

2010-11 STATE BUDGET

Budget Summit

March 9, 2010

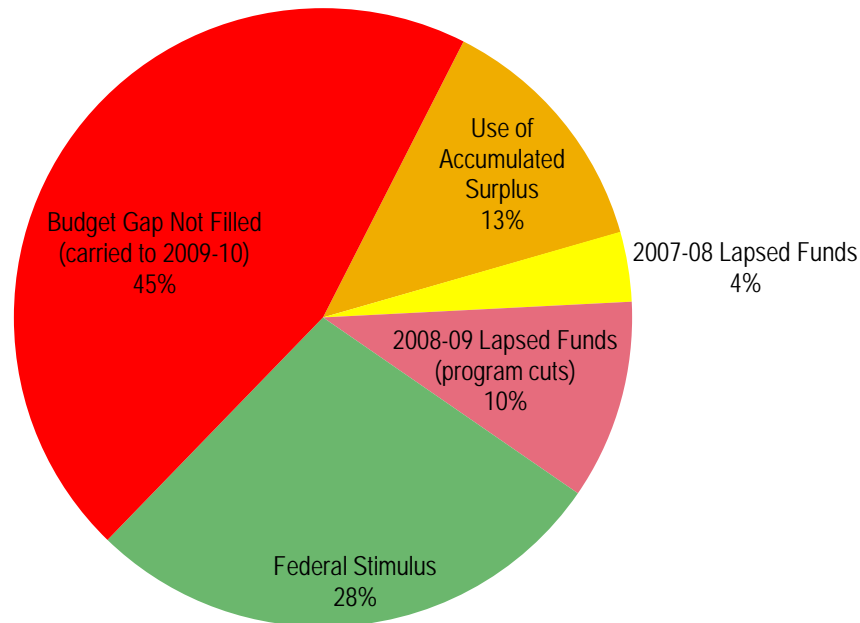
SCARY MOVIE 3

The dark past

Scene 1

\$4 Billion Deficit in 2008-09

Slightly More than Half of 2008-09 Shortfall Was Offset With Cuts and Federal Stimulus Funds



The first victims

Scene 2



2009-10 \$1.4 Billion Less than Proposed

	2007-08 Actual	2008-09 Available	2009-10 Final	Change 2008-09	Percent Change
State Funds	\$ 26.9	\$ 27.1	\$ 25.2	\$ (1.9)	-7.0%
Recovery Act (ARRA)	\$ -	\$ 1.2	\$ 2.6	\$ 1.4	111.5%
General Fund Total	\$ 26.9	\$ 28.3	\$ 27.8	\$ (.5)	-1.8%

