

Weathering the Financial Storm Results February 22, 2010

| Contact Information  | To Date, What Percentage has your state budget been cut?  | Do you anticipate budget cuts (if no cuts have been made) or additional cuts to the state budget?  | Have you used any cost saving options besides the traditional reduction in force, furlough, voluntary separation program, retirement incentive program or hiring freeze? | If Yes, please describe in detail these alternative cost savings option that are available                 | Further information/clarification regarding how your state is dealing with the financial crisis  |
|--|---|--|--|--|--|
| <b>Alabama</b><br><b>Jackie Graham</b><br>jackie.graham@personnel.alabama.gov<br><i>responses from Nov. 2008</i> | Zero %  | Yes, cuts or more cuts are somewhat likely   | No   |  |  |
| <b>Arizona</b><br><b>Kathy Peckardt</b><br>kathy.peckardt@azdoa.gov<br><i>responses from March 2009</i>          | Varies by agency  | <i>Comment:</i> Cuts were made to FY09 budget on January 31, 2009.   | No response  |  | State agencies have began looking at impacts of further budget cuts at various levels (e.g. 5%, 10%, 15%, 20%) for FY10. Some agencies have suspended stipends.  |
| <b>California</b><br><b>Elaine Smith</b><br>elainesmith@dpa.ca.gov<br><i>responses from Sept. 2009</i>           | Personnel Services were reduced by 13.85% as a result of 3 furlough days per month.   | Yes, cuts or more cuts are very likely   | Yes  | Voluntary time reductions, limited personnel services, travel restrictions, program closures or reductions |  |
| <b>Colorado</b><br><b>Tom Montoya</b><br>tom.montoya@state.co.us<br><i>responses from Dec. 2009</i>              | 6%  | Yes, cuts or more cuts are very likely.<br><i>Comment:</i> 2.5% of the State contribution to the employee retirement fund (PERA) will be transferred to the employees in FY10-11. No increases in pay or benefits for FY 10-11 | Yes  | Transfer of employer contribution into pension to the employees 2.5%                                       | Reduced and deferred payments to Medicare and Medicaid. Increased auto registration fees.  |
| <b>Delaware</b><br><b>Linda McCloskey</b><br>linda.mccloskey@state.de.us<br><i>responses from Feb. 2010</i>      | From FY09 to FY10, reduction totals \$256.3 million from the General Fund. This reduction is attributed to budget cuts, stimulus and switch funding to other revenue sources. | Yes, cuts or more cuts are somewhat unlikely   | No   |  | Over 1,000 vacant positions have been cut. 2.5% pay reduction for FY10; Changed the elimination period for short term disability from 20 to 60 calendar days resulting in the projected decrease claims by over 50% and will save the State over \$3.45 million per year. FY11 recommended budget maintains the 2.5% pay reduction |
| <b>Florida</b><br><b>Sharon D. Larson</b><br>Sharon.Larson@dms.myflorida.com<br><i>responses from Dec. 2009</i>  | Varies by agency  | Unknown at this time   | Yes  | Travel has been restricted to mission critical only.   |  |
| <b>Georgia</b><br><b>Lee Rudd</b><br>lee.rudd@spa.ga.gov<br><i>responses from Dec. 2009</i>                      | 18%   | Yes, cuts or more cuts are very likely   | No   |  |  |
| <b>Indiana</b><br><b>Daniel L. Hackler</b><br>dhackler@spd.in.gov<br><i>responses from Nov. 2009</i>             | 10% in FY09 and 10% in FY10   |  | No   |  | FY09 ended on 6/30/09. In some instances, we anticipate additional targeted cuts for FY10 beyond the 10% reduction.  |

