

The Road to Prosperity?

The 2012-13 State Budget

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Pennsylvania Budget and Policy Center
EPLC Policy Breakfast - Pittsburgh

March 8, 2012

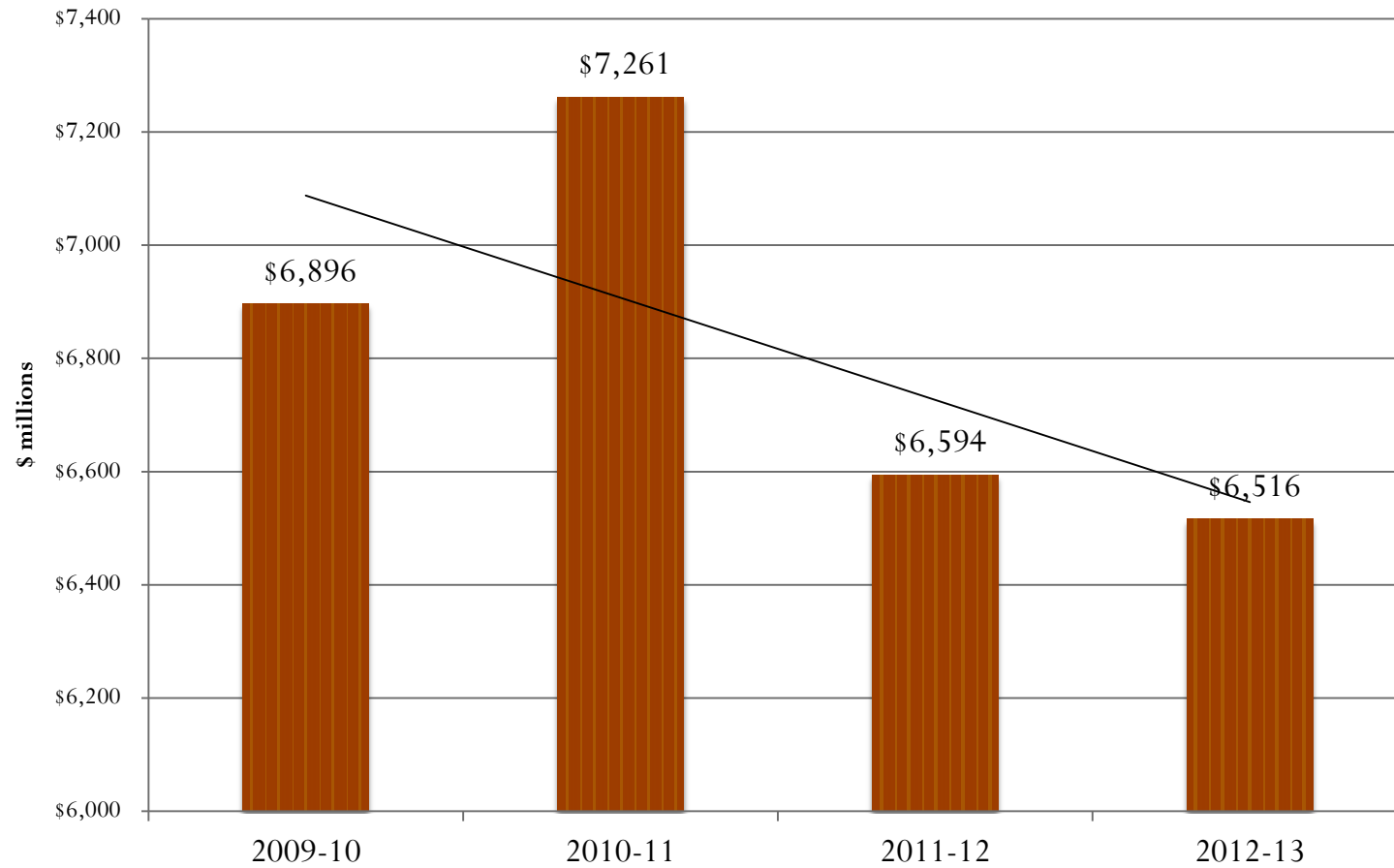


Who We Are

- The Pennsylvania Budget and Policy Center (PBPC) is a statewide, non-partisan policy research project.
- PBPC provides budget and fiscal analysis and public education in support of policies that improve the economic and social well-being of low and middle income Pennsylvanians.
- www.pennbpc.org

Governor Corbett Yr. One Budget

Education Gains Wiped Out in 2011-12



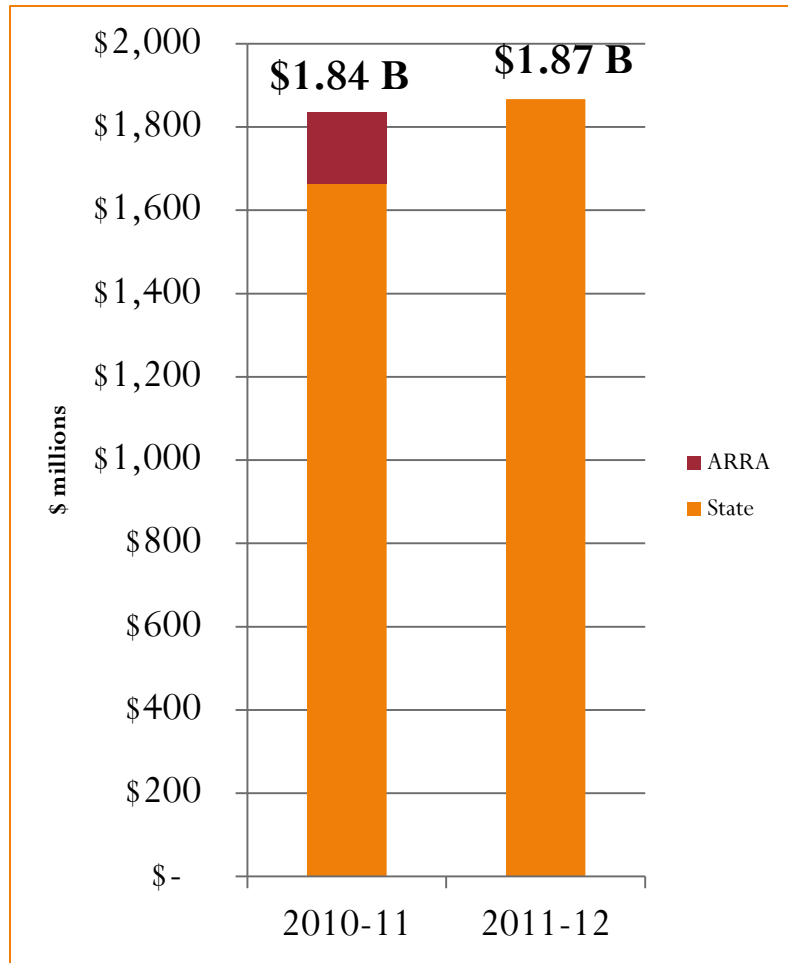
2011-12 Cuts in Education Funding Hit Poorer Districts Harder

Cuts per Student	Number of Districts	Percent of Students in Poverty
Over \$700	29 districts	58.97%
\$500 to \$700	130 districts	46.99%
\$300 to \$500	187 districts	34.87%
\$150 to \$300	103 districts	22.82%
Under \$150	51 districts	11.78%

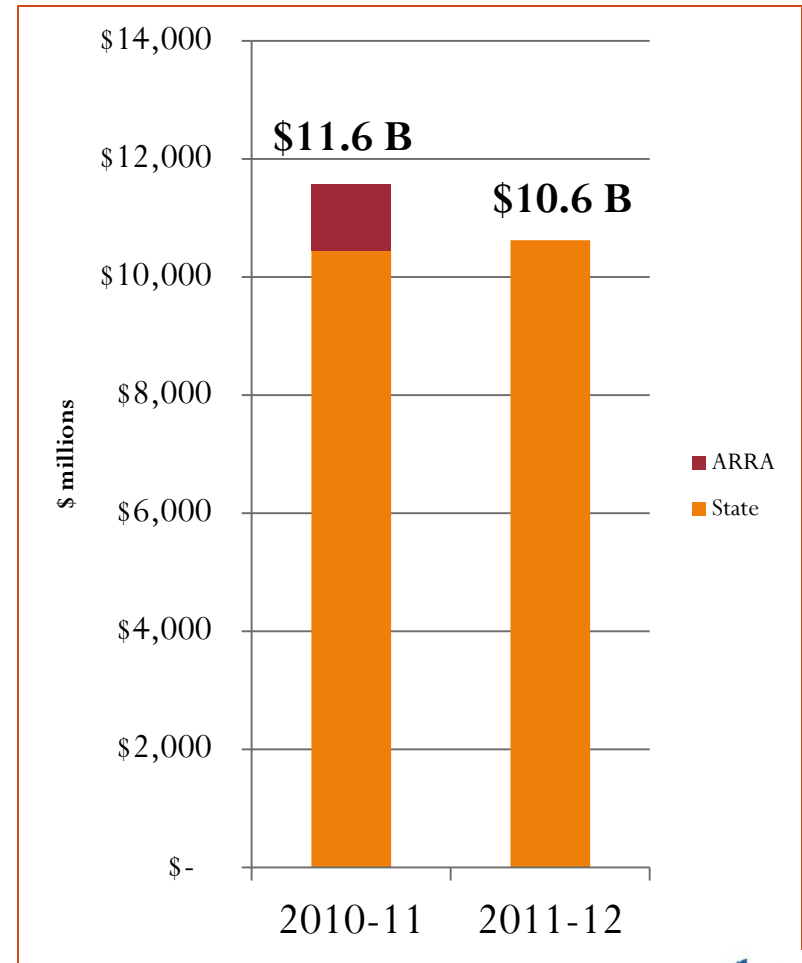
Source. Education Law Center (www.elc-pa.org)

Note: Cuts include reductions in Basic Education, Accountability Block Grants, Reimbursement for Charter Schools, and Education Assistance Program from 2010-11.

