

budget a day late



By adding millions of dollars to Gov. Eliot Spitzer's proposed budget of \$120.6 billion, lawmakers ensured there was something for almost everyone in the new spending plan. Here's how the major players fared:



AP PHOTOS

State Senate Majority Leader Joseph Bruno (R-Brunswick), left, listens to Assembly Speaker Sheldon Silver (D-Manhattan) during a budget hearing in Albany on Friday.

Senate Republicans and Majority Leader Joseph Bruno

WINS

- Restored much of Spitzer's proposed Medicaid cuts
- Steered more money to schools that would have received only a 3 percent increase in new funding under Spitzer's formula
- Property-tax rebate checks directly to homeowners
- Cuts in business taxes

LOSSES

- New education-aid formula replaces the previous method of calculating school aid, which favored Long Island and other areas with large school enrollments and high property taxes.

Good government groups

LOSSES

- Despite budget reform legislation, the deals were struck behind closed doors between Spitzer and legislative leaders

Assembly Democrats and Speaker Sheldon Silver

WINS

- With Spitzer as an ally, secured more money for poorer schools in New York City and elsewhere
- Changed education-aid formula to emphasize high-needs districts
- Funding for universal pre-kindergarten for all 4-year-olds statewide
- Funding for stem cell research

LOSSES

- No local vote on charter schools and their number potentially could double
- Limited progress on reducing class sizes for New York City's public schools

Taxpayers

WINS

- Spending increases for public schools — but will it result in lower tax bills?
- Higher tax rebate checks

LOSSES

- Long-term costs of paying off the state's increased debt

COMPILED BY ALBANY BUREAU CHIEF JAMES T. MADORE

After last-minute deals, Albany pols pass plan with 7 percent increase from last year; more money for education, health care included

BY JENNIFER SMITH

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ALBANY — It was a day late. But is it a dollar short?

Hardly.

The state budget that New York lawmakers passed yesterday morning came in at an estimated \$120.9 billion — a more than 7 percent increase from last year. It contained millions more for education and health spending than Gov. Eliot Spitzer had originally earmarked.

The enacted budget was only about \$300 million more than the one the Democratic governor proposed, according to Spitzer's office. Among the changes, Spitzer gave up \$200 million in property tax relief to accommodate the \$1 billion in spending added by the legislature.

The governor is expected to sign the spending plan and declared his freshman budget a victory, saying it upheld his commitment to reforming Medicaid and distribution of school aid.

"Those are the building blocks we care about," Spitzer said after the Assembly passed its last bill about 11 a.m. "And when all the surrounding dust settles . . . you will see that this budget hit every one of the objectives."

Spitzer and lawmakers described budget items in ballpark figures, since many of the details were negotiated as late as Saturday night. Legislators passed more than 2,000 pages of bills at breakneck speed Saturday and yesterday. Messages of necessity from Spitzer allowed lawmakers to bypass the requirement that bills "age" for three days before coming to a vote.

The budget will increase state spending to \$84 billion, or a rate of 8.7 percent, according to Spitzer's office. Some fiscal watchdogs called that rise unsustainable. Others said Medicaid reforms, the closing of corporate tax loopholes and rising revenue from income tax could pay for the additions.

Long Island garnered a record

\$205.4 million in school aid, budget figures show.

State Sen. Dean Skelos (R-Rockville Centre) said he and the other seven Republican senators from Long Island doubled the money Spitzer originally proposed for the region's public schools, maintaining the Island's traditional 13 percent "share" of state aid. "We didn't cave," Skelos said. But he acknowledged that the fight for school aid would be even tougher next year under Spitzer's formula.

Senate Majority Leader Joseph Bruno (R-Brunswick) said the Senate worked hard to ensure that the final budget resulted in "fair and equitable distribution of school aid."

In health care, more than \$90 million for the area's hospitals and nursing homes was restored from Spitzer's cuts, said Senate Health Committee chairman Kemp Hannon (R-Garden City).

Statewide, the governor's budget office said Medicaid spending had been cut by nearly \$1 billion, holding the spending increase down to less than 1 percent, versus the 8 percent rise seen in recent years.

Nearly \$2 billion in school aid will be added to the \$17 billion spent last year; under Spitzer's new "foundation formula," much of that will be directed to high-needs districts instead of being distributed based on enrollment. Up to 100 charter schools will be authorized.

Other budget items include \$1.3 billion in property tax relief aimed mostly at the middle class, \$150 million in tax cuts for corporations and manufacturing, and the closing of certain business tax loopholes.

Assembly Speaker Sheldon Silver praised the passage of a stem cell research initiative that will be funded by \$600 million during the next five years. The measure will create jobs and spur new technology, he said. Overall, Silver said, "I think it's just a terrific budget."

Staff writer James T. Madore contributed to this story.

Westchester Dems protest 'unfair' school aid

Six Democratic Westchester County lawmakers yesterday called the State Legislature's allotment of education funds to the county "bizarre and unfair" when compared with what Nassau, Suffolk and other counties will get.

