



September 20, 2023

Dear Commissioners:

Under Governor Hochul's leadership, the State of New York has made historic investments in critical programs New Yorkers depend upon while simultaneously building and maintaining a strong fiscal foundation. The upcoming FY2025 Executive Budget presents our State with the challenge of maintaining these investments amid softening economic activity, a reduction in State tax receipts, and a humanitarian crisis.

Changing economic winds pose a challenge to New York's financial position. Extraordinary amounts of post-pandemic Federal fiscal stimulus have ended. The Federal Reserve tightened its monetary policy, and the robust tax collections fueled by market activity and prior year tax increases have subsided. As a consequence, our revenue forecasts have been revised downward, resulting in multi-year budget gaps. Governor Hochul is committed to addressing these gaps and balancing the budget without raising taxes or relying on one time reserves to fund reoccurring obligations. And yet, we cannot jeopardize the Governor's pledge to make New York more affordable, more livable, and safer.

Commissioners must be mindful of Governor Hochul's commitment to deliver critical services while protecting our state's fiscal health. As you develop agency budget requests for FY 2025, they should not exceed the total FY 2024 Enacted Budget agency funding levels, excluding one-time investments. More importantly, the effectiveness and efficiency of all agency functions and services should be reviewed for savings opportunities; programs and expenditures should be scrutinized; unnecessary duplication or overlaps should be eliminated; and technology efforts to enhance service and program delivery should be thoroughly explored.

Agency budget requests are due no later than October 11, 2023. As always, DOB staff are available to assist and provide guidance. Please engage the Executive Chamber to ensure requests are consistent with Governor Hochul's vision to meet the needs of the people we serve.

Acknowledging our fiscal constraints while ensuring fundamental public services and programs are preserved is the task ahead. The road to a balanced budget might seem daunting, but I am confident that through sound decision-making, strategic investments, and fiscal discipline, we can continue to show the compassion, care, and leadership that New York is known for. Thank you in advance for your partnership.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Washington", written in a cursive style.

Blake G. Washington
Director of the Budget
New York State Division of the Budget