2021 Budget:

It’s a different type of budget.

In a different time.

In a different world.
2021 Budget: Time for economic reconciliation of the COVID Crisis.
Moments in History:

- **2020**: Fight the COVID war
- **2021**: Reconcile responsibility for the battle; complete victory
- **2022**: Reconstruction post war – building a new future
New York State has a full plan to complete victory against COVID.
Victory against COVID:
Managing our hospital capacity
Slowing the spread
Monitoring new strains
Vaccine is developed.

We have a wide distribution system: 1,200 providers in place today.

Now we need more product: MORE VACCINE
New York State has an aggressive plan for post-war reconstruction.
Specific plans for a New New York

2021 State of the State

Reopening Safely & Smartly
Rapid testing; reopening of the economy

Restarting Arts and Culture

Expanding Broadband & Rebuild Equally

Green Leader
But now we must reconcile the actions and costs for the COVID battle thus far, and determine fiscal liability and responsibility.
New York State’s economy is suffering, from 2 causes:
Actual Cost of COVID:

- Revenue loss
- Expense of the COVID war
- COVID assault of last spring
- Lives disrupted
- Lives lost
Federal Assault of the Past 4 Years:

New York State was politically and illegally targeted by Washington.
New York State’s loss is unique in the nation.
New York Unique:

- The COVID assault in New York was caused by federal negligence.
- New York was a political piñata for the federal government.
New York already paid the highest cost for COVID in the nation.
Remaining COVID cost in this budget is $15 Billion
New York State cannot manage $15 billion. It’s beyond one state’s financial capacity.
The question is, how much assistance will we get from Washington?
President-Elect Biden proposed the “American Rescue Plan” $1.9 trillion stimulus package.
“American Rescue Plan”

$ Testing
$ Vaccine
$ Schools
$ Families

$350 billion State and local
How will they distribute state and local funding?
We don’t yet know what level of funding we will get from federal state and local aid.
Our Budget is constructed with two options:

1. New York State receives $6 billion from $350 billion
2. New York State receives $15 billion from $350 billion
Our Budget has “contingent federal appropriations” scenarios.
Our budget proposal contains two options:

A $6 billion “worst case” scenario.

A $15 billion “fair funding” scenario.
One caveat!?
Reality of the Situation

The four-year financial plan revenue shortfall is $39 Billion
Reality of the Situation

$21 billion revenue loss over two years

FY 2021: $11.5 B
FY 2022: $9.8 B
Reality of the Situation

Current Budget Gaps:

Budget gaps are smaller, but still large

FY 2021: Mid-Year Gap 8,180, Current Gap 4,772
FY 2022: Mid-Year Gap 16,725, Current Gap 10,201
FY 2023: Mid-Year Gap 17,743, Current Gap 10,524
FY 2024: Mid-Year Gap 17,419, Current Gap 10,835
FY 2021 Outlook in January 2020:

Revenue was expected to grow by $5.5 billion.

In fact, revenue declined by $5.1 billion.

We had built reserves to ~$7.6 Billion.
The “Worst Case” Scenario:

- Washington provides New York State $6 billion of the $350 billion in State and local aid – 1.7%
- Remember, New York State just on population is 5.9% of the nation
- New York State needs to cut/raise $9 billion more
New York State would need to:

- Raise Revenue
- Cut Expenses
- Borrow
If New York State raised taxes by the Legislature’s proposal:

- Top Rate from 8.82% to 10.86%
- NYS/NYC Tax Rate: 14.7%
- HIGHEST IN THE NATION
  - California – 13.30%
  - New Jersey – 10.75%
  - Connecticut – 6.99%
Tax increase only raises $1.5 billion
We would also need **drastic cuts:**

