



Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA
Budget Director

October 4, 2016

Dear Agency Commissioners:

Under the leadership of Governor Andrew M. Cuomo, and as a result of your hard work, the State of New York is in the best financial position in decades. For the sixth consecutive year, the Governor and the Legislature enacted a timely and balanced budget while cutting taxes and making strategic investments in schools, health care, housing and infrastructure.

The large deficits that previously plagued the budgeting process have been replaced with operating surpluses used to fortify the financial plan, bolster reserves, and lower taxes for middle class New Yorkers. The improvement of the State's fiscal health has set the stage for growth in our economy. Since the beginning of Governor Cuomo's administration, employers have added 843,700 private sector jobs and the State has experienced employment growth in 58 of the past 68 months.

While the surpluses of recent years have fortified our financial plan and bolstered reserves, it is absolutely vital that we remain vigilant about responsible fiscal policy and management. The budget for the current fiscal year remains balanced, but Financial Plan revisions since the release of the FY 2017 Executive Budget have reduced the estimate for General Fund PIT tax receipts by \$950 million.

It is as important as ever that we continue the fiscal discipline of holding total State spending growth below two percent, which has been the hallmark of New York's financial turnaround.

Agencies are directed to submit budget requests for FY 2018 State Operations and Aid to Localities that assume zero growth from FY 2017 cash ceilings (excluding School Aid and Medicaid, which are subject to different caps, and Federal Funds). Furthermore, agencies are advised that planning for the out-years should not include an expectation of spending growth.

Governor Cuomo's infrastructure and economic development program is transforming our state and setting the stage for further success while also reflecting his commitment to debt affordability. State-related debt outstanding has declined during this administration from \$55.7 billion in FY 2011 to \$52.1 billion at the end of FY 2016. For the first time in the modern history of New York, debt outstanding dropped for four years in a row (FY 2013 through FY 2016). Even with major capital investments in transportation, housing, health care, and economic development, the ratio of debt to statewide personal income is expected to improve further over the five-year capital plan. Accordingly, agency capital requests should be consistent with what has been incorporated as part of the State's multi-year capital plan.

We ask that you submit your agency's budget request no later than October 18, 2016. As always, my staff is available to discuss issues of importance to your agency and talk through any

savings ideas. Please also involve your respective Deputy Secretary within the Executive Chamber to ensure all requests are consistent with broader policy and programmatic objectives.

In addition, consistent with the Governor's emphasis on delivering government services that aren't just leaner and smarter, but that also produce better results for the public, State agencies are taking the next step in performance management. We look forward to receiving your Agency Strategic Plan, Annual Performance Plan and Lean Process Improvement Plan so that we may better understand your agency's strategic efforts.

Further, we ask that you stay personally engaged with the process of moving your agency towards performance management. Your dedication towards this initiative is instrumental in fostering a high-performance culture that empowers employees at all levels to work across silos to solve problems.

Together, we have restored the public trust in government's ability to enact timely, honestly balanced budgets. With your continued partnership, the FY 2018 Executive Budget will be another outcome-focused, fiscally responsible plan that builds for the future and improves opportunity for all New Yorkers.

Sincerely,



Robert F. Mujica

cc: Jim Malatras, Director of State Operations