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\$1 billion bond proposal for Pennsylvania draws objections

By Angela Coulombis and Tracie Mauriello

HARRISBURG - Politics - and the reality of the recession - might stand in the way of the Rendell administration's plan to borrow \$1 billion to help finance public-improvement and other construction projects across the state.

The governor has signed off on a \$1 billion taxpayer-financed bond issue, but other top state officials, both Democrats, on Wednesday slammed the brakes on it.

Pennsylvania Auditor General Jack Wagner refused to approve it, while Treasurer Rob McCord said he wanted first to consult with Gov.-elect Tom Corbett, whose administration would be saddled with helping pay off the debt. Corbett said he would review the matter.

Approval from either Wagner or McCord is required. And if McCord decides to nix the bond issue as well, hundreds of projects, many in Philadelphia and its suburbs, could lose millions in funding.

The Rendell administration is painting a scenario in which projects would be halted in their tracks and workers abruptly sent home, leading to costly litigation.

"It's a brouhaha, and it's unfortunate," said Steve Crawford, Gov. Rendell's chief of staff. "This is not a bond issue that finances 'going-away presents.' . . . These are ongoing projects for improvements to universities, dams, bridges, and prisons."

Crawford said the \$1 billion would pay for bills that are either due now or soon on projects for which contracts have been signed and, in many cases, work has already begun.

No new initiatives would be funded by the bond issue, including recently approved public projects that sparked controversy and negative headlines, such as one to build a library named after outgoing U.S. Sen. Arlen Specter (D., Pa).

Asked to detail what would be affected if the \$1 billion were rejected, the administration released a partial list of projects that included Family Court, the Free Library, the Barnes Foundation, the Franklin Institute, the Kimmel Center, the National Constitution Center, the Philadelphia Museum of Art, and the Philadelphia Zoo.

Outside Philadelphia, the list included money for the new medium-security facility at Graterford in Montgomery County, the Bensalem police building and the downtown Doylestown parking garage in Bucks County, the Downingtown Library senior center and the Chester County Public Safety training facility in Chester County, and the Chester soccer stadium and the Boys & Girls Club of Chester in Delaware County.

In a letter to Rendell, Wagner, the state's chief fiscal watchdog, wrote that the state's debt had increased 39 percent from \$6.1 billion in June 2002 to \$8.4 billion last month.

Adding \$1 billion into the mix would increase the debt an additional 12 percent to \$9 billion, which, Wagner said, "is too much to put on the backs of our children and grandchildren."

In an interview, Wagner also said he was "in the dark" about what portion, if any, of the \$1 billion could be used to approve new projects between now and the end of Rendell's term in mid-January.

"Transparency is very important here," said Wagner, who has butted heads frequently with Rendell on spending over the last four years.

Wagner said he and McCord believed there was enough money in reserve from previous bond issues to pay for projects at least through next month.

At that point, Corbett could decide how to proceed and what to fund.

"There is a balance here, and the balance is meeting the needs of the commonwealth but at the same time not overtaxing the public and not taking on debt beyond our ability to manage," Wagner said.

Rendell is not the first departing governor to want to take on new debt.

McCord, in a letter to Corbett seeking his thoughts, noted that former Gov. Mark Schweiker in the final months of his term approved \$500 million in debt.

But McCord also pointed out that the proposed \$1 billion bond issue would require, for the next 20 years, an additional \$82 million in annual debt-service payments.

"I regard transitions to be delicate times in governance - times when elected constitutional officers such as myself have a special obligation to be respectful both to the ongoing needs of government and to the preferences and priorities of the incoming administration," McCord wrote to Corbett. "This is especially so during a time of financial crisis."

McCord is expected to make his decision in the next week.

Corbett spokesman Kevin Harley said Wednesday that the governor-elect would review the letter.

"We just got that letter from McCord late this afternoon and . . . do not have any formal position on it today," Harley said.

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