



STATE OF NEW YORK
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
ALBANY, NY 12224

ANDREW M. CUOMO
GOVERNOR

ROBERT L. MEGNA
DIRECTOR OF THE BUDGET

October 31, 2011

Dear Agency Commissioners:

Governor Cuomo's first Budget closed a \$10 billion deficit without new taxes or borrowing. He reformed spending practices that built in unsustainable increases and enacted law changes that tied spending to realistic levels. He provided a structure for reasonable future increases by enacting two-year appropriations in Medicaid and School Aid. The Governor demanded that State agencies lead by example and reduce their budgets by ten percent year-to-year and maintain this lower level of spending in the future.

You will recall that you were notified of your agency's 2011-12 cash ceiling in early May. Through the implementation of management efficiencies and the smart use of technology, your agency spending must not exceed this level in the current fiscal year. The 2012-13 Budget will require agencies to continue to find efficiencies and make smart management decisions that reduces costs by an additional 2.5 percent.

Last year, Governor Cuomo presented his Budget not as a series of Budget cuts, but as a management exercise. We must challenge ourselves as we approach this year's Budget to achieve the Governor's vision of making government work better, smarter, and operate more efficiently. Agencies need to re-think their operations from top to bottom. With this in mind, your budget request must include recommendations to do the following:


- **Make Government Work Better:** Agency's must identify quantifiable metrics used to measure performance in significant core programs and make recommendations to improve overall performance.
- **Work Smarter:** Agencies must challenge themselves to work smarter by being adaptable to change and breaking down agency silos to examine opportunities to share resources.
- **Operate More Efficiently:** Agencies must make recommendations to redesign their business processes to work more efficiently by reducing duplication, reducing the risk for fraudulent behavior, and eliminating the abuse of state resources.

As you know, the Budget Division's Enterprise Shared Services team and our partners at the Office of General Services and the Office for Technology have been collaborating with your agencies to transform the way the State does business in the areas of procurement, real estate, and information technology. We expect these efforts to help drive savings directly to your agencies which can be applied toward your targets during SFY 2012-13.

In planning for the upcoming capital budget, we need to continue to make targeted investments in the State's critical assets, while maintaining a level of affordability. One priority of the Governor is to develop and maintain the State's infrastructure. Infrastructure is the backbone of our economy; the creation of jobs and the movement of goods and services all rely on effective infrastructure investments. Given the State's Debt Reform Act limitations on issuing new debt, this year's budget process will emphasize coordinating capital projects investments across agencies to ensure the projects that generate the best returns go forward.

We ask that you submit your agency's budget request no later than November 11, 2011. An examiner from the Division of the Budget will contact your staff shortly to provide further instructions. You should also involve your respective Deputy Secretary within the Executive Chamber as soon as possible to ensure all recommendations are consistent with broader programmatic and policy objectives.

Sincerely,


Robert L. Megna