

## BUDGET BUSTERS

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GOV. Paterson last week offered a menu of more than \$1 billion in savings proposals from which he challenged the legislators to select \$600 million worth when they return to Albany for a special session today.

He's right to press the Legislature, but the state can save even more by eliminating ineffective and wasteful programs - without reducing public services.

The largest savings on Paterson's menu come from reducing Medicaid payment rates to hospitals and nursing homes. It's about time these rates were reduced significantly. New York's Medicaid costs per beneficiary are America's most expensive and 69 percent higher than the national average.

His proposal to cut member items (pork for individual legislators) by 50 percent is more than welcome. It should be cut 100 percent.

A proposal to reduce the growth of local aid by \$250 million admirably intends to spread the pain of cuts broadly but that strategy could hurt valuable programs. Such cuts are unnecessary when there's so much room for cutting ineffective and wasteful spending, by such measures as:

- \* Eliminating economic-development programs. The Empire Zones program should be axed, for annual savings of \$582 million. A 2004 State Comptroller's Office audit found that 23 percent of businesses receiving Empire Zone tax credits actually cut jobs at their companies, while only 30 percent of recipients met or exceeded their job-growth targets. A follow-up audit in 2007 found few improvements.
- \* Scaling back the Centers of Excellence high-tech-promotion program, which is excelling in name only (with funding retained only for the successful center at the State University at Albany). This would save taxpayers \$244 million annually.
- \* Reconfiguring operations at the Department of Correctional Services. New York's prison-inmate population has declined by 9,000 since 1999, yet the state still has almost the same number of staffed beds and facilities as a decade ago. Unneeded facilities should be closed, for annual savings of about \$310 million; successful alternatives to incarceration could save another \$100 million a year.
- \* Reforming Medicaid by closing eligibility loopholes for nursing homes and home care. These have enabled Medicaid to expand beyond serving the poor for whom it was originally intended.
- \* Scaling back health-insurance and retirement packages for state-government workers. Many government workers are now paid more than their private-sector counterparts, making the generous health-insurance and retirement packages developed to attract them no longer justified. While changing the pension benefits of current employees would require an amendment to the state Constitution, pension benefits for new employees can be changed legislatively. The creation of a new "tier" for future employees would address this problem and eventually save \$216 million annually.

Other significant savings could be achieved by: eliminating state aid to the wealthiest school districts (saving \$389 million annually); increasing the work week for state employees to 40 hours a week from the 37.5 hours now required of most state workers (\$227 million); developing a comprehensive capital plan to help provide greater spending discipline (\$96 million by the third year).

Cynics say that, because it's an election year, legislators will avoid doing anything that takes money away from pet projects or programs that employ large numbers of workers in their districts. But the purpose of government isn't to employ civil servants for their own benefit; it's to serve the public effectively.

The governor has started to change the standard by which we judge our elected officials - not by how many taxpayer dollars they bring home to their districts, but by how well they protect the taxpayers and the state's future. We all should keep the pressure on the Legislature by demanding real reforms when it convenes today.

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