

FY 2008-09 Budget Checklist

Budgetary Goals	Meets goal?	Explanation
Keep spending growth within taxpayers' ability to pay – the average rate of inflation and population growth	NO	As defined by the Taxpayer Protection Act/Amendment, the FY 2008-09 General Fund budget should not exceed 3.29% (which is three-year average rate of inflation + population growth). This measure is a better predictor of future inflation than a one-year change based on monthly data (a 4.17% increase from May 2007 to May 2008) or annual average (a 2.84% increase from 2006 to 2007).
Reduce or eliminate corporate welfare and wasteful spending	NO	The Commonwealth Foundation identified over \$4 billion in cuts in the report <i>Government on a Diet</i> . The budget agreement contains virtually no cuts of corporate welfare or wasteful spending programs, including the notorious "Walking Around Money" or the Opportunity Grant Program, which audits found to be lax and ineffective.
Reduce the tax burden on families and businesses	YES & NO	Although families will not receive a tax rate reduction in this budget, the continued phase-out of the Corporate Stock and Franchise Tax will offer modest reductions for Pennsylvania job creators and consumers.
Protect against the need for future tax increases	NO	Any increase in spending in what is shaping up to be a down year in terms of tax revenue growth puts taxpayers in jeopardy of tax increases in FY 2009-10. Some reports indicate the state will face a \$1 to \$2 billion deficit by next year.
Limit the role of government to its core functions	NO	The Energy Independence Fund and related policies provide a new corporate welfare program, and increase regulation on Pennsylvania businesses and families. This program, along with many others in the budget, represent an expansion of government beyond its proper function and role in the economy and our lives.
Accurately represent the true increase in spending	NO	Although limited information is available to fully evaluate the increase in the \$60 billion+ operating budget, at least \$50 million in Public Welfare costs are being shifted from the General Fund to the Lottery Fund.
Reduce the overall debt burden on taxpayers	NO	The budget agreement authorizes \$2.9 billion in new borrowing (in addition to \$700 million in recurring borrowing), while paying off approximately \$1 billion in interest on old debt. The new borrowing represents an annual cost of nearly \$300 million.