



Good ideas for budget cuts

Sunday, April 13, 2008

Faced with a revenue shortfall of \$240 million, legislators should dust off cost-savings ideas from the governor's office, the Legislative Audit Council and the GEAR Commission. Together, they recommend cost savings that would benefit the state and its taxpayers beyond the immediate fiscal problem.

The governor, for example, has recommended eliminating a proposal to provide \$21 million in grants to develop local farmers markets. Charleston's farmers market in Marion Square is an example of a successful market done at nominal public expense.

Gov. Sanford also has called for the elimination of the competitive grants program, more accurately described as a legislative pork barrel, which currently has an \$18.4 million surplus.

The House budget, passed before the financial outlook got even gloomier last week, added another \$3 million to the program. That increase should no longer be on the table, and the Legislature needs to ensure that the much-needed \$18.4 million goes into the general fund.

Gov. Sanford also questioned the continued operation of three base realignment commissions, which cost the state some \$2 million a year. Surely the Charleston commission should be wrapping up its work nearly 20 years after closure of the Navy base.

Further, the governor has urged some badly needed restraints on the costly TERI program for re-employing state retirees. Limiting pay to participants could save the state \$20-\$22 million a year.

The best course would be to eliminate the TERI program altogether and raise state retirement from 28 years to 30 years of service, where it used to be before lawmakers unwisely changed it a few years ago.

The Legislative Audit Council has for years recommended cost savings through the elimination of waste and duplication. It's time, for example, for lawmakers to review the 2003 proposal to consolidate health and human services agencies. That merger would eliminate administrative duplication and enable various offices to use the same computer system to provide better service. Estimated first year savings? \$26 million.

In late 2006, the LAC recommended major changes to the South Carolina Department of Transportation. DOT Secretary H.B. "Buck" Limehouse has managed to save \$27.8 million in less than a year, following LAC guidelines, and making some cost cuts of his own. Similar savings are available elsewhere.

In past years, the LAC has recommended closing superfluous production facilities for SCETV, improving management of state motor vehicles, reducing the use of state aircraft and selling surplus property. Those ideas should be reviewed for their current application.

Like the governor's office, the LAC has repeatedly urged state officials to make better use of travel dollars. Facing a revenue downturn, as predicted by the BEA, the bureaucracy should have an extra incentive to scrutinize any out-of-state travel.

It's probably too much to hope that the Legislature will even consider reducing duplication in higher education, which lawmakers view as an important element of local economies. But any rational observer would conclude that the state has too many campuses, considering its size and relative lack of resources. In his first term, Gov. Sanford recommended closing two campuses, but with no success.

The Government Efficiency and Accountability Review (GEAR) Committee estimated savings of \$500 million in its 2007 report. The panel, largely composed of business executives, was appointed by Gov. Sanford to examine how state government could improve operations and cut costs. It recommended systemic changes in state government, largely to eliminate duplication caused by an absence of executive authority. It cited 53 independent state agencies answerable to state boards and commissions, and not the governor.

The credibility of the GEAR report was enhanced by a finding that a major insurance contract had been awarded to the same company for 19 years without a competitive bid. The governor's office estimated that a competitive contract could have saved the state \$2 million a year. The Budget and Control Board bid the contract late last year.

In short, there are plenty of good ideas for saving money in state government. Some of those proposals would require long overdue restructuring of state government, historically opposed by the Legislature. Some cuts might reduce the amount of pork that legislators are able to direct to projects in their home districts.

Those would be beneficial changes, now and in the future.

Copyright © 1997 - 2007 the Evening Post Publishing Co.