\$500 Million in Reduced Services

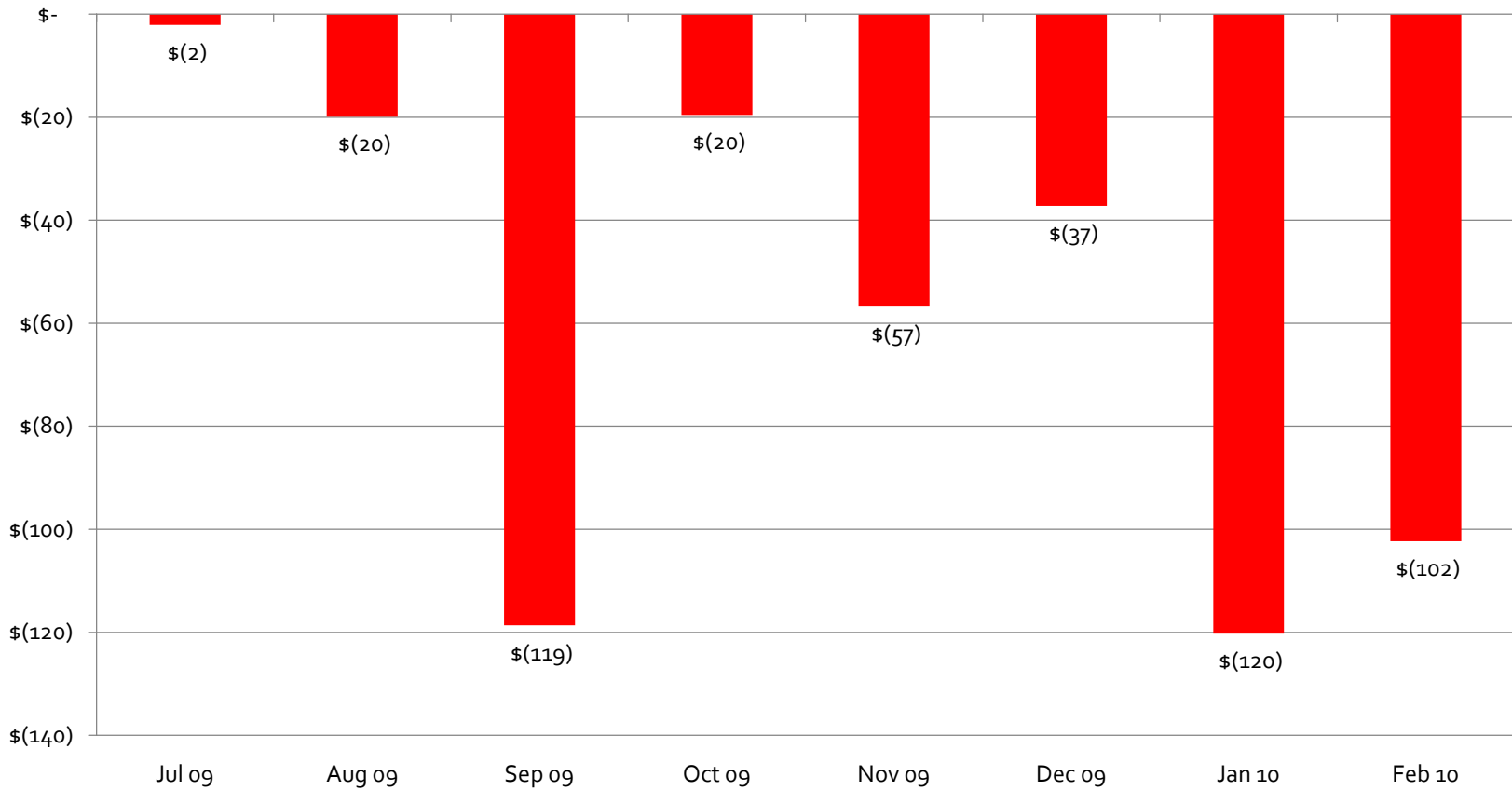
- 140 line items eliminated
- Environmental Programs: 24%
- Economic Development: 57%
- Public Libraries: 9%
- Literacy: 28%
- Behavioral Health Managed Care: \$28 million
- Hospital Supplemental Payments: \$16 million
- Supplemental Security Payments: 20%
- adultBasic premiums for 3400 adults: 80%
 - Higher out of pocket costs for enrollees

