

More borrowing is no way out of New York's fiscal disaster

As the sides lined up in the budget debate supposedly taking place at our state Capitol, I was asked to step forward to show support for a budget-balancing proposal put forth by Lt. Gov. Richard Ravitch.

For background, Ravitch last month came out with a five-year plan to stabilize the state's budget. It includes authorizing borrowing as much as \$2 billion a year over the next three years to help close the deficit, but it also outlines some oversight provisions intended to discipline state spending, such as a new financial review board and covenants in any new bonds that would cut off borrowing if state officials did not maintain a balanced budget.

As the CEO of a chamber of commerce, my natural inclination is to seek a compromise, to find common ground between what our elected officials can realistically deliver and what is in the best interests of our businesses and taxpayers. So I agreed to give it some consideration.

Then it hit me: What is there to consider? Agreeing to support this plan is like telling your children, "Do as I say, not as I do," a meaningless dictate designed to provide cover for bad actions.

I understand that the state is desperate to fix its finances, which will require bold action. But I can't see how borrowing more is the right action. Nor do I support giving more borrowing power to a group of people who have repeatedly shown an unwillingness to restrain how they spend



ON BUSINESS

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our tax dollars.

One could argue that the controls Ravitch proposed offer some protection. But that implies trust in our elected officials to actually abide by those restraints, which I don't share.

Our elected officials in Albany have a lengthy track record of ignoring financial reality so as to curry favor with certain constituents.

For example, the Assembly majority leadership already is tinkering with Ravitch's proposal, making changes that would give the Legislature greater power to decide whether the budget is balanced, as well as dropping the idea of bond covenants. Speaker Sheldon Silver's budget bill adds back more than \$600 million in education funding that the governor and Senate had proposed cutting, as well as hundreds of millions of other cuts. Does this sound like a group that you can trust to hold the limit on borrowing and spending?

Even if you don't like cutting education funds, you have to admit that some of the

proposed spending in the state budget is ridiculous, for instance:

- \$778,000 for two trailers to allow for family and conjugal visits at the Five Points Correctional Facility.

- \$500,000 proposed in the Legislature to audit the Metropolitan Transportation Authority, which already is audited by the state comptroller, inspector general, Division of the Budget, fiscal staffs of both houses of the Legislature, New York City Office of Management and Budget, MTA inspector general, MTA audit committee, an MTA public accounting firm, and the state Authorities Budget Office.

- \$5.2 million in the Senate majority's budget proposal for workforce training, with \$4.2 million of that allocated for an AFL-CIO Workforce Development Institute.

New York state government also has a long history of playing shell games with the budget, as highlighted by a recent report from state Comptroller Thomas DiNapoli.

His report said that over the last decade, state government took nearly \$3 billion intended for programs and services such as road repairs and environmental protection and used it to help close budget deficits. In the 2009-10 fiscal year, which ended March 31, the state used about \$6.4 billion in these shifts and temporary loans to help close a nearly \$18 billion deficit.

DiNapoli also said that New York is already paying about \$1 billion a year for debt on bonds used for budget relief. Our

state's debt is three times the national median, and its debt load is expected to increase from \$60 billion to \$67 billion by 2015. Are our quality of life in New York and the services provided by state government really three times better than in the rest of the nation?

New York taxpayers simply can't take any more of this. Just take a look at some of the postings by fans on Unshackle Upstate's Facebook page.

Asked about borrowing an additional \$2 billion, one fan said, "More debt/borrowing is NOT a solution! Use some (un) common sense!" From another: "Albany needs a housecleaning! If I ran my household budget like they run the state budget, we would be living in a box and eating out of garbage cans."

As I said, I promised I'd think about the request to support the Ravitch plan. And I did. It's just that when you really think about it, you realize the only way out of New York's financial mess is to insist on no new taxes, no new borrowing—period.

Unshackle Upstate has put forth a plan to rightsize the budget by 2015, and I'd suggest our elected officials take a look at that. The state needs to end the madness, the reckless spending, and learn—as business owners and taxpayers must do—to live within its means.

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