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Democrats Think They've Found A Gov. Rell Weak Spot: The Budget Her Proposal Is Recycled From Rowland, They Say

By [TED MANN](#)

Day Staff Writer

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Hartford — Since she assumed office, Gov. M. Jodi Rell has worked hard to disassociate herself, with great success, from her predecessor, John G. Rowland, who was hobbled by a corruption scandal and the flameout of a once-promising career.



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Gov. M. Jodi Rell

So it is with relish bordering on delight that some Democrats have been quick to point out what they see as similar approaches the two Republican governors have taken to balancing the state budget.

Despite her admonition that the state's looming budget deficit requires bold solutions, they say Rell opted for the easy way out in her two-year \$31.2 billion budget. They say her plan to raise money through regressive taxes on gasoline and cigarettes and cutting spending on social services will most affect the state's poorest and neediest people.

“The governor talked a few weeks ago about being bold,” Lt. Gov. Kevin B. Sullivan said in a recent interview. “This is really *old*, and the oldest part of it is the degree to which it heaps tax burden upon tax burden on middle-income families and consumers.”

Rell's proposal adds new co-payments for families on the state's HUSKY plan and postpones a scheduled increase in the property tax credit, he noted, but does not raise the income tax on the state's wealthiest citizens.

“The nice lady that you work for sent us a very mean budget,” Rep. Gail Hamm told Rell's budget chief, Robert Genuario, the day after the governor delivered it to the legislature.

Nancy DiNardo, the new chairwoman of the state Democratic Party, was even less charitable.

“If this is bold and courageous, I'd hate to see timid,” she said after the budget speech. “There isn't a single idea in this budget that wasn't proposed by John Rowland and, in fact, much of it is the same. Call it what you want, dress it up how you want, present it how you want — it is Republican Budgeting 101: protect the wealthy at the expense of everyone else, and stick your head in the sand and hope the problems go away.”

Genuario, the former state senator who took over as secretary of the Office of Policy and Management this year, says that Rell's budget reflects a “straightforward” approach to governing and fiscal stewardship.

Her transportation initiative, he noted, includes not only a commitment to spend money on improving the Metro-North rail line and the state's highways, but also a concrete plan to pay for the improvements with the gas tax revenues and a new surcharge on rail tickets.

“She's not saying, ‘Here's what we've got to do, and we'll figure out how to pay for it when we get there,’” Genuario said in a recent interview.

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Some of Rell's proposals do mirror those of her predecessor.

A little more than one year before Rell called for a sharp increase in the taxes on tobacco, Rowland proposed the same thing. Rowland's tax hike would have been smaller — 54 cents a pack compared to Rell's 74 cents.

Just as Rowland proposed last year, Rell would institute new co-payments for the state's HUSKY health insurance program and would require anyone eligible for the new Medicare prescription drug discount card to draw on those federal benefits first, lightening the burden on the state's ConnPACE program.

But Rell has broken stride with Rowland elsewhere, most notably in her conditional endorsement of a tax on private nursing home operators, which would be used to leverage more federal reimbursement for Medicaid costs.

There are other differences — while Rowland slashed the wholesale tax on gasoline during his tenure, Rell would phase in a six-cent increase to help pay for proposed improvements to Interstate 95 and Metro-North.

While Rowland's budgets had called for the elimination this year of a 25-percent surcharge on the corporate tax, Rell would phase it out slowly, drawing mild concern from organizations like the Connecticut Business & Industry Association.

And while Rowland vowed repeatedly to veto any hikes in the income tax, Rell's public comments have been non-committal, even on Democratic proposals to more steeply tax the income of the state's wealthiest residents.

Nothing, she suggests, is entirely off the table.

Genuario stopped short of criticizing Rowland and former budget chief Marc S. Ryan, but said, "The budgets that were passed, with the exception of the one passed just this past year, were products of administrative and legislative negotiations, and they included some approaches that were not as straightforward and as clear to the public as the approach that Governor Rell takes."

