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**State of the State Address 2009
David A. Paterson, Governor**

“Our Time to Lead”

To my colleagues and partners in government, Attorney General Cuomo, Comptroller DiNapoli, Speaker Silver, Leader Smith, Leader Skelos, Leader Tedisco, distinguished members of the legislature and members of the Court of Appeals - it is an honor to stand before you today to deliver my first annual message. To all of our partners outside of State government - including members of our Congressional delegation and all the mayors and other elected officials here with us today - thank you for being here. A special welcome to Governors Hugh Carey, Mario Cuomo and George Pataki. We are honored by your presence here today.

My fellow New Yorkers: Let me come straight to the point – the state of our state is perilous.

New York faces an historic economic challenge, the gravest in nearly a century. For several months, events have shaken us to the core. Bank closures, job losses and stock market meltdowns have destabilized the foundations of our economy. Since January 2008, two million Americans have lost their jobs. During this recession, an estimated 225,000 New Yorkers will be laid off. Many others have lost their homes. The pillars of Wall Street have crumbled. The global economy is reeling. Trillions of dollars of wealth have vanished.

We still do not know the extent of the economic chaos that awaits us. We do know that this may be the worst economic contraction since the Great Depression. New York entered recession in August. Wall Street was hit the hardest. At least 60,000 jobs will be lost in the financial services sector, which is devastating to our state budget. Financial services provide 20% of state government revenues, so this year’s budget will be exceptionally difficult.

Yet this is no time for fear. This is a time for action. This is a time for courage. This is a time for hope. Courage and hope are the birthright of every New Yorker. Every New Yorker has experienced both difficulty and adversity, but courage and hope have forged our character. In the Great Depression, New York may have buckled, but we did not break then and we will not break now. This is a time for hope and courage. Most of all, this is a time for action.

Let me be clear – our state faces historic challenges. Our economy is damaged. Our confidence is shaken. And the economic obstacles we face seem overwhelming. But every flaw we perceive can be resolved by the strengths we already possess. What’s wrong with us, we can put right. What’s weak in our state, we can make strong. We cannot solve our problems overnight or without sacrifice – they run too deep for that. These problems may last for many more months or even years. But we can solve them and, with courage, we can craft a brighter, smarter future for New York.

We in government need the courage to balance our budget as well as our priorities. We need the courage to sacrifice for the future, but this must be a shared sacrifice. We need the

courage to build a New York where we tell the public the truth about the challenges we face. We need the courage to build a New York where everyone has access to health care, an excellent education, and a good job. And we need the vision to create a New York where we all breathe clean air and use clean energy and leave our planet as unspoiled as when we inherited it.

Even in this terrible time, I am confident that we can build this future. This is the time where our resolve is being tested. This is the time where we begin to rebuild our state again.

This is a moment for leadership, not for partisanship or salesmanship, but leadership. Throughout our history, in times of challenge, we New Yorkers always come together and rise to the occasion. You could say it's in our DNA.

In the fall of 1777, the Revolutionaries' dreams of nationhood were flickering and dying. Yet, at the Battle of Saratoga, a band of patriots brought the British Empire to its knees — and turned the war around.

In 1817, the nation saw 350 miles of dense wilderness from Albany to Buffalo. New Yorkers saw the Erie Canal. Even Thomas Jefferson said the Canal was “little short of madness.” But we built it, and it still stands as a monument to fearlessness and perseverance.

During the Great Depression, we built the Empire State Building, and lifted up a beacon of hope that could be seen for miles around. A building that almost eighty years later still stands as one of the tallest buildings in New York State.

This year, a new generation of New Yorkers will be tested. Now, it is *our* time to lead.

This year, in this legislative session, we must do three things:

First, we must balance the budget. It will be painful but our state law demands it and so we shall do it.

Second, we must strengthen our health care system; improve our schools; create jobs; rebuild our infrastructure; clean up our environment; and begin a clean energy revolution.

And third, even in these difficult times, we must make sure we respect one another, serve one another and protect one another.

Balancing our Budget and Moving Forward

At this moment, there is only one way out of this economic crisis. We must recognize that the world has changed. And we should change with it.

Since our budget deficit has been growing by millions of dollars a day, I submitted my Executive budget five weeks early. We must close this year's budget and pass next year's budget as soon as possible. The sooner we do this, the quicker we can begin the process of recovery and

the more money we will save. This is our common challenge. And there will be further challenges ahead.

In the past year, despite the historic financial crisis, we were able to achieve tremendous success in addressing the needs of working families; an ongoing commitment to achieve our goal of universal pre-k to better prepare all of our children for the education they need and deserve; substantial reforms and grants to fight the foreclosure crisis and incentives for homeowners to build green; support for low income families and the elderly to heat their homes this winter and investment in alternative energy projects; substantial reform of the brownfields cleanup program and the first auction of CO2 allowances; incentives for physicians to practice in rural New York and investment in our stem cell research program to develop the new medical therapies of the future.

As we work to overcome the ongoing economic crisis, we must also work to build a brighter future.

Many people assume that the only way to build that future is to spend more. I disagree. I believe we can rebuild our economy, improve our health care and education systems, and make the transition to clean energy — not by spending *more*, but by spending *more effectively*.

This will be our guiding principle and we will start with health care.

Health Care

An estimated 225,000 New Yorkers could lose their jobs in this recession, so many of them may also lose their health insurance. That is why expanding access to health care is more important than ever.

Last year, we expanded our program to cover every child in New York. This year we will partner with Washington to cover an additional 400,000 New Yorkers. We will pay for this by asking Washington to let us use the Medicaid savings we have already achieved.

However, one in three New Yorkers from the ages of 19 to 29 are still uninsured. This is unacceptable. That is why I will propose a bill allowing families to cover family members up to the age of 29 in their family coverage plans at their own cost.

We must systematically remove the barriers until we can enroll every New Yorker who is eligible for publicly-funded coverage.

Yet expanding coverage is not enough. It does not make sense to enroll more people in a broken system.

While we have made some progress, we still incentivize the wrong care in the wrong setting at the wrong price. Where we are overpaying for inpatient or institutional care, we must shift funding to primary, preventive and community-based care. Preventing illness is a good investment. It saves taxpayer money, improves patient care, and unburdens our economy.

This is why we should aggressively address the greatest threat to our children's health today, the epidemic of obesity. One out of every four New Yorkers under 18 years of age is obese.

Childhood obesity causes serious health problems including Type 2 diabetes, high blood pressure and high cholesterol. The American Heart Association reports that obese children have blood vessels that look like they belong to 45 year olds. These children have much greater risks of having heart attacks, suffering strokes, and losing limbs.

Obesity not only blights our children's futures — it creates a significant economic burden on our health care spending. New York spends \$6.1 billion each year to treat obesity-related health problems— the second-highest level of spending in the nation.

We can reduce childhood obesity — and we will. Today, First Lady Michelle Paige Paterson and I are unveiling a comprehensive strategy to address this challenge.

Our five-point plan includes the Healthy Food/Healthy Communities Initiative, which offers a new revolving loan fund that will increase the number of healthy food markets in underserved communities. We must also ban trans fats in restaurants, require calorie posting in chain restaurants, ban junk food sales in schools, and place a surcharge on sugared beverages like soda.

In February, the First Lady will roll out the Healthy Steps to Albany Initiative in five more cities across New York to encourage our children to eat right and to exercise.

By protecting our children from obesity, we protect their health and our health care system. That is why this matters.

Education

Another way we can protect our children and build a brighter future is to ensure that every child in New York receives a good education.

This current crisis should teach us that the only way to restore our long-term economic competitiveness is to build the world's best system of education.

We can do it, but we have a long way to go. Today, three in ten New Yorkers do not graduate from high school and don't even have a chance to go to college. The numbers are even worse for children of color and children from low-income families.

We must do better. We must ensure that every child is prepared for college — and that every child can afford to go.

Innovative educational models have raised high school graduation rates and prepared our most disadvantaged children for college. This year, through public-private partnerships, we

should work together to establish new early college high schools throughout New York. And we must expand the SAY YES program, which offers free college tuition to students who meet educational standards.

