



LEGISLATIVE BUDGET BOARD

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MEMORANDUM

TO: Budget Contacts
All Agencies and Institutions of Higher Education

FROM: John O'Brien, Director

DATE: February 3, 2009

SUBJECT: 2.5 Percent Budget Reduction Exercise

In a letter dated January 30, 2009, Lieutenant Governor Dewhurst and Speaker Straus asked agencies and institutions of higher education to submit written proposals for how they would reduce their Fiscal Year 2009 General Revenue and GR–Dedicated appropriations by 2.5 percent. As you complete those written proposals, we ask that you use the 2.5 percent Reduction screen on the LBB's web-based ABEST tool to provide the following detail:

1. Divide your proposal into multiple programmatic items. Examples might be a specific agency program or service, savings from a hiring freeze, eliminating planned purchase of capital items, etc. Please avoid lumping multiple programs or multiple types of reductions into a single item.
2. The Detail screen in ABEST will provide eligible GR and GRD MOF codes for your agency to provide MOF detail on each item.
3. Use the Comment screen to provide an explanation of each reduction item. Please also use this space to discuss any likely impacts the reduction will have on service delivery, agency revenue collections, ability to secure federal funds, etc.

The base for calculation of the 2.5 percent is the FY2009 budgeted amounts contained in Stage 02 (LBB Recommendations) of ABEST. The letter from the Lieutenant Governor and Speaker provides exceptions for four program areas. Since time is limited for completion of this exercise, no other exceptions will be considered, but you can use the narrative portion of the ABEST entry to make your case for excepting one or more items in your proposal.

Thanks ahead of time for your cooperation. If you have budget questions, please contact your agency analyst. If you have technical questions, please contact the Application Support Help Desk at 463-3167.