

# PENNSYLVANIA BUDGET 101

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2024



# 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.

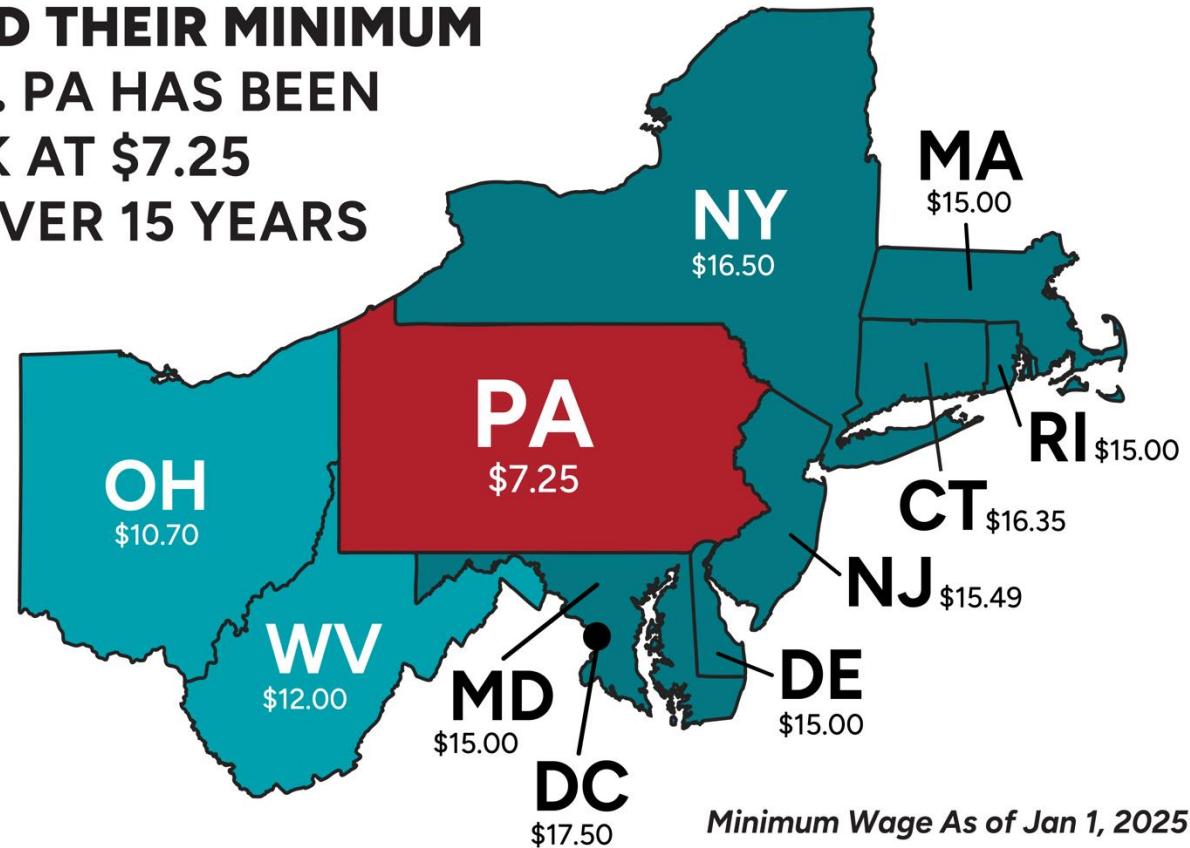
# ABOUT THE BUDGET

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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**



[www.pennpolicy.org](http://www.pennpolicy.org)

