

# PA State Budget 2010-11: Summary and Analysis

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June 30, 2010

House Republican Caucus

## 2010-11 Budget Overview

- \$28.04 Billion in total General Fund spending.
  - \$207.2 Million increase over 2009-10
  - This represents a 0.74 Percent growth rate.
- The \$28.04 Billion budget includes both state dollars and stimulus funds.
  - State Dollars: \$25.29 Billion
  - Stimulus Funds: \$2.75 Billion
    - Stimulus assumes \$850 Million in FMAP funds will be approved by Congress.

## New Taxes

- As part of the budget agreement, a commitment has been made by the majority parties in the House and Senate and the Rendell Administration to consider a severance tax by October 2010 that would be effective January 2011. The details of this tax are yet to be determined.
  - Revenue from this tax is not included in the package of monies needed to balance this budget.

## Balancing the Budget

- As result of the \$1.2 Billion revenue shortfall that followed the 2009-10 fiscal year, the following funds were used to balance the 2010-11 spending plan:
  - General Fund Revenue: \$26.53 Billion
  - Federal Stimulus Funds: \$2.75 Billion
  - Marcellus Shale Land Leases: \$180 Million
  - Various Fund Balance Transfers: \$35 Million
  - Recovery of Tax Refund Errors: \$35 Million
- Cost savings were also realized through the following measures, which also served as a means to balance this budget:
  - Additional use of P-Cards: \$10 Million
  - Reduced Tax Refund Reserves: \$250 Million

**NOTES:** The recovery of tax refund errors and the expanded use of P-Cards were proposals set for by the House Republican Caucus through Representatives Bear and Delozier.

## Overview of Funding

### PreK -12 Education

- **Basic Education:** This budget would provide a \$5.12 Billion in state dollars and \$654.7 Million in federal ARRA dollars for a total of \$5.77 Billion to the state's 500 school districts. This represents a \$250 Million increase over last year.
- **Special Education:** State funds would remain at the FY 2009-10 appropriated levels of \$1.03 Billion.
- **Special Education for Approved Private Schools:** Special Education funding for individuals with serious disabilities will total \$98 Million – equal to the 2009-10 budget.
- **Accountability Block Grants:** Funding for these grants would be set at \$259.5 Million, which gives schools flexibility to fund areas of need. This represents a \$12 Million reduction from 2009-10.
- **Science In Motion:** This award-winning program, which provides science education technology to schools through a partnership with colleges and universities will receive \$1.6 Million in this budget. This represents a \$300,000 reduction from 2009-10.
- **Services to Non-Public Schools:** A total of \$115 Million will be provided to non-public schools, which includes \$27 Million for textbooks and materials. This would represent a \$953,000 reduction from 2009-10.
- **Pre-K Counts:** Funding for this early-childhood initiative supporting eligible families – family of four making \$66,000 or less – is set at \$85.24 Million. This is \$1.17 Million reduction from 2009-10.
- **Head Start Assistance:** This program, which provides early-childhood education support to low-income families (family of four making \$22,000 or less) is being provided with \$38.4 Million in this budget. This is \$1.1 Million less than 2009-10.
- **Public Libraries:** Pennsylvania public libraries would receive \$54.5 Million under this proposal, representing a \$5.5 Million decrease from 2009-10.
- **Science: It's Elementary:** This program, which supports science education initiatives in elementary schools, will receive about \$6.9 Million. This represents a \$6.7 Million reduction from 2009-10.

### Higher Education

- **Community Colleges:** State dollars for these schools remain at the FY 2009-10 total of \$235.7 Million. This total includes \$21.5 Million in ARRA funds.
  - Another \$46.4 Million will be provided for Community Colleges capital funds.

- **State-Related Universities:** The state's four state-related universities (PSU, PITT, Temple and Lincoln) will receive the following:
  - PSU: \$333.9 Million (Includes \$15.8 Million in ARRA)
  - PITT: \$168 Million (Includes \$7.5 Million in ARRA)
  - Temple: \$172.7 Million (Includes \$7.8 Million in ARRA)
  - Lincoln: \$13.8 Million (Includes \$159,000 in ARRA)
  
- **Non-State Related Universities and Colleges:** All non-state related schools, which are non preferred appropriations, will not receive any funding in this budget.
  - The veterinary school at the University of Pennsylvania is an exception to this, as it will receive \$29.75 Million.
  - The University of Pennsylvania would also receive \$248,000 for its Center for Infectious Disease.
  
