



Legislative UPDATE

The 2009-2010
State Budget



From State Senator Robert D. Robbins

Dear Friend:

One of my most important jobs as your Senator is to negotiate and pass a state budget. It hasn't been an easy task in recent years, with a downturn in revenues and a sluggish economy. This year was particularly difficult because we faced a \$3.2 billion revenue shortfall and the worst economic decline since the Great Depression.

I am pleased to report that the Legislature succeeded in passing a new state budget that cuts spending, includes no broad-based tax increases and will be sustainable in the years ahead. It protects vital existing services and invests in education while limiting expenditures for expensive new proposals and entitlement programs.

I believe this year's budget represents a fiscally responsible plan for our state residents, one that will allow us to weather the current economic downturn without taking more money out of the pockets of Pennsylvanians already struggling to make ends meet. We are moving in a direction of making the Commonwealth more competitive and more stable. This update provides more information on the final spending plan. I welcome your input on this and other state and local issues.

Sincerely,

Senator Robert D. Robbins

State Budget Protects Taxpayers, Lowers State Spending Levels

- The Legislature approved a budget package that reduces state spending and maintains state services and programs without a broad-based tax increase.
- Senate Republicans defeated a proposed 16 percent increase in Pennsylvania's personal income tax (PIT) rate from 3.07 percent to 3.57 percent. This tax increase would have taken \$1.5 billion in additional tax dollars from Pennsylvania residents and small businesses.
- The budget sets General Fund spending at \$27.8 billion – more than \$1.172 billion less than the Governor's initial budget request and \$467 million less than the approved 2008-09 budget.
- This marks the first time during the Rendell Administration that spending has decreased from one budget year to the next.
- The budget reduces spending and provides sustainable funding without a personal income tax increase or raising the state's sales and use tax.
- Basic Education funding is increased by \$300 million and support is restored for several human services programs.
- School districts will see an increase of more than \$1 billion, or 16 percent, in state and federal funding.
- Going through the budget line by line, our focus was this: Is this program truly necessary for public health and safety or to provide the core functions of state government?

A FISCALLY SOUND STATE BUDGET

- ✓ No New Broad-based Tax Increases
- ✓ Spending is Down Over Last Year
- ✓ Sustainable in Years Ahead

Continued...

State Budget Protects Taxpayers, Lowers Spending *Continued from front*

- During the 1991 budget crisis, we learned – painfully – that solving a budget crisis with tax increases kills economic growth. Pennsylvania is still recovering from those mistakes.
- This budget is built on spending that is in line with revenues. It will position our state to rebound quickly when the national economy starts to improve.
- Many programs which are suspend-

ed in this budget will be able to resume when the economy improves. But just like families are doing with their own budgets, state government has to make difficult decisions to live within its means.

- The budget eliminates or reduces spending across the board, including the Legislature. The Senate received a \$9.7 million reduction and the House received a \$7.3 million reduction in funding.

“I believe this year’s budget represents a fiscally responsible plan for our state residents, one that will allow us to weather the current economic downturn without taking more money out of the pockets of Pennsylvanians already struggling to make ends meet.”

Basic Education Receives \$300 Million Increase

School districts will see an increase of more than \$1 billion when considering increases in Basic Education funding and federal supplemental funds. Highlights include:

- More than \$5.5 billion for **Basic Education**, an increase of \$300 million, or 5.7 percent.
- Despite limited state revenues, there were no cuts to **pre-kindergarten services** under Pre-K Counts, which will receive \$86.4 million.
- Federal funds will provide \$360 million in new supplemental funding for **Special Education** to school districts, with the state appropriation at \$1.026 billion.
- In the **50th Senatorial District**, school districts will receive a total of about \$255 million in funding – an increase of about \$26 million over last year.

These increases will not only help provide students with high-quality education but also prevent

unnecessary property tax increases. I’m proud that in a tough budget year, when spending was lowered and we succeeded in holding off a PIT

increase, we were still able to invest in core government programs such as education.

State and Federal Education Funding

School District	2009-10 Funding	Increase
Commodore Perry School District	\$4,446,613	\$375,152
Conneaut School District	\$13,732,832	\$1,582,653
Corry Area School District	\$15,655,425	\$1,892,495
Crawford Central School District	\$19,829,350	\$2,650,941
Ellwood City Area School District	\$13,280,037	\$1,041,653
Farrell Area School District	\$8,364,999	\$816,559
Greenville Area School District	\$8,078,044	\$911,478
Grove City Area School District	\$10,029,406	\$1,061,841
Hermitage School District	\$7,483,974	\$844,420
Jamestown Area School District	\$3,616,479	\$320,387
Lakeview School District	\$7,868,907	\$750,859
Laurel School District	\$8,575,683	\$497,369
Mercer Area School District	\$6,626,892	\$698,793
Neshannock Township School District	\$3,962,783	\$346,564
Penncrest School District	\$22,399,654	\$2,046,138
Reynolds School District	\$9,382,117	\$782,748
Seneca Valley School District	\$18,485,512	\$2,222,539
Sharon City School District	\$16,570,885	\$2,042,526
Sharpsville Area School District	\$7,185,812	\$599,628
Slippery Rock Area School District	\$10,384,591	\$1,008,334
Titusville Area School District	\$15,705,136	\$1,225,252
Union City Area School District	\$10,125,633	\$776,075
West Middlesex Area School District	\$6,406,059	\$605,478
Wilmington Area School District	\$7,377,952	\$966,590

Independent Budget Office Will Improve Accountability

A provision included in this year’s budget package will fundamentally reform Pennsylvania’s budgeting process while increasing transparency and accountability in state government.

The legislation establishes the Independent Fiscal Office – a non-partisan agency with expertise in financial matters. The Legislature would have access to the same agency and department financial information as the Governor’s Budget Office.

- The office will **set a binding revenue estimate** by June 15 for the coming fiscal year so the Legislature knows the maximum

the state can spend. Currently, only the Governor can certify a revenue estimate. The budget process would be much more transparent and streamlined if everyone went forward knowing exactly how much money was available.

- State agencies and departments will be required to **submit their budget requests to the Independent Fiscal Office** at the same time they submit them to the Governor’s Office of the Budget. Pennsylvania is one of only eight states where the Legislature does not receive

agencies’ budget requests.

- The office would also **develop performance measures** for state programs and departments and evaluate performance reviews, giving the General Assembly a better idea of the effectiveness of state-supported services and programs.

“Our criteria was this: Is this program truly necessary for public health and safety or to provide the core functions of state government?”

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