



October 9, 2025

Dear Commissioners:

Under Governor Hochul's leadership, the State of New York has led the nation in providing unprecedented financial support to the programs and services New Yorkers rely upon. We've invested record levels of funding in our schools and health care system, while putting money back in people's pockets through the Governor's multi-pronged Affordability Agenda. The wellness of our children is being prioritized with the Distraction Free Schools initiative. We've dedicated significant resources for critical infrastructure projects, tackled the housing crisis with a vigorous plan to increase housing stock and encourage future development, and we have made common sense public safety improvements. Your teams should be proud of the work they have done.

As we enter the upcoming budget cycle, we face new challenges as we continue to fulfill Governor Hochul's promise to make New York more affordable and safer. Unfortunately, federal assistance crucial for programs supporting New York's most vulnerable have been curtailed, foisting new costs upon New York State. Due to imprudent federal policies, economic headwinds remain as labor markets are cooling and inflation remains elevated. Affordability continues to be a key concern for New Yorkers in every region of our state, creating pressures on the cost of food, healthcare, housing and energy. While revenues remain strong over the first half of the fiscal year, the forecasted growth will not be adequate to address structural gaps exacerbated by H.R. 1.

The current administration in Washington DC has made it abundantly clear that the symbiotic relationship of state and federal financing agreements has been redefined. With previously approved funding for critical projects and initiatives now in jeopardy, calls for new revenues to backfill unanticipated losses of federal funding fail to address how New York will finance new initiatives and also fails to address deeper retrenchment from Washington. We must remain economically competitive with our neighboring states and improve economic opportunities for all. This upcoming fiscal year, we will prioritize aligning out-year spending growth with available resources, which will lessen the need for potential reductions to critical services at a time when New Yorkers would otherwise be in most need of our support.

Responding to federal funding cuts, Governor Hochul has already charged State agencies to exercise fiscal discipline by preparing comprehensive strategies to limit potential long-term damage to vital programs. Moving forward, agency budget requests for State Fiscal Year (SFY) 2027 should not exceed the total SFY 2026 Enacted Budget agency funding levels, excluding one-time investments. As always, the effectiveness of all agency functions, programs, and services should be reviewed and all expenditures should be examined. Unnecessary duplication or overlaps should be eliminated.

Economic pressures do not only pertain to the State of New York. We need to work to alleviate the regulatory burdens we impose upon individuals, businesses and non-profits that serve to further exacerbate New York's affordability crisis. Therefore, in addition to your budget requests,



Division of the Budget

State agencies should review agency rules, regulations, or public facing policies and propose for repeal or reform those which are outdated or obsolete. These proposals should be submitted to Counsel's Office for review and evaluation at the same time as when you submit your budget requests.

On behalf of the Governor, I challenge you to offer a more efficient and consumer-friendly experience while continuing to protect affordability and public safety. We have an obligation to do more with less, and by showing true leadership and fiscal discipline, we can further support the Governor's vision to meet the needs of the people we serve.

Agency budget requests and targeted regulatory reductions are due no later than October 24, 2025. Please engage the Executive Chamber to ensure your requests are consistent with Governor Hochul's vision to meet the needs of the people we serve. The Division of the Budget is available to assist and provide guidance as well.

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
Budget Director