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Romney's initiatives: Miracles or gimmickry?

Evaluations say governor did OK

By Seth McLaughlin

2003, **Mitt Romney** immediately instituted emergency spending cuts, raised fees on items such as birth certificates, gun licenses and boat registrations, and closed corporate tax breaks to solve the shortfall.

Along the way, he won support even from Democratic lawmakers who praised the governor for balancing the state's books.

Others were less enthusiastic. They criticized the former **Bain Capital** executive's "austerity" measures as fiscal gimmicks — one-time "revenue grabs" that fixed the immediate deficit but failed to address the state's long-term structural problems.

A closer look at **Mr. Romney's** record, those critics contend, shows the "Massachusetts budget miracle" **Mr. Romney** touts on the campaign trail amounted to little more than tinkering around the edges.

That is not exactly the kind of fundamental reform the **federal government** needs today, they say.

"His characterization on the campaign trail that he was able to balance the budget, and close the deficit through better management and reforms, that is simply not backed up by the facts," said **Michael J. Widmer**, president of the nonpartisan **Massachusetts Taxpayers Foundation**, which regularly challenged aspects of **Mr. Romney's** spending plans. "My overall comment about his approach, when you look at the substance of it, is that he [closed the budget gaps] the same way that governors forever have done it when they are facing fiscal crises, and that is to identify new sources of revenue and places to cut."

The national deficit is a top issue for voters this year, and all sides in Washington say the **bloated federal government** is ripe for a total overhaul — including the tax code and entitlement spending.

On the campaign trail, **Mr. Romney** tells voters to look at his record in Massachusetts, where he balanced the budget every year, as required by state law.

"When I came in, we faced almost a \$3 billion budget gap. There were some that said, 'Why don't we just raise taxes, or why don't we just borrow money?' We actually cut

spending,” **Mr. Romney** said in a campaign ad during the primary. “I balanced the budget every single year, and by the time I left we had established over \$2 billion of a rainy-day fund.”

Along the way, he benefited from an improving economy that pumped more revenue into Massachusetts and other states — and into the **federal government**. During that time, when **George W. Bush** was president, federal deficits dropped from \$412 billion in 2004 to \$160 billion in 2007.

“Massachusetts was floating on the national tide. Whatever good you could discern from the numbers was the result of the national economy, whatever was bad in the numbers was largely the national economy, too,” said **Fred Bayles**, director of the State House Program at Boston University. “He did not come in here and heroically turn the state around. He came in and presided over state government, but any large issues that took place was the decision of the legislature — and quite frankly, there were no exceptional actions taken by the governor or the legislature during **Romney**’s term, with the one exception, and that is the one thing he doesn’t want to take credit for: health care.”

David G. Tuerck, executive director of the fiscally conservative Beacon Hill Institute at Suffolk University, said **Mr. Romney** had little to do with the uptick in state revenue, but deserves credit for maneuvering within the confines set by Democrats, who held a veto-proof majority in the legislature.

“In effect, his high points were more what he tried to do than what he got done,” **Mr. Tuerck** said.

Independent fact-checkers backed up that view. They found that lawmakers overrode more than 700 of **Mr. Romney**’s 800 budget-related vetoes.

Former state **Sen. Brian Lees**, who served as Senate minority leader during **Mr. Romney**’s tenure, said **Gov. Romney** did succeed in pressuring Democrats to swallow cuts they didn’t want and quell any talk of raising the state income or sales taxes.

“He used the bully pulpit very, very effectively by going around the state, saying that, ‘If the legislature decides to raise taxes, I’m going to veto it,’ ” **Mr. Lees** said. “Now Democrats did have the ability to override the veto, but really highlighting that and putting a spotlight on the legislature worked. They knew if they did it, that he’d be back in their home districts talking to editorial boards or giving speeches and pointing out the fact that their member voted to raise taxes. So, members were very skittish about that, and they didn’t.”

Mr. Tuerck summed it up bluntly: “If he hadn’t been governor, we would have gotten more tax increases.”

Mr. Romney took office vowing to make wholesale changes to state government. He arrived at a time when states were feeling the lingering effects of the dot-com collapse, which drained revenues across the country.

Massachusetts, with its large technology sector, was hit particularly hard on the revenue side — and on the other side of the ledger, while it is a medium-sized state, it spent tax dollars like the big ones.

According to figures compiled by the National Association of State Budget Officers, its general fund spending was on par with those of Florida and Pennsylvania and greater than Ohio's during **Mr. Romney's** time in office — though Massachusetts' population was just one-third of Florida's.

In January 2003, **Mr. Romney** faced a \$650 million deficit, or about 3 percent of the state's \$22.25 billion budget.

He scored an early legislative victory by persuading lawmakers to grant him the authority to make \$343 million in emergency spending cuts in aid to localities, health and human services, and higher education.

Mr. Romney also got lawmakers to support a \$2 parking fee at state parks and a host of other small fee increases including for car sales and mortgage registrations. He said didn't violate his vow not to raise taxes, including when he approved an increase in the cost of registering a gun.

In 2004, **Mr. Romney** again faced a deficit well in excess of \$2 billion and introduced a spending blueprint that he called “the most significant restructuring of state government in half a century.”

But budget hawks and Democrats said the Romney administration vastly overstated how much cash could be saved through restructuring, reorganizing or consolidating various state agencies and departments.

Most of the Romney “savings” came from increased fees and one-time “revenue grabs” — including his brainchild of handing over state-owned land to the public employees pension fund in lieu of an annual contribution; a proposal to refinance state debt over a longer period; and his plan to demand \$75 million from neighboring states in exchange for a promise that Massachusetts would not open any casinos.

Lawmakers shot down his one-time fixes and rejected his proposal to have state employees cover 25 percent of their health care premiums, up from 15 percent.

They did, however, agree to abolish the Metropolitan District Commission and transfer its functions to another department, and to consolidate Health and Human Services agencies.

“The gimmicks were not adopted,” the **Massachusetts Taxpayers Foundation’s Mr. Widmer** said. “They did adopt his revenues, and then they had to adopt spending cuts. But they didn’t adopt the reforms, and it was unclear that the reforms would have produced the savings anyway.”

The next two years followed the same pattern.

“Massachusetts has a very strong legislative system, and whenever the governor submits his budget, it is politely accepted by Democratic leadership and then they proceed to write what they want to write,” said **Mr. Bayles**. “They did whatever they wanted.”

Lawmakers embraced **Mr. Romney’s** plans to raise revenues by closing corporate-tax “loopholes” and joined him in passing universal health care.

But lawmakers opposed most of his attempts to streamline government, to slash the state income tax from 5.3 percent to 5 percent and to tweak a state law that makes it nearly impossible to privatize or outsource state services.

Near the end of the one **Romney** term, Stephen Slivinski of the libertarian-leaning Cato Institute gave **Mr. Romney** a “C” in his rankings of the nation’s governors. In his evaluation, he said the governor generally limited more spending, but that **Mr. Romney’s** claim that he met his no-new-taxes vow is “mostly a myth.”

“If you consider the massive costs to taxpayers that his universal health care plan will inflict ... **Romney’s** tenure [was] clearly not a triumph of small-government activism,” Mr. Slivinski said.