## Democrats and Senate Republicans Reach Agreement but Governor Not On Board

In a flurry of activity overnight and this morning, the framework of a state budget deal was unveiled—but only a framework. **No specifics on line items were announced**. The agreement announced today includes three legislative caucuses—Senate Republicans, Senate Democrats, and House Democrats. The House Republican caucus does not agree with the deal saying that it spends and taxes too much. And Governor Rendell also is not in agreement.

The proposed Three-Caucus-Deal calls for a state budget of $27.9 billion, slightly lower than the amount spent in the last budget. Other than a $300-million increase for K-12 education, precious little is known about which programs are funded in this agreement. New or redirected sources of revenue include a higher cigarette tax, a continuation of the Capital Stock and Franchise business tax, expanded gambling and taxing of it, a tax amnesty program, and a bunch of redirected one-time revenue sources including the state's Rainy Day fund and, we believe, money residing in the Keystone Fund (think library capital improvements.)

In a press conference this afternoon, Governor Rendell called the plan "ruinous." He criticized the impacts it will have including fewer kids eligible for the CHIP insurance program and other program reductions. He raised grave concerns about what he describes as overly generous revenue assumptions that the agreement relies on, and the lack of "recurring revenue" that will lead to a deficit in 2009-10 and perhaps a billion-dollar deficit for 2010-11. **The Governor indicated he will veto this deal if it arrives on his desk in its current form.**

## In short, we're at a crossroads. Legislative Democrats and Senate Republicans have found some common ground but Governor Rendell believes that this common ground is quicksand.

Here's what we know:

1. A budget of about $27.9 billion is likely to be the overall spending number for the current year—even Governor Rendell expresses support for this level.
2. No one knows the funding levels for library programs and, even if we did, we could not rest easy since the situation is so fluid and the Governor is so strongly opposed.
3. The House-Senate Conference Committee will meet again on Monday morning to begin the formal process of moving this agreement through the House and Senate and onto the Governor's desk. On Monday, more specifics on library funding should be known.
4. Governor Rendell will have budget meetings and/or discussions with legislative leaders beginning tonight and through the weekend. Changes to the deal could take place.

**Action Needed:**

**Please, please keep up the pressure**. Your advocacy has made a big difference. I'm convinced that the damage to library programs will be much less if we can keep the heat on right up to the last minute.

We are closer to an agreement, no doubt. But serious, serious differences still exist. This could end next week but, candidly, I have my doubts. A budget bill could be passed but then vetoed by the Governor. Or a bill could be passed and he could use his line-item veto again. It could go on for two more weeks…or two more months. **For now, our best hope and strategy is to keep the calls, letters, and emails flying. We dare not let up.**

Glenn R. Miller, Executive Director Pennsylvania Library Association