



Budget Facts 2009

from the COMMONWEALTH FOUNDATION

June 2009

Pennsylvania State Budget Overview

Pennsylvania faces a \$3 billion tax revenue shortfall in the state's General Fund Budget. Competing proposals from Gov. Ed Rendell and the Republican-led Senate differ on raising taxes and reducing/reprioritizing spending. This is the first in a series of fact sheets on the state budget.

HOW MUCH DOES THE STATE SPEND?

- **Pennsylvania state and local governments** will spend approximately **\$10,000 for every man, woman, and child** in the 2008-09 fiscal year.
 - ⇒ **State government** spending per-capita = **\$4,925**
 - ⇒ **Local government** spending per-capita = **\$4,900**
- **State government's Total Operating Budget** (estimate) = **\$61.2 billion** (FY 2008-09)
 - ⇒ **General Fund Budget** (enacted) = **\$28.3 billion**
NOTE: Most "budget" references are to this portion of the Commonwealth's total Operating Budget and represents less than half of the state's total spending.
 - ⇒ **Other/Special State Funds** (estimate) = **\$14.9 billion**
NOTE: This spending includes the Lottery Fund, Motor License Fund, Gaming Fund, and other such dedicated funds.
 - ⇒ **Federal Funds** (estimate) = **\$18.0 billion**
NOTE: These funds from the federal government are spent by the state.
- **Local government spending** (projection) = **\$61.0 billion** (FY 2008-09)

HOW LARGE IS THE CURRENT BUDGET DEFICIT?

- On July 4, 2008, **Gov. Ed Rendell signed a \$28.3 billion General Fund Budget**, despite predictions by both Senate Democratic and Republican Appropriations Committee members and staff that such a spending plan would likely result in a multi-billion dollar deficit.
- Gov. Rendell began reducing FY 2008-09 spending to **\$27.4 billion** in December 2008.
 - ⇒ Reductions have not keep pace with additional revenue declines.
- Tax revenue shortfalls for the first 11 months of FY 2008-09 suggest a **\$3 billion** General Fund deficit.
 - ⇒ **Total General Fund revenues will approximate only \$25 billion.**

HOW MUCH WILL THE STATE SPEND IN 2009-10?

- **Gov. Ed Rendell** proposed a **\$28.9 billion** General Fund Budget on February 4, 2009.
 - ⇒ The governor's proposal is out of balance due to declining state revenues beyond expectations.
 - ⇒ Additional spending reductions or tax increases will be needed by the administration to produce a balanced budget.
- The **Pennsylvania Senate** passed a **\$27.3 billion** General Fund Budget on May 6, 2009.
 - ⇒ Passed by a 30-20 vote, SB 850 uses expected state tax revenues for FY 2009-10 plus federal stimulus money, and does not require tax increases.
 - ⇒ The House Democratic Leadership has **no plans to allow all members to vote on SB 850.**

Pennsylvania General Fund Spending, 2008-09 to 2009-10 (SB 850)

in thousands of dollars

Department	2008-09 to 2009-10			
	2008-09 (freeze)	2009-10 (SB 850)	Change in %	Change in \$
Governor's Office	\$7,334	\$6,527	-11.0%	(\$807)
Executive Offices	\$247,623	\$154,781	-37.5%	(\$92,842)
Lt. Governor's Office	\$1,429	\$1,315	-8.0%	(\$114)
Attorney General	\$94,509	\$88,680	-6.2%	(\$5,829)
Auditor General	\$54,420	\$48,447	-11.0%	(\$5,973)
Treasury	\$956,452	\$987,839	3.3%	\$31,387
Agriculture	\$76,472	\$59,273	-22.5%	(\$17,199)
Community & Economic Development	\$564,882	\$192,933	-65.8%	(\$371,949)
Conservation & Natural Resources	\$113,842	\$94,343	-17.1%	(\$19,499)
Corrections	\$1,610,398	\$1,772,186	10.0%	\$161,788
Education	\$11,278,663	\$10,921,744	-3.2%	(\$356,919)
Higher Ed	\$1,235,483	\$1,237,954	0.2%	\$2,471
K-12 Education & Support	\$10,043,180	\$9,683,790 *	-3.6%	(\$359,390)
Environmental Protection	\$217,062	\$160,890	-25.9%	(\$56,172)
General Services	\$119,919	\$118,160	-1.5%	(\$1,759)
Health	\$276,444	\$230,862	-16.5%	(\$45,582)
Higher Education Assistance Agency	\$471,106	\$442,665	-6.0%	(\$28,441)
Historical & Museum Commission	\$31,895	\$19,543	-38.7%	(\$12,352)
Insurance	\$117,440	\$112,053	-4.6%	(\$5,387)
Labor & Industry	\$121,981	\$82,928	-32.0%	(\$39,053)
Military & Veterans Affairs	\$124,224	\$98,615	-20.6%	(\$25,609)
Probation & Parole Board	\$112,723	\$112,723	0.0%	\$0
Public Welfare	\$10,116,293	\$10,620,539	5.0%	\$504,246
Revenue	\$186,505	\$169,906	-8.9%	(\$16,599)
State Police	\$182,305	\$178,445	-2.1%	(\$3,860)
Transportation	\$397,778	\$396,081	-0.4%	(\$1,697)
Legislature	\$330,758	\$293,028	-11.4%	(\$37,730)
Judiciary	\$307,141	\$276,360	-10.0%	(\$30,781)
TOTAL	\$28,094,921	\$27,679,568	-1.5%	(\$415,353)

* Does not reflect an additional \$720,163,400 in federal stimulus aid given directly to school districts.

SOURCES: Governor's Executive Budget, FY 2004-05; Senate Bill 850 of 2009

Medical Assistance programs moved from Public Welfare to Aging are included in Public Welfare total; Transportation and TOTAL includes sales tax revenue dedicated to Public Transportation Trust Fund. This accounts for the difference between the final spend of SB 850 (\$27,296,068) and the \$27,679,568 shown here.

Prepared by the Commonwealth Foundation, www.CommonwealthFoundation.org (05.19.09)

GOVERNMENT SPENDING HAS GROWN FASTER THAN THE RATE OF INFLATION

- During Gov. Ed Rendell's tenure (2003-2008), General Fund spending has increased by more than double the rate of inflation (39% vs. 18%).
- Although the Senate budget proposal (SB 850) represents a decrease from last year's budget by \$1 billion, it still represents a **36.2% increase** in General Fund spending since 2003.

IS PENNSYLVANIA A HIGH TAX AND HIGH DEBT STATE?

- Pennsylvanians pay, on average, **\$13,000 per person each year in federal, state, and local taxes.**
 - ⇒ Pennsylvania moved from ranking 24th of the 50 states in tax burden in 1990 to near the top today. **In 2008, Pennsylvania had the 11th highest state and local tax burden.**
 - ⇒ This increased tax burden means that it takes **Pennsylvania workers 111 days**—nearly one-third of the year—to pay off their federal, state, and local tax bills.
- **Pennsylvania taxpayers owe \$115 billion in state and local government debt.**
 - ⇒ That debt amounts to over \$9,000 for every resident of Pennsylvania, or over **\$36,000 for the average family of four.**

#

For more information on the **State Budget**, visit CommonwealthFoundation.org.

