

Weathering the Financial Storm: Week 24  
Responses as of April 20, 2009

| 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 in FY 09 | States' <b>implementations</b> in response to recent fiscal constraints   | States' <b>considerations</b> in response to recent fiscal constraints  |
|---|--|---|---|---|
| <b>Alabama</b><br><b>Jackie Graham</b><br>jackie.graham@personnel.alabama.gov | Zero %   | Yes, cuts or more cuts are somewhat likely  |   | Layoffs<br>Hiring Freeze  |
| <b>Arizona</b><br><b>Kathy Peckardt</b><br>kathy.peckardt@azdoa.gov           | Varies by agency   | <i>Comment:</i> Cuts were made to FY09 budget on January 31, 2009.  | Layoffs<br>Hiring Freeze<br>Furloughs<br>Pay cuts<br><i>Comment:</i> Pay cuts: some agencies have suspended stipends  | Layoffs<br>Hiring Freeze<br>Furloughs<br>Pay Cuts<br><i>Comment:</i> Continuation of strategies already implemented.  |
| <b>California</b><br><b>Elaine Smith</b><br>elainesmith@dpa.ca.gov            | 9.23% of personnel services in General Fund Departments  | Yes, cuts or more cuts are very likely  | Layoffs<br>Hiring Freeze<br>Furloughs<br>Executive Order  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs  |
| <b>Colorado</b><br><b>David Kaye</b><br>david.kaye@state.co.us                | 2.50%  | No, it's highly unlikely we'll have cuts or more cuts.  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br><i>Comment:</i> Only a few layoffs to date in small programs. Major staff impacts from prison facility closure and delayed new facility construction/opening are being absorbed through pre-existing 20% vacancy rate in Dept. of Corrections. | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Retraction of previously planned pay raises<br><i>Comment:</i> Everything is on the table for FY2010. As of April 2009, only soft hiring freeze and elimination of vacant positions have been mandated system-wide. |
| <b>Delaware</b><br><b>Dana Jefferson</b><br>Dana.Jefferson@state.de.us        | Varies   | Yes, cuts or more cuts are very likely  | Elimination of vacant positions<br>Hiring Freeze<br><i>Comment:</i> Freeze career ladder promotions   | Elimination of vacant positions<br>Hiring Freeze  |
| <b>Florida</b><br><b>Sharon D. Larson</b><br>Sharon.Larson@dms.myflorida.com  | Varies by agencies, but each has a minimum 4% holdback   | Yes, cuts or more cuts are somewhat likely  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Pay Cuts<br><i>Comment:</i> Not all hiring is frozen. Critical positions are still being filled.   | Pay cuts  |

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|--|--|---|---|--|
| <b>Indiana</b><br><b>Daniel L. Hackler</b><br>dhackler@spd.in.gov                | 10.00%   |   | Elimination of vacant positions<br>Hiring Freeze<br>Retraction of previously planned pay raises   |  |
| <b>Iowa</b><br><b>Nancy Berggren</b><br>nancy.berggren@iowa.gov                  | 1.50%  | Yes, cuts or more cuts are very likely  | Hiring Freeze   | Furloughs<br><i>Comment:</i> Layoffs will be a last resort. We are anticipating no new pay increases, but we have not discussed pay cuts.  |
| <b>Kansas</b><br><b>George Vega</b><br>george.vega@da.ks.us                      | FY 2009 4.25%<br>FY 2010 7.67%                           | No, it's highly unlikely we'll have cuts or more cuts.  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br><i>Comment:</i> Responses to fiscal constraints are decided by each agency. Other actions include: hiring for mission-critical positions only, slower hiring, moving employees from their respective positions to mission-critical positions, some employees have voluntarily separated, and some employees have reduced hours to part time. | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br><i>Comment:</i> These decisions are up to individual agencies.   |
| <b>Kentucky</b><br><b>Carla Wright</b><br>Carla.Wright@ky.gov                    | Zero %   | Yes, cuts or more cuts are very likely  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze   | Elimination of vacant positions<br>Hiring Freeze<br>Furloughs  |
| <b>Louisiana</b><br><b>Anne Soileau</b><br>Anne.Soileau@la.gov                   | Zero %   | <i>Comment:</i> Hiring Freeze Executive Order November 21, 2008   | Hiring Freeze   |  |
| <b>Maine</b><br><b>Alicia Kellogg</b><br>alicia.kellogg@maine.gov                | FY 10/11: 10% Proposed                                   | Yes, cuts or more cuts are very likely  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze   | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Early retirement incentives<br>Retraction of previously planned pay raises<br><i>Comment:</i> Retraction of pay raises for confidential employees only. Also considering increasing the employee share of health insurance. |
| <b>Massachusetts</b><br><b>Larry Albert</b><br>larry.albert@massmail.state.ma.us | 9.00%  | Yes, cuts or more cuts are very likely  | Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Retraction of previously planned pay raises  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs   |

