JANET HOWELL v ROSIE SCENARIO

By William Nicoson

Reston’s state senator, Janet Howell (D), usually a model of bipartisan gentility, is waging a relentless, no-holds-barred battle against that soothing doyenne of happy days, Rosie Scenario. Senator Howell believes that Governor James S. Gilmore III has recruited Rosie to mislead Restonians and other Virginians into believing that all’s well with the state of the state’s treasury and budget.

That’s our money, of course, and no sneezing matter at $3.7 billion in assets and $191 million in net surplus. From the Governor’s viewpoint, it may justify calling on the persuasive services of Rosie to make us feel good about our money.

Governor Gilmore says that our “state government is in sound financial shape” notwithstanding a revenue shortfall of $52 million in the fiscal year ended last June. He likens that shortfall to one day’s deposits into the state treasury. He points out that, during his term so far, 275,000 new jobs have been created in Virginia, more than the 250,000 promised by him at the outset, with five months left in the term; that in May, Northern Virginia’s job growth was the highest in the nation; and that in June, the statewide unemployment rate was second lowest in the nation.

In a series of speeches, Senator Howell has contested the fiscal year figures. “He cooked the books,” she charges. “He announced that he was going to take the twenty-year stream of revenue from the Tobacco Settlement, sell it at a steep discount, and count the resulting funds as revenue right now.” She also charges that the Governor balanced the budget with $840 million in debt costing “an additional $730 million in interest payments over twenty years.”

Dealing with the insidious Rosie Scenario invariably encourages overheated rhetoric. Books are “cooked” by fraud and hidden transactions, none of which is alleged here. The wisdom of trading long-term debt for ready cash is debatable but may well be prudent as a counter-cyclical measure in hard times. Nor is debt financing with long-term interest obligations either unusual in government nor a gimmick for budget balancing: the resulting asset is balanced by the recorded liability.

Senator Howell is unquestionably correct, however, in branding the last session of the General Assembly as “THE LOST SESSION.” She points out that Northern Virginia lost its cohesive clout; that comity and respect between legislative bodies were shattered; that personal relationships between legislators were destroyed; and that, for the first time in history, the General Assembly and Governor could not agree on a budget. In large part she blames for all this the effort to eliminate the car tax at the expense of educational and other pressing needs of the Commonwealth.

I just paid this year’s car tax and got a break so small I won’t take time to figure out how much it
was. The average break was $51 per family. The Senator’s right that it was inane to shortchange schools and institutions of higher learning in order to redeem a political promise fallen upon hard times. In fact the promise had anticipated deferral in hard times. But “who would remember the fine print?” thought Republican politicos who must have believed retention of their present preeminence was at stake.

So powerful was the political impact of this issue that, after Governor Gilmore’s election in 1997, most Democratic legislators climbed aboard the no-car-tax steamroller. But in THE LOST SESSION they climbed off again, seeking a reduced roll-back in response to pressing budgetary needs. So did some key and valorous Republican senators, resulting in the stalemate.

Better luck next session, Senator Howell. We hope you and fellow legislators of both parties will be able to call it THE WON SESSION.

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