

BUDGET LETTER

SUBJECT: CONTROL SECTION 4.04 FOR 2007-08— PRICE INCREASE ADJUSTMENTS	NUMBER: 07-02
REFERENCES: BL 07-01	DATE ISSUED: January 19, 2007
	SUPERSEDES:

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

FROM: DEPARTMENT OF FINANCE

As stated in BL 07-01, the 2007-08 Governor's Budget fully funds the state's workload budget, addresses the most critical needs, provides a prudent reserve, and eliminates the net operating deficit in the General Fund in 2007-08. Since that time, additional needs for ongoing General Fund resources have arisen, which require further action to ensure there is not a resurgence of a net operating deficit in 2007-08.

A Spring Finance Letter has been submitted to the Legislature to add Control Section 4.04 to the 2007-08 Budget Bill. The new section would authorize the Director of Finance to reduce all General Fund items of appropriation by an amount not to exceed a total of \$46.3 million. The reduction to any department may not exceed half of the funding provided to that department for the 2007-08 General Fund price increase. Reductions shall be made only to the extent necessary to ensure there is no net operating deficit in 2007-08, as determined by the Director of Finance. This section does not apply to the Legislature, Constitutional Officers, and the Judicial Branch.

If you have any questions, please contact your Finance budget analyst.

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director