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|--|--|---|--|--|---|
| <b>Iowa</b><br><b>Nancy Berggren</b><br>nancy.berggren@iowa.gov<br>responses from Jan. 2009                      | 1.50%  | Yes, cuts or more cuts are very likely  | No   |  |   |
| <b>Kansas</b><br><b>George Vega</b><br>george.vega@da.ks.us<br>responses from Dec. 2009                          | 12.67%   | Yes, cuts or more cuts are very likely.<br><i>Comment:</i> There will be another 5% cut next fiscal year. | No   |  |   |
| <b>Kentucky</b><br><b>Nikki Jackson</b><br>nikki.jackson@ky.gov<br>responses from Nov. 2008                      | Zero %   | Yes, cuts or more cuts are very likely  | Yes  | The state made a change in the timing of health insurance premium payments. We switched from pre-paying the premium the month before to paying it during the current month. This resulted in a one time savings which was spread out over both fiscal years of the biennium. | An official revised revenue estimate is expected. Budget cut planning for the current fiscal year is currently underway in anticipation of a revenue shortfall. |
| <b>Louisiana</b><br><b>Shannon Templet</b><br>shannon.templet@la.gov<br>responses from Dec. 2009                 | Varies by agency   | Yes, cuts or more cuts are very likely  | No   |  |   |
| <b>Maine</b><br><b>Alicia Kellogg</b><br>alicia.kellogg@maine.gov<br>responses from Nov. 2009                    | About 10% with more to come.                             | Yes, cuts or more cuts are very likely.   | No   |  |   |
| <b>Maryland</b><br><b>Cynthia Kollner</b><br>ckollner@dbm.state.md.us<br>responses from Jan. 2010                | \$4.6 Billion  | Yes, cuts or more cuts are very likely.   | Yes  | Changes to co-pay structure for Rx to encourage the use of generic prescriptions; asking vendors to voluntarily reduce contract costs; eliminating the use of contractors in some areas.   |   |
| <b>Massachusetts</b><br><b>George Bibilos</b><br>george.bibilos@massmail.state.ma.us<br>responses from Feb. 2010 | Around 5% net cut  | Yes, cuts or more cuts are very likely  | No   |  |   |
| <b>Michigan</b><br><b>Michelle Mann</b><br>mann@michigan.gov<br>responses from June 2009                         | 4.00%  | Yes, cuts or more cuts are very likely  | Yes  | Positions are filled provided legislative criteria has been met delivery of basic services or loss of revenue.   | Six scheduled furlough days (shutdown for non-essential services)   |

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|---|--|---|--|---|---|
| <b>Minnesota</b><br><b>Judy Plante</b><br>judy.plante@state.mn.us<br><i>responses from Nov. 2009</i>              | 7.5  | Yes, cuts or more cuts are somewhat likely  | Yes  | No achievement awards or other incentive awards; limited travel; voluntary time reductions (salary savings leave); individual departments using operating expense reductions to meet spending reductions  |   |
| <b>Missouri</b><br><b>Chester White</b><br>chester.white@oa.mo.gov<br><i>responses from Nov. 2008</i>             | None to date   | Yes, cuts or more cuts are somewhat likely  | No   |   | Fiscal shortfall discussions have started.  |
| <b>Montana</b><br><b>Randy Morris</b><br>ramorris@mt.gov<br><i>responses from Nov. 2009</i>                       | Zero %   | Don't Know  | Yes  | Reduced out of state travel budget by 35%   | Montana will continue to monitor revenue projections and adjust expenditures as needed.   |
| <b>Nevada</b><br><b>Shelley Blotter</b><br>sblotter@dop.nv.gov<br><i>responses from Dec. 2009</i>                 | General fund appropriations decreased by 3.7%            | Don't Know<br>Comment: The economy continues to decline but it is still uncertain how the State will address the shortfall. | No   |   | Committees appointed by the Legislature are reviewing funding sources and restructuring the tax system.   |
| <b>New Hampshire</b><br><b>Karen Hutchins</b><br>Karen.Hutchins@nh.gov<br><i>responses from Nov. 2009</i>         |  | Yes, cuts or more cuts are somewhat likely  | Yes  | No out of state travel, reduced equipment purchases   |   |
| <b>New Jersey</b><br><b>Jeffrey J. Richter</b><br>jeff.richter@csc.state.nj.us<br><i>responses from Feb. 2010</i> | 16.8   | Don't Know  | Yes  | Promotion freeze; management salary freeze  |   |
| <b>New Mexico</b><br><b>Sandra Perez</b><br>sandra.perez@state.nm.us<br><i>responses from Nov. 2009</i>           |  | Yes, cuts or more cuts are somewhat likely.   | Yes  | Freeze existing capitol oulay projects totaling \$150 million. Change in Return-to-Work retirement provisions. Changed State/EE retirement contributions - EE will contribute 1.5% more and State will contribute 1.5% less to fund for two years. Changed from a 25 to 30 year normal retirement option for new hires effective 7/1/10. Cut unclassified executive governor's exempt employees salaries by 2%. | Special session in October resulted in Governor signing certain pieces of legislation, vetoed Legislative budget cuts and signed an Executive order that set five furlough days and further cut state agency budgets by an average 7% for the budget year. Imposed holds on non-critical travel, increased emphasis on agency energy saving initiatives. Established a task |
| <b>North Carolina</b><br><b>Linda Coleman</b><br>Linda.Coleman@osp.nc.gov<br><i>responses from Dec 2009</i>       | 14%  | Yes, cuts or more cuts are very likely  | No   |   |   |

