

TO: Executive Department Budget Personnel

FROM: Department of Planning and Budget (DPB)

SUBJECT: FY 2020 Discretionary Spending and Year-end Balances

On April 2, 2020, the Chief of Staff, Clark Mercer, issued a memorandum directing Executive Department agency heads to eliminate discretionary spending and to prepare for budget reductions in the coming biennium in response to likely reductions in revenue collections due to the COVID-19 pandemic. Specifically, the memo stated:

Eliminate discretionary spending for the remainder of the current fiscal year. DPB will issue guidance for you to identify the amount of unexpended general fund appropriations that will remain in your agency as a result of doing this. If economic circumstances permit, the Governor's intent is to allow a portion of the unexpended discretionary general fund balances that you identify from the current fiscal year to be pledged toward general fund budget reductions in FY 2021.

The Chief of Staff has directed DPB to collect information on the estimated amount of general fund balances that will remain unexpended at year end. To accomplish this, agencies with general fund appropriations are directed to complete an Excel survey identifying such estimated amounts by program.

As the Chief of Staff indicated, if economic circumstances permit, the Governor may allow at least a portion of these reported balances to be pledged against FY 2021 general fund reductions. Pledged balances should not include any amounts that would otherwise be considered a mandatory carryforward nor should the estimated balances include any nongeneral fund amounts. Further, agencies should not expect that these balances will be available for discretionary carryforward.

The Excel form to identify estimated unspent FY 2020 balances can be found on the DPB website (see links below). Instructions for completing the Excel form are included in the Excel file. Agencies should submit their forms to budget@dpb.virginia.gov with a copy to their DPB analyst prior to June 1, 2020. When submitting these forms, please include your agency code in the file name of the Excel spreadsheet. Any submissions that occur after June 1, 2020, will not be considered for a potential offset against FY 2021 reductions.

DPB Website: www.dpb.virginia.gov

Direct Link for Excel Form and other Documents:

<https://dpb.virginia.gov/forms/forms.cfm?search=Designation%20of%20FY%202020%20Year-End%20Discretionary%20balances>

Please do not respond directly to this message. Contact your DPB budget analyst for further information.