



PA BUDGETWATCH SERIES – Session One Report

OVERVIEW

On Friday, March 25, 2011, several hundred representatives from area nonprofits attended the first of three informational sessions on the proposed \$1.9 billion in spending cuts in the upcoming Pennsylvania state budget. Speakers included:

- Kate Dewey, Dewey & Kaye
- Grant Oliphant, The Pittsburgh Foundation
- Robert Nelkin, United Way of Allegheny County
- Karen Snider, Susquehanna Consulting & Financial Group
- Chuck Kolling, Buchanan Ingersoll & Rooney PC
- Diana Bucco, The Forbes Funds

The presentations focused on the possible effects of the cuts and the actions that nonprofits will need to take over the next few months to ensure the survival of their programs.

THEMES

Remain vigilant. Speakers emphasized that the current budget is merely a proposal. Even if their funding looks safe, organizations should assume that their funding streams are at risk and remain vigilant and proactive in their planning. While the governor’s proposed cuts from the state’s higher education budget are facing tough scrutiny, restoring funds to higher education means that funds will need to be cut elsewhere, most likely from the Department of Public Welfare.

Prepare now and act swiftly. The legislature hopes to pass the budget in the 16 legislative days between when it returns to session on April 4 and Memorial Day on May 30. This ambitious schedule means that the final decision about funding cuts could occur close to the start of the state’s fiscal year on July 1. Consequently, nonprofits were urged to plan for unexpected cuts in revenue to minimize debt and other liabilities.

Advocate with leaders and stakeholders. Speakers emphasized that nonprofits are part of an “invisible sector” that is often neglected in policy discussions. The accelerated budgeting process means that organizations must engage with their legislators and advocate on behalf of their clients and programs as soon as possible. Nonprofits from the region should definitely focus on the leaders in Pennsylvania’s legislature who are from western Pennsylvania. Equally as important is for nonprofits to reach out to the governor’s staff and legislators of both parties from other parts of the state.





Build partnerships to shape “intelligent reform.” In addition to advocating on behalf of their clients, nonprofits were also encouraged to advocate for a stronger partnership between government and nonprofits. Over the last 3-5 years, the nonprofit sector has innovated to become more efficient, and legislators are interested in how these innovations can translate into a more intelligent approach to smaller government. Four areas were emphasized as presenting the best short-term opportunities to create flexibility within the budget:

- Contracting
- Compliance and reporting
- Unfunded mandates
- Flexible funds

NEXT STEPS

Additional PA BUDGETWATCH sessions are being planned. Information about the upcoming sessions and developments with the state budget will be forwarded as it becomes available. The next session is on April 29th from 9:30 to 11:30 at the History Center. Chuck Kolling will return to give an update on the budget negotiation discussions. At that session, we will also focus in on advocacy efforts underway.

In the meantime, the Greater Pittsburgh Nonprofit Partnership will be sending text message alerts about the state budget process. To participate, send your cell phone number to Caitlin Terling at terling@forbesfunds.org.

ASSOCIATED PRESS RELEASE: CORBETT TAKES HIS CASE TO PA. COUNTY COMMISSIONERS

March 29, 2011 8:50 AM ET
By MARC LEVY

HARRISBURG, Pa. (AP) – Gov. Tom Corbett defended his proposal to slash funding for education and his stance against taxing Pennsylvania’s booming natural gas exploration Monday as county commissioners and protesting college students descended on the capital.

The Republican made the 35-minute speech at the spring meeting of the Pennsylvania County Commissioners Association in Harrisburg in an effort to build support for the \$27.3 billion budget proposal he presented to the Legislature three weeks ago.





With county officials aware that they likely will have to provide a range of social services with less state help, Corbett lashed out at what he called a credit-card culture in state government that left him with no choice but to cut his way out of a projected \$4 billion deficit.

“If we don’t change this course, that gap is going to continue to increase and we will soon spend \$8 billion more than we are taking in,” said Corbett, who pledged during the gubernatorial campaign last year not to raise taxes. “And I don’t care how many taxes you pass, you’re not going to make up an \$8 billion difference in a few years.”

Without action, he warned, children of the state’s taxpayers “are going to be stuck with a debt they will never be able to pay down.”

He attacked his predecessor, Democrat Ed Rendell, for using temporary federal recession aid to increase education spending, rather than to repair highways or upgrade sewer systems. And he singled out tuition increases at Penn State of five times the rate of inflation over the past decade. Over the same period, the average salary of a full-time professor rose 38 percent, he said.

Regarding Monday’s student rally, Corbett said, “If I was a university student I’d probably be doing the same thing, but shouldn’t they be asking (about) the raises that I just described?”

Corbett spent a long portion of his speech making the case for why he opposes taxing natural gas production from the hotly pursued Marcellus Shale formation beneath Pennsylvania. He would like to persuade Texas-based energy companies to move their corporate headquarters to Pennsylvania, but taxing them would foil that aim, he said.

“If we bring in companies like this, our revenues will come up,” Corbett said. “And (if) we control our spending ... we will be able to fund education the way we want to, we will be able to take care of the poor and needy the way we want to.”

In the current fiscal year, Rendell used \$654 million in federal budget aid for public schools. Next year, Corbett wants to cut more than \$1 billion in public school funding, including money that helps pay for full-day kindergarten programs.

Corbett also wants to use nearly \$390 million in federal aid to prop up his spending plan, which would take \$625 million, or more than 50 percent, away from the 14 state-owned universities, as well as Penn State, Temple, Pitt and Lincoln.





A Penn State spokesman did not dispute Corbett's characterizations, but noted that the school is serving 12,000, or about 17 percent, more undergraduate students since 2000.

Corbett's speech to county commissioners coincided with hundreds of students protesting on the steps of the Capitol, brought in on buses organized by the faculty union at the State System of Higher Education.

"I don't see how he can see us as fat and waste," said Shippensburg University freshman Bryce Bendgen, who said he would have to look into scholarships and more loans to afford what he fears would be a \$2,000 tuition increase.

With lawmakers on the House and Senate Appropriations Committees making sympathetic noises to university leaders during their hearings on the budget, county commissioners say they know that a final budget may further cut funding from the human services that counties administer with state help.

Jeffrey Haste, a Republican commissioner from Dauphin County, said he agrees that Corbett's budget cuts are exactly what taxpayers and residents want. As a result, he said he is prepared to try to provide the same services with less money by strengthening the county's cooperation with a range of non-profit, faith-based and community groups.

"There will be some pockets that, initially, I think will be hurt a little, but again I think it causes everybody at that time to look at how services are being provided and try to come up with a better way of doing it," Haste said.

Joel Long, a Democratic commissioner from Clinton County, attacked Corbett's budget balancing plans as "extreme," and said the governor's argument against taxing Marcellus Shale production misses a key point that such industrial activity has a history of damaging the environment and public health.

"There are significant risks of them polluting water sources and everything else," Long said. "It seems we get so hungry for money ... that we're willing to take the risks on the environment. He's right; I do this for my kids. I not only worry about their economic future, I also worry about their health."

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