

History, Politics, and the Pennsylvania Budget

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June, that most beautiful of months, is associated with some of life's larger pleasures: the beginning of summer, annual vacations, school graduations, Fathers' Day, June brides—and all those lazy, hazy days that crowd in upon it. American poet James Russell Lowell captured the fullness of it all in a single pithy line when he asked: "And what is so rare as a day in June?" Lowell notwithstanding, if you live in Pennsylvania, there is something rarer lately than a day in June and that is a state budget passed in June on time. State law requires the budget to be adopted by June 30. But not once in the six years of the Rendell administration has the budget been passed on time. Last year the annual impasse turned nasty as 24,000 "non-essential" state employees were furloughed and some services curtailed.

To be fair, the Rendell record on passing budgets on time is not singularly awful. Other governors have wrestled with late budgets too. In fact protracted wrangling and belated budgets are something of a state tradition. As recently as 1991, for instance, a budget battle over \$3 billion in new taxes produced an impasse that delayed final passage 35 days after July 1. Still worse were the budget battles of the 1970s and 1980s. These decades witnessed several budget battles, now renowned for high drama, colorful characters, and exasperating moments.

But 1977 was seminal. No other budget episode in modern times could possibly top it. Governor Milton Shapp had proposed a \$5.4 billion budget package. To balance it he suggested that the sales tax be increased from 6 percent to 7 percent. During the course of the debate over a six-month period, 13 different budget proposals were made. Feelings were so bitter in the State House that 20 legislators engaged in a fight on the floor of the House. The final budget vote was not taken until late August, after thousands of state employees had not been paid and welfare checks had ceased to be delivered.

Things only got marginally better the following year, Shapp's final one in office. Shapp used his line-item veto power to axe \$72 million from the budget passed by the legislature only to have it overwhelmingly overridden by the General Assembly, the first time in Pennsylvania history that a line-item veto was overridden.

So Rendell's experience is not unique. Nevertheless his current string of zero for six commands some attention. Other governors, both Democrats and Republicans, have passed budgets on time. So why can't this administration working together with this legislature pass a budget on time?

Partisans will answer this question by aiming invectives at various opportune targets: the governor, the legislature, or maybe the lobbyists who drive much of the process. Yet as attractive targets as any of these may be, they are not the real culprits. For that we must look to the nature of public budgeting itself.

When budgets come hard and late, they do so because there are real political and policy conflicts dividing the electorate as well as the politicians that represent them. Sometimes they are about spending, sometimes about taxes, and sometimes about both. The budget process is designed to surface and resolve those conflicts, but often that's neither prompt nor painless.

For Rendell and the legislature in this current era, the budget has become a long running proxy fight over larger issues Pennsylvanians are struggling with as the state evolves into the 21st century—issues about education, infrastructure investment, energy policy, health care, and much else. In short, Pennsylvania’s perennial budget impasses represent substantive debates about the future of the state in a period of critical transformation.

Happily this year the distance between Rendell and the legislature may be less than meets the eye. Close analysis of three big policy areas: energy, health care, and education, reveals the two are not that far apart.

Energy: Both agree that state policy should depend on government assistance to promote technology initiatives and greening programs. The differences are over the amounts to be spent and the length of time in which the money will be spent.

Health Care: Both agree on extending coverage to folks without health care. Indeed, the Republican Senate plan actually covers more people than Rendell’s plan. Rendell and the legislature differ over how to meet the objective and not the objective itself.

Education: Again there is basic agreement on objectives. Most Republicans are willing to support more funding and reform of the funding formula allocation. The differences on education are mostly about how much to spend and how to pay for it.

It seems clear that the debate between Rendell and the legislature is about means rather than ends. On Rendell’s major agenda items: energy, health care, mass transit, and education, the biggest differences are about how much to spend—not whether to spend at all. Even in the case of funding road and bridge repairs, the argument is about how to fix the particular problem—not whether to fix it. In truth, the legislature seems as eager to spend as the governor does, albeit their priorities differ.

All of this—the debate, the drama, and the history—provides a useful perspective on the current budget impasse. In particular, three points bear consideration.

First, Pennsylvania has a long history of budget fights leading to late budgets. Indeed, the current Rendell era is tame by historical standards. In these earlier tempests, reason eventually prevailed, public policy survived, and state government more or less muddled through. That will happen this time too.

Second, budget impasses are not necessarily bad or to be avoided. Public budgets are decision-making tools designed to establish priorities and resolve discord. They are the political lightning rods that absorb much of the conflict in the American governmental system. When there is deadlock or stalemate, budget battles provide a way to work out the differences that exist among the many competing interests that struggle over budget priorities. That working out process can be hard to endure, but impossible to avoid.

Finally, it seems likely that this year’s budget fight will neither last long nor long be remembered. Much less divides Rendell and the legislature than unites them. Moreover, it is an election year when the entire House and half the Senate must face voters for re-election. Most incumbent legislators would rather live to fight another day. A quick budget deal ensures most of them will.

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