

PENNSYLVANIA BUDGET 101

2024

**PENNSYLVANIANS
TOGETHER**

HOW THE BUDGET WORKS IN PA

PENNSYLVANIANS
TOGETHER



HOW THE BUDGET WORKS IN PENNSYLVANIA

- DEPARTMENTS START PREPARING THEIR BUDGETS IN AUGUST–OCTOBER.
- THE GOVERNOR PROPOSES A BUDGET IN FEBRUARY.
(IF IT IS A GOVERNOR’S FIRST BUDGET, THE PROPOSAL IS IN MARCH.)
- THE GENERAL ASSEMBLY HOLDS BUDGET HEARINGS IN MARCH–APRIL, MEETING WITH DEPARTMENTS ABOUT THEIR BUDGET ITEMS.

HOW THE BUDGET WORKS IN PENNSYLVANIA

- “BUDGET SEASON” IS LATE MAY TO THE END OF JUNE (OR BEYOND) WHEN THE LEGISLATURE IS REGULARLY IN SESSION AND WORKING ON LEGISLATION.
- MANY ITEMS ARE FOLDED TOGETHER FOR BUDGET NEGOTIATIONS, INCLUDING LEGISLATIVE PRIORITIES.

HOW THE BUDGET WORKS IN PENNSYLVANIA

THERE ARE 5 PARTIES TO NEGOTIATIONS:

- THE HOUSE AND SENATE LEADERS FROM 4 CAUCUSES (HOUSE D's, HOUSE R's, SENATE D's, SENATE R's)
- THE GOVERNOR

THERE ARE THREE MAJOR PIECES OF THE ANNUAL BUDGET:

- THE BUDGET ITSELF
- THE FISCAL CODE
- THE ADMINISTRATIVE CODE
- THE SCHOOL CODE

HOW THE BUDGET WORKS IN PENNSYLVANIA

- ONLY A SIMPLE MAJORITY VOTE IN THE GENERAL ASSEMBLY IS REQUIRED FOR A BUDGET TO BE PASSED.
- PENNSYLVANIA IS ONE OF 44 STATES IN WHICH THE GOVERNOR HAS LINE ITEM VETO AUTHORITY.

