

BUDGET LETTER

NUMBER:	04-03
DATE ISSUED:	February 24, 2004
SUPERSEDES:	

SUBJECT:	CONTROL SECTION 4.10, BUDGET ACT OF 2003, EFFECT OF PROGRAM REDUCTIONS
REFERENCES:	

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

FROM: DEPARTMENT OF FINANCE

Background

The 2003 Budget Act contained Control Section 4.10 which required a \$1.066 billion reduction to the State's employee compensation costs and the abolishment of 16,000 positions. State employee contract changes, temporary help, and personal service contract positions reduced this requirement to 9,313 positions. In addition, the Control Section required reductions to appropriations of at least \$306.5 million, of which at least \$180.9 million must be reductions to General Fund appropriations.

Throughout the summer and fall of 2003, departments and agencies developed reduction plans to implement the Control Section. Prior to this Administration taking office, these plans were reviewed and approved, the Legislature was notified in early November that the minimum requirements of Control Section 4.10 were met and summary and detailed reduction plans were provided to the Legislature and to the public. These plans can be found on the Department of Finance (Finance) website at http://www.dof.ca.gov/HTML/BUD_DOCS/Bud_link.htm.

Effect of Program Reductions

This Administration believes that the public should be told of the anticipated effects of government decisions. Specifically, the Governor has stated his intention that the public be informed of the effects of these reductions. The material submitted to Finance last summer and fall by the departments was preliminary in nature in that it provided initial assessments of the possible impacts of the departments' proposed plans. No formal analyses were ever conducted of the impact of the reductions that were actually approved by Finance. To the extent you can, please describe how the reductions were implemented and their impact.

I recognize that many things have changed since August and September, when these plans were prepared. However, it should be possible for each department to provide an assessment of its final plan's impacts. To facilitate the collection of this information, departments are required to submit a completed Attachment I for each program that was listed on the department's Summary Reduction Plan. Please use a separate Attachment I for each program identified on the Summary Reduction Plan.

The Control Section 4.10 Reductions section of Attachment I should briefly describe program responsibilities and how the position reductions were implemented as well as the actual effect of each reduction. Each Attachment I must be signed by the Department Director and Agency Secretary.

Due Dates

Departments are required to return all copies of Attachment I to their respective Finance Budget Analyst **no later than Friday March 12, 2004. After our review and approval, it is our intention to release this information to the Legislature and public no later than March 31.**

Please contact your Finance Budget Analyst if you have any questions.

/s/ Michael Genest

MICHAEL GENEST
Chief Deputy Director

Control Section 4.10
Reductions By Program

Org. Code: _____

Department: _____

How was reduction implemented?

What was the actual effect of this reduction?

Department Director Approval: _____

Date: _____

Agency Secretary Approval: _____

Date: _____