



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Date: May 23, 2008
To: State Agency Heads
From: John Bacewicz, Executive Budget Officer

Subject: Hiring Freeze Guidelines

The purpose of this letter is to provide further explanation and guidance regarding the directive from the Governor's Office and the letter from the Secretary of the Office of Policy Management that were issued today dealing with the imposition of a hiring freeze.

Why is the hiring freeze necessary?

As you are aware, the nation is facing some difficult economic challenges at this time. In order to ensure that spending will be within the amount that revenues can sustain and to fulfill our obligation to stay under the statutory expenditure cap, we must begin the process of belt tightening now. The full cost savings that incur from any hiring freeze lag considerably behind the start of the freeze. If we are to save significant dollars in FY '09, we must start now. Any dollars that can be saved due to this freeze in the current year will help us to solidify the state's fiscal position and reduce the potential deficit we face as we head into the next year. Given the challenges we face, it is prudent to institute all possible efforts to reduce expenditures. These efforts should begin immediately in order to prepare your agency for what are sure to be tight budget years in FY '09 and the next biennium.

Who is covered by the hiring freeze?

- Executive branch agencies except for the higher education constituent units. Higher education units, criminal justice, and the legislative and the judicial branches have been asked to implement similar cost-saving measures.

Does the hiring freeze apply to all funds?

- The hiring freeze applies to all funds. Every position will be reviewed on an individual basis – including any position funded by other than appropriations. OPM will take into consideration that a position has federal or another non-appropriated funding source available. Agencies will need to submit proof that the funding will be available and to attest that filling the position does not obligate state funds in any manner.
- Revolving fund positions will be treated no differently than other appropriated fund positions.

Is this position absolutely necessary?

- The first question that must be asked is: *Is this position absolutely necessary?* Can the duties of the position be covered in some other manner or deferred for some period of time?

Is funding available?

- Funds need to be available within the agency to fund the position not only for the remainder of this fiscal year but also in the upcoming biennium. In many instances, funding for positions that have been vacant for a significant period of time will not be available in the future. If you are not sure about the status of funding in FY '09, you should not submit the transaction yet.

Justification Requirements

You will need to include the following information in your justification.

- Is the position required to meet public health and/or safety? If so, briefly describe why the position is needed.
- When did the position become vacant?
- How have the duties been covered since the vacancy occurred? Why can't coverage continue in this manner?
- What is the impact of NOT filling the position? Please be very specific and include statistical or quantitative arguments wherever possible. Is it more cost effective to fill the position than to provide coverage by some other means? Include the cost of providing health insurance for a new employee – approximately \$10,800 per year currently, but the amount will rise to \$11,200 in FY '09 and will likely be even higher in the next biennium – when determining cost effectiveness.
- For other than appropriated funds, is funding available through FY '09 and does filling the position obligate state funds in any manner?

Overtime

- Overtime should be watched very closely with an eye to reductions wherever possible. Agency heads should examine the agency approval process to determine if decisions are being made at the appropriate level to provide necessary coverage without unnecessary overtime.

Requests to Lift the Overtime Cap

- In light of financial circumstances, requests to lift the overtime cap in lieu of compensatory time generally will not be approved. This does not impact those requests already approved.

Indirect Cost Waivers

- This memo will also serve as notice that agencies should not anticipate the continuance of any waivers of fringe benefits or indirect cost recoveries, as these are a direct General Fund loss.
- All agencies should anticipate full charges to all non-General Fund accounts for all indirect charges as dictated by the Comptroller's Office.

Other Actions

- Please review all other personnel transactions – reclasses, temporary workers, retiree rehires, step placement on hiring, etc. – to minimize Personal Services costs. Avoid incurring any costs that are not necessary.
- All agency expenditures – not just Personal Services – need to be examined to reduce costs to the greatest extent possible.

Positions Previously Approved for Refill

- Any prior approval granted by the Office of Policy and Management to refill positions is hereby revoked with the following exceptions: positions for which a bona fide offer of employment has been made as of the close of business on May 27, 2008; positions covered by automatic refill approval (consisting primarily of some nursing positions and positions impacted by a court order); and positions already approved paid entirely out of federal funds.
- Agencies must submit copies of their written offers of employment to the Office of Policy and Management no later than the close of business on Friday, May 30, 2008. You must identify the position to be filled (by position identification number) for each employment letter that you submit. This information should be sent to your agency budget analyst.
- The Office of Policy and Management will work with the Department of Administrative Services and the CORE-CT team to work out the details of how positions previously approved for refill which are to be occupied by individuals who have already received bona fide commitments and positions paid entirely out of federal funds can be filled with the least amount of additional work for the agencies.

Outside Consultant Contracts

- Both in order to ensure that any savings incurred by the hiring freeze will materialize and to ensure compliance with existing collective bargaining agreements, caution must be exercised in entering into any new outside consultant contracts.
- Specifically agencies should not be seeking to enter into new contracts or utilize existing contracts in order to make up for the impact of not being able to fill vacancies.
- Every contract will be reviewed to make sure that agencies are in compliance and are not seeking to circumvent the hiring freeze, so agencies must keep this directive in mind and be aware that all contracts will be scrutinized.

Agencies should keep in mind that in addition to the review being done by the Office of Policy and Management, the Governor's Office will be providing direct oversight and guidance as the reviews are being completed. All of the above steps are necessary to curtail expenditures not just for the remainder of this fiscal year, but especially for the upcoming fiscal year beginning on July 1st. We recognize the difficulty that some of these steps will cause, but it is necessary that we do everything in our power to restrict state spending. In order to be successful, your full cooperation is essential.

If you have any questions regarding the above, please direct these to your budget analyst. We will make every effort to work with you during this period.