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## As budget deadline looms again, optimism remains for quick compromise



SAM JANESCH | Staff Writer Jun 20, 2016



Pennsylvania Gov. Tom Wolf speaks during a news conference at the state Capitol, Tuesday, June 30, 2015, in Harrisburg, Pa. James Robinson

Less than two weeks before the budget deadline, cautious optimism is the mood in Pennsylvania's state Capitol.

That's because lawmakers want to put behind a year of historic political stalemate, of finger-pointing and diminishing bank accounts for schools and government agencies who help the neediest Pennsylvanians.

A year nobody wants to repeat.



“It was a mess. It was a tremendous waste of time. It was a tremendous waste of money for many school districts, too,” said Kyle Kopko, associate professor of political science at Elizabethtown College. “I think people on both sides of the political aisle are cognizant of that.”

Now, as the June 30 fiscal deadline creeps up once again, political analysts like Kopko and lawmakers themselves acknowledge the damage last year’s nine-month state budget impasse left behind.

And unlike the gloomy forecast one year ago — when most pundits correctly expected months of negotiations — optimism remains high in the state Capitol that, in a pivotal election year, Pennsylvania’s state government can learn from its mistakes.

## A budget compromise on time?

Less than three hours before the June 30 midnight deadline last year, first-term Democratic Gov. Tom Wolf swiftly rejected a Republican-proposed spending plan that fell far short of his ambitious wishes.

It would set up nearly nine months of meetings, proposals, vetos and angry press conferences until Wolf let the GOP budget go into law without his signature.

“Nobody wants to go through what we did last year,” Wolf’s spokesman Jeff Sheridan said. “I think everyone is committed to working together.”

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And signs of bipartisan work for the last couple months may point to a sincere “working together” attitude, Sheridan and others argue.

Kopko said that while he’s not holding his breath for the budget, he’s “cautiously optimistic” because of the agreements in recent weeks on bills that will bring some liquor law changes and (still not finalized) pension reforms — both of which were major parts of negotiations at times last year.

Sheridan also pointed to the new medical marijuana law and the final approval of an education funding formula that more fairly hands out state appropriations.

Franklin & Marshall College’s G. Terry Madonna said it shows “a renewed sense that they can’t do what they did last year.”

“They realized after what they went through last year that nothing is to be gained by doing it again, in fiscal terms and the politics of it,” said Madonna, a longtime Pennsylvania politics observer.

In fiscal terms, a quick compromise could mean preventing schools from borrowing money and threatening to close, again. In political terms, it could mean preventing the ousting of state lawmakers in a year when all state House members and half of the Senate is up for reelection.

Madonna said it's "conceivable" they'll meet the deadline this time around, but it would be "stunning" if not by mid-July — when the Democratic and Republican national conventions will occur in Philadelphia and Cleveland, respectively.

"The optics of that won't look too good," Madonna said of the possibility that lawmakers attend the conventions without having completed a budget.

## Concessions to come

But to get to a speedy compromise budget, not everyone will be pleased with the outcome, Madonna said.

Madonna expects a similar final budget compared to the one that became official this year — one that increases education funding by \$100 million to \$200 million (Wolf proposed \$200 million more for basic education), and one that is also absent of Wolf's desired income and sales tax hikes or tax on natural gas drilling (because price of gas remains low).

Lancaster city's Rep. Mike Sturla, a Democrat who is involved in the negotiations with House leaders, had a similar expectation.

He said the governor may settle for a budget that provides up to \$200 million more for education, and partially addressing \$600 million of a roughly \$2 billion budget deficit that will continue to grow without new revenue.

"I think there's a sense we're all going to hold hands and sing Kumbaya and go home and declare victory," Sturla said. "[Republicans] will be happy saying we didn't raise taxes again ... the governor can say we didn't at least increase the structural deficit."

House Majority Whip Rep. Bryan Cutler, R-Peach Bottom, also said he was hopeful, pointing to the amount of time they've negotiated the same issues as a reason for compromising now.

"It's actually compromise flowing over from last year, in my opinion," Cutler said. "The discussion started 18 months ago ... We're now seeing the fruits of a long time of labor."

## Undecided details

That labor will continue this week, as House members return to the Capitol on Monday and senators return Wednesday, planning to work through next weekend, for the final push before the deadline.

Sen. Ryan Aument, R-Landisville, said a GOP budget could be proposed by Tuesday in the House and passed on to the Senate as early as Wednesday.

What that spending plan will look like is still up for debate.

Wolf's proposed 2016-17 budget called for a \$2.7 billion in new tax revenues, partially by expanding sales taxes to cable television and movie tickets, among other things, and increasing the state income tax from 3.07 percent to 3.4 percent. New taxes on natural gas drilling and cigarettes were included.

Lawmakers interviewed for this story said Republicans may be open to the increased tax on cigarettes and new tax on smokeless tobacco, along with new revenue from regulating online gambling and expanded locations for gambling terminals.

“I’m not enthusiastic about an expansion of gaming,” said Aument, who has remained against the proposal that almost all Republican lawmakers from Lancaster County have voted against.

Wolf’s other taxes will likely be left on the table.

“There will be no income or sales tax hikes,” Madonna said. “They haven’t done that in an election year in 40 years ... Why should they do that now?”

Those details could also change dramatically within just a few days, experts argue. What may stay the same, they hope, is the tone of the conversation.

Lawmakers aren’t “negotiating on the front page of the newspaper,” Sturla said.



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