



## Comptroller: Budget contains 7.6 percent spending increase

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ALBANY — Despite New York's fiscal woes, the projected state budget increases spending 7.6 percent over the 2009-10 budget year, or \$9.6 billion, according to a report released Thursday by state Comptroller Thomas DiNapoli.

DiNapoli panned attempts by lawmakers and Gov. David Paterson to close a \$9.2 billion deficit, saying they still may be leaving a \$4.8 billion hole because of risky revenue projections.

When adjusted for payments that were delayed from 2009-10, including more than \$2 billion in education aid, projected spending will be \$5.4 billion higher this year, a 4.2 percent increase and more than twice the rate of inflation, which is running about 2 percent, the report said.

It's also more than many pay increases this year. According to a survey by the Rochester Business Alliance that was released in September of last year, local employers anticipated average pay raises of 3.1 percent for Rochester-area workers in 2010.

But — as if more evidence were needed that officials are not seeing eye-to-eye in Albany — the accuracy of the comptroller's report was promptly challenged.

The governor's budget office said the growth in spending was \$3.2 billion, less than 2.5 percent, to \$134.4 billion because \$2.1 billion in school aid was owed in 2009-10 but paid in 2010-11 and \$2.1 billion was federal stimulus money originally expected to be spent in 2009-10. The federal funds don't impact the state financial plan.

The state budget was due April 1 and is late largely because of disagreements over how to close the deficit. The Legislature has adopted most of the plan, but the Senate left Albany for its July 4 holiday without voting on the revenue portion of the budget.

The comptroller criticized the budget process, saying it has been

“piecemeal” and “secretive.”

“This was a difficult budget,” DiNapoli said. “But the degree of difficulty was driven higher by the failure to act decisively. Three and a half months into the state fiscal year and the budget still isn’t fully done. Even with the governor’s vetoes, budget balance is still tenuous. And this year’s budget does not adequately address out-year budget gaps.”

Paterson spokesman Morgan Hook said the report “grossly overstates potential problems in this budget, and he once again fails to provide any direct guidance as to what he would do to close the state’s budget deficit.”

DiNapoli, a Democrat seeking election in the fall, said that \$4.8 billion of revenue and spending actions are “optimistic budgetary assumptions.”

Among them are \$1.1 billion in federal Medicaid funding that may not materialize, more than \$500 million in additional Medicaid fraud recoveries and tax audits, collection of taxes on cigarettes on American Indian reservations and a temporary repeal of the tax exemption on clothing less than \$110.

The report said the budget relies too much on funds that are temporary resources. They total \$14.4 billion, which “virtually guarantees that the state will face significant projected gaps between spending and revenue next year and beyond,” the report said.

The state has used federal stimulus money to “backfill budget shortfalls,” it said. The budget includes \$5.7 billion in federal stimulus funds.

Sisa Moyo, a spokeswoman for Assembly Speaker Sheldon Silver, D-Manhattan, said the Assembly would review the comptroller’s findings.

Travis Proulx, a spokesman for Senate Democrats, said they are “committed to cleaning up Albany’s decades of fiscal recklessness and giving New Yorkers a government they can afford.”

Senate Democrats have not announced when senators will vote on the revenue legislation.

The nonpartisan Citizens Budget Commission has criticized the budget’s “sizable risks.” In the past, targets for reducing Medicaid fraud and collecting taxes on cigarette sales to non-Indians on reservations have fallen short, said Elizabeth Lynam, deputy research director.

Lawmakers should “keep a bag packed” because they likely will have to return mid-year to adjust an unbalanced budget, she said. The commission has recommended passage of Paterson’s proposals to tax sugar-sweetened sodas and allow the sale of wine in grocery stores to

raise new money for the state.

Brian Sampson, executive director of Unshackle Upstate, said DiNapoli's analysis held no surprises for his group, a coalition of more than 70 business and trade organizations.

"New York once again gets hit with a budget that adds spending and balances it on the backs of taxpayers and the private sector," he said.

DiNapoli has recommended several budget reforms, including a restriction on the use of one-shot revenues to cover ongoing expenses and a ban on borrowing for operating costs.

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