

Bolster budget: Pare spending, reform pensions, protect MTA

By Carol Kellermann

State legislators have left Albany for summer recess, but—as was the case last year—they will have to return very soon to deal with the budget shortfall. The current revenue projections are simply not holding up. It appears that in the first quarter of this fiscal year (April through June), tax receipts fell approximately 8% short of expectations. If this continues, the current-year budget gap could be \$3 billion.

Legislators will need to tackle this crisis. When they reconvene, three imperatives need to be addressed immediately.

Cut spending. New York's Medicaid program, which spends 79% more per beneficiary than the national average, is simply unsustainable. Equally unaffordable is the \$600 million in school aid that New York continues to send to the wealthiest school districts in the state. Spending in both areas needs to be reformed. The recommendations made by the Citizens Budget Commission are available at www.cbcny.org.

Reform pension benefits for new public employees. Investment losses in pension funds, combined with overly generous benefits, are rapidly producing a pension crisis for state and local governments.

Two of the state's major public-employee unions recently agreed to a less costly but still comprehensive package of pension benefits for future employees. The Legislature should adopt this plan immediately to begin providing fiscal relief. And the new package should apply not just to civilian employees but to police and firefighters as well.

Secure the future of the MTA. The Metropolitan Transportation Authority is a critical economic-development asset for New York state. Awash in debt and facing sizable budget gaps, the MTA is in jeopardy. It needs to be put on a firmer fiscal footing, instead of lurching from one year to another.