



STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SPRINGFIELD 62706

BRUCE RAUNER
Governor

**GUIDELINES FOR COMPLIANCE WITH EXECUTIVE ORDER 15-08
AND RESERVES**

To: All State Agency Directors and Chief Fiscal Officers

From: Tim Nuding, Director
Governor's Office of Management and Budget

Date: January 15, 2015

A.

Guidelines for Compliance with Executive Order 15-08

Pursuant to Executive Order 15-08 issued by the Governor on January 12, 2015, the Governor's Office of Management and Budget (GOMB) has established the following guidelines that shall be followed by State Agencies in complying with the Executive Order.

Applicability

The Executive Order applies to all "State Agencies" (as defined in the Executive Order), including community colleges, universities, and any other entity to which any appropriation has been made in the Fiscal Year 2015 budget. Only spending under appropriations or statutory transfer by a State Agency is subject to the Executive Order.

Exclusions

A State Agency may enter into a contract or grant without prior review or approval by GOMB if the contract or grant is:

- (a) Payable solely from federal funds;
- (b) Executed, or will be executed, solely by a Constitutional Officer (other than the Governor, Lieutenant Governor or a State Agency under the jurisdiction of the Governor or Lieutenant Governor); or
- (c) Payable from capital funds on capital projects for which construction has commenced or equipment has been purchased.

Contracts Required by Law

The Executive Order permits a State Agency to enter into a contract or grant that is required by law, provided that the State Agency complies with these guidelines for verifying that the contract or grant is required by law. For that verification process, the State Agency shall provide the following information to GOMB:

- (a) The State Agency shall briefly describe the proposed contract or grant and provide the name of the contractor or grantee, the fund and line item appropriation from which the contract or grant would be paid, and the dollar value in fiscal year 2015;
- (b) The State Agency shall identify the specific statute, consent decree, or other applicable law that requires the proposed contract or grant;
- (b) The State Agency shall demonstrate how that law mandates specific spending, provider rates, reimbursement amounts, caseloads, or statutory transfers, or otherwise sets forth a detailed mandate of the scope and level of services; and
- (c) The State Agency shall demonstrate (i) how the proposed contract or grant satisfies the legal requirement and (ii) that the proposed contract or grant does not require the State to incur spending obligations that exceed the legal requirement.

GOMB shall not consider general mandates and program authorizations as contracts or grants required by law.

Emergency Contracts

On the first business day of each month, beginning February 2, 2015, each State Agency shall submit a report to GOMB summarizing emergency contracts it expects to enter into that month, and entered into in the previous month. If no emergency contracts are pending or entered into the previous month, no report shall be made. Each report shall describe:

- (a) The specific nature, contracting party, cost of the contract and funding source(s);
- (b) Why the State Agency believes each emergency contract is needed to avoid jeopardizing fundamental operations of the State;
- (c) The nature of the emergency circumstances, including (i) whether the emergency contract meets the definition of an emergency contract under the Procurement Code (30 ILCS 500/20-30) and (ii) the time pressures of the contract that the State Agency believes do not allow for GOMB review and approval; and
- (d) An explanation of how the contract does not obligate the expenditure of State funds for purposes not directly related to the emergency.

Other Contracts and Grants (Essential and Non-Essential)

Through July 1, 2015, no State Agency shall enter into any contract or grant that is not considered “essential,” as defined below.

Definition of “Essential”

Contracts, grants, or other spending in Fiscal Year 2015 will be considered “essential” under the Executive Order and these guidelines if, as determined by GOMB, it is consistent with the Executive Order and is needed to ensure the health, safety, or welfare of the people of the State of Illinois or to prevent serious disruption in critical State services. GOMB may issue a directive to a State Agency classifying a specified and limited category of spending as essential and deeming all spending within that classification as having been reviewed and approved by GOMB without approval for each individual expenditure within that category.

Review and Approval of Essential Spending

The Executive Order requires the State Agency to submit a proposed contracts or grants and amendments to contracts and grants for essential spending to GOMB. For the purpose of review and approval by GOMB, the State Agency shall submit the following to GOMB:

- (a) A brief description of the contract or grant and the name of the contractor, vendor or grantee;
- (b) The fund and line item appropriation from which the contract or grant would be paid and the dollar value in Fiscal Year 2015; and
- (c) A detailed explanation of why the State Agency believes the contract or grant should be considered essential as defined in the Executive Order and in these guidelines.

Requests for review and approval shall aggregate on one submission all contracts and grants with identical or very similar purposes. With each submission to GOMB, State Agencies shall provide a summary (including dollar amounts) of all requests for review and approval in that submission. Each submission to GOMB shall be accompanied by a summary of all requests previously submitted, listing the status of those previous submissions (pending, rejected, or approved) and the dollar value of each previous request.

Copies of full proposed contracts and grants shall be provided to GOMB only upon GOMB's request. GOMB may ask State Agencies to submit additional information not set forth in these guidelines as it reviews particular submissions. Depending on the nature, volume, and other factors of a State Agency's request, GOMB may require changes to these review and approval requirements.

Review of Procurement and Personnel Decisions

By January 20, 2015, each State Agency shall submit to GOMB its report, as required by Section II (1) of the Executive Order, on all actions taken with respect to contracts, grants, and personnel since November 1, 2014.

Major Interstate Construction Projects

Each State Agency with a project that is subject to Section II (3) of the Executive Order shall, as soon as practicable, submit a report to GOMB on the projects which have been suspended and the actions it is taking to review those projects' costs and benefits.

Motor Vehicles

State Agencies shall not enter into any vehicle purchases or leases, or extensions or amendments to current vehicle purchase orders or leases, unless the State Agency demonstrates to GOMB that such purchase or lease is essential and GOMB approves such purchase or lease. GOMB may rely upon recommendations of the Department of Central Management Services for review and approval by GOMB on purchasing or leasing vehicles.

Out-of-State Travel

Requirements pertaining to review and approval of out-of-state travel that were previously issued by GOMB remain in effect.

Supplemental Appropriations

Each State Agency shall submit the report required by Section III (1) of the Executive Order to GOMB by January 20, 2015. No spending under any supplemental appropriation shall be made if

a Balanced Budget Note has not been filed with that appropriation or (2) otherwise approved by GOMB.

B.
Reserves

In addition to the requirements set forth in the Executive Order, spending reserves for Fiscal Year 2015 will be imposed. GOMB shall work with each State Agency on the level of reserves applicable to its various funds and appropriations. Each State Agency shall not incur any expenditures which would prevent it from meeting its reserves.

By the date set by GOMB, State Agencies shall provide to GOMB information about all spending, including spending under existing contracts and grants, considered not essential as defined in these guidelines and recommended for termination or reduction. Such information shall include:

- (a) A brief description of the spending, and if applicable, the name of the contractor, vendor or grantee;
- (b) The fund and line item appropriation from which spending would be paid in fiscal year 2015; and
- (c) The dollar value of the amount which could be saved in fiscal year 2015 by terminating or reducing the spending.

Upon GOMB request, each State Agency shall provide a report to GOMB setting forth its plans for complying with its reserves. The report shall specify the nature and level of any savings considered as part of compliance with the reserves which also are attributable to actions taken pursuant to the Executive Order as well as other information as directed by GOMB.

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Please direct questions about the Executive Order and reserves to the analyst or division chief at GOMB assigned to your State Agency.

cc:

Governor's Counsel

Appropriation Directors of the House of Representatives and Senate
GOMB division chiefs and analysts