



MIDSTATE EDITORIALS

Our Views and Yours with The Patriot-News

Budget impasse: Focus should be on our future

by Patriot-News Editorial Board

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Gov. Ed Rendell has taken a lot of heat over the last few weeks and days because of his handling of the long overdue state budget. A recent poll shows that 30 percent of voters blame him for the stalemate. The survey also indicates that voters reject Rendell's call to temporarily raise the state personal income tax by a 63 to 33 percent margin.

Say what you will about the details of his plan but the governor is absolutely correct when he proposes our state needs a sustainable balanced budget. Right now, there is not another plan out there other than the governor's that does that.

Pennsylvania will be making a huge mistake if we end up with a budget that allows us to limp through the coming year based on one-time fixes and deep cuts only to find ourselves in the same or worse situation in the coming years. Legislators of both political stripes all know our economic problems are not going away anytime soon.

The federal stimulus money, which was aimed at jump starting the economy not balancing budgets, will dry up in the 2011-2012 fiscal year. The economy likely will be slow to recover and the costs for running government programs will continue to increase.

Demands on other funding streams, such as the Motor License Fund, could cause future general fund issues because we have growing transportation funding needs.

Under Act 44, turnpike tolls have contributed \$1.8 billion to the state transportation department since July 2007 and will provide \$900 million more in this fiscal year for a total of \$2.5 billion in new funding. That \$900 million a year, a large part of which was borrowed in anticipation of the federal government approving tolls on I-80, will be drastically cut leaving another huge hole.

It gets worse.

Former Gov. Tom Ridge -- with legislative approval -- created a plan in his last year in office that provides massive increases in certain state pensions including a boost for those in the Legislature.

We are about to pay a huge price for that pension decision. In 2012, for example, the cost of subsidizing pensions for state employees and teachers is expected to at least triple and the higher payments are expected to continue for decades. It was a bad decision when it was made. It proved even worse given our country's huge financial meltdown and what it has done to pension funds of all kinds, including the state's.

Rendell certainly could have taken a page from Ridge's book and decided to let future governors worry about the fiscal realities to come from this budget. He will finish up his tenure essentially by the end of next year. Rendell could be spending his time worrying less about our future and more about his popularity.

To his credit, however, he hasn't done that. Instead, he has cut programs, he has looked for ways to put increased money in important areas including education. He has also held firm in his belief that there needs to be an increased revenue source to help us get through this economic downturn.

We have advocated for a tax on smokeless tobacco and a tax on the natural gas coming from the huge Marcellus shale regions of our state. We also believe part of the Rainy Day Fund should be put to use in this proposed spending plan. We have, however, been reluctant to call for an increase in the personal income tax even though Pennsylvanians' income tax is relatively low compared with other states in general and certainly our neighboring states in particular.

We need to consider revenue growth measures. The unemployment rate has risen dramatically all over the state, including central Pennsylvania. The ever growing line for breakfast at the Harrisburg Salvation Army, where requests for food have increased almost 60 percent, helps put a human face on those numbers. This past week's announcement that Tire & Wheel will move out of Carlisle, leaving 340 people unsure of their future, does the same. Local businesses need people to have money to spend. We want to be a state that generates more money through new business and job growth.

But the stance by Republicans and many Democrats is too much about politics and future elections and not about coming up with a sustainable budget.

It is easy to say the state needs to be like most Pennsylvanians when they put a budget together. But this isn't really like a family sitting around the kitchen table and deciding to cut corners.

Our state needs to provide at least some sort of safety net for those falling because of this bad economy. Cutting CHIP, for example, which provides health care to children, is a mistake because it now will almost certainly have more demands on it not less. The proposals for gutting many state services are about cutting vital programs that are crucial to many people and to our future. Ironically, some of the Republican cutting would hinder rather than help business and job growth.

This week six selected lawmakers, three Democrats and three Republicans, from the House and Senate are expected to sit down to begin hashing out a budget in a small group. It is about time. Actually, it is long past time. Maybe the posturing will end and progress will be made.

As the state's chief executive, the governor will continue to take much of the heat for the budget impasse and his stance on a tax increase. The pressure is heightened even further because paychecks of state workers hang in the balance.

But lawmakers, Democrats and Republicans, leaders and rank and file members, need to be focused on our state's future. We not only need a balanced budget for 2009-2010, but one that puts the state on the right path for 2011, 2012 and beyond.

Rendell has made it clear our future is more important than his short-term popularity. All the other parties need to do the same.

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