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Dan Carpenter

Taxes, Daniels, denial

What if I were governor and had to decide what to do with \$2 billion?

I could put back \$300 million I cut from education and rehire laid-off teachers.

I could restore the \$300 million the Department of Child Services "voluntarily" returned to the state treasury and address the many areas of suffering where more help cries out to be delivered.

I could treat a whole family of underfed needs. Early childhood education. The 21st Century Scholars program. Food banks, when hundreds of thousands are at risk of hunger. Home health care for the elderly and disabled, which has thousands on the waiting list when it costs a fraction of what taxpayers will expend on nursing homes.

A longer list with all of the above, in fact, comes courtesy of the Indiana Coalition for Human Services, which dares to ask at what price we gained the \$2 billion surplus Gov. Mitch Daniels is proudly declaring — and the \$300 million in taxpayer refunds it triggers.

"We're not blind to the fact some cuts needed to be made," says David Sklar, the coalition's president. "We're open to tough choices. But we question, first of all, going beyond where we needed to go. Was the economic downturn used as an opportunity to shave services?"

"We've been drawn into a false debate and false equivalencies. We cut hunger services, calling that a tough choice. But we also cut the corporate income tax rate by 2 percent and abolished the inheritance tax (which affects only the richest residents).

"We talk about being in a better fiscal state than our neighbors, but most of the burden from this economic climate has been put on the backs of the most vulnerable. Our lost wages are as bad as anywhere in the country. Our poverty rate is as high as anybody's."

The governor makes it simple. He's run a tight ship, and the law says his surplus compels him to delight the taxpayers with \$100 to \$200 a shot. But is this grownup behavior? Won't taxpayers get the bill for education and health care, if not now then later and bigger?

"Building in automatic tax refunds when the state budget surplus hits a particular percentage is inherently corrupting," says John Cardwell of the Indiana Home Care Task Force. "The motivation to give automatic tax refunds is entirely negative and perverse without a tough-as-nails policy in place that requires the executive branch of government to fully meet the needs of citizens that are eligible for services that are defined in law."

That's not likely, even from a legislature that determined there was need for the money Daniels wouldn't spend.

"As long as politicians believe tax refunds help them politically," Cardwell says, "they will continue to issue them even though it is easy to demonstrate an array of harms imposed on people through the denial of public funding for critically needed service."

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