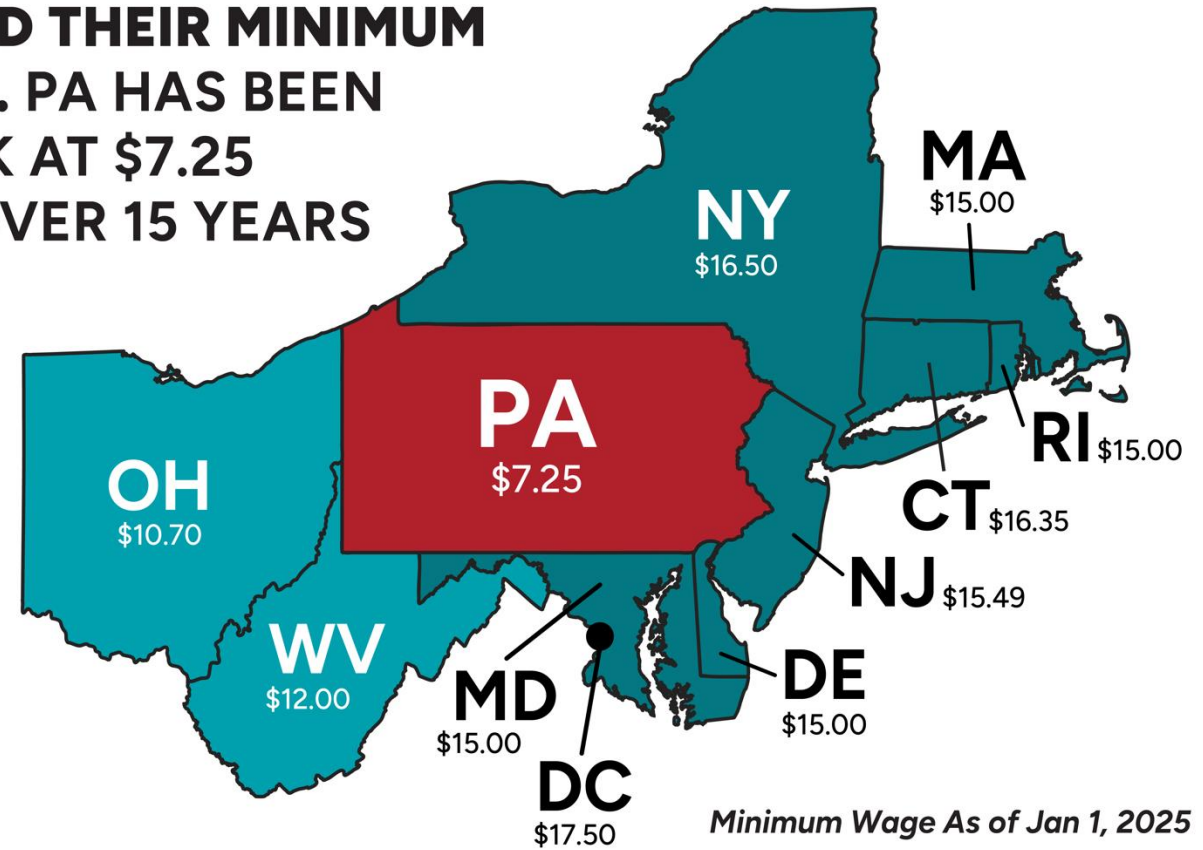
ABOUT THE BUDGET

Q & A

ABOUT THE MINIMUM WAGE IN PA

**EVERY STATE AROUND
PENNSYLVANIA HAS
RAISED THEIR MINIMUM
WAGE. PA HAS BEEN
STUCK AT \$7.25
FOR OVER 15 YEARS**

PENN POLICY



www.pennpolicy.org

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IF THE MINIMUM
WAGE GREW AS
MUCH AS OUR
ECONOMY HAS
SINCE 1968,
IT WOULD BE

\$23.53 ...

NOT \$7.25.



WHO BENEFITS FROM A HIGHER MINIMUM WAGE?

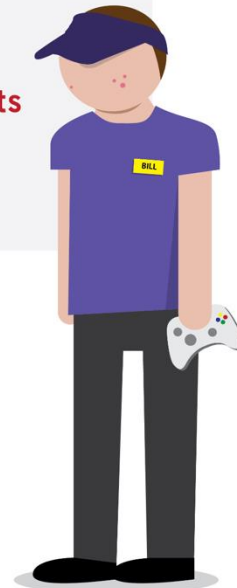
WHAT PEOPLE THINK

Teenager

Works part time
after school

Lives with parents

Earning extra
spending money



THE REALITY

Average age:
36 years old

89% are not teens,
they're 20 or older

37% are
40 or older

56% are
women

28% have children

57% work
full time

On average, they earn
more than half of their
family's total income



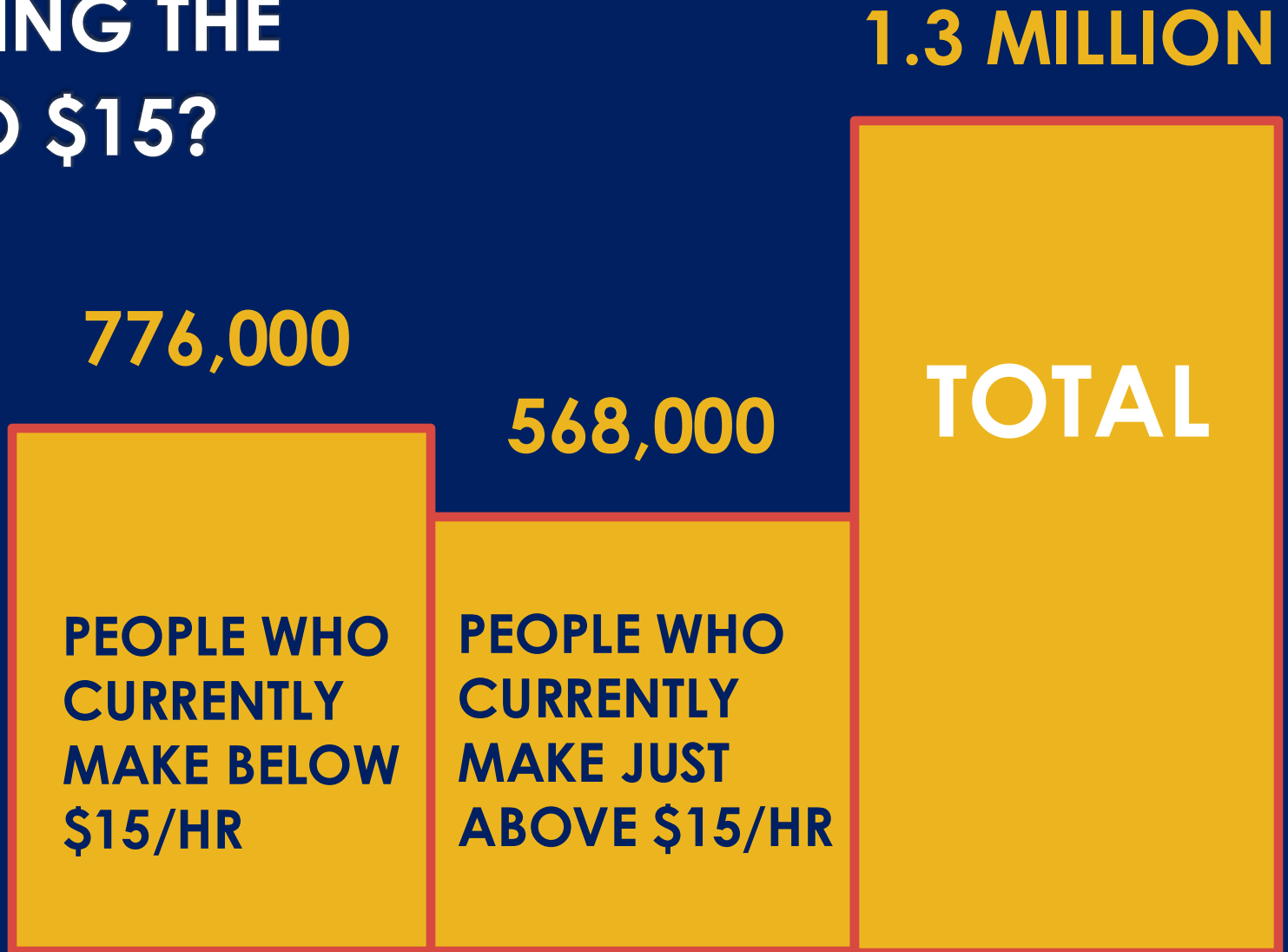
Statistics describe civilian workers, ages 16+, that would be affected by an increase in the federal minimum wage to \$12.00 by 2020. The median age of affected workers is 32 years old.