ARRA DOLLARS RESTORED FOR PRISONS: NOT FOR SCHOOLS

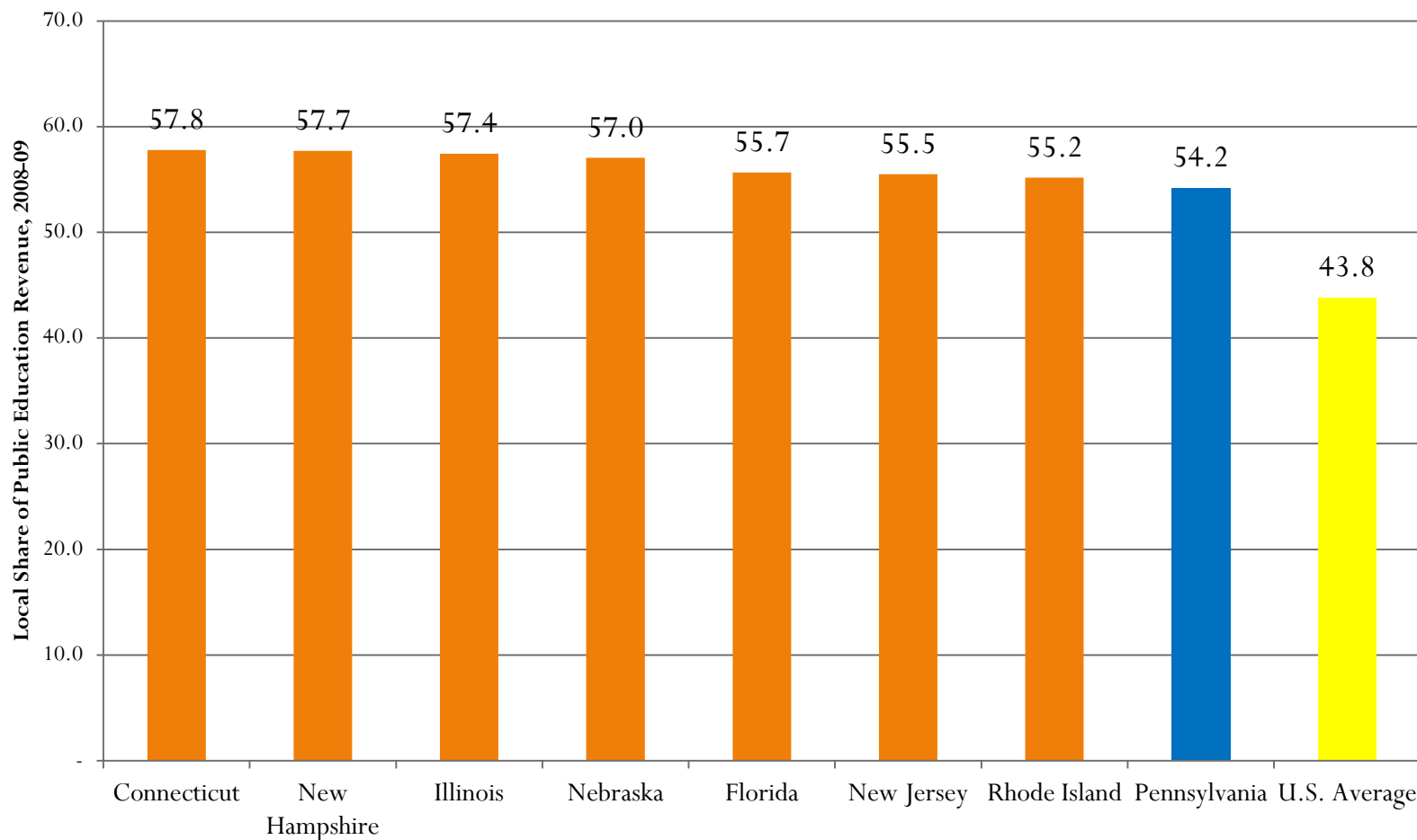


DOC-Prisons



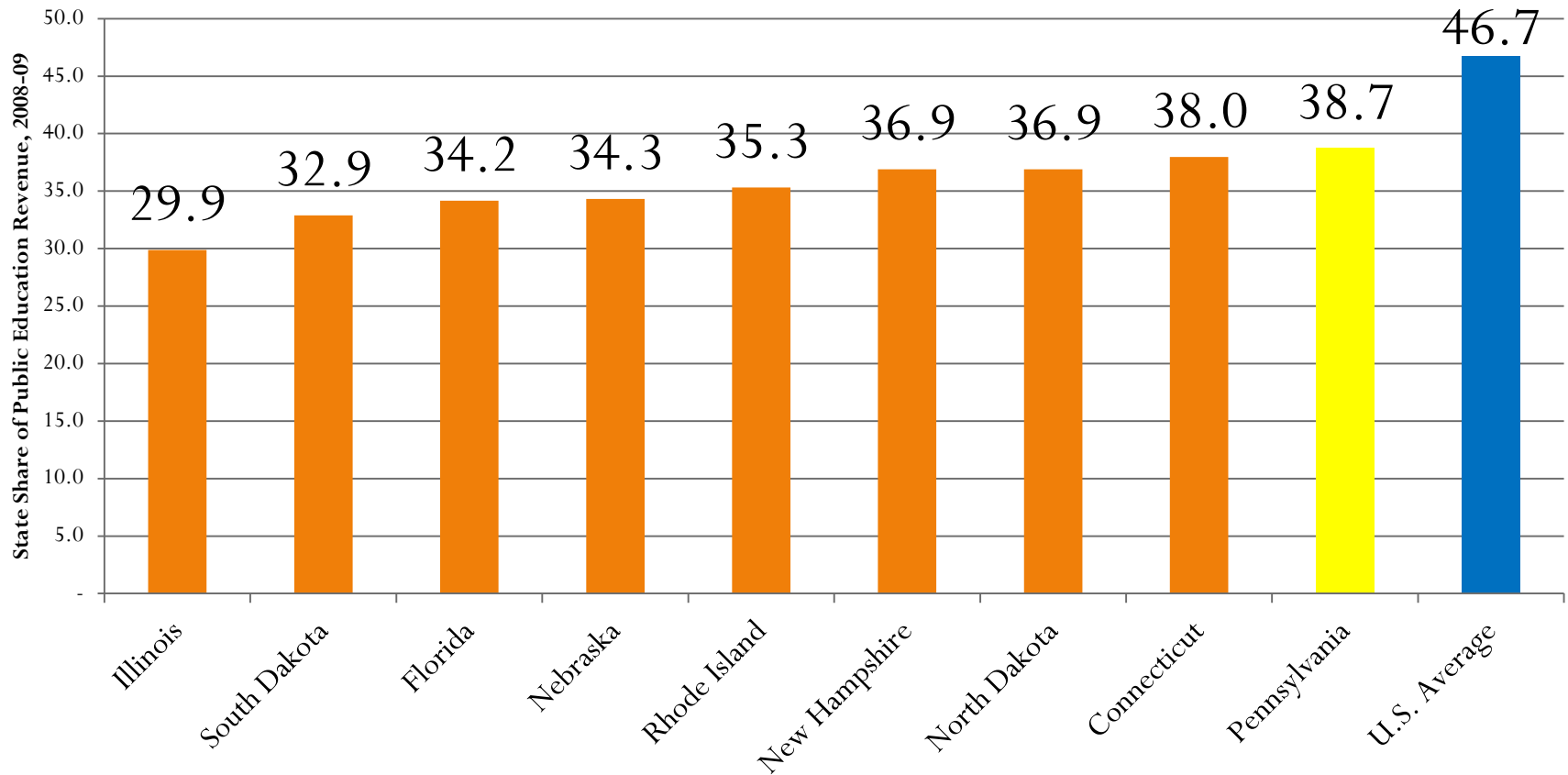
Education

PA Has 8th Highest Reliance on Local Funds for Schools



Source. U.S. Census, Public Education Finances Report

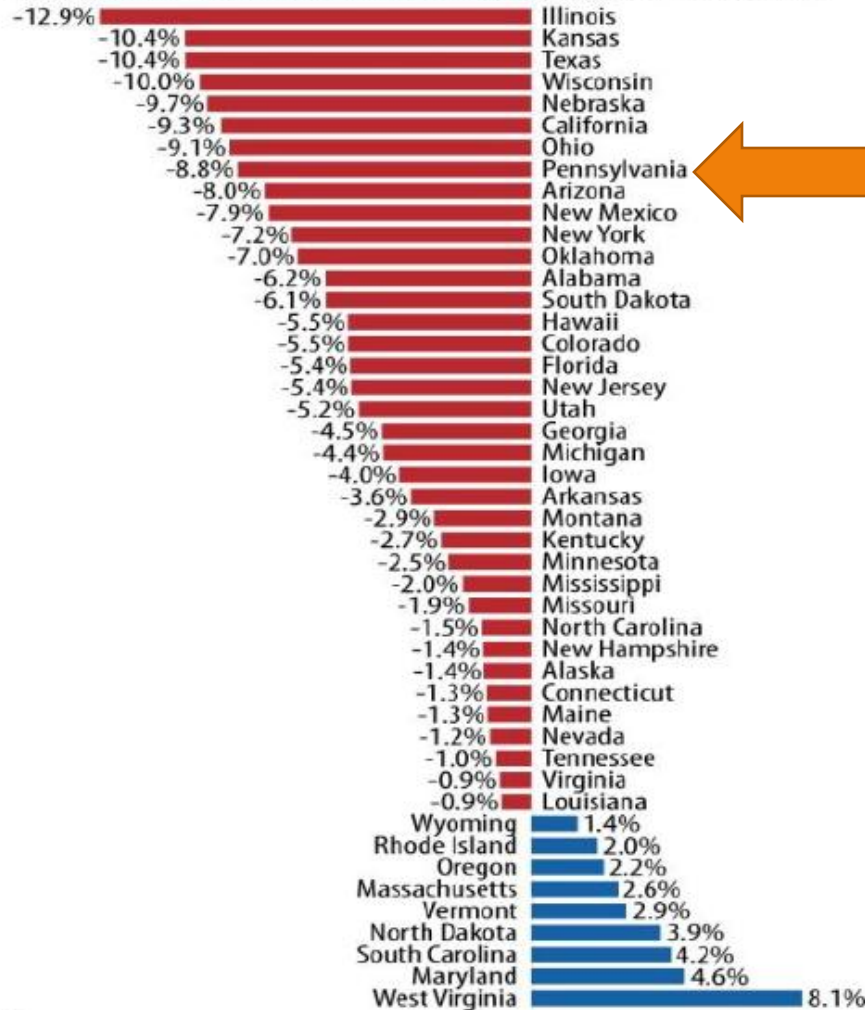
PA Ranks 42nd in State Funding for Schools



