



Mixed reviews: A state budget for desperate times

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There's nothing like pain to focus the mind, or so the saying goes, so the budget consensus reached by Governor Carcieri and legislative leaders last week represents just another marker of Rhode Island's ongoing dire straits.

To some, the budget — which cuts state spending from last year by almost \$100 million — makes the best of a bad situation.

In a statement, Carcieri called it “a major step forward in my six-year effort to make Rhode Island state government fiscally responsible. It builds on a number of the reforms — including pension reform — that we implemented in years past.”

The governor adds, “Working together over the last six months, we have successfully resolved a nearly half a billion dollar budget deficit without raising broad-based taxes. That is a major accomplishment by any standard. But by contrast with past years, this budget plan represents a completely new way of doing business in state government.”

The merits of the budget, however, depend on where you stand.

Advocates with the Poverty Institute at Rhode Island College, for example, faulted the House-passed budget for making sharp cuts to the Family Independence Program, the state's cash assistance welfare effort. One out of five people receiving assistance — most of them children — will lose their benefits, they say, in the next few months.

“It's truly shocking that a major overhaul of the welfare program would be made through the budget process -- and not through an evidence-based approach of determining how best to move parents into sustainable employment,” Kate Brewster, executive director of the Poverty Institute, said in a news release. “These are changes based on ideology and were not even necessary to balance the budget.”

With an editorial headlined “A responsible budget,” the *Providence Journal* was mostly positive, although it noted that \$91 million in supposed personnel savings have yet to be de-termined.

Tom Sgouros, editor of the RI Policy Reporter (whatcheer.net), offered a more critical assessment.

In an e-mail, Sgouros says the budget contains hidden expenses (including increased traffic fines and court costs), a tax cut for those earning more than \$250,000, and an arbitrary and potentially actionable restriction on the number of young people who can be aided by the state Department of Children, Youth and Families, among other dubious measures.

“There is barely a hand’s width of distance between the governor and the House leadership,” Sgouros writes. “The budget reads like the governor’s second draft. There are some important modifications here and there, but the basic thrust of his intent is intact — the budget is balanced by spending cuts that affect the poor and middle, and tax cuts that affect the people at the top of the income heap.”

Ultimately, he says, “the bottom line of this budget is that it’s not even going to meet its own goals. False savings claimed today will give us a shortfall come November, and we’ll have to cut more next spring. Meanwhile, wealthy people get their taxes cut, everyone’s property taxes will go up (five towns have requested and received waivers of the state limits on property tax increases), and some of the biggest cost drivers — DOT borrowing and health insurance, to name two — remain completely unaddressed.”