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## EDITORIAL

**B for Baldacci on Budget**

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The common perception is that Maine state government under Gov. John Baldacci has been guilty of runaway, reckless spending, which is why he and the Legislature perennially face staggering budget shortfalls, but that perception doesn't match reality. An unlikely witness making the case that Baldacci has been diligent in holding the line is the staunchly conservative Cato Institute. The think tank issued its 10th biennial state-by-state gubernatorial report card, and awarded Maine's governor a B.

The Cato Institute analyzed all of the nation's governors as they managed biennial budgets. Those budgets were hamstrung by enormous losses in revenue because of the national recession. With fewer people working and with businesses earning less, states received less in tax payments. Cato gave the lowest grades — seven got an F and 11 were given a D — to the governors who proposed tax hikes and spending increases. Those who tamped down state spending and blocked tax increases were rewarded with good grades.

Baldacci and the Legislature have responded to the tax revenue drought with a steadfast — some might say stubborn — refusal to raise broad-based taxes. They worked hard to make spending cuts — and relied on a gimmick or two — to balance the budget. And they did so knowing that Republican Gov. John McKernan responded to the revenue shortfalls associated with the 1991 recession by raising the sales tax by 1 percent. Gov. Baldacci gets little credit for refusing to back a tax increase.

He also gets little credit for pushing structural changes aimed at achieving savings, such as school administration and correctional facility consolidation. David Farmer, the governor's spokesman, estimates that the Baldacci administration achieved some \$800 million in real spending cuts over the past two years, in the face of a \$1 billion loss in revenue.

The Cato Institute also liked Baldacci's support of a legislative initiative that lowered income tax from 8.5 percent to 6.85 percent, "while broadening the sales tax in a revenue-neutral package." Sadly, that plan was repealed by voters in a referendum put on the ballot by Republicans. "Baldacci has a pretty good record on spending," the Cato Institute concluded. "Proposed spending for fiscal year 2011 will be down about 14 percent from the 2008 fiscal year's peak. In recent years, cuts have been made to health programs, education programs and state worker pay." He failed to win an A for, apparently, supporting hikes in soda and alcohol taxes — also repealed by voters — and some state fees.

The case can be made that Baldacci did not go far enough to reinvent state government. School district consolidation goals might have been more dramatic, agencies and departments might have been pushed together more assertively, and some programs, boards and commissions might have been eliminated altogether. All that work remains for the next governor.

That work must be informed by Baldacci's record and its results, including a good grade from a fiscally conservative group.