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## If You're Going To Write About State Budget Crises...

By David Hogberg

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...then perhaps you should mention spending?

This [rundown of the 10 states](#) in the worst fiscal shape unfortunately only mentions spending as part of the problem in two cases, Arizona and California. For most of the others, the recession and lack of "adequate revenues" are the main culprits. Typical is this [assessment of New Jersey](#):

New Jersey's huge long-term debt has grown from years of excessive borrowing and eluded the efforts of politicians to rein it in through tax increases. The collapse of Wall Street was another significant blow to the Garden State economy.

Looking at the [actual spending](#), in 2000, New Jersey's general fund budget was about \$19.5 billion; by 2009 it was \$30.5 billion, an increase of almost 57%. By comparison, inflation rose just under 25% during that period, while the population of the Garden State grew 3.5%.

A quick calculation shows that if New Jersey spending rose at the rate of inflation plus population growth, its 2009 budget would have been about \$25.2 billion, less than the \$29.5 billion in revenues collected.

Any analysis of state budget woes should also examine [bloated public employee pensions](#). From IBD today:

Whether or not additional federal aid allows states more time to make their fiscal adjustment, the only light at the end of the tunnel appears to be a runaway train of unfunded pension obligations.

State and local government employee benefit packages are 70% more generous than in the private sector, according to a report by Chris Edwards, director of tax policy studies at the libertarian Cato Institute.

"The benefits are extremely generous, they are substantially underfunded and there appears to be a giant tax bill coming down the road," said Edwards.

Take Pennsylvania Gov. Ed Rendell who last week proposed a \$29 billion budget, penciling in \$2.8 billion in federal stimulus funds, including \$800 million not yet approved by Congress.

But the state will have to go cold turkey on stimulus come fiscal 2012, and in fiscal 2013, pension costs are set to soar by \$2.4 billion, driving the state's projected deficit to \$5.6 billion.

"A fiscal tsunami is coming at us, and I believe that we must act now to mitigate its impact," Rendell said.

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