Source. U.S. Census, Public Education Finances Report

Most States Have Cut School Funding This Year

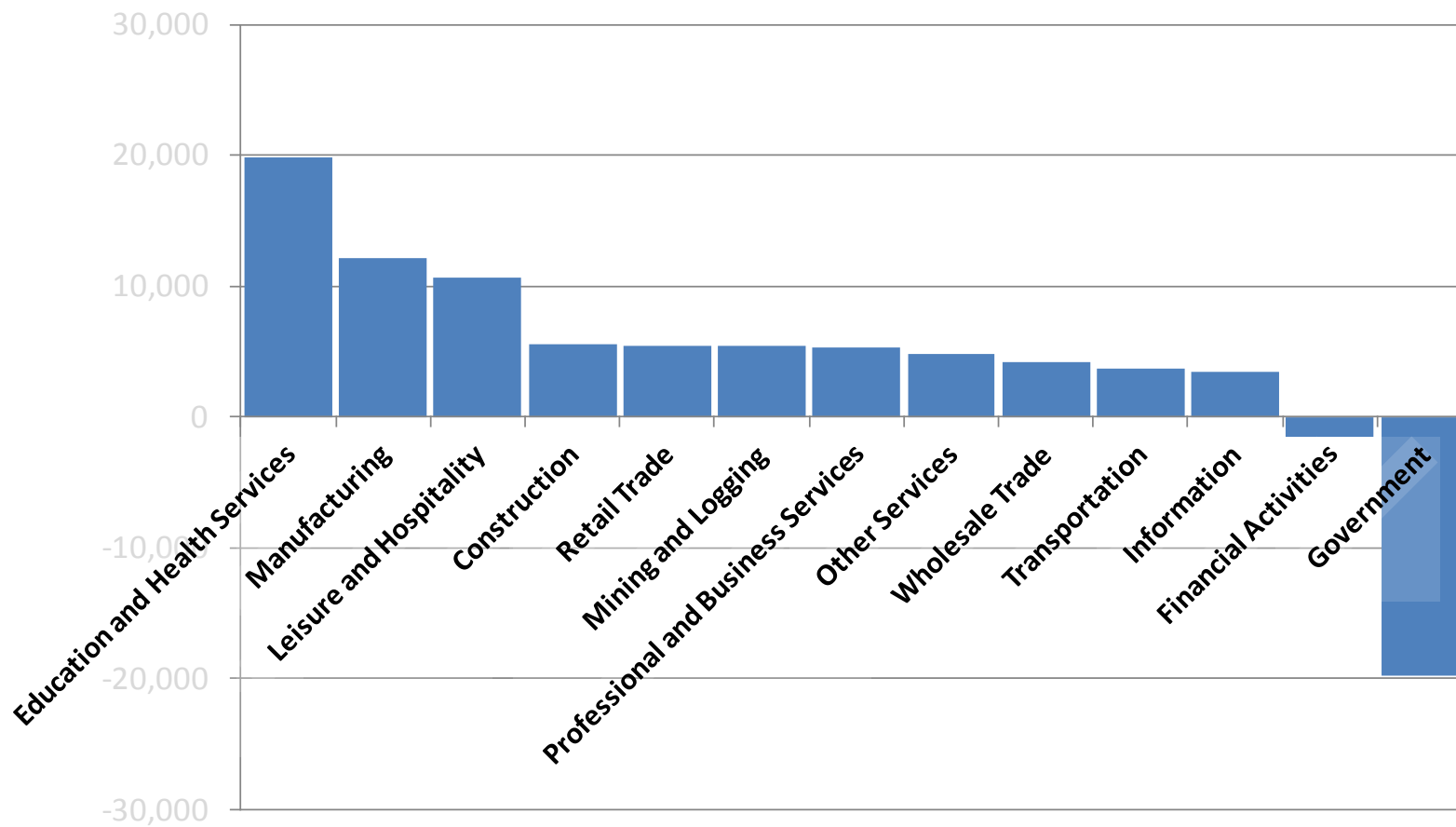
Percent change in spending per student, inflation-adjusted, FY11 to FY12



**PA 8th
Largest Cuts
-8.8%**

Sources: CBPP budget analysis and National Center for Education Statistics enrollment estimates.

Job Losses Among Teachers, First Responders and Other Public Sector Workers Was A Key Reason Why Job Growth in 2011 Slowed



