

Budget lines define debate

Assembly passes plan; governor acts to keep things going after April 1

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ALBANY -- The battle lines -- or at least the negotiating positions -- separating the state Senate and Assembly became clearer on Wednesday as Assembly Democrats offered a 2010-11 budget plan that cuts less school aid than the Senate's blueprint but allows the state to borrow \$2 billion as part of a "Recovery Act" devised by Lt. Gov. Richard Ravitch.

The Assembly embraced other aspects of the Ravitch plan, including the creation of a special review board that would have to sign off on the budget. If the board didn't approve the plan as framed by the legislative and executive branches, the governor would have broad powers to withhold funds.

"This is not a budget anybody is thrilled to be supporting," Assembly Speaker Sheldon Silver said minutes before the chamber passed its budget plan. "The cuts contained in this proposal are painful and a reflection of the weakened state of our economy."

The Assembly plan cuts \$4.3 billion, compared to \$4.9 billion that Gov. David Paterson has proposed. The chamber's blueprint crafts a state budget of \$136.7 billion, including federal funds. The Senate plan approved Monday comes in at \$136.2 billion. The Paterson plan seeks \$134 billion.

School aid offers a major problem. Paterson and Senate Democrats want to cut \$1.4 billion, but Assembly Democrats want \$800 million in reductions.

As a result, Paterson began preparing Wednesday for a budget that won't arrive until well past the April 1 deadline -- a week from today.

He submitted legislation allowing the state to pay its bills through April 11 and keep the public employee payroll running through April 14. After that, cash flow requires separate pieces of legislation.

"We will keep government running," Paterson said, "but will also be preparing the people of this state for some very, very tough sledding over the next period of time until we're able to generate the revenues."

After Friday, lawmakers will be out of session for the Easter and Passover holiday periods, and aren't scheduled to be back until Wednesday, April 7.

Other Assembly proposals include:

Increased regulation of health insurance rates. The move, desired by the governor as well, would mark a return to the pre-Pataki days when health insurers needed state approval to raise rates. It's not in the Senate plan.

Increased taxes on hospitals;

A \$1 dollar increase on cigarettes, bringing the tax to \$3.75 for a pack of 20;

The legalization of mixed martial arts exhibitions, which would be taxed;

The rejection of a proposed delay to the increase of welfare grants;

The addition of another \$25 million to the Environmental Protection Fund, bringing the total to \$168 million. The fund pays for activities such as land purchases for preservation and parks.

A measure -- also supported by Paterson -- to tax cable companies to pay for health education.

The restoration of \$126 million in health care cuts asked by the governor.

The \$2 billion in borrowing was part of a five-year recovery plan offered by Ravitch, who has said he believes that closing the current budget gap of more than \$9 billion in an election year without such a move is politically impossible.

Assembly Democrats said they adopted most of Ravitch's plan, which includes putting the state on a GAAP or Generally Accepted Accounting Principles budgeting system.

Some of the details in the Assembly's bill tweaked the Ravitch plan, such as the amount of time needed to determine whether a budget was in balance or not. The Assembly Democratic proposal provides more time, which officials said was more realistic.