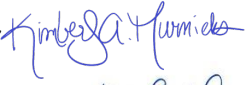



Memorandum

To: Cabinet Directors, Assistant Directors, CFOs, HRAs, and Chief Counsels
All Boards and Commissions

From: Kimberly A. Murnieks, Director 
Matthew M. Damschroder, Director 

Subject: Budgetary Control #4 – State Employee Pay Rates and Cost Savings Days

Date: June 1, 2020

Given the current economic situation resulting from the COVID-19 pandemic, it is necessary that Ohio state government continue implementing measures to reduce expenditures by state agencies, boards, and commissions to preserve our ability to provide services to Ohioans. This memo is the fourth in a series of budgetary control-related communications.¹

The State is facing a significant budget shortfall caused by the COVID-19 pandemic and the resulting impacts to Ohio's economy. April 2020 General Revenue Fund tax receipts were \$866.5 million below estimate, a negative change of approximately \$1 billion in GRF tax revenues since the onset of the pandemic. May 2020 revenues are below estimate by an additional \$271 million. On May 5, 2020, Governor DeWine announced actions to balance the fiscal year 2020 state budget, including GRF reductions totaling \$775 million and reductions to non-GRF line items as well. The state was able to reduce its budget for fiscal year 2020 without significantly impacting staffing levels at state agencies.

Fiscal year 2021 is projected to remain significantly below original budgeted estimates. This week, OBM will complete updated fiscal year 2021 revenue projections and the COVID-19 pandemic is anticipated to continue to negatively impact tax revenue such that available revenue receipts and balances in the GRF will be less than appropriations. Immediate actions are necessary to address the budget shortfall.

Current and planned personnel expenditures for fiscal year 2021 are unsustainable. Therefore, in accordance with Executive Order 2020-19D, the following measures are necessary to maintain services for the citizens of the State of Ohio and preserve jobs for state employees:

- **Exempt Staff:**
 - **Pay Freeze:** Legislative change has been requested such that exempt employees paid according to the E-1, E-2, E-3, and E-4 salary tables will not receive the July 1, 2020 increase set forth in O.R.C. 124.152.

¹ You can find this and other documents related to state government operational measures in response to COVID-19 in the "State Agency Resources During COVID-19" link on myOhio.

- **Step Freeze:** Legislative change has also been requested to freeze step advancement for fiscal year 2021 – from the pay period that includes July 1, 2020 through the pay period that includes June 30, 2021.
- **Mandatory Cost Savings Days:** A mandatory cost savings days program is being instituted for fiscal year 2021 for exempt employees. The equivalent of ten cost savings days (80 hours) will be mandatory. Further guidance will be forthcoming prior to July 1.
- **Bargaining Unit Staff:** We have asked the organizations representing the State's collective bargaining employees to come to the table by June 15 to discuss ways to reduce bargaining unit personnel costs.
- **Hiring Freeze:** State agencies will continue to operate under the hiring freeze already in effect, again with exceptions for those staff providing direct response to the emergency.
- **Additional Measures:** OBM and DAS will continue to work together to identify personnel and cost containment strategies to balance the state budget.

OBM will hold telephone conference calls with agency fiscal officers and human resources administrators in the coming days to provide ongoing information and updates.