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| <p><b>Oklahoma</b><br/> <b>Oscar B. Jackson, Jr.</b><br/>                     oscar.jackson@opm.ok.gov<br/>                     responses from Jan. 2010</p> | <p>6%/\$729.4 Million projected revenue failure for FY2010 through 6/30/10.</p>  | <p>Yes, cuts or more cuts are likely.<br/> <i>Comment:</i> Thus far, all state appropriated budgets have been reduced by the amount of the monthly revenue shortfalls (5% monthly Aug. - Nov., 10% montly Dec. - Jan., and 5% projected for Feb. - June); however, when the Legislature convenes on Feb. 1, 2010, it is anticipated there will be targeted cuts to protect</p> |  |   | <p>The State Equalization Board met 12/21/09 and certified that the Oklahoma Legislature will have 20%/1.3 Billion less to appropriate for FY2011 beginning 7/1/10, which may be reduced by rainy day funds or stimulus funds.</p> |
| <p><b>Oregon</b><br/> <b>Diana Foster</b><br/>                     Diana.L.Foster@ das.state.or.us<br/>                     responses from April 2009</p>    | <p>18%</p>   | <p>Yes, cuts or more cuts are somewhat likely</p>  | <p>No</p>  |   |  |
| <p><b>Pennsylvania</b><br/> <b>Kate Yohn</b><br/>                     kyohn@state.pa.us<br/>                     responses from Dec. 2009</p>                | <p>1-2% reductions were requested from agencies in Dec. 2009. These cuts are likely to be reflected in the next FY budget.</p> | <p>No it's somewhat unlikely we'll have cuts or more cuts</p>  | <p>Yes</p>   | <p>Restrictions on out of state travel, reduction or elimination of discretionary spending, prohibition on the purchase of new vehicles for the state's fleet.</p>  |  |
| <p><b>Rhode Island</b><br/> <b>Anthony A. Bucci</b><br/>                     anthonyb@hr.ri.gov<br/>                     responses from Dec. 2009</p>        | <p>8.4% (FY09 enacted to FY10 enacted)</p>   | <p>Yes, cuts or more cuts are very likely</p>  | <p>Yes</p>   | <p>Furlough days in exchange for additional vacation credits. For example, pay deferral - 12 days of furlough in exchange for 15 vacation days</p>  |  |
| <p><b>South Carolina</b><br/> <b>Sam Wilkins</b><br/>                     swilkins@ohr.sc.gov<br/>                     responses from Dec. 2008</p>          | <p>Cuts have ranged from 10% - 18%</p>   | <p>Yes, Cuts or more cuts are somewhat likely</p>  | <p>Yes</p>   | <p>SC is eliminating positions that are not covered by the Employee Grievance Procedure Act because those employees have no grievance rights and, therefore, no administrative remedy for review of the termination. SC also has suspended use of tuition assistance programs and leave transfer programs to create cost savings. Agencies are also looking at an increase in the use of teleworking.</p> | <p>By legislation, SC has voluntary and mandatory furloughs available to address budget cuts.</p>  |
| <p><b>Tennessee</b><br/> <b>Deborah Story</b><br/>                     deborah.story@state.tn.us<br/>                     responses from Dec. 2008</p>       | <p>Zero %</p>  | <p>Yes, cuts or more cuts are very likely</p>  | <p>Yes</p>   | <p>Travel Freeze Mandated use of state park facilities for employee group meeting versus using non-state facilities (hotels, conference centers, etc.)</p>  |  |

