

BUDGET LETTER

SUBJECT: SECTION 3.90 – REDUCTION IN OPERATING EXPENSES AND EQUIPMENT RELATED TO WORKFORCE CAP SECTION 15.30 – INFORMATION TECHNOLOGY SAVINGS	NUMBER: 10-38
REFERENCES: BUDGET ACT OF 2010; EXECUTIVE ORDER S-01-10; EXECUTIVE ORDER S-03-10; BUDGET LETTER 10-06	DATE ISSUED: November 30, 2010
	SUPERSEDES:

TO: Agency Secretaries
Agency Information Officers
Department Directors
Departmental Budget Officers
Departmental Chief Information Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Control Section 3.90(b), Budget Act of 2010, allows the Department of Finance (Finance) to reduce, as appropriate, General Fund appropriations to reflect achievable operating expenses and equipment (OE&E) savings of up to \$130 million resulting from Executive Order S-01-10 (Workforce Cap) for the 2010-11 fiscal year. The OE&E savings target for each department was determined by prorating the statewide total against each department's Control Section 3.90(a) General Fund personal services reduction.

Additionally, Control Section 15.30 authorizes reductions to department budgets to reflect savings in information technology (IT) and related expenditures for 2010-11. This directive builds on the efforts of the Office of the State Chief Information Officer during 2009-10 to consolidate data and telecommunications networks, data center services, hosting of mission-critical and public facing applications, and shared enterprise services. It is the intent of the Legislature and the Administration that the reductions authorized by this section total at least \$140 million for General Fund items of appropriation. The IT savings target calculation for each department is based on the agency IT Cost Reports submitted during 2009-10 in response to Budget Letter (BL) 10-06. For those departments that did not comply with the reporting requirement, Finance calculated a proportionate share of the \$140 million General Fund target.

Your Finance budget analyst will provide you the specific dollar amount for each Control Section. Departments must develop plans to achieve the identified targets using Attachment 1. This information is necessary to determine the achievable reductions for each Control Section. Please return the completed plans to your Finance budget analyst no later than December 23, 2010. Scheduling worksheets and instructions will be forthcoming in another BL.

This BL applies to all General Fund agencies, departments, offices, boards, bureaus, and commissions unless specifically exempted in one or both of the Control Sections. If you have any questions, please contact your Finance budget analyst.

/s/ Fred Klass

FRED KLASS
Chief Operating Officer

Attachment

Control Sections 3.90 and 15.30 Reduction Plans Instructions

The following instructions are intended to assist departments in completing the “Control Sections 3.90(b) and 15.30 Reduction Plans Template”:

- **Planned Reductions:** Specifically identify each planned reduction the department proposes to achieve the Control Section 3.90(b) and 15.30 target reductions.
- **GF Amount:** For each planned reduction, specify the General Fund dollar amount to be reduced in 2010-11. Dollars should be reported in thousands.
- **Ongoing (Yes or No):** For each planned reduction, determine whether the reduction will be one-time (for 2010-11 only) or ongoing (reduces the department’s baseline budget). If the reduction is ongoing, enter “Yes”. If the reduction is one-time only, enter “No”.
- **Consequences of Reduction:** For each planned reduction, briefly describe the programmatic or other consequences of the reduced expenditure.
- **Total Control Section Reduction Amount:** For each Control Section (3.90(b) and 15.30), sum the reduction components amounts, and enter the total for each in the corresponding total box.
- **Departmental Control Section Reduction Target:** For each Control Section (3.90(b) and 15.30), enter the department’s specific reduction target.
- **Difference:** For each Control Section (3.90(b) and 15.30), calculate the difference between the reduction plan total and the departmental target. If the departmental plans do not achieve the identified targets, briefly describe the reasons why and the resulting consequences if the department had to meet the targets in the “Consequences of Reduction” cell on the same row as the “Difference” cell.

Control Sections 3.90(b) and 15.30 Reduction Plans

Org. Code		Department	
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CS 3.90(b) Operating Expenses and Equipment Reductions

Planned Reductions	GF Amount (dollars in thousands)	Ongoing (Yes or No)	Consequences of Reduction
Total CS 3.90(b) Reduction Amount			
Departmental CS 3.90(b) Target			
Difference			

CS 15.30 Information Technology Reductions

Planned Reductions	GF Amount (dollars in thousands)	Ongoing (Yes or No)	Consequences of Reduction
Total CS 15.30 Reduction Amount			
Departmental CS 15.30 Target			
Difference			