



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

Date: August 5, 2013
To: Agency Heads
From: Benjamin Barnes, Secretary
Re: FY 2015 – Midterm Budget Adjustments

A handwritten signature in blue ink that reads "Benjamin Barnes".

Both Governor Malloy and I want to sincerely thank you for your hard work and dedication during the 2013 legislative session. We've accomplished many things in a few short years, but there is still more for us to achieve. Although the legislative session may seem like it has only recently ended, the 2014 session is only six months away, so we must now shift our attention to adjustments to the second year of the budget biennium, FY 2015.

As you know, the state's economic recovery has been slow to take shape, although we anticipate gradual improvement over the next couple of years. Additionally, the Governor continues to believe that efficiencies can and must be achieved across state government. As a result, we must continue to search for ways to reduce expenditures in our respective agencies, while at the same time delivering the highest quality services possible to the citizens of this state. While I certainly hope that economic recovery will make our tasks easier in the coming year, we must assume that it will not.

With respect to the budget for FY 2015, you should therefore consider two types of budgetary adjustments: technical adjustments, and policy options. Technical adjustments should be submitted if legislation passed during this last session would require a change in resources that is unrecognized by the enacted budget for FY 2015, for revised estimates for court-ordered or entitlement spending, for realignment of funding between accounts, and similar technical (non-policy) changes to the enacted budget.

On the policy side, the Governor continues to expect agencies to continue to put forth their best ideas for streamlining operations, prioritizing programs and reducing unnecessary expenditures. You are strongly encouraged to draw on the creativity and experience of the state's front-line staff in developing concepts for improving government effectiveness and efficiency. As always, options requiring legislative action are acceptable; agencies should be prepared to identify relevant statutory changes that would support reduction proposals.

In order for this office to provide Governor Malloy with a full array of options to deal with any contingencies and to ensure the continued financial stability of the State, you will be expected to submit realistic and achievable reduction options. Additional information regarding the targets for your agency's submission will be forthcoming. In the meantime, you should begin to develop proposals that would result in reduced state

expenditures. You should anticipate that you may be required to eliminate, scale back, or find significant efficiencies in all budgeted areas. Selected agencies will also be asked to participate in a more intensive and interactive process for developing policy options over the fall and winter; these agencies will be contacted directly regarding discussion topics and meeting schedules.

As part of your reduction option analysis, agencies should focus on opportunities to streamline government, flatten organizations, and improve the most critical public services. I strongly encourage you to be creative as you consider alternative service delivery models, updates to your practices and procedures, cross-agency collaborations, and other new ways to do business. The Governor has demanded that we all drive change and improvement in our agencies, and the budget process is a great opportunity to push this agenda. In addition, you should again give thought to any potential mergers and program consolidations that might merit consideration. If you identify potential savings that may be applicable to other state agencies, I ask that you contact me, Deputy Secretary Karen Buffkin, or Executive Budget Officer Paul Potamianos, so that the appropriate budget analyst can follow up as necessary.

We expect that agencies will not request any new funding for FY 2015 for expansions beyond what was contained in the biennial budget. If you have identified new needs that must be met, it is expected that you will seek to reallocate funds within current resources. However, agencies are encouraged to identify those programs that should see increased funding because they provide the best opportunity to enhance economic growth. Finding the savings to support these investments will be difficult, but may be possible with offsetting budget reductions or through the elimination of low-priority and ineffective programs and the consolidation of duplicative ones, through improving program efficiency by driving down operational and administrative costs, and by supporting fundamental program reforms that generate the best outcomes per dollar spent. Please send me an outline of any proposed economic growth proposals along with the estimated resources being requested no later than October 28th, with copies to the Executive Budget Officer and your budget analyst. Consideration will be limited to areas identified by this office in discussions with the Governor regarding his policy initiatives. We will notify you directly if the Governor wants a formal proposal submitted for his review.

You will be receiving more detailed instructions along with the dates for each submission as separate communications. Once again, the Governor and I thank you for your support and look forward to working with you to ensure that the citizens of the state continue to receive necessary services at the best possible cost.

xc: Governor Malloy
Lieutenant Governor Wyman
Agency Fiscal Officers
Alan Calandro, Office of Fiscal Analysis