ECONOMIC POLICY INSTITUTE

go.epi.org/raisethewage

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HOW MANY PEOPLE WOULD BENEFIT FROM RAISING THE MINIMUM WAGE TO \$15?



The background of the entire image is a dense, overlapping pattern of US dollar bills, primarily \$100 bills, rendered in a light blue, semi-transparent style. The bills are scattered across the frame, creating a textured, financial backdrop. In the center, a solid yellow rectangular box contains the main text.

**A \$15 MINIMUM WAGE
WOULD ADD \$5 BILLION
TO PENNSYLVANIA'S
ECONOMY.**

TWO LIVING WAGES

**LOCAL COMMUNITIES
COULD RAISE THE
MINIMUM WAGE
TO MATCH THEIR
COST OF LIVING**



Bedford, PA

\$14.98



Philly, PA

\$17.53

EXAMPLE: WHO ARE THE WORKERS IN BEDFORD COUNTY WHO WOULD BENEFIT FROM A \$15 MINIMUM WAGE?

26%
of the workforce

6,000 workers

63%
are women

51%
work full time

43%
are over age 40

28%
are parents

only **15%**
are 19 or
younger

26%
have at least
some college
education

\$15

A HIGHER MINIMUM WAGE

- WOULD CREATE JOBS
- WOULD HELP SMALL BUSINESSES
- WOULD BARELY INCREASE PRICES

MINIMUM WAGE

Q & A

ABOUT K-12 EDUCATION IN PA



THE FUNDING GAP IN K-12 EDUCATION

- THE GAP IS THE DIFFERENCE BETWEEN HOW MUCH SCHOOL DISTRICTS SPEND PER STUDENT AND HOW MUCH IS NEEDED TO PROVIDE AN ADEQUATE EDUCATION.
- THE AMOUNT NEEDED IS BASED ON WHAT SUCCESSFUL SCHOOLS SPEND IN PA.

WHY PA'S K-12 EDUCATION FUNDING IS "INADEQUATE AND INEQUITABLE."

- **THE SHARE OF STATE SUPPORT FOR K-12 EDUCATION HAS FALLEN FROM OVER 50% IN THE 1970s TO 32% TODAY, FAR BELOW THE NATIONAL AVERAGE OF 48%.**
- **STATE \$ SUPPORT FOR K-12 EDUCATION IS STILL MOSTLY DISTRIBUTED BY POLITICS — NOT A FORMULA TIED TO NEED.**

