



---

September 11, 2017

Allegheny Institute Op-Ed

---

540 words

### **Pennsylvania budget stalemate only gets staler**

**By Colin McNickle**

Stopgap measures to fund Pennsylvania's budget-bereft government operations – both those already employed by the Wolf administration and those proposed by a group of legislators – are no remedy for the commonwealth's chronic and systemic budget woes, say scholars at the Allegheny Institute for Public Policy.

“It does nothing to address the underlying problem of expenditures exceeding revenues,” say Eric Montarti, a senior policy analyst at the Pittsburgh think tank, and Jake Haulk, the institute's president.

It's past time for lawmakers to seriously consider cutting spending, they add.

Pennsylvania now is into its third month of the 2017-18 fiscal year without a budget. While the Republican-controlled Legislature passed a *spending* plan, one that Democrat Gov. Tom Wolf allowed to become law without his signature, the Legislature has yet to come to terms on a *revenue* plan.

As the think tank researchers note (*in Policy Brief Vol. 17, No. 37*), the commonwealth's July fiscal picture is illustrative of the overall problem. While \$2.1 billion in General Fund revenue was collected, expenditures were \$3.2 billion.

“To be sure, tax dollars are still coming into the Treasury but they were not adequate for last year's spending and certainly not enough to cover the spending approved in the expenditure legislation,” Montarti and Haulk say.

Thus, two sources outside of the general fund had to be tapped to make ends meet.

The first came in an Aug. 16 loan of \$750 million from the Treasury's “Short Term Investment Pool.” It was repaid one week later. Then, on Aug. 29, the governor transferred \$700 million into the General Fund from the Motor License Fund. It must be repaid within 13 months.

Among other things, a portion of that latter loan will be used for critical state payments to local school districts. But that might not be the end of such transfers, Montarti and Haulk remind.

Just last week, a group of House Republicans proposed an expansive series of one-time transfers from 41 separate funds. The total -- \$1.2 billion – not only would be used to cover debt from *last* fiscal year but also to help cover \$2.4 billion in *current* fiscal-year spending, the think tank scholars say.

“It should be noted that transferring funds to cover current spending is at best a stopgap measure,” Montarti and Haulk stress.

Gov. Wolf has rejected the GOP plan, instead calling for passage of a GOP Senate revenue plan heavy on tax increases, including an extraction tax for shale natural gas.

Given the scope of the problem – both the fiscal challenges and concomitant politics involved – the researchers say the budget stalemate could go on much longer.

“One must wonder how far into this stalemate it will be before spending must be curtailed in order to avoid a serious bond rating reduction,” they say, proposing a solution typically anathema to pols.

“Why not do an across the board reduction of 5 percent at first and make deeper cuts if adequate revenue is not flowing into the Treasury?” they ask.

“Some indication of fiscal responsibility needs to be forthcoming soon,” Montarti and Haulk say.

*Colin McNickle is a senior fellow and media specialist at the Allegheny Institute for Public Policy ([cmcnickle@alleghenyinstitute.org](mailto:cmcnickle@alleghenyinstitute.org)).*

---

*Op-Eds may be reprinted as long as proper attribution is given.  
For more information about this and other topics, please visit our website:  
[www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)*

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: <a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></p>
---