

Good compromise: On balance, the state has a potent new budget

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The foundation of every state is the education of its youth." Last week, the Legislature and Gov. Ed Rendell celebrated Independence Day by taking a bold step toward fulfilling that precept, put forth thousands of years ago by the Greek philosopher Diogenes.

In passing the state's \$28 billion budget for 2008-09, lawmakers increased by 5.5 percent the basic subsidy to the state's 501 public school districts. That means \$274 million more than last year, for a total of \$5.2 billion in basic education spending.

More significant was the adoption of a predictable funding formula for schools that starts with a base of \$8,355 per student. It then adjusts for various factors, including poverty, district size, regional costs of living and number of English language learners.

The new funding method is the first step following a study that said the state was shortchanging its schools by \$4.8 billion a year. It is designed to increase the state's share of school funding, which will enable local districts to reduce their reliance on property taxes for revenue. The state has been paying 35 percent of the cost, far below the national average of 50 percent; using this method for six years will bring the state's share to 44 percent.

Beyond the basic funding, the budget expands the state's successful Pre-K Counts program so another 800 3- and 4-year-olds can participate in voluntary preschool that served 11,000 children last year. It puts 5.5 percent more money toward tuition grants through the Pennsylvania Higher Education Assistance Agency, but increases for Pitt, Penn State and the other state-related universities is only 1.2 percent.

The budget, which represents a 4 percent spending increase, did not require a tax hike. A compromise measure as all budgets are, this one did not address health care and did not give the governor everything he wanted on the issue of energy.

He proposed an \$850 million strategy that would have included a surcharge on electric bills, use of "smart" meters to help consumers control energy use and

rebates for replacing old appliances. Instead, the Legislature authorized a \$650 million package, largely funded by \$500 million in bonds. The eight-year plan front-loads \$250 million each in the first two years for solar and other alternative energy projects, green buildings, pollution control technology and conservation measures.

Left off the table was Mr. Rendell's Access to Basic Care program, which was approved by the House but not the Senate. It would subsidize health coverage for uninsured working adults, but there was no stomach for a tax increase by legislators this election year, not even an extra 10 cents a pack on cigarettes.

With this budget, the state has made great strides in paying to educate its children but, when legislators return in the fall, they must find a way to enact affordable health care for adults.

They should also find a transparent way to pass a budget. As usual, House and Senate leaders worked out the deal behind closed doors, but members and the public didn't get a look at the details until the night before the vote.

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