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Putting grand plans on hold

Rascovar on Politics | Barry Rascovar

This is not the best season to propose a revolutionary, \$15 billion program for Maryland. Yet that's precisely what a health care coalition did recently.

Nor is it an ideal time to recommend a \$600 million plan that mandates a lot more spending for public colleges and universities in Maryland. Yet a commission is seriously contemplating such a move next week.

They are the latest examples of what happens when good ideas are allowed to run wild. Instead of generating broad-based applause, these proposals have produced chuckles and guffaws from important people in Annapolis.

Folks who must make the tough decisions — the governor and state legislators — understand that hard, cold reality often blocks the implementation of good ideas.

In the case of the "health care for all" proposal, Senate President Mike Miller politely dismissed it as "utopian." It sure is.

The health care coalition is proposing something that would cost more than Maryland's entire general fund budget. It would impose a stiff tax on businesses in the midst of the worst recession in 75 years, forcing many of them file for bankruptcy or let many of their workers go.

It would impose another giant tax increase on smokers. It would raise the price to drink a bottle of beer (for the first time in 37 years) or a shot of whisky (for the first time in 54 years). These steps would be highly controversial and highly unpopular with voters who imbibe or smoke.

The health care plan would create a complicated, untried universal health care system that we're not even sure will work. Yet the funding streams proposed for this ultra-expensive social experiment appear inadequate.

Instead of advancing the incremental steps of recent years that have offered health insurance to many more Marylanders, this plan could set back that goal dramatically. It gives politicians an excuse to do nothing because of the other-worldly price tag, the controversial funding sources and the radical reform being proposed. The idea won't even receive serious consideration.

Chances aren't much better for higher education advocates. Colleges will be targeted for further cutbacks in state aid next year. Massive increases are out of the question when the state faces a deficit well above \$1 billion and perhaps as high as \$2 billion.

Yet the Commission to Develop the Maryland Model for Funding Higher Education is charging ahead on its quixotic mission. It has a wide range of recommendations under consideration, including one to raise Maryland's funding level for public higher education to three-fourths of competitive states. The cost? A mere \$597 million.

Left out of the discussion is where this money would come from. Another tax on businesses? Another tax jolt for smokers? A higher sales tax? It would help if the commission did the responsible thing and identified a funding source.

But that's not the way it works in Maryland, where commissions propose idealistic reforms and leave it to legislators and the governor to do the dirty work of either killing the plan or imposing new taxes they know voters will hate.

The education panel faces a second, high hurdle. Back in 2001, the legislature blindly enacted the

recommendations of the Thornton Commission — a vast funding increase for K-12 public schools, at a cost of \$1.3 billion, without identifying a revenue source. That was a huge mistake. Maryland has been running a giant structural deficit ever since.

Having been burned for embracing this vast school-spending plan without a way to pay for it, legislators are unlikely to fall for that scheme a second time.

An additional problem faces the commission's report. Any move to make increased higher education aid mandatory would tie the hands of future governors struggling to survive economic downturns.

Discretionary spending constitutes only a small portion of the general fund budget. That's making it difficult for Gov. Martin O'Malley to balance next year's budget. Higher education is one of the few discretionary funding areas still available.

This serves as a safety valve for the governor, who knows he has the discretion to reduce spending on colleges and universities, if he must. He also is aware that if colleges can't compensate for this loss of state aid by downsizing, there's always the option of raising fees or tuition.

O'Malley so far has resisted requests for tuition rises, but he might have to relent should the state's economy continue to weaken and tax receipts sink further.

Without the flexibility to reduce state higher education spending, O'Malley would be in a bind. His options would be very limited. He might have to slash aid to the counties by extraordinary amounts. Teacher pensions would become a likely target, too.

The two proposals — one on higher education, the other on health care — lay out bold reforms. Yet in a time of troubling economic upheaval, neither plan appears practical. Big-spending items aren't realistic, particularly when they lack viable or visible funding sources. Besides, O'Malley and lawmakers need to reduce appropriations next year, not increase them.

The public isn't in a mood to tolerate gargantuan, budget-busting proposals that tie the hands of future governors as they grapple with sharp revenue declines. Reformers will have to postpone their grandiose plans for a few years, at the least.

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