**GAP OF
\$4,066**

**GAP OF
\$411**

**SCHOOLS
IN HIGH-
INCOME
DISTRICTS**

**SCHOOLS IN
LOW-INCOME
DISTRICTS**

ADEQUACY

**THE PER-STUDENT
FUNDING GAP
BY INCOME**

**GAP OF
\$3,352**

**GAP OF
\$1,304**

**SCHOOL
DISTRICTS
W/LOWEST
SHARE OF
BLACK
STUDENTS**

ADEQUACY

**THE PER-STUDENT
FUNDING GAP
BY SHARE OF
BLACK STUDENTS**

**SCHOOL DISTRICTS
W/HIGHEST SHARE
OF BLACK STUDENTS**

**GAP OF
\$3,833**

**GAP OF
\$1,261**

**SCHOOL DISTRICTS
WITH HIGHEST SHARE
OF HISPANIC STUDENTS**

**SCHOOL
DISTRICTS
WITH LOWEST
SHARE OF
HISPANIC
STUDENTS**

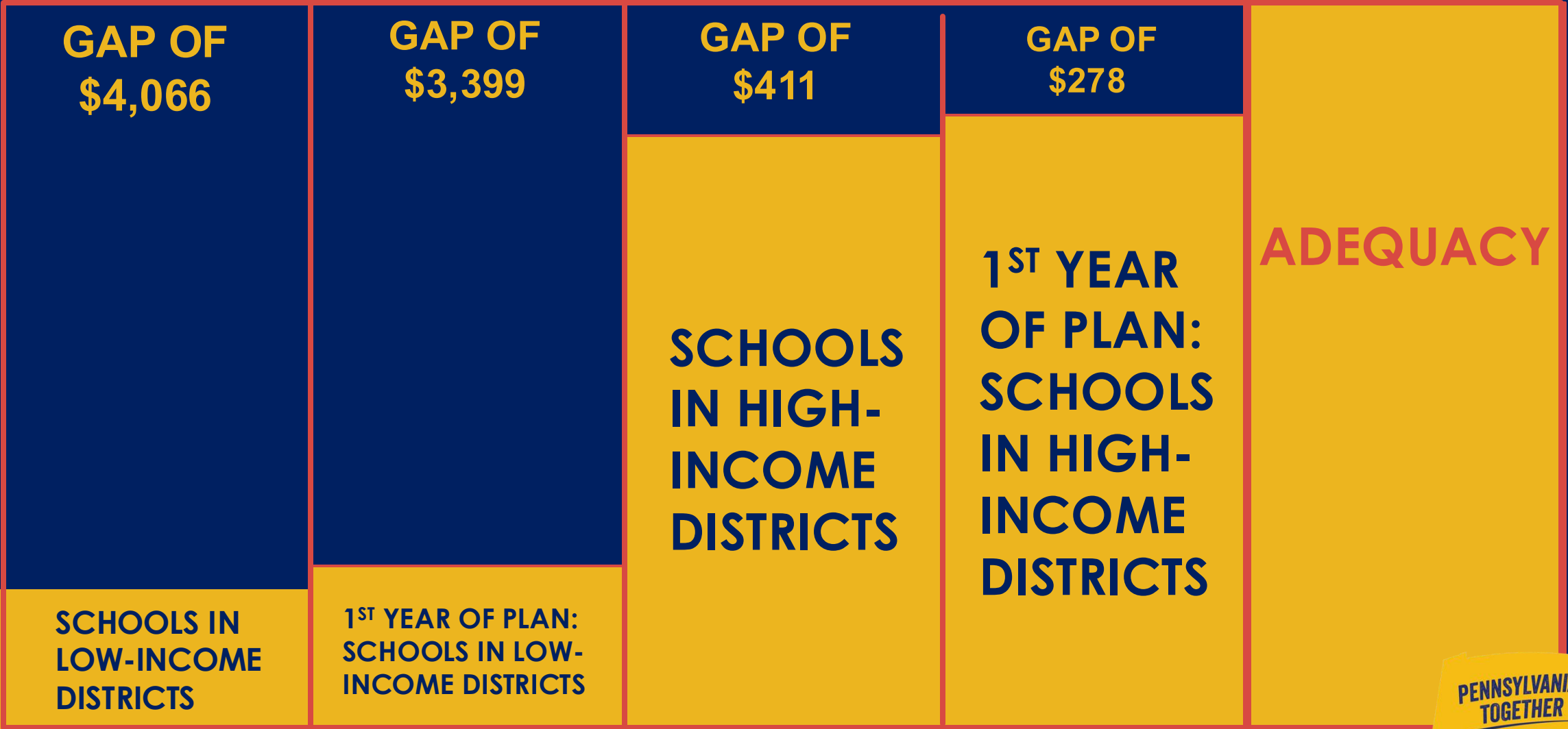
ADEQUACY

**THE PER-STUDENT
FUNDING GAP
BY HISPANIC
ETHNICITY**

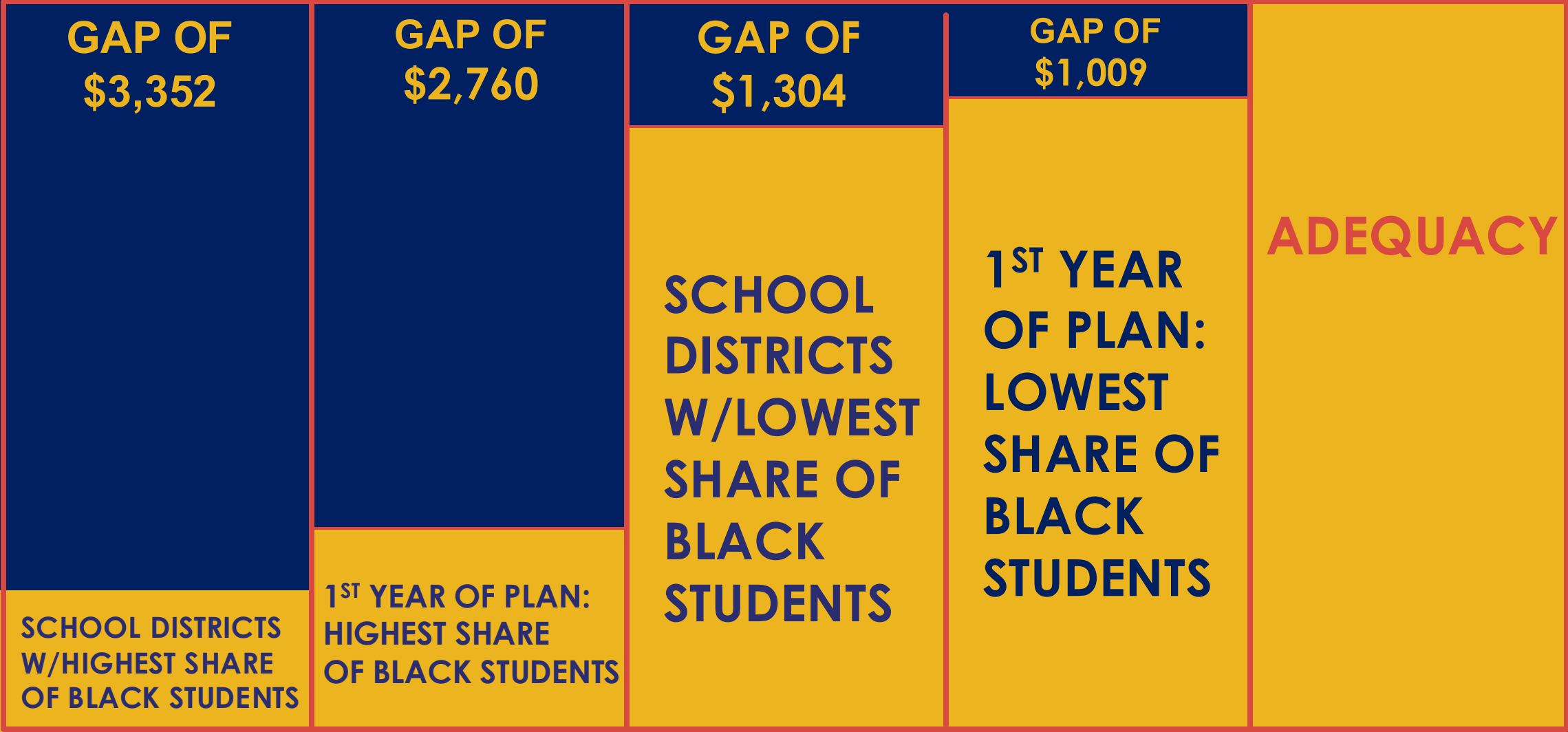
WHAT THE BEFC'S 7-YEAR PLAN DOES: FIVE BUCKETS OF MONEY

