GOLDEN: State audits generally haven’t paid off

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When Republican gubernatorial candidate Lt. Gov. Kim Guadagno announced her property tax relief program, it included a recommendation for a comprehensive audit of state government functions in the hope the study would identify cost savings to partially offset an increase in aid to local school districts.

Her Democratic opponent, former Goldman Sachs executive Phil Murphy, scoffed at the notion that spending reductions produced by an audit would be significant, but rather would fail to make a dent in the estimated $1.5 billion cost of Guadagno’s program.

At the center of Guadagno’s proposals to address the highest average property taxes in the nation — $8,549 and rising — is a cap of 5 percent of household income on the amount paid for local education. The resulting loss to school districts would be covered by state funding under her plan.

There is a long history behind her call for an audit.

In 1970, Gov. William Cahill created the Governor’s Management Study Commission; in 1982, Gov. Tom Kean established the Governor’s Management Improvement Plan, and in 1990, Gov. Jim Florio appointed the Government Management Review Commission.

The titles were similar and their missions identical. Each enjoyed a broad mandate — scrutinize every department, division, agency and office in state government to determine the administrative efficiency of each and identify areas of potential savings.

The commissions were created to move beyond the political campaign shorthand of promising leaner operations by slaying the evil triplets of government — waste, fraud and abuse — and identify specific areas that could be eliminated or scaled back significantly.

They sought answers to fundamental questions: Is there a continued need for a particular office or agency? Is the rationale that led to its creation in the first place still valid? Is an agency or office overstaffed? Is its function still necessary and in the public interest? Where could mergers or consolidations take place and eliminate duplicative services? Are the most effective and economically driven management techniques being applied?

The audit proposed by Guadagno would, presumably, undertake its mission in much the same way.

It is, of course, normal for one candidate to point out and emphasize areas of disagreement with the opposition, but the skepticism expressed by Murphy and other critics is indicative of the mindset of the entrenched political establishment that ongoing government programs either can’t or shouldn‘t be cut without inflicting harm on those they serve.

All such programs build constituencies that can be called upon to defend them and turn back threats to their existence. One need look no further than the public hearings conducted each year by the Legislature’s budget committees, forums dominated by groups and individuals pleading their cases for continued funding at current levels or increasing it.

Lobbyists and private interest groups are much in evidence at the hearings to protect their clients against proposed budget reductions and to offer testimony from beneficiaries of their programs to bolster their case.

Any cost-cutting recommendations that flow from an audit such as Guadagno has proposed will be stoutly opposed and often accompanied by suggestions that the Legislature look elsewhere for spending reductions.

Translated, “look elsewhere” is a cover to express support for the idea of a more austere government if it is someone’s else’s program that absorbs the fiscal blow.

While history has shown that the studies conducted under Cahill, Kean and Florio produced dozens of recommendations across a broad spectrum of government, it also shows that success has been quite modest.

Many legislators, for instance, who publicly clamored for cost savings were equally vocal — in private, of course — on behalf of leaving untouched programs benefiting their districts. Enacting significant portions of the study commission’s reports over political and private interest pressures proved nearly impossible.

Guadagno, facing daunting odds in her quest to succeed Gov. Chris Christie, would confront stiff resistance to carrying out an audit similar to that of her three predecessors.

As governor, it would be within her authority to create a commission by executive order, for instance, but would, in all probability, face a Democratically controlled Legislature with little appetite for accepting any of the commission's findings.

The audit recommendation is but one component of her overall property tax relief program and not intended to generate revenue sufficient to cover its ultimate cost.

There is nothing inherently damaging about the idea of internally scrutinizing government operations and Guadagno should be recognized for opening the discussion.

At the same time, one cannot be optimistic about the outcome. It has crashed on the jagged rocks of political reality in the past and would likely meet the same fate again.

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