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John Lynch's Bananas and John Stephen's Apples- Two Economic Views

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Teaser:

In the gubernatorial election this fall, one key question is whether Governor John Lynch is a good fiscal manager. Depending on who you talk to he's either steered the state with a steady hand, or crashed New Hampshire onto the financial rocks.

Synopsis:

In the gubernatorial election this fall, one key question voters will likely consider is whether Governor John Lynch is a good fiscal manager.

Republicans argue he's overseen out-of-control state spending at a time when New Hampshire is losing money.

Democrats counter that Lynch has shown real discipline in the face of the historic Recession.

New Hampshire Public Radio's Dan Gorenstein tries to square the two positions.

Transcript:

Listening to the candidates, it's easy to get confused...especially when they talk about the state budget.

Here's what GOP gubernatorial candidate John Stephen usually says on the stump.

"Governor Lynch has taken us down the road of higher taxes. We've increased spending over 24-25% in the last four years alone."

Now here's what Governor Lynch's campaign manager Pam Walsh says.

"Overall, we've reduced general fund spending by 7% in this biennium. And the average two year budget increase during Governor Lynch's three budgets has been under 1%.

Obviously those are two radically different accounts of the state's fiscal picture.

So how does a New Hampshire voter figure this out?

You call in these guys.

Charlie Arlinghaus.

“From the Josiah Bartlett Center.”

And Steve Norton.

“I’m the Executive Director of the Center for Public Policy Studies here in New Hampshire.

The Josiah Bartlett Center is what Arlinghaus calls a conservative think tank, while Norton describes the Public Policy Center as a non-partisan think tank.

Candidates and campaigns seek these two policy wonks out for information on state spending.

New Hampshire Public Radio has asked them to help us get to the bottom of this budget debate.

Steve Norton, what do you make of these two claims?

“John Stephen is absolutely correct when he says that appropriations increased by 24%. And John Lynch is absolutely correct when he says it decreased 7% from this biennium to the last biennium. How can those two things be right? But they are.”

Charlie Arlinghaus?

“They are both right and they are both based on real numbers. Yes...What do you make of that?..The point about the budget is never just about a number. It’s about how those numbers relate to each other and what they mean.”

Alright, then. Let’s dig into the numbers.

Arlinghaus says this is how Stephen gets to his figure.

“John Stephen’s 24% number that’s how much all of the state spends. Every fund, the Highway Fund, the Fish and Game Fund, spends and how much it has gone up over 4 years.”

And that includes federal money.

But some argue it doesn’t make sense to include hundreds of millions of dollars in federal funds.

But if the federal money didn’t pay for it, local dollars would have had to.

Another consideration in Stephen’s 24% number, says Norton, is that the GOP candidate is using what was budgeted but not actually spent.

Norton says given the fluid economic times, those numbers aren’t terribly reliable.

“ In 2009, the appropriation was 12% higher than what was actually spent. So appropriations weren’t a good measure.”

Now, for Governor John Lynch’s numbers.

His campaign claims General Fund spending has gone down by 7%.

Arlinghaus says you can get to that number only by comparing apples to oranges.

“The problem with the current budget is a number of things have been pushed into their own fund. A big chunk of money, something like \$200 million has been moved offline.”

Over the last two budget cycles items that had been part of the General Fund- like School Building Aid and money for the Liquor Commission have been stripped out.

“The Liquor Fund used to be paid out of the General Fund, and then we moved \$90 million into its own Liquor Fund. That is in the budget as a \$90 million dollar cut when it isn’t. We are still spending the money, we are just calling it something else.”

On top of that, Norton says, the General Fund has shrunk over the last two years because the state has borrowed money, restructured debt and relied on the federal money to fill budget holes.

“Those three steps are the primary reason why Governor Lynch estimates are different than the estimates John Stephen is discussing.”

Overall, John Stephen will try to make this a race about whether John Lynch is a good fiscal manager.

But Norton and Arlinghaus agree, state spending- no matter how you cut- isn’t that different under Lynch than it’s been under several recent governors.

They say the question voters must consider is whether the state has made prudent moves during difficult economic times.

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