

**FOR IMMEDIATE RELEASE:  
October 6, 2009**

## **GOVERNOR PATERSON ORDERS \$500 MILLION IN CURRENT-YEAR AGENCY SPENDING REDUCTIONS**

***11 Percent Across-the-Board Cut in Non-personal Service Spending Necessary to Help Address Current-year Deficit of at Least \$2.1 billion***

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Governor David A. Paterson today directed State agencies to implement \$500 million in current-year spending cuts. This action represents an approximately 11 percent across-the-board reduction in each agency's 2009-10 non-personal services budget.

In 2008-09, Governor Paterson ordered a recurring 10 percent across-the-board reduction in overall agency spending, producing savings of approximately \$1.0 billion. Today's \$500 million in 2009-10 reductions, when combined with last year's actions, would result in annual, recurring savings of \$1.5 billion.

"While agencies have already taken significant action to reduce spending since I took office, further cuts are necessary given the State's persistent fiscal difficulties," said Governor Paterson. "These agency spending reductions, however, only represent a first step. I look forward to working cooperatively with the Legislature to enact additional savings and close our current-year deficit."

"These reductions are absolutely necessary to achieve our ultimate goal of reducing the deficit and getting New York back on firmer financial ground," said Lieutenant Governor Richard Ravitch. "However, as Governor Paterson has said time and again, these reductions are one part of our overall plan to address our economic crisis. I look forward to working with the Governor and our partners in government to make the decisions that need to be made for our State."

An agency's non-personal service (NPS) budget represents all operating costs outside of state employee salary payments and fringe benefits. These NPS expenses include, among others, spending on travel, printing, vehicles, leases, energy, postage, consultant contracts, and equipment. Commissioners should also, however, utilize further employee attrition and severance payments beyond those assumed in their workforce reduction plans to lower payroll costs and help achieve their savings target.

Budget Director Robert L. Megna also today issued the following letter outlining guidelines for implementing today's \$500 million in 2009-10 reductions. Agency-by-agency savings targets are available at:

[http://www.budget.state.ny.us/pubs/press/2009/Oct09\\_AgencyReductions.pdf](http://www.budget.state.ny.us/pubs/press/2009/Oct09_AgencyReductions.pdf)

Dear Agency Commissioners,

On September 22, the Division of the Budget sent its annual call letter to state agencies. In that letter, we indicated that further cuts in agency expenditures would be necessary in 2009-10 to address a current-year deficit of at least \$2.1 billion, and that specific spending reduction targets would be forthcoming. We also asked commissioners to submit flat 2010-11 budget requests to help achieve an Executive Budget that lives within the stringent requirements of Governor Paterson's proposed spending cap.

In accordance with that letter, Governor Paterson has today ordered \$500 million in across-the-board cuts to 2009-10 state agency spending. This action represents an approximately 11 percent reduction in each agency's non-personal services (NPS) budget. Individual agency-by-agency targets are attached.

Having recently served as an agency commissioner, I fully understand that you have already taken significant steps to reduce your operating budget over the past two years, including a 10 percent mid-year reduction in 2008-09, as well as other savings in the 2009-10 Enacted Budget. We sincerely appreciate your considerable efforts toward helping address New York's record budget deficits during this tough economic climate. Unfortunately, the state's persistent fiscal difficulties make further cuts necessary.

To achieve an additional \$500 million in 2009-10 reductions, you should continue to eliminate expenses outside your agency's core mission. Moreover, while we know you have already done substantial work to reduce your agency's printing, travel, vehicle, lease, energy, postage, and consultant contract costs, you must go even further, in concert with the efforts of Governor Paterson's Office of Taxpayer Accountability (OTA).

Additionally, while this 11 percent reduction is targeted to each agency's non-personal services budget, you should use further attrition and severance payments beyond those already assumed in your approved workforce reduction plan as a tool to help meet your required savings.

Governor Paterson and I sincerely appreciate your continued, diligent efforts toward helping restore fiscal stability to the state budget. Please contact your respective budget examiner and deputy secretary as soon as possible with any questions you may have as you seek to implement these spending reductions. Thank you again for your cooperation in this matter.

Sincerely,

Robert L. Megna  
New York State Budget Director