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July 26, 2017

Allegheny Institute Op-Ed

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530 words

### **No Pa. budget but spending continues**

**By Colin McNickle**

One would think that the lack of a state budget in Pennsylvania would mean that most of the commonwealth would be shut down. Think again, say scholars at the Allegheny Institute for Public Policy.

“Indeed all state government employees are still showing up for work each day and getting paid while accruing benefits,” note Jake Haulk, president of the Pittsburgh think tank, and Eric Montarti, a senior policy analyst there.

Pennsylvania’s general fund budget was not approved by the July 1 beginning of the 2017-18 fiscal year. But that didn’t stop spending; the Legislature’s new spending went into effect on July 11. It did so without the governor’s signature.

“Because the legislation to provide the revenue to cover the spending has not been passed, the budget is unbalanced and, as a result, does not comply with the Pennsylvania Constitution’s language in Article VIII, Section 13,” the researchers say (*in Policy Brief Vol. 17, No. 30*).”

Which is why budget negotiations continue. But under what warrant does state government keep functioning?

First, Haulk and Montarti cite a 2009 Pennsylvania Supreme Court ruling that requires employees covered by the Federal Fair Labor Standards Act to be paid.

Then there’s a legal memorandum from the state Treasurer’s office allowing for “budgetary impasse payment authority.” It allows the commonwealth to bypass another state constitutional provision --Article III, Section 24 -- that bars money being paid out of the Treasury unless there is a legislative appropriation of money.

If an expenditure request is submitted to Treasury that deals with a prior-year appropriation – or for a mandated function not controlled by the general fund budget process (think off-budget state- or federal-directed spending or spending necessary to maintain public health, safety and welfare pursuant to police

powers), the state treasurer can, sans an appropriation, disburse public dollars, the Allegheny Institute researchers note.

“Obviously, since state government departments are still operating at full strength, either they have proved they are necessary to public health, safety or welfare ... or the treasurer’s memorandum is being ignored,” Haulk and Montarti say.

But, they add, the real question is not whether spending is continuing unabated for state departments. “Instead, the questions are, one, has there been either a hiring freeze or an order not to increase payrolls? And, two, are the wage increases contained in collective bargaining agreements being paid?

“If so, are monthly departmental expenditures running ahead of last fiscal year’s levels?”

All of this leads to an all-important question:

“What pressure is there on the governor and the Legislature to get a budget done on time?” the think tank scholars ask. “Except for school and some agency funding that is not being addressed in a timely manner, the state government just goes blithely on its way for weeks and months with no budget.

“Is that a way to run a state?” Haulk and Montarti ask. “Apparently it is.” However, “Where there is no pain being felt from government inaction, there is no incentive to get moving.”

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*Colin McNickle is a senior fellow and media specialist at the Allegheny Institute for Public Policy ([cmcnickle@alleghenyinstitute.org](mailto:cmcnickle@alleghenyinstitute.org)).*

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: <a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></p>
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