**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](http://go.epi.org/raisethewage)

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

**1.3 MILLION**

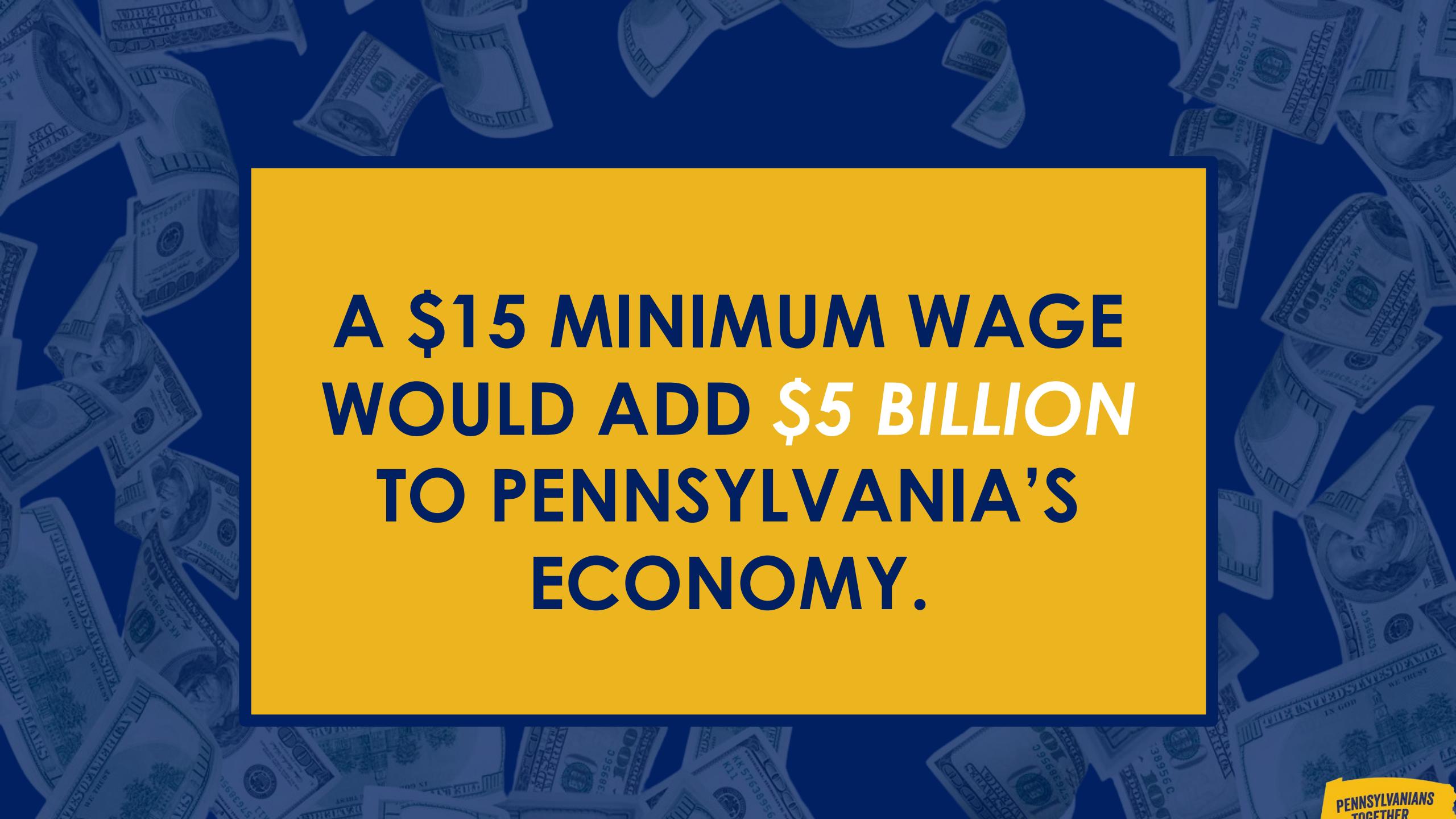
**776,000**

PEOPLE WHO  
CURRENTLY  
MAKE BELOW  
\$15/HR

**568,000**

PEOPLE WHO  
CURRENTLY  
MAKE JUST  
ABOVE \$15/HR

**TOTAL**



**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*



*Philly, PA*

**\$14.98**

**\$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**

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## A HIGHER MINIMUM WAGE

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

# MINIMUM WAGE

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## 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**

