

How New York would look if Carl Paladino made his budget cuts

New York Republican gubernatorial candidate Carl Paladino says he expects to remove \$14 billion from the state budget over the next two years if elected. Observers say such ambitious plans are hard to deliver.



New York Republican gubernatorial candidate Carl Paladino arrives at the New York State Conservative Party meeting in Colonie, N.Y. on Sept. 29.

(Mike Groll/AP)

By Ron Scherer, Staff writer

posted October 6, 2010 at 7:59 pm EDT

New York —

Forget about Carl Paladino's tough-guy threats to use a baseball bat on the legislature. It's his axe that has some people in Albany worried.

If Mr. Paladino, the Republican candidate for Governor, gets elected, he talks about hacking away at entire agencies, reducing the salaries of every non-union worker by 10 percent, and significantly paring the amount paid to doctors and hospitals. The main word in his vocabulary is "cut."

"I've said I'll cut taxes by 10 percent, cut government by 20 percent, provide our business relief from the onerous taxes and regulations strangling them today – and I'll cut Medicaid by \$20 billion," he said on Tuesday at a breakfast speech at Crain's New York Business.

Paladino is far from alone. In California for example, Meg Whitman is talking about leaner services as well. Other states facing projected budget deficits, such as Arizona, Florida, and Maryland will be watching New York, says Lee Miringoff, political director of the Marist Poll in Poughkeepsie, New York.

"New York often sets the tone for other states," he says. "But, the problems here are not unique; other states are under budget duress."

Paladino's proposals are probably the most severe of any candidate.

"They would decimate the services as we know them," says Elizabeth Lynam, deputy research director of the Citizens Budget Commission, a non-partisan civic organization.

By the time Paladino finishes with his axe, he expects to remove \$14 billion from the state budget over the next two years. He says that would represent 20 percent of the state's 2011-2012 spending for the \$66 billion general fund, which covers such items as Medicaid, the state university system, and local school aid to municipalities. Cuts of this size have never been done to a New York budget, say Albany budget watchers.

At the same time Paladino is cutting Albany down to size, he says he will shop the state's revenues by lowering income taxes by 10 percent and eliminating corporate franchise and capital gains taxes.

But, can it actually be done?

"The devil is in the details," replies Blair Horner, the Albany-based legislative director of the New York Public Interest Research Group (NYPIRG). "It's easy to promise, it's hard to do."

Making it even more difficult for the next governor of the Empire State is that whoever is living in the governor's mansion in 2011 will begin the term with a projected budget deficit of \$8.1 billion.

"By February 1, one month after being sworn in, the governor will have to produce a budget that says how he's going to close that gap," says Ms. Lynam.

It won't be easy because even though the state barely balanced its budget in the latest fiscal year, it also increased spending by 20 percent for the next one.

Paladino says one way he will narrow the budget gap is by reducing "waste and abuse," which he maintains is rife because of the "layers and layers of political fat" built into state agencies.

However, as NYPIRG's Mr. Horner notes, the really big money in the budget is spent on education and Medicaid, the state health fund for the poor. For example, unless something is done, spending for Medicaid will rise \$5.2 billion next year to \$12.4 billion, mostly because the state cannot assume it will get federal help in the next year.

Paladino knows all about the Medicaid problem.

"Clearly, our Medicaid costs are out of control," he says. "It will be a multi-year challenge to unwind this complicated mess."

To control costs, Paladino says he will "revise" reimbursement rates to providers.

Good luck trying that, says Horner. "The providers don't think they are getting too much money, and the doctors lobby is a well-financed political operation. The hospitals are one of the political 'King Kongs' and the unions that work in them are formidable."

Paladino's other solution is to reduce optional services such as dental and eye care services for senior citizens and the poor. But, Lynam says there is not much money in such optional services. "The list of what we offer is not that much different from California, but the real difference is that they (California) pay their providers next to nothing. We don't want to do that."

How the public would react to such cuts in services is not clear.

"If [Paladino] gets elected with a significant majority vote, he will have some political capital to use," says Horner. "Probably, if he's elected it means the public wants big cuts in popular programs."

The last time New York cut its budget and lowered taxes were in the first year of Gov. George Pataki's administration in 1995. At that time, however, the state was recovering from the 1990-1991 recession, says Horner. "Maybe a new governor comes in and the economy takes off."

© The Christian Science Monitor. All Rights Reserved. **Terms** under which this service is provided to you. **Privacy Policy**.