Source: Center for Workforce Information and Analysis

SHOW ME THE MONEY

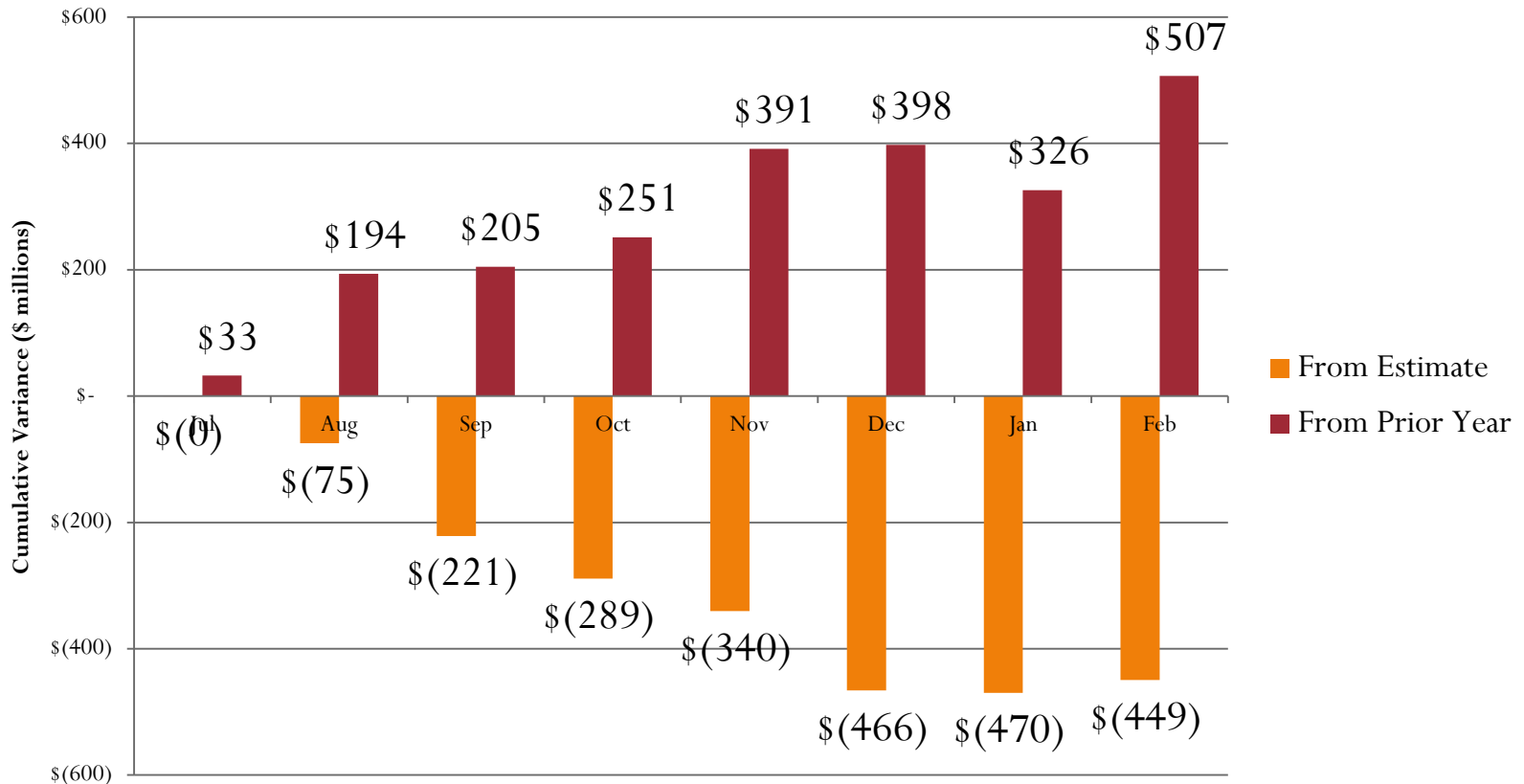
The revenue picture



\$1.1 Billion Year End Balance

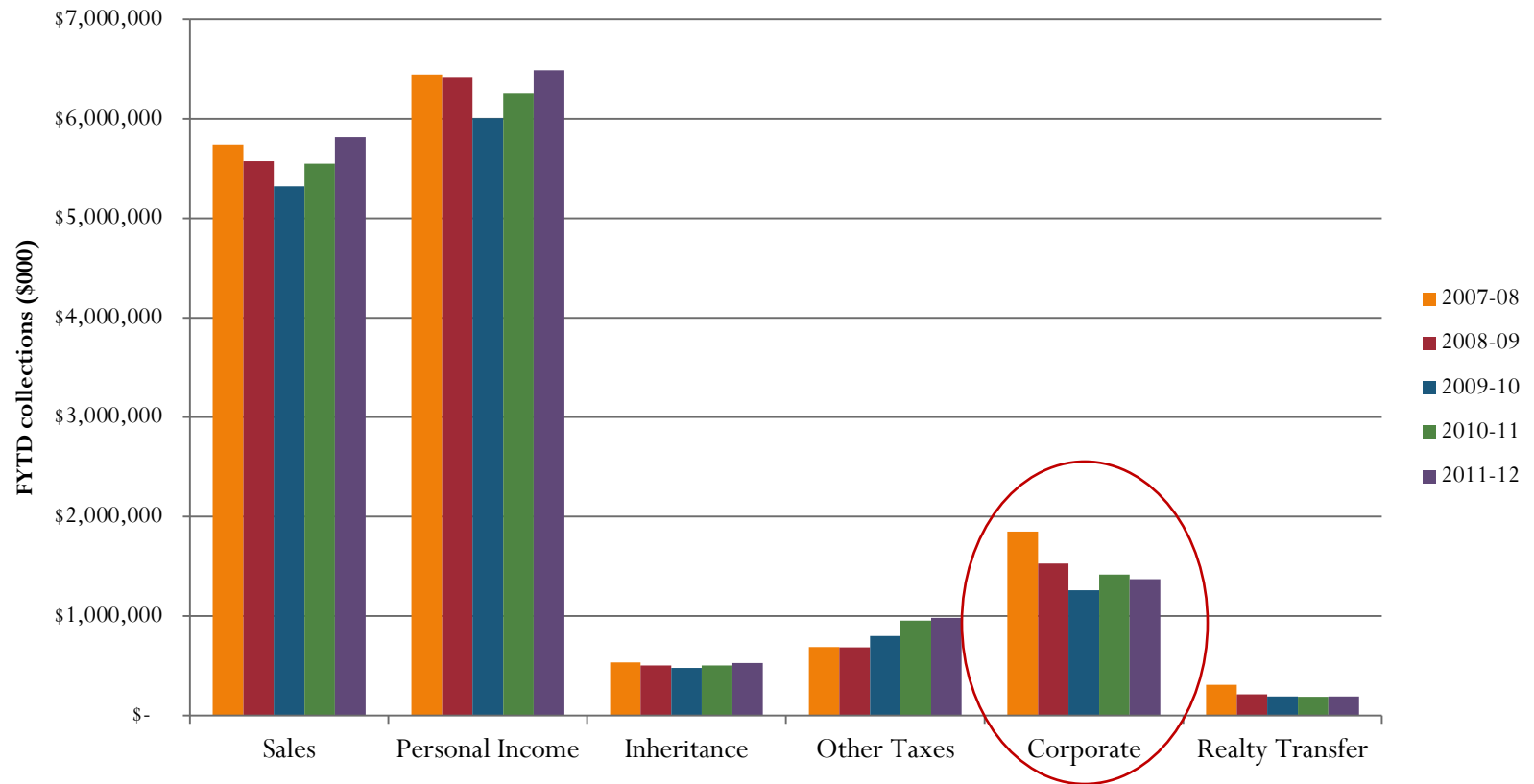
Taxes Growing, but Still Short of Estimates for 2011-12

Fiscal Year to Date Tax Collections Trail Revenue Targets, Still Growing Over Prior Year

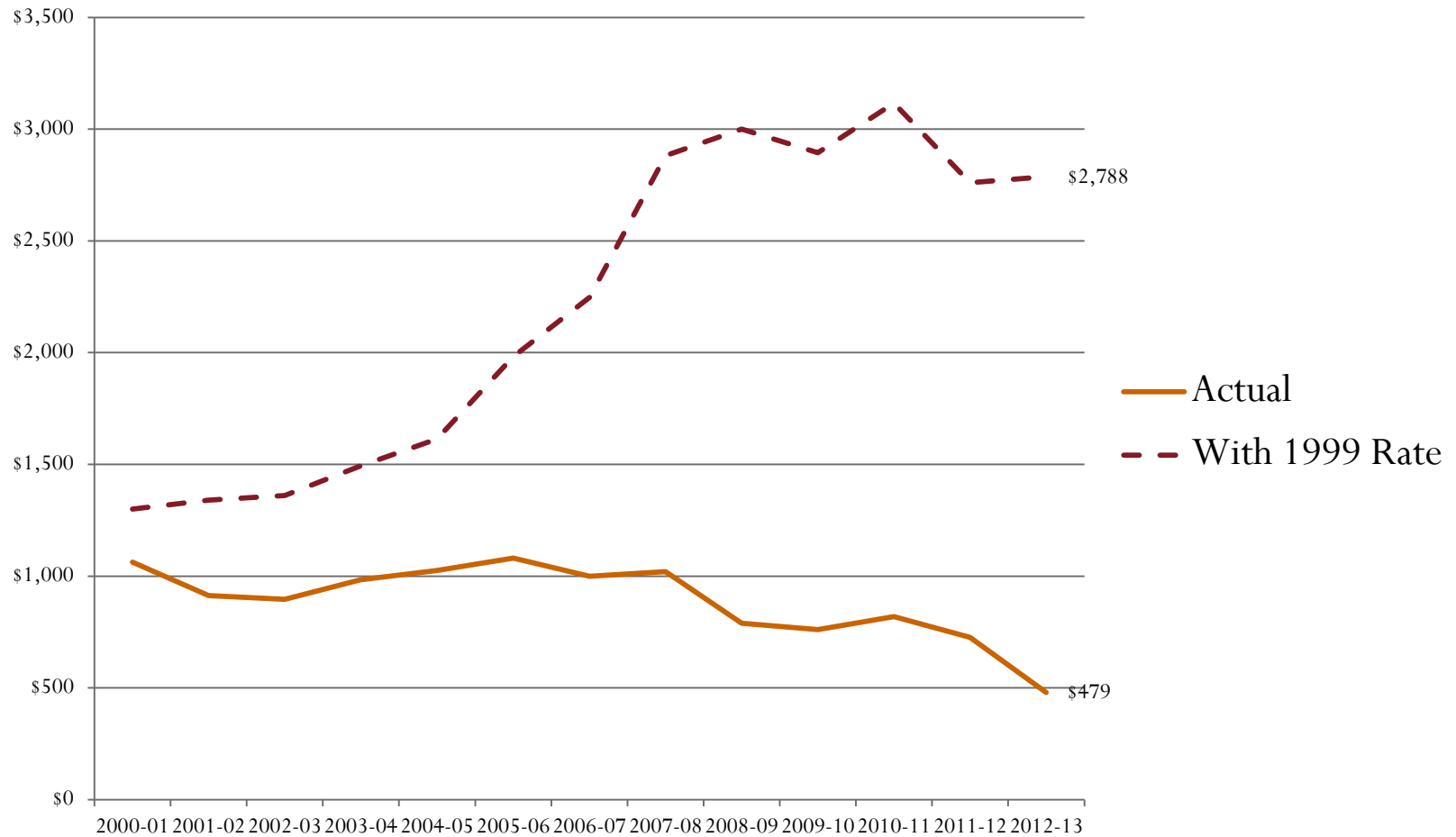


Most Taxes Have Recovered – Except Corporate

As of February 2012, Only Corporate and Realty Transfer Taxes Significantly Lag Behind Pre-Recession Levels



Long-Term CSF Phase Out Reducing Revenue by \$2 Billion in 2012-13



PROPOSED BUDGET

GENERAL FUND SUMMARY

	Actual 2010-11	2011-12 Avail (2-12)	2012-13 Proposed	Change from 2011-12 Avail	Percent Change	Change from 2010-11 Actual	Percent Change
Total State	\$28.2 B	\$27.3 B	\$27.1 B	(\$122.M)	-0.4%	(\$1.1 B)	-3.8%

Governor's Priorities

- Corrections level funded
- Job Training linked to Employers
- Lower Spending
- No New Taxes

- NEW REVENUE: \$242 Million
 - Sales Tax Vendor Discount
 - Tax Enforcement
 - 4.7% Growth \$1.7 billion

Governor's Budget: KEY THEMES

- ELIMINATE BENEFITS FOR TENS OF THOUSANDS
- 20% CUTS TO HIGHER EDUCATION
- BLOCK GRANTS IN EDUCATION AND DPW
 - COMBINE AND CUT
 - FLEXIBILITY FOR LESS MONEY

Human Services Development Fund Block Grant

Portions of programs transferred to HSDF block grant:

Medical Assistance Outpatient	\$ (14,727)
Behavioral Health Services	(47,908)
Mental health services	(550,469)
ID Community Base	(144,974)
County Child Welfare	(48,533)
HSDF	(14,956)
Homeless Assistance	(20,551)
Total	\$ (842,118)

**Funding for Human Services Development Fund Block
Grant**

\$673,695

Net Funding Reduction

\$ (168,423) -20%

Student Achievement Education Block Grant

- COMBINED

- Basic Education

- Student Transportation

- School Employees' Social Security

- ELIMINATED

- Accountability Block Grants

Impact of Cuts on Allegheny County Schools (part 1)

School District	District's Poverty Concentration	Cut Per Student in <u>2011-12 Budget</u>	Cut Per Student in Proposed 2012-13 Budget	Total Per Student Cost Since 2010-11
Allegheny Valley SD	39.6%	(\$191)	(\$37)	(\$227)
Avonworth SD	9.5%	(\$133)	(\$23)	(\$156)
Baldwin-Whitehall SD	26.3%	(\$299)	(\$54)	(\$353)
Bethel Park SD	8.7%	(\$156)	(\$35)	(\$192)
Brentwood Borough SD	37.7%	(\$335)	(\$60)	(\$395)
Carlynton SD	40.9%	(\$273)	(\$43)	(\$316)
Chartiers Valley SD	23.1%	(\$189)	(\$30)	(\$218)
Clairton City SD	79.9%	(\$873)	(\$112)	(\$986)
Cornell SD	57.2%	(\$455)	(\$45)	(\$500)
Deer Lakes SD	21.1%	(\$230)	(\$52)	(\$282)
Duquesne City SD	50.6%	(\$1,521)	(\$137)	(\$1,658)
East Allegheny SD	51.6%	(\$555)	(\$84)	(\$638)
Elizabeth Forward SD	28.7%	(\$315)	(\$75)	(\$391)
Fox Chapel Area SD	15.9%	(\$80)	(\$11)	(\$92)
Gateway SD	31.7%	(\$187)	(\$34)	(\$221)
Hampton Township SD	8.4%	(\$164)	(\$29)	(\$193)
Highlands SD	48.9%	(\$475)	(\$57)	(\$532)
Keystone Oaks SD	32.2%	(\$287)	(\$45)	(\$331)
McKeesport Area SD	64.3%	(\$694)	(\$97)	(\$791)
Montour SD	15.8%	(\$145)	(\$26)	(\$171)
Moon Area SD	14.3%	(\$193)	(\$25)	(\$218)
Mt Lebanon SD	2.7%	(\$90)	(\$22)	(\$112)
North Allegheny SD	4.3%	(\$96)	(\$19)	(\$115)
North Hills SD	19.3%	(\$130)	(\$30)	(\$160)
Northgate SD	41.9%	(\$363)	(\$58)	(\$420)

