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The state's crash diet

By J Dwight, *Populist Economics*
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Gov. John Baldacci's administration recently announced budget cuts and reorganizations by effectively saying, "I'm going on a diet. I'm going to order less food!"

Diet and exercise experts across the state (AKA fiscal conservatives), praised the effort as finally getting "serious." But, they noted that it came as a result Maine's economy being unable to provide the selections previously available, not because the governor decided to order less.

It is a move in the right direction, but it is hardly a diet, when it is due to "circumstances beyond our control."

Baldacci also announced, "A continuation of the current strict hiring freeze while ensuring appropriate positions are filled regardless of funding source." I'm confused. Freezing hiring, but still hiring? George Orwell, move over, there is a new "lean" double-speak.

He further claims that, "The number of state employees will be at its lowest level since at least 1983." According to the Bureau of Labor Statistics, the number of state employees in November 2008 was 28,400. In 1983 the number of state employees was 23,900.

You be the judge. Perhaps we need some new auditors, independent of the Blaine House.

The Baldacci administration also announced the elimination of 219 positions - 80 vacant jobs and 139 layoffs. This will "save" about $11 million per year, but it's rumored that this "saving" will pay for raises for state workers this year, and cause other areas of spending to be curtailed further and fees and taxes to go up.

Wage, salary and benefit growth has outstripped private sector growth as well, rising at an average annual rate of 6.7 percent since 1997. State union employees are due for four percent raise this year. Are you going to get one?

Over the last 10 years, the number of state employees has risen 13.2 percent, while the population and non-farm private sector workers has increased by 4.1 percent. If the state had followed the same trend, its employees should number only 26,139, some 2,270 less.

A new report says we actually have 4,497 state employees too many. The report, by J.

Scott Moody of the Maine Heritage Policy Center (on whose advisory panel I serve), also compares compensation and staffing levels among all the states, using their statistics.

It helps us see where the fat is housed in the body of Maine's state government, which is being overfed. The state over-consumes wages and benefits by overpaying employees $245 million, compared to nationwide state employee averages.

The total price for the over-employment and over-compensation combined is "staggering," reports Moody. It is about half-a-billion dollars.

That is about $855 per-non-government worker in Maine per year. This burden puts our workers at a disadvantage to the average U.S. worker. It also reduces their ability to pay debt or save.

The largest area of over-staffing and over-compensation is in the Department of Health and Human Services, primarily from expensive Medicaid and Temporary Aid to Needy Families programs (which in Maine should be re-named to Permanent Aid to Needy Families).

The report goes on to detail that the department is ranked second highest in the nation in over-compensation and over-staffing, compared other state governments.

Several other areas are in the top 10 as over-staffed or over-compensated compared to the nation: Financial administration, health, hospitals, higher education, natural resources and parks and recreation, according to Moody.

The conclusion? Maine's government is overdue for diet and exercise, after gorging on our tax dollars. The economic downturn has hastened the process.

And like an obese person, whose weight can spur more serious health problems, Maine's spending has gotten so big that it hurts the economy, by crowding-out private investment and destroying incentives for individuals to take care of themselves and plan for the future.

Diet and exercise, however, takes commitment and restraint, which are two features Maine's government haven't displayed. The slimming is only coming because the money is running out.

Pushing yourself away from the table is not the same as exercise.
An empty cupboard is not the same as a diet.

And thinning state government only when forced to do so is not the same as exercising fiscal responsibility.

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