

The 2011-12 Pennsylvania Budget Address

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Yesterday, Governor Tom Corbett presented his 2011-12 budget to the Pennsylvania state legislature. Promising to “spend less” because Pennsylvania has “less to spend” and to “tax no more because the people have no more to give,” Governor Corbett offered a \$27.3 billion balanced budget based on four core principles: fiscal discipline, free enterprise, limited and transparent government, and reform.

Fiscal Discipline

Governor Corbett defined fiscal discipline as meaning “no new spending” or:

- No tax increases
- Discontinuing the practice of borrowing from one fund to pay for another
- The elimination of “walking around money” or WAMS (for an estimated saving of nearly \$800 million)
- Eliminating per diems for state employees
- Reducing the size of the state employee vehicle fleet
- Reviewing existing boards and commissions for wasteful spending
- Cutting funding for state-supported universities, holding them accountable for spending and performance
- Asking officials in public schools to hold the line on pay increases (could save school districts across the Commonwealth \$499 million)
- Requesting state employee salary roll backs or freezes and increasing their contributions to healthcare benefits

Free Enterprise

Governor Corbett expressed a strong desire to create jobs in Pennsylvania and to “grow our way out of hard days” by:

- Advertising and marketing, here and around the world, programs that promote economic growth and job creation
- Consolidating the Department of Community and Economic Development’s (DCED) 127 programs to 56
- Providing tax credits to those who assist in improving Pennsylvania business and industry
- Improving the permit review process
- Creating a Marcellus Shale Commission (Lieutenant Governor Jim Cawley will head)
- Retaining tax credits for new and growing industries

Limited and Transparent Government

“Limited government means not mistaking someone else’s property for your own,” Governor Corbett expressed. Later on in his speech he provided several solutions to the issue of transparency in government including:

- Creating an online budget “dashboard” – an online database that would “put citizens in the driver’s seat” allowing them to view the budget, track spending, and even track revenue sources from the comfort of their homes.

- Establishing a privatization task force whose main responsibility would be to determine unnecessary government
- Eliminating 1,500 state positions to reduce administrative spending by 10 percent over four years

Reform

Governor Corbett expressed a need to rectify scales that have “long [been] tipped out of balance by the quick fix and the easy answer.” He stated that “we [as Pennsylvanians] have an obligation to get things right” and proposed the following education, property tax, legal and tort reform, and regulatory reform measures in order to accomplish such:

- Providing quality education options, based on individualized learning, for students and families in both public and private schools
- Imposing economic furloughs in local school districts
- Increasing bid size limits
- Eliminating support of master’s degree salary “bumps” in school districts
- Allowing the citizens to decide how their local tax dollars property taxes are spent
- Minimizing the number lawsuits that hold a person, company or local government agency liable for 100 percent of damages halting jobs and increasing costs for business, healthcare, consumer goods and services
- Phasing-out the Capitol Stock and Franchise Tax so that in 2014 the tax is eliminated
- Eliminate backlogs and expediting the permit process

In addition to these four core principles, Governor Corbett also addressed public health and safety, proposing the following:

- The expansion of crime and violence prevention efforts
- Maintaining and funding two new classes of PA State Police
- Allocating funds for the Safe School Initiative
- Focusing on services and treatment programs that promote the management of rare diseases, emergency preparedness, cancer screening, and child health programs
- Funding programs that provide assistance to our military troops and veterans
- Reevaluating Pennsylvania’s Medicaid programs – making it consistent with other state Medicaid programs and ensuring that only those who are truly in need are receiving access
- Reevaluating Pennsylvania’s long-term living system
- Combining criminal justice programs

Overall, Governor Tom Corbett’s 2011-12 budget proposed a 3 percent budget cut from the current state spending plan. The month of March will busy the Senate and the House of Representatives with budget hearings. They will listen to the testimonies of each state agency and before long each chamber will propose a budget to be voted upon. In the meantime, we will be attending any and all budget hearings that relate to your industry and we will be in contact with any information we may receive of relevance. Should you have any questions regarding Governor Tom Corbett’s budget address or, if you would like more information in regard to what you have read this afternoon, please be in contact. We have an open door policy and are always available to assist you in any way that we can.