instructions

Quarterly Allotments

Agencies are to program B-1 allotment requirements by quarter ***based on projected cash needs***. 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 significant release of funds in the first quarter. Note that OPM will reconcile partial allotments issued to date with any amounts programmed in the first quarter on the B-1 and will issue any remaining balance as final allotments for the first quarter of the fiscal year.

Payroll

There are 27 bi-weekly payrolls in FY 2012 which are to be programmed as follows:

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

Permanent, Full Time Positions

Agencies may only fill positions up to the level authorized by the General Assembly. OPM has indicated each agency's FY 2012 authorized level for permanent, full time positions in the B-1. The authorized position level is based on the Office of Fiscal Analysis' July 14, 2011 Budget Book. Note, however, that these authorized counts have not been adjusted for the impact of any savings required as a result of the holdbacks referenced above. Positions impacted by the availability of funds, including vacancies and retirements, must be accounted for on the B-1 roster. Note that the 2011 SEBAC agreement assumes \$65 million in savings due to retirement-related vacancies; the roster will require you to indicate those positions that have been or will be vacated due to retirement or to layoffs which

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will remain in effect and for which the agency is requesting no refill (refer to software instructions for details). As a result, the FY 2012 authorized figure must equal the total of Filled, Vacant, New, and Separation – No Refill, less Cancelled positions from Schedule 2 – Allotment of Personal Services.

Collective Bargaining Increases and Related Costs

The budget as enacted includes funding within agency appropriations for general wage increases and annual increments for employees that had approved contracts during the upcoming biennium. Per the approved SEBAC agreement, a wage freeze will be implemented for all employees except Correctional Supervisors (NP-8) and State Police (NP-1); the Labor-Management Savings holdbacks will include reductions to appropriations to account for the impact of the wage freeze and will include adjustments for units that did not ratify the agreement.

Personal Services Holdback

Public Act 11-6 as amended by Public Act 11-61 calls for OPM to monitor agency expenditures to save over \$12.0 million in the General Fund, delineated by branch of government. OPM has programmed negative amounts in the Adjustments column in agency Personal Services accounts accordingly. Agencies are to program the net amount for Personal Services on the B-1.

Other Expenses Holdback

Public Act 11-6 as amended by Public Act 11-61 calls for OPM to monitor agency Other Expenses in order to reduce expenditures by a total of \$9.44 million in the General Fund, delineated by branch of government. OPM has programmed negative amounts in the Adjustments column in agency Other Expenses accounts accordingly. Agencies are to program the net amount for Other Expenses on the B-1, and are expected to work within available appropriations.

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.

Labor-Management Savings Holdback

Holdbacks associated with Labor-Management Savings are being programmed to implement the 2011 agreement with SEBAC. Accordingly, OPM has included negative amounts in the Adjustments column in agency accounts. Agencies are to program the net amount for each account on the B-1, and are expected to work within available appropriations.

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 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/Allotment of Appropriations screen; use the separate screen provided. All carry-forwards identified in Public Act 11-6, as amended by Public Act 11-61, have been included. Estimate expenditures by quarter and identify the statutory reference of the carry forward balance.

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Fringe Benefit Rate - Other Than General and Special Transportation Funds

Fringe benefits are calculated on an actual basis for each position by CORE-CT for group life, social security, employee health, and retiree health. Following are anticipated rates for those fringe benefits that continue to be charged on a percentage basis for FY 2012:

• Unemployment Compensation	0.20%
• Employer SERS Retirement Regular Employee	39.41%
• Employer SERS Retirement Hazardous Duty	36.87%
• Employer Alternative Retirement Program	8.18%
• Employer Teachers Retirement	22.90%
• Employer Judges/Compensation Commissioners Retirement Plan	1.74%

Additionally, fringe benefits that are charged on an actual basis include:

• Employer Share Group Life Insurance	State share premium
• Employer Share Medical Insurance	State share premiums for medical, dental, and prescription coverage
• Employer Share FICA – Social Security	Federal tax rate of 6.2% of applicable wages up to federal maximum limit
• Employer Share FICA – Medicare	Federal tax rate of 1.45% of applicable wages – no maximum limit

The Comptroller's Office has issued memorandum 2011-14 that contains specific guidance regarding fringe benefit recoveries.

Submission

The completed B-1 is due to OPM on **Wednesday, September 14, 2011**. Agencies that do not submit a valid B-1 by this deadline will continue to receive partial allotments until an acceptable B-1 is submitted. Submit the signed original plus one additional hard copy following the electronic submittal to the OPM Budget Division. An additional hard copy is to be sent to the Office of Fiscal Analysis.

Enclosures - Sent to Fiscal Officers only

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