

A Different Budget

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by Dr. G. Terry Madonna and Dr. Michael Young

It's different. Almost everyone agrees about that. Pennsylvania's perennially late and politically outrageous budget process isn't like the previous six perennially late and politically outrageous budget processes that preceded it. And that difference matters.

True, the projected deficit is larger than the earlier standoffs. And it's happening during dire economic times. Demand for state spending is increasing at exactly the time state revenues are decreasing. Moreover, budget stand-offs have become such an old, old story that the public, as well as many politicians, are approaching terminal weariness with it all.

But those aspects of it - frustrating though they may be - explain little about what makes the budget impasse so different this year. What's different this year is that ominous, almost palpable feeling that a genuine crisis now exists.

This year there will be little gratuitous political theater staged merely to amuse or confuse varied and sundry constituency groups. This year there will be fewer of the shrill, but empty threats traditionally made about shutting government down, gutting programs, or cutting state jobs. This year no one has to cry wolf because the wolf is really coming.

This year we will see no wink and nod among ancient political adversaries who know the script all too well. Who know that eventually legislative leaders will join the governor to announce that the crisis has been solved, the Commonwealth saved, and all good Pennsylvanians across the state can get on with their lives. Harrisburg has it all under control again.

Not this time. This one's for real. No one knows for sure how it will all end - much less when it will end. Some very responsible state analysts are predicting August or September at the earliest. Others believe it may be the fall or even later. So far negotiations have apparently not come close to resolving the fundamental budget and tax issues.

The normal pressures to settle have been muted. State employees do face temporary payless paydays beginning around the middle of July, but they ultimately will be paid, and most programs will continue at least for now.

Meanwhile, Governor Rendell is showing clear signs of hunkering down and tucking himself in for a long siege. State legislators, especially the Republicans, are behaving similarly, signaling little inclination to compromise or seek a consensus budget. Most recently the threat of job losses or layoffs has been made. Almost everyone expects the worse and when the worse is expected it generally shows up.

If the worse does indeed happen, the impact on state government, on state employees, on state programs, and on ordinary Pennsylvanians might well be disastrous. It would rival, if not exceed, any recessionary budget crisis in modern state history - including the protracted 1991 budget deliberations that took the state into

August without a budget, and the crisis of the early 1970s when Governor Milton Shapp had to twice achieve passage of a state income tax to rescue the state from fiscal disaster.

But why is this budget crisis so different from the previous six years? Those years also saw divisive issues, competing proposals, and political points to score. In those years, there were also political egos involved, as well as ideological and interest groups pushing for their particular programs. And those years also wrestled with built-in institutional conflicts between a politically divided legislature and the governor.

To understand why this year is different one has to go back to 2005 and the notorious pay hike heist orchestrated by legislative leaders. This legislation, enacted in the wee hours of the night, inflamed public opinion as few incidents have in recent years. That pay hike was eventually rescinded, but not before it engendered a firestorm of protest that caused many state legislators to retire and led to the electoral defeat of others.

When the dust finally cleared after the 2006 elections, 54 new legislators, both Democrat and Republican, had been elected to the legislature. A substantial number of them pledged to slow state spending and defeat not only future pay raises but future tax proposals as well. They and others elected in 2008 have profoundly changed the culture of the General Assembly, notably producing a far more ideologically divided and polarized legislature than earlier existed.

This is not simply a Republican Senate defying a Democratic governor. In the state House at least 20 mostly rural and western Democrats are now in the newly formed Blue Dog Caucus. Many of them like the majority of their Republican colleagues have taken the no income tax hike pledge. In the Senate the new Republican leadership, ushered into power by the pay hike revolt, leads a caucus fiercely opposed to the Rendell budget and income tax proposals. In fact, any major retreat from their positions would cause a major crisis within the Republican Party and with its supporters.

In past budget debates, Senate leaders had been full accomplices in the spending and tax deals used to balance budgets. In return for their full share of the spending largess they put up the tax votes when necessary. In today's altered political culture, these old practices for resolving budget crises seem unworkable.

Consequently, in mid-2009 the unanticipated changes wrought by the 2005 pay grab are still playing themselves out in the current budget battle. The state legislature has evolved into the immovable object confronting Rendell, the irresistible force.

Physics assures us that an immovable object can't meet an irresistible force. Something has to give. Politics, however, isn't so convinced. In any event, Rendell's legislative opponents are sure it won't be them to weaken first, while Rendell is equally confident it won't be him.

Physics and politics are going to duke this one out. In the meantime the rest of us are being left in the middle of a brutal battle unlikely to end soon or soon be forgotten.

*Politically Uncorrected*TM is published twice monthly. Dr. G. Terry Madonna is a Professor of Public Affairs at Franklin & Marshall College, and Dr. Michael Young is a former Professor of Politics and Public Affairs at

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