- **State System of Higher Education:** The state's 14 universities will receive a total of \$503.4 Million. This includes \$38.2 Million in ARRA funds.
  
- **PHEAA:** This budget plan provides \$438.7 Million for the Pennsylvania Higher Education Assistance Agency. This represents a \$16 Million reduction from 2009-10.
  - PHEAA's grant program for students will see a \$15.3 Million reduction. Total funding for this line is set at \$388.3 Million.

### **Public Welfare**

- **Medical Assistance:** Public Welfare's largest program, which provides health care services to low-income residents, seniors and the disabled, is slated to receive more than \$5.1 Billion for its "Big Four" appropriations (Inpatient Care, Outpatient Care, Capitation and Long-Term Care)
  - This total includes about \$1.5 Billion in ARRA funds.
  
- **Hospital Assessment:** \$121 Million in state savings is realized as a result of a statewide hospital assessment which also results in a modernization of the payment system for hospitals and restoration of the governor's proposed supplemental payment reductions.
  
- **Pay for Performance (MA Capitation):** Pay for performance payments for physical health are maintained for all Medical Assistance MCOs.
  
- **Hospitals:** Funding for hospitals through DPW will be appropriated as follows:
  - Burn Centers: \$5.04 Million (This is a \$103,000 decrease from 2009-10).
  - Critical Access Hospitals: \$4.77 Million (This is a \$97,000 decrease from 2009-10).
  - Trauma Centers: \$11.54 Million (This is a level with 2009-10).
  - Obstetric and Neonatal Services: \$4.91 Million (This is a \$92,000 decrease from 2009-10).
  
- **County Child Welfare:** More than \$1.05 Billion would be provided to support abused, at-risk and neglected children. This represents about a \$2.77 Million decrease from 2009-10.

- **Human Services Development Fund:** This appropriation, which helps counties throughout the state fill gaps in their human services delivery system, would be funded at \$23.5 Million. This is a \$5.87 Million reduction from 2009-10.
- **Mental Retardation Services:** Appropriations supporting individuals in need of care through mental retardation services will receive about \$1.4 Billion in this budget. Of these funds, about \$263 Million are ARRA dollars.
  - Intermediate Care Facilities: \$103.6 Million / Plus \$39.9 Million in ARRA Funds.
  - Community Mental Retardation (Base Services): \$167.1 Million / Plus \$2.2 Million in ARRA Funds.
  - Community Mental Retardation (Waiver Services): \$637.47 Million / Plus \$182.3 Million in ARRA Funds (This includes the restoration of the 1 Percent rate reduction proposed by the governor.)
  - State Centers for the Mentally Retarded: \$77.4 Million / Plus \$33 Million in ARRA Funds
  - Early Intervention: \$115.7 Million. / Plus \$6.2 Million in ARRA Funds
- **Autism Intervention and Services:** Funding for services supporting individuals with Autism would total \$13.1 Million in this budget.
  - This includes about \$1.8 Million in ARRA funds.
- **Cash Assistance:** Financial assistance for low-income residents will total \$278.2 Million in this budget. This represents an increase of \$9.6 Million over 2009-10.
- **Aging and Long-Term Living:** For the second year, this budget rejects the governor's proposal to merge DPW's Office of Long-Term Living with the Department of Aging.

### **Health**

- **Department of Health:** The department will receive \$232.4 Million in this budget. This represents a \$6.7 Million reduction from the current year.
  - All Health non-preferred appropriations were eliminated.
  - Health Program Funding:
    - Bio-Technology Research: \$1.98 Million (\$616,000 reduction from 2009-10).
    - Tourette Syndrome: \$45,000 (\$5,000 reduction from 2009-10).
    - School Health Services: \$37.6 Million (\$380,000 reduction from 2009-10).
    - Newborn Screening: \$4.23 Million (\$211,000 reduction from 2009-10).
- **Cancer Care Funding:** This budget provides for about \$4 Million in cancer care funding through the Department of Health.
- **Assistance to Drug and Alcohol Programs:** This budget provides \$41.7 Million to support individuals fighting drug and alcohol addiction. This represents a \$52,000 reduction from 2009-10.