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| <b>Michigan</b><br><b>Michelle Mann</b><br>mannm@michigan.gov               | 1.75%   | Yes, cuts or more cuts are very likely   | <i>Comment:</i> Freeze Performance Pay Awards   | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze  |
| <b>Missouri</b><br><b>Chester White</b><br>chester.white@oa.mo.gov          | None to date  | Yes, cuts or more cuts are somewhat likely   | <i>Comment:</i> Nothing yet but fiscal shortfall discussions have started   | <i>Comment:</i> Again, nothing to date but I do expect actions in the future.                                      |
| <b>Montana</b><br><b>Randy Morris</b><br>ramorris@mt.gov                    | Zero %  | Don't Know   |   |  |
| <b>New Mexico</b><br><b>Sandra Perez</b><br>sandra.perez@state.nm.us        | Agency budgets were cut by 1.5% to 4.0% depending on the state initiative | No, it's somewhat unlikely we'll have cuts or more cuts<br><i>Comment:</i> No additional budget cuts have been made or are planned for the rest of this year after the legislature reduced the FY09 budget by 1.5% to 4.0% | Hiring Freeze<br>Pay cuts<br><i>Comment:</i> Unclassified executive employees in the governor's exempt pay plan had their salaries reduced by 2%. |  |
| <b>North Carolina</b><br><b>Linda Coleman</b><br>Linda.Coleman@osp.nc.gov   | 9%  | Yes, cuts or more cuts are very likely   | Elimination of vacant positions<br>Hiring Freeze<br>Furloughs   | Elimination of vacant positions<br>Hiring Freeze<br>Furloughs  |
| <b>Oklahoma</b><br><b>Oscar B. Jackson, Jr.</b><br>oscar.jackson@opm.ok.gov | 7% for FY 2010  | No, it's highly unlikely we'll have cuts or more cuts.   | Hiring Freeze by Governor's Executive Order<br><i>Comment:</i> A state hiring freeze has been in effect since 1992.                               | Layoffs<br>Buyouts<br>Elimination of vacant positions<br>Furloughs   |
| <b>Oregon</b><br><b>Diana Foster</b><br>Diana.L.Foster@ das.state.or.us     | 18%   | Yes, cuts or more cuts are somewhat likely   | Layoffs<br>Elimination of vacant positions<br>Furloughs<br>Retraction of previously planned pay raises<br>Pay Cuts                                | Layoffs<br>Elimination of vacant positions<br>Furloughs<br>Retraction of previously planned pay raises<br>Pay Cuts |

