



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0285

DAVE GOETZ  
COMMISSIONER

July 31, 2009

MEMORANDUM

TO: All Agency Heads, Budget Officers, and Human Resources Officers

FROM: M.D. Goetz, Jr., Commissioner of Finance and Administration

SUBJECT: Financial Management Policy

In the current fiscal year, state agencies must continue to manage spending to achieve the reversion required for the recurring \$120.3 million overappropriation and the additional \$55 million reversion associated with the economic downturn and undercollection of state revenue estimates.

State agencies shall adhere to the following financial management policies throughout this fiscal year and beyond until further notice. Items 2 through 7 continue the policy previously in effect.

1. **Abolishment of Vacant and Establishment of New Positions** – Vacant positions that are budgeted to be abolished as of July 1, 2009, must be abolished immediately, if not already abolished, and any newly authorized positions should be established now. For abolishment of the vacancies, please have the transactions at the Budget Office for approval as soon as possible, but no later than Friday, August 7. Filled positions that are budgeted to be abolished later must be abolished as soon as they become vacant through attrition.
2. **Hiring Freeze** – A hiring freeze continues on vacant positions. Exceptions will be allowed in limited areas necessary for the public welfare and for the welfare of persons under care or custody of the state. Approval of a separate freeze exception justification letter by the Commissioner of Human Resources is required before filling any vacant position, unless blanket freeze approval is granted by the Commissioner of Human Resources for the two categories specified above.

Requests for freeze exceptions must be only for positions that must be filled in limited areas necessary for the public welfare or for the welfare of persons under care or custody of the state. I emphasize “must be filled”: The standard in all cases is that the vacant position must be filled. Only hiring freeze exceptions personally signed by the agency head will be considered. Agency heads must

determine and explain in the request why the position must be filled and why the public welfare or the welfare of persons under the care or custody of the state requires filling the position. Agency heads also must manage their budgets to ensure that overtime expenditures, overlapped positions, and contractual services do not increase as a result of the hiring freeze and budget reductions.

Freeze exception approvals will be based on whether or not the freeze exception request meets all criteria defined by the commissioner of the Department of Human Resources. Requests for freeze exceptions should be submitted to the Department of Human Resources.

Previous directions from the Commissioner of Human Resources on processing of freeze exception requests continue in effect until modified by her.

3. **Out-of-State Travel** – Travel out of state is limited to emergency or mandatory situations only. Agencies shall comply with all requirements of the comprehensive travel regulations. Pursuant to item 5(c) of the comprehensive travel regulations (F&A policy 8), advance approval of the Commissioner of Finance and Administration for all out-of-state travel is required. Separate justification letters are not required, as long as the travel is adequately justified in a statement on the Travel Authority form. The Commissioner of Finance and Administration may require additional justification as he deems necessary. Further guidance is available on the F&A Intranet site under Travel Information (Out-of-State Travel Approval in Edison). Requests for approval of out-of-state travel should be sent to the Division of Accounts, Policy Development Office, 13<sup>th</sup> floor, William R. Snodgrass Tennessee Tower.

Agencies should limit out-of-state travel requests under the emergency and mandatory exceptions to the following circumstances:

- (a) Travel required to deliver program services, utilizing the minimum number of employees required.
  - (b) Travel required to comply with statutory, judicial, federal program, and contractual obligations, utilizing the minimum number of employees required.
  - (c) Travel for industrial recruitment, economic development, and tourist development activities of the Department of Economic and Community Development, Department of Agriculture, and Department of Tourist Development. These agencies should utilize the minimum number of employees required for the missions and should conduct these activities as economically as possible.
4. **In-state Travel** - Agency heads must limit in-state travel of state employees to the maximum extent possible. Circumstances stated above in item 3 shall apply. The in-state travel provisions of the comprehensive travel regulations shall apply, and each agency head remains responsible for approval of in-state travel. Note that in the comprehensive travel regulation (Policy 8), in-state travel requests

would be sent to the Budget Office only if exceptions to Policy 8 or reimbursement of non-state employees are involved.

5. **In-state Group Meetings** – Agency heads should review all plans for in-state group meetings and, where practical, cancel any in-state group meetings not essential to the circumstances specified in item 3 above. In all cases of essential training needs and/or group meetings, especially those requiring overnight accommodations, State Parks conference facilities should be utilized, if practical. Note that under the comprehensive travel regulations (Policy 8), approval of the Budget Office is required only if exceptions to Policy 8 or reimbursement of non-state employees are involved. Otherwise, requests for approval of in-state group meetings should not be sent to the Department of Finance and Administration; the line agency head is responsible for approval and shall enforce the limitation of this paragraph on in-state group meetings.
6. **Equipment Purchases** – A freeze is imposed on equipment purchases. Agency heads should review equipment purchases in process and those planned for later to determine if they are required to address an emergency or otherwise essential circumstance. Justification of equipment purchase requests requiring approval of the Commissioner of Finance and Administration or the Budget Office should be limited to the circumstances stated in this paragraph and must be accompanied by a justification letter from the agency head. The justification letter should be addressed to the Commissioner of Finance and Administration and be submitted to the Budget Office at the time the requisition or purchase order is submitted.
7. **Other Program Requirements** - Agencies must manage the expenditure of all other program funds as conservatively as possible. Agency heads should restrain any discretionary spending which will not disrupt mandatory program service delivery and which will not circumvent the legislative intent in the appropriation of funds.

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