**SCHOOLS IN  
LOW-INCOME  
DISTRICTS**

**GAP OF  
\$411**

**SCHOOLS  
IN HIGH-  
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**

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

**ADEQUACY**

**THE PER-STUDENT  
FUNDING GAP  
BY 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

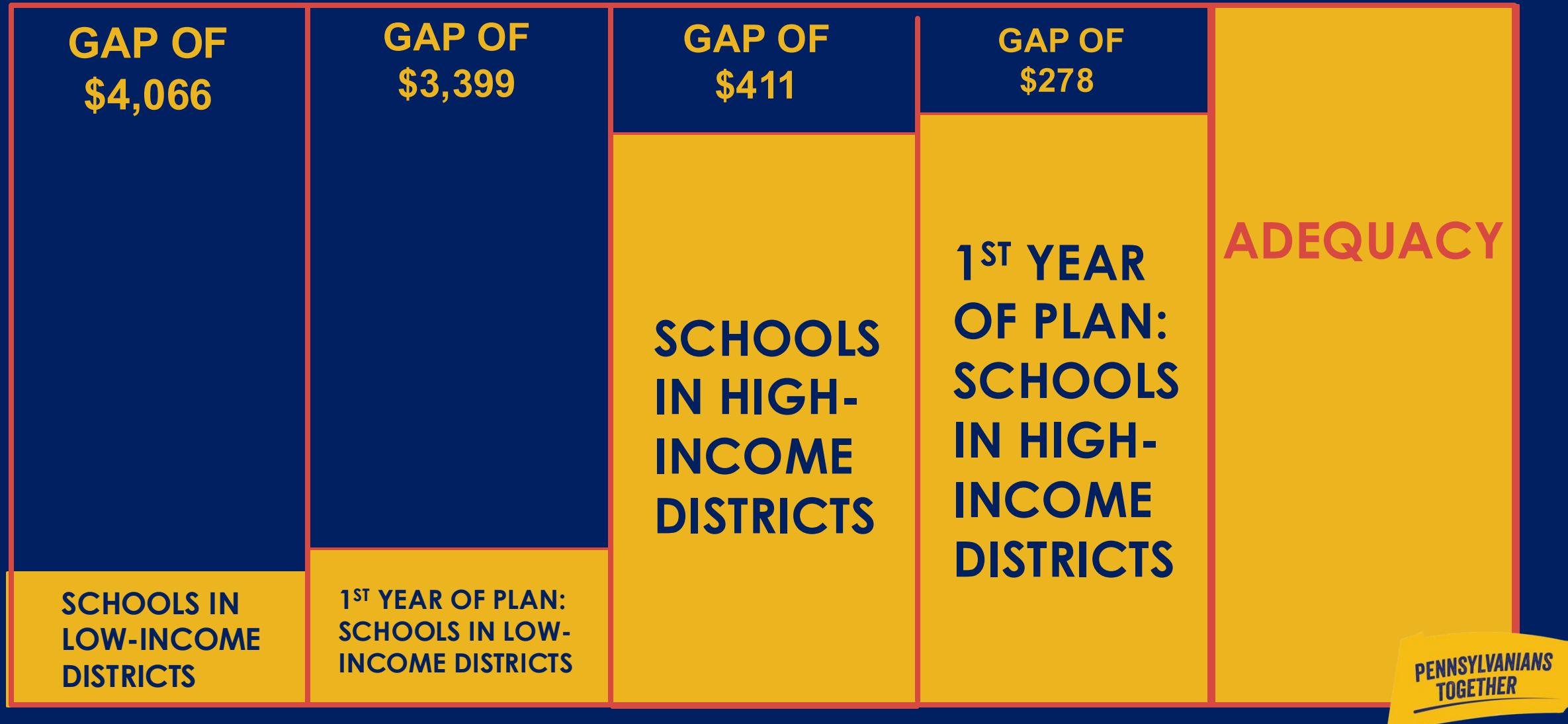
**ADEQUACY**

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

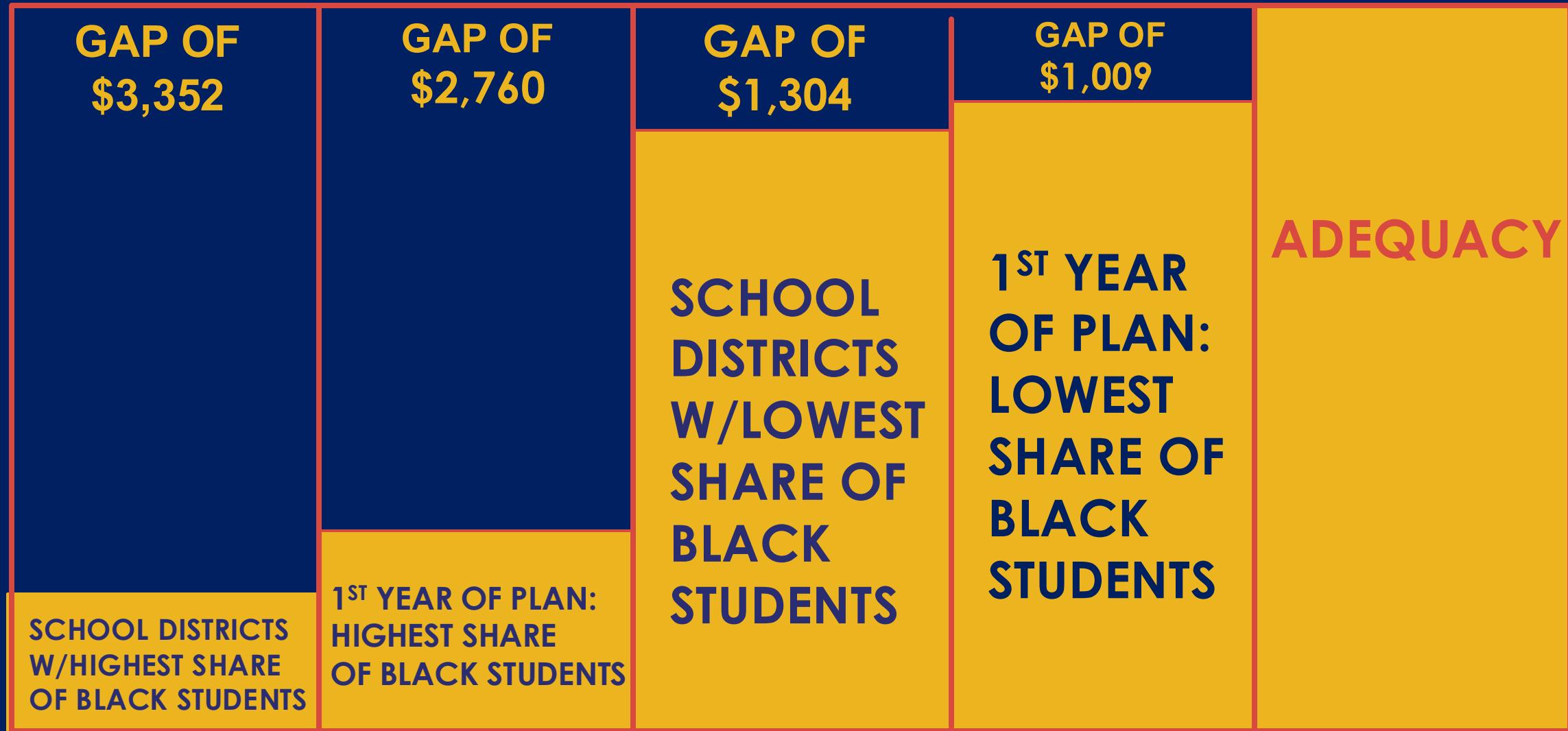
# WHAT THE BEFC'S 7-YEAR PLAN DOES: FIVE BUCKETS OF MONEY

- 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.