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| <b>Pennsylvania</b><br><b>James A. Honchar, SPHR</b><br>jhonchar@state.pa.us | FY-2008-2009 by 4.25% excluding other state-wide measures in place to mitigate an estimated \$2.3 billion revenue shortfall | Don't Know<br><i>Comment:</i> Additional cuts will be necessary for FY09-10                               | Elimination of vacant positions<br>Hiring Freeze<br>Retraction of previously planned pay raises<br><i>Comment:</i> Out-of-state travel freeze, reduction or elimination of discretionary spending, reduction or freeze of purchasing and reduction of vehicles from the state's fleet.                           | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Retraction of previously planned pay raises<br>Suspension or elimination of state programs  |
| <b>South Carolina</b><br><b>Sam Wilkins</b><br>swilkins@ohr.sc.gov           | Cuts have ranged from 10% - 18%   | Yes, Cuts or more cuts are somewhat likely  | Layoffs<br>Buyouts<br>Elimination of vacant positions<br>Hiring freeze<br>Furloughs<br>Early retirement incentives<br>Pay cuts<br><i>Comment:</i> By legislation, SC has voluntary and mandatory furloughs available to address budget cuts.   | Layoffs<br>Buyouts<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Early retirement incentives  |
| <b>Tennessee</b><br><b>Deborah Story</b><br>deborah.story@state.tn.us        | Zero %  | Yes, cuts or more cuts are very likely  | Buyouts<br>Elimination of vacant positions<br>Hiring Freeze<br>Retraction of previously planned pay raises   | Elimination of vacant positions<br>Hiring Freeze  |
| <b>Utah</b><br><b>Jeff Herring</b><br>jherring@utah.gov                      | FY09: Average of 9.1%<br>FY10: Average of 7.5%  | Yes, cuts or more cuts are somewhat likely  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Early Retirement Incentives<br><i>Comment:</i> Agencies will use the above in a variety of combinations to absorb the budget cuts.   | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Early Retirement Incentives<br><i>Comment:</i> The 2009 legislative session just ended. As the budget numbers are analyzed, we expect to see more of the above.                         |
| <b>Washington</b><br><b>Eva Santos</b><br>evas@dop.wa.gov                    |   | Yes, cuts or more cuts are very likely  | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Retraction of previously planned pay raises<br><i>Comment:</i> Freeze on personal service contracts, freeze on travel and training out of state, freeze on purchases over \$5,000, and a freeze on all management pay raises until February 2010. | Layoffs<br>Elimination of vacant positions<br>Hiring Freeze<br>Furloughs<br>Retraction of previously planned pay raises<br>Pay cuts<br><i>Comment:</i> There is a legislative bill that bifurcates premiums for benefits (medical, life) depending on salary level. |

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| <b>West Virginia</b><br><b>Otis G. Cox</b><br>otis.g.cox@wv.gov                 | 2% per agency  | Yes, cuts or more cuts are very likely  | Unknown<br><i>Comment:</i> Contemplating elimination of contracted out of services.  | Hiring Freeze  |
| <b>Wisconsin</b><br><b>Jennifer Donnelly</b><br>jennifer.donnelly@wisconsin.gov | ~4%  | Yes, cuts or more cuts are very likely<br><i>Comment:</i> 12.5% cut plans have been requested.  | Hiring Freeze<br><i>Comment:</i> Implemented a 'centralized position review' with a requirement to create 3,500 vacancies by June 30, 2009.  |  |
| <b>Wyoming</b><br><b>Dean Fausset</b><br>dfauss@state.wy.us                     | Zero %   | Yes, cuts or more cuts are somewhat likely<br><i>Comment:</i> Governor has request agency submit proposed 5% and 10% budgets no later than May 5, 2009. | Hiring Freeze<br><i>Comment:</i> Effective 4/7/09, Wyoming has implemented "Hiring Reductions," and deferring reclassifications & promotions. He asks for limited non-essential expenses such as travel, purchases of supplies, equipment and contractual services. Agencies are to conserve more on energy. | Layoffs<br>Elimination of vacant positions<br>Furloughs                |

