



## Division of the Budget

**ANDREW M. CUOMO**  
Governor

**ROBERT F. MUJICA JR.**  
Director of the Budget

October 30, 2020

Dear Commissioners,

New York State's FY 2022 Executive Budget comes in the midst of the greatest challenge our state and our nation has faced in generations.

The pandemic that came to New York from Europe struck us hard and for a period New York City was the global epicenter. Under Governor Andrew M. Cuomo's leadership, New Yorkers came together to confront this challenge. We've worn our masks to protect one another. We've kept our distance even when it has meant missing loved ones at mental and emotional cost. Together we turned the tide against the virus and so far have safely re-opened our economy.

But even still, the pandemic has taken a toll on our economy that is worse than the Great Recession. As a result, State revenues are down over 15%, amounting to nearly \$63 billion over four years. This is a shocking turnaround from the nearly 7% increase in revenue we were expecting in March just before the pandemic struck. The state was in a very strong fiscal position then, having kept spending growth below 2 percent on average for a decade. This fiscal restraint, unprecedented in modern times, made it possible to lower income tax rates for every New Yorker and combined with the now permanent 2% property tax cap, helped buoy the economy to the highest number of private sector jobs in history.

With this Budget, we must meet the challenges of our new fiscal reality while also charting the course for building back better from the global pandemic. We have learned much over these past seven months, and we can now apply it to our spending and policy choices not only make sure we're better prepared for the next pandemic, but also retooling our economy for a recovery that benefits all.

New Yorkers have overcome these challenges before from the Wall Street crash of 1929, to World War II, to the terrorist attacks of September 11, 2001. Most recently, after tropical storms Irene and Lee struck in 2011, and then Hurricane Sandy a year later, the Governor reimagined our waterways and coastlines so that New Yorkers are out of harm's way. He then doubled down on investments in resiliency and renewable energy to combat climate change.

The pandemic was a double fronted assault on our public health and the economy. Building back stronger won't look like coming back from a hurricane or other natural

disaster. It means rethinking our healthcare systems, and rebuilding our infrastructure that will secure future generations while creating jobs today.

Ultimately, which path the state takes to lead the national recovery will depend on federal funding. The Governor, as head of the National Governor's Association, has led the call for the federal government to deliver funding to states and localities to offset revenue losses directly resulting from the pandemic. So far, the federal government has failed to reach agreement on a package to help the State. While we remain hopeful they will follow through, we haven't been waiting idly by. Thanks to all your cooperation and hard work, State spending year-over-year is \$4.5 billion lower as we have frozen new contracts, hiring, and pay raises, and withheld portions of payments to keep the budget in balance. We are doing more with less because, like many households, we have no other choice.

The state is facing a \$16 billion revenue loss for FY 2022 from projections made in February. Without substantial federal aid, a gap of this size will require steep reductions in agency operating budgets. Accordingly, all agencies are required to submit budget proposals that reduce annual State Funds spending by a minimum of 5%. In addition, new funding for capital projects will be strictly limited to urgent health and safety investments and those critical for the State recovery.

Your agency strategic plans and program inventories are critical in delivering a high-performing government for New Yorkers, and your budget requests should reflect the best value performance strategies your agency is undertaking. Agencies should also work with their DOB examiners to identify any remaining duplication and overlap in service delivery. Together with risk management strategies and internal controls, strategic planning ensures New York is both fiscally responsible and service driven.

Please submit your agency's complete budget request no later than November 13, 2020. As always, DOB staff is available to discuss issues of importance to your agency and talk through any savings ideas. Please engage the Executive Chamber to ensure all requests are consistent with policy objectives, and your agency's strategic plan.

With this budget, New York State will chart a course forward, regardless of what action – or lack thereof – the federal government ultimately takes. I look forward to your ongoing partnership as we all strive to achieve the motto of our great state – Excelsior, ever upward.

Sincerely,

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

Robert F. Mujica, Jr.