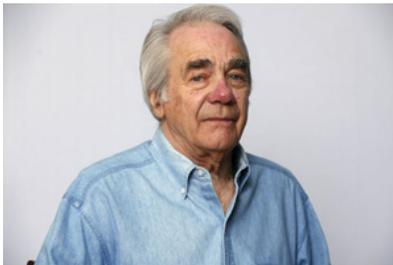


OPINION: GOVERNOR DOESN'T EVEN GET HALF A LOAF AS SWEENEY TAKES THE CAKE

CARL GOLDEN | JULY 3, 2018

Legislative power has been reasserted after budget struggle. It's difficult to see how Gov. Murphy can maneuver around emboldened Senate President



Carl Golden

When Gov. Phil Murphy entered into negotiations with the legislative leadership over his proposed budget, his goal was to win the whole loaf. When Senate President Steve Sweeney (D-Gloucester) and Assembly Speaker Craig Coughlin (D-Middlesex), backed by their unified caucuses, stoutly opposed the governor's recommended tax increases, Murphy lowered expectations to securing half a loaf.

In the end, he came away with a slice.

In the eleventh-hour deal struck by the three men, Murphy abandoned his demand to restore the sales tax to seven per cent; agreed to a four-year increase in the corporate tax rate, even though a few days earlier he'd rejected the idea as damaging to business retention, development and economic growth; gutted his millionaires tax proposal to a point where the increase applies to fewer than 2,000 taxpayers; accepted dramatic revisions in the formula for state aid to education – a Sweeney favorite; agreed to an increase of \$150 million in the Homestead rebate program – a Coughlin favorite; consented to a tax amnesty program – another Coughlin favorite; and his \$50 million down payment for tuition-free county colleges was cut in half.

Gone was the rhetoric about fiscal gimmickry, one-shot revenue sources, kicking the can down the road, and comparisons to the budget practices of his predecessor.

Despite signs that the wall of unity in their caucuses was beginning to crumble, Sweeney and Coughlin managed to hold their memberships together by convincing them that the governor would bear the lion's share of the responsibility for a government shutdown and that he was worried about the embarrassment of an override – quite possibly with Republican help – if he vetoed the Legislature's budget. The continued standoff also undermined the governor's message that under one-party control, government would function more smoothly and to the benefit of all.

Murphy played a weakened hand

These concerns drove Murphy to the negotiating table with a weakened hand. Time was running out rapidly and he could not rely on a legislative mutiny against their leadership and in his favor.

Recognizing that his options had narrowed and that he was unable to convince Sweeney and Coughlin to budge, Murphy threw in the towel.

No amount of post-agreement commentary about shared priorities and meeting the state's urgent needs could mask the reality that Murphy conceded far more than he secured.

Nor could it distract from the overarching political dynamic, one that re-established the Legislature as a power center to be dealt with on an equal footing. The reassertion of legislative power drove the confrontation as much as the differences in policy.

Sweeney was out to prove that he possessed as much juice as JCP&L and that his didn't fail for days at a time in a storm. He's established himself as the most consequential Senate President since Somerset County's Ray Bateman in the 1970's.

Sweeney, master of political dark arts?

The political cognoscenti largely agree that in Sweeney, Murphy faced an adversary infinitely more skilled in political dark arts and that the governor's lack of experience and naivete led inevitably to his near capitulation.

His failure to embark on a campaign-like swing throughout the state to sell his tax and budget plan to taxpayers and voters was a glaring shortcoming.

As the days dwindled down and a government shutdown inched closer, the governor enlisted the aid of interest groups who'd supported him to issue statements and place commentary pieces in newspapers and on websites urging approval of his budget.

At one point, he convinced former Vice President Al Gore and former Vermont Gov. Howard Dean to affix their names to supportive commentaries, even though their knowledge of New Jersey's fiscal condition was nonexistent. They drew little attention.

Too little, too late

It was too little, too late. All were unpersuasive and went largely ignored, swept aside by increasingly rancorous exchanges between the Senate President and the governor.

Sweeney compared Murphy to President Trump at one point while Murphy accused Sweeney of channeling his inner Chris Christie.

It will be difficult for both to put all that aside and store their snark away for the next three and one-half years.

Sweeney has been strengthened and emboldened by the favorable outcome of the budget negotiations and will most certainly use his considerable clout as Murphy attempts to move the remainder of his agenda forward.

Sweeney is the definition of a well-balanced Irish pol – he has a chip on both shoulders.

While this year's budget contest has concluded, in a few months the administration's number crunchers and bean counters will begin crunching and counting in preparation for the fiscal 2020 spending plan.

Any further recommendation by the governor for a tax increase is highly problematic. The Assembly contests will lead the ballot next year and, despite Democrats holding a decided edge because of the legislative district map, neither the party's incumbents nor challengers look forward to running in defense of higher taxes.

Murphy's agenda may not be dead in the water, but it's certainly drifting aimlessly. It may not come ashore until 2021.

Carl Golden is a senior contributing analyst with the William J. Hughes Center for Public Policy at Stockton University.