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|---|--|--|--|
| <b>Alabama</b><br><b>Jackie Graham</b><br>jackie.graham@personnel.alabama.gov | No   |  |  |
| <b>Arizona</b><br><b>Kathy Peckardt</b><br>kathy.peckardt@azdoa.gov           |  |  | State agencies have began looking at impacts of further budget cuts at various levels (e.g. 5%, 10%, 15%, 20%) for FY10  |
| <b>California</b><br><b>Elaine Smith</b><br>elainesmith@dpa.ca.gov            | No   |  |  |
| <b>Colorado</b><br><b>David Kaye</b><br>david.kaye@state.co.us                | Yes  | Individual departments are using operating expense reductions or freezes to meet or exceed 2.5% current year reductions (e.g. travel, official functions, professional licenses, dues, memberships). | \$208 million General Fund (GF) shortfall FY2009 is covered by 2.5% department reductions, use of statutory reserve and transfers from cash funds to GF. FY2010 budget with \$923 million GF shortfall (approx. 15% of total GF) is still under legislative debate. Departments submitted 10% base budget reductions for FY2010. Proposed \$300 million cut to higher education may cause closure of some community colleges. Furloughs previously dropped from consideration are back on the tabel for FY2010. Further layoffs are possible.  |
| <b>Delaware</b><br><b>Dana Jefferson</b><br>Dana.Jefferson@state.de.us        | Yes  | Reviewing Purchas Orders over \$2,500 including credit cards--Discontinuing critical reclassifications   | The Governor has proposed for FY 2010 an 8 percent across the board pay cut. He has also proposed changing to floating holidays (for 3 of the holidays) and to make changes in our short-term disability program. Also, there is to be a reduction of ten percent in expenditures for contractors, consultants and employment services. Step increases would be suspended for employees like teachers who still get step increases. There will be a reduction in the use of casual/seasonal employees as well. It also appears that we will have significant changes to our health insurance program. All of these items still need to be approved by the legislature. |
| <b>Florida</b><br><b>Sharon D. Larson</b><br>Sharon.Larson@dms.myflorida.com  | Yes  | Travel has been restricted to mission critical only.   | The Florida Legislature passed the following appropriations bill for FY09/10 (still pending the Governor's approval): Effective July 1, 2009, the annual base rate of pay in excess of \$45,000 shall be reduced by 2%; however, in no instance shall the employees's annual base rate of pay be reduced below \$45,000.   |

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|--|--|--|---|
| <b>Indiana</b><br><b>Daniel L. Hackler</b><br>dhackler@spd.in.gov                | No   |  | The State of Indiana is planning to hold the line on all spending for 2009/2010 to actual revenues. No new spending is planned.                                 |
| <b>Iowa</b><br><b>Nancy Berggren</b><br>nancy.berggren@iowa.gov                  | No   |  |   |
| <b>Kansas</b><br><b>George Vega</b><br>george.vega@da.ks.us                      | No   |  | No general salary increase in FY 2010.  |
| <b>Kentucky</b><br><b>Carla Wright</b><br>Carla.Wright@ky.gov                    | 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>Anne Soileau</b><br>Anne.Soileau@la.gov                   | No   |  |   |
| <b>Maine</b><br><b>Alicia Kellogg</b><br>alicia.kellogg@maine.gov                | No   |  |   |
| <b>Massachusetts</b><br><b>Larry Albert</b><br>larry.albert@massmail.state.ma.us | No   |  |   |

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|---|--|--|---|
| <b>Michigan</b><br><b>Michelle Mann</b><br>mannm@michigan.gov               | Yes  | Positions are filled provided legislative criteria has been met delivery of basic services or loss of revenue. |   |
| <b>Missouri</b><br><b>Chester White</b><br>chester.white@oa.mo.gov          | No   |  |   |
| <b>Montana</b><br><b>Randy Morris</b><br>ramorris@mt.gov                    | Yes  | Energy Conservation Initiative Efficiency in government initiatives  | Fiscal conservation and maintaining 'rainy day' funds with previous and projected budget surplus.   |
| <b>New Mexico</b><br><b>Sandra Perez</b><br>sandra.perez@state.nm.us        | Yes  | Increased emphasis on Energy Saving Initiatives.   |   |
| <b>North Carolina</b><br><b>Linda Coleman</b><br>Linda.Coleman@osp.nc.gov   | No   |  |   |
| <b>Oklahoma</b><br><b>Oscar B. Jackson, Jr.</b><br>oscar.jackson@opm.ok.gov | No   |  | From previous results: Key budget negotiators indicated April 5th that federal stimulus money could take care of half of the state's \$900 million budget hole. Of the \$2.6 billion in federal money earmarked for Oklahoma over the next two years, indications are about \$500 million can be used for budget stabilization and programs for the 2010 fiscal year. |
| <b>Oregon</b><br><b>Diana Foster</b><br>Diana.L.Foster@ das.state.or.us     | No   |  |   |



