

# THE TIMES

## THE CALL

### State of desperation

on 01-23-2008 04:48 BY JIM BARON

PROVIDENCE — Gov. Donald Carcieri made his case for hundreds of millions of dollars in spending reductions across state government directly to taxpayers watching his sixth State of the State address on television Tuesday, literally over the heads of the legislators assembled in the House chamber, recruiting them to lobby the General Assembly on behalf of an array of sketchily outlined programs.

Their reward for doing so?

“No tax increases! If this plan is implemented, your taxes won’t go up,” the governor promised.

But, Carcieri warned, “This plan faces many obstacles. Everyone with something to lose — and there are many — will lobby this Assembly furiously against these spending reductions. If they succeed, this plan will falter and your taxes will go up.

“So, tonight, I call on you — the hardworking Rhode Islander — to make your voice heard,” he urged.

“Your voice must be just as loud as the powerbrokers and special interests that regularly patrol these halls. If you want change, you must be a part of it.”

In contrast to past State of the State speeches that have been filled with sunny optimism, Carcieri this year described Rhode Island as “at a tipping point. It is teetering, ready to move dramatically in one way or another. All of Rhode Island’s virtues, all of its assets, all of Rhode Island’s bright promises are overshadowed and, in fact, threatened by the budget crisis we face.

“If we are not willing to make the hard choices,” said the governor, speaking momentarily to the lawmakers in the room, “then the tipping point will lean to the side of disaster and we will have failed the people who sent us to serve them.”

While he often describes a “ship of state” turning in a positive direction, this time Carcieri described Rhode Island as “a ship today that’s taking on water,” saying that “fundamental and lasting change will quicken the transformation ... to a world-class vessel.”

To tackle what the administration now estimates is a \$550 million deficit between the current year and next, Carcieri said he is proposing budgets that reduce spending by \$300 million, the first time a budget will total less than the previous year since the credit union crisis of the early 1990s.

The reduction, he said, will focus on three areas of state spending: personnel expenses, welfare and social entitlement programs, and aid to cities and towns.

Currently, the governor said, the average state employee earns \$61,000 per year in salary with fringe benefits valued at another \$34,000, (a total of \$95,000) and a 35-hour work week. “

“We must bring the public employees compensation, fringe benefits, and work week back into line with the vast majority of private-sector employees who also happen to be the majority of the taxpayers,” he said.

Carcieri supported a proposal by House Speaker William Murphy to institute 401k plans for some state workers and said he is moving ahead with his plan to cut the state payroll by 1,000 employees.

The second-term Republican said his administration intends to “transform our welfare, human service and entitlement programs ... to preserve a strong safety net for those in need,” particularly “needy children, our

elderly, the poor and people with disabilities.

“Instead of providing our citizens in the greatest need with the support required to optimize their health and safety and gain or retain their independence,” the governor believes, “we instead have a system that perpetuates dependency and strips individuals of their ability to make reasoned and responsible choices about the quality of their lives.”

He proposed a two-year maximum time for families to be on the welfare rolls — it is currently five years — as well as changes to the Medicaid program to keep ailing seniors at home and out of nursing homes.

“We need our cities and towns to undertake the same kinds of personnel, health care, and pension reforms that state government is advancing,” Carcieri contends. “I am proposing legislation that will remove the designation of any specific health care provider from all local contracts. It will allow one umbrella health care contract that would include all state, municipal, and school employees. This will save tens of millions of dollars for property taxpayers by creating competitive bidding by the health insurers.”

The governor hinted at regionalization of school districts, pointing out that, “In Rhode Island, we have 36 school departments overseeing 150,000 students — the County of Fairfax, Virginia, with the same student population has one. One! I have asked RIPEC to evaluate various options, and to project the statewide savings to the taxpayers. This will provide the data we need for real action.”

Asked about the governor’s assertion that if his plan goes through, taxes will not go up, House Majority Leader Gordon Fox, who gave the Democratic response to Carcieri with Senate Majority Leader Teresa Paiva Weed, said “there has to be a second part of the axiom. If this goes forward, your taxes will not go up, but what opportunity will be provided for you and your children.”

Fox reiterated that the Democratic legislature does not intend to raise broad-based taxes such as the income and sales tax, “but I think we have to challenge ourselves to do better and do more than say we won’t raise your taxes. We have to challenge ourselves to say where can government help us to do better and how does that affect our children and our families?”

“People have to take a broad vision in terms of how does government affect their lives,” Fox added.

“Whether it goes from picking up their trash or making sure their streets are plowed on a local level, or if it means there is going to be a school for their to go to and succeed whether there is going to be technological advancements in higher education.”

Fox also attacked a Carcieri proposal to levy a \$50 fine on people using hand-held cell phones while driving.

“While this may have tremendous public safety potential,” he said, “the governor’s numbers do not make sense. His assumption is that over 100,000 Rhode Islanders will be cited for cell phone use within one year. Yes, that means one in 10 Rhode Islanders will have to get a ticket to raise the revenues the governor planned for in his budget.

“I don’t mind having a conversation about cell phones if your goal is public safety,” the majority leaders said, “but to book \$5 million in a budget saying we are going to be citing people for cell phone use, and it is geared toward budget numbers, that raises doubts about what exercise are we dealing with. Is it real or is it phony math?”

Carcieri spokesman Jeff Neal said the administration “has no reason to believe” that the estimate for the revenue the measure would generate would not hold. He did allow, however that, “Since it is entirely new, it is difficult to project. If the General Assembly believes the initiative will garner less or more” revenue, it can make adjustments.

Both in his speech Tuesday and in his supplemental budget released last week, Carcieri attacked a measure passed as part of the budget last June that he says makes it more difficult to privatize services now provided by state workers and state agencies.

“The barriers to competition, such as the anti-privatization statute passed last session, need to be taken down,” Carcieri’s address stated.

“At this point, I am not prepared to go along with that,” Fox said. “That bill, if anyone looks at it, puts in a process. It doesn’t say you shall not privatize. It says if you are going to privatize because the assumption is that you are going to save money, then you have to do your due diligence and provide proof, rather than self-serving letters signed by the director of administration that says this saves money, signed by the director of administration and we never know if it saves money or not.

“I also believe that is an issue the governor is negotiating with the union leadership,” Paiva Weed said, “and some of what we might have heard tonight is posturing for the negotiations.”

House Majority Whip Charlene Lima said she was surprised Carcieri called the measure an anti-reform “because it opens a door to ensure taxpayers are saving money because the governor last year had a horrendous record on wasting approximately \$19 million of taxpayers money,” on outside contractors.

Neal said Carcieri is still hoping to reach a consensus with legislative leaders on amending or eliminating that measure.