

Editorial: State budget plan faces long, uphill battle

Thursday, February 5, 2009

Unless you're a college student or someone who loves snow, Wednesday was a sobering day in Pennsylvania.

For months we have heard of slowing state revenues, a deficit of as much as \$2.3 billion, and rumors of service reductions and job cuts.

No one was trying to hide it. Gov. Ed Rendell and members from both aisles in both the House and Senate have been warning for months that the budget situation was bad.

Wednesday, we found out just how bad.

Rendell rolled out a \$29 billion spending plan for the fiscal year that starts July 1. Keep that date in mind. It's usually about that time that the folks we send to Harrisburg to represent us retreat to the back rooms to hammer out a budget deal.

They'll have their work cut out for them this year.

If you smoke, you'll pay more — a dime a pack more — under Rendell's plan. Other tobacco users also are targeted with new levies on smokeless tobacco, cigars and pipe tobacco.

If you work for the state, you have reason to worry. Rendell's budget calls for 3,000 fewer workers on the state payroll. It has not yet been decided whether those can be achieved through attrition or layoffs.

There will be other cuts as well, including a whopping 35 percent less in Community and Economic Development Department grants. That \$218 million cut in funding to local governments and organizations could translate to tax hikes at the local level. The state Health Department is targeted for a \$38 million hit. The state also would allow letting counties tack an extra penny onto the state sales tax — so long as they share the wealth with the state.

The slowing economy nationally is taking roost in Pennsylvania. Revenue via tax collections has been trailing off for months. It's hard to spend the same amount — and in some cases more — when your revenue collections are in the tank.

You would think that amid all this red ink, Rendell would deliver a bare-bones fiscal blueprint

that avoids any spending increases.

Uh, not exactly.

Rendell is calling for spending boosts for the Welfare Department, public schools, and corrections.

His spending plan represents an overall increase in outlays, no small accomplishment in these challenging economic times.

And he wants to do it without a major hike in either the state personal income or sales tax.

Rendell is pinning his hopes on an infusion of federal money, part of the economic stimulus program being pushed by the Obama administration. And he will dip heavily into the state's rainy-day fund, to the tune of \$375 million, and the medical malpractice fund, for another \$350 million.

The governor wants to double the number of adults covered by the state's low-cost health insurance program.

Earlier this week, it was revealed Rendell wants a massive boost in state aid to college students, no small feat when staring over the edge into an economic abyss.

Rendell wants to legalize the longtime state tradition of video poker in taverns and private clubs. He believes slapping a tax on the net proceeds could raise \$550 million a year to help offset rising tuition costs for students attending one of the 14 state universities, as well as community colleges.

Students would be wise not to plan on that money just yet. Rendell's gambit is a gamble, and a long shot at that. It will face any number of hurdles before it comes to pass.

Maybe even more surprisingly, Rendell announced a plan to consolidate the state's 501 school districts into as few as 100. He wants to set up a panel to investigate the issue.

While Rendell's proposals may make it through the Democratic-controlled state House, they will face much greater scrutiny in the state Senate, which is still controlled by Republicans.

At the forefront of that fight will be Senate Majority Leader Dominic Pileggi, R-9, of Chester. Pileggi Wednesday already was casting a questioning eye at the notion of an increase in gambling for the education funding.

Other Republicans were more blunt.

"It's probably as serious a budget issue as I've faced," said Sen. Robert Tomlinson, R-Bucks, even before Rendell rolled out his spending plan.

Of Rendell's hopes for an infusion of federal stimulus money, Senate Appropriations Committee Chairman Jake Corman, R-Centre, was raising an eyebrow.

"It just delays the inevitable because these dollars aren't going to be there in a couple of years," Corman said.

Rendell has proved the doubters wrong before, first by capturing the Capitol when most experts doubted a Democratic mayor of Philadelphia could pull it off. Then he gambled again and won in gaining approval for slots gambling in Pennsylvania.

This budget will sorely test his political skills. Its spending proposals fly in the face of a daily drumbeat of bad economic news.

Remember that June 1 date.

Don't be surprised if both sides are still haggling come the Fourth of July.

Buckle your seatbelts. It's budget season in Pennsylvania. And this has the appearance of a very bumpy ride.