

From the outset, this was going to be a difficult year for New York State's Budget. We face a \$4.4 billion shortfall driven by declining revenues, expounded by a \$2 billion cut in Federal funding for health care that could rise to \$5 billion in the out years. The State is also grappling with the pressing need to renew our infrastructure, expand our economy, and continue to grow opportunity for all New Yorkers.

It turned out, though, that closing the gap was not our biggest challenge. New York is facing an unprecedented attack by the Federal government on our economy.

The Federal tax plan, and its double taxation of New Yorkers, threatens to undo the Governor's success in expanding our economy and lowering taxes. The Governor's bottom-up regional economic development program has helped raise the number of private sector jobs in New York State to record heights, with job growth reflected in every region.

Under Governor Cuomo, taxes are down for every New Yorker, middle class tax rates are at their lowest level since 1947, corporate tax rates are at the lowest level since 1968, and the manufacturers' tax is at the lowest level since 1917. The State's two percent property tax cap, enacted in his first year in office, has kept those levies in check as well.

The Federal tax plan undermines New York's ability to compete and alters a foundational premise between the states and the Federal government that goes back more than 100 years. The goal of the Federal tax law's limitation on State and local tax deductibility is to take more from New York, growing the \$48 billion gap between what New York State sends to Washington and what comes back in Federal spending. It threatens New York's ability to compete for businesses and add jobs, by raising Taxes on New Yorkers.

Through this Budget, we are fighting back. While Washington continues to breed divisiveness and anxiety, New York faces these threats as we always do – by coming together as one community. This Budget is a statement of our values and a renewal of the promise that New Yorkers do not back down. We are looking at all options to amend our tax code to improve the State's competitiveness and protect taxpayers.

The Budget also takes steps to prepare for further attacks from Washington on our health care system. Already, Congress has yet to pass long-term funding for the Children's Health Insurance Program, which supports health coverage for approximately 350,000 children in the State. The Presidential administration and congressional leadership have also said they are planning cuts to the Medicaid program, which would mean less funding for the State's hospitals.

The Budget creates reserve funds meant to stem the damage from future Federal funding cuts and continues the groundbreaking work of the Medicaid Redesign Team, which is improving the health of New Yorkers at a sustainable cost and made possible the State's \$3.3 billion takeover of local Medicaid growth.

The Governor's fiscal policies, which have ended the era of high spending growth and tax increases, are maintained in FY 2019 Budget. For the eighth consecutive year, the Budget is balanced and limits spending growth to two percent – a record of spending restraint unparalleled in State history.

The two percent cap, self-imposed by Governor Cuomo and the Legislature, has been made possible by fundamental reforms to reduce State costs. Unsustainable inflators in major State programs have been eliminated, pension costs lowered for all levels of government, and agencies are capturing efficiencies and improving delivery of core services by transferring back office functions to the enterprise level. The State and local governments are also saving more than \$80 billion through pension reforms and the county shared services initiative is saving more than \$200 million in the 34 counties that submitted plans in the first year.

Reduced spending growth has also resulted in a lower debt burden for future generations. With the close of FY 2017, State debt declined for the fifth consecutive year. Never in the modern history of New York has debt declined in even three consecutive years and, at the end of FY 2018, State debt outstanding will remain less than when the Governor took office.

New York's financial resurgence has instilled confidence in the bond market. The State now has the second highest investment-grade credit rating possible from all three major rating agencies on its general obligation bonds, and S&P rates the State's Personal Income Tax Bonds and Sales Tax Bonds at AAA, the highest rating possible.

The Governor's fiscal discipline has also enabled the State to make historic investments in education, health care and economic development, and launch the most ambitious infrastructure program in the country. This Budget continues the Governor's \$20 billion plan to create or preserve more than 100,000 units of affordable housing, supporting economic opportunity and combating homelessness, and adds to the \$100 billion investment in infrastructure.

Under Governor Cuomo, New York has also reclaimed its status as a national leader in social progress, passing marriage equality, the \$15 minimum wage, paid family leave, free college tuition for the middle class, and reforms to ensure a fairer criminal justice system. The promise of New York and the opportunity for everyone to take part in our growing economy is alive and well.

The FY 2019 Budget continues this progress by advancing the Women's Agenda, which breaks down barriers to equality. It also includes much needed reforms to ensure a safer and fairer criminal justice system are advanced, immigrant rights are protected, the sanctity of our elections is defended, and we take the next step in ethics reform.

Governor Cuomo has put us on a path through adversity lit by progressive values. By working together for the betterment of all, we are prepared to meet any challenge. What follows on these pages is the Governor's plan to ensure that the promise of New York, which has been bestowed upon each one of us, will forever endure.