

THE STATE

State budget director has the right reputation

■ Tackles New York's spending problems with a vengeance

By DAVID BAUDER
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ALBANY — Patricia Woodworth relishes her reputation as a

spending hawk who specializes in delivering bad news because, as she says, "I'm good at it."

At a time this summer when most state policymakers were more concerned with beaches than budgets, Gov. George Pataki's budget director seized control of the state's spending plan. She ordered state agencies to prepare budget-cutting plans

and, some Democrats allege, slowed spending to a trickle.

That assertiveness is what many in New York government expected when Pataki hired Woodworth, a 40-year-old former budget director in Michigan and Florida who became known for her toughness in helping other Republican governors cut spending.

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"We're trying to make sure that we manage well, not just let people spend whatever they want and manage however they want. ... We also have a responsibility to the taxpayers to spend no more than is absolutely required," she said.

For a while, it seemed Woodworth had met her match in a New York budget process she described as "almost Byzantine."

Accustomed to her very public role in Michigan, Woodworth took a back seat in the battle over Pataki's first budget. New York's strong leadership system, where virtually all major budget decisions are funnelled through the governor and the leaders of the majorities in the state Assembly and Senate, was something she wasn't used to.

At times she was almost literally brushed aside: Assembly Speaker Sheldon Silver brusquely cut her off in April with a dismissive remark about "staff" when she tried to speak at the only budget negotiating session state leaders dared hold in public.

The budget adopted after a two-month delay firmly moved New York in the direction Pataki promised, with a personal income tax cut and social service spending reductions.

But it was also criticized by state Comptroller H. Carl McCall, a Democrat, for excessive use of one-shot budget balancing actions and gimmicks — just the sort of thing Woodworth, and Pataki, spoke out strongly against. The comptroller is also suing to prevent what he calls a raid on a state pension fund contained in the budget.

While previous budget directors did their hardest work while negotiating a budget with the state Legislature, Woodworth has taken charge since the spending package was finally adopted on June 7.

In August, she spread the word to state agencies that they must spend 3 percent less than they had budgeted for the first three months of the year.

Angry Democrats also contend that Woodworth has held up spending for approved projects. Woodworth said the projects simply are being carefully reviewed.

Agencies were also told to prepare specific plans for further spending cuts, including potential layoffs. The scope of the numbers being kicked around show the plans could have a serious impact on government: In the state Health Department, for example, one manager told his staff to plan for cuts of 10 percent to 20 percent later this fiscal year, and more next year. The state Department of Environmental Conservation has reportedly drafted a plan to close four of its nine regional offices.

One state assemblyman said Woodworth, in ordering cuts at the state and city universities, was usurping the budget authority of the Legislature.

"It was probably planned from the beginning," said Assembly Higher Education Committee Chairman Edward Sullivan, D-Manhattan. "She said, 'I'll let them sign what they (state legislators) want to sign and I'll decide what the budget will be.' It's a kind of arrogance that we have not seen in New York."

It struck at least one Michigan observer as familiar. With Woodworth leading the way, Michigan Gov. John Engler constantly tried to expand the power of the executive in financial decisions, said Susan McParland, staff attorney for Michigan Legal Services, which filed a dozen lawsuits against the government.

"I don't think she has that much regard for the three branches of government," McParland said. "It was easy for her to bulldog her way through stuff."

Senate Majority Leader Joseph Bruno, a Republican who praises Woodworth as tough and knowledgeable, said Democrats are used to a budget being passed in

Albany and forgotten about until next year. They are uncomfortable with Woodworth's role as a full-time spending watchdog, he said.

"That's management," Bruno said. "That's what some of the Democrats don't understand. I don't want to wake up in December and find that no one is minding the store."

Woodworth, whose pleasant demeanor while talking about difficult subjects earned her the Michigan nickname of the "smiling barracuda," takes the criticism in stride. She said it comes because it's her job to say no.

Though many groups and people advocate for increased spending at the Capitol, there are few to speak for the type of people she

said she's concerned about: The middle-aged, taxpaying family wary of state government taking another dollar from their pockets.

