

**STATE OF NEW YORK
DIVISION OF THE BUDGET
DAVID A. PATERSON, GOVERNOR**

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GOVERNOR PATERSON DIRECTS STATE AGENCIES TO PUT FORWARD ZERO-GROWTH BUDGET REQUESTS FOR THE NEXT FISCAL YEAR

**With State Facing \$5.4 Billion Deficit and Struggling Economy,
Commissioners Directed to Reduce Costs and Streamline Operations**

Governor David A. Paterson today sent a memorandum to state agency heads directing them to put forward budget requests for the 2009-10 fiscal year that keep their spending flat compared to 2008-09 levels. His memo was accompanied by a “call letter” from Budget Director Laura Anglin, which provided further guidance to commissioners about how to construct their preliminary budget proposals.

“We cannot continue making excuses for why the State is unwilling to limit its expenses at a time when hard-working taxpayers are forced to do the same thing every day,” wrote Governor Paterson. “Change is never easy. But it is unavoidable if we want to stem the tide of unsustainable spending growth, job losses, and declining population that has plagued New York for decades.”

Agency budget proposals cover spending on state operations (such as costs for employees, most state programs, travel, rent, energy and other areas), as well as payments to non-profits and other local service providers.

Certain state expenses, such as Medicaid, school aid, and STAR, are handled outside agency budget requests. Governor Paterson noted that separate decisions will be made on those other cost drivers, which will play an important role in determining the overall size of next year’s budget.

The Division of the Budget sends a “call letter” annually to state agency heads, providing them with guidelines for developing their budget requests for the next fiscal year. The letter marks the formal beginning of the 2009-10 budget process. The Executive Budget is expected to be released January 20, 2009, and the next fiscal year begins April 1, 2009.

In her call letter, Budget Director Anglin wrote: “As Governor Paterson has clearly articulated since the first day he took office, we must limit spending to more affordable levels. I understand that preparing a zero growth agency budget proposal will be difficult. It will require that you advance creative proposals for reducing costs, streamlining your operations, and increasing productivity.”

With the economy struggling – particularly on Wall Street, which accounts for 20 percent of state revenue – the projected 2009-10 state budget deficit currently totals \$5.4 billion. The projected state deficit over the next three fiscal years is \$24.4 billion.