

PA House Sets Budget Priorities, Laying Groundwork for Final Budget Negotiations

On June 6, the Pennsylvania House of Representatives debated and amended the Senate's budget bill — adding \$91 million to the Departments of Education, Environmental Protection and Public Welfare, while subtracting a comparable amount from the Governor's office, economic development programs and general government operations.

House leaders established rules for the floor debate that any amendment to the budget had to be paid for through spending cuts elsewhere. As a result, the total budget remains at the Senate's mark of \$27.656 billion.¹

The amended budget (SB 1466, PN 2261) was sent back to the House Appropriations Committee, where it will serve as the vehicle for the final budget agreement.

The Senate budget restored \$84 million, or one half of the funding cut, for county human services — a restoration the House left intact. A budget amendment to fully restore the county funding and to eliminate the block grant provision was not offered, although negotiations on this subject are ongoing.

The House also maintained a full restoration of higher education funding to current year levels, which was approved by the Senate. Negotiators from both houses say that funding brings with it a promise that public universities will limit tuition increases to the rate of inflation, at least for the next year.

In education, the Accountability Block Grant (which provides flexible funding to school districts that is often used for full-day kindergarten and pre-K programs) was increased by \$50 million, keeping funding at 2011-12 levels. That increase was offset with \$24 million of \$50 million the Senate had added back for distressed school districts.

Environmental program funding was increased modestly to help reverse years of program cuts.

In the arena of health and human services, subsidies for specific health centers were increased; funding for services for victims of rape and domestic violence were restored to 2009-10 levels; and child care funding was increased by \$15.5 million, bringing it back to 2010-11 levels.

¹ State funds spent in the General Fund.

Major items to which funding was added (as compared to the Senate plan) include:

<u>Line-Item</u>	<u>Amount Added</u>
Pennsylvania Accountability Block Grants	\$50 million
Department of Environmental Protection (18 programs)	\$17.3 million
Child Care Services	\$15.5 million
Public Library Subsidy	\$6.5 million
Trauma Centers	\$1.1 million
Regional Cancer Centers	\$0.4 million
Domestic Violence	\$0.2 million
Rape Crisis	\$0.1 million

To offset these increases, funding was cut from economic development programs, general operations in several departments, and the basic education subsidy. The following line items were cut:

<u>Line-Item</u>	<u>Amount Cut</u>
Transfer to the Commonwealth Finance Agency	\$31.3 million
Basic Education Funding	\$24 million
General Government Operations – General Services	\$12.9 million
Infrastructure and Facilities Improvement Grants	\$9.7 million
Governor’s Office	\$4.7 million
Office of Administration	\$4 million
Youth Development/Forestry Camps	\$1.5 million
Discovered in PA, Developed in PA	\$1.5 million
Pennsylvania First	\$0.8 million
Lieutenant Governor’s Office	\$0.6 million
General Government Operations – Health	\$0.15 million
General Government Operation – Labor and Industry	\$0.1 million

The House also eliminated transfers to the General Fund from the Higher Education Assistance Fund, the Keystone Recreation, Park and Conservation Fund, and the State Restaurant Fund.

The Governor and Legislature have not agreed on the final spending number that will establish the framework for the final budget. The House and Senate are comfortable with the \$27.65 billion number, while the Governor has asked for an additional \$233 million in cuts to reduce the spend number to \$27.4 billion.

The Governor is also putting new spending items on the table, including a \$66 million a year tax credit to Shell (starting in 2017) and a \$50 million increase in the Educational Opportunity Tax Credit program, which funds private school scholarships.

The Pennsylvania Budget and Policy Center is a non-partisan policy research project that provides independent, credible analysis on state tax, budget and related policy matters, with attention to the impact of current or proposed policies on working families.