Ryan, the primary architect of those budgets, now works in the private sector in Florida. In a telephone interview, he said he thought Rell's spending plan showed a similar approach to the state's fiscal challenges and social responsibilities, despite some differences with Rowland.

"Both of them have a very core-Republican philosophy about limiting government and limiting tax increases," Ryan said of the two governors. "I do think Governor Rell approaches government somewhat differently, and she's willing to bring sort of a fresh look at certain issues, and I think the provider tax (on nursing homes) is one of them."

••Perhaps the most significant policy change in Rell's spending plan is her embrace of the 6 percent tax on providers of nursing home services, which, combined with new federal reimbursements from Medicaid, should generate almost \$260 million in revenue for the state. That revenue, in turn, would be used to provide a 4 percent increase in Medicaid rates for nursing homes and other caregivers.

It is a funding scheme that Rowland and Ryan explicitly rejected in previous years, and one that Rell's budget team approaches cautiously, not the least because it would require a waiver of the state's spending cap, which is invoked with reverence by Republicans in the legislature and which previous Rowland budgets referred to as "the taxpayers' savior."

While Genuario said the rate increase will only be paid out if the expected federal funds are delivered, Ryan and fiscal conservatives in the legislature wonder what would happen if the federal revenue stream is shut off. The state then would have to choose between cutting back its reimbursement rates or finding a huge new pool of money to pay them.

"I still think that's a worry," Ryan said, but added that he thought Rell was trying "to find a creative solution to the problem."

Some Democrats have had the same reaction, including Rep. Denise Merrill of Mansfield, the new House leader of the Appropriations Committee.

While she has expressed serious reservations about Rell's cuts in services and resistance to altering the income tax, Merrill supports what she calls a more aggressive approach to winning more federal funds for the state.

Despite criticizing Rell repeatedly for failing to attend a meeting of the National Governors Association in Washington to help lobby for greater federal aid, Senate President Donald E. Williams has said he also sees a change in the new administration's approach.

"We missed out on a lot of money" under Rowland, Williams said recently. "I think Governor Rell is showing a more practical approach to getting our fair share of federal funds."

••That sentiment has not extended, however, to Rell's proposed changes in some social service areas, particularly the imposition of co-pays under the HUSKY program, and the elimination of medical coverage for certain non-citizens who are not eligible for Medicaid. Rowland tried similar measures in the past, and, as before, Democrats have vowed to fight them.

Genuario defends the measures, pointing out that Rell has increased funding in other areas, like the budget for the Department of Children and Families. And, he noted, the state still faces a budget shortfall of about \$1.2 billion.

"If we want to provide subsidized coverage for as many people as possible, then we have to do so in a way that spreads that cost," he said.

Under her proposal, a family of four with an annual income up to \$54,000 would face co-pays of \$50 per child covered under HUSKY B, and no more than \$75 a month. For poorer families covered under HUSKY B, that limit is \$50 a month.

"We think that's a reasonable sharing of the cost, and we keep as many people as possible insured that way," Genuario said.

But Democrats have warned that any new upfront costs will deter poor residents from seeking care until they wind up in the state's emergency rooms, at much higher cost to the state.

Advocacy groups like the Connecticut Health Policy Project, meanwhile, have rejected some of the holdover proposals that they also opposed under Rowland, like the premium assistance program.

"The problem is, it doesn't work," said Ellen Andrews, the project's executive director and an assistant professor at Yale University's School of Nursing.

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legislature passed a bill to temporarily extend coverage for some 13,000 adults covered by the HUSKY program through the end of June, at a cost of \$7.5 million. Rell had expressed doubts about the proposal, but signed it into law last week. Many Democrats have said they hope to find a way to continue that coverage in the final budget.

“It's up to the legislature now to push back and say what the priorities ought to be, and say that this should be a fairer budget,” said Sullivan.

And that may be when they learn whether Rell, who has not contested the image of her as the responsible, principled alternative to Rowland, is as much like her predecessor as some have claimed.

After all, Sullivan said recently, “at the end of the day, Governor Rowland was willing to make a deal.” ■

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