

# PA STATE BUDGET 2012-13 FOR SMARTIES

**PENNSYLVANIA TAXPAYER EDITION!**

## FIVE FACTS ABOUT THE 2012-13 STATE BUDGET

1. **Budget shrinks state government spending for second time in 40 years.** Since the 1970s, state government spending increased by \$11,800 per family of four (or \$2,950 per resident).
2. **We are spending more than we make.** Over the last two years, the state budget exceeds forecasted revenues by an estimated \$900 million. Spending cannot continue to exceed revenues.
3. **Debt and pension payments continue to rise.** Costs will continue to escalate in future years as bills for prior spending and promised benefits come due.
4. **Corrections spending does not grow for the first time in decades.** Key criminal justice reforms will provide major cost savings in future years.
5. **Welfare spending increases again.** Important reforms, such as new work requirements, will provide long-term savings, but federal mandates are driving increases in Medical Assistance, the single largest item in the budget.

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## PENNSYLVANIA'S FOUR ALARM FIRE

Pennsylvania's fiscal house is threatened by a four-alarm fire. Dramatic increases in debt and pension payments are unavoidable, and corrections and welfare spending will rise absent reforms. Action must be taken now to fireproof our economy.

**Public Welfare spending**—the single largest area of the state budget—is projected to grow eight percent per year. Welfare spending already consumes 40 cents out of every tax dollar in Pennsylvania. Spending is growing faster than taxpayers' income and government revenues.

**Corrections spending** is expected to grow almost seven percent per year. Over the last 30 years, the Pennsylvania Department of Corrections' budget grew 1,700 percent.

**Pension contributions** will increase by 40 percent per year. Taxpayer contributions are set to rise from \$500 million in 2010 to \$6 billion in 2015.

**Payments on state debt** are forecast to grow seven percent annually. State and local debt already adds up to almost \$10,000 per person in PA.

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## PRINCIPLES FOR BUDGETING

**No new taxes.** Pennsylvania already has the 10th highest state and local tax burden out of the 50 states. Ten percent of Pennsylvanians' income goes to state and local taxes.

**Government must live within its means.** If state government had limited its spending growth to inflation plus population since 2000, taxpayers would be saving \$3,412 per family of four (or \$853 per resident).

**Prioritize every dollar.**

**Fund results, not programs.**

**Eliminate unnecessary spending.** Government has no money of its own; it has only that which it first removes from the productive sector of society.