

Paterson Warns More Cuts May Be Needed This Year

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ALBANY — Gov. [David A. Paterson](#) said on Wednesday that he and the Legislature could be forced to cut as much as \$3 billion in spending from the state budget during the next six months if the economy did not begin to recover by the end of the year.

Mr. Paterson's remarks came a day after the state comptroller, [Thomas P. DiNapoli](#), reported that the government had collected nearly a quarter of a billion dollars less in revenue in April than the governor's Division of the Budget predicted it would three weeks ago. With state spending also lower than expected, the state's balance sheet was short by \$61 million.

"I am planning for the possibility, which I think is a probability," Mr. Paterson said. "I'm just trying to think ahead and start preparing the Legislature and everyone else that seems to continue at times not to recognize the difficult financial situation that we face."

The \$3 billion does not reflect a formal revision of the revenue estimate for the current fiscal year, which began on April 1. Rather, it is the same amount that lawmakers were forced to cut in February, during the previous fiscal year, after the stalled economy cut sharply into tax receipts.

Mr. Paterson said he considered those earlier cuts a benchmark he and the Legislature could face during the current fiscal year if the economy did not improve.

"We are going to have to look at further cuts. And it is a disturbing kind of announcement to have to make, but it is actually true," the governor said.

Budget officials' current projections assume that the [recession](#) would end during the third quarter of this year, with a modest recovery thereafter. A clearer picture of the state's fiscal future will emerge after June 15, the day individuals and business are required to submit their first quarterly tax payments for 2009.

“I think the governor’s concern is that there is still a lot of risk, and if there isn’t a turnaround, that could lead to some risk going forward,” said Laura L. Anglin, the state budget director. “It was a statement of caution.”

The governor’s remarks were made during a news conference with [Sheldon Silver](#), the Assembly speaker, and [Malcolm A. Smith](#), the Senate majority leader, to announce the passage of legislation to extend unemployment benefits for more than 120,000 New Yorkers, including 56,000 whose benefits would have expired next week. The legislation revises New York’s unemployment laws to allow the state to tap into \$645 million in federal stimulus money for extending unemployment insurance.

The budget negotiated between Mr. Paterson and state lawmakers this year was brought into balance by substantial slowdowns in spending, billions of dollars in federal stimulus money and billions of dollars in new and higher taxes and fees, some of which have not yet kicked in. Republicans and a few Democrats have criticized Mr. Paterson, Mr. Smith and Mr. Silver — all Democrats — for not cutting more at the time.

“New York doesn’t have a revenue problem; it has a spending problem,” [Dean G. Skelos](#), the Senate minority leader, said on Wednesday. “Senate Republicans passed spending cap legislation two times with bipartisan support last year.”

Lawmakers are seeking to restore some programs that were cut during the spring budget negotiations, like a property tax rebate important to suburban homeowners. Mr. Paterson said on Wednesday that any such proposals would have to be paid for with some new source of revenue.

Such cuts, however, will be even harder to achieve in the coming months than in the spring, since the 2010 elections are approaching and lawmakers are wary of inflicting pain on their constituents.

Mr. Silver, who resisted some of the cuts that Mr. Paterson sought earlier this year, said on Wednesday that it was too early to begin looking for more trims.

“The jury’s still out on this year’s budget,” Mr. Silver said.