

PA Environment Digest

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State Likely To End Fiscal Year With \$478 Million Surplus

Budget Secretary Charles Zogby said in his [mid-year budget update](#) Wednesday the state is likely to end the FY 2012-13 fiscal year with a \$478 million budget surplus, revised upward from an earlier \$293 million estimate.

He said revenue from corporate taxes were “over-performing,” but noted the decline in sales tax revenue was worrying.

The Department of Revenue reported this week the Commonwealth collected \$1.7 billion in General Fund revenue in November, which was \$23.1 million, or 1.4 percent, less than anticipated. Fiscal year-to-date General Fund collections total \$9.8 billion, which is \$59.1 million, or 0.6 percent, above estimates.

Meanwhile, House and Senate Democratic leaders Tuesday said there will be \$1 billion more available to spend in next year’s budget and were critical of Gov. Corbett’s “corporate welfare” policies that have cost the Commonwealth another \$1 billion in state revenues.

Secretary Zogby said agencies have already cut 6 percent of their administrative spending working toward a goal of 10 percent by the end of this fiscal year, primarily by reducing staff by 1,811 positions and through other cost control measures.

The Unemployment Compensation reform enacted earlier this year, he said, will result in the state saving more than \$380 million and employers over \$150 million annually.

Secretary Zogby said agencies were instructed to submit FY 2013-14 proposed budgets which held General Fund appropriations flat and to not backfill any cuts in federal funds with General Fund dollars.

The impact of this requested funding level, he said, is to reduce General Fund appropriations by another 7 to 8 percent due to increased personnel costs.

Secretary Zogby said the cost drivers for the next budget, no surprise, are public welfare-- \$650 million and pension costs-- \$511 million: \$403 million for school employees and \$108 million for state employees.

He said it was “probably likely” there will be no layoffs to meet next year’s budget requirements, but noted some agencies are in a better position than others to meet additional cuts.

Secretary Zogby said, unlike other years, there are no rainy-day funds and no real reserves to plug budget holes next year.

A copy of the mid-year budget briefing [is available online](#).