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### Spending plan attacks deficit

The Associated Press

## Paterson budget: More taxes, fees, less aid likely



Gov. David Paterson explains his executive budget proposal during a speech in Albany on Tuesday.

**CAPITOL** — The budget Gov. David Paterson proposed Tuesday would cut 5 percent from school aid and add \$1 billion in new taxes and fees, creating a plan that analysts mostly viewed as appropriate during hard times.

But the package Paterson said would end “the era of irresponsibility” in Albany could still be transformed in negotiations with the Legislature, which remains in deep conflict with the Democratic governor as he faces an uphill fight for election this year.

The \$134 billion budget also addresses a \$7.4 billion deficit. In addition to a \$1.1 billion cut in school aid, Paterson wants \$1 billion cut from health care spending, much of which goes to hospitals and nursing homes.

He also is proposing another reduction in spending on higher education that would cut \$95 million from four-year colleges operated by the State University of New York and \$47.7 million from the City University of New York.

He also would allow SUNY and CUNY to set their own regular tuition increase, which could vary by campus, without legislative approval. Supporters praise this as innovation that will allow colleges to keep more tuition revenue for education and use it more efficiently. Public and private college students would also see a \$75 cut in their Tuition Assistance Program financial aid.

New York City would lose \$469 million in school aid, nearly \$302 million in local government assistance, \$53 million in funding for social services and nearly \$4 million for transportation.

“The mistakes of the past — squandering surpluses, papering over deficits, relying on irresponsible fiscal gimmicks to finance unsustainable spending increases — have led us to a financial breaking point,” Paterson said. “The era of irresponsibility has ended ... we can no longer afford this spending addiction we have had for so long.”

Paterson’s budget, the second in a historic fiscal crisis, would increase state spending 0.6 of 1 percent, less than the inflation rate of about 2 percent. It further cuts agencies in the executive branch by \$1 billion.

The Legislature is expected to strongly oppose the largest cuts, in part because lawmakers believe that reducing health care spending will harm community hospital care, and school aid cuts are likely to prompt school boards to raise local property taxes and cut programs. School aid and hospital funding also are protected by the influence of Albany’s richest and most powerful special interests over lawmakers, all of whom face election this year.

“These are the largest education cuts in history,” said Billy Easton of the Alliance for Quality Education, which lobbies for school aid.

“His proposal pries open the school house doors and extracts every dollar from our children’s education that Albany can get its hands on,” Easton said.

The Legislature traditionally adds 1 percent to 2 percent to the state budget, but few executive proposals have cut aid to levels proposed by Paterson. The current budget crafted early last year eventually included more than \$4 billion in new continuing taxes and fees, the highest tax increase in state history. Paterson and lawmakers will try to agree on a budget by the April 1 start of the fiscal year.

“The governor’s budget is a sensible start down the road to better fiscal condition,” said Elizabeth Lynam of the independent Citizens Budget Commission. “The savings proposals are significant and the one-shots [to raise revenue] are minimal.”

She and other analysts also praised freeing SUNY and CUNY to raise and use tuition revenue.

"The good news is that all the figures are less than projected inflation," said E.J. McMahon, director of the Empire Center for New York State Policy, part of the fiscally conservative Manhattan Institute. "The bad news is, given the size of the projected budget gaps, he is still proposing too large a spending increase, especially considering what the Legislature is likely to do to it."

"The state could barely pay its bills last month and it is questionable how we're going to make it through March," said state Comptroller Thomas, DiNapoli, a Democrat. "New York's budget problems won't self-correct."

Paterson's budget address got a lukewarm response from lawmakers, 45 of whom didn't show.

Assembly Speaker Sheldon Silver noted he wasn't briefed on the budget until midnight Monday night, although governors usually brief legislative leaders days before the address. "There are significant tax increases including a tax on middle-class parents and higher education. ... We're very concerned about the cost of higher ed."