In a letter to Gov. Eliot Spitzer, the lawmakers said the bills to reduce STAR aid to counties calls for Suffolk County to receive \$39.5 million and

Nassau County \$31 million. But Westchester County, the lawmakers said, would receive only \$1.6 million.

STAR stands for the School Tax Relief Program, a state program that provides school-tax

exemptions to homeowners.

"Westchester was singled out," said Assemb. Richard Brodsky. "It's incomprehensible to me, how the governor and Senate can agree to do this to one county."

Brodsky signed the letter along with five fellow Democratic legislators: J. Gary Pretlow, Sandra Galef, whose district includes part of Westchester and Putnam counties, Amy Paulin, Adam Bradley and

George Latimer.

The letter said that "only changes in political circumstances" could be a reason for "such gross injustice in outcome."

The lawmakers demanded a meeting with Spitzer to discuss the issue.

Spitzer's office did not immediately return a call for comment yesterday.

— JENNIFER BARRIOS

SPINCYCLE

■ **SPITZER WATCH.** The governor subdues his words on the budget resolution.

■ **ARCH SUPPORT.** McCain campaign has won over former Giuliani backers. **A16**

Lawmakers pass

A back-room deal again

BY JENNIFER SMITH
AND JAMES T. MADORE

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ALBANY — Gov. Eliot Spitzer's campaign slogan summed up his zeal for transforming New York's notoriously dysfunctional state government: "On day one, everything changes."

The state budget that lawmakers passed yesterday kept the letter of many of Spitzer's reforms. But whether the spirit behind Spitzer's quest to rein in Medicaid spending and redistribute school aid remained intact was less clear.

And to some, the final weeks leading up to the budget seemed a replay of the secretive negotiations that have long defined the way Albany spends state money.

"I hope that as we go forward there will be a process that will be more open," Spitzer said Friday, one day after a six-hour private meeting with Senate and Assembly leaders that had good government groups crying foul. "But when two weeks ago legislative leaders were giving me \$3 billion in additional spending, and we needed to pull everyone together at the last minute, this is the process we ended up with."

The meeting followed a months-long battle over proposed budget reforms that pitted the Democratic governor against health care unions and Long Island's Republican Senate delegation.

That day, Senate Majority Leader Joseph Bruno (R-Brunswick) said Spitzer attempted what his predecessors had threatened — to lock the legislative leaders in a room until a budget deal was worked out. "It was kind of an interesting experience," Bruno said.

Among the deals it produced was a scaling back of Spitzer's proposed Medicaid cuts from nearly \$1.3 billion to \$941 million. In the end, only about one-quarter — \$355.7 million — was restored. But the bulk of the restorations went to hospitals and nursing homes, whose worker unions and trade associations had

waged a vigorous campaign against the budget.

"I think his most significant victory is on school aid, not Medicaid," E. J. McMahon, director of the Empire Center for New York State Policy, said of Spitzer's first budget.

Spitzer's budget overhauled the way education aid had traditionally been parceled out, through a series of complex formulas that some critics said were manipulated to produce the same outcome year after year: "shares" that typically gave Long Island between 12 percent to 13 percent of the pie. Instead, Spitzer's "foundation formula" directed more money to high-needs schools and would have left about 304 schools in wealthier, more highly taxed districts with only a 3 percent increase in new school aid.

On Long Island, where many districts would have fallen into that 3 percent "save harmless" category, the impact of Spitzer's reforms was muffled by an influx of an additional \$440 million in statewide funding not tied to the new formula.

"The fight was worth it," Sen. Charles Fuschillo (R-Merrick) said yesterday, alluding to between \$113 million to \$115 million in extra aid that Long Island Republican senators said they secured for the region.

Like many of the budget's breakthroughs, the education deal was hammered out among top leaders in rooms far from the public gaze.

