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# MEDIA RELEASE

## County Impacted by State Budget Impasse Commissioners list key concerns, announce action plan

On Thursday during a noon-hour gathering of County of Lycoming employees, the Board of Commissioners described the impact of the ongoing State budget impasse, identified key concerns for the County's fiscal future and described a plan of action for sustaining services to citizens that were "zeroed" by the Governor's "blue-lining" of the 2009-2010 State budget. A crowd of employees, representatives of State service-provider organizations and the public gathered in a shady plaza between the County Courthouse and the Executive Plaza Office Building to learn the Commissioners' assessment of the situation, and how the County is responding to the present inaction by the Legislature and the Governor.

Board of Commissioners' Chairperson, Rebecca A. Burke, indicated "this is an extremely serious financial situation," and wanted every employee to be informed of and committed to the County's plan of action. "Too, I want to reassure the citizens of Lycoming County that the Commissioners understand the obligations by the County to deliver State-mandated services. We are attempting to preserve those critical services until a final State budget is legislated and approved by the Governor. Along with our colleagues in every other county in the Commonwealth, we urge the Legislature and the Governor to act . . . soon!"

During the approximately one-hour briefing that included an opportunity for questions by the attendees, the Commissioners presented large charts to supplement their comments graphically. (*Note to Media:* a copy of the charts presented by the Commissioners is enclosed.)

The Commissioners' presentation identified a 'crux issue' as the line item veto directed in early August by Governor Ed Rendell. The Governor's veto included 'blue-lining' more than half (\$12.9 billion) of the \$23.9 billion 2009-2010 State operating budget approved earlier by the Legislature. A major detriment to counties was the Governor's action to 'zero' the budgeted funding in many lines for State mandates, statutory obligations counties must fulfill. These mandates include such County-delivered services as adult and juvenile probation, children and youth and mental health/mental retardation. The veto also 'zeroed' approval for grant funds that pay salary costs for 56 county staff positions and also fund treatment for juvenile probation placements ordered by the courts for troubled youth.

"At this point the County is 'bleeding'," explained Commissioner Ernie Larson, Vice-Chairman. "The County didn't budget funds to bail-out the State for not fulfilling its own obligations." The presentation revealed that since July, the County has had to absorb the salary shortfall in State-funded grant positions to keep services flowing to eligible recipients in Lycoming County.

"But in addition to the \$83,000 cost to pay the unfunded grant-supported salaries, the County has been underwriting nearly another \$220,000 per month for juvenile placements, criminal justice support services and the like," added Larson. "That's more than \$300,000 per month already for July and August. An even greater concern if this impasse continues into October, however, is the County will be required to dip further into its cash reserves to sustain services for Children and Youth and Mental Health/Mental Retardation. These two human services support programs will be without revenues to operate after September. The cost of perpetuating these two State-mandated requirements will add more than \$1.3 million per month to the County's dollar drain, that's a whopping \$1,626,696 monthly!"

Commissioner Jeff Wheeland, Board Secretary, pointed out, "it isn't as if we've been silent about this unsatisfactory course of events. In early June, the Commissioners passed a resolution and forwarded it to the Governor and both houses in the General Assembly. The resolution specifically asked that the Commonwealth 'pass a responsible budget, one that funds State mandates and one that does not transfer the burden to County taxpayers.'

"Obviously, that request fell on deaf ears," added Wheeland. "Since then, the Commissioners have communicated with our State delegation asking them to help persuade their colleagues in the House and Senate to provide us with a budget number that we can manage-to. The scary thing, however, that even if-and-when a State budget may be approved, no assurance exists that funding will be adequate to 'make the County whole' for the expenditures we've been obligated to undertake since the first of July."

As part of the presentation, Commissioner Burke identified the County's goals for dealing with the State budget impasse. These are: "to remain solvent, to reduce County budget outlays during the balance of 2009 until 'the bleeding stops', to preclude exhausting County cash reserves, to avoid 'backfilling' any final State shortfalls if-and-when the impasse ends and to not pass along State obligations to County taxpayers." A 10-point action plan was unveiled to help achieve the goals Burke listed. (*Note to Media*: Chart 11 of the enclosure depicts the action plan.)

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Enclosure--Presentation Charts