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NEWS ANALYSIS

## Albany's Big 3 Is Cut to One as Silver Flexes Might

By [DANNY HAKIM](#)

ALBANY — It's [Sheldon Silver](#)'s Albany now.

Mr. Silver, the powerful and cagey Assembly speaker, achieved what he wanted in the budget that emerged from the shadows of the statehouse this weekend, cementing his newfound role as the capital's center of gravity.

He won the policy fight, forcing Gov. [David A. Paterson](#) to raise taxes on the wealthiest New Yorkers, an idea that the governor decried as potentially disastrous three weeks ago. The \$131.8 billion budget, which could hardly be called austere, is largely a reflection of the liberal tilt of Mr. Silver, and the Assembly's predilection for big spending on social programs, no matter the economic climate.

Mr. Silver also dictated the process, turning back the clock to the most [secretive budget negotiations](#) the capital has seen in years, casting aside the open government that Mr. Paterson and other Democrats once said would follow the party's sweeping victories in recent state elections. He argued that technicalities in recently passed budget reform legislation allowed the Legislature to circumvent requirements for open meetings among those negotiating the spending plan.

And the speaker preserved the Legislature's cherished spending on pet projects, pushing successfully for \$170 million for members to dole out in district spending, leaving that pool of money essentially untouched, despite the fiscal crisis.

He argued that "nonprofit organizations throughout the state have been devastated by the economic downturn," but lawmakers appropriated money for gun clubs, churches, a [yoga](#) foundation and the Wantagh American Legion Pipe Band, among thousands of other projects.

Critics say Mr. Silver, a Democrat from the Lower East Side who has been speaker for the last 15 years, is the symbol of all that is broken in state government, a man who long ago forsook principle for power. They also say that he lacks the fiscal discipline to prudently manage the state's escalating future deficits.

Allies say he is the only senior Democrat in state government fielding a competent staff with the expertise to lead the state, and that he will usher in a more activist left-leaning agenda on important policy issues, like the recent agreement among state leaders to eliminate many of the remaining stringent Rockefeller era penalties for drug offenses.

Certainly, he is more influential than ever, a master negotiator who finds his counterparts diminished in stature. Mr. Paterson has dismal poll numbers and a staff in constant flux; even some of his supporters

worry about his ability to be elected next year. In the Senate, Democrats are still learning to work the levers of power after more than 40 years in the minority, and Senator [Malcolm A. Smith](#), the majority leader, is consumed with keeping his fractious caucus together.

"I don't feel like I prevailed," Mr. Silver said of the budget in an interview Sunday night. "I don't consider that a great goal."

"We went into this budget saying over and over again that the sacrifices will be shared, that the wealthiest New Yorkers would be asked to pay more, that we wouldn't decimate education and health care to balance the budget," he added.

He conceded his experience gave him some inherent advantages.

"Clearly we have a good staff and the Senate is still relatively new," Mr. Silver said, adding of the Paterson administration: "Clearly they're finding out how the process works. A lot of the staff is new."

Opposing Mr. Silver has proven futile, even for billionaire antagonists like Mayor [Michael R. Bloomberg](#), whose plans to [charge drivers entering Manhattan](#) and to bring a football stadium to the West Side were scuttled by Mr. Silver.

Mr. Paterson, who no longer has a discernable ideology, is being increasingly marginalized. When he was laboring in obscurity as Senate minority leader, he was a champion of open government; as governor, he has been a sharp critic of the concept.

Mr. Paterson had a liberal voting record during his more than two decades in the Senate, but as governor he has sought to reinvent himself as a champion of fiscal conservatism. His own budget plan, which he retooled earlier this month, outlined roughly \$8 billion in spending cuts and \$4.5 billion in new or increased taxes and fees, when one includes his plan to eliminate property tax rebate checks that were part of the state's School Tax Relief program.

But the final budget favored taxes over spending cuts, with Democratic leaders signing off on approximately \$7 billion in new or increased taxes and fees, including the canceled rebate checks.

Republicans, who were not meaningfully involved in the negotiations, pointed out that the tax hikes and other actions ran to more than \$8 billion when one included moves like using tuition increases at state universities to balance the budget.

Even without federal stimulus funds, state spending growth exceeds the rate of inflation.

The \$4 billion in income tax increases on the wealthy and the upper middle class, with increases starting for single filers earning \$200,000, had been a priority for Mr. Silver, and initially opposed by the governor and Mr. Smith. Mr. Paterson warned of the risks of such a move earlier this month: "When we have raised taxes on the wealthy in the past, we have seen a loss of job growth almost immediately," he said.

Mr. Silver also reversed cuts to education proposed by the governor, including \$185 million in cuts to pre-K special education programs as well as cuts to tuition assistance for public university students. He restored a cost-of-living increase to supplemental [Social Security](#) income checks that the governor had proposed to

freeze, and moved up a plan to increase welfare grants to begin in June instead of next January.

Where the governor did prevail, on proposals like an expansion of the state's nickel bottle deposits to include bottled water, it was often on issues that were already Assembly priorities.

"I can't see what the governor got out of it, or what the Senate majority leader got out of it," said Kenneth Adams, the chief executive of the Business Council of New York State. "If it's done by three people and two of them didn't get much out of it, it certainly sounds like the third person gets the spoils."

Still, even some who criticized the process acknowledge that some of Mr. Silver's moves restored funding for worthy programs, especially in these hard times. At the same time, the state's main financial engine, Wall Street, is undergoing a profound transformation and unlikely to soon produce the tax revenues of its heyday. Some wonder if an Albany led mainly by Mr. Silver will be willing to confront that reality.

"The message hasn't hit home yet that the state is in an enormous fiscal crisis," said Elizabeth Lynam, the deputy research director of the [Citizens Budget Commission](#), adding of the new budget: "It's a disgrace."

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