

- But I want you to know something - that the budget I voted for in Aug ~~perhaps~~ is not one I voted for in July.

- Presently, as you've read, the entire budget process is mired in political posturing and back room deals. (Z. & Bel)

- 8-10 House & Senate leaders & Gov's Budget Sec. - Negotiate - Pol. <sup>ser</sup> <sup>pril</sup>

- Periodically they come back to their ~~respective~~ <sup>talk about</sup> ~~concerns~~ ~~ask for~~ ~~any~~ ~~of~~ progress and ask for input.

- and then 34 days passed the dead line - they come to you & say it's a "done deal" - we've agreed and if you don't vote for it then we'll be here ~~for~~ another ~~two~~ <sup>two</sup> months.

HR 284

introduced him as "one of Pennsylvania's most upstanding politicians."

As he began to plead his case about the budget a huge rock sailed from the crowd right at his head and just missed him as he ducked.

"See that," he said. "If I was upstanding I would have been killed."

Well, I happen to believe that the budget outcome this year was ~~upstanding~~ <sup>THE RESPONSIBLE</sup> ~~thing to do.~~ and that it was responsible. Not

popular, certainly, but responsible.

And I'm sure that each one of you,

in your capacity as executives and as leaders knows there are times when unpopular, but responsible, decisions must be made.

Now that the dust has settled on this summer's events in Harrisburg, and

*Last few months, those of us who voted for the Budget setting beat up in press & talk shows*

*- Particularly even the nature of the system*

now that the political furor has died down a bit, I think a calm and reasoned analysis can be made.

Looking back at those events, it's important to realize that, over the past seven, eight years since 1983, Pennsylvania has been extremely frugal.

1983 was the last year state taxes were increased. And since then not only was the budget balanced with no tax increases, but taxes were actually cut 13 times leading up to this year.

During that period, Pennsylvania ranked dead last out of the 50 states in the number of state workers per 1000 citizens.

Although we are the fifth largest state, our total spending ranked about 43rd in the country.

And only 11 states have lower state and local taxes than Pennsylvania.

Even with the fiscal actions that were taken this year, it's unlikely our relative position will change very much.

Everyone who has followed the events throughout the country knows that 30 other states were locked in the same bind we were. And they, too, have had to make the kinds of difficult but necessary decisions we had to make.

In fact, even the new personal income tax of 3.1 percent is still among the nation's lowest.

Keeping in mind that we are the fifth most populous state, consider:

Pennsylvania's \$14 billion dollar budget is less than California's deficit

*WFA*  
which com-  
plete deflates  
the argument  
that someone  
PA - was mismanaging  
as opposed to being  
man handed by  
a devastating  
recession.

was this year. Their personal income tax rate is now 11 percent.

Our budget for the whole state is half that of New York City. Not New York State...New York City.

Connecticut finally passed its first personal income tax: 4.5 percent.

Maine's tax is 8.6 percent; Maryland's is 5 percent. New York State, 4 to 7.8 percent.

New Jersey, up to 7 percent. Ohio up to 6.9 percent. West Virginia, from 3 to 6.5 percent.

I could go on, but I'm sure you understand. We have been, and we still are, a very fiscally conservative state.

Throughout most of the 1980s, the Commonwealth was able to meet its expenditure needs and return taxes to its citizens with the surplus revenues generated by a steadily rising economy.

The economy's growth, however, came to an end in the last six months of 1990 when the nation was plunged into a recession -- one that drastically reduced state revenues while increasing the need for government aid to the recession's victims.

*- fastest growing areas of State Budgets - Sp Ed Corrections med ASST 13000/yr*

With the state in an economic vise, and without an increase in state taxes this year, it would have been necessary to make massive cuts in state payments to school districts and county governments... thereby causing

substantial increases in property taxes  
at the local level. - *mark*

Even so, the governor and the  
General Assembly were able to put  
together budget cuts and cost savings of  
approximately \$1.2 billion before  
developing a revenue package.

I and other legislators argued for  
temporary taxes that would cover the  
remaining deficit and meet the state's  
needs for the current fiscal year, then  
automatically expire.

We were partially successful in  
that a portion of the state income tax  
(.3 percent or about \$500 million) will  
be reduced next July 1.

*If we generate  
~~the~~ surplus  
in the past year  
under existing  
tax structure  
then no reason  
NOT assume it  
~~will~~ won't  
happen again.*

Certain surcharges on business will also be reduced when the economy is sufficiently improved.

I'm confident that, just as we did in the 1980's, we will move promptly to ease taxes on consumers and business as the economy again begins to stimulate more growth in state revenues.

*But Nevertheless we passed a Budget with the largest tax increase in the state's history*

~~In the meantime~~, programs for children and youth, senior citizens and education were among the chief beneficiaries in the new budget.

You who are engaged in volunteer services know that those in greatest need of help are often the very young and the very old.

The young are helped in this budget in many ways:

Through an unprecedented increase -- \$199 million -- in school subsidies and a specially targeted \$20 million equity supplement for poorer school districts.

Special education programs for gifted youngsters and for those with learning disabilities received \$108 million in new funds -- a 27 percent increase.

The PHEAA scholarship program received its fifth consecutive 10 percent increase.

Funding for county children and youth services was increased by \$58 million to deal with growing numbers of abused and neglected children and those with problems of social development.

There are big increases for county adoption services; for children with special medical needs; for Family Preservation Programs to help keep families together;

For school health programs; maternal and child health;

A part of the cigarette tax will go toward care for children whose families lack health insurance; and more funds are appropriated for mental health services for children.

Older people will continue to enjoy the benefits of the nation's best programs for senior citizens -- those funded by the Pennsylvania State Lottery.

We had to shore up the lottery fund this year against a pending \$140 million deficit.

We did that and also were able to expand the eligibility for senior citizen prescription aid through the PACE program.

I won't attempt to enumerate every item in the budget. Instead, I've tried to highlight certain areas relating to your interests and those of the clients you serve.

What can organizations involved with human service needs expect from future state budgets?

In the near-term, meaning the next several years, I would expect a modest rate of growth that will accomplish

little more than maintaining existing service levels.

I certainly don't see the kind of growth in state support that occurred in the 70s and early 1980s.

~~That's because of taxpayer~~  
~~resistance to expanded funding,~~  
*Particularly in view of*  
continued cutbacks in federal  
*27% over 10 yrs -*  
assistance, and a national economy  
~~that is weighted down~~ in government  
and private debt.

That outlook may seem to be discouraging, but it could be a positive development for organizations such as yours.

By that I mean it will require an even greater effort in the volunteer sector ~~to make up for a lower level of government involvement.~~

That may be a good thing in many ways, a good thing for volunteerism and the rewards it brings to those who are served and to those who serve.

And I think people are ready to take greater individual responsibility for the well being of their communities, their neighborhoods and what goes on in their immediate surroundings.

Volunteerism has always been an essential part of the American experience.

For most of our history, it has been the main source of help for those

in need and the chief provider of services to the community.

~~We may well be facing a period of limited government resources and a realization that there are basic human needs that can't be satisfied by yet another government bureaucracy.~~

That's why volunteerism is as important today as it has ever been and why it will remain so vital to our lives.

Occasions such as this offer a brief moment to reflect on the work of volunteers and on the contributions we might otherwise take for granted.

Thank you for keeping that tradition alive and for giving me the opportunity to share that moment with you.