



STATE OF CONNECTICUT  
OFFICE OF POLICY AND MANAGEMENT

DATE: December 1, 2017  
TO: Agency Heads and Fiscal Officers  
FROM: Paul E. Potamianos, Executive Budget Officer  
SUBJECT: FY 2019 Midterm Budget Adjustment Guidance

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This letter provides guidelines for preparing adjustments to agency FY 2019 appropriated and capital budgets. Guidance memos, midterm adjustment software, and instructions are available at the following link:

<http://www.ct.gov/opm/cwp/view.asp?a=2961&q=599292>

***Operating Budget Technical Adjustments – Due December 13, 2017***

In accordance with CGS 4-77, agency requests for technical adjustments to FY 2019 appropriations must be submitted to OPM. The starting point for all technical adjustments is the enacted budget for FY 2019: Public Act 17-2 (June Spec. Sess.) as amended by Public Act 17-4 (June Spec. Sess.).

Technical adjustments may include:

- Changes due to legislation that was passed during the 2017 regular and special legislative sessions without the proper adjustment to the budget. This includes any mergers or program restructurings, but does not include items to be funded “within available appropriations”;
- Revised estimates of debt service requirements, fringe benefit costs or fringe recovery rates;
- Revised estimates for entitlements, court-mandated or formula-driven expenditures; or
- Adjustments due to new facilities coming on-line but not previously budgeted or for facilities scheduled to close which were not properly reflected in the budget.

Technical adjustments should not include:

- Adjustments to offset any holdbacks implemented as part of the enacted budget. OPM will monitor these over the course of the year and will recommend any necessary changes centrally;
- The pick-up or extension of any items funded from prior year funds carried forward, or from insufficient federal or private funds. If there is an unfunded FY 2019 requirement, it is expected that you will seek to reallocate funds within current resources;

- The impact of collective bargaining agreements. OPM will handle any required adjustments through a centralized process; or
- Reallocations of funds between appropriated accounts. Such realignments should be submitted as part of the option process.

### ***Budget Options – Due December 13, 2017***

Budget options represent the fiscal outcome of policy changes to the enacted budget. Budget options will generally be developed centrally by OPM but agencies are encouraged to submit any of the following:

Reduction options: Agencies are requested to submit realistic and achievable reduction options. While no specific percentage reduction target is assigned, given the scale of the fiscal challenge facing the state all agencies are strongly encouraged to submit ideas for program reductions and eliminations. In developing reduction options, agencies should expect that any holdbacks applied in FY 2018 will continue into FY 2019, and plan to identify reductions beyond these amounts. As always, reductions requiring statutory changes are welcomed for consideration as part of the legislative package to be submitted by the Governor in February.

Reallocation options: Reallocation options provide an opportunity for an agency to propose shifting resources between appropriations and programs in order to address higher priority needs, as well as to realign funding to accounts that better support particular program activities. These options are “zero-based” in nature. An agency that has identified a need to consolidate or shift resources between programs or accounts should submit a reallocation option. Reallocations to offset the potential loss of revenue or federal funds should be clearly identified in your submission.

Revenue options: Section 659 of Public Act 17-2 (June Spec. Sess.) requires agencies to determine whether fees collected by the agency are “sufficient to cover the department’s costs to collect such fee and administer the program associated with such fee.” Agencies should submit proposed fee increases as revenue options via the ABS software, and should clearly indicate that the proposal is due to this requirement. Additionally, agencies may submit revenue options where the cost/benefit is clearly advantageous to the state. Any request for appropriations or positions necessary to secure additional revenue should be made sparingly, recognizing the need to constrain expenditure growth and the general economic conditions; to the extent possible, revenue options should be proposed within available resources.

Because of the compressed timeframe for budget development this year, agencies are strongly encouraged to discuss any ideas for additional savings with their budget analysts. Also, as noted in Secretary Barnes’ December 1st letter, we will contact the agency if assistance is needed in developing any specific new policy initiatives affecting your agency.

### ***Capital Budget Adjustments – Due December 13, 2017***

Due to the late passage of the biennial budget, it is not anticipated that additions to agency capital budgets will be considered. However, you may request technical adjustments to existing bond authorizations (i.e., language changes, reallocation to another purpose or cancellation of authorizations that are no longer needed). Unlike prior years, an automated process will not be used for these submissions. Instead, agencies wishing to request technical adjustments should

electronically submit a letter detailing the request to Secretary Barnes with a copy to Steven Kitowicz and Brian Tassinari of the Budget and Financial Management Division.

### ***Descriptions of Agency Purpose***

The Governor's midterm budget book will include a concise statement of agency purpose. Due to the abbreviated timeframe for developing budget adjustments, agencies are not being asked to update and edit the agency descriptions used in the last budget book; any revisions will be handled centrally by OPM. Your assigned analyst may be in touch to verify any edits or revisions.

### ***Guidance and Assistance***

Operating budget: For technical questions related to the budget request software, please contact Jordan Hill at [jordan.hill@ct.gov](mailto:jordan.hill@ct.gov). For questions regarding budget or policy issues, please contact your assigned OPM budget analyst.

Capital budget: For questions regarding budget or policy issues, please contact Steve Kitowicz at [steven.kitowicz@ct.gov](mailto:steven.kitowicz@ct.gov) or Brian Tassinari at [brian.tassinari@ct.gov](mailto:brian.tassinari@ct.gov).

### ***Submission***

Please provide your requested technical adjustments, policy options, and capital budget submission to your assigned OPM analyst in accordance with the submission guidance outlined in OPM's software instructions. Additionally, provide hard copies to the legislature's Office of Fiscal Analysis. Note that the compressed timeframe for budget development does not allow for late submissions. Due dates are reiterated below:

- Operating Budget Technical Adjustments: December 13, 2017
- Operating Budget Policy Options: December 13, 2017
- Capital Budget Revisions: December 13, 2017

cc: Neil Ayers, Office of Fiscal Analysis