"We have to listen very carefully to make sure that we're making our decisions in a compassionate way, but also understand that there are many people in the process who are simply in this process to get more money," she said.

Although Woodworth has plunged headfirst into preparing Pataki's second budget, she questions how long she'll have the stomach for these battles. Woodworth, who once worked for Reagan budget whiz David Stockman, is interested in someday going back to the federal government.

One morning during the budget negotiating process, a rumor swept through the Capitol that Woodworth had quit after arguing with another Pataki aide.

"I was tired. I went home," said Woodworth, who has a commuter marriage with her husband, a Michigan state senator who is also a doctor.

"I think it was wishful thinking on some people's part," she said of the rumors. "This has occurred in every state that I've been in. There have always been rumors, hopeful rumors, about my demise and departure."

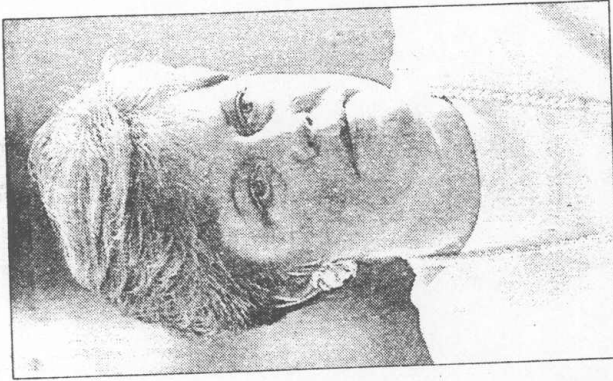
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Q: Does New York state have a budget deficit?

A: No, at least not for now. Both Gov. George Pataki's budget division and state Comptroller H. Carl McCall agree that revenues and expenditures are on target with projections so far and that the 1995-96 budget, which totals something over \$63 billion, is in balance.

Q: So why is everyone concerned?

A: The slowdown in the national economy, and a delay in implementing some of Pataki's cost-saving measures for government, have many people worried the state could still slip into the red between now and the end of its fiscal year on March 31, 1996. Some think a deficit, if there is one, may show up when the state releases its mid-year report on state finances during the first six months of this fiscal year in October.



Patricia Woodworth

That's largely because of lost revenue from tax cuts and one-shot budget actions that saved money this year but won't the next. Pataki's budget division projected the gap at \$1.4 billion the last time it made an accounting in February, and officials there say they do not dispute McCall's more recent estimate.

Q: Is there a projected gap for the state's next fiscal year?

A: Yes. If the state does nothing, state Comptroller H. Carl McCall estimates the state will face a budget gap of at least \$2.7 billion for the fiscal year that begins next April 1.

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State budget Q&A

Q: Is that why the Pataki administration is so worried about money?

A: It's not the only reason. State leaders are deeply concerned about how New York state will be affected by proposals in Congress to dramatically restructure the welfare and Medicaid system. For example, a GOP plan in Congress would freeze federal welfare funding to states and no longer tie federal welfare grants to what states spend. Some say this will remove any incentive for the state to keep benefit levels where they are.

Q: What has Pataki asked his state agencies to do?

A: Look for any way possible to cut spending, including possibly laying off state workers. He says that's what he was elected to do. A public employees union said it has heard reports that agencies were told to cut spending by 7 percent this fiscal year and 22 percent next year.

Q: Why have legislative Democrats been upset about the budget situation?

A: Democratic Assembly leaders say Pataki's budget office has held up funding in recent weeks for a variety of projects, including highway construction, businesses and community agencies. The administration says the projects are simply getting a rigorous review as they go through the proper fiscal channels.

Q: Is there a bigger dispute underlying the bickering?

A: Yes. Democratic legislators contend that Pataki's budget office is making spending decisions about a budget that has already been properly approved by the Legislature and the governor. Such alterations in allocations, they argue, must be made by the Legislature in tandem with the governor and not unilaterally by his budget director.

Q: Will another budget delay occur next spring?

A: Possibly, but Pataki's budget division says it intends to present the governor's proposed spending plan to the Legislature in December this year instead of waiting until late January as has been customary. State leaders say they don't know whether that will guarantee passage of the next state budget by April 1, 1996, but they say it can't hurt.