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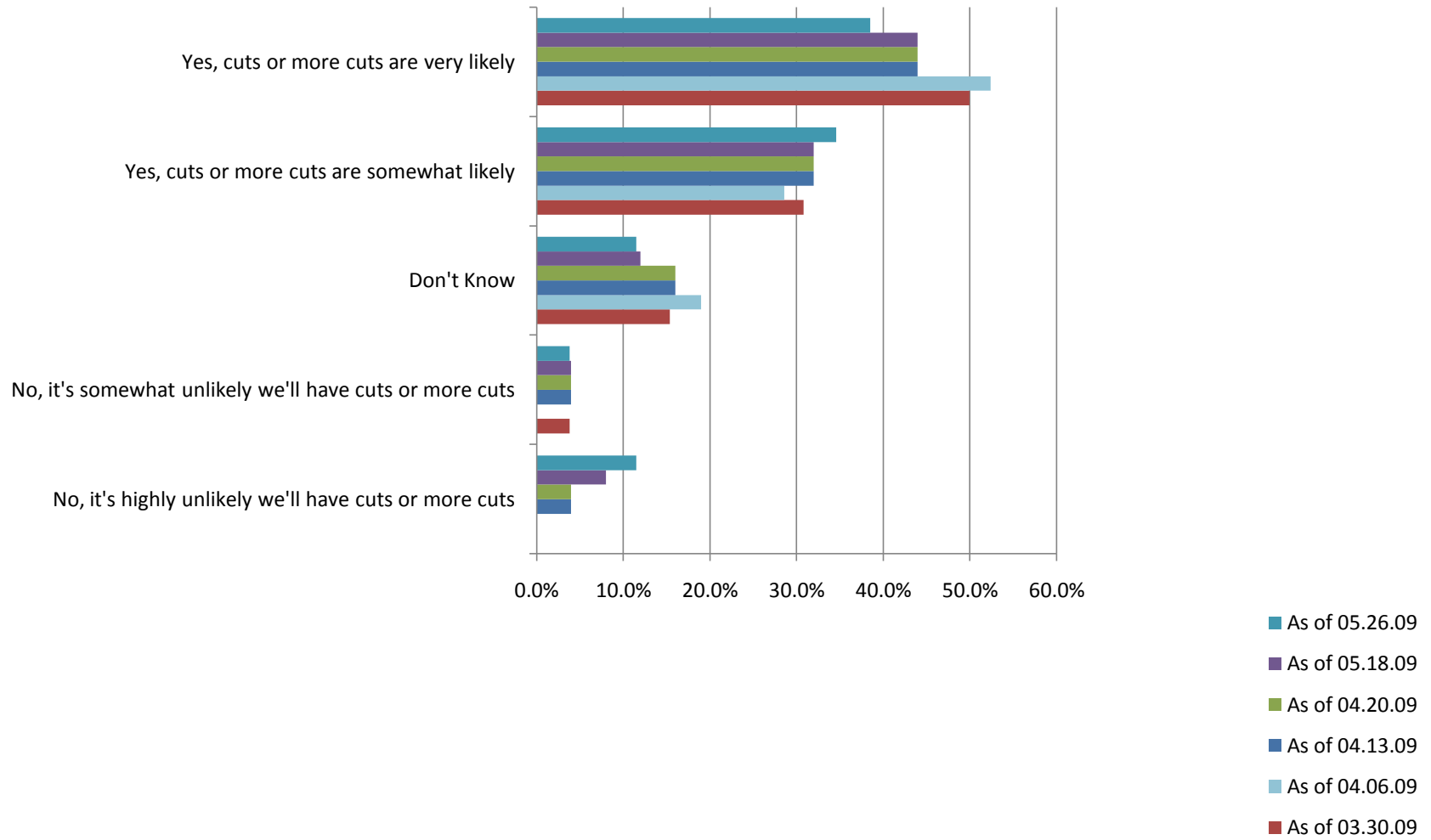
| Contact Information  | Have you used any cost saving options besides the traditional reduction in force, furlough, voluntary separation program, retirement incentive program or hiring freeze? | If Yes, please describe in detail these alternative cost savings option that are available   | Further informatin/clarification regarding how your state is dealing with the financial crisis   |
|--|--|--|--|
| <b>Pennsylvania</b><br><b>James A. Honchar, SPHR</b><br>jhonchar@state.pa.us | Yes  | See other comments withing the answers. Also, pursuit of consolidation/sharing of services across agency lines (HR, IT, Administration)  | Continue to evaluate and research all options/alternatives   |
| <b>South Carolina</b><br><b>Sam Wilkins</b><br>swilkins@ohr.sc.gov           | Yes  | 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. |  |
| <b>Tennessee</b><br><b>Deborah Story</b><br>deborah.story@state.tn.us        | Yes  | Travel Freeze Mandated use of state park facilities for employee group meeting versus using non-state facilities (hotels, conference centers, etc.)  |  |
| <b>Utah</b><br><b>Jeff Herring</b><br>jherring@utah.gov                      | 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.                        | Because of uncertain revenue estimates, the Governor and legislastors are holding open the possibility for a special session later in the year to deal with possible shortfalls.   |
| <b>Washington</b><br><b>Eva Santos</b><br>evas@dop.wa.gov                    | Yes  | Piloting 4/10 schedule in state owned facilities. Pilot to end in March 2009. Measuring energy consumption, customer serviced issues, availability to public.  | Governor announced "Government Reform" on 2/9/09. It includes a 1/3 reduction of boards and commissions, elimination of programs, reduction of 26 liscensed offices, and the merger of some agencies. The Governor has a directive to all agencies to work with central support agencies in a shared services model for IT, HR, facilities management, and motor pools to improve efficiencies and customor service. The directive requires that service level agrrements be created. The "State Stimulus" package was approved by the Leg and signed into law, including such things as initiating transportattion projects to increase or maintain jobs, increase unemployment insurance by \$45/week. Currently assessing the "federal stimulus" package and establishing reporting mechanisms from the state to the federal government. A new website for economic recovery was established. Next revenue forecast due 3/19/09 expected to increase the gap. |

