

A simple guide to cutting the New York budget

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The bad news: The [Wall Street](#) meltdown has opened a gaping hole in the state budget.

The good news: [Gov. Paterson](#) and the Legislature can easily find billions in savings without harming basic services.

[Albany](#) lawmakers have been spending like drunken hedge-fund managers for so long, there's no shortage of obvious ways to economize. Closing a \$1.2 billion deficit this year - and \$6.4 billion next year - may be politically tricky, but it's not brain surgery.

Herewith, a guide to Budget-Cutting for Dummies:

First, do no harm. Forget about launching big, expensive new programs.

This should go without saying. But at a meeting last week on the fiscal crisis, [Assembly Speaker Sheldon Silver](#) didn't name one subtraction from the \$121 billion budget. Yet he did float three costly additions - extending unemployment benefits, helping with home heating bills and rescuing homeowners facing foreclosure.

Also, forget the idea of a millionaire's tax to milk a little extra money from top earners. If we give financial firms another reason to flee the state, Wall Street might never bounce back.

Tame the Medicaid beast. Albany has allowed this health insurance program to grow so bloated that [New York](#) spends as much on Medicaid as California and [Florida combined](#).

Too much money goes toward propping up inefficient institutions, such as hospitals and nursing homes, and not enough funds cost-effective primary care. Lawmakers must make like gardeners and prune away anything that doesn't directly serve patients.

Cash in the law-and-order dividend. Close and consolidate prisons that have emptied out thanks to plunging crime rates. Ditto for underused youth incarceration facilities. The [Citizens Budget Commission](#) estimates that "rightsizing" the correction system could save taxpayers \$410 million a year.

Get real on education spending. Cancel the scheduled \$2 billion increase in school aid, an idealistic goal the state can no longer afford. Just holding education funding at its current level - which happens to be the most generous in the nation - would reduce the deficit by a third. Anyone who complains should be reminded about the \$1.8 billion increase schools got this year, or the \$1.8 billion last year, or the \$1.1 billion the year before that.

Meanwhile, lawmakers should enact Paterson's property tax cap, to ensure school districts tighten their own belts rather than zapping homeowners.

Go cold turkey on pork. Eliminate the pork-barrel slush funds that individual lawmakers dole out to community groups in their districts. Just get rid of them. These giveaways, amounting to \$200 million a year, are an invitation to corruption - ranging from naked vote-buying to outright embezzlement.

Lawmakers should also trim the fat from their own office budgets. [The Empire Center for New York State Policy](#) reports that eight state senators spend more than \$1 million a year each on salaries and office expenses - one reason why the most dysfunctional Legislature in the country is also one of the costliest.

Drive a harder bargain with labor. Paterson should give the public employee unions a choice: Agree to trim excessively generous health and retirement benefits or face the prospect of layoffs. Everyone knows the unions are responsible for millions in overspending - but nobody has the guts to confront them.

End corporate welfare as we know it. Throwing money at profit-making businesses is the wrong way to create jobs and simply can't be justified when you're pinching pennies on education and health care. To improve the economy, make smart investments in infrastructure instead.

Every one of these steps will provoke predictable howls of protest from the special interests that dominate Albany. But if lawmakers don't have the guts to do the right thing now, in the worst financial crisis since the Great Depression, they never will.

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