

August 1, 2002

MEMORANDUM

TO: University Community
FROM: Paul Tribble
RE: Budget Actions

The revenue forecasts from Richmond continue to worsen as announced in the attached letter from Governor Warner. The \$237 million revenue shortfall in FY2002 makes it almost certain that the State projections for the 2002-2004 biennium are overly optimistic. The Governor has directed the Secretary of Finance to re-forecast the general fund revenues for the biennium. Further budget reductions will be necessary.

Pending the outcome of the revised revenue forecasts, the Governor has asked that we limit our expenditures and fund only those items which are essential to the delivery of our core services. To that end, I am taking the following actions effective immediately:

- 1) Hiring for all new and replacement positions funded through the Educational and General Program is frozen. Instructional faculty positions are exempt from this restriction.
- 2) All travel requests will be reviewed by the Provost or Chief of Staff, but approvals will be limited to mission-essential travel.
- 3) Equipment purchases will be reviewed by the Provost or Chief of Staff but approvals will be limited to mission-essential equipment. Equipment purchased through the Higher Education Equipment Trust Fund program is exempt from these restrictions.

I am also asking each of you to delay the purchase of goods or services that may be considered discretionary. Restrictions do not apply to Sponsored Programs, Auxiliary Enterprises or capital outlay projects.

These actions have been discussed with the Budget Advisory Committee. The restrictions will remain in place until we receive further guidance from the Governor. If additional budget reductions are necessary at that time, I will ask the Budget Advisory Committee to recommend appropriate adjustments to the budget.

I will continue to keep you informed as we learn more about the budget situation. Thank you for your continued cooperation.

Attachment

July 23, 2002

MEMORANDUM

TO: Heads of all Executive Branch Agencies
and Institutions of Higher Education

FROM: Mark R. Warner

SUBJECT: 2002-2004 Budget Execution and Development

Today I reported to members of the General Assembly that general fund revenue collections for the fiscal year ending June 30, 2002, fell \$237 million short of the forecast for the year. While revenue collections were substantially below the forecast, the Commonwealth had more than enough cash available at year-end to cover all current obligations. Your own efforts to restrict spending as the fiscal year came to a close made a significant contribution to that result.

While we concluded fiscal year 2002 on a sound fiscal basis, the revenue shortfall does impact appropriations in the 2002-04 biennial budget. Moreover, the magnitude of the revenue shortfall for FY 2002 makes it likely that the revenue forecast for FY 2003 and 2004 is too optimistic. Accordingly, I have directed the Secretary of Finance to begin an immediate and formal re-forecast of general fund revenues for the 2002-2004 biennium. When this reforecast has been completed, you will be advised of any further actions that you will need to take in order to address the problem.

In light of this situation, I must now ask each of you to be personally accountable for monitoring your agency's expenditures to ensure that only the most essential items relating to the core services of your agency are funded. Your adherence to this request should start immediately and continue until you receive further notice from your cabinet secretary or me.

Despite the Commonwealth's continuing budget problem, we will honor our commitment to those agencies that voluntarily generated budget savings beyond those contained in the FY 2002 Appropriation Act. As we move ahead, agencies will receive full credit for these additional savings against fiscal year 2003 budget reductions which have been included in the 2002-04 Appropriation Act.

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While I am disappointed that our budget balancing work is not yet complete, I remain committed to being candid with you, the members of the General Assembly, and all Virginians; taking the actions necessary to face our budget problems directly; and building the foundation for a brighter tomorrow.

Thank you for your dedication to the Commonwealth and your continued efforts to be fiscally responsible in these difficult times.

MRW/cmg

cc: Cabinet Secretaries
Acting Speaker of the House of Delegates
President of the Senate