The monster returns

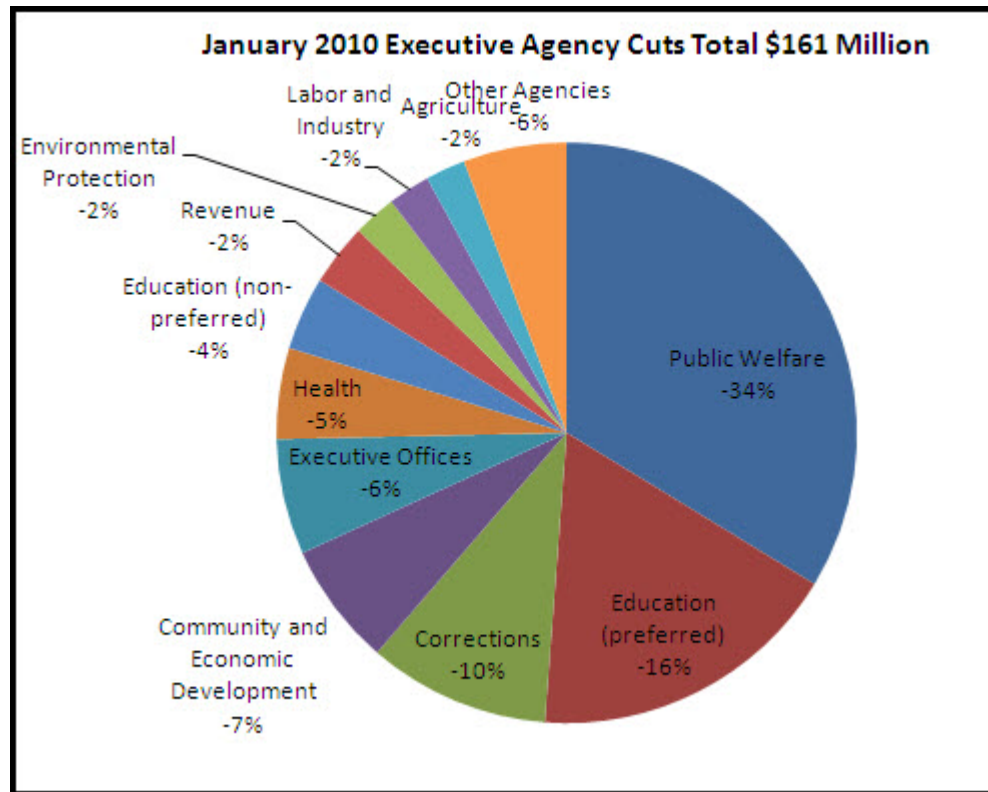
Scene 3

DEFICIT WORSENS

Monthly Revenue Deficit in \$ Millions, 2009-10



\$161 MILLION MID YEAR CUTS



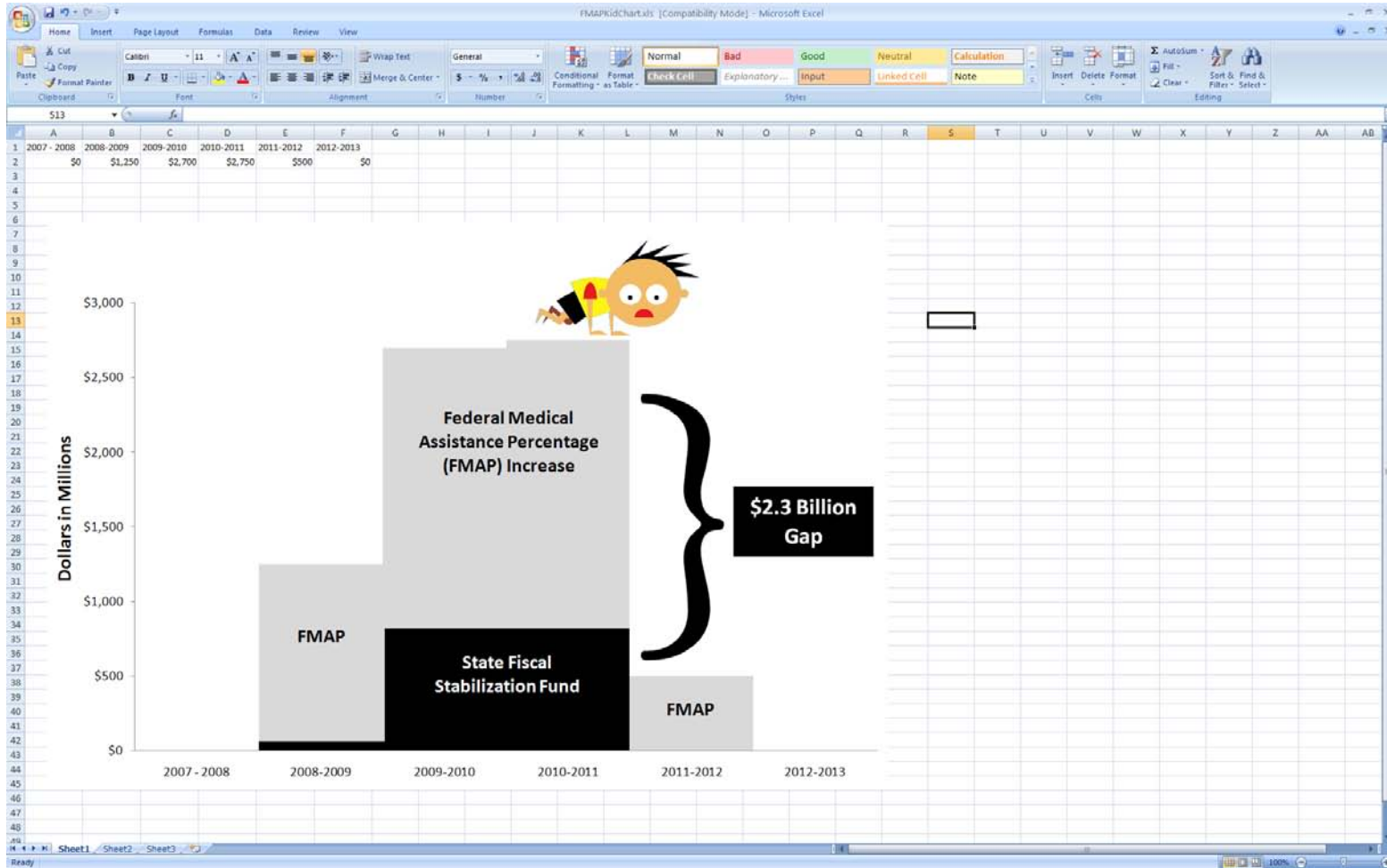
We see the monster

Scene Four

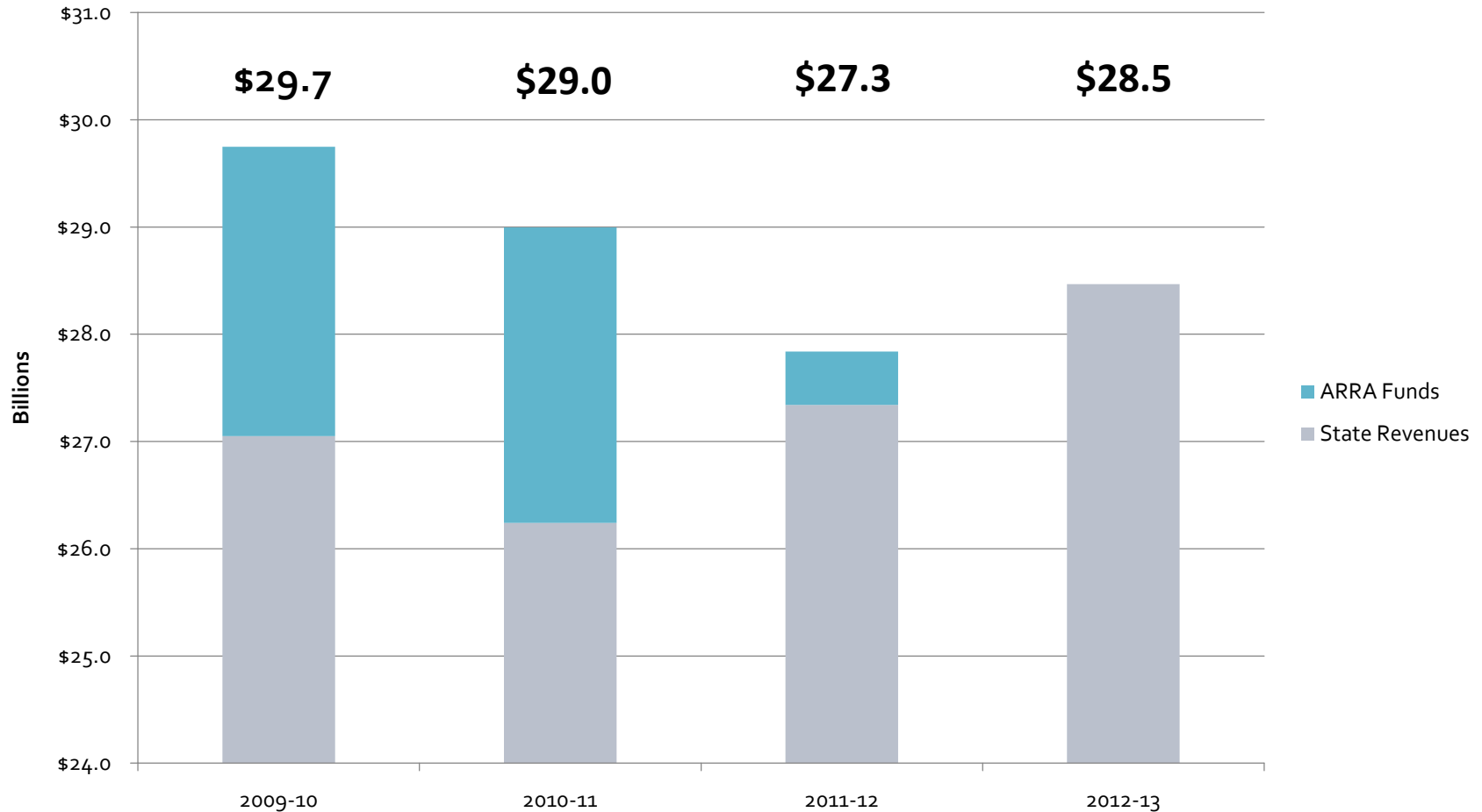
The Real Monster



