

# Assembly set to unveil state budget

As House and Senate negotiators review the governor's proposed cuts, one sticking point is a plan to allow taxpayers to choose between a flat tax or the current formula.

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PROVIDENCE -- General Assembly leaders are expected to unveil their \$6.6-billion tax-and-spending package for the coming year early next week, bringing to a close one of the most difficult budget years in recent history.

House and Senate leaders spent the last few weeks negotiating over how much of Governor Carcieri's proposed cuts to social services and state worker benefits they can restore and whether they should move forward with a plan to cut taxes for the wealthiest Rhode Islanders.

Senate Finance Committee Chairman Stephen D. Alves said negotiations "are going very well" and that he and his House counterpart, Steven M. Costantino, are "more than halfway there."

Costantino, D-Providence, said "talks are going well, but there are still issues to be resolved."

Lawmakers who are crafting the budget behind closed doors are reluctant to say much, fearing that their comments would jeopardize deliberations and offend members who are not yet privy to discussions.

One of the major sticking points now appears to be a House proposal to allow taxpayers to choose between the current tax formula or a flat tax. Such a change would benefit about 1,700 people earning \$250,000 or more.

The House has already passed the tax cut, but the issue has not been put up for a vote in the Senate, allowing members there to avoid -- so far -- going on the record for or against it in an election year.

Instead, the tax cut might surface in the budget package.

Alves, D-West Warwick, said the tax is one "of the more contentious issues."

The baseline for the talks is Carcieri's budget.

In February, the Republican governor proposed cutting \$31.7 million in welfare and health and childcare subsidies and saved \$42 million by eliminating 419 full-time job slots and reducing employee benefits.

At the time, the state was facing a \$300-million shortfall for this and next year. The budget woes were eased slightly when state analysts estimated last month that there would be \$57.1 million more to spend.

Lawmakers are quick to point out that the extra money doesn't solve all of their problems.

Carcieri's chief of staff, Jeffrey M. Grybowski, is optimistic that some of the governor's cuts will survive. There simply is not enough money, he said, to restore all those programs, enact the tax cut and pay for some of the lawmakers' favorite projects.

"I just don't think the math works," Grybowski said. "So I think we're likely to see -- and the governor is hopeful [for] -- some incremental reform."

During his first two years as governor, Carcieri vetoed the budget, saying Democratic lawmakers were spending more than the state could afford. Lawmakers overrode both vetoes.

But last year, Assembly leaders brought him to the negotiating table in the final days. Carcieri ended up signing the budget, which included a major overhaul of state worker and teacher pension benefits -- a keystone of his legislative agenda.

Part of the reason Carcieri was included, some State House observers said at the time, was that House Speaker William J. Murphy, D-West Warwick, needed the governor's backing to obtain the 50 votes necessary to pass the budget.

This year's political math is not as clear.

It is possible that Murphy has since brought some of the dissident Democrats back into his voting bloc. On a few recent critical issues -- including a veto override Tuesday -- Murphy had 50 votes.

Grybowski said Carcieri "will not accept a budget that returns to the ways of spending every cent that we have by restoring every entitlement reform, every personnel reform that the governor proposed."

However, if Carcieri can see eye to eye with lawmakers on "some entitlement reform, some personnel reform," he said, "there's no reason the governor can't agree with the Assembly on a budget this year."

But first, the budget needs to make it out of committee.

Some committee members, such as Rep. William San Bento Jr., who is loyal to Murphy's leadership team, have raised concerns.

"I would not vote to harm children. I'm tired of that," said San Bento, D-Pawtucket. "I'm not doing anything to hurt state workers this year. I don't care. They've given their fair share to the state. . . . I think we've got to start commending people who work hard and this governor just loves to come out and berate them and say that they're not good people."

Members also have their own priorities.

Rep. Thomas C. Slater, D-Providence, a longtime supporter of human services, is pushing this year for a \$75-million bond for affordable housing.

Slater said the process is difficult because everybody wants something different.

"The [representatives from] urban areas don't have the same ideas as people in the suburban areas," Slater said. "I think that becomes a very tough issue."

Other major issues include plans by Carcieri to increase the exemption of the motor vehicle tax by \$500, saving Providence residents \$38.39; less for those living elsewhere.

Education aid is always a major concern. Carcieri gave communities substantially more local aid this year, but Providence, in particular, is pushing for more money.

Carcieri's budget also included several new initiatives, including ones providing more math, science and technology education.

In recent weeks, lobbyists have started to fill the State House halls, making one final push for their interests.

Kate Brewster, executive director of the Poverty Institute at Rhode Island College, was "trying to be an optimist" Tuesday as she distributed leaflets in the

House chamber, asking members to protect the 22,000 children who are affected by Carcieri's welfare cuts.

George H. Nee, secretary-treasurer of the state AFL-CIO, has continued to make his plea that the personnel changes are "a complete interference of the collective bargaining process."

Will his efforts pay off?

"At this stage in the game," Nee said, "we're waiting like everyone else to find out what the final product is."