

# The Tribune-Democrat



## NEW – Rendell says stimulus bill will deliver billions for Pennsylvania

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— A massive new federal economic stimulus bill will deliver billions to Pennsylvania for highways, mass transit and school districts, although it will open a relatively small hole in the budget proposed last week by Gov. Ed Rendell.

Still, the news was a relief for Rendell, who had feared the implications of the Senate's version of the stimulus bill after it cut tens of billions of dollars in aid to prop up state budgets. Rendell had based his budget proposal on a more generous House bill.

A version expected to pass Congress in the next couple days will restore most of the money in the House bill, but not all. But filling that gap will be far less onerous than what Pennsylvania would have faced under the Senate's bill, Rendell said.

“To add another half a billion in cuts ... would have gone from a moderate level of cuts to a severe level of cuts,” Rendell told reporters on a Thursday evening conference call.

It remained unclear Thursday exactly how big of a hole Rendell must fill — he speculated it could be another \$60 million to \$70 million — since Congress had not finished writing a funding formula, Rendell said.

Had the state lost \$500 million, as the Senate bill would have dictated, state-related universities such as Penn State, museums and educational and health care institutions would have lost some or all their funding. Dollars for school districts and counties also would have plummeted, potentially forcing layoffs, Rendell said.

The agreed-to stimulus bill also allows Rendell to keep an additional \$300 million that he wants for public schools.

“So we have pretty much escaped a disaster,” Rendell said.

The White House and Congress struck a deal on a final \$790 billion stimulus bill on Wednesday and details about it began emerging during the day Thursday.

The package of spending and tax cuts will help Pennsylvania deal with some of its problems amid a deepening national recession, but not all, Rendell said.

To offset faltering state revenue collections, Rendell has already ordered hundreds of millions in frozen spending this fiscal year and proposed another nearly \$1 billion in cuts for the 2009-10 fiscal year that begins July 1.

All told, Pennsylvania will get more than \$16 billion from the stimulus bill, including about \$5 billion in budget aid, about \$1.5 billion directly to school districts and another \$1.7 billion for highways, bridges and mass transit agencies.

Schools can use the money to avert cuts and layoffs and to modernize, among other things, Rendell said.

The state will have to negotiate with regional transportation planning commissions to determine which transportation projects get funded. Shovels could begin turning dirt on some highway projects within a matter of four months, while others might take up to nine months to get contracts awarded, Rendell said.

Some of the aid is directed to the jobless, such as unemployment benefits, food stamps and health coverage. It also includes a tax break of up to \$800 for millions of lower- and middle-income taxpayers that would benefit 4.9 million Pennsylvanians, according to White House figures.

According to White House estimates, the bill will create or save 143,000 jobs in Pennsylvania over the next two years, sixth-most in the country. Since the recession began just over a year ago, Pennsylvania has lost

more than 75,000 jobs.

Many of the jobs to be created will be in construction, Rendell said.

The bill also offers opportunities for the state to compete for federal grants for infrastructure and school improvement projects.

One such project that Pennsylvania will pitch is a rail connection between Scranton and the Pocono Mountains to New York City, Rendell said. The state also will seek federal grants to pay for emergency repairs to deteriorating dikes, levees and locks in waterways around Pittsburgh, he said.

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