

At this time last year, Governor Cuomo had made New York a model for fiscal discipline.

After 10 years of responsibly managing our finances, the State enjoyed its longest period of economic expansion. The economy added 1.3 million private sector jobs reaching a record high 8.4 million. Debt was at the lowest levels since the 1960s, and we achieved our highest credit ratings since the 1970s. Revenue for the upcoming fiscal year was expected to grow 6.7 percent.

When the pandemic -- and resulting economic upheaval -- arrived in March with no warning or protection from the Federal government, Governor Cuomo stabilized New York's finances, freezing hiring, new contracts, and wages. He delivered historic levels of unemployment insurance, and established new programs to nourish the hungry, support small businesses, and assist our tenants. Our nearly empty transit systems kept moving to ensure essential workers could get to work.

Now, we are paying the price. The bottom line is the Federal government failed New York. We now know that. The administration in Washington let the virus come here unchecked, ignoring the warnings. If this were a hurricane, a fire, or an earthquake, where the damage could easily be seen, by now they surely would have acted.

Still, New Yorkers are tough and we came together to bend the curve of the virus's spread. Our data-based approach to re-opening helped the largest sectors of the economy to restart and get New Yorkers back to work amid the lowest infection rates in the nation.

In April, we projected a \$63 billion, four-year revenue loss. At the time, 1.8 million New Yorkers had lost their jobs as the virus's spread was peaking. But in the third quarter of 2020, the economy recovered faster than our expectations. While the economic improvement is beneficial, it has not been enough to offset dramatic revenue loss and we remain down \$39 billion over four years, including losses of \$11.5 billion in FY 2021 and \$9.8 billion in FY 2022.

Now, we face a \$15 billion gap between estimated revenue and spending. The Federal government must deliver the \$15 billion we need to close our deficit so that New York State can afford even baseline investments. The out-year gaps will remain a major challenge. Here is where we must start.

With new leadership in Washington there is renewed hope that the Federal promise to act will become a reality. Yet we cannot build a spending plan on hope alone.

The FY 2022 Executive Budget implements State spending reductions impacting schools, hospitals, dedicated state workers, and services that support our grandparents, youth, and other vulnerable New Yorkers. It implements a temporary surcharge on the wealthiest New Yorkers to raise \$1.5 billion, freezes the implementation of middle class tax cuts to save \$400 million, and adds new revenue sources in adult-use cannabis, mobile sport wagering that will raise \$850 million annually when fully implemented.

The State has no choice. Unlike the Federal government we cannot print money and must balance our budget. Every spending decision is zero sum: Any area where we don't reduce spending means deeper reductions in another. If \$15 billion in Federal funding materializes, the tax increases that will make New York less competitive and the spending reductions that hurt New Yorkers go away. If they fail to act, the State's ability to meet even the most basic funding needs

will be cut for universities and affordable college programs, childcare, combatting homelessness, and much more.

Federal irresponsibility would also endanger our ability to advance the Governor's vision to reimagine, rebuild, and renew New York, which is supported by the Executive Budget.

The Governor's infrastructure plan has expanded to \$306 billion to create jobs and make generational investments that will continue to strengthen our transit systems, roads, bridges, and airports while providing for clean water and supporting a green economy built on renewable energy. Federal approvals for Congestion Pricing, and funding for the Second Avenue Subway, the Gateway Tunnel, the Buffalo Skyway and I-81 in Syracuse is needed for critical projects to advance. The Budget also takes steps to get New Yorkers back to work with job training and retention programs. It provides new resources to our small businesses and restaurants all hit particularly hard by the pandemic and all at risk if Washington fails us.

It's not just New York's recovery that's at stake, but also the nation's. New York State produces 8% of U.S. gross domestic product. If we are hobbled by Federal inaction, so too are our fellow Americans. Let's not forget, New York already sends \$23 billion more to Washington than it receives annually. This was made worse by the imposition of the cap on state and local taxes, or SALT, that was part of the Federal tax plan enacted in 2017, raising taxes on New Yorkers by over \$30 billion. The nation's first double tax in history.

Governor Cuomo will continue to fight to protect New Yorkers and repeal the SALT cap and for the Federal funding we need to ensure essential services are provided and our economy has every chance to grow. He advances this Budget to outline responsible steps needed to keep moving forward and to meet the needs of our citizens both now and in a future that will be brighter if we all continue to work together.

New York has faced challenges before and has not only survived but thrived and grown stronger. With the Federal government as our partner, we can do it again. Excelsior.