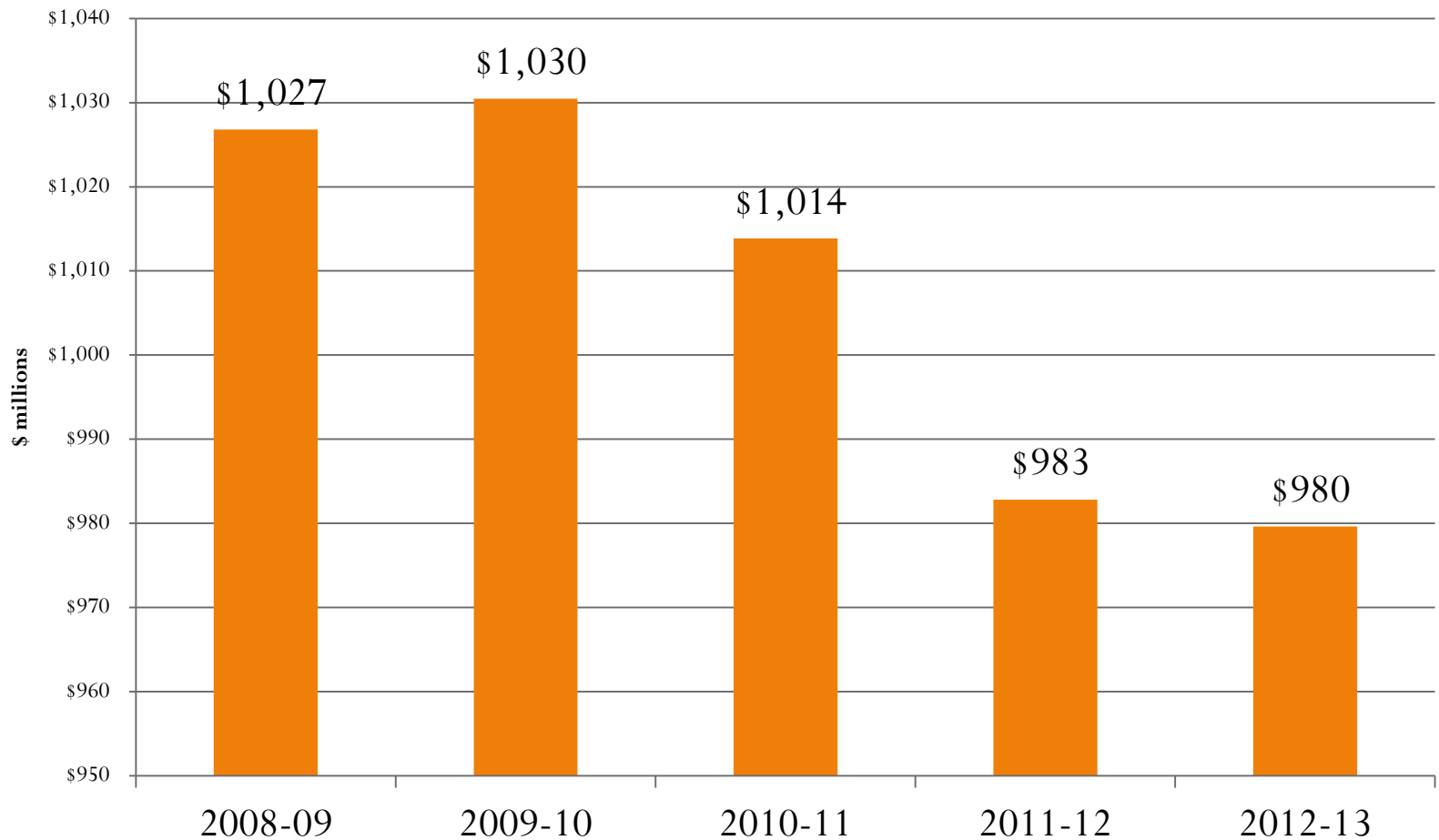
Impact of Cuts on Allegheny County Schools (part 2)

School District	District's Poverty Concentration	Cut Per Student in 2011-12 Budget	Cut Per Student in Proposed 2012-13 Budget	Total Per Student Cost Since 2010-11
Penn Hills SD	46.9%	(\$630)	(\$86)	(\$716)
Pine-Richland SD	5.1%	(\$134)	(\$26)	(\$160)
Pittsburgh SD	70.5%	(\$930)	(\$74)	(\$1,004)
Plum Borough SD	17.2%	(\$242)	(\$53)	(\$294)
Quaker Valley SD	14.9%	(\$79)	(\$11)	(\$91)
Riverview SD	30.3%	(\$215)	(\$45)	(\$260)
Shaler Area SD	26.1%	(\$229)	(\$52)	(\$281)
South Allegheny SD	43.2%	(\$581)	(\$79)	(\$660)
South Fayette Township SD	12.8%	(\$130)	(\$19)	(\$149)
South Park SD	18.3%	(\$263)	(\$48)	(\$311)
Steel Valley SD	51.3%	(\$699)	(\$80)	(\$779)
Sto-Rox SD	71.6%	(\$763)	(\$118)	(\$882)
Upper Saint Clair SD	4.1%	(\$79)	(\$20)	(\$99)
West Allegheny SD	20.3%	(\$190)	(\$31)	(\$222)
West Jefferson Hills SD	13.2%	(\$245)	(\$37)	(\$282)
West Mifflin Area SD	42.2%	(\$261)	(\$64)	(\$325)
Wilkinsburg Borough SD	70.5%	(\$746)	(\$97)	(\$843)
Woodland Hills SD	59.1%	(\$712)	(\$64)	(\$776)

Includes cuts to Basic Education subsidy, Accountability Block Grants, Educational Assistance Program, Charter School Reimbursement, and School Improvement Grants on a per-pupil basis.

Source. Pennsylvania House Appropriations Committee (D)

