



Legislative UPDATE

The 2009-2010 State Budget



From State Senator Dominic Pileggi

Dear Friend:

As fiscal year 2008-09 ended, state revenue collections resulted in a \$3.2 billion deficit. While negotiating the 2009-10 state budget, I remained committed to three main principles: no broad-based tax increases, spending less than the prior fiscal year, and ensuring that the budget is sustainable into the future. On October 9, the 2009-10 state budget bill was enacted. It meets all three of those principles and marks the first time during the Rendell Administration that spending has decreased from one budget year to the next.

I believe the 2009-10 budget is a fiscally responsible plan that will allow us to weather the current economic downturn without hurting the many Pennsylvanians who are struggling to make ends meet.

During this process, many of you took time to share with me your views regarding the state budget. That input was valuable as we made the many difficult decisions that were necessary to complete our work, and I thank you very much for letting me know your feelings on the issues.

This update provides more information on the final spending plan – including a proposal which I believe will significantly improve the budget process in the future. Additional information about the budget can be found on my website, senatorpileggi.com.

As always, I invite your input on any state issue.

Sincerely,

Senator Dominic Pileggi

State Budget Protects Taxpayers, Lowers State Spending Levels

- The 2009-10 budget reduces state spending and maintains state services and programs without any broad-based tax increases.
- Senate Republicans successfully defeated a proposed 16 percent increase in Pennsylvania's personal income tax (PIT) rate. This tax increase would have taken \$1.5 billion in additional tax dollars from Pennsylvania residents and small businesses, the majority of which pay the personal income tax.
- General Fund spending will be \$27.8 billion – more than \$ billion less than the Governor's initial budget request and about \$500 million less than the 2008-09 budget.
- This marks the first time during the Rendell Administration that spending has decreased from one budget year to the next.
- Basic Education funding is increased by \$300 million and support is maintained for vital human services programs.
- School districts will see an increase of more than \$1 billion, or more than 16 percent, in Basic Education and Special Education funding combined with federal stimulus funds.
- The final budget includes responsible spending and no broad-based tax increases. There will be short-term pain, but history shows that this is the best long-term approach for job growth and the overall economy in Pennsylvania. 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?
- During the 1991 state 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 positions our state to rebound quickly when the national economy starts to improve.

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

• Just like families across this state are doing in their own personal budgets, state government had to make the difficult decisions

necessary to live within its means.

• This budget includes a significant reduction in the Senate's appropriation, a cut of 10 percent from last

year, and a reduction of 15 percent since fiscal year 2005-06. It also reduces funding for the House of Representatives by 3.8 percent.

Education Funding Increases By \$1 Billion

School districts will see an increase of more than \$1 billion in Basic Education and Special Education funding combined with federal supplemental funds.

The budget provides more than \$5.5 billion for Basic Education, an increase of \$300 million, or 5.7 percent. In addition, funding was maintained for valuable early childhood education programs such as pre-kindergarten services under Pre-K Counts, which will receive \$86.4 million.

Here is a look at the school districts in the Ninth Senatorial District.

State and Federal Education Funding

School District	2009-10 Funding	Increase
Avon Grove School District	\$17,193,225	15.6%
Chester-Upland School District	\$51,870,013	15.2%
Chichester School District	\$13,431,576	15.0%
Coatesville Area School District	\$28,211,691	13.4%
Garnet Valley School District	\$6,331,195	24.5%
Kennett Consolidated School District	\$6,837,707	24.5%
Octorara Area School District	\$8,029,157	17.6%
Oxford Area School District	\$13,312,200	22.7%
Penn-Delco School District	\$8,661,884	17.9%
Ridley School District	\$15,879,831	17.0%
Rose Tree Media School District	\$5,388,791	22.8%
Unionville-Chadds Ford School District	\$5,362,968	18.4%
Wallingford-Swarthmore School District	\$5,603,859	16.3%
West Chester Area School District	\$14,033,822	16.4%

Independent Budget Office Will Improve Accountability

No one who watched this year's budget process in Pennsylvania can dispute that there are fundamental problems. We must change the process in the future to ensure that the state budget is never again 101 days late.

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

The legislation establishes an

Independent Fiscal Office – a non-partisan agency with expertise in budget-related matters. The Independent Fiscal Office will have access to the same agency and department financial information as the Governor's Budget Office.

One of the key duties of this office will be to set a binding revenue estimate by June 15 for the coming fiscal year. This will clearly set the parameters by which the Legislature can consider a spending plan. Right now, the Governor alone

certifies a revenue estimate – and it can be a very political decision. The budget process will be much more transparent and streamlined if everyone knows exactly how much money is 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 Office of the Budget. Pennsylvania is currently one of only eight states where the Legislature does not receive the agency budget requests.

The Independent Fiscal Office will also develop performance measures for state programs and departments, and evaluate the performance reviews of those programs and departments. These provisions will be extremely helpful during tough economic times such as Pennsylvania experienced this year. Receiving the agency budget requests will enable the Legislature to see their priorities and the performance evaluations will give the General Assembly and the public a better understanding of the effectiveness of state-supported services and programs.



Senate Majority Leader Dominic Pileggi joins Senate President Pro Tempore Joe Scarnati, right, and Senate Appropriations Committee Chairman Jake Corman, left, at a news conference to discuss budget negotiations.

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