### **Corrections and Public Safety**

- **Corrections:** The Department of Corrections will receive \$1.69 Billion in funding in this budget to support prison operations and inmate care. This represents about a \$81.6 Million increase over 2009-10.
  - Another \$173 Million would be provided to the department through ARRA funding. This is the same amount as the current fiscal year.
- **Attorney General:** Funding for the Office of Attorney General will total \$83 Million in this budget. This represents a \$3.5 Million reduction from 2009-10.
  - **Notable Funding:**
    - Anti-Drug Crime Fighting Programs: \$38.5 Million.
    - Child Predator Interception Unit: \$1.37 Million.
    - Government Operations: \$38.5 Million
- **State Police:** The General Fund provides State Police with \$175.6 Million under this budget. This represents a \$7.1 Million reduction from 2009-10.
- **Probation and Parole:** A total of \$120.5 Million will be available for probation and parole services. This represents a \$2.9 Million increase over 2009-10.

### **Agriculture, Parks and Forests and Environment**

- **Department of Agriculture:** The department will receive \$62.8 Million in this budget, which is about \$5 Million less than 2009-10.
  - Program funding under the department includes:
    - Crop Insurance: \$509,000 (\$91,000 reduction from 2009-10).
    - Agriculture Research: \$874,000 (\$126,000 reduction from 2009-10)
    - Payments to PA Fairs: \$1 Million (\$1 Million reduction from 2009-10)
    - Hardwoods Research and Promotion: \$300,000 (\$60,000 increase over 2009-10)
    - State Food Purchase: \$17.9 Million (\$148,000 reduction from 2009-10)
    - Animal Health Commission: \$4.7 Million (\$435,000 reduction from 2009-10)
  - **NOTE:** Additional funds for Penn State's Agriculture Extension and Agriculture Research programs will also be available through the University's appropriation.
- **Department of Conservation and Natural Resources:** Funding for services relative to the state's parks and forests will total \$82.4 Million. This represents a near \$8.9 Million reduction from 2009-10.

### **Economic Development and Labor and Industry**

- **Department of Community and Economic Development:** Funding for DCED will total \$327.3 Million in this budget. This represents an increase of \$59.3 Million over 2009-10.
  - Notable DCED funding proposals include:
    - Opportunity Grant Program: \$17.8 Million (\$257,000 decrease)
    - Customized Job Training: \$8.7 Million (\$342,000 decrease).
    - New Communities: \$8.9 Million (\$2.3 Million decrease).
    - Local Development Districts: \$2.9 Million (\$363,000 decrease).
    - Small Business Development Centers: \$4 Million (Level with 2009-10).
    - Transfer to CFA: \$78.5 Million (\$13.4 Million increase).
  - New funding added to DCED not included in the 2009-10 budget include (each of these programs was previously funded in DCED as recently as 2008-09):
    - Urban Development: \$10.56 Million
    - Community and Business Assistance: \$9 Million
    - Economic Growth and Development Assistance: \$3.09 Million
    - Community and Municipal Facilities Assistance: \$3 Million
- **Department of Labor and Industry:** Funding for L&I will total \$85.8 Million, which represents a \$6.24 Million reduction from 2009-10.
  - Notable program funding in L&I includes:
    - New Choices / New Options: \$1.2 Million (\$300,000 reduction)
    - Centers for Independent Living: \$2.07 Million (\$104,000 reduction)

### **Military and Veterans Affairs**

- **MVA:** Funding for the Department of Military and Veterans Affairs will total \$110 Million. This represents a \$1.26 Million reduction from 2009-10.
  - Notable appropriations include:
    - Veterans Homes: \$82.2 Million (\$187,000 increase over 2009-10)
    - Veterans Outreach Services: \$1.66 Million (\$14,000 reduction)
    - Civil Air Patrol: Eliminated

### **Debt Service**

- **General Obligation Debt Service (all funds):** This mandatory budget expenditure is marked at \$1.05 Billion in this budget proposal. This represents an increase of \$57.3 Million increase.
  - **General Fund Debt Service**
    - General Obligation Debt: \$974.9 Million (\$43.9 Million increase).
    - CFA Debt Service: \$78.5 Million (\$13.4 Million increase).

**General Assembly, Governor's Office and Judiciary**

- **Governor's Office:** \$6.38 Million (\$517,000 reduction from 2009-10)
- **House of Representatives:** \$183.58 Million (\$1.05 Million reduction from 2009-10)
- **Senate:** \$91.96 Million (\$119,000 reduction from 2009-10)
- **Judiciary:** \$276.86 Million (Level with 2009-10).

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