

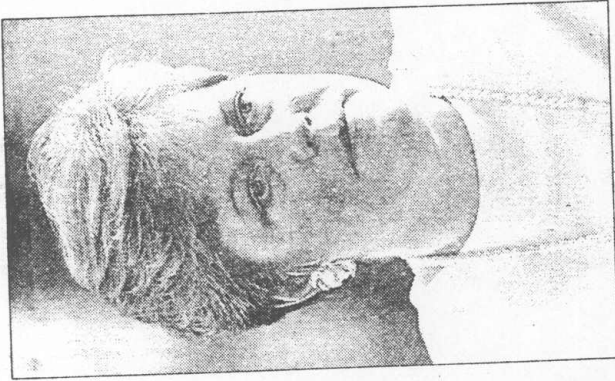
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Q: Does New York state have a budget deficit?

A: No, at least not for now. Both Gov. George Pataki's budget division and state Comptroller H. Carl McCall agree that revenues and expenditures are on target with projections so far and that the 1995-96 budget, which totals something over \$63 billion, is in balance.

Q: So why is everyone concerned?

A: The slowdown in the national economy, and a delay in implementing some of Pataki's cost-saving measures for government, have many people worried the state could still slip into the red between now and the end of its fiscal year on March 31, 1996. Some think a deficit, if there is one, may show up when the state releases its mid-year report on state finances during the first six months of this fiscal year in October.



Patricia Woodworth

That's largely because of lost revenue from tax cuts and one-shot budget actions that saved money this year but won't the next. Pataki's budget division projected the gap at \$1.4 billion the last time it made an accounting in February, and officials there say they do not dispute McCall's more recent estimate.

Q: Is there a projected gap for the state's next fiscal year?

A: Yes. If the state does nothing, state Comptroller H. Carl McCall estimates the state will face a budget gap of at least \$2.7 billion for the fiscal year that begins next April 1.

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State budget Q&A

Q: Is that why the Pataki administration is so worried about money?

A: It's not the only reason. State leaders are deeply concerned about how New York state will be affected by proposals in Congress to dramatically restructure the welfare and Medicaid system. For example, a GOP plan in Congress would freeze federal welfare funding to states and no longer tie federal welfare grants to what states spend. Some say this will remove any incentive for the state to keep benefit levels where they are.

Q: What has Pataki asked his state agencies to do?

A: Look for any way possible to cut spending, including possibly laying off state workers. He says that's what he was elected to do. A public employees union said it has heard reports that agencies were told to cut spending by 7 percent this fiscal year and 22 percent next year.

Q: Why have legislative Democrats been upset about the budget situation?

A: Democratic Assembly leaders say Pataki's budget office has held up funding in recent weeks for a variety of projects, including highway construction, businesses and community agencies. The administration says the projects are simply getting a rigorous review as they go through the proper fiscal channels.

Q: Is there a bigger dispute underlying the bickering?

A: Yes. Democratic legislators contend that Pataki's budget office is making spending decisions about a budget that has already been properly approved by the Legislature and the governor. Such alterations in allocations, they argue, must be made by the Legislature in tandem with the governor and not unilaterally by his budget director.

Q: Will another budget delay occur next spring?

A: Possibly, but Pataki's budget division says it intends to present the governor's proposed spending plan to the Legislature in December this year instead of waiting until late January as has been customary. State leaders say they don't know whether that will guarantee passage of the next state budget by April 1, 1996, but they say it can't hurt.