



The Bulletin

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Conservative Discontent Reflected in Primary Results

The annual Pennsylvania Leadership Conference has transformed into much more than a pep rally for conservative and free-market advocates alarmed by the overreach of state and federal government. The influence of the conservative movement was evident in both legislative and statewide races in the April 24 primary elections, according to business and conservative activist leaders.

"In the last few years, the Pennsylvania Leadership Council has developed into a platform for conservative candidates to move forward," said Lowman Henry of the Lincoln Institute of Public Opinion Research. "It was a launching pad for (U.S. Senator) Pat Toomey and has grown from there." Henry and others say the growth of the movement stands out not only in incumbent candidates defeated on Tuesday but those who nearly lost. House Speaker Sam Smith (R-Jefferson) came within 500 votes of losing his seat.

The large Republican majorities in the General Assembly have yielded progress in some areas but not the transformative changes many employers and taxpayers have been seeking. For example, legislation to modernize the state's outdated Prevailing Wage Law is still awaiting action on the House calendar.

The deadlock has frustrated Pennsylvania's business leaders, who note the sweeping reform of public-sector unions in Wisconsin and the enactment of a Right-to-Work Law in Indiana. "Competitiveness is a moving target," said PMA's David N. Taylor. "It's not enough to make progress compared with where Pennsylvania has been; we've got to actually close the gap with higher-performing competitor states."

Other expressions of grassroots discontent included the defeat of House Transportation Chairman Rick Geist (R-Blair), the victory of conservative reformer Anne Chapman over a GOP-endorsed state House candidate in Bucks County, and the third-place finish of Chester County entrepreneur Steve Welch, the Republican Party endorsed candidate for U.S. Senate. Armstrong County businessman Tom Smith won the nomination with former state Rep. Sam Rohrer (R-Berks) finishing second.

"Party apologists will contend that the personal financial wealth of the winning candidate, former Tea Party activist Tom Smith, brought to the race was a deciding factor. But, Welch is wealthy himself and put over a million dollars of his own money behind his candidacy," Loman Henry wrote in a recent blog entry. "And, former State Representative Sam Rohrer finished second having spent few dollars, but earning a wave of grassroots support. Welch failed to dominate with either money or manpower — two advantages normally associated with the party endorsement."

Long-time political pollster Jim Lee said the results show there is a lot of voter anger. "But you can also say that as an incumbent if you did what you said you were going to do, held the line on spending, didn't raise taxes, and could get your message across, the voters returned you to office."

Drilling Industry Deflects Judge's Decision to Keep It Off Suit Challenging Marcellus Law

A judge's decision blocking the drilling industry and Republican legislative leaders from a suit challenging the Marcellus Law (Act 13) is "no big deal", according to a lawyer with the industry. "We can still support the Commonwealth's defense with an amicus brief," the attorney said.

In his decision, Commonwealth Court Senior Judge Keith B. Quigley wrote that lawmakers have no "legally enforceable interest" in defending the intent behind their law. He also wrote that the interests of the industry will be represented by the state as it defends the constitutionality of the law.

The judge turned down requests to participate in the case by Senate President Pro Tem Joe Scarnati (R-Jefferson) and House Speaker Sam Smith (R-Jefferson).

The suit was brought by officials from seven municipalities, along with a Monroeville doctor and members of the Delaware Riverkeepers Network. They argue that Act 13 restricts their ability to protect residents from drilling through use of local zoning ordinances. "It's a rogues gallery of players trying to do their best to prevent the drilling," the industry attorney said.

Last week, Quigley gave the local governments 120 days to implement changes in their local zoning ordinances. Act 13 prevents them from using zoning laws to block drilling.

Meanwhile, both sides are filing briefs on the merits of the law. A panel of judges will rule on the case once all the briefs are considered. Industry predicts the panel will uphold all the provisions in the law.

"Local governments are creatures of the state," said one industry official. "The legislature can pretty well dictate whatever it likes."

Marcellus Jobs Keep PA Unemployment Rate Below National Average

Jobs created by the natural gas drilling industry and related industries are pushing Pennsylvania's unemployment numbers further below the national average, according to figures from the Center for Workforce Information and Analysis in the Department of Labor & Industry.

"Early in the 2000s our unemployment was about the same as the national average," said Lauren Nimal, Head of Industry and Budget Analysis in the Center. "But then in 2008 (the breakout year for the drilling) we began to see our figures pretty consistently below the national average."

In March, the seasonally adjusted unemployment rate in Pennsylvania was 7.5 percent, down one-tenth of a percentage point from the 7.6 percent February rate. The national average was 8.2 percent. Labor & Industry says the PA rate has been below the U.S. rate for 47 consecutive months, and at or below the U.S. rate for 65 consecutive months.

"Pennsylvania is fortunate to have a diversified economy," Nimal said. "We don't rely for instance like some as much on housing. But the interesting trend we're seeing is that housing market is improving in the areas where the drilling is taking place. Not nearly as much in the urban areas."

Pennsylvania's seasonally adjusted civilian labor force – the number of people working or looking for work – was up 16,000 in March to 6,406,000. Resident employment was up 21,000 to 5,927,000, and the number of unemployed residents fell 5,000 to 479,000. Pennsylvania's labor force was 3,000 above its March 2011 level.

Seasonally adjusted total nonfarm jobs in Pennsylvania were up 7,800 in March to 5,728,400. The March gain was the third increase in the last four months. Most of the increase was within service-providing industries, which increased by 8,200 jobs. Leisure & hospitality had the largest increase of any



supersector in March, up 7,000 to a record high of 522,000. Mining & logging, up 500 to 38,500 jobs, reached its highest level since the series began in 1990. The largest decline in March was in construction, down 3,000 to 226,700.

Key PMA Ally in State House Moves On

Pro-growth legislator State Rep. Curt Schroder (R-Chester) is resigning his House seat to take a position with a health care group in southeast Pennsylvania.

Schroder has been named a senior vice president and will serve as regional executive with the Delaware Valley Healthcare Council of HAP (DVHC). The DVHC serves approximately 58 hospitals and health systems in southeast Pennsylvania from its office located in Philadelphia.

“I’ve worked with PMA for years, and they’re one of the most effective advocates in Pennsylvania for the free market,” Schroder said. Schroder added that “just because I’m leaving the House the fight isn’t over. A lot of issues in the medical community match up with those for business, especially legal reform.”

“Curt Schroder’s leadership in Harrisburg as a conservative reformer is unparalleled,” said PMA’s David N. Taylor, noting Schroder’s role in overthrowing the corrupt Speaker of the House John Perzel (R-Philadelphia). “All Pennsylvanians owe Curt a debt of gratitude for his exemplary service and tireless efforts on behalf of the taxpayers. We look forward to working with him in his new role with our friends at HAP.”

In 2002, Schroder championed legislation to reform the state’s medical malpractice insurance system to help keep doctors and specialists practicing in Pennsylvania and keep hospitals open. He also played a key role this year in the adoption of the Fair Share Act, which crafted a fairer litigation climate for hospitals.

Schroder was first elected to the House in 1994. His resignation is effective May 6. Speaker Sam Smith (R-Jefferson) will decide whether to hold a special election or leave the seat empty until the General Election in November.