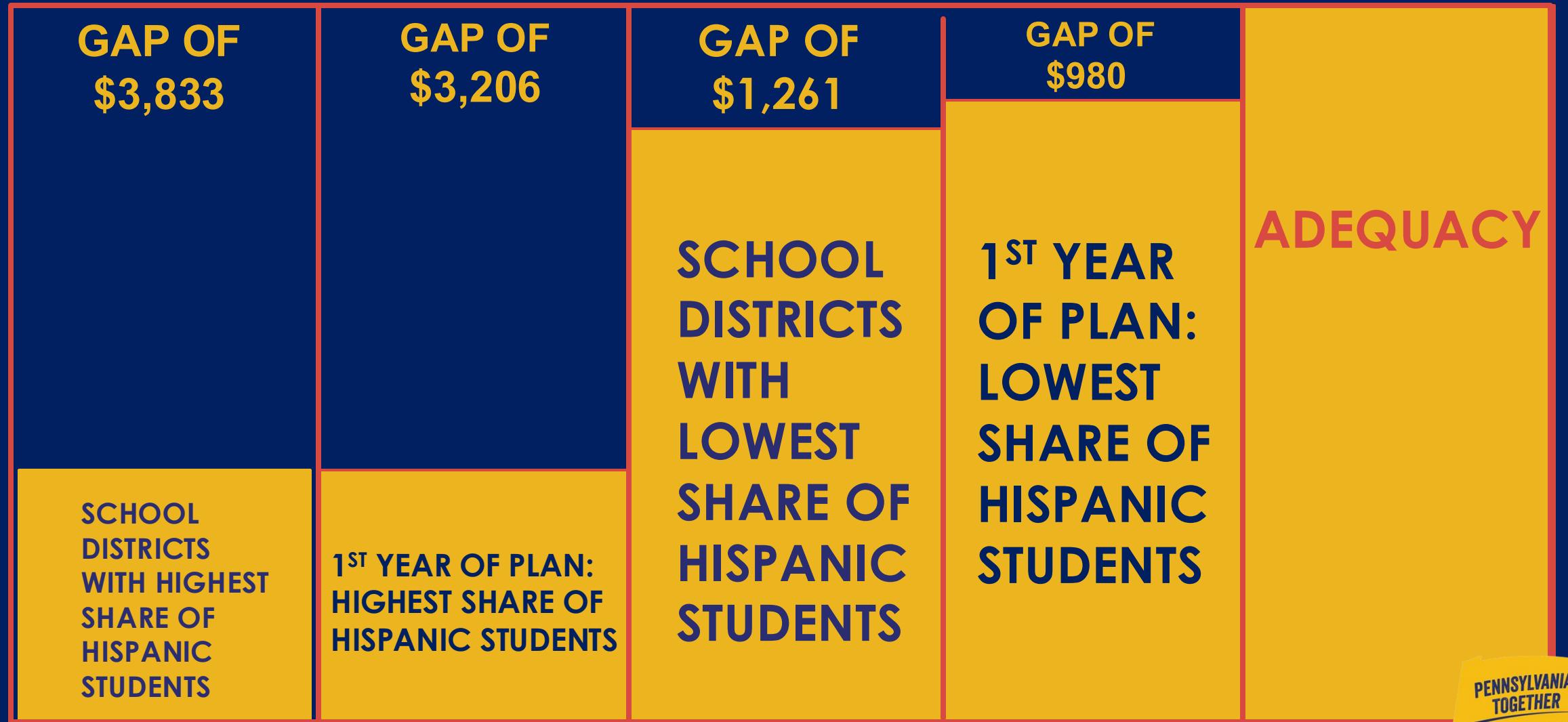
# IMPACT OF 1<sup>ST</sup> YEAR OF 7-YEAR PLAN ON PER-STUDENT FUNDING GAP BY INCOME



