



Office of State Budget Director

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John T. Hicks
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

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Dear Cabinet Secretary or Independent Agency Head:

The Commonwealth is expecting a severe economic downturn resulting in a revenue shortfall for the remainder of the current fiscal year and the prospect of an unprecedented revenue shortfall for fiscal year 2020-2021. Due to the public health emergency and its resulting impacts on the economy, there is a lot of uncertainty about how much state revenues will fall in the coming months.

The Commonwealth must end each fiscal year with a balanced budget. Despite the expected decline in revenues over the rest of this year and next fiscal year, there is just two months remaining in this fiscal year. Nonetheless, all Executive branch agencies must put in place the following fiscal policy actions:

- A restriction on hiring personnel that is unrelated to responding to the coronavirus public health emergency.
- An immediate cessation of all discretionary spending that is unrelated to responding to the coronavirus public health emergency.
- An exception process for both items will be communicated soon.


Given the uncertainty of the revenue shortfall and that only a short amount of time is left in the current fiscal year, each Cabinet and independent agency is requested to submit a plan to refrain from spending a **minimum of one percent** of their fiscal year 2019-2020 General Fund appropriation to the Office of State Budget Director by close of business, Friday, May 8. A one percent reduction now is the equivalent of about 12.5 percent annually (only three payrolls remaining). If personnel vacancies or other lesser spending requirements would result in additional amounts, the plan is expected to include that.

Cabinets and agencies should keep all materials in draft form and marked "preliminary". Please direct all media calls about this planning effort to the Governor's Communications Office.

Once an official revenue estimate revision for fiscal year 2019-2020 has been established, these plans will be the primary input into the Governor's Budget Reduction Order. We expect to meet with most Cabinets and agencies prior to the Governor's actions to better understand the impacts of your plans, and to begin discussions on plans to reduce spending from the fiscal year 2020-2021 budget.

Your Policy and Budget Analyst will be in contact with you to further clarify the General Fund target amounts.

Sincerely,


John T. Hicks
State Budget Director