ARRA CLIFF IN 2011



WE FALL OFF THE CLIFF IN 2011

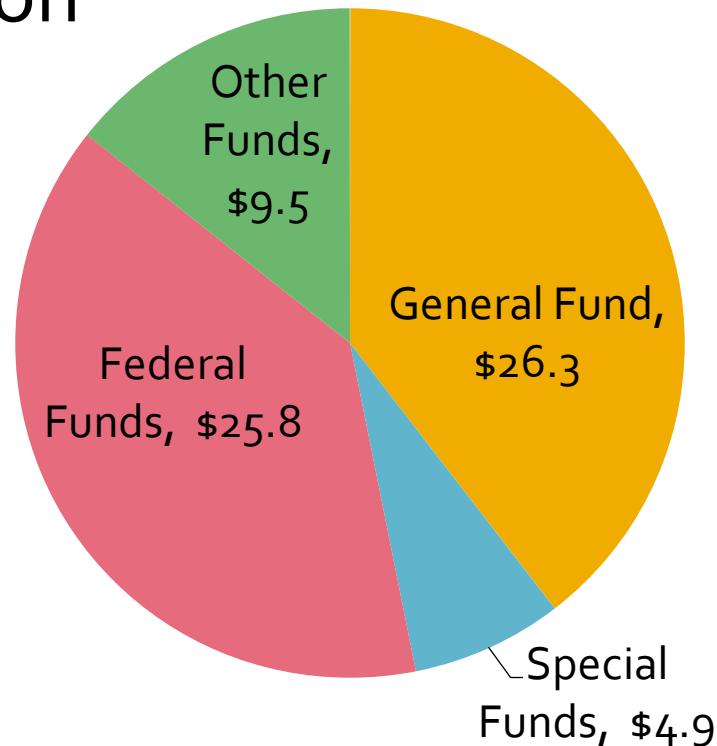


The monster hides

Scene Five

The Proposed Budget

- Total Spending Up Due to Federal Funds
- \$66.4 Billion



General Fund Spending Up

Proposed General Fund Budget 2010-11

	2008-09 Actual	2009-10 Available	2010-11 Proposed	Change	Percent
State Funds	\$27.1	\$25.2	\$26.3	\$1.1	4.4%
ARRA Funds	\$ 1.2	\$ 2.7	\$2.8	\$.1	2.2%
Total Spending	\$28.3	\$27.9	\$29.1	\$1.4	4.1%

A Status Quo Budget

- Reductions in Most Departments
- Restores \$355 Million in State Funds Cut from Basic Education
- No Revenue Increases
- Budget Out Of Balance