# IMPACT OF 1<sup>ST</sup> YEAR OF 7-YEAR PLAN ON PER-STUDENT FUNDING GAP BY SHARE OF BLACK STUDENTS



# IMPACT OF 1<sup>ST</sup> YEAR OF 7-YEAR PLAN ON PER-STUDENT FUNDING GAP BY HISPANIC ETHNICITY



# K-12 EDUCATION

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Q & A

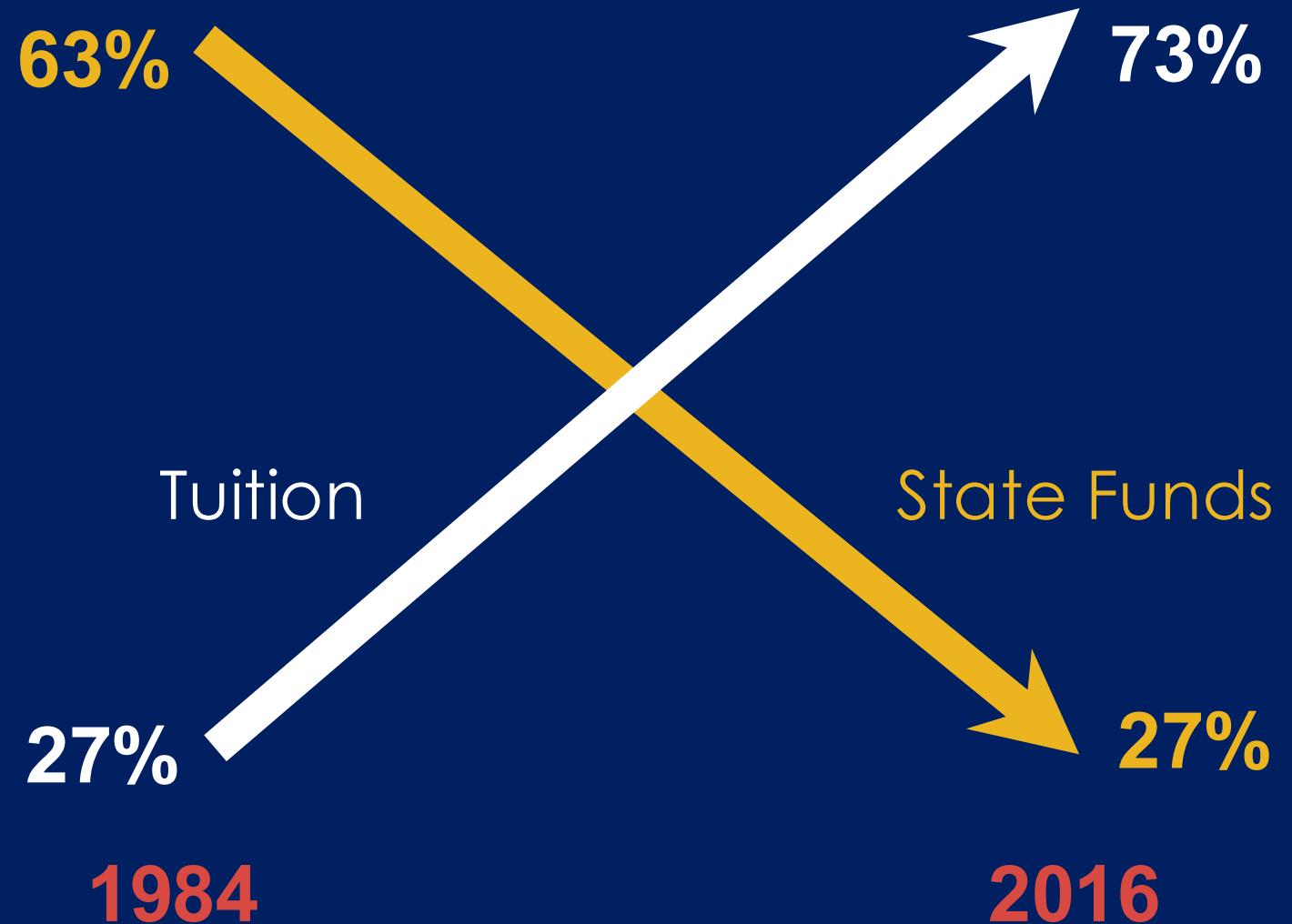
# ABOUT HIGHER EDUCATION IN PA

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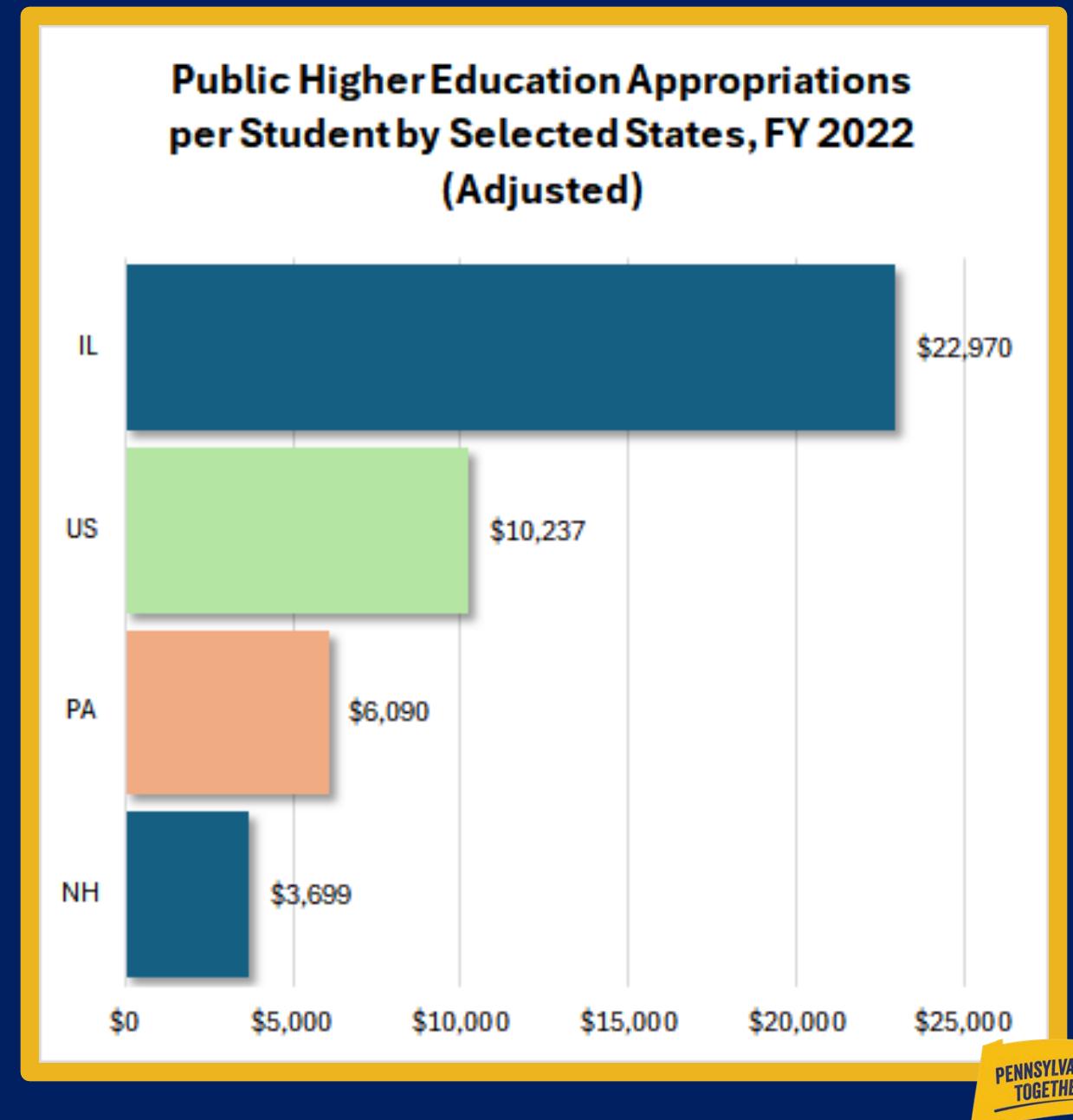


## Share of Higher Ed Funding from the State and Tuition

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



