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Lt Gov Ravitch Working on State Borrowing Bail Out Plan



Karen DeWitt (2010-03-09)

ALBANY, NEW YORK (WXXI) -

Lieutenant Governor Richard Ravitch has been quietly presenting a plan to state lawmakers to have New York borrow it's way out of severe multi billion dollars budget shortfalls predicted for the next several years.



Lt Gov Ravitch

The plan, according to legislative leaders who have been briefed on some of the details, would be similar to the bail out of New York City in the 1970's, which Ravitch presided over. It would involve issuing bonds to get the state through the worst of it's financial crunch, and like the 1970's plan, would create an oversight board to control spending in the future.

Governor Paterson, who asked Ravitch to come up with a four year financial plan for the state, was told about the details in a meeting with his Lieutenant Governor. Paterson says he's not completely on board, though, with the concept.

"I won't allow any borrowing that doesn't accompany some restriction on spending," Paterson said.

Paterson says under his understanding, the proposed control board would review each budget, to make sure there was enough revenue coming in to sustain spending. If the plan were to fall short, the governor would be granted new powers to make changes to the spending plan.

"There will be a final decider," said Paterson. "I think this whole idea that you can govern by committee is just not working where fiscal management is concerned."

Paterson appeared with Senate Republican Leader Dean Skelos, following a private budget meeting with GOP Senators. The governor has been visiting various factions in the legislature to talk about how to close this year's \$9 billion dollar deficit. Senator Skelos says he has some concerns with the Ravitch plan, which would include borrowing money for day to day operating expenses.

"There's an opportunity right now that shouldn't be wasted," said Skelos, who recommends spending cuts first, including Medicaid reforms and consolidation of state agencies.

Assembly Speaker Sheldon Silver, the leader of the Assembly Democrats, says he hasn't been fully briefed on the plan, but is open to the concept, even if it means the legislature would give up some its cherished budget making powers. Silver says he also has concerns about borrowing money to pay for day to day expenses, and would want some safeguards built in, calling it "borrowing, with a hammer".

Unlike the governor, though, the Speaker says he is not in favor of a strict spending cap.

Senate Leader John Sampson says Lieutenant Governor Ravitch will be meeting with Senate Democrats to outline the plan, but Senator Sampson says he is "hesitant" about endorsing the borrowing bail out idea right now.

A budget watchdog group is also urging caution. The Citizens Budget Commission's Charles Brecher says New York already has the fourth highest amount of debt per capita in the nation, and according to a commission study, has already borrowed \$20 billion dollars more than what would be considered prudent, and is in a "danger zone".

Brecher says his organization is not completely against the idea of borrowing to bail out the state, but would like to see oversight and protections similar to what was enacted in New York City in the 1970's, which is largely viewed as a success.

"The line is, and I think it's true, that the mayor could go to jail if the City didn't have a balanced budget," Brecher said. "He would be held responsible."

The plan has not been presented in a public forum, and the Lieutenant Governor has refused to offer details, saying he's not completely finished with it.

"I'm working on a plan," Ravitch told reporters. "I'm not going to tell you what the contents are."

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