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**NEW ANALYSIS SHOWS NEW YORK TO FACE \$1.6 BILLION IN CUTS OVER THE NEXT TEN YEARS DUE TO FEDERAL TAX AND BUDGET AGREEMENT**  
*Groups Call on House to Join Senate in Passing Fiscal Relief for the States*

April 23, 2003, Albany—New York will suffer \$1.6 billion in cuts to key programs over the next 10 years to pay for tax breaks for the wealthy, according to a new report by the Economic Policy Institute and Institute for America's Future. The analysis is based on the 2004 federal budget resolution passed by Congress just before the current two-week congressional recess began.

The federal budget cuts approved by Congress will hit the states especially hard at a time when most of them are struggling to close huge budget shortfalls and working families are bearing the brunt of the recession. At the same time, the President's tax cuts would directly reduce state revenues unless the state's were to amend its own tax laws uncoupling from specific federal provisions. The President's proposals to eliminate the tax on corporate dividends would directly reduce New York State revenues by \$524 million. New York State Comptroller Alan Hevesi has estimated that in addition to this direct revenue loss, the dividend tax cut will force hikes in interest rates on public bonds. Altogether, the costs to New York State and City rise to a staggering \$3.4 billion over the next four years.

The report revealed that over the next ten years, New York would lose:

- \$301 million in education and job training funding
- \$270 million in health care funding
- \$164 million in police and security funding
- \$196 million in transportation funding
- \$374 million in support for low-income families
- \$219 million in funding for environmental programs and
- \$33 million in funding for agriculture.

"Congress is on the brink of making devastating choices for America at a time when working families can least afford more policies that favor an elite few." It's the wrong choice for America to spend billions on tax cuts that mostly benefit the very wealthy when we have a stagnant economy," said Frank Mauro, Executive Director of the Fiscal Policy Institute.

When Congress returns to Washington in early May both the House and Senate will make final decisions about the tax cut. "This tax cut is not a done deal. We are asking our congressional delegation to put our priorities first. New York needs real fiscal relief. We need the House to vote on a direct aid package that will allow us all to make a full commitment to working families' needs without passing the buck and a new burden of debt onto the next generation of New Yorkers," said Marc Lapidus, Executive Director of New Yorkers for Fiscal Fairness.

With New York struggling to close an \$11.5 billion budget gap, the U.S. Senate expressed overwhelming bipartisan support for significant fiscal relief for the states, but the leadership of the House of Representatives has been embarrassingly silent. In March of this year the Senate, by a vote of 80-19, added a Sense of the Senate (a non-binding provision that essentially expresses the Senate's will on a particular policy initiative) to the Congressional Budget Resolution stating "no less than \$30 billion over a 12 month period...shall be included in the economic growth package that is currently being considered." Twenty-eight of the 29 members of the New York Congressional delegation, along with more than 100 other members of Congress, are co-sponsors of the State Budget Relief Act of 2003 (HR816) introduced by Representative Peter King (R-NY) and Sherrod Brown (D-Oh) which would provide a two percentage point increase in the federal Medicaid match rate (FMAP) for all states that maintain their current Medicaid eligibility levels with an additional 2.5 percentage point increase for states that have high unemployment. Over the next several weeks as House and Senate committees begin drafting their tax and budget bills, it is essential that the two Houses finalize a meaningful state fiscal relief package.

Responding to the report, Denis Hughes, President of the NYS-AFL-CIO noted, "The measure of a progressive, enlightened society is based upon how we treat and care for those who have the least. If anything, the most fortunate among us should be paying more in taxes, not less. It is clearly the wrong choice for Congress to put the interests of the wealthiest ahead of the needs of our children, the sick and the poor."

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