



**Department of General Services  
Procurement Division**

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**Broadcast Date: December 19, 2023**

**Bulletin #: P-05-23**

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**TO: Purchasing Authority Contacts (PACs)  
Procurement and Contracting Officers (PCOs)**

**RE: Budget Letter (BL) 23-27 – Current Year Expenditure Freeze**

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**Purpose**

To communicate expectations related to [Budget Letter \(BL\) 23-27](#) [Current Year Expenditure Freeze](#) issued by the Department of Finance (DOF).

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**Policy**

Effective immediately, departments must provide the following certification in writing and signed (electronic signatures are encouraged) by the Agency’s Secretary or Department’s Director, or their designees for all acquisitions, contracts and contract amendments, and other related procurement requests such as Non-Competitive Bid Justifications (NCB), requiring Department of General Services (DGS) work, review and/or approval:

“I certify that this purchase complies with [Budget Letter 23-27](#).

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Name – Title – Date”

For requests currently in the possession of DGS, this certification may be provided via email.

DGS will not process requests without the required certification.

Departments must document procurement files with this certification for acquisitions conducted under procurement authority granted by the Procurement Division’s Purchasing Authority Unit (PAU).

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**Background**

On December 12, 2023, Department of Finance (DOF) issued [BL 23-27](#) directing all entities under the Governor’s direct executive authority to take immediate action to reduce current-year General Fund expenditures by halting purchases of goods and services that do not meet criteria identified in the BL or that do not have

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authorization through the exemption process noted in the BL.

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**Questions**

Contact the Purchasing Authority Unit at [PAMS@dgs.ca.gov](mailto:PAMS@dgs.ca.gov).

# BUDGET LETTER

	<b>NUMBER:</b> BL 23-27
<b>SUBJECT:</b> CURRENT YEAR EXPENDITURE FREEZE	<b>DATE ISSUED:</b> December 12, 2023
<b>REFERENCES:</b> N/A	<b>SUPERSEDES:</b> N/A

TO: Agency Secretaries  
Department Directors  
Department Budget and Accounting Officers  
Departmental Human Resources and Labor Relations Officers  
Departmental Business Services Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

**Budget Officers are requested to forward a copy of this budget letter (BL) to departmental Human Resources, Labor Relations, and Business Services Officers.**

The State of California anticipates significant General Fund budget deficits in fiscal years 2023-24 and 2024-25. Accordingly, this BL directs all entities under the Governor's direct executive authority to take immediate action to reduce current-year General Fund expenditures. Departments shall also take measures to ensure more prudent spending from other state funds given the fiscal outlook. Statewide Constitutional Officers are strongly encouraged to comply with the provisions of this BL.

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 consist of, but are not necessarily limited to, the following:

- **New Goods and Services Contracts**—Departments shall not enter into any new contracts or agreements to lease or purchase equipment, issue purchase orders for goods or services, or make changes to existing contracts if the change would increase costs, except to meet a time-sensitive or critical need.
- **IT Equipment**—All discretionary and non-essential IT purchases, unless specifically related to a critical IT security need or a mission-critical need, shall be halted. This includes all planned IT equipment refreshes, copier or printer replacements, or any new equipment purchases (e.g., cell phone refreshes).
- **Fleet Vehicles**—Only mission-critical or emergency-related vehicles shall be purchased. All other planned vehicle replacements should be halted.

- **Office Supplies**—Minimal office supplies shall be ordered and kept in stock. Each department's purchasing managers should heavily scrutinize all office supply orders to ensure the need. Departments shall, to the extent possible, use all existing supplies before additional supplies are ordered.
- **Other**—All areas of department operations shall be evaluated and scrutinized to decrease costs including, but not limited to, subscription renewals, training costs, or furniture purchases.
- **Travel**—State entities shall cancel all plans for non-essential travel, such as participation in seminars, conferences, and training both in-state and out-of-state. Only travel that is **required** for the conduct of official state business is allowed.
- **Leave Buy-Back**—The annual leave buy-back of accrued vacation or annual leave in 2023-24, including for excluded employees is cancelled. An exception is noted for Bargaining Unit 6.
- **Architectural Revolving Fund (ARF)**—State entities shall delay or defer any requests to transfer funds to the ARF unless for a demonstrated critical need due to an ongoing project.

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

- Review existing IT maintenance and operations contracts to validate services, subscriptions, equipment, and /or software licenses are still in use and necessary. Any items not meeting that criteria shall be terminated.
- 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.

**Agency Secretaries and Cabinet-level Directors are authorized to make exemptions from these prohibitions only in the following limited instances:**

- Addressing a declared emergency.
- Providing 24-hour medical care.
- Avoiding a significant revenue loss.
- Achieving significant net cost savings.

**Lastly, Agency Secretaries and Cabinet-level Directors will be required to report monthly to Finance and the Governor's Office on all approved exemptions as well as achieved savings. Reporting instructions will be sent via a subsequent BL.**

If you have any questions regarding this BL, please contact your assigned Program Budget Manager.

/s/ Joe Stephenshaw

JOE STEPHENSHAW

Director