No one believes you

Scene Six

THEY SAY

**“IT’S THE NEXT
GOVERNOR’S PROBLEM”**

Stimulus Transition Reserve Fund

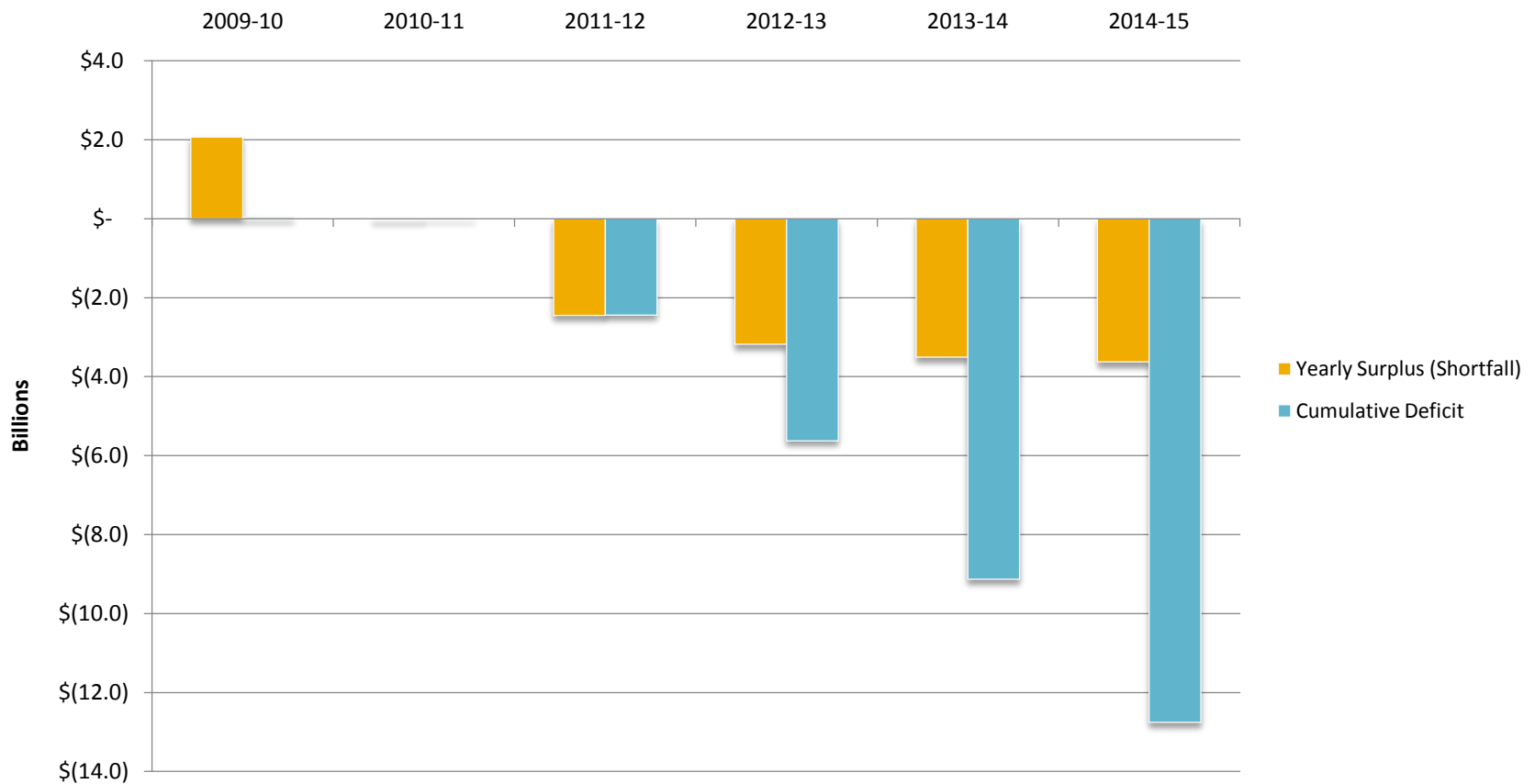
- Creates reserve
 - \$900 million
- Raises revenue to balance 2010-2011
 - \$1.3 billion grows over time
- Reduces tax rates
 - Sales tax, corporate tax rate cuts
- Makes the system more fair
 - Eliminates exclusions
 - Closes loopholes

Stimulus Transition Reserve Fund Will Prevent Cuts



....BUT DEFICITS CONTINUE

Deficits Build Without New Revenue



Beating the monster

The Final Chapter

THE OPTIONS

- EVERY MAN FOR HIMSELF
- TURN INWARD
- JOIN TOGETHER (OR HANG SEPARATELY)
 - OPPOSE CUTS
 - SUPPORT THE STIMULUS RESERVE
 - WORK FOR A BALANCED APPROACH

THE TIMETABLE

- Process has started
- Bill voted out of Appropriations March 8
- Two weeks for amendments
- Vote March 22
- Senate process
- Goal: On time budget
- Expect more cuts

WHAT CAN YOU DO

- JOIN BETTER CHOICES FOR PENNSYLVANIA COALITION
- WORK FOR INCREASED REVENUE
- BE ACTIVE AT HOME
- JOIN YOUR LOCAL COALITION OR START ONE

Thank you!

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