1. **ADEQUACY:** Bring 377 districts up to adequacy, \$5.1 billion over 7 years / \$734 million in year one.
2. **TAX EQUITY:** Offset higher local taxes in 171 districts, \$955 million over 7 years / \$136 million in year one.
3. **ADDITIONAL BASIC EDUCATION / SPECIAL EDUCATION FUNDING:** Run these through their respective formulas, \$199 million and \$46 million respectively in year one. Future years to vary with inflation.
4. **THE HOLD HARMLESS BASE:** Reset it to 2023–24 to protect school districts from losing funds.
5. **CYBER CHARTER REFORM:** Set a state-wide standard payment to give charter schools instead of a payment based on individual school district spending, over \$500M in year one.

IMPACT OF 1ST YEAR OF 7-YEAR PLAN ON
PER-STUDENT FUNDING GAP BY INCOME



IMPACT OF 1ST YEAR OF 7-YEAR PLAN ON PER-STUDENT FUNDING GAP BY SHARE OF BLACK STUDENTS



IMPACT OF 1ST YEAR OF 7-YEAR PLAN ON PER-STUDENT FUNDING GAP BY HISPANIC ETHNICITY

GAP OF \$3,833		GAP OF \$3,206		GAP OF \$1,261	GAP OF \$980	ADEQUACY
SCHOOL DISTRICTS WITH HIGHEST SHARE OF HISPANIC STUDENTS		1 ST YEAR OF PLAN: HIGHEST SHARE OF HISPANIC STUDENTS		SCHOOL DISTRICTS WITH LOWEST SHARE OF HISPANIC STUDENTS	1 ST YEAR OF PLAN: LOWEST SHARE OF HISPANIC STUDENTS	

