To: State Agency Heads

From: Melissa McCaw, Secretary

Date: January 6, 2020

Subject: Agency Actions to Address Projected Deficit for FY 2020

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Based on the forecast released December 20th by the Office of Policy and Management, a General Fund deficit of $22.9 million is projected for FY 2020. This forecast is a result of both revenues that are underperforming the budget plan by $83.5 million, and current expenditure trends that exceed budgeted levels by $104.2 million. While the projected shortfall represents a relatively small percentage of the overall General Fund budget, given the likelihood that further spending reductions will be necessary to ensure both balance and spending cap compliance for FY 2021 and beyond, it is imperative that management actions be taken immediately to ensure budget balance is maintained.

Accordingly, a list of General Fund allotment rescissions in accordance with Sec. 4-85 of the General Statutes will be provided in the very near future after the January 20th Comptroller’s letter update.

In the meantime, the Governor has directed that each agency head review their agency’s General Fund spending for the remainder of the year in order to eliminate expenditures that are not absolutely critical in nature. Your efforts should include potential savings in all areas of spending, including hiring and overtime, travel, contractual services and purchased commodities.

Given that a component of your plans must of necessity entail tightened hiring, please note that OPM will closely scrutinize all requests to establish new positions or refill vacant positions, as well as for discretionary promotions. Agencies should ensure that only the most critical position actions are undertaken for the remainder of the fiscal year.

Thank you for your attention to prudent fiscal stewardship of the state’s resources. If you have any questions, please feel free to contact me.

cc: DAS – Statewide Human Resources Management
Agency Fiscal Officers