Special Education Funding Reduced 4.6% Since 2008-09 in Real Dollars

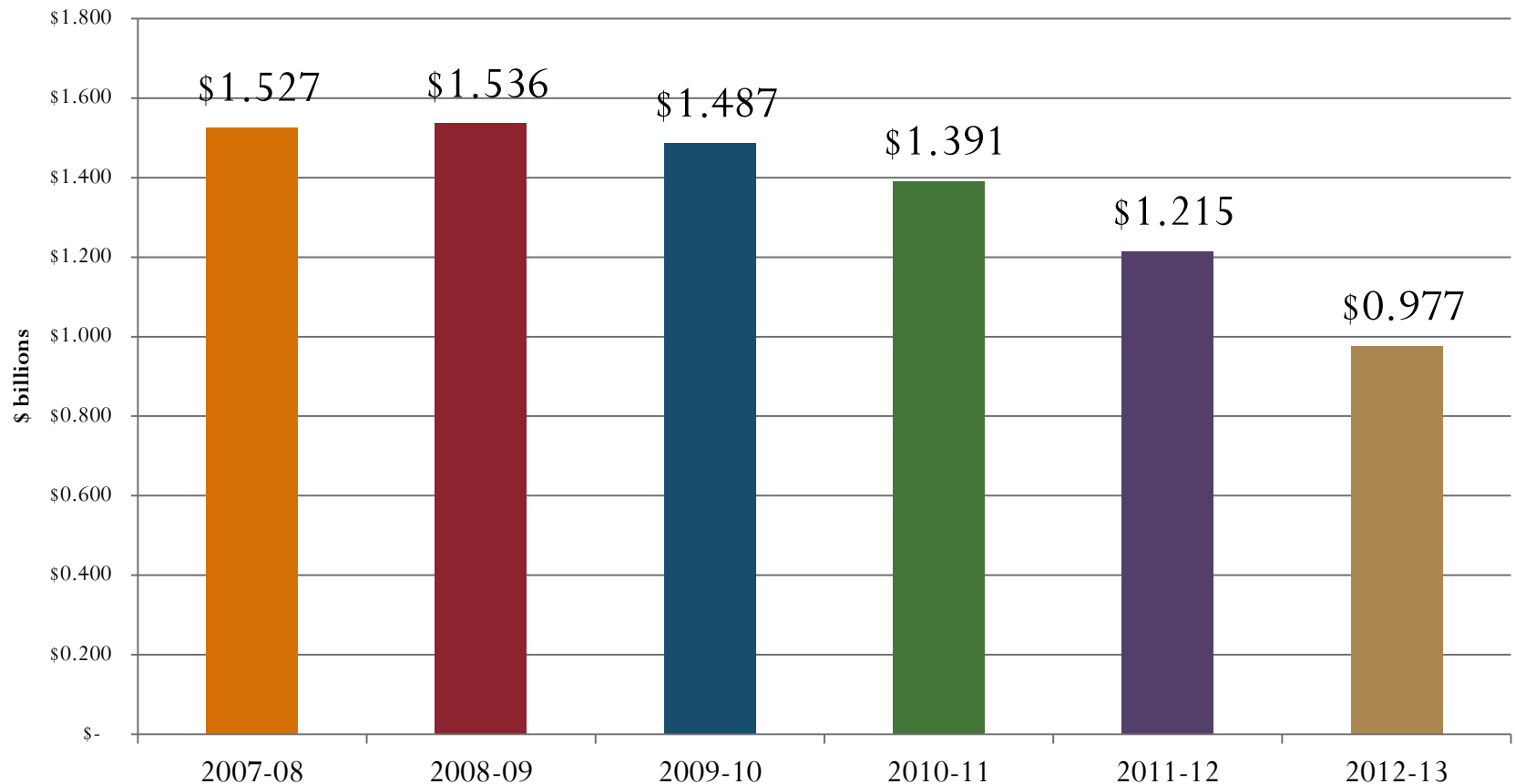


Education and Children's Programs

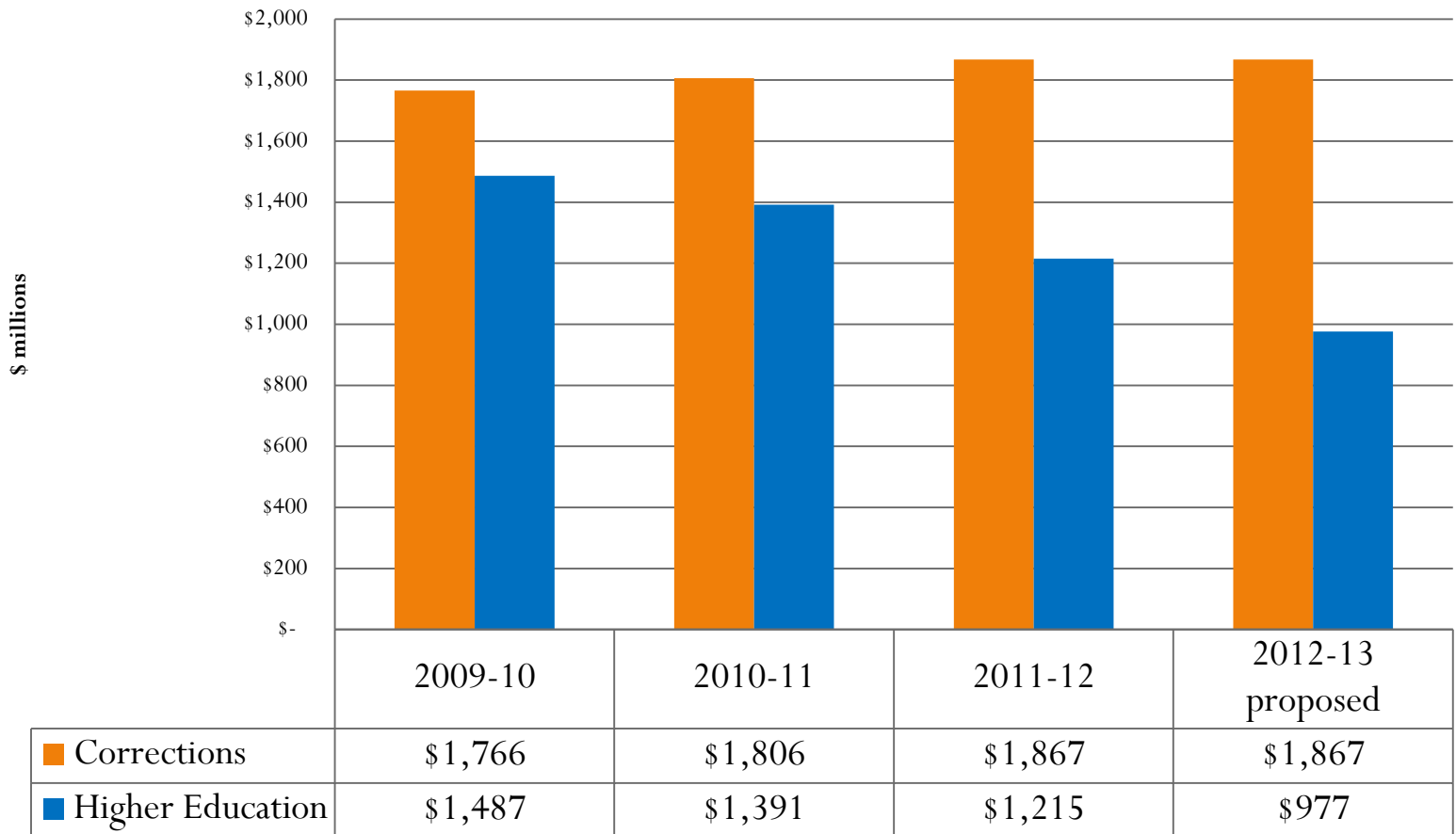
- Pre-K counts-5%
- Head Start-5%
- Library Subsidy -5%

- County Child Welfare: -\$47 million in Grant Funding
- Child Care Cuts: -\$18 million

Higher Education Cut by One-Third Since Start of Recession



In 2012-13 PA will Spend Twice as Much on Prisons as on Colleges and Universities



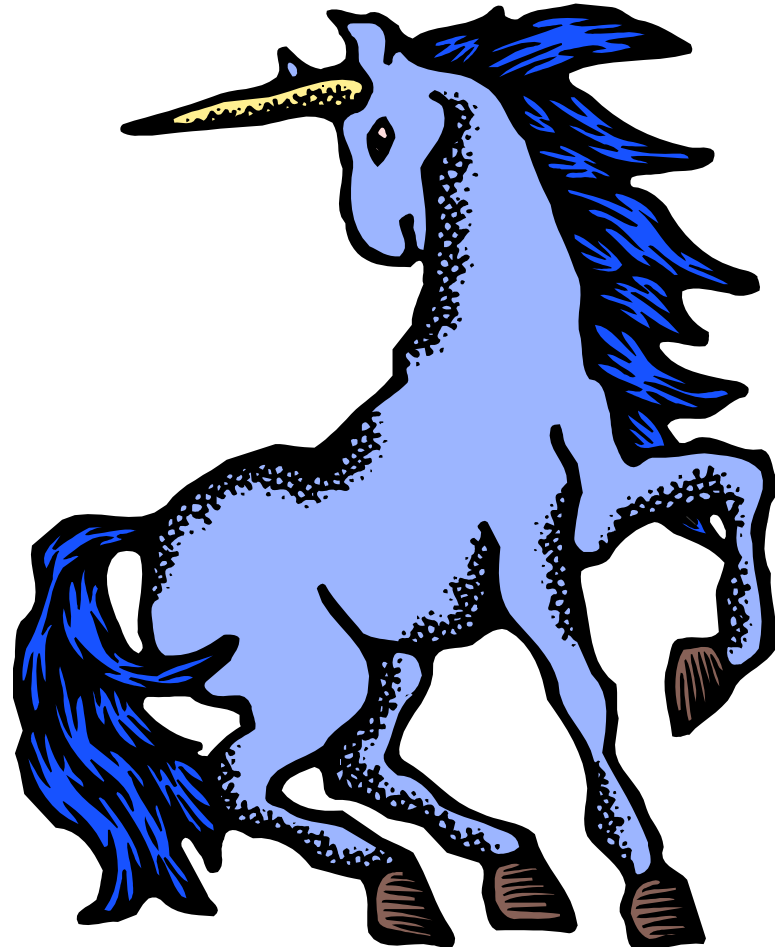
The Key to Prosperity



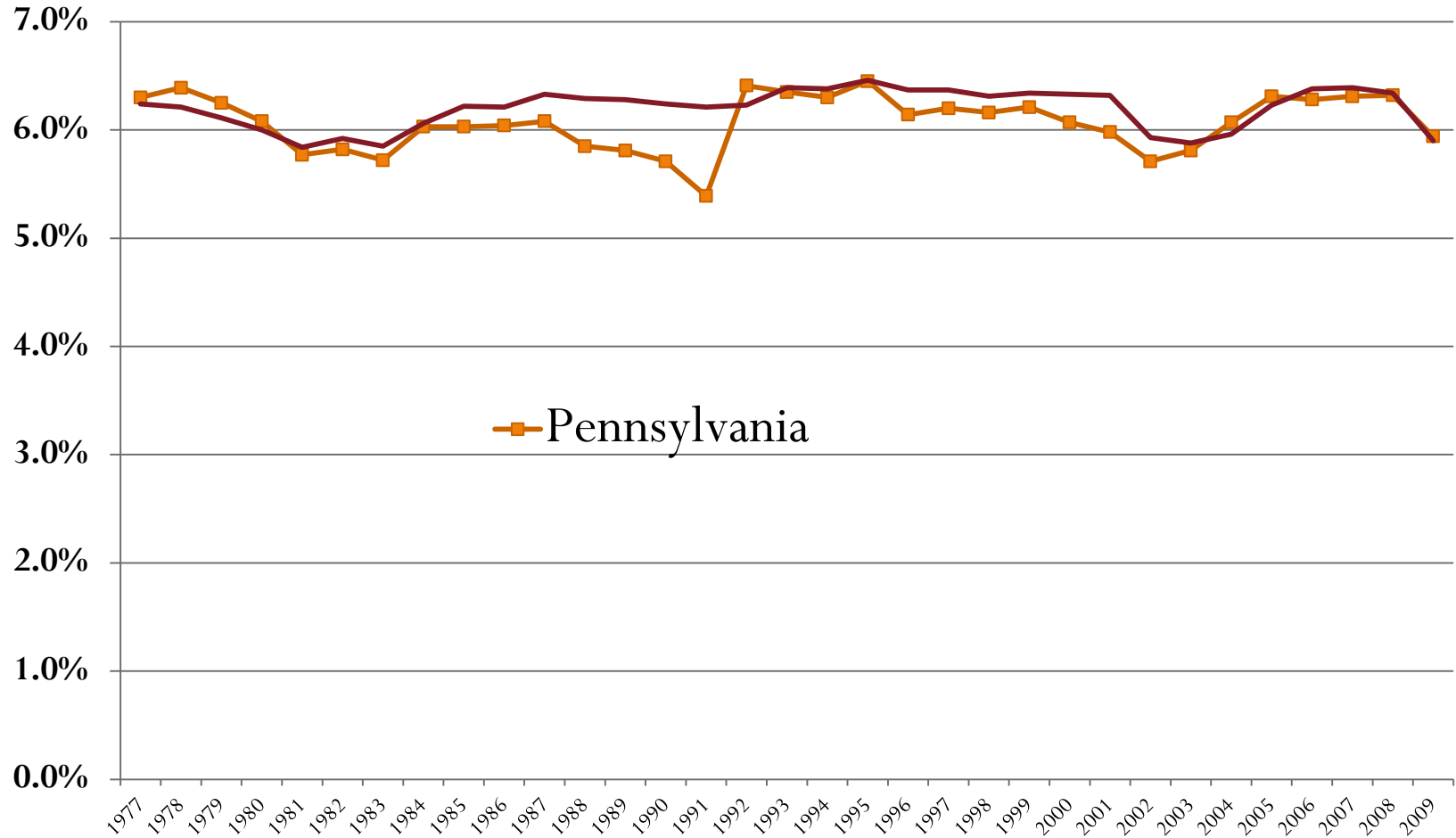
Can We Afford It?



