NEW YORK STATE | Division of the Budget

KATHY HOCHUL
Governor

BLAKE G. WASHINGTON
Director of the Budget

October 14, 2026

Dear Commissioners:

Since taking office, Governor Hochul has led New York through a series of challenges: from building back our safety net following a global pandemic, to navigating Federal policy uncertainties which foisted new costs and obligations upon the State of New York. In the face of every challenge, the Governor's singular focus has been to meet the everyday needs of families in every region of the State of New York.

The Governor's Affordability Agenda has put money back in New Yorkers' pockets in each year since the first budget she authored: by authorizing a real property tax rebate, then subsequently providing separate measures of relief through inflation, STAR, and energy rebates; and achieving the lowest middle class tax rate in a generation. The Governor has championed nearly $4 billion to help drive down crime rates to historic lows; provided billions of dollars for public schools, prekindergarten, childcare and our health systems; and has overseen transformative infrastructure projects through sound fiscal management. It is the Governor's directive that we each continue to deliver the critical and high-caliber services that New Yorkers have come to expect without disruption, and without saddling future generations with increasingly costly debt.

Current economic data paints a positive picture, with New York's economy growing faster than any other state in the nation. Tax receipts have been buoyed by stock market updrafts, fueled in large part by the artificial intelligence (AI) investment cycle. But the extent to which this continues is uncertain: as states and local governments continue to examine the environmental, social and economic concerns around the buildout of AI infrastructure, a slowdown of the investment may lead to a cooling of the equities market with an outsized impact on New York State's receipts.

The road ahead will be influenced heavily by Federal actions that have placed additional financial pressures on New York State and local governments, especially in the areas of health and human services. Stressors already facing the Federal budget, combined with persistent and elevated

inflation will likely have a material effect on the value and duration of federal support well into the future.

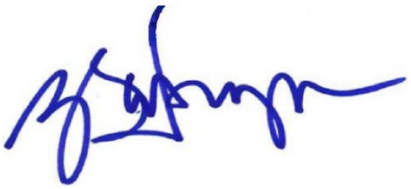
This year's enacted budget delivered for the state workforce; to attract and retain the talent necessary to ensure our services and systems are guided with competency. Agency hiring and contractual spending processes must be monitored to address resulting spending growth and to otherwise ensure every taxpayer dollar spent results in the most cost-efficient outcome possible. As such, Agency budget requests for State Fiscal Year (SFY) 2028 should not exceed the total SFY 2027 Enacted Budget agency funding levels, excluding one-time investments.

As always, the effectiveness of all agency functions, programs, and services should be reviewed. All expenditures should be examined and unnecessary duplication or overlaps should be eliminated.

Agency budget requests for SFY 2028 are due no later than October 28, 2026. 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,



Blake G. Washington
Budget Director