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Kate Brewster, Linda Katz: R.I. spending caps would be disaster

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A MANMADE DISASTER has been proposed for the Ocean State that could have a devastating impact on our schools, health care, and state government's ability to respond to the changing needs of our residents.

The Rhode Island Public Expenditure Council (RIPEC) recently released a report outlining population and spending trends that will put pressure on state resources over the next five years. To impose fiscal discipline, RIPEC proposes that Rhode Island adopt a constitutional amendment to cap state spending. Governor Carcieri recently endorsed this idea.

RIPEC suggests that we use Colorado's widely criticized "Taxpayer Bill of Rights" (TABOR) as a model. Since it was adopted, in 1992, the effects of TABOR have been so devastating to the quality of life and fiscal health of Colorado that there is a bipartisan effort, which includes the state's Republican governor, calling for a five-year suspension of the plan.

Colorado's experience provides a frightening preview of how state-spending caps could ravage critical services and programs in Rhode Island.

Since TABOR, the number of low-income Colorado children without health insurance has doubled; the state ranks 50th in the nation on this measure. It is also 50th in the percentage of children receiving their full vaccinations; at one point, the state had to suspend certain vaccination requirements for school because the state could not afford to buy the vaccine.

Colorado's spending on K-12 and higher education has been significantly cut, leaving the state 49th in K-12 spending and 48th in spending for higher education as a share of personal income.

The Colorado experience also demonstrates that when overall spending is limited, not all programs and services are equally affected. As a result of criminal statutes and sentencing requirements, Colorado's spending for corrections significantly increased, putting pressure on reducing spending in other areas of the budget. In some years, state pension funds were invaded to pay for public services.

In our state, the Rhode Island Public Expenditure Council identifies growing Medicaid costs as an issue that requires immediate attention, but spending caps are not the solution. The state's health-care challenges are part of a national health-care crisis, and part of the increase in Medicaid costs is due to the same factors that have driven up costs in private insurance: rising pharmaceutical prices and advances in medical technology. Yet Medicaid has been more cost-effective than commercial insurance: Its per-person costs are less and have been rising at a slower rate than have those of private insurance.

Solutions to the health-care crisis need to be developed through thoughtful deliberation, not driven by spending caps that tie the hands of policymakers.

Rhode Island's experience with Rite Care demonstrates that when policymakers and community leaders come together, creative solutions can result. The Rite Share program, combining private and public dollars to insure working families, was born of such a process. While providing high-quality care and good health outcomes, Rite Care/Rite Share spends 21 percent of Medicaid funds to cover 68 percent of Medicaid enrollees. Through government-community

collaboration, the delivery system for children with special health-care needs has been changed to provide more coordinated care in a more fiscally prudent way. As a result, Medicaid has prevented thousands of children and parents from becoming uninsured as private health insurance has eroded.

Efforts are now under way to provide new systems of care for seniors and for adults with disabilities that would improve access, coordinate care, and diversify long-term-care options, so more people could remain in their homes. The focus on long-term care needs to be intensified with strong leadership that can forge solutions, and the political will to implement them.

Certainly, the aging population will put pressure on the state budget, but just as certainly no one will want to deprive frail elders of their right to live out their lives in safety and dignity.

Spending caps will not induce policymakers to grapple with tough public-policy issues such as health-care costs and education-funding formulas. Indeed, as Colorado demonstrates, spending caps can lead to the opposite of thoughtful discussion and decision making. More uninsured children, inadequate school budgets, and reduced access to higher education are not outcomes that Rhode Islanders would embrace.

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