

Deficit deal, or no deal?

Talks at critical stage as leaders agree on cutting \$2.9B, but governor claims the cuts don't go far enough

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ALBANY -- The state's budget deficit impasse has reached either a breakthrough or the beginning of a new stage of combat.

On Monday evening, the pitched battle between Gov. David Paterson and the Legislature over the best way to close the state's estimated \$3.2 billion shortfall seemed to abate as word came that state Senate and Assembly leaders had struck a deal to lop \$2.9 billion from the deficit. Paterson, however, immediately claimed that wouldn't go far enough, and said he would move to unilaterally cut aid to localities.

The news arrived as forward motion appeared close on another one of the year's biggest legislative waiting games: If the deficit package can be passed quickly enough, the Senate appears likely to finally debate legislation to legalize same-sex marriage in New York. Several sources suggested that the measure, which has been stalled in the Senate for six months, has the required 32 votes for passage, including a slim margin of Republican members.

Following a Monday afternoon deficit negotiating session between Paterson, Assembly Speaker Sheldon Silver and Senate Conference Leader John Sampson at the governor's mansion, darkness brought word that a deal had been reached to close the bulk of the deficit with a package that includes a "spin-up" of \$391 million of federal stimulus funds earmarked for next year's education programs to the current year; targeted health care cuts that wouldn't result in loss of federal matching funds; and a tax amnesty plan that is anticipated to bring in \$250 million.

Most important, the package contains no midyear cuts to education, trims most legislators have deemed too politically perilous coming into the 2010 election cycle.

Just as word of the apparent deal was spreading through the Capitol, Paterson's office released a statement that kept up the governor's hard line against the Legislature, once again chiding its leaders with failing to go far enough. For weeks, Paterson has claimed that a failure to make significant recurring cuts to the state budget would imperil the state's bond rating and make this winter's budget negotiations for the 2010-11 fiscal year even more brutal.

In addition, Paterson said he would unilaterally withhold some state aid that periodically goes to localities, including counties and schools district.

"I have given the Legislature more than enough time to join with me to address this crisis," Paterson said in his statement. "If the Legislature won't stand up for the people

of New York because they're worried about the next election, then I will do so on my own. That is why I am directing the Division of Budget to reduce payments to prevent our state from running out of cash this fiscal year. This action will keep New York state solvent and ensure that we have enough money to make it through the year."

Lawmakers appeared stunned by those remarks, as Silver and Sampson were hoping to present their \$2.9 billion plan as a breakthrough.

One insider said this was the latest example of how Paterson, facing record-low poll numbers, is continuing to demonize the Legislature to boost his political fortunes.

Still unclear was precisely how much money Paterson would withhold in local aid, and whether he could do so without a potential court challenge by lawmakers.

Paterson spokesman Morgan Hook said the governor would "certainly review any budget bills once they're passed" by the Legislature -- a much cooler tone than the celebratory rhetoric that usually attends a budget agreement.

Legislative sources suggested that timing could largely determine whether gay marriage makes it to the Senate floor today. If the deficit package is debated and voted on with enough hours left in the day, marriage equality is likely to be taken up. It is, however, unlikely that the Legislature would return on Wednesday to tackle the marriage bill alone -- meaning the promised debate would be pushed even farther down the road.

Paterson and Senate sponsors of the bill announced three weeks ago that an agreement had been reached to see the measure debated on the floor. The Assembly passed the measure in May, but would have to debate and vote on it again because the Senate passage would come during an extraordinary session.

Previously, the Senate's Democratic leadership had said it would not bring the measure to the floor only to see it fail. The bill will require at least two votes from Senate Republicans to overcome the opposition of Democratic Sens. Ruben Diaz Sr. and Darrel Aubertine.

Advocates on both sides of the measure have made it clear how much support is at stake on the measure. Conservative Party Chairman Michael Long recently said candidates "need not apply" for his party's endorsement if they vote in favor.

On the other side, Empire State Pride Agenda Executive Director Alan Van Capelle has for months said that, win or lose, legislators must be put on the record on the question.