- **School funding:** State support for schools declines **$2 billion**
- **Medicaid funding:** cut **$600 million**
- **Continue 5% across the board reductions:** **$900 million**
Cuts would include funding to:
Local governments
Social services
...in the middle of the COVID pandemic!
And we would have to do significant borrowing.
Dramatic budget cuts would hurt New York State long-term and delay recovery.
If the federal government doesn’t fund state and local governments, it hurts all New Yorkers.
The federal government can’t give with one hand... and take with the other.
The federal government can’t give New Yorkers a $1,400 check but force state and local governments to raise taxes, layoff essential workers, and continue SALT, which is an additional federal tax targeted to New York State.
The “fair funding” scenario: New York State receives “fair funding” from Washington — $15 billion of $350 billion. 4.3% of $350 billion.
New York State Budget with fair federal revenue

- Funds labor agreements: $600 million
- Restores 5% across-the-board reductions: $900 million
- Funds scheduled middle-class tax cut: $400 million
- Education: $3.8 billion increase in education, including $1.1 billion in additional state support
New York State Budget Proposal

- **Liberty Defense:** $10 million to help undocumented with the unique financial circumstances they face

- **Broadband:** $15/month cap for low-income families to support universal access

- **Food insecurity:** $150 million
  - Includes Nourish NY growing to $60 million
New York State Budget Proposal

- Affordable housing and combatting homelessness:
  - Funds rental assistance crisis: $1.3 billion
  - Funds our $20 billion plan for more than 100,000 homes
  - Adds $250 million for 15-year goal of 20,000 affordable homes with supportive services. 7,000 already created
  - Funds $128 million for Homeless Housing and Assistance
New York State Budget Proposal

- **Childcare:** Support for families totals nearly $2.8 billion
  - $40 million to cap co-pays for low-income families receiving subsidies
  - Employer Child Care Credits to incentivize employers to provide childcare
  - $6 million for start-up grants to create programs in childcare deserts

- **Higher Education:** $7.5 billion
  - $200 million to fully fund opportunity programs
  - Over $1 billion in student financial aid, including TAP and the Excelsior Scholarship free tuition program, which allows nearly 230,000 New York resident students to attend SUNY or CUNY tuition-free
New York State Budget Proposal

- **Healthcare:**
  - Continues support for the 1.6 million New Yorkers added to Medicaid since 2012
  - $100 million to eliminate co-pays for 400,000 low-income New Yorkers, promoting coverage for 100,000 additional New Yorkers
  - $420 million to promote access to vital health care services for Essential Plan enrollees
  - $200 million Essential Plan Quality Pool to promote high quality care
New York State Budget Proposal

$130 million Pandemic Recovery and Restart Program

Focus on most-impacted sectors:

- $50 million small business rehiring credit
- $50 million credit for restaurants most impacted by the COVID crisis
  - New York City restaurants, and restaurants in the rest of the state subjected to Red and Orange Zone closures.
- $30 million musical and theatrical production credit
New York State Budget Proposal

Additional New York State Revenue Measures:

Mobile Sports Betting: $500 million
Mobile Sports Betting?

Question is, who makes the profit:

Casinos?

Or the people of the State of New York?

I’m with the people.
New York State Budget Proposal

Additional New York State Revenue Measures:

Adult-use Cannabis: $350 million
($100 million social equity fund)
FAIRNESS from Washington

1. $15 billion to New York State
2. Repeal SALT
SALT

- First double taxation in history
- Placed federal tax on the amount paid in State, local, and property tax
- Literally taxed the taxes NYers paid over $10,000
- Targeted New York State directly
Repeal SALT

- 52 of New York’s 62 counties had taxes increased under the new law.
- The average New York taxpayer has SALT deductions that are more than twice the $10,000 cap.
- Average cost to New York household is $2,600 per home.
- New York has the largest percentage of taxpayers getting a tax hike of any state.
SALT hurts the entire state:

- Finger Lakes: 75,497
- Mohawk Valley: 16,529
- North Country: 12,233
- Capital Region: 81,963
- Western New York: 66,219
- Central New York: 44,498
- Southern Tier: 26,690
- Mid-Hudson: 333,832
- NYC: 541,214
- Long Island: 532,567
This exacerbates our long-time status as #1 donor state to Washington.

Over the last five years alone, New York sent over $140 billion more to Washington than we got back in return.