Addressing the Myths of Harrisburg

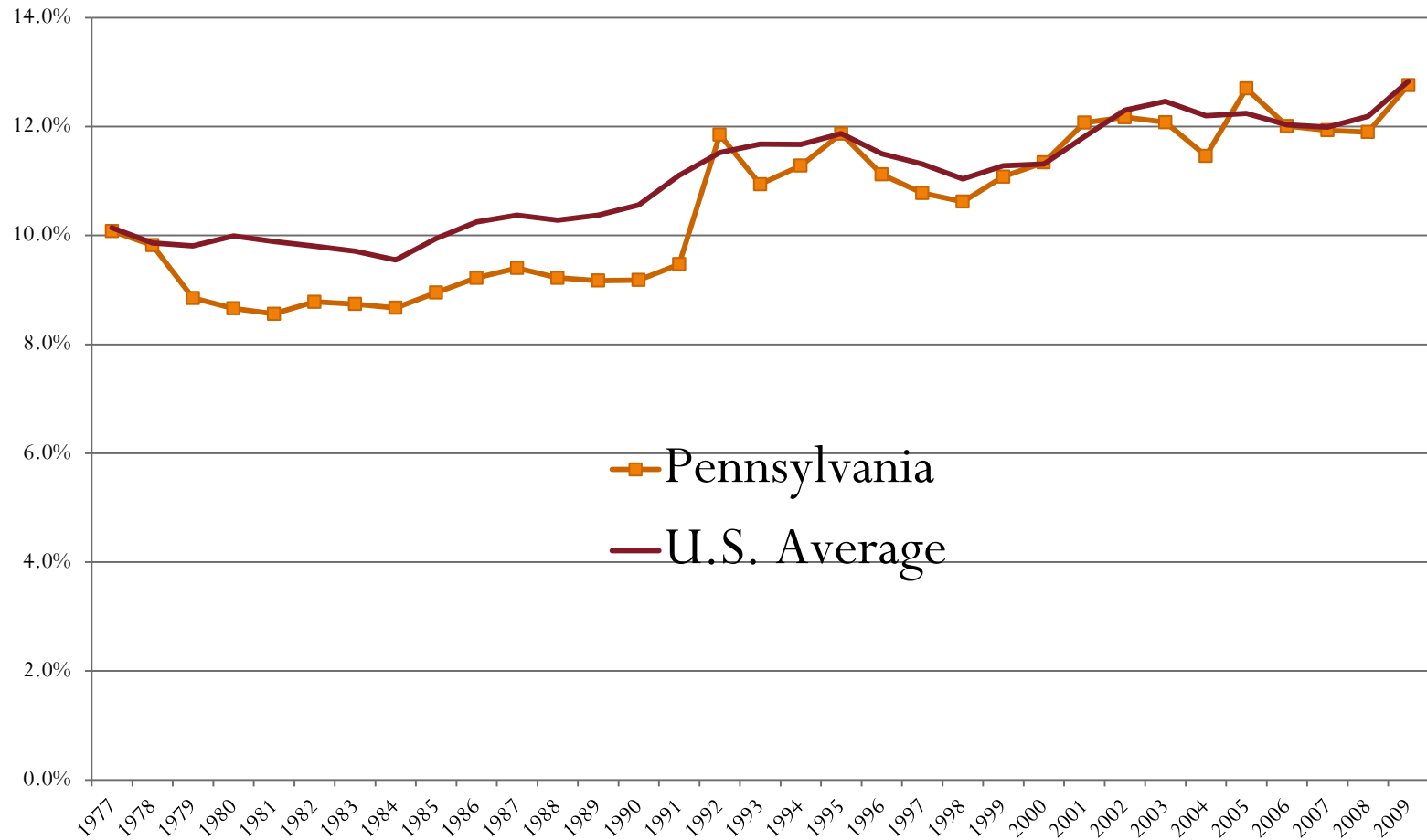


Pennsylvania State Taxes are Average



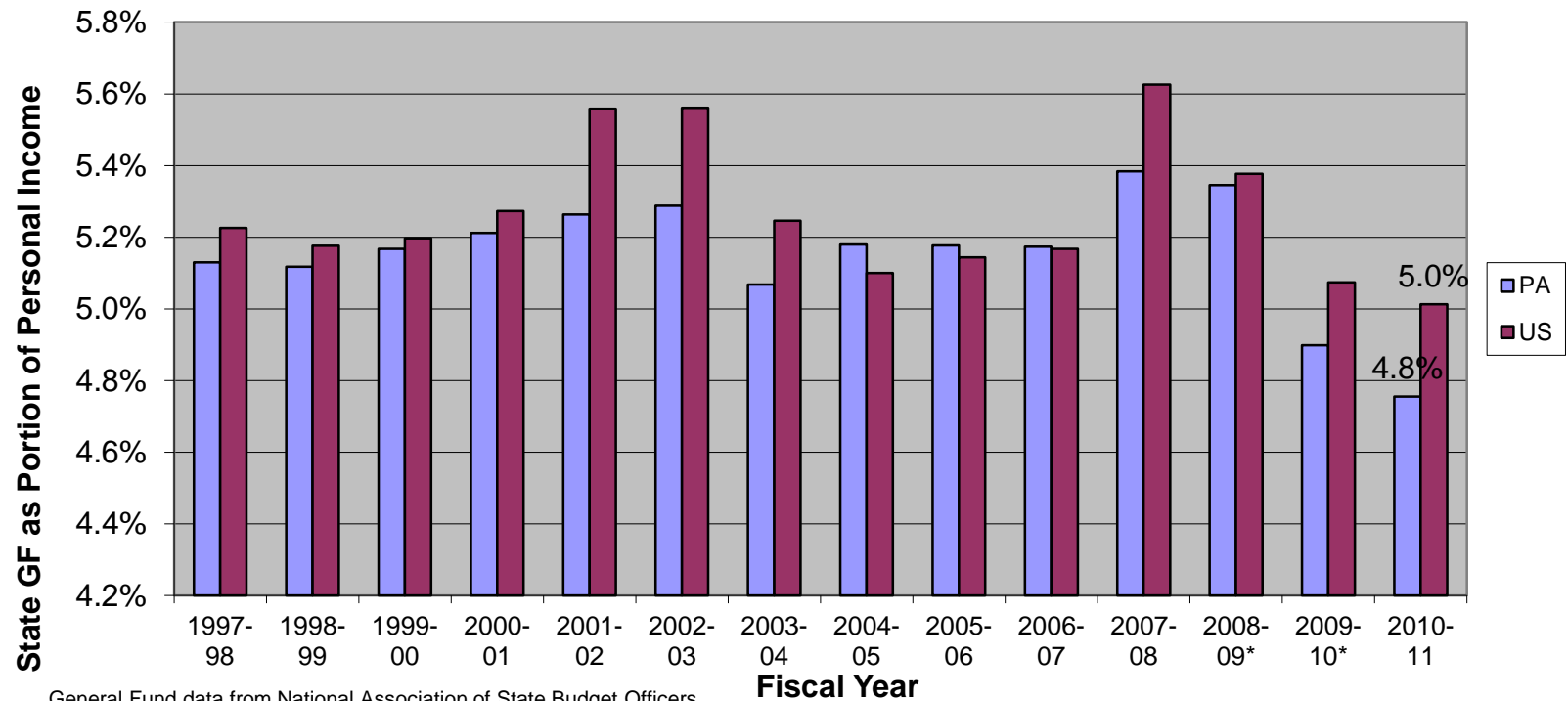
Source: US Census compiled by the Tax Policy Center

Since 1977, PA state spending has been higher than the U.S. average three times (1992, 2001, 2005)



Source: US Census compiled by the Tax Policy Center

Pennsylvania Spends Less on General Fund than the National Average



General Fund data from National Association of State Budget Officers.
Personal Income data from US Bureau of Economic Analysis.