Yet we must do more than just prepare our children for college; we must help them afford it. When private lenders refuse to lend to our students because of tight credit markets, we must step in. That is why I propose we establish the New York State Higher Education Loan Program, which will provide more than \$350 million in affordable loans to students in need.

I have always fought for more resources for our schools. The road to economic competitiveness and renewal runs right through our schools. However, during this downturn, we simply cannot spend more — so we must spend more effectively.

Economic Development

Another building block of this brighter future is rebuilding a vibrant economy. It is not enough for us to weather the current crisis; we must also lay the foundation for the economy of the future.

President-Elect Obama and the Congress must act quickly to stimulate the national economy. I call upon the Congress to pass a comprehensive stimulus package for the States and to pass it by the end of January.

I further call upon our federal partners to quickly reform our system of financial regulation. But let me be clear - if the Federal government does not act, then I shall. We need sensible regulation to oversee our financial industry so that the savings and retirement funds of New Yorkers will not be at risk.

To build a brighter future, we need a smarter, better infrastructure. By making careful and prioritized infrastructure investments, we will create 21st century jobs by building a 21st century infrastructure that will allow our private sector to make its own 21st century investments. Our infrastructure efforts should be targeted so that businesses can invest with confidence – this is where we can create the foundation for economic progress for decades to come. By investing in roads and bridges, in higher education institutions, in statewide broadband installation and the computerization of medical records, and in clean water and wastewater systems among other projects, we are providing the framework for future economic vitality. We should complete signature projects all across our State including the Peace Bridge, the Tappan Zee Bridge, the Second Avenue Subway, and the East Side Access. And we should implement the Ravitch Commission recommendations to improve an essential piece of our infrastructure, the MTA.

Furthermore, we must partner with the private sector to maximize our existing state assets. I have accepted the preliminary report from the Commission on State Asset Maximization, which focused on expanding the state's entire tool kit to creatively engage the private sector in the management of state assets.

Most importantly, we must lower the cost of doing business in New York. Property taxes are too high. We should cap them. State mandates are too burdensome. We should relieve them. Local government is too costly. We should help it become more efficient. We should act on the recommendations of the Commissions on Property Tax Relief and Local Government Efficiency.

We should also understand that our current Empire Zone program does not work and we need to reform it. Companies that receive tax breaks from the state must be held accountable for creating jobs and investing in their facilities. That's why we set an aggressive target to have Empire Zone participants produce 20 dollars of benefits for every dollar of state money. With the savings generated by reforming Empire Zones, we will make strategic investments in the job-creating industries of tomorrow, such as biotechnology and manufacturing, and we will offer research and development tax credits to foster innovation.

Finally, we must revitalize every part of New York State. We are one state with one future. That's why I reunited our leadership for the State's economic development. That's why, just as we help the financial sector rebuild, we must also reaffirm our commitment to specific programs and projects targeted at revitalizing Upstate, including the Upstate Revitalization Fund. I have tasked the Empire State Development Corporation with identifying transformational projects in our upstate communities, from enhancing the tourism infrastructure around Niagara Falls to investing in biosciences in Buffalo.

Energy and the Environment

In New York, our lives, our families, and our economy all depend on energy. But energy has become too expensive, too unpredictable, and too damaging to our environment. It is time to control the cost of energy and how much of it we use. It is time to make New York more energy independent and more energy efficient, to develop our own sources of clean and renewable energy, and to build new statewide systems for energy generation, transmission, and distribution.

There have been a few moments in our state where New Yorkers created a turning point, a moment where our vision and determination changed our history and shaped our future. 400 years ago, Henry Hudson traveled up a river that would later bear his name and changed the contours of the State. Over the course of this year, as we celebrate the 400th anniversary of his achievement we also reaffirm our commitment to clean up the Hudson — and to protect every inch of our environment.