New York State subsidizes 43 states.
Senator Moynihan was right:

50 years of federal abuse.
This exacerbates our long-time status as #1 donor state to Washington.

Annual balance of payments:

<table>
<thead>
<tr>
<th>Top 5 Donor States</th>
<th>Top 5 Receiving States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New York: -$22.8b</td>
<td>1. Virginia: +$111.8b</td>
</tr>
<tr>
<td>2. New Jersey: -$10.3b</td>
<td>2. Kentucky: +$63.2b</td>
</tr>
<tr>
<td>4. California: -$6.7b</td>
<td>4. Maryland: +$49.9b</td>
</tr>
<tr>
<td>5. Connecticut: -$5.8b</td>
<td>5. Ohio: +$42.0b</td>
</tr>
</tbody>
</table>
Repeal SALT

Done in 2017 by Republican majority

Blatant political extortion

Everyone agreed it was outrageous
“It is the first double taxation in the history of the nation, and it is a serious problem to us in New York. Why? Because we have some of the highest property taxes in the United States of America.”

Governor Andrew M. Cuomo
“In order to pad their giveaways to the wealthiest and big corporations, Republicans leveled a spiteful assault at suburban, middle-class communities across America by capping the State and Local Tax deduction.”

Speaker Nancy Pelosi
“[Republicans] didn't want to pay for the tax cut. They didn't care about that. They did this, I think, because they wanted to punish the state—the 12 states—and they wanted to punish us not just for voting for Hillary Clinton, but they wanted to coerce us, to coerce the states, to have lower taxes and lesser services.”

Congressman Jerry Nadler
“Under the Trump-Republican tax plan, our SALT deductions will plummet and millions of New York property tax payers will face even more crushing burdens.”

Majority Leader
Andrea Stewart-Cousins
“Long before the COVID-19 pandemic, the cap placed on state and local tax deductions has been devastating New York families. Now more than ever, we need the federal government to relieve them of this burden and restore the full SALT deduction.”

Speaker Carl Heastie
“The human impact is huge. And then along comes the federal government and makes the situation worse.”

Mayor Bill de Blasio
“This is not tax reform, it is a theft from every hard-working household in Western New York, one that reaches directly into their pockets to double-tax them and then redistributes that money to the very wealthy and corporations. It's a brazen and unethical federal overreach, without logic or reason.”

Erie County Executive Mark Poloncarz
“If we don’t reverse this, there are long-term implications for our economy and our housing market—and they’re not good. And that’s why there is an urgency to this.”

Suffolk County Executive Steve Bellone
“State and local deductions are bedrock middle-class deductions that help steady the cost of many middle-class families living in New York and should not be eliminated or even reduced so people making millions of dollars a year can catch a tax break of their own.”

Minority Leader Chuck Schumer
“In effect, this plan would make it so that if you are taxed on everything you make, and then you will be taxed again. Why? Because corporations need a big tax break, to pay the tax breaks for the richest Americans. In many cases, the SALT deduction makes it possible for families to afford to buy a home, which is usually a family’s largest asset, and it keeps the value of this investment growing. Eliminating the SALT deduction would hurt New Yorkers. It would hurt millions of Americans. There is literally no other way to spin it.”

Senator Kirsten Gillibrand
“New York taxpayers need and deserve real relief, not another tax obligation.”

Senator John Flanagan
"The fact is, one of the reasons why cities like New York and counties like Nassau and Suffolk have had to raise their property taxes is because for 50 years, we have been subsidizing other States... These aren't millionaires. The people in my district who are getting screwed by this are not millionaires. They are cops, they are firefighters, construction workers, the people who answered the call on 9/11. What they are doing is undermining the middle class. What is middle class in other States may be different from mine."

Congressman Peter King
"The fact is that this is going to be a blow to the average resident of the city of New York... What does double taxation cost individuals paying taxes in New York?"

Senator Al D’Amato
June 10, 1985
SALT cost New Yorkers over $30 billion over the last three years.
SALT repeal is $12.3 billion per year directly to New Yorkers.
Remember, the current federal bill is one year of funding only.

