

# Opinions

## Martin used basic budgeting



**Watching**  
By Paul T. O'Connor

actually in the bank before deciding where to spend it in the future.

Martin plans a major efficiency study of state government and hopes to save hundred of millions of dollars.

Finally, he didn't try to brighten his revenue forecasts with any pie in the sky promises about economic growth from his supply side economics. He honestly believes his tax cuts will bring rapid growth to the state and thus increase tax revenues. But that is speculative, so he didn't budget on those projections.

Shortly after his election, Martin met with the state's top budget analysts. Their message to him was clear: North Carolina budgets along very cautious and conservative lines and the legislature has gone into that budget in the past four years and cut out all the easy stuff.

By adopting the same budgeting procedures of his predecessors, Martin set the stage for a budget battle that revolves around policy questions and not charges of "voodoo economics."

cautious budget projections and Martin chose to stick with those which Gov. Jim Hunt had used before leaving office. As Martin described it, he chose the "fiscally conservative, traditional econometrics" Hunt and previous governors had used.

Martin also fully funded all employee slots. Charlie Hughes, his issues coordinator during the campaign, has suggested less than full funding as a way of reducing the discretionary funds available to governors. But big industrial states have gotten themselves in trouble this way and Martin decided he wasn't going to try that.

Nor did he try to project budget reversions -- money that will be budgeted but not spent -- in future years. That money will be there, probably to the tune of \$100 million each year, but a cautious budgeter holds that back until it is

Gov. Jim Martin may have proposed radical changes in North Carolina fiscal policy when he formally offered a set of three major tax cuts to the legislature. But in the budget methods Martin used to prove he could cut taxes and still match spending to revenue, he was as traditional as the governors who've come before him.

"There's no voodoo economics in this budget," Martin said as he explained his budget to reporters. He meant that he chose not to employ any of the budget gimmicks which were available to him but which North Carolina's fiscally cautious governments have usually avoided.

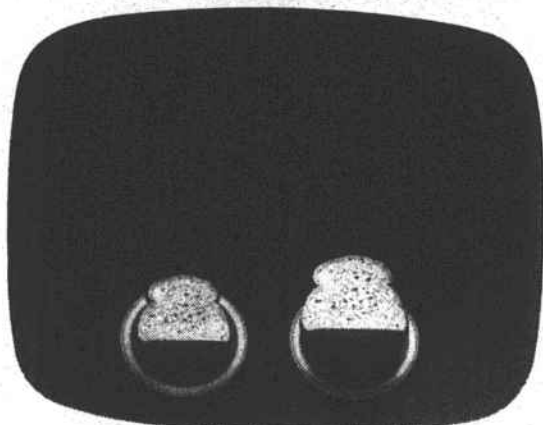
There are at least five gimmicks which Martin could have employed to make his job of projecting a balanced budget easier. All five are well understood in the General Assembly and most certainly would have been quickly rebuffed.

Martin could have jacked up the revenue projections for the approaching years. If he'd said more money was coming in, then he'd have had more to spend on tax cuts and expansion items like education. But the budget has traditionally been drawn on very

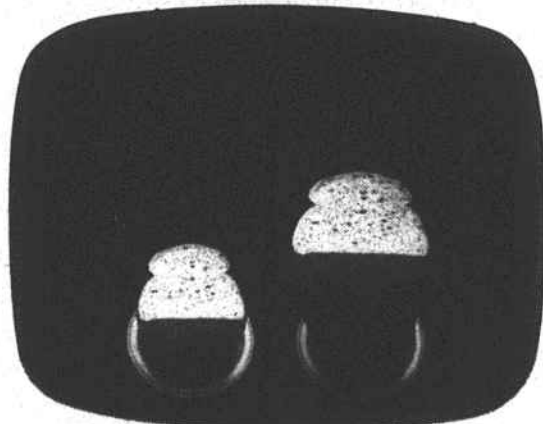


...There go those Democrats, scaring everybody again...

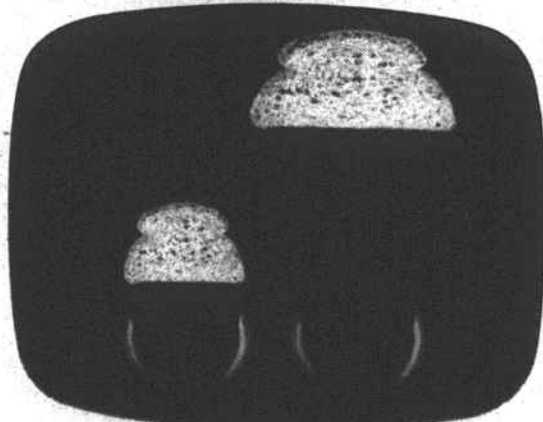
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