

Week in Review

February 5, 2010

Budget Deficit Grows to \$8.2 Billion

Gov. David Paterson announced that the state budget deficit for 2010-11 grew by an additional \$750 million, partly due to a drop in state tax collections on Wall Street bonuses.

"This shortfall is driven primarily by the continued effects of the current State-level recession, as well as changes in the timing and structure of financial services sector compensation, which have resulted in lower than expected personal income tax revenues," Paterson announced on February 3. "In addition, the downturn has also caused higher than expected demand for Medicaid services, which will increase legally required State entitlement spending commitments. Overall, the projected deficit that the State must address through the end of 2010-11 now totals \$8.2 billion, up from \$7.4 billion at the time of the Executive Budget."

The Budget Division said income tax collects were \$550 million less than expected in January, and a higher than anticipated Medicaid caseload will cost the state an extra \$400 million. Other budget revisions will add \$200 million to the mix, leaving the shortfall at \$750 million.

Paterson said he will disclose his plan to address the shortfall when he releases his 21 day budget amendments on Tuesday, February 9.

"We need to take serious steps to address this shortfall," Paterson said. "Unfortunately, the budget news that I have been reading about concerns legislators who are planning to fight for restorations, rather than real reductions in spending. Individual legislators are promising special interest groups that their pet projects won't lose out in the budget process. But the fact is that everyone will lose if the of New York becomes insolvent."

"The money simply isn't there. Financial sector bonuses aren't going to bail us out this time. We are going to have to make real cuts," Paterson said.

Paterson Vetoes Ethics Legislation

As expected, Gov. David Paterson vetoed an ethics reform bill that he said did not go far enough to address the various shortcomings of rules governing acceptable behavior by state legislators, an issue that brought front and center by the December conviction of former Senate Majority Leader Joseph Bruno.

Though the bill was passed with virtual unanimous support in the Senate and Assembly, an override appeared unlikely after Senate Republicans said they wanted to negotiate a new ethics bill with Paterson before even considering an override.

"While there are positive aspects of this legislation, it does not go far enough in

addressing the corrosive effects of outside influence and internal decay that have caused the people of New York to lose faith and trust in their government," Paterson said as he vetoed the bill on February 2. Paterson said the bill was unacceptable because it did not include "independent oversight" of the Legislature, saying the current system of self-policing has proven to be "a dismal failure." He also objected to a provision to let lawyers and others in "protected professions" keep their outside business dealings and clients undisclosed.

Legislative leaders condemned the veto of the bill, which had split good government groups, with most for it and Common Cause calling for its veto. As of right now, a veto override is seen as unlikely.

Seminerio to Serve Six Years in Prison

Former Assemblyman Tony Seminerio was given six years in federal prison after his conviction on corruption charges. Seminerio, a fixture in the Assembly for decades, was found to have taken \$1 million in recent years from people and organizations doing business with the state. He was convicted under the same "honest services" law that was used to successfully prosecute former Senate Majority Leader Joseph Bruno on corruption charges.

Aqueduct Racino Decision Reached

Gov. David Paterson announces the right to develop a racino at Aqueduct will go to Aqueduct Entertainment Group. The venture's principals include the Rev. Floyd Flake, a Queens pastor whose endorsement is sought by candidates for statewide office. The selection proved somewhat controversial because of the political and business connections of its principals. But the whole process of picking an Aqueduct racino operator has been mired in politics for years as the state lost out on hundreds of millions of dollars in revenue.

Upcoming Events

A LOOK AHEAD

HEALTHCARE FORUM: Tuesday at 11:15 a.m. at the Yale Club, 50 Vanderbilt Avenue, Manhattan, the Executive Council hosts a forum on the Obama healthcare reform plan with Newt Gingrich and healthcare and insurance industry executives.

BUDGET HEARINGS WEEK 3: Senate and Assembly hearings on Gov. David Paterson's 2010-11 budget continue.

- February 8 – Hearing Room B, 9:30 AM, Public Protection
- February 8 – Hearing Room B, 1:00 PM, Transportation

- February 9 – Hearing Room B, 10:00 AM, Health/Medicaid
- February 10 – Hearing Room B, 9:30 AM, Workforce
- February 10 – Hearing Room B, 12:00 PM, Human Services

TUESDAY LCA LOB PRESS CONFERENCES:

- 10 a.m. "Long Island's legislative needs," Citizens Campaign for the Environment, Contact: Adrienne Esposito 516-390-7150
- 11 a.m. "Domestic workers united," Assemblyman Wright, Contact: Ben Rosen 455-4793
- Noon "NY Power Authority economic development," Assemblyman Cahill, Contact: Steve 455-4436
- 1 p.m. "Charter schools," NYC Charter Schools Center, Contact: Vince Marrone 914-912-0526

WEDNESDAY LCA LOB PRESS CONFERENCES:

- 10:30 a.m. "After school funding," NYS After School Network, Contact: Jessie Kloss 462-8242
- 1 p.m. "Federal healthcare," Senator Golden, Contact: Meg Brown 455-2224

REDISTRICTING FORUM: The Rockefeller Institute of Government and the League of Women Voters of New York State Education Foundation will co-sponsor a Feb. 9 forum here to discuss the redrawing of legislative district boundaries in New York following the 2010 U.S. Census. Panelists at the forum, which will run from 2 to 4 p.m. at the Rockefeller Institute's facility at 411 State St., Albany, will also address the impact redistricting might have on competitive elections in the future. Following the forum, there will be a reception in honor of the League's 90th anniversary. The forum will be moderated by Susan Arbetter, Capitol reporter and public affairs director for WCNY.

FILM INDUSTRY LOBBYING DAY: Join your NY Production Alliance associates in Albany February 9, 2010 to meet with NY State Senate and Assembly Representative

urging them to authorize renewed multi-year funding of the Empire State Film Production Tax Credit.

CAUCUS WEEKEND: The NYS Association of Black and Legislators Conference Weekend opens Friday and runs through Sunday. Friday at 6 p.m. the chairman's reception will be held in the convention center.

REGENTS MEETING: The Board of Regents meets on Monday in Albany.

PSC MEETING: The Public Service Commission meets on Thursday in Albany.

LEGISLATIVE PUBLIC HEARINGS:

- Monday 11 a.m., Senate Standing Committee on Environmental Conservation, "Comprehensive Pesticide Management, Public Outreach and Enforcement," Room 124 Capitol Building, Albany, New York
- Thursday noon, Joint - Assembly Standing Committee on Housing and Assembly Standing Committee on Environmental Conservation, "The Viability of Developing Affordable Green Housing," Assembly Hearing Room, 250 Broadway, Room 1923, 19th Floor, New York, New York

HEALTH DEPARTMENT MEETINGS:

- None schedule for next week.