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| <b>Utah</b><br><b>Jeff Herring</b><br>jherring@utah.gov<br><i>responses from Dec. 2009</i>                 | 18.10%   | Yes, cuts or more cuts are very likely.<br><i>Comment:</i> The Governor has mandated 3% cut in personnel services budget. Legislative approp.committee has voted for an additional 4% budget cut. | Yes  | Health insurance premiums and co-pays have been increased for employees. Travel and other current expense has been reduced. Agencies have cut back on overtime allowed. Facilities maintenance contracts have been re-negotiated. Educational assistance policies have been revised requiring employees to pay more of the cost. We are piloting a 4 day 10 hour work week. |  |
| <b>Washington</b><br><b>Eva Santos</b><br>evas@dop.wa.gov<br><i>responses from Sept. 2009</i>              | ~2%  | Yes, cuts or more cuts are very likely  | Yes  | Piloted the 4/10 scheduled in a few state owned facilities to end September 2009. Preliminary results were mixed, although the staff tend to like the shorter work week. Results are measuring energy consumption, customer service and availability.   | Governor issued a Shared Services directive in December 2008 asking all central support agencies to develop a new service delivery model in human resources, information technology, property management, and fleet management. A group was formed to provide the Governor with commissions administrately and 16 boards and commissions from statures. Merged the administration of the two agencies that handled retirement systems and benefits. Consolidated 10 licensing offices. The 2009-2011 budget included a freeze on management salaries until Feb 2010 as well as an additional 2% administrative cut on the state fund. Hiring freeze was lifted but agencies need to balance their new budgets. |
| <b>West Virginia</b><br><b>Sara P. Walker</b><br>sara.p.walker@wv.gov<br><i>responses from March 2009</i>  | 2% per agency  | Yes, cuts or more cuts are very likely  | No   |   | We are taking every step possible not to have layoffs.   |
| <b>Wisconsin</b><br><b>Sheila Conroy</b><br>sheila.conroy@wisconsin.gov<br><i>responses from Jan. 2009</i> | 6-11% dependent on the agency                            | No response   | No response  |   | A centralized position review process continues.   |
| <b>Wyoming</b><br><b>Dean Fausset</b><br>dfauss@state.wy.us<br><i>responses from June 2009</i>             | 10%  | Yes, cuts or more cuts are very likely  | No   |   | On 6/04/09 Governor announced \$231.6 million cuts in agency budgets for the fiscal year which begins next month. Agencies have been mandated a 10% reduction in budget. 22 vacant positions have been cut from budgets. Hiring & Reclassification Restriction remains in place.   |

|               | Layoffs   | Buyouts   | Elimination of vacant positions | Hiring Freeze | Furloughs | Early Retirement Incentives | Retraction of previously planned pay raises | Pay cuts  |
|---------------|-----------|-----------|---------------------------------|---------------|-----------|-----------------------------|---|-----------|
| <b>States</b> |           |           |                                 |               |           |                             |   |           |
| AL            |           |           |                                 |               |           |                             |   |           |
| AZ            | X         |           |                                 | X             | X         |                             |   | X         |
| CA            | X         |           | X                               | X             | X         |                             | X   |           |
| CO            | X         |           | X                               | X             |           |                             |   |           |
| DE            |           |           | X                               |               |           |                             |   | X         |
| GA            | X         |           | X                               | X             | X         |                             | X   |           |
| FL            | X         |           | X                               |               |           |                             |   |           |
| IN            |           |           |                                 |               |           |                             |   |           |
| IA            |           |           |                                 | X             |           |                             |   |           |
| KS*           | X         | X         | X                               | X             | X         | X                           |   |           |
| KY            | X         |           | X                               | X             | X         |                             |   |           |
| LA*           | X         |           | X                               | X             | X         |                             |   |           |
| ME*           | X         | X         | X                               | X             |           |                             | X   |           |
| MD*           | X         |           | X                               | X             | X         |                             |   |           |
| MA            | X         |           | X                               |               | X         | X                           | X   |           |
| MI            |           |           |                                 |               | X         |                             |   |           |
| MN*           | X         |           | X                               |               |           |                             |   |           |
| MO            |           |           |                                 |               |           |                             |   |           |
| MT            |           |           |                                 |               |           |                             |   |           |
| NV*           | X         |           | X                               | X             | X         |                             |   |           |
| NH            | X         |           | X                               | X             |           |                             |   |           |
| NJ            |           |           |                                 | X             | X         | X                           | X   |           |
| NM            |           |           | X                               | X             | X         |                             |   | X         |
| NC            |           |           | X                               | X             | X         |                             |   |           |
| OK*           | X         | X         | X                               | X             | X         |                             |   |           |
| OR            | X         |           | X                               |               | X         |                             | X   | X         |
| PA            | X         |           | X                               | X             |           |                             | X   |           |
| RI            |           |           | X                               | X             |           |                             | X   | X         |
| SC            | X         | X         | X                               | X             | X         | X                           |   | X         |
| TN            |           | X         | X                               | X             |           |                             | X   |           |
| UT            | X         |           | X                               | X             | X         | X                           |   |           |
| WA            | X         |           | X                               | X             | X         | X                           | X   |           |
| WV            |           |           |                                 |               |           |                             |   |           |
| WI            | X         |           |                                 |               | X         |                             | X   |           |
| WY            |           |           | X                               | X             |           |                             |   |           |
| <b>Totals</b> | <b>35</b> | <b>21</b> | <b>5</b>                        | <b>25</b>     | <b>23</b> | <b>19</b>                   | <b>6</b>                                    | <b>11</b> |
|               |           |           |                                 |               |           |                             |   | <b>6</b>  |

\*KS: Only universities have used this tool.

