



Division of the Budget

ANDREW M. CUOMO

Governor

ROBERT F. MUJICA JR.

Director of the Budget

SANDRA L. BEATTIE

First Deputy Director

CHARLES WILLIAMS

Deputy Director

BUDGET BULLETIN	B-1223	April 28, 2020
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TO: **ALL DEPARTMENT AND AGENCY HEADS**

FROM: **Robert F. Mujica Jr.**

A handwritten signature in black ink, appearing to read "Robert F. Mujica Jr.".

SUBJECT: **FY 2021 Spending Controls**

The COVID-19 outbreak and the associated actions taken to prevent its spread are expected to have a significant impact on the State's revenue base. Additionally, a Federal decision to move the tax deadline necessitated a corresponding move to the State tax filing deadline, resulting in a significant timing delay of expected cash receipts. The Division of Budget (DOB) currently expects a reduction in State tax revenues in the range of \$10 to \$15 billion in the current fiscal year with recurring shortfalls in subsequent years. While the Governor is aggressively seeking Federal aid to compensate for this lost revenue, we cannot count on timely or adequate assistance. Accordingly, we must act immediately to reduce State spending.

Effectively immediately, the following actions must be implemented.

A strict enforcement of the existing hiring freeze. All existing waivers and exemptions to the hiring freeze are hereby revoked and agencies should cease all hiring with the exception of positions for pandemic response activities. All requests to fill pandemic response positions must be approved by DOB. Any new hiring requests are limited to positions that are essential to protect health and safety and subject to Director approval. Agencies must fill positions in these categories, to the extent possible, by reassigning existing, qualified employees from less critical assignments. Additional guidance will be forthcoming with respect to the hiring freeze.

The elimination of all non-essential nonpersonal service spending. Agencies must eliminate spending on all discretionary nonpersonal service items, including publications, supplies, equipment, and contractual services that are not necessary to protect the health, safety and security of employees and citizens, and to ensure the continuation of high priority operations and services. Agencies should cease the initiation of new contracts or purchase orders for all but essential items.

Hold all discretionary local aid grants. Agencies should hold all discretionary local aid grants and awards until further notice. All essential or statutory payments are subject to DOB review and approval prior to release and should be submitted to your budget examiner in a timely manner for review.

In accordance with the above guidance, budget examiners will be placing restrictions on available appropriation authority and corresponding cash ceilings in the Statewide Financial System to the minimum level needed to fund pandemic response activities, payrolls, and essential services.

Capital Projects. The Executive Chamber and DOB are undertaking a review of capital project activity by agency. Additional guidance on this topic will be released next week. In the interim, agencies and authorities are barred from entering into new contracts for capital projects except where an agency or authority certifies that not initiating a project poses an imminent threat to public health and safety.

Questions concerning this Bulletin should be directed to your budget examiner.