

## Government Efficiencies Tool Kit

### What is the purpose of government efficiencies reductions?

The 2024 Budget Act requires state agencies, departments, and entities to reduce expenditures by up to 7.95 percent. To achieve the savings included in the Budget, the Department of Finance will work with agencies and departments to achieve these required levels of budget reductions.

It is vitally important that state government is efficient, effective, and only expends funds that are necessary to the critical operation and security of the state. As such, all state entities must take immediate action to reduce expenditures and identify all operational savings achieved. These immediate actions may include, but are not necessarily limited to, the categories described below.

### What is the authority for reductions? What state entities are required to make reductions?

Control Section (CS) 4.05 of the 2024 Budget Act authorizes Finance to make reductions up to 7.95 percent of state operations to all state departments, agencies, offices, boards, and commissions, except those explicitly excluded in CS 4.05. All entities under the Governor's jurisdiction that receive appropriations for state operations are required to participate, including departments that do not report to the Executive Branch.

### What departmental organization and personnel actions can departments take to achieve efficiencies?

- **Consider internal hiring freezes:** The 2024 Budget Act does not mandate a hiring freeze. However, departments should consider implementing internal hiring freezes while evaluating areas for ongoing budgetary reductions.
- **Reduce use of temporary positions:** While evaluating ongoing operational needs, departments should consider reducing the use of temporary positions, including student assistants and retired annuitants.
- **Right-size workforce through elimination of additional vacant positions:** The 2024 Budget Act includes the elimination of approximately 10,000 vacant positions (see [BL 24-20](#)). Departments should consider whether additional vacancies are available for reduction. This should include evaluating existing workload by unit, analyzing business and operational needs, and determining if positions are allocated across units effectively. Departments should also review post-pandemic workforce needs and allow for attrition for any activities and tasks no longer necessary due to technology advances. Departments may **not** implement layoffs for permanent, authorized positions to achieve required savings.

- **Eliminate leave buy-back:** Departments planning to conduct annual leave buy-back of accrued vacation or annual leave should consider cancelling leave buy-back, unless required by collectively bargained agreements.
- **Modernize recruiting:** While evaluating opportunities for long-term savings, departments can consider reducing or eliminating their departmental presence at costly career fairs or expensive recruiting consultant and vendor contracts and utilize other low-cost or technology-based methods for recruitment.

### **Can departments initiate layoffs or early retirement programs to achieve required reductions?**

No. Departments may not implement layoffs for permanent, authorized positions, or initiate early retirements, to achieve required savings.

Layoffs and early retirement programs are not the intent of required government efficiencies and cannot be unilaterally implemented per the Memoranda of Understanding collectively bargained between the Administration and state bargaining units.

### **Can departments make changes to goods and services contracts to achieve required savings?**

Yes. Departments should consider reducing or eliminating new and existing goods and services contracts. Departments should evaluate all existing goods and services contracts or agreements to lease or purchase equipment to determine if contracts are needed and consider reducing or eliminating contracts where appropriate. Departments should consider delaying new or pending contracts for discretionary and non-essential purchases. In addition, departments should:

- **Reduce or eliminate printing where feasible:** Departments should consider developing internal policies to limit or reduce unnecessary printing to achieve savings on office supplies. Make documents, forms, and other commonly used materials available online for ease of access.
- **Evaluate the cost-benefit of planned furniture purchases and space reconfigurations:** Departments should work with the Department of General Services to ensure that any planned furniture refreshes and office space reconfigurations are cost-effective, while determining areas for more appropriate ongoing savings.
- **Evaluate equipment maintenance management insurance:** Departments should evaluate if savings are achievable by enrolling in the state's existing equipment maintenance management insurance program to replace existing third-party and equipment manufacturer service contracts.

### Can departments make changes to methods of telecommunications?

Yes. Actions to change telecommunications may include, but are not limited to:

- **Eliminate landline phones:** Departments should consider eliminating landline phone services for non-public facing employees, particularly those employees with state-issued cell phones. The increase of online communications over the last several decades may have rendered certain department phones obsolete. Departments can consider evaluating individual personnel phone needs in instances where personnel-specific phones are necessary to complete mission-critical workload.
- **Reduce unnecessary cell phone equipment:** State entities should reduce the number of spare cellular devices and are advised that the total number of spare phones should not exceed more than five percent of active devices in use. If any of the cellular devices to be reduced can be returned to the vendor for a refund or credit toward future service charges, the agency should do so immediately, unless the devices are to be retained as spare devices. Older devices should be disposed of consistent with the surplus property policies of the Department of General Services (DGS), Office of Fleet and Asset Management, State and Federal Property Reuse Program Office.

### What non-project-related changes to information technology should departments implement?

- **Delay IT equipment refreshes:** Departments should consider delaying planned or routine refreshes of IT equipment, including phones, computers, printers/copiers, and other technology for at least one fiscal year until areas for ongoing savings can be achieved.
- **Evaluate software license agreements and support contracts:** Departments should re-evaluate, consolidate or eliminate software licensing contracts where feasible, including Microsoft, Adobe, Zoom, and other duplicative software that may be included in other contracts. Departments should also evaluate the scope and number of licenses provided under these licenses to ensure all personnel with technology licenses have a critical need for those licenses. Where possible, it is advised that departments look for potential consolidation or renegotiate for a more effective price point.
- **IT Services Contracts:** Departments should review existing and new IT services contracts, including enterprise support contracts and Software as a Service to identify where costs can be reduced, shared across other departments or Agencies and consider whether shifting services to the state data center is feasible.

### **Should departments consider project-related information technology reductions?**

Yes. Departments should postpone or cancel non-critical IT projects. Departments are discouraged from beginning the Project Approval Lifecycle process for IT projects that have not yet begun. Departments should consider postponing or delaying projects within their delegated authority, or utilize existing statewide services provided by the California Department of Technology where feasible. Departments should also revisit project portfolios and prioritize projects that are an administration priority, related to sensitive legislation, or where the state will incur financial penalties or service level reductions.

Additionally, entities shall re-evaluate expenses related to current IT projects.

Departments should:

- Review existing IT maintenance and operations contracts to validate services, subscriptions, equipment, and /or software licenses are still in use and still necessary.
- Review pending procurement/solicitations to determine if the effort can be paused or delayed.
- Reevaluate any IT projects in the Project Approval Lifecycle process to determine if the project can be paused or delayed.
- If necessary to continue efforts, consider whether costs can be spread over several years or if financing is a viable option.

### **Are there other strategies departments should consider to reduce state operations costs?**

- **Limit meetings of advisory bodies:** State entities holding meetings of advisory bodies, including boards and commissions, should consider limiting annual meetings to once per year unless additional meetings are statutorily required.
- **End Architectural Revolving Fund (ARF) transfers:** Departments should delay or defer any requests to transfer funds to the ARF unless for a demonstrated critical need due to an ongoing project.
- **Eliminate non-mission critical travel:** Departments should cancel all plans for non-essential travel, including participation in seminars, conferences, site visits, and training, unless statutorily mandated, required by collectively bargained agreements, or mission-critical to provide public services or operate public safety. Departments should implement travel policies to allow for only the conduct of official, mission-critical state business.
- **Eliminate non-mission critical training:** Departments should evaluate and cancel all non-mission critical paid trainings, except as required by statute or collectively bargained agreements, or essential for an employee's required work/responsibilities or related certifications.
- **Eliminate discretionary programs:** Departments should evaluate discretionary programs that are not required by statute for elimination or critical to the

department's mission. Departments should evaluate if statutory or regulatory changes are needed to implement these reductions, which could delay implementation of the reduction.

- **Reduce central services:** Departments that provide statewide central services to other state entities are encouraged to evaluate, consolidate, or eliminate service areas that are no longer needed or underutilized.