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The State A9

A state budget that needs Senate improvement

The notion that it is easy to spend other people's money was proven true last week in the House.

While we had a number of allies such as Reps. Murrell Smith and Ted Pitts fighting with us to do otherwise, more spending prevailed and we are now on a path to increasing spending by more than 10 percent this year — which probably means closer to 13 percent when we finish the state budgeting process. I recommended tying government's growth to population and inflation growth, 5.15 percent, in the executive branch budget.

If you didn't get a 10 percent raise in your paycheck, and therefore don't think state government needs one, you need to make your voice heard before this budget makes its way to the Senate. Here are what I believe to be the fatal flaws in this budget:



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First, it grows state government at a rate far faster than that of South Carolina's economy.

There's been a great deal of spin in the past week about percentages and what does and does not constitute state spending, but at the end of the day the only figure that matters is \$300 million. That's how much more the House budget will spend than what we had proposed.

This increase is not only well beyond the growth of taxpayer's wallets and pocketbooks, it is part of a spending pattern that is anything but conservative by comparative standards.

Our state budget has grown from \$3.8 billion to a proposed \$6.3 billion in the past 10 years, despite significant increases in fees and federal transfers.

We will continue the peak-and-valley approach to budgeting that has led us to overspend in good times and cut into bone in bad.

That means since Republicans took over the General Assembly, they have grown government at a faster rate than Democrats did during the previous 10 years when they were in power.

That means South Carolina will be increasing spending this year faster than New Jersey, where Democrat-led lawmakers were taken to task for increasing spending by 9 percent by *The Wall Street Journal* just last week.

It means we will continue the peak-and-valley approach to budgeting that has led us to overspend in good times and cut into bone in bad.

If our state had not overspent in the late '90s, we wouldn't have gone through the painful cuts of a few years ago. In 1999 and 2000 alone, South Carolina government grew by 11.4 percent and 12.2 percent — a total increase of over \$1 billion and 25 percent. Rational people don't try this at home or business, and I don't believe this up-and-down approach to budgeting is good for the people served by government, people in government, or taxpayers.

Second, if you borrow money from the home cookie jar when times are tough, the first order of business should be returning the money when times get better. Unfortunately, this budget still puts more spending ahead of paying back all the money borrowed from trust and reserve funds.

Although we pushed hard to repay these borrowings when we had the capacity to do so last year

and the year before, we are now in the final year of what former Speaker David Wilkins termed a three-year plan to repay trust funds. I think it is odd that we would have two years of debate on paying back trust funds — with everyone agreeing on the need to do so — and yet when we get to the final year of what is supposedly a three-year plan, some in House leadership suddenly find a new reason we need to spend the money rather than pay back the money we borrowed.

This shouldn't be hard, and I hope the Senate can make this right.

Third, this budget substantially increases annualizations from those proposed in our budget, which is a fancy way of saying it borrows from Peter to pay Paul.

Annualizations are the equivalent of taking out a big mortgage even though you only have the ability to make one year's payment. In this budget, things as wide-ranging as gas for schools buses, beds for mental health patients, and new faculty at universities are treated as one-time expenses. No one really believes we will stop putting gas in the buses next year or stop providing care for mental health patients, but to build a budget on that assumption is to build an unrealistic budget.

In my budget, annualizations were reduced to \$66 million, the lowest level in at least 10 years. The House, though, has proposed annualizations of nearly \$200 million.

The bottom line in all this — whether it's the amount of money spent or the practices employed in spending it — is that this budget can be dramatically improved in the Senate. It is my hope that happens, and the greatest assurance that it might rests in your hands. As taxpayers, now is the time to make your voice heard.

Mr. Sanford is the governor of South Carolina.