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Spitzer's First Numbers

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Today Eliot Spitzer puts numbers behind his ideas in his first budget speech in Albany.

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Of the \$115 billion New York State spends each year, health

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care and education get half. Crafting a budget that does not raise taxes will probably require Governor Spitzer to whack one or the other, if not both. Recent speeches by the governor have made clear that in the fight over state dollars, education is going to win this round.

The losers on the health care front will likely be hospitals, nursing homes, and drug companies, which will see cuts in Medicaid funding. Mr. Spitzer wants to use the savings to improve care and extend subsidized insurance, eventually reaching all of the nearly 3 million in New York who lack coverage. Some of the money might even be plowed into other priorities, like the educational spending he's promised.

Mr. Spitzer is reprising his role as prosecutor, promising to clean up health care in New York the way he cleaned up Wall Street. It's "put the patient first," just as his prosecutions of securities fraud were always framed as an attempt to "put the little-guy investor first." He slammed the state under the previous governor and the system itself for allowing health care in New York to be more about taking care of institutions than taking care of patients.

It's been a long while — if ever — since a high-level politician in New York spoke this way about the health care system. The players in health care are some of the most politically powerful forces in Albany: They make the big campaign contributions and hire the expensive lobbyists. Leaders who challenged them in much smaller ways have been beaten down.

Ask Governor Pataki, whose proposals in some years for freezing the rate of growth in spending or for fairly modest cuts got him painted as tantamount to a baby killer in television ads paid for by the health care lobby. Mr. Pataki got the message, and in 2002, when he faced re-election to a third term, cut a deal with the unions to pump \$3 billion into the system, largely for raises for workers. Mr. Spitzer last week criticized that deal for its lack of accountability.

Given the strength of the health care lobby, this is sure to be one of the biggest fights Mr. Spitzer will take on as governor.

Perhaps some of the savings he hopes to wrest from health care will be spent on education. In a speech

Monday, Mr. Spitzer embraced nearly every education interest group's priorities. He bowed down before universal pre-kindergarten and class-size reduction, the household gods of the educational establishment, and promised significantly more money for schools. But he also called for increasing the charter school cap to 250, allowing 150 new charter schools in New York.

If Mr. Spitzer's school funding approach isn't going to break the bank, then his new proposed formula for state aid to education, must have winners and losers. Mr. Spitzer hasn't said who the losers might be, though he'll have to today.

Under the current system, aid to a majority of school districts is affected by an array of floors and ceilings that are shamelessly manipulated by the Legislature to ensure that no school district loses money. This becomes a political challenge to the new governor: Will he have the political will to force the Legislature to accept a new funding formula, particularly for legislators whose school districts lose money?

Budget reality might acknowledge that the educational impact of both smaller classes and pre-K is negligible in our prosperous suburbs. That every teacher and parent wants smaller classes is clear — just as every parent wants free day care for their preschoolers. But state taxpayers should not pay for class size reduction and pre-K in districts where the impact is debatable and the parents are capable of picking up the tab on their own. State aid for schools should equalize differences in ability to pay, concentrating scarce dollars where they'll do the most good.

If the Spitzer administration is going to avoid a tax increase, this new spending on education must be balanced by cuts elsewhere. So we'll look to hear that in Governor Spitzer's budget.

In both sectors, Mr. Spitzer has promised a new emphasis on accountability. New money to schools will come with strings attached: Schools that get more money from the state will have to sign performance contracts telling the state how they will use the new money to improve student achievement. And the health care sector should expect the Spitzer administration to be a more active regulator than was Governor Pataki's.

The budget released today needs to clearly articulate how new money to education will be allocated and to flesh out those health care savings. Let's hope it steers our tax dollars where they will do the most good. And let's cheer him on as he seeks to improve accountability in both health care and education.

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