LA: withholding of annual merit increases

ME: Previously planned pay increase retracted for confidential employees only - bargaining unit employees received it (3%). Employees paying more for health insurance as of 10/09

MN: Hiring restrictions in place: voluntary time reductions in use: wages bargained for FY10 and 11 with zero increase.

NV: Merit salary increases and longevity pay were discontinued for the biennium.

OK: Each state agency is authorized to take appropriate actions in light of their specific budget circumstances. This budget situation primarily impacts state agencies where state appropriations are their primary revenue source.

MD: Temporary pay reductions

|               | Layoffs   | Buyouts  | Elimination of vacant positions | Hiring Freeze | Furloughs | Early Retirement Incentives | Retraction of previously planned pay raises | Pay cuts |
|---------------|-----------|----------|---------------------------------|---------------|-----------|-----------------------------|---|----------|
| <b>States</b> |           |          |                                 |               |           |                             |   |          |
| AL            | X         |          |                                 | X             |           |                             |   |          |
| AZ            | X         |          |                                 | X             | X         |                             |   | X        |
| CA            | X         |          | X                               | X             | X         |                             | X   |          |
| CO            | X         |          | X                               | X             | X         |                             |   |          |
| DE            |           |          | X                               |               |           |                             |   |          |
| GA            | X         | X        | X                               | X             | X         | X                           |   |          |
| FL            |           |          |                                 |               |           |                             |   |          |
| IN            |           |          | X                               | X             |           |                             | X   |          |
| IA            |           |          |                                 |               | X         |                             |   |          |
| KS*           | X         | X        | X                               | X             | X         | X                           | X   | X        |
| KY            |           |          | X                               | X             | X         |                             |   |          |
| LA*           | X         |          | X                               | X             | X         |                             |   |          |
| ME            | X         |          | X                               | X             | X         |                             |   |          |
| MD*           | X         |          | X                               | X             | X         |                             |   |          |
| MA            | X         |          | X                               |               | X         | X                           | X   |          |
| MI            | X         |          | X                               | X             |           |                             |   |          |
| MN            |           |          |                                 |               |           |                             |   |          |
| MO            |           |          |                                 |               |           |                             |   |          |
| MT            |           |          |                                 |               |           |                             |   |          |
| NV            |           |          |                                 |               |           |                             |   |          |
| NH            |           |          |                                 |               |           |                             |   |          |
| NJ            |           |          |                                 |               |           |                             |   |          |
| NM            |           |          |                                 |               |           |                             |   |          |
| NC            |           |          |                                 |               |           |                             |   |          |
| OK            | X         | X        | X                               | X             | X         |                             |   |          |
| OR            | X         |          | X                               |               | X         |                             | X   | X        |
| PA            | X         |          | X                               | X             | X         |                             |   |          |
| RI            |           |          | X                               | X             |           |                             | X   | X        |
| SC            | X         | X        | X                               | X             | X         | X                           |   |          |
| TN            |           |          | X                               | X             |           |                             |   |          |
| UT            | X         |          | X                               | X             | X         | X                           |   |          |
| WA            | X         |          | X                               | X             | X         |                             | X   |          |
| WV            |           |          |                                 | X             |           |                             |   |          |
| WI            | X         |          |                                 |               |           |                             |   |          |
| WY            |           |          |                                 |               |           |                             |   |          |
| <b>Totals</b> | <b>35</b> | <b>4</b> | <b>20</b>                       | <b>20</b>     | <b>17</b> | <b>5</b>                    | <b>7</b>                                    | <b>4</b> |

\*KS: With another 3% cut this year and 5% next year, agencies are looking at all of these options. Only universities are looking at buyouts and early retirement incentives.

LA: The Streamlining Commission is reviewing the feasibility of buyouts and early retirement incentives.

MD: Temporary pay reductions