



# Legislative UPDATE

## The 2009-2010 State Budget



**From State Senator Joe Scarnati**

Dear Friend:

One of my most important jobs as your Senator is to negotiate and pass a state budget. It hasn't been an easy task in recent years, with a downturn in revenues and a sluggish economy. This year was particularly difficult because we faced a \$3.2 billion revenue shortfall and the worst economic decline since the Great Depression.

I am pleased to report that the Legislature succeeded in passing a new state budget that cuts spending, includes no broad-based tax increases and will be sustainable in the years ahead. It protects vital existing services and invests in education while limiting expenditures for costly new proposals and entitlement programs.

I believe this year's budget represents a fiscally responsible plan for our state residents, one that will allow us to weather the current economic downturn without taking more money out of the pockets of Pennsylvanians already struggling to make ends meet. We are moving in a direction of making the Commonwealth more competitive and more stable. This update provides more information on the final spending plan. I welcome your input on this and other state and local issues.

Sincerely,

Senator Joe Scarnati

## State Budget Protects Taxpayers, Lowers State Spending Levels

- The Legislature approved a budget package that reduces state spending and maintains vital state services and programs without a broad-based tax increase.
- Senate Republicans defeated a proposed 16 percent increase in Pennsylvania's personal income tax (PIT) rate from 3.07 percent to 3.57 percent. This tax increase would have required \$1.5 billion in additional tax dollars from Pennsylvania residents and small businesses.
- The budget sets General Fund spending at \$27.8 billion – more than \$1.172 billion less than the Governor's initial budget request and \$467 million less than the approved 2008-09 budget.
- This marks the first time during the Rendell Administration that spending has decreased from one budget year to the next.
- The budget reduces spending and provides sustainable funding without raising the personal income tax or the state's sales and use tax.
- Basic Education funding is increased by \$300 million and support is restored for human services programs.
- School districts will see an increase of more than \$1 billion, or 16 percent, in state and federal funding.

### **A FISCALLY SOUND STATE BUDGET**

- ✓ No Broad-based Tax Increases
- ✓ Spending is Down Over Last Year
- ✓ Sustainable in Years Ahead

*Continued...*

- This budget is built on spending that is in line with revenues. It will position our state to rebound quickly when the national economy starts to improve.
- Many programs which are suspended in this budget will be able to resume when the economy improves. But just like families are doing with their own budgets, state government has to make the difficult decisions to live within its means.

***“I believe this year’s budget represents a fiscally responsible plan for our state residents, one that will allow us to weather the current economic downturn without taking more money out of the pockets of Pennsylvanians already struggling to make ends meet.”***

## Basic Education Receives \$300 Million Increase

**S**chool districts will see an increase of more than \$1 billion, or 16 percent, when considering increases in Basic Education funding and federal supplemental funds. Highlights include:

- More than \$5.5 billion for **Basic Education**, an increase of \$300 million, 5.7 percent.
- Despite limited state revenues, there were no cuts to **pre-kindergarten services** under Pre-K

Counts, which will receive \$86.4 million.

- Federal funds will provide \$360 million in new supplemental funding for **Special Education** to school districts, with the state appropriation at \$1.026 billion.
- In our **Senatorial district**, school districts will see increases in funding ranging from 6.3 percent to 15.5 percent. Schools in this area will receive a total of \$266.69

million in funding – an increase of \$26.5 million over last year.

These increases will not only help to provide students with high-quality education but also prevent property tax increases. I’m proud that in a tough budget year, where spending was lowered and we succeeded in holding off a PIT increase, we were still able to invest in core government programs such as education.

## New Senate Leadership Holds Line on Taxes

**S**ince 2007, Senate Republicans – with our new leadership – stood up to a governor with an insatiable appetite for spending.

In 2007, Senate Republicans held the line on taxes, rejecting all seven of the Governor’s proposed tax hikes, which would have totaled \$2.5

billion. Furthermore, the Governor’s proposed spending increase was cut in half to 4.5 percent.

In 2008, Senate Republicans again held the line on taxes, defeating all five of the Governor’s proposed tax increases.

Spending was held to 3.9 percent – less than the 4.4 percent rate of inflation and \$150 million less than the Governor sought.

In 2009, Senate Republicans held the line on spending, cutting spending by nearly \$500 million without any broad-based tax increases.



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

***“Our focus was this: Is this program truly necessary for public health and safety or to provide the core functions of state government?”***

## My Offices Are Here to Serve You

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