Today, I announce one of the most ambitious clean energy goals in America. By 2015, New York will meet 45 percent of its electricity needs through improved energy efficiency and clean renewable energy. We call this our “45 by 15” program. Now is the time for us to change how New York uses energy. Now is the time for New York to take an energetic step toward shaping our future.

This effort will help rebuild our economy, meet our energy needs, and protect our environment. Improving energy efficiency at schools, hospitals, and local governments will allow us to cut costs and hopefully cut taxes in the future. We have state programs to help pay

for these energy efficiency improvements. The greening of our schools and hospitals is a critical priority, because we can use the money we save in energy costs to balance our budgets, educate our children, and keep our families healthy.

That is why I am announcing today the creation of a clearinghouse to serve as a single point of access for information on all energy efficiency programs for schools, hospitals, and local governments. As a public private partnership between State agencies and the private sector, the clearinghouse will coordinate the dissemination of energy information around the State.

To reach our goal of “45 by 15”, we will need to create a clean energy economy – that includes retrofitting homes and businesses. I call on the Public Service Commission and other public authorities to provide financing mechanisms to help New Yorkers invest in energy efficiency and renewable energy now to lower their costs and our energy burden.

Realizing this “45 by 15” goal will create an estimated 50,000 new jobs. Already, New York has one of America’s most ambitious clean-energy workforce training programs and we will continue to improve it. This is how we will provide jobs for our displaced and unemployed workers and create the workforce necessary for our clean energy economy.

But we won’t stop there. The future of America’s energy and transportation policies rest on the development of plug-in hybrid electric vehicles. The state that positions itself in this market will revitalize its economy for years to come. The key technology needed is a rechargeable electric battery that can drive a car longer distances for less money. New York, particularly upstate New York, already possesses the research infrastructure and the manufacturing base to help develop these batteries and drive the U.S. auto industry into a cleaner and competitive future. So the future of the Big 3 auto companies may run through upstate New York. To maximize the extraordinary academic and scientific resources available in the Western, Central, and Capital Regions, we will create an upstate research consortium on hybrid electric batteries and energy storage technologies. This will help reshape the upstate economy and create a clean corridor that includes cities in the Erie Canal corridor built some two hundred years ago. We will also create a New York Energy Policy Institute to coordinate the necessary knowledge base and expertise of our higher education institutions. By disseminating state-of-the-art information and analysis on energy technologies and policies, the Institute will assist in keeping New York decision makers on the cutting edge. While we will start this effort here at home, we will seek to partner with Washington in a joint venture.

Our “45 by 15” program will not simply revitalize our economy; it will help protect our environment. We have made environmental protection a critical goal because we recognize that the decisions we make affect our planet. That is why New York is a charter member of the Regional Greenhouse Gas Initiative and is participating in the nation’s first carbon cap and trade framework. We in New York are leading the fight against global warming, because we understand that reviving our economy and protecting our planet go hand in hand, so long as we have the vision and courage to act on our convictions. Our energy policies will drive our economic revitalization and help protect our environment.

Community

Our brighter future depends on raising our children in places where the sense of community is strong.

Particularly in these difficult economic times, we must make sure that we respect one another, serve one another, and protect one another.

It saddens me to report that, over the past few months, we have failed. In Suffolk County, in Brooklyn, and in Syracuse, our residents have suffered brutal murders provoked by ignorance, intolerance, and hate. As we sift through the fallout from these awful crimes, we must make one thing plain: hate has no place in the Empire State.

I call upon all parents to increase their efforts to teach their children respect for all people — no matter their race, gender, religion, sexual orientation, disability or national origin. And we in State government must strengthen our school-based curriculum to reinforce the critical message of acceptance and tolerance.

Speaking of respect, the State of New York and the Indian tribes of this State have suffered for far too long from a debilitating and unproductive relationship. Together we can forge a fundamentally different government-to-government relationship - one grounded in mutual respect and with common purpose. I intend to work together with the tribal nations across this State so that together we can create a brighter future for all of our citizens.

In fact, we must go one step further. Not only must we *respect* one another, we must also *serve* one another.

