

BUDGET LETTER

		NUMBER: 24-10
SUBJECT: GOVERNMENT EFFICIENCY REDUCTIONS	DATE ISSUED: JULY 1, 2024	
REFERENCES: BUDGET LETTERS 23-27 , 24-01 , 24-07	SUPERSEDES: N/A	

TO: Agency Secretaries
Department Directors
Department Budget and Accounting Officers
Departmental Human Resources and Labor Relations Officers
Departmental Business Services Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

Budget Officers are requested to forward a copy of this budget letter (BL) to departmental Human Resources, Labor Relations, and Business Services Officers.

The 2024 Budget Act puts the state on a long-term, fiscally responsible path and promotes government efficiencies through approved ongoing budgetary reductions in 2024-25 and beyond. To achieve the savings included in the Budget, the Department of Finance (Finance) will work with agencies and departments over the coming months on these required budget reductions.

To achieve a balanced budget, the Budget assumes two separate budgetary reductions as described below. This BL provides an overview of these recently enacted reductions; Finance will issue additional budget letters further detailing the processes and timing of these reductions.

Specifically, the Budget includes the following government efficiency measures:

- **Control Section 4.12: Vacant Positions Funding Reduction and Elimination of Positions**—Beginning in 2024-25, agencies and departments' budgets will be reduced by \$1.5 billion (\$762.5 million General Fund) for savings associated with vacant positions. These reductions include the Executive Branch, but participation by all agencies and departments is encouraged. In 2025-26, Finance will reduce budgets by the same amount but also adjust the position authority to eliminate approximately 10,000 positions statewide.
- **Control Section 4.05: Ongoing Reductions to State Operations**—Beginning in 2024-25 and ongoing, agencies and departments' state operations budgets will be reduced by 7.95 percent, which includes, but is not limited to, personal services, operating expenses and equipment, and consulting and professional services funded through General Fund and/or Other Funds. These reductions apply to almost all agencies and departments with limited exceptions.

Note: These are two separate reductions, with vacant positions occurring first given that the statewide operations reduction may also impact personal services expenditures.

Given the projected budgetary shortfall, Budget Letter (BL) 23-27 (Current Year Expenditure Freeze) was issued in December 2023 directing agencies and departments to take immediate action to reduce current-year General Fund expenditures and BL 24-07 (Onetime Appropriation(s) Expenditure Freeze Pursuant to Section 21 of the Budget Act of 2023) was issued in April of 2024 directing agencies and departments to cease spending or encumbering certain onetime resources. Although these BLs expired as of June 30, 2024, agencies and departments should continue to ensure prudent spending to meet the statutorily approved government efficiency reductions. Accordingly, departments must begin planning and preparing now to identify potential cost-saving measures. Although departments have the flexibility to identify reductions that best fit their operational and program needs, these savings must be realistic and achievable as both reductions are statutorily required.

If you have any questions regarding this BL, please contact your assigned Program Budget Manager.

/s/ Joe Stephenshaw

JOE STEPHENSHAW
Director