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|---|--|---|---|
| <b>West Virginia</b><br><b>Otis G. Cox</b><br>otis.g.cox@wv.gov                 | No   |   | We are taking every step possible not to have layoffs.  |
| <b>Wisconsin</b><br><b>Jennifer Donnelly</b><br>jennifer.donnelly@wisconsin.gov | Yes  | In addition to the cut plans, agencies are requested to lapse approximately 4% to the general fund for each year of the biennium. |   |
| <b>Wyoming</b><br><b>Dean Fausset</b><br>dfauss@state.wy.us                     | No   |   | Due to declining revenue forecasts, this week the Governor announced Wyoming may be facing \$300 to \$320 million in cuts to its budget for the next year. That amount would exceed the 10% cuts he has already asked agencies to identify. He may now be considering a hiring and reclassification freeze and preparing for deeper cuts. |

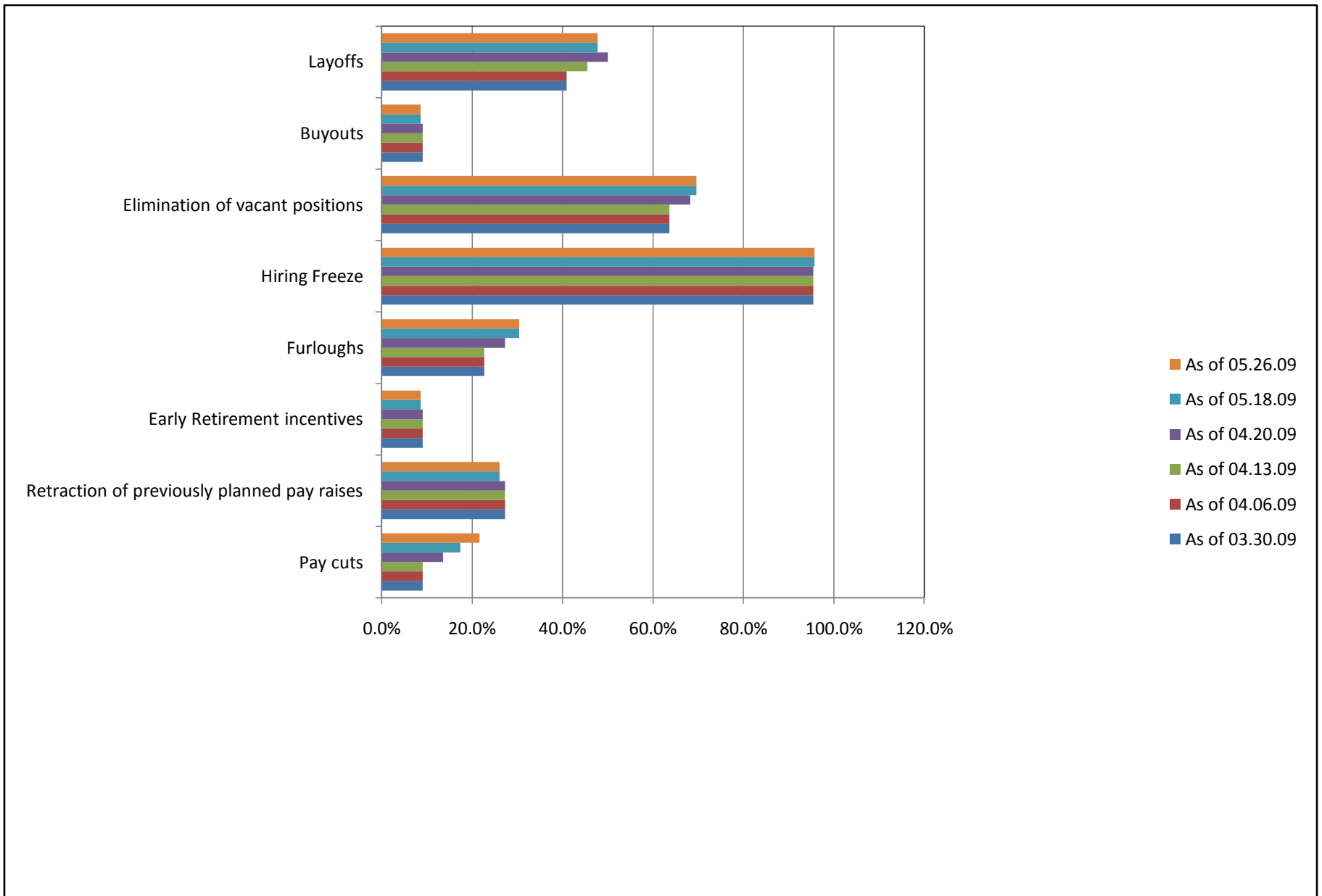
Question 3: Do you anticipate cuts (if no cuts have been made) or additional cuts to the state budget in FY 09?

### ANTICIPATED BUDGET CUTS FOR FY09



Question 4: Has your state implemented any of the following in response to recent fiscal constraints?

### IMPLEMENTATIONS TO RECENT FISCAL CONSTRAINTS



Question 5: Is your state considering any of the following in response to recent fiscal constraints?

### CONSIDERATIONS TO RECENT FISCAL RESTRAINTS

