



GOP Guvs With '16 Ambitions Hamstrung By Budget Crises Of Own Making

Tierney Sneed

May 22, 2015

All four of the GOP governors with 2016 ambitions are facing budget shortfalls back home that their critics would argue are disasters of their own doing. It puts them in a politically difficult position: consider taxes increases that put their fiscal conservative credentials on the line, or move forward with ugly cuts that risk high-profile showdowns with their legislative counterparts.

Complicating matters, three of the four -- Louisiana's Bobby Jindal, Wisconsin's Scott Walker and Ohio's John Kasich -- have signed the anti-tax pledge heralded by conservative activist Grover Norquist, while New Jersey's Chris Christie has verbally promised to not raise taxes. That limits their options to address revenues that have fallen short of expectations.

"Post-Tea Party there are new requirements for being a successful candidate if you're a Republican," Norquist told TPM. "And that includes reining spending more than some are willing to do."

Norquist's [pledge](#) stipulates that politician will not raise income taxes, and that if they reduce tax deductions elsewhere, those tax deductions must be offset but other tax cuts.

The timing is bad for the governors' political prospects. The state budget season runs into late June and early July, just as the presidential primary season is heating up. Meanwhile, statehouses that were more willing to cooperate with tax cuts and budget slashing in the past are less willing to give in this time around, as their fiscal situations become more dire.

"Going forward, all of the low hanging fruit is gone," said Vladimir Kogan, a professor of political science at the Ohio State University. "The trade-offs are a little more painful and that's why you are seeing some of the political pushback now."

Norquist said the fight is worth it.

"If you're more tax cutting, and more spending restraint than other people, it would get in the way of passing [a budget] five years ago," he said. "But now the conversation, the debate, the public discussion is only helpful"

But success on a national stage breeds discontent at home:

“It opens you up to the criticisms,” said Robert Hogan, a professor of political science at Louisiana State University. “Who’s running this state? Grover Norquist or Bobby Jindal?”

BOBBY JINDAL

Jindal may have earned conservative accolades and [a solid “B” grade](#) in the libertarian Cato Institute's annual report. But his agenda of cutting taxes six times -- one of which was the largest income tax cut in state history -- has culminated in a \$1.6 billion budget shortfall (which Jindal blames on declines in oil revenues). Jindal’s solution is to cut up to some \$600 million from higher education -- or 82 percent of state funding, [according to school officials](#) -- in addition to [proposed cuts](#) to state healthcare programs, rather than consider a tax increase to close the gap.

Jindal's efforts are drawing pushback even from members of his own party -- including U.S. Sen. David Vitter (R-La.) who [called Jindal’s fiscal policy](#) “broken” -- and lawmakers in the statehouse [are pushing budget](#) legislation that would increase taxes on cigarettes while scaling back other tax breaks, despite Jindal’s objections to any tax hikes that would amount to new net revenue.

“He is unwilling to go along with any sort of proposal that would be viewed as a tax increase,” LSU's Hogan said. “That is the sticking point here. How are you going to raise revenue if you are not going to raise taxes and can you cut any more spending in a budget that has been, in the last 5 or 6 years, cut every year?”

SCOTT WALKER

Walker has become a conservative mascot for his willingness to take on unions. But like Jindal’s economic strategy, Walker’s [\\$541 million in tax cuts](#) last year had not produced the economic growth Republicans in the state had hoped would have offset that loss in revenue.

His state now faces a projected \$2 billion budget gap, to which Walker has responded with his most austere budget yet. His proposal would cut \$300 million from higher education, and also includes slashes to social services and K-12 education. It also includes some tax increases, often in the form of “fees.” Yet Walker’s budget also maintains big industry tax breaks and [\\$220 million in debt coverage](#) for a Milwaukee Bucks basketball arena.

According to University of Wisconsin-Madison political science professor Barry Burden, Walker is focusing his cuts on places that appeal to small government advocates, such as [deep cuts to public broadcasting](#) and [the entirety of the state park](#) budget, but won’t do much to balance ledgers.

“A lot of this is symbolic rather than a sincere policy interest to make the state a better place,” Burden said. “This is an appeal to conservatives who are active in the nomination process.”

Democrats are fighting the budget-slashing tooth and nail, and even Republicans are [scaling back](#) some of Walker's proposed cuts.

Given the bumpy road ahead, it's not surprising [Walker has said](#) he will wait until after the budget is signed to announce a potential presidential run.

CHRIS CHRISTIE

Chris Christie's calling card is that he has been able to pursue a tough, no-tax-hike economic agenda while working with a Democratic legislature in a blue state. However, Christie's plunging popularity -- in part due to scandals like Bridgegate -- has changed the dynamics of his relationship with the statehouse, where the Senate president is thought to be eyeing the governorship. Now Democrats appear ready to make some demands in this year's budget.

"As he faces a significant budget shortfall, there is the possibility that the Democrats will essentially go to war with the Christie administration and shut down state government," said Brigid Harrison, political science professor at Montclair State University. Democratic state lawmakers were willing to shut down the government in 2006 over a budget showdown with Jon Corzine, a governor from their own party.

Christie's main problem is the state's pension fund, where his \$1.57 billion in cuts have been struck down by a Superior Court judge. To make up for the shortfall, Democrats [want to raise taxes](#) on high-income earners, while Christie continues to vow no new taxes.

"If you're Chris Christie and you're fighting the Democrats over their desire to spend more money and raise taxes, that only helps you as a national candidate," Norquist said.

But if a compromise can't be reached, it could also be another nail in the coffin of Christie's diminished presidential dreams.

"This gives both conservatives and moderate opponents in the GOP primary field enormous fodder -- if he can't handle New Jersey's economy how can he handle the country's economy?" Harrison said.

JOHN KASICH

Unlike his Republican rivals, Kasich is catching flack from the right for his approach to the state budget. The Cato Institute gave him [a "D"](#) on its most recent report, as they say he took the wrong approach, despite his cuts to income taxes, as spending also increased.

His [latest proposal](#) would make up for expected shortfalls due to previous income tax breaks by raising sales taxes, and taxes on cigarettes and fracking.

"The legislature doesn't think it's a good idea to do the tax increase, nor do I. I don't know why he wants to do that," Norquist said, though since Kasich's proposal is overall revenue neutral, Norquist said it does not break the pledge.

Republicans in the statehouse have rejected the cigarette and fracking tax, and even the local [Chamber of Commerce groups are pushing back](#) on Kasich's attempt to shift the burden from income taxes to sale taxes.

“The idea income taxes are evil and consumption taxes are good is almost a religion among a lot of these conservative activists,” OSU's Kogan said. “The governor is running for president and as part of that he is pursuing very, very orthodox conservative policies that will appeal to conservative activists.”

State lawmakers so far are bucking this approach. The [House has nixed](#) the governor's sales tax increases and other proposed tax hikes, while passing a budget that shrinks top income tax rates and increases education spending. The [state Senate](#), however, has signaled it plans to take the budget in yet another direction.