



PROGRESS REPORT

July 10, 2009

Budget Update from CCAP Government Relations: By now, the twists and turns related to passage of a Commonwealth Budget for 2009-2010 have reached historic heights, and a breakthrough of sorts, at least procedurally, may be pending in the House. This is to give you some perspective on where we are now, where we may be soon, and some information you can use as you make calls to House and Senate members this weekend.

The several versions of the Governor's proposal increased by one this week as he proposed an additional \$72 million in cuts, bringing his amended budget request down by \$572 million so far. The Governor has also indicated that he can identify an additional \$20 million in cuts and has challenged legislative leaders to cut their own budgets as part of the effort to bring spending into balance with the bleak revenue picture.

As the second week of the Commonwealth fiscal year arrives, negotiations have not produced a resolution. House and Senate Republicans are continuing to insist on a "no taxes" budget, joined by some House "blue dog" Democrats. The Governor continues to maintain his stance that increased revenues are necessary to balance the budget, arguing there are not enough cuts possible while allowing the state to sustain compliance with state and federal mandates.

CCAP continues to press the point that a budget that simply passes costs to counties will be a property tax increase budget.

To help you understand what is being proposed, the actual status of the situation, and what might come next, our most current analysis of the Governor's proposal follows, and we will also discuss what plans might be coming up in the House of Representatives.

The list below contains only those line items contained in the Governor's cuts announced this week. For a complete list of reductions that the Governor has requested since his February budget address – remember that many other county lines were affected in the original proposal – please visit the [CCAP web site](#) to view the budget comparison spreadsheets. The reductions shown are the total, based on the Governor's request in February and the additional cuts he has offered:

Mental Health – \$726,000

Mental Retardation State Centers – \$1,415,000

Smoke Free PA Enforcement - \$298,000

Dept of Health Quality Assurance - \$582,000

Intermediate Punishment, Drug & Alcohol - \$1,090,000

Pennsylvania Commission on Crime and Delinquency - \$424,000

Stormwater - \$800,000

Tourist Promotion Assistance - \$500,000

Housing and Redevelopment - \$2,000,000

Land Use Planning - \$1,129,000 (zeroed out)

Please remember that these latest recommended cuts are the Governor’s proposal, and the other negotiating parties have not indicated whether they will support them.

The most recent news is that the House of Representatives is ready to move on a budget, and word has it the proposal the House Democrats may offer could well be the Senate approved budget in [SB 850](#) – with an additional \$1.7 billion in cuts beyond what is now in the bill. As it passed the Senate, SB 850 contained cuts to numerous county funding lines, and was the subject of CCAP testimony before the House Appropriations Committee. The additional \$1.7 billion in cuts are needed to bring it into balance with revenue estimates, based on the premise that no new revenues will be available (no personal income tax increase, no rainy day fund, no oil & gas severance, etc). The House Republicans have also indicated they will offer their own version – still maintaining the no-new-revenues posture but making the cuts in different lines.

Regardless of the version ultimately before the House, the result of additional reductions to SB 850 will surely result in significant cuts in county lines, and it is possible that important human services areas and education may be directly targeted to make the proposal sting even worse. While this is part of an overall strategy, and some say more of a game of chicken than an actual debate on a final or near final budget, there are many variables that actually could lead to a devastating budget with deep cuts arriving on the Governor’s desk. Planning for next steps in the House is ongoing at this writing, and although House Majority Appropriations Chairman Dwight Evans estimates the earliest date for a vote is July 27, the caucuses are gearing up their

alternative proposals for review in caucus, and possible public release, over the next few days. House Minority leaders believe a budget can be on the Governor's desk by next Friday, July 17, which would be the first payless payday for most Commonwealth employees.

While we understand that this uncertainty over projected cuts creates great difficulty for counties struggling to operate programs, and while we understand that counties have to react based on what they are seeing and hearing today, situations could change quickly and we may be looking at a different scenario in a few weeks. It is also possible that the impasse will continue through the summer.

Please refer to the CCAP website, under "[Commonwealth Budget Updates](#)" for detailed information, talking points, CCAP testimony, spreadsheets showing various versions, and other important information. Check back often – we will be updating the page as new information is developed. We also urge members to share with your legislators, media and CCAP staff your projection of local impacts, and decisions that you make as a result of the impasse or resulting from the proposals for funding cuts under review in the Senate and House.

Please feel free to contact the CCAP government relations team with questions or concerns, and thank you for your assistance in helping us get the message to the public and to the hill.