

# Welcome

**2015-16 State Budget Update**  
**2016-17 State Budget Update**

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# 2015-16 Blue-Lined Budget

## A Brief History:

- **June 30** – General Assembly sends HB1192 (budget) to Gov. Wolf, who vetoed the bill the same day.
- **June 30** – General Assembly sends amended version of SB 1 (pension) to the governor.
- **July 2** – Gov. Wolf vetoes HB 762 (School Code bill).
- **July 9** – Gov. Wolf vetoes SB1.
- **Aug. 24** – Attempt to override governor's veto of HB 1192 fails.
- **Sept. 18 & 21** – General Assembly passes 3 key bills intended as stopgap state budget: SB 1000, SB 1001 and HB 224. All bills vetoed on Sept 29.



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# 2015-16 Blue-Lined Budget

## A Brief History:

- **Oct. 7** -- Budget stalemate continues after vote on governor's latest revenue plan under HB 283 fails in the House with a vote of 73-127 that fell largely along party lines.
- **Oct. 19** -- PSBA files lawsuit in the Commonwealth Court against the PA Dept. of Education & state Treasurer challenging the unlawful diversion of Property Tax Reduction Allocation fund.
- **Oct. 28** -- Senate attempts to override governor's veto of the stopgap budget under SB 1000. Fails to get the 2/3 vote necessary to pass. Bill fails on a party-line vote of 30-19.
- **November** -- Budget framework announced
- **December** -- Budget framework dead



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# 2015-16 Blue-Lined Budget

## December 2015:

**General Assembly passes HB1460 and it is “accepted” by Gov. Wolf**

- Basic Subsidy (BEF): \$5.6 b passed - \$3.097 b is blue-lined
- Just 45% of funds (first 6 months) are distributed for education.
- Hold harmless for 2014-15 – everyone received what they would have. Provides \$100 m additional: \$50 m for education assistance program; \$35 m for BEF cut restoration; \$12 m for Chester Upland SD; \$3 m for Wilkinsburg Borough SD.
- Ready to Learn Block Grant: \$192 m sent out via hold harmless for 2014-15; \$8 m for charter reimbursement



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# 2015-16 Blue-Lined Budget

## Also Passed:

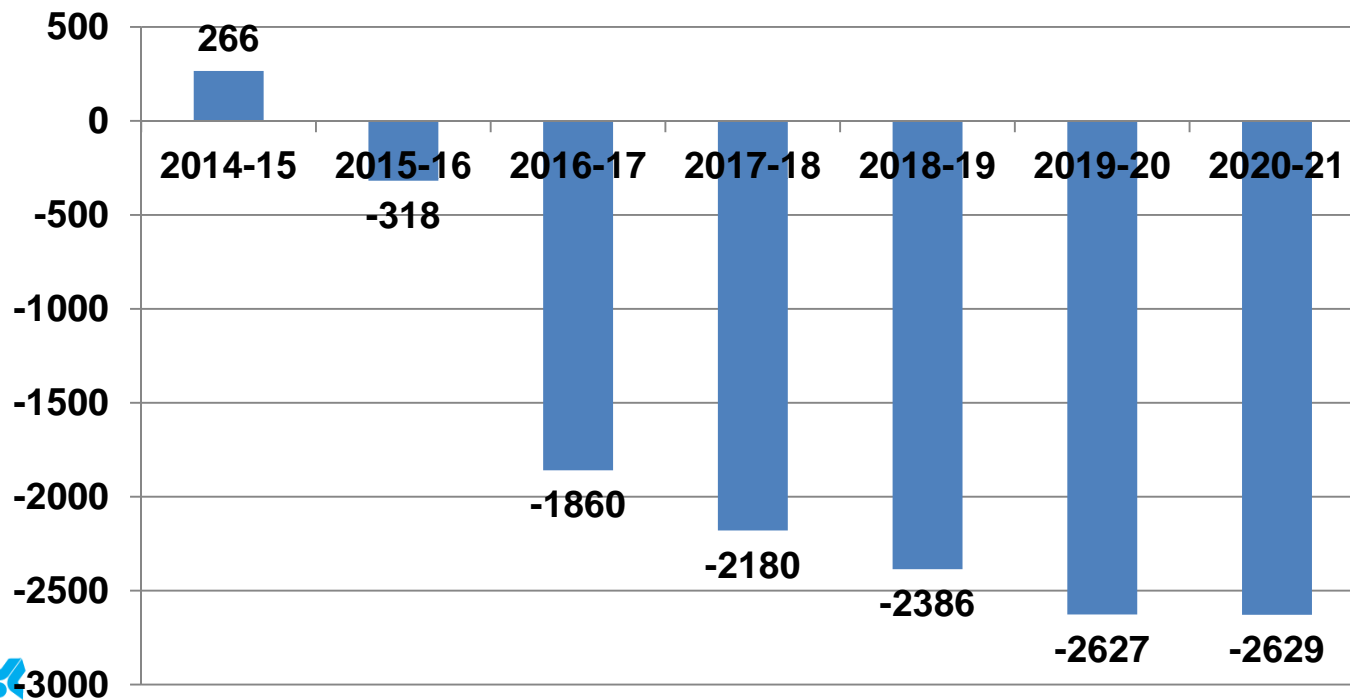
- Employee Pension Dollars - \$1.7 billion
- Employee Social Security - \$437 million
- Plan Con - \$0



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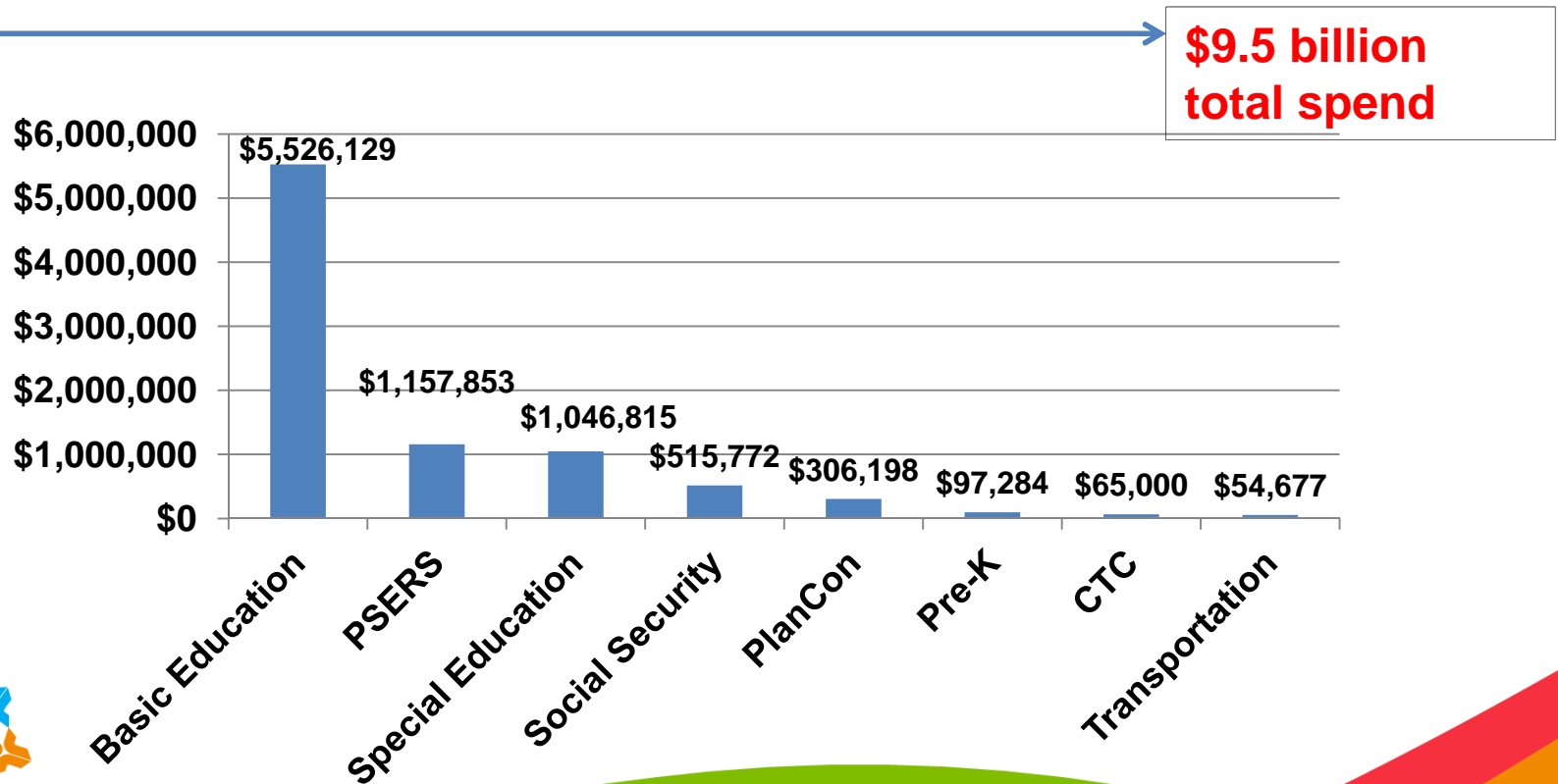
# Budget Background

## Independent Fiscal Office Analysis of PA Budget Structural Deficit



# Budget Background

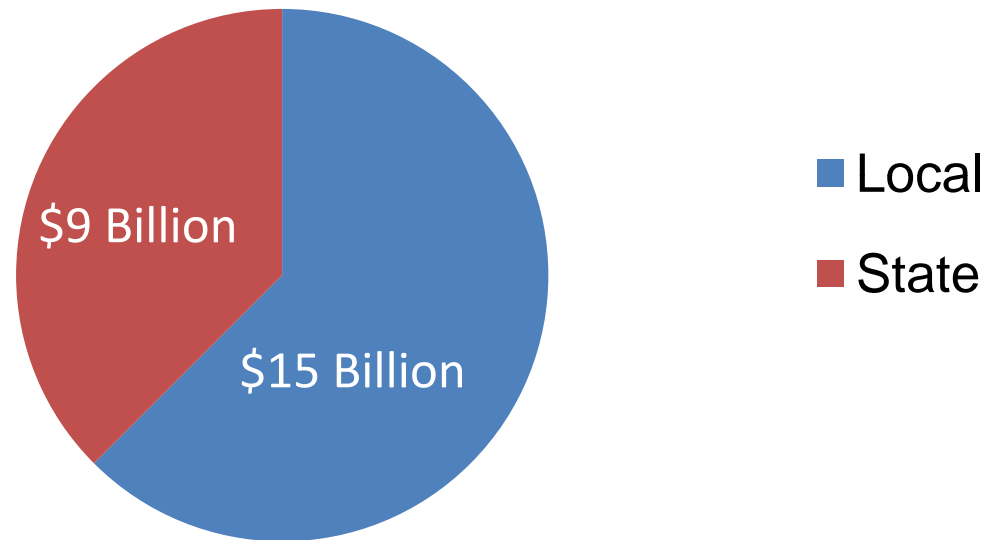
## How Much Does the State Invest in Education 2014-15?



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# Budget Background

## Local vs. State

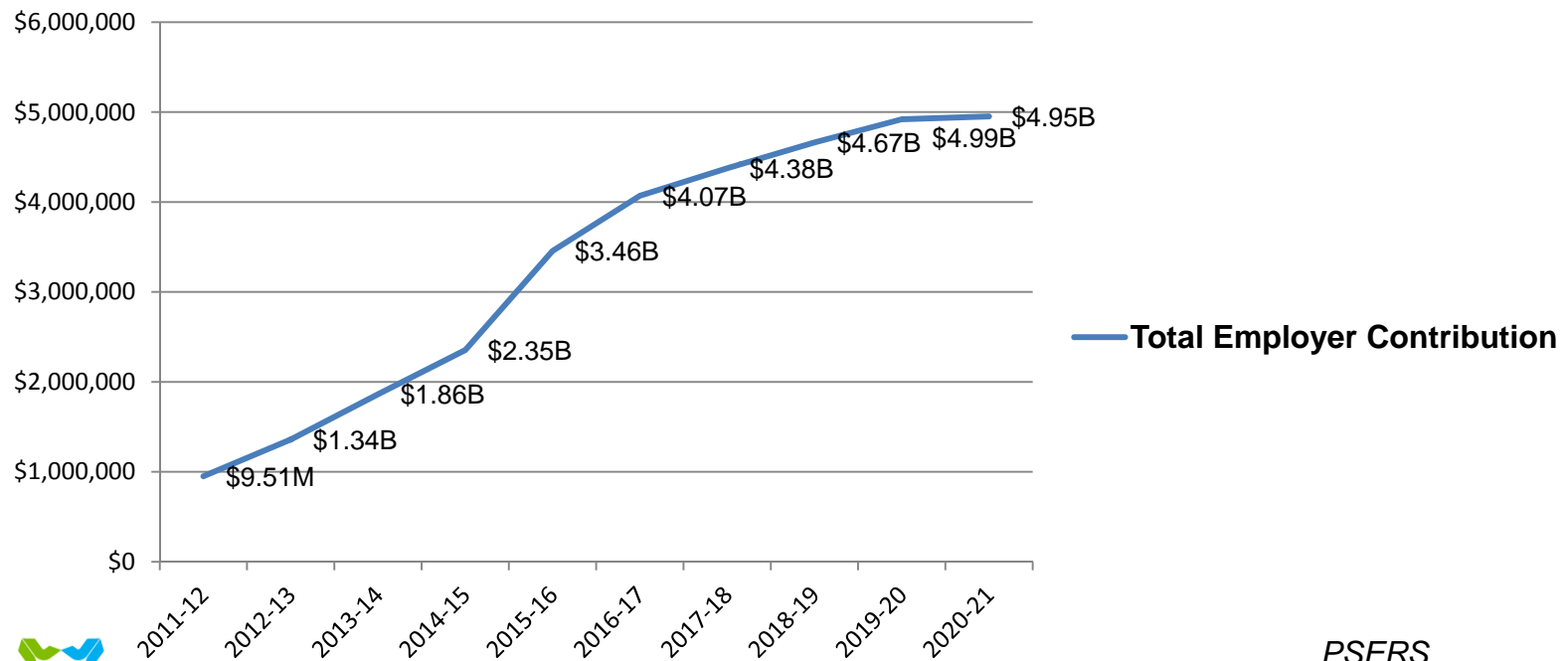




# Budget Background

## Pension Cost

Total Employer Contribution (in thousands)



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# 2016-17 Proposed Budget

## Revenue Package

*Dollar amounts in millions*

<b>Tax</b>	<b>2015-16</b>	<b>2016-17</b>
Personal Income Tax increase 3.07% to 3.4%	\$555	\$1,294
Sales tax Base Expansion	\$66	\$415
Bank Shares Tax Increase	\$37	\$39
Insurance premiums tax surcharge	\$81	\$101
Cigarette Tax Increase	\$122	\$468
Other Tobacco Products tax at 40%	\$11	\$136
Severance Tax at 6.5%	\$0	\$218
Gaming Promotional Play tax at 8%	\$21	\$51
<b>Total:</b>	<b>\$893</b>	<b>\$2,722</b>



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# 2016-17 Proposed Budget

**Career Counselors:** The 2016-17 budget includes \$8 m to help school districts to offer college and career counseling in middle and high schools to develop pathways to higher education and high-skill careers.

**Authority Rentals and Sinking Fund Requirements:** The funding that is used for reimbursement to schools for approved construction projects (PlanCon) is set at \$306 m. \$0 for 2015-16.

**Assessment** - Funding for state and federal testing programs receives a 1.8% increase for a total of \$59.3 m.

**Teacher Professional Development** - The budget provides level funding at \$7.46 million.



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# 2016-17 Proposed Budget

**Early Childhood:** A \$60 m increase for early childhood programs. This provides an additional \$50 m for Pre-K Counts for a total of \$197.2 m and a \$10 m more for a total of \$59.1 m for the Head Start Supplemental Assistance Program.

**Office of School Improvement: (Turnaround Schools)** PDE will establish an Office of School Improvement to address the needs of persistently low-performing schools. Turnaround Specialists will work with school leadership teams to identify & leverage resources through PDE, intermediate units, higher education institutions & other educational partners. Through these efforts, the OSI will help schools implement new policies & systems that support student success & close achievement gaps.



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# 2016-17 Proposed Budget

**School Performance Profile:** The current School Performance Profile (SPP) system will be revised so that it does not too heavily rely on test scores. A revised SPP will take into account student growth, opportunities for advanced study, industry benchmarks, and student behaviors, like attendance, that impact school success. The SPP will measure schools based on more than just the results of a test score that captures student learning at one point in time.



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# 2016-17 Proposed Budget

## Charter Reforms:

**Making the Pension Double Dip Prohibition Permanent:** Last year the General Assembly in its budget deliberations voted to eliminate the state portion of the reimbursement to charter schools for employer retirement contribution costs. However, this elimination of the double dip of pension payments to charters makes no changes to the requirement for school districts to pay 100% of these costs for charters

**Reimbursement Based on Audited Costs:** The 2016-17 budget includes a requirement for an annual reconciliation, whereby charter and cyber charter schools will refund money to their sending school districts if the charter school's audited expenditures are less than its tuition revenue.



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# 2016-17 Proposed Budget

## Important Notes

**Social Security:** PDE has indicated that it will change the current system of reimbursement to have schools submit for reimbursement and that these payments may be cut down to 10 instead of 12. According to PDE, this amounts to a \$78 million dollar savings on their end. We are unsure how this will impact school districts, details are not yet available.

**BEF Funding Charts:** The charts that are utilized to calculate the BEF distribution found on [PDE's webpage](#) are **not** fully updated with the various factors needed to recalculate the disbursement. ***PDE has indicated it will change these numbers shortly.***



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Sign up: [www.psba.org](http://www.psba.org)



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# Thank You

