

EXECUTIVE DEPARTMENT

STATE OF CALIFORNIA

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EXECUTIVE ORDER D-49-01  
by the  
Governor of the State of California

WHEREAS, the national and State economies are experiencing a significant slow down and as a result the State General Fund is experiencing a significant decline in revenue; and

WHEREAS, the tragic events of September 11 have resulted in major disruptions to large segments of the State and national economies, and introduced uncertainty into the State's economic outlook; and

WHEREAS, the implementation of increased public safety measures requiring additional law enforcement personnel at airports and other public facilities in the State has caused unexpected expenditures by the State; and

WHEREAS, there may be additional expenditures that will be required by the State resulting from the events of September 11 that are unknown at this time; and

WHEREAS, when businesses are faced with declining revenues and increasing expenditures they take actions to reduce spending; and

WHEREAS, the State of California must take similar actions without delay to ensure that it lives within its means;

NOW, THEREFORE, I, GRAY DAVIS, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. The Department of Finance is ordered to identify General Fund savings of at least

1. The Department of Finance is ordered to identify General Fund savings of at least \$150 million in operating expense and equipment expenditures, for all agencies and departments, for the remainder of the 2001-02 fiscal year. All State agencies and departments are ordered to submit plans for current year General Fund reductions in operating expense and equipment expenditures to the Department of Finance no later than November 7, 2001, and to implement such savings immediately wherever possible.

2. To accomplish these General Fund savings, state agencies and departments shall consider the following actions:

- ?? Reducing, canceling, or postponing any new contracts or agreements to lease or purchase equipment.
- ?? Reducing, canceling, or postponing any new 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.

In taking the above actions, agencies and departments shall give preference to retaining contracts and purchase agreements with California companies and businesses.

3. Where permissible by law and regulations, all State agencies and departments are ordered to disencumber non-essential contracts or purchase agreements funded by General Fund 2000-01 and 1999-00 support appropriations, where goods and services have not been received, and to cancel the related contracts.

4. Agency Secretaries and other Cabinet level positions will be responsible for ensuring compliance with the provisions of this Executive Order. For those departments that do not have Cabinet level representation, the Department of Finance will be responsible for ensuring compliance with the provisions of this Executive Order.

5. The provisions of this Executive Order shall not apply to the Legislative and Judicial branches of government. However, I invite these branches of government to participate.

6. For the purposes of this order, the University of California and the California State University System are requested to consult with the Department of Finance for the purpose of determining the appropriate level of savings in the current year, to implement the provisions of this Executive Order. Participation, however, should be limited to a level that will not interfere with meeting their educational mission.

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7. The Department of Finance is hereby directed to coordinate the implementation of this Executive Order and may issue management memos and grant exemptions from its provisions, as appropriate.

8. This Executive Order will remain in effect until June 30, 2003.



**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this the twenty-third day of October 2001.

/s/ Gray Davis

Governor of California