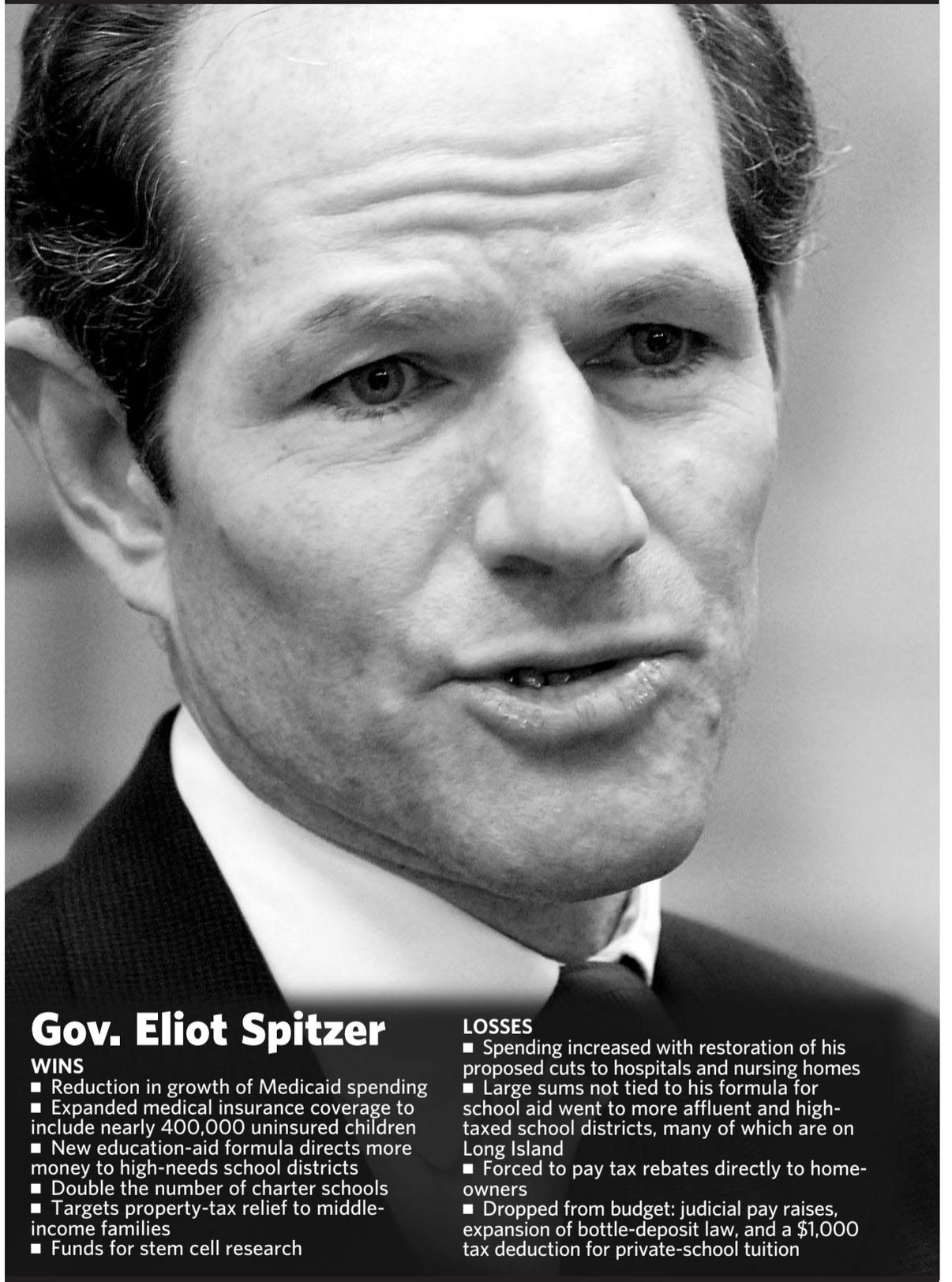
The legislative subcommittee on education met, only to adjourn, reschedule and then cancel the meeting again.

Barbara Bartoletti of the League of Women Voters of New York State said the budget process was a huge backward step. "The governor has not only failed to live up to his promise to New York's citizens — he has become part of the problem," she added.

Some Assembly Democrats defended the process, including Silver. "Should it have been more open?" he said yesterday. "Yes. But to say people were in the dark is not accurate."

Staff writer
Melissa Mansfield
contributed to this story.

STATE BUDGET SCORECARD



Gov. Eliot Spitzer

WINS

- Reduction in growth of Medicaid spending
- Expanded medical insurance coverage to include nearly 400,000 uninsured children
- New education-aid formula directs more money to high-needs school districts
- Double the number of charter schools
- Targets property-tax relief to middle-income families
- Funds for stem cell research

LOSSES

- Spending increased with restoration of his proposed cuts to hospitals and nursing homes
- Large sums not tied to his formula for school aid went to more affluent and high-taxed school districts, many of which are on Long Island
- Forced to pay tax rebates directly to homeowners
- Dropped from budget: judicial pay raises, expansion of bottle-deposit law, and a \$1,000 tax deduction for private-school tuition

Adirondacks to get better cell service

THE ASSOCIATED PRESS

ALBANY — The state budget passed yesterday includes \$1 million to help bring improved cell phone coverage along the Adirondack Northway.

The spending approved by the legislature and Gov. Eliot Spitzer follows the January death of Alfred Langner, 63, of Brooklyn, who succumbed to hypothermia after driving

off a remote area of the highway.

Langner and his wife, Barbara, were unable to get out of the car and were unable call for help because of a lack of cell phone coverage.

"The goal is to provide service that is fully funded by a cell phone carrier, not requiring support from the state," said state Sen. Betty Little, a Warren County Republican. "But given the existing state

policy that restricts the height of cell phone towers in the Adirondacks, a state subsidy may be appropriate for an interim or long-term solution."

She referred to state laws that limit development and construction in the 6-million-acre Adirondack State Park.

Environmental groups have long opposed taller towers, saying they would spoil the landscape and violate scenic easements.