K-12 EDUCATION

Q & A

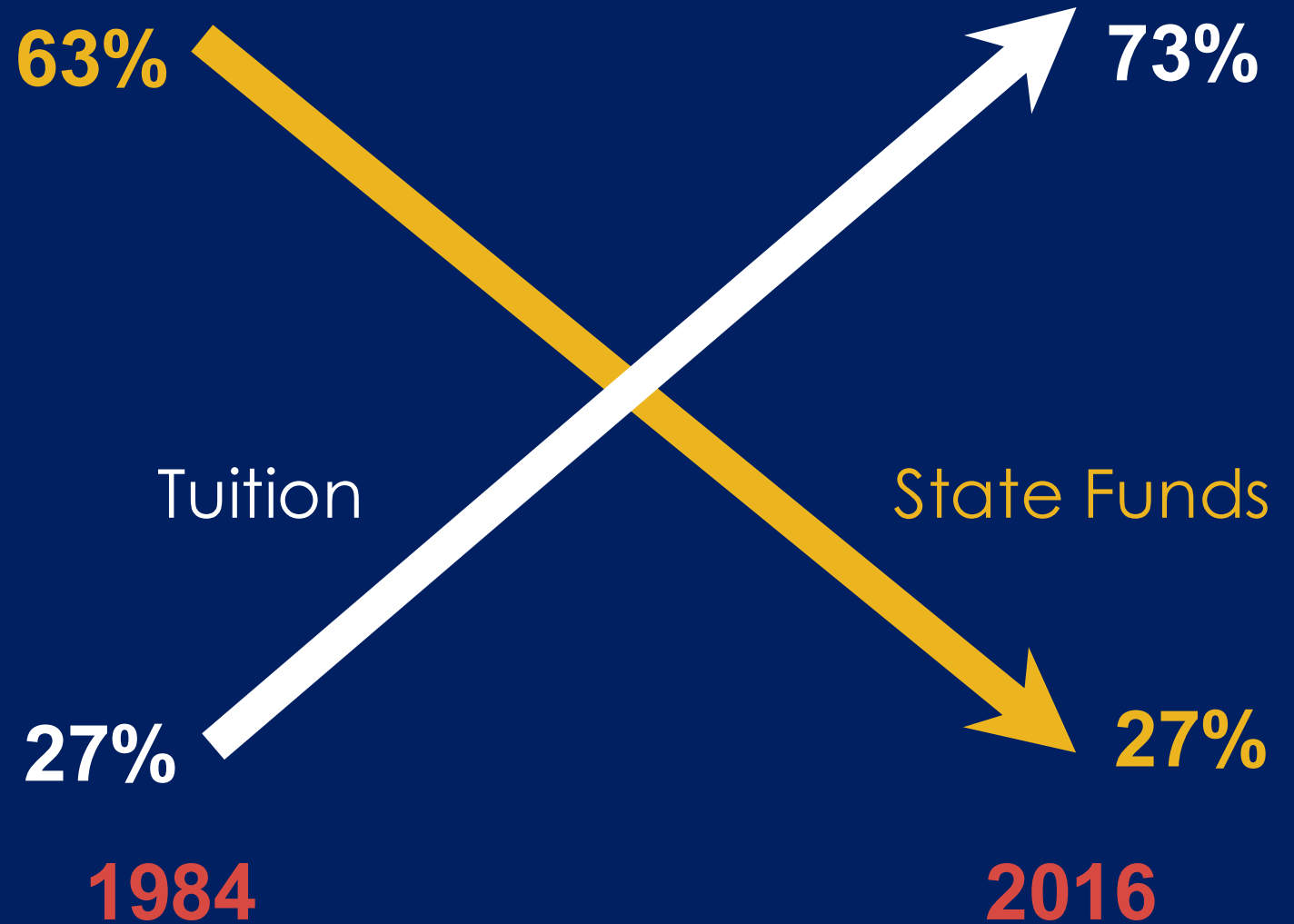
ABOUT HIGHER EDUCATION IN PA

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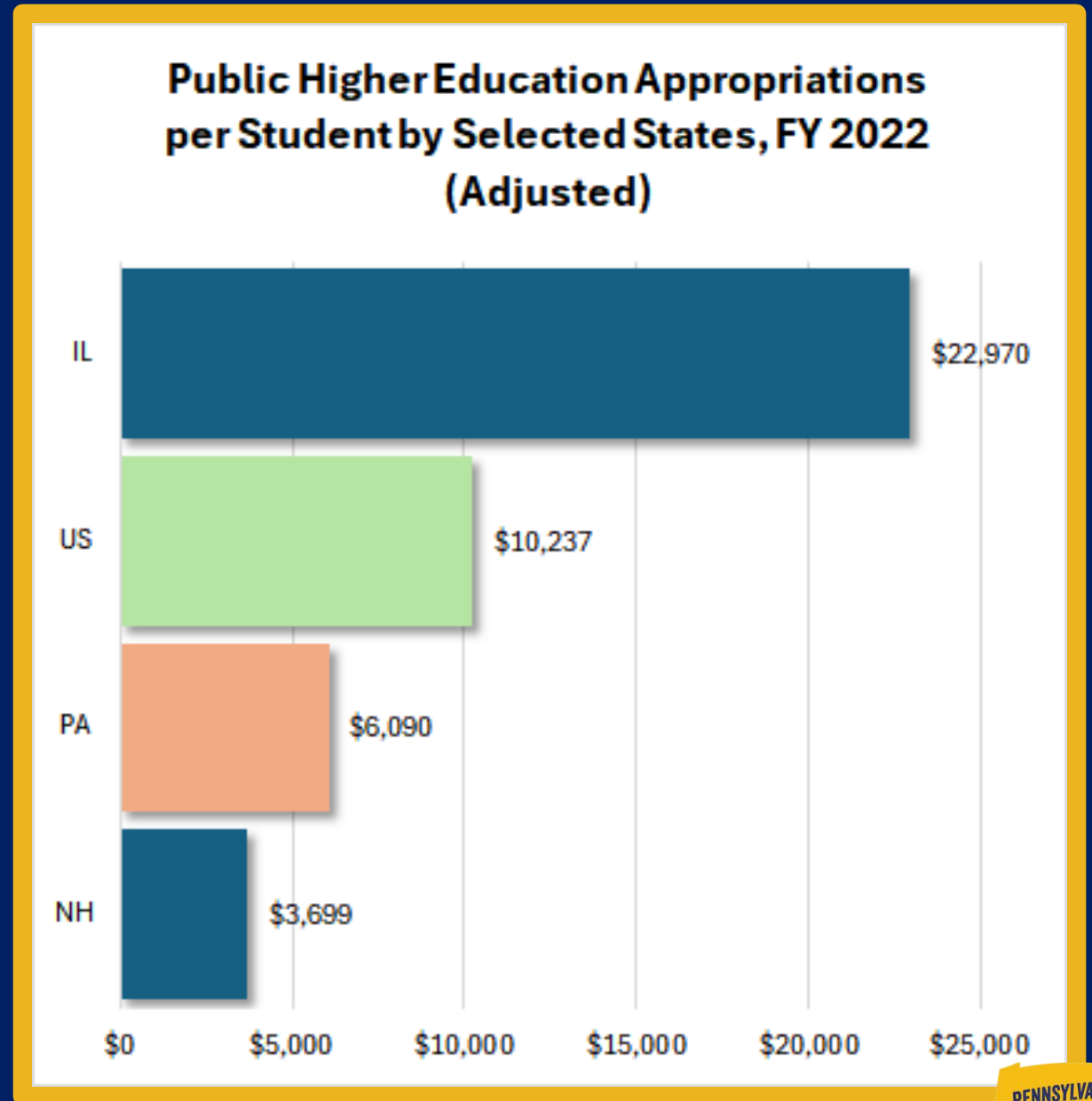


Share of Higher Ed Funding from the State and Tuition

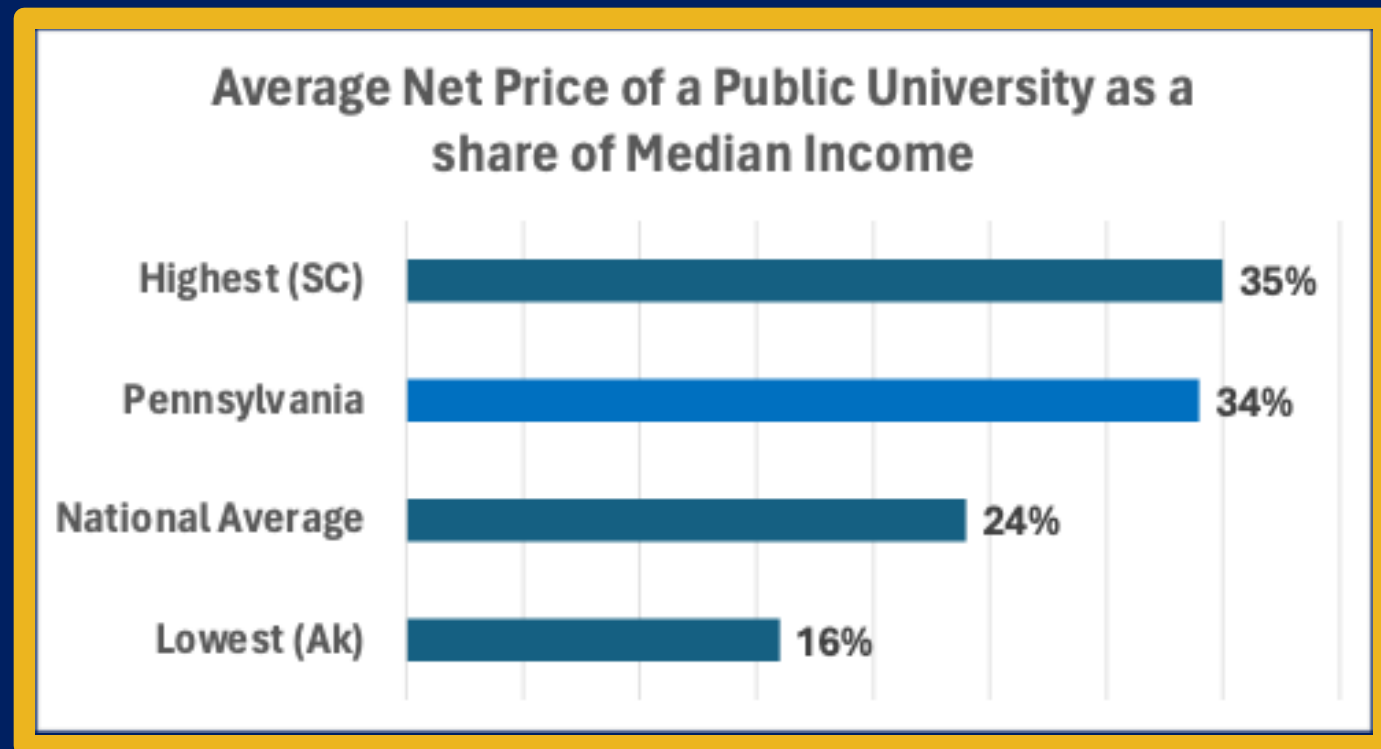
**TUITION HAS
SPIKED BECAUSE
STATE SUPPORT
HAS SHRUNK.**



- ON A PER-STUDENT BASIS, OF ALL THE STATES IN THE COUNTRY, PA'S **FUNDING** FOR HIGHER EDUCATION RANKS 5TH FROM THE BOTTOM.
- PA HAS CUT HIGHER EDUCATION **FUNDING** PER STUDENT BY 8.2% SINCE 2008, THE 8TH GREATEST CUT OF ANY STATE IN THE COUNTRY.
- **TUITION** AT PA STATE COLLEGES HAS GONE UP BY \$4,370 SINCE 2008.



- PENNSYLVANIA HAS THE FOURTH WORST COLLEGE **EXPENSE BURDEN** RELATIVE TO MEDIAN INCOME IN THE COUNTRY.
- **COSTS** RELATIVE TO MEDIAN INCOME ARE EVEN HIGHER FOR BLACK STUDENTS (56%) AND HISPANIC STUDENTS (48%).



HIGHER EDUCATION

Q & A

ABOUT AFFORDABLE AND QUALITY HOUSING IN PA

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STATE BUDGET FOR HOUSING AND HOMELESS ASSISTANCE IN PENNSYLVANIA

- **PHARE: major fund for affordable housing, capped at \$40 million¹**
- **Homeless Assistance: \$28,496,000²**
- **Human Services Development Fund: \$13,460,000³**
- **Main Street Matter: \$25,000,000**
- **Local Government Emergency Housing: \$5,000,000**

TOTAL: UP TO \$101 MILLION

**TOO MANY RENTERS
PAY MORE THAN
HALF OF THEIR
INCOME ON RENT**

72%

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EXAMPLES OF “EXTREMELY LOW-INCOME” HOUSEHOLDS IN PA

<u>COUNTY</u>	<u>AMI</u>	<u>ELI (FAMILY OF 4)</u>
MIFFLIN (RURAL)	\$77,100	\$23,130
MONTGOMERY (SUBURBAN)	\$111,600	\$33,480
ALLEGHENY (URBAN)	\$100,400	\$30,120

AFFORDABLE HOUSING CHALLENGES IN PENNSYLVANIA

Pennsylvania

447,363

Number of extremely
low-income renter households

41

Number of affordable and available
rental homes per 100 extremely
low-income renter households

HOW MUCH DO YOU NEED TO WORK TO AFFORD RENT IN PA?

Working at minimum
wage

\$7.25/hr

Each week you have to
work

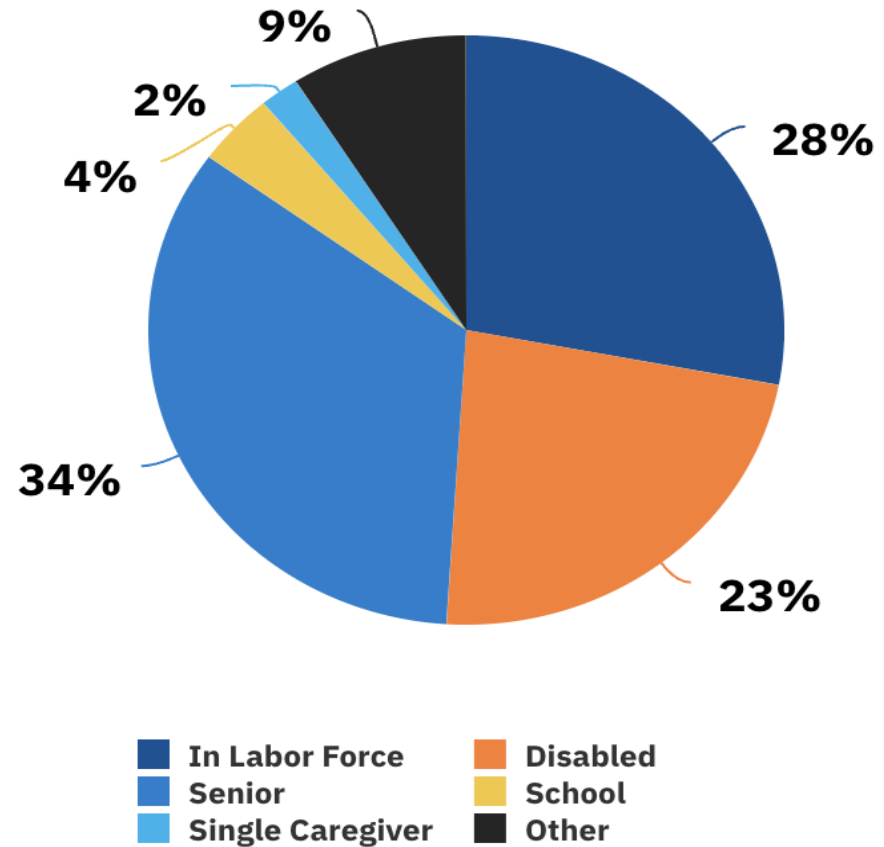
106 HOURS

To afford a modest 1
bedroom rental home at
Fair Market Rent

**TO RENT A 2-BEDROOM
APARTMENT, WITHOUT
BEING COST-BURDENED,
YOU WOULD NEED TO
MAKE \$23.61/HR, WORKING
40 HOURS PER WEEK.**

WHO LIVES IN EXTREMELY LOW-INCOME HOUSEHOLDS?

EXTREMELY LOW INCOME
RENTER HOUSEHOLDS



HOUSING

Q & A