SALT is every year.
Basic fairness from Washington is:

Repeal SALT

Provide $15 billion in aid
New Yorkers deserve and demand fairness.
I said, two options, one caveat.
**CAVEAT**

If Washington doesn’t provide New York State with our $15 billion fair share, we will pursue litigation.
No doubt that Washington, for the past 4 years, has assaulted and damaged New York by:

- Incompetence
- Fraud
- Illegality
This fiscal crisis is legally and ethically Washington’s liability.
President Trump is gone.
But the damage to New York remains.
The vote to change the Administration and Senate leadership was a vote to change policies.
It was a vote to undo the damage of the past 4 years.
The COVID assault on New York State in the spring was due to federal negligence.
New York’s COVID assault happened because the federal government lost track of the coronavirus.
COVID
China, China, China, China
- NO -
Italy, France, United Kingdom!
3 million travelers from Europe brought COVID to New York State.
The federal government admitted their negligence.
“The introduction from Europe happened before we realized what was happening.”

CDC Director Dr. Robert Redfield
July 18, 2020
“Everybody was looking at China and it came from Europe.”

Dr. Anthony Fauci
June 23, 2020
The COVID typhoon touched down in New York State.
Other states had notice.

Totally Blindsided
And it wasn’t just COVID.
The federal government politically harmed New York:

Second Ave. Subway — DECLINED
LaGuardia AirTrain — DECLINED
Gateway Tunnel — DECLINED
Skyway in Buffalo — DECLINED
Emergency flood aid for Upstate — DECLINED
Medicaid Waiver — DECLINED
New York State’s international commerce was illegally interfered with through the Trusted Traveler Program.
New York State’s taxes increased and redistributed to other states through SALT.
The new federal government didn’t cause the damage, but they are legally, ethically, and politically responsible for correcting it.
I believe Washington will be fair.

— All friends to New York State —
“Life is in the doing.”

– AJ Parkinson
Government is about results.

If New York State fails to do a budget on time, by April 1, there is no pay raise for the Executive branch or the Legislature at next Pay Commission.
We need RESULTS from Washington.
And the clock is ticking.
The budget is due April 1.
Last Point
America must move forward.
It’s simple...

One word:

“Justice”
Washington must restore justice after 4 years of division and unfair politics.
What’s justice?

Washington should finance the COVID war and reconstruction — NOT ANY ONE STATE.
What’s justice?

Washington should raise revenue nationally to fund the COVID war and reconstruction, not pit states against each other.
What’s justice?

Washington should enact a truly progressive tax code that applies nationwide.
What’s justice?

We help one another.

America has always recognized the need of states damaged by unexpected forces – 9/11, hurricanes, floods.

New York State had the first and worst attack by COVID.
What’s justice?

Undo the damage of the past divisions and partisan divides.
What’s justice?

Promote national unity.
What’s justice?

Restore fair treatment of all.
New York’s future is bright...

We just need Washington to restore justice.
New Yorkers are ready, willing and able to relaunch New York.
We see New York State rebuilding better than before.
We have our plan READY TO GO!

Four State of the State presentations of specific plans.
Leader in the Green Economy

100 Projects
Leader in the **Green Economy**

Wind Turbines
Leader in the **Green Economy**

Western NY PPTN Project
(20 mi)

SMART Path
MA 1&2 rebuild (86 mi)

AC Transmission
Segment A (100 mi)

AC Transmission
Segment B (50 mi)

**New Green Grid**
Universal Access and Affordable Broadband for New Economy
Arts and Culture Reopening
Economic Justice

Business Reopening Assistance
Social Justice

Food Banks
Building A New New York

Buffalo Skyway
Building A New New York

LIRR Third Track

HICKSVILLE

FLORAL PARK
Building A New New York

Empire Station Complex
Building A **New New York**

**Empire State Trail**
Building A New New York

ROC The Riverway
Building A New New York

I-81 Syracuse
We know it will work...
...because it’s the New York way.
We built the greatest state in the country once before.

We will do it again.
We are stronger because of the COVID crisis. We overcame.