



Senate's budget 'savings' fall short

By Stephen J. Adams

May 26, 2003

Sell the Hynes Convention Center. Streamline the human services bureaucracy. Return management control to the courts. Another Pioneer Institute report? No, it's the Senate Ways and Means Committee budget proposal. The document crafted by Ways and Means Committee Chair Theresa Murray is full of thoughtful, creative ideas for making government more efficient and responsive. It speaks to outsourcing of state services and giving state colleges incentives to be more entrepreneurial.

So why do I feel so uneasy?

I want to love the Senate Budget. I really do. Their proposed court reforms—clarifying the chain of command in the courts and consolidating line items in the court budget—are very close to recommendations made by Pioneer Institute and the Monan Committee empanelled by Chief Justice Marshall.

Many of the human services restructuring ideas comes right from the proceedings of a Pioneer conference last spring and a proposal penned last fall for Pioneer by Charlie Baker, Jr.

What is missing are real savings.

The Senate proposal embraces many good government reforms. But it fails to make the hard cost-cutting decisions needed to balance the budget.

The Boston Municipal Court keeps its bloated budget. State hospitals are to remain open, despite broad support for their closure. Health insurance premiums for most state employees are held at a mere 15 percent. The \$46 million cost of the Quinn Bill, which funds bonus pay for police officers who get advanced degrees, remains uncut.

It is laudable to call for outsourcing the management of the state's golf courses to save \$2 million. But real savings can come from expanding that idea to the rest of state government. Yet, the anti-competition law, the Pacheco Law, stands untouched by the Senate, leaving millions in savings on the table.

The Senate does not completely ignore the savings that might come from reform. Senator Murray's budget calls for a series of study commissions to report back next fall on ways to save money. But, we need the money now, and large study commissions populated by interest groups are unlikely to generate the savings demanded by current conditions. The Senate would be better to adopt the reforms, cut the appropriations and charge the Administration with finding the savings. If we wait until next October to debate more significant reforms, the fiscal year will end before they can be implemented.

While the Senate budget aims to please reformers, it certainly should keep spenders happy, too. However, just as the Senate's reforms come without significant savings, too much of its spending comes without revenues. The Quinn Bill costs are funded with a new state-level property tax called the "homeowners insurance surcharge" that is certain to fail. Unchecked spending for the unaffordable Prescription Advantage program is funded by draining reserve funds. While the notion of selling the Hynes Convention Center to the Pension Board for \$145 million has enormous appeal, the Pension Board is unlikely to accept it. And short-changing the snow removal budget by about \$65 million deepens the funding hole.

Senator Murray and her colleagues on the Ways and Means Committee are to be commended for their serious steps toward reform. Under normal circumstances, these steps would warrant higher praise. But in the face of Massachusetts' fiscal crisis, much more courage and ingenuity is demanded.

The Senate proposal is a sharp departure from the gimmicks and anti-reform ideas in the House budget. As a finishing point, it would be laudable, but as a starting point it is scary. If the Senate doesn't hold the line on their reforms, and focuses instead on preserving their spending we could have the worst of both worlds. After Senate amendments and House and Senate compromises, we could be facing a final budget with the House's anti-reform and the Senate's overspending.

The Senate is getting it half-right in its support of reforms. But its budget proposal is missing an opportunity to use reform to help fund their spending priorities. Reform of Massachusetts state government will produce lasting improvements in the quality of services and restore the public's faith in government. Pursued aggressively, reform can also produce the significant, permanent savings needed to pay for core services and to bring state spending in line with revenues that our citizens and businesses can support.

Stephen J. Adams is President and CEO of Pioneer Institute a Massachusetts public policy think tank.