

Cuomo unveils budget filled with 'hard choices'

2011-12 proposal of \$132.9 billion would cut state spending 2.7 percent

Capitol Bureau - Updated:03:16 p.m., Tuesday, February 1, 2011

ALBANY -- Gov. [Andrew Cuomo](#)'s Gov. Andrew Cuomo's first budget presentation was brisk and to the point, signaling that the numbers contained in its voluminous budget bills come down to a few simple issues that the governor has been addressing for months, if not years.

Key among them: State spending is a runaway train.

In a 42-minute address at The Egg, Cuomo called the standard budget process "a special-interest protection program" due to the way it obscures the growth in spending on programs such as Medicaid and education.

"How anybody expected to pay for a 13 percent increase in Medicaid is beyond me," Cuomo said of the 2010-11 budget.

He noted that the state was suffering from a loss of federal stimulus funds, which he explicitly compared to an addictive substance: "We inhaled it and injected it into our body," Cuomo said, and will now have to handle the withdrawal.

First released at 10 a.m. Tuesday, Cuomo's proposed budget for 2011-12 would cut state spending for the first time in 15 years, closing an estimated \$10 billion deficit without new taxes and adding only minimal fees. The resulting blueprint, which Cuomo will put before state leaders at The Egg at 1 p.m. Tuesday, sets "All Funds" spending -- which includes federal dollars -- at \$132.9 billion, a drop of \$3.7 billion (2.7 percent) over the current fiscal year.

State [Operating Fund](#) spending would account for \$88.1 billion, an increase of \$900 million or 1 percent -- below the rate of inflation.

"New York is at a crossroads, and we must seize this opportunity, make hard choices and set our state on a new path toward prosperity," Cuomo said in a statement that accompanied his plan. "We simply cannot afford to keep spending at our current rate. ... This is the first step toward building a new New York."

View the full briefing book on Cuomo's plan at the [Capitol Confidential](#) blog.

On the hot-button issue of state worker layoffs, Cuomo is taking a carrot and stick approach by asking public employee workers to partner with him in order to achieve

\$550 million (10 percent) in workforce savings. If that alliance is not productive, Cuomo says up to 9,800 layoffs could take place.

Medicaid would be cut by \$982 million (a 2 percent trim), while another \$2.85 billion in "gap closing actions" will be advanced by Cuomo's [Medicaid Redesign Team](#).

Cuomo proposes merging or consolidating 11 separate state entities into four agencies: merging the Department of Correctional Services and the [Division of Parole](#) into the new [Department of Corrections and Community Supervision](#); consolidating the [Office for the Prevention of Domestic Violence](#), the [Office of Victim Services](#) and the [State Commission of Correction](#) into the Division of [Criminal Justice Services](#); merging the [Banking and Insurance](#) departments and the [Consumer Protection Board](#) into a new [Department of Financial Regulation](#); and consolidating the [New York State Foundation for Science, Technology and Innovation](#) into the [Empire State Development Corporation](#).

The budget plan is not without fee increases targeted to specific sectors: Cuomo proposes commercial insurance companies pay more for early intervention health services for children, which he estimates could yield \$24.6 million by the next budget year. He also includes a 2.75 percent surcharge on horse racing purses to fund the [Racing and Wagering Board](#)'s oversight duties.

The governor also wants to put the brakes on the popular School Tax Relief or STAR property tax break, by limiting to 2 percent annually the growth in exemptions that homeowners get when their property values change, yielding an estimated \$125 million this coming year and \$212 million the next year.

Also proposed: a one-year freeze on what was to be the third year of a three-year 30 percent increase in basic welfare grants for the needy.

While no new outright taxes are included, the plan calls for "enhanced" collection of existing taxes.

Observers say Cuomo has set himself up well for the coming contest to actually enact much of what he's proposing.

Bruce Gyory, an adjunct professor of political science at the [University of Albany](#), said Cuomo's "revelation" that automatic spending increases are responsible for much of the runaway growth in state spending is part of "shifting the argument."

Budget season "is a succession of two-week periods, and this one is public relations," Gyory said.

Cuomo is essentially advocating for zero-based budgeting, where the assumed increase for any expense area is zero. Any higher funding levels must be justified.

Cuomo also made use of a task force to consider the closure of prisons and juvenile detention facilities. A similar working group, titled the Medicaid Redesign Team, has already been tasked with finding health care savings.

David Catalfamo, a former in the Pataki administration, said this approach "puts everybody in neutral," unable to point to a specific closure plan or pressure an individual legislator whose district might be affected.

At The Egg, Cuomo wrapped up with an exhortation to politicians around the state to support the reductions laid out in his budget.

"The people get it, and the people are with you," he said. " ... You can change the trajectory of the state this year."