



OFFICE OF THE GOVERNOR

To: Agency Secretaries and Department Directors
From: Scott Reid, Cabinet Secretary
Date: August 31, 2010
Re: Ongoing and Future Hiring Practices

As you know, California's fiscal condition continues to be stressed and the State is currently operating in the absence of a legislatively enacted balanced budget. For every day that passes without the enactment of a budget, the State is spending \$52 million more than it receives in revenue.

Addressing a budget deficit in excess of \$19 billion will require very difficult and painful cuts to important programs and will involve incredible sacrifice on the part of every resident of the State.

The Governor and this administration has acted to reduce the size of the budget deficit including actions to reduce the State's payroll through recently negotiated labor agreements, the implementation of a new furlough program and a 5% workforce cap. These efforts have, and will continue to provide needed fiscal relief to the State. However, despite these measures to reduce spending, these efforts alone are not enough.

Economic recovery at both the national and state levels continue to be modest and California's fiscal challenges are likely to persist in the immediate future. But the current budget deficit cannot be entirely blamed on the economy. In fact, some has been self-inflicted. It is disappointing that failure of the legislature to adopt mid-year cuts (\$2.8 billion) and enact a timely budget (\$3 billion) has resulted in the need to take additional measures. For this reason, state government must do more to reduce its cost and streamline its operations.

To that end, the Governor has directed that effective August 31, 2010:

- All state agencies and departments under his direct executive authority shall cease the hiring of employees (including the categories of retired annuitant, permanent intermittent, seasonal, temporary help, and student assistant).
- The hiring freeze shall also apply to the transfer of employees between State agencies, the promotion of employees, and the contracting for individuals to perform services.
- Every effort shall be taken to cease and desist the authorization of all overtime for employees.

It is anticipated that there may be limited circumstances where exceptions to this directive may be necessary for the preservation and protection of human life and safety, emergency and disaster response, the provision of 24-hour medical care, and mission critical functions.

In limited circumstances where exceptions are necessary, they must be approved by the Governor through the Cabinet Office. The Department of Personnel Administration has been directed to provide Agencies and Departments with technical guidance that may be necessary to carry out this directive.