Last year, 61 million Americans volunteered over 8 billion hours of their time, teaching struggling students, delivering meals to seniors, and helping those in need. This American tradition of service is strong – over 26 percent of American adults volunteer and almost 23 million more Americans volunteer today than in 1989.

Here in New York State, nearly 3 million adults volunteered 397 million hours of community service last year, contributing an estimated \$7 billion to our economy through their service.

In these difficult times, when 225,000 New Yorkers may lose their jobs, we must recognize that community service is more important than ever.

We will work with our partners in the non-profit sector to recruit, train and retain more volunteers. To accomplish this, we must fund an increase in the number and capacity of Regional Volunteer Centers throughout the state. I also encourage all New Yorkers to visit newyorkersvolunteer.org to learn what they can do to serve their neighbors in need.

When we speak of volunteers, I must take a moment to salute those who volunteered to serve in Iraq and Afghanistan so that the rest of us could remain safe in New York. The brave

men and women of our armed forces have earned our respect and admiration for their heroism far from home – please stand and join me in acknowledging their courage.

These men and women defended us – now we must defend them. We must strengthen our support for these heroes, these men and women of our military, and their families who bore the burden of their absence.

Two weeks ago, I traveled to Iraq, to Afghanistan, and to the Landstuhl Regional Medical Center in Germany. I had the honor of awarding several troops with the Purple Heart and the Bronze Star. And I had the privilege of meeting with troops from New York State.

One of these New Yorkers was a young Sergeant from Harlem named Carlito W. Chumney, who had injured his right arm while serving in Iraq.

Sergeant Chumney told me that he was receiving excellent medical care and that he couldn't wait to come home to New York. I will remember him and his comrades for the rest of my life.

I can't wait for Sergeant Chumney to come home. And when he comes home, he deserves to continue to receive high quality medical care. When we needed him, he was there. Now that he needs us, I promise you – we will be there for him. He and all other New Yorkers who have served our country have earned that support. I insist they receive it.

I call upon the Federal Government to reform and improve the health care system for our service members and their families. And we must implement a comprehensive strategy to support returning veterans and their families – a strategy that should include access to counseling in rural areas.

And furthermore, I urge our federal partners to fulfill their promise to provide health benefits to the first responders who acted so heroically on September 11th, 2001.

Finally, we must protect one another. Thanks to the work of our law enforcement community, crime in New York has decreased for 17 consecutive years. Today, New York is the safest large state, and the fourth-safest state overall, in the entire nation.

Yet, during difficult economic times, crime often increases. So we should continue law enforcement strategies that work. We will move forward with Operation IMPACT, a program that uses the intelligence-driven policing strategies that have been so successful in New York City to target violent crime in high-crime areas in Upstate and on Long Island. Last year, violent crime in the 17 IMPACT counties decreased by 10 percent.

Given the success of the intelligence-driven approach, we are now opening state-of-the-art crime analysis centers in major Upstate cities. In the past four months, we have opened crime analysis centers in Buffalo, Rochester and Syracuse, with plans for one in Albany later this year.

We should continue these efforts. And we call upon our new leaders in Washington to invest in the programs and people that will keep our communities safe.

Just as we invest in the programs that *are* working, we must also address the strategies that are *not* working. Few public safety initiatives have failed as badly and for as long as the Rockefeller Drug Laws. These laws did not work when I was elected Senator in 1985, and they do not work today.

We enacted modest reforms to the Rockefeller Drug Laws in 2004. Yet these reforms still did not go far enough to expand the availability of drug treatment programs, allow judges to order low-level offenders into mandatory treatment, and assure that prisons are used for the most serious drug offenders.

At the end of this month, the New York State Commission on Sentencing Reform will deliver its report. I look forward to reviewing the Commission's recommendations in partnership with the members of the Legislature. Together, we should move forward to reform the Rockefeller Drug Laws — and institute a smart, safe and effective approach that keeps drugs off our streets.

Rising to the Occasion

In this session, we must make the hard choices necessary to balance our budget. We must create jobs, strengthen health care, improve our schools, rebuild our infrastructure, protect our environment and begin a clean energy revolution. I want all of you here today and all New Yorkers to hear me now, we are going to succeed and we are not going to fail.

In closing, let me introduce all of you to John and Jessica Falgitano of Cicero, New York who are here with us today.

John is a firefighter for the Fayetteville Fire Department. Jessica is a nurse and a retired Army Reservist. They have three children: Marissa, age eleven; Mia, age six; and Jacob, who is five years old.

In these difficult economic times, the Falgitanos have had to tighten their belts. They are turning down the heat, clipping coupons, and driving less to save on gas. Yet despite everything, the Falgitanos remain hopeful and tomorrow remains bright. John and Jessica want their three children to graduate from college and build their own lives here in New York State.

John and Jessica's grandparents also faced tough times 80 years ago during the Great Depression. But with the help of great state leadership, they persevered and succeeded.

John and Jessica's parents also faced tough times 30 years ago during several severe recessions and the worst fiscal crisis in the history of New York City. Yet, with great state leadership, they persevered and succeeded.

This year John and Jessica are part of the new generation of New Yorkers that is being tested by the current fiscal crisis. Our job is to help them by making health care more affordable, education more accessible, energy more efficient and economic opportunities more available. Now is our time to lead.

This is not simply the story of the Falgitanos of Cicero, but the Martin family of Williston Park, the Castellino family of Baldwinsville, the Flynn family of Dobbs Ferry, and every family in this great state. For these families and for all of New York's families, tomorrow remains bright so long as they have the courage to make difficult decisions today.

Today, New York State is faced with difficult decisions. We are suffering statewide and national recessions that may continue for months or even years. We face a series of savage fiscal choices and are confronted with the worst budget deficit in the history of our state.

Our government must now do what New York families have been doing for years – make painful choices about what we can and cannot afford. They have done so without fanfare and without self-pity. It is time for their government to live up to their example. We must sacrifice what we want today so that we can pay for what we need tomorrow. But this must be a shared sacrifice – we must all share the pain. And we should always keep our eyes on our brighter future.

We should not confuse this crisis with our long term reality. Beyond our borders, there is a national recession affecting every state and a global recession affecting every country. So the question is not who is hurting the most but who is best prepared to emerge from it. We are – because we have some of the best human capital in the world. Our workforce remains strong, and our vibrant university system will continue to produce high quality graduates for decades to come. We remain a center of innovation – from the stem cell research at Cornell University to the clean tech cluster Upstate to the information and nanotechnology clusters around the State. Though shaken, New York City remains a global financial capital and will eventually bounce back. And then there is that quintessential New York attribute, our confidence, how all New Yorkers focus on our prospects and not on our challenges.

The essence of New York is that we refuse to fear the future. By exercising budget discipline in this session we will create budget flexibility in later sessions. We understand that shared sacrifice today is the price for growth tomorrow. We knew this crisis was coming. But vision is not enough. We were warned. Now we must act. By balancing our budget and making key investments, we can prepare our state for the time when this crisis is over.

Let us remember this moment as the moment we decided to come together to take back our future. This should be the moment where we take control of our deficit so we can return to our mission for New York. That mission is to rebuild our economy, to create good jobs, to improve our business climate, to develop the industrial sectors of the future like clean technologies and life sciences, to strengthen our colleges and universities so that New York will always have a skilled and educated workforce. That is a New York that maintains hope for the future. That is a New York with a vibrant economy. That is the New York we all want to live in. That is the New York I want to rebuild.

Ladies and gentlemen in this chamber, now is our moment for leadership. I have served with you as a colleague, and I have worked with you as a Governor. I have been honored by your friendship, and I have seen your truest selves. And together, I know that we are capable of accomplishing great things for New York.

We are not here for narrow interests and partisan politics. What has brought us here is our common commitment to a higher purpose.

So today I ask you to join me in this effort. Let us resolve to remember this moment as the moment we decided to take back the future of New York.

Let us build hope for the future. Let us create justice for the next generation. Let us combine ability with determination to produce a better New York for all families.

Ladies and gentlemen, let us write the history of New York here today.

Thank you; God bless New York; and God bless America.