

# BUDGET LETTER

<b>SUBJECT:</b> ADDITIONAL 2002-03 BUDGET REDUCTIONS	<b>NUMBER:</b> 02-40 <b>DATE ISSUED:</b> November 21, 2002
<b>REFERENCES:</b> EXECUTIVE ORDER D-49-01, BL 02-21	<b>SUPERSEDES:</b>

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

FROM: DEPARTMENT OF FINANCE

To address the projected Budget shortfall and as directed by the Governor, Agencies and departments are hereby directed to take immediate actions to reduce any non-critical/essential activities, such as filling any new vacant positions, cancel, postpone, amend any contracts, grants, purchase orders, etc. and generate new opportunities for current year program reductions. **Agencies and departments are to quantify the projected savings, complete Attachments I, and II, and submit them to the Department of Finance by close of business, Monday, November 25, 2002.**

These additional reductions are necessary to maximize current year savings in addition to the \$750 million unallocated reduction pursuant to Control Section 3.90 (added by Chapter 1023, Statutes of 2002). To achieve the additional current year General Fund savings, Agencies/departments are directed to propose actions relating to non-critical, non-essential activities by:

- Reducing, canceling, or postponing any contracts, or agreements to lease or purchase equipment.
- Reducing, canceling, or postponing any contract, or canceling any amendment to an existing consultant or personal services contract that would increase the amount of the contract.
- Canceling or postponing any non-essential trips such as seminars, conferences, or training.
- Where permissible by law and regulations, disencumbering and canceling existing non-essential contracts or purchase agreements for the current year or prior years.
- Eliminating any additional non-essential vacant positions.
- Reducing, canceling, or postponing any grants.
- Delaying construction or any new leases for space.

**Additional program reductions.** Similar to directives in Budget Letter 02-21, Agencies/departments are to review all programs for reduction (or cost shift) opportunities in the current year, and are directed to freeze spending in the current year. To the extent possible, Agencies/departments should halt disbursements, allocations, expenditures, or other commitments of funds that are not considered to be mission-critical. It is anticipated that current year legislation will be introduced as necessary to implement any of these proposals that may require a statutory change.

These additional current year program savings ideas must be realistic and capable of successful implementation to produce savings. All program areas, i.e., State Operations, Local Assistance, and Capital Outlay, and objects of expenditures must be examined in detail to determine the components that are not truly critical to the department's mission, or cases where a program could function adequately with reduced funding.

Further, departments that are reimbursed by any General Fund departments for services must evaluate any reductions to those reimbursements that will help these departments achieve savings.

**Deadlines.** Submit Attachments I and II to Finance by close of business, Monday, November 25<sup>th</sup>. If you have any questions, please contact your Finance budget analyst.

/s/ B. TIMOTHY GAGE

B. TIMOTHY GAGE  
Director

Attachments

**2002-03 General Fund Reductions and their impact in 2003-04**

Agency: \_\_\_\_\_

Org/Department: \_\_\_\_\_

Item: \_\_\_\_\_

Description of Proposal: \_\_\_\_\_