DEPARTMENT OF ADMINISTRATION

OFFICE OF MANAGEMENT & BUDGET

Pandemic Recovery Office

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MEMORANDUM

To: The Honorable Daniel J. McKee, Governor

From: Paul L. Dion, Ph.D., Director

Date: November 12, 2025

Subject: **Reclassification of Unexpended State Fiscal Recovery Funds**

This memorandum summarizes the recommended reclassification of unexpended State Fiscal Recovery Funds (SFRF). The authority for reclassification of unexpended SFRF balances is contained in Section 6 of Article 13 H-5076 Substitute A:

> In the event that any state fiscal recovery fund program underspends its appropriation or receives program income as defined by U.S. Treasury and would put the state at risk of forfeiture of federal funds, the governor may propose to reclassify unspent funds or program income from the at-risk program to other eligible uses as determined by U.S. Treasury. This proposal shall be referred to the General Assembly. For a state fiscal recovery fund program, if the amount of the underspend or receipt of program income is less than or equal to one million dollars ($1,000,000) and less than or equal to twenty percent (20%) of its total appropriation, the governor's proposed reclassification shall take effect immediately. For a state fiscal recovery fund program, if the amount of the underspend or receipt of program income is greater than one million dollars ($1,000,000) or greater than twenty percent (20%) of its total appropriation, the governor's proposed reclassification shall go into effect thirty (30) days after its referral to the General Assembly by the governor unless rejected by formal action of the house and senate acting concurrently within that time

DOA – ERP Implementation Support

The recommendation is the reclassification of SFRF underspend to the *DOA – ERP Implementation Support* project. The contract for the new Enterprise Resource Planning (ERP) system was entered into by the Department of Administration (DOA) with Accenture LLP on November 23, 2022, thereby creating an obligation prior to the SFRF obligation deadline of December 31, 2024. The cost of developing and implementing the new ERP system is an eligible use of SFRF funds under the U.S. Treasury Expenditure Category of Revenue Replacement.

The Pandemic Recovery Office received notification from the Executive Office of Housing on November 10, 2025, that it has completed the competitive solicitation process for the approved SFRF project *Housing – Municipal Planning: Transit Oriented Development (TOD) Zoning Municipal Technical Assistance* and, after allocation of funding to all eligible applicants, will expend $618,722 of the $1,000,000 appropriated for this purpose. This yields $381,278 in unexpended funds.

Please accept this memorandum as a recommendation for your referral to the General Assembly for the reclassification of SFRF project underspend. Since the total amount being reclassified exceeds 20% of the total appropriation for the *Housing – Municipal Planning: Transit Oriented Development (TOD) Zoning Municipal Technical Assistance* SFRF project, the General Assembly has 30 days from the receipt of this referral to take formal action to override this recommendation. Absent formal action rejecting this recommendation, the recommendation will take effect 30 days from the date of referral to the General Assembly.

Approved for Reclassification: _____

Daniel J. McKee, Governor
Dated: November 14, 2025

cc: Dorothy Pascale, State Controller
Joseph Codega, Jr., Executive Director/State Budget Officer
Hon. Marvin L. Abney, Chairman, House Finance Committee
Hon. Louis P. DiPalma, Chairman, Senate Finance Committee
Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor