

A State Budget Proposal That Makes the Right Choices for Children

Any budget is an expression of priorities. The budget proposed by Governor Wolf sends a clear signal that children are his priority. Nearly all of the new state spending proposed by the Governor is targeted to improve early learning, public schools, and access to higher education. Further, the Governor is proposing to give thousands of children, who are currently uninsured, access to health care. Given the State's gaping budget deficit, its antiquated system of taxation, a stubbornly stagnant job base and the growing needs of a cash-starved and underperforming public education system, this Governor made hard choices and kids came out on top.

This budget proposal kicks off a process where the legislature and the Governor can work together to pass a budget that makes children the "choice" investment for the Commonwealth.

Education

Early Childhood Education	Current FY 2015 Funding	Proposed FY 2016 Increase	% Increase
Pre-K Counts Expansion	\$97 million	\$100 million	103%
Head Start Expansion	\$39 million	\$20 million	51%

The proposed increases to the state Pre-K Counts and Head Start programs will nearly double the number of children already enrolled in publicly-supported, high quality early learning programs and will make them available to 14,500 additional three- and four-year-old children.

With these funds, the share of children enrolled in high quality early learning programs is estimated to grow to about 35% of all three- and four-year olds in Pennsylvania. That's the good news, but even with this dramatic expansion, Pennsylvania will still trail our neighboring states.

K-12 Education	Current FY 2015 Funding	Proposed FY 2016 Increase	% Increase
Basic Education Subsidy Increase	\$5.7 billion	\$400 million	7%
Special Education Increase	\$1 billion	\$100 million	10%
Dual Enrollment Re-Established	No funds	\$9 million	--
Career Technical Education Expansion and Upgrade	\$67 million	\$25 million	37%

Basic Education Funding – The proposed Basic Education Subsidy moves every school district closer to the level of funding they were receiving in FY 2011 before Governor Corbett cut the Basic Education Subsidy and the Accountability Block Grant and eliminated the Charter Reimbursement and the Educational Assistance Program (tutoring funds).

The Governor's budget restores all funds cut to the Accountability Block Grant and the Education Assistance Program and a portion of the Charter Reimbursement and Basic Education Funding for districts. These funds will now be distributed to districts through the Basic Education Funding line item. These new funds represent a seven percent increase over current spending (including Basic Education Funding and the Ready to Learn Block Grant).

While the proposed increase in public school resources for both basic and special education services is substantial, districts across the state will still be nearly \$300 million short of the funds they had for classroom activities in 2011. The Governor is proposing to work with the legislature to adopt a new school funding formula that adds \$2 billion over four years in new state funding for schools above the current state funding.

Special Education – Approximately 270,000 of the state's 1.7 million public school students receive special education services. The Governor's proposed 10% increase in the special education line item of \$1 billion is five times larger than the enacted increase for FY 2015 and it represents the largest increase in this line item in at least twenty years. To put this increase in context, school districts spend about \$3.3 billion on special education services required by federal law but receive only about \$1.3 billion in state or federal support to cover the costs of these services.

For school districts across southeastern Pennsylvania, the state spending for basic and special education will mean more than a \$200 million increase for public schools.

County	2015-16 Proposed Basic Education & Special Education Funding Increases
Bucks	\$11,555,215
Chester	\$13,368,191
Delaware	\$22,450,662
Montgomery	\$10,909,125
Philadelphia	\$159,373,068
TOTAL	\$217,656,261

Dual Enrollment – The budget proposal calls for the re-establishment of state funds to enable school districts to cover the cost of students who earn college credit while in high school. At its height in FY 2010, state support for dual enrollment was \$63.2 million. The administration is tapping a portion of the earnings of the Pennsylvania Higher Education Assistance Agency (PHEAA) to cover the cost of this college access program.

Career/Tech Education – The budget proposal calls for a \$23 million increase in funds to support Career and Technical Education programs and to expand career counseling support for middle and high school students. It also provides \$2 million in new funds on top of the \$3 million currently available for equipment grants for these programs.

Cyber Charter Tuition Payment Reform – The budget proposal calls for an agreement on a statewide tuition rate and reform to Special Education payment rates for Cyber Charter schools. The Wolf proposal, if adopted, would reduce school districts' cyber charter tuition payments by approximately \$160 million, freeing up these funds to be spent on other school services that can boost student achievement.

Higher Education	Current FY 2015 Funding	Proposed FY 2016 Increase	% Increase
State Higher Education Increase	\$412.7million	\$45.3 million	11%
Community College Increase	\$212 million	\$15 million	7%
State-Related Institutions Increase	\$511 million	\$83 million	16%
PHEAA Increase	\$391 million	\$16 million	4%

Higher Education – The Governor is proposing to restore funds to higher education cut by his predecessor. Funds for these state institutions are used for general operations. As a result, the Governor is asking these institutions to hold the line on tuition increases. The \$159 million total increase in higher education also includes an increase in student aid with the \$16 million increase in funds for PHEAA.

Property Tax Relief – The Governor proposes to reduce property taxes by \$3.8 billion. While property tax reductions do not directly benefit students, cuts to property taxes *de facto* increase the state share of funding for schools and help rebuild the community support for public education. This proposal enables school districts to cut local school property taxes and replace those school revenues with state dollars. If this proposal is adopted, taxpayers in districts across the region will see their property tax bills cut by more than \$800 million.

Governor Wolf Proposes \$1 Billion Financial Relief for Southeastern Pennsylvania Schools and Homeowners			
County	2015-16 Proposed Basic Education & Special Education Funding Increases	2016-17 Property Tax Reduction	Total Financial Relief
Bucks	\$11,555,215	\$171,917,276	\$183,472,491
Chester	\$13,368,191	\$157,113,437	\$170,481,628
Delaware	\$22,450,662	\$194,931,602	\$217,382,264
Montgomery	\$10,909,125	\$223,747,504	\$234,656,629
Philadelphia	\$159,373,068	\$88,086,614	\$247,459,682
TOTAL	\$217,656,261	\$835,796,433	\$1,053,452,694

Health Care

The Governor reiterated his proposal to adopt Medicaid expansion, permitting more parents, particularly those who are low-income, to access affordable, quality health care. Research shows that when parents are insured and healthy, the well being of their children is also improved. Research also shows that insured parents are likely to have insured children. As a result of insuring more adults, the Governor's Medicaid expansion plan projects that nearly 16,000 more children will become insured as well.

This proposal reflects the needs of kids and the priorities of Pennsylvanians. It represents an exciting opportunity for Governor Wolf and the legislature to work together to pass a budget that invests in kids and our future.