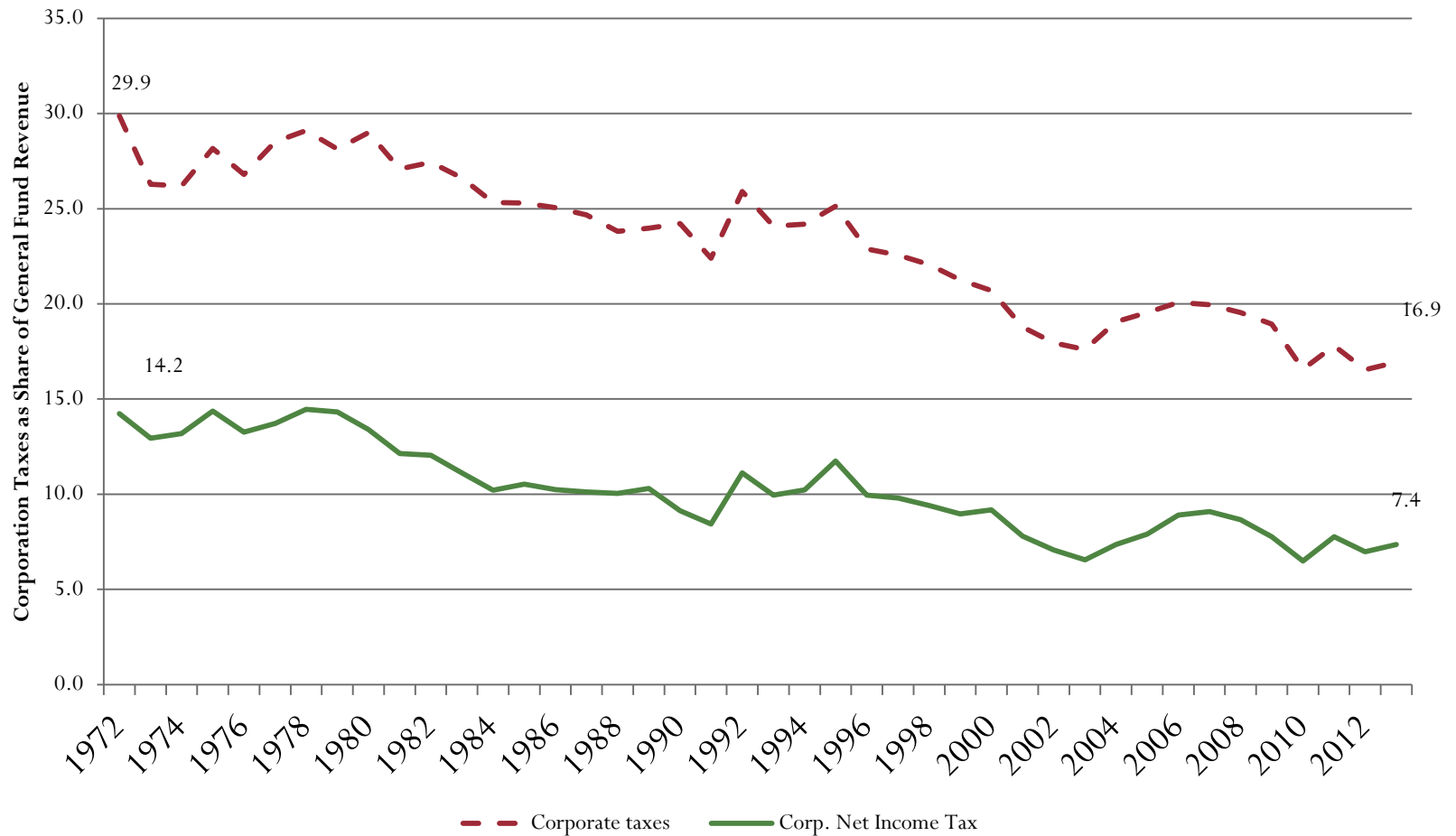
How do we strengthen PA's economy for our grandchildren?



CORPORATE TAX CUTS RESUME

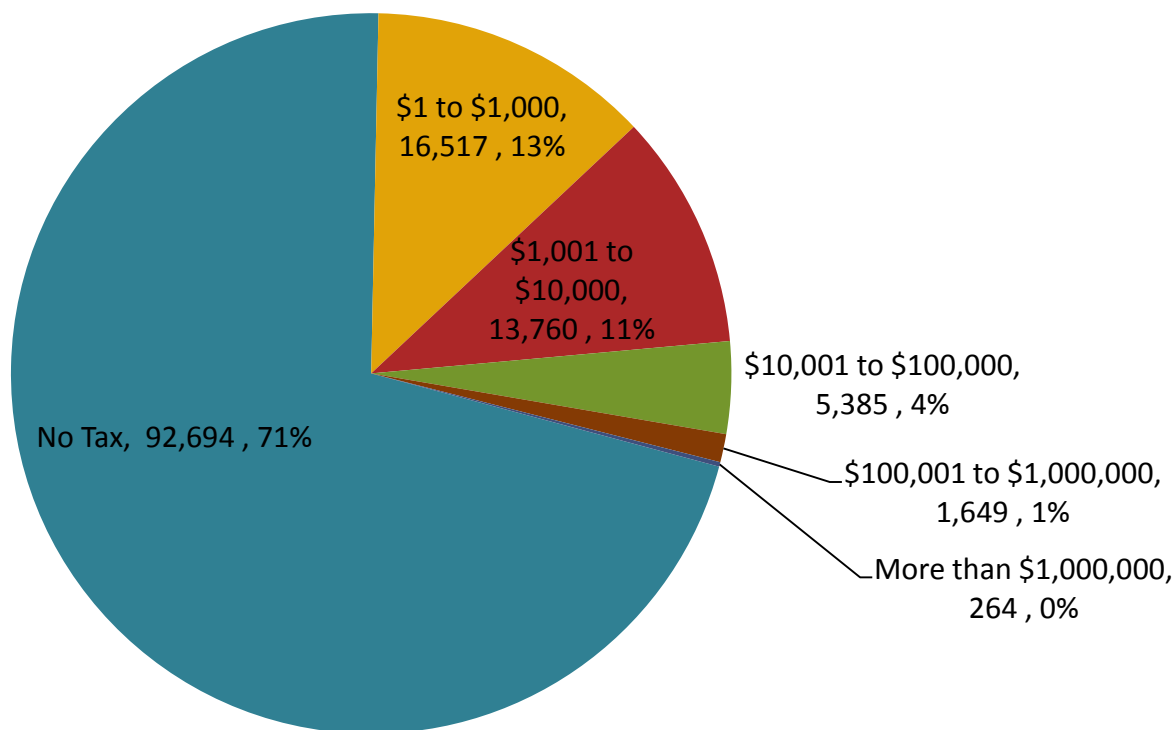


Who Pays? Corporations Share of General Fund Taxes Drop in Half Since 1972

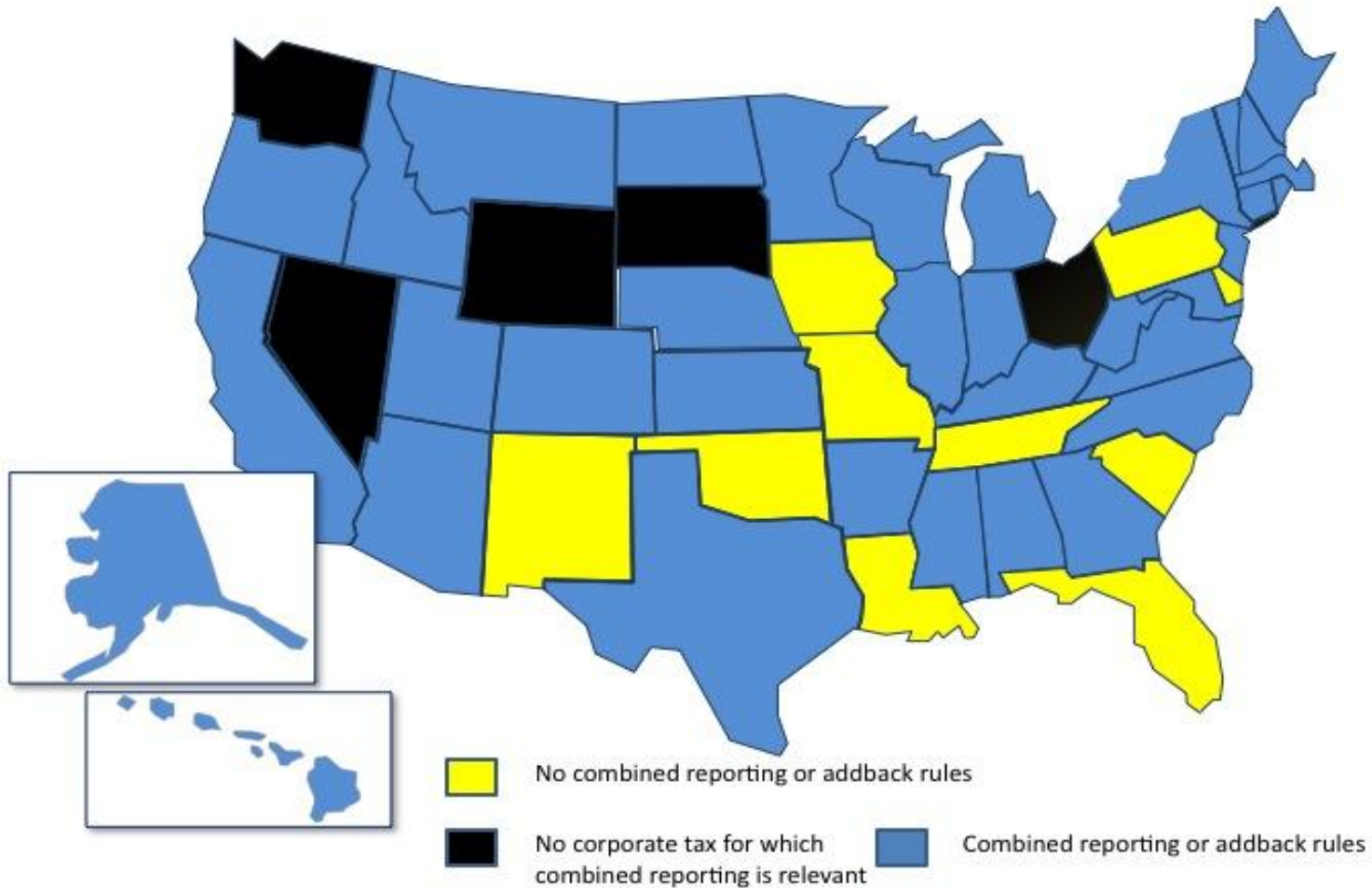


Few Pay Corporate Income Tax

71% of Corporations Filing in Pennsylvania Pay No in Corporate Net Income Taxes



35 of 45 States with Corporate Taxes Have Taken Steps to Close Loopholes (2012)



TAKE AWAY

- Governor's Budget Moves Pennsylvania in the Wrong Direction
 - Bad for the economy and our communities
- Fails to make investments needed to move the Commonwealth forward
- Accountability for all
- There are better choices for a better budget

What you can do:

Join the Better Choices Budget Coalition

www.betterchoicesforpa.com

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