



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICE OF THE SECRETARY

To: Agency Heads
From: Ben Barnes, Secretary 
Subject: Planning for Potential Impact of Federal Sequestration
Date: February 22, 2013

Under current law, the federal government will implement sequestration – budget reductions – on March 1st. Governor Malloy has joined with other governors on multiple occasions to call on Congress to find an alternative to sequestration, which requires across-the-board cuts to a wide variety of programs. These cuts promise to be unnecessarily disruptive of government services, and may also serve to further weaken Connecticut's economy.

At this time there remains much uncertainty as to whether, how and when the sequestration process will take place. Moreover, the debate over sequestration is closely related to efforts to pass a budget for the remainder of federal fiscal year 2013, as the current continuing resolution expires on March 27th. The Office of Management and Budget (OMB) is the federal agency responsible for executing the sequester and interpreting any exemptions or special rules applicable to the process; while OMB may have some discretion in implementing a sequester, it has not provided any specific guidance as to how such discretion may be applied. On January 14th, OMB issued a memo to federal executive branch agencies regarding sequestration planning. While this guidance generally directed agencies to intensify planning efforts related to potential sequestration, it also advised agencies to continue normal operations and spending for now.

Although specific guidance has not been issued by the federal government, it is imperative that state agencies be prepared for a sequester. Note the following:

- The state does not anticipate being able to make up for or replace funding reductions to state or local agencies resulting from either sequestration or from reductions that result from any federal budget deal. This applies to any impacted programs during state FY 2013, as well as for the upcoming biennium.
- Agencies must be prepared to reduce or cease program activities, or to absorb or shift funding around to live within reduced federal funding levels.
- Agencies should plan for and anticipate the impact on state employees funded via federal funds potentially subject to sequestration. Agencies should identify all staff

funded from these sources (see below). Agencies should prepare seniority list(s) for job class(es) involved and review for accuracy. This would include lists for any potential displacement created by layoff and subsequent bumping. Layoffs would be determined in accordance with the collective bargaining agreements and are not necessarily impacted by the funding source. As time is of the essence, this information should be gathered and submitted to OPM's Budget division and to DAS no later than March 1, 2013.

- Further guidance will be provided by the Office of Labor Relations regarding potential collective bargaining impacts should sequestration occur.
- Please review the materials on the OPM website at <http://www.ct.gov/opm/cwp/view.asp?a=2965&Q=519442&PM=1> which include the best and most specific information available on which programs are subject to sequestration and at what level. This website will be updated over the coming weeks as additional information is available.

Further guidance will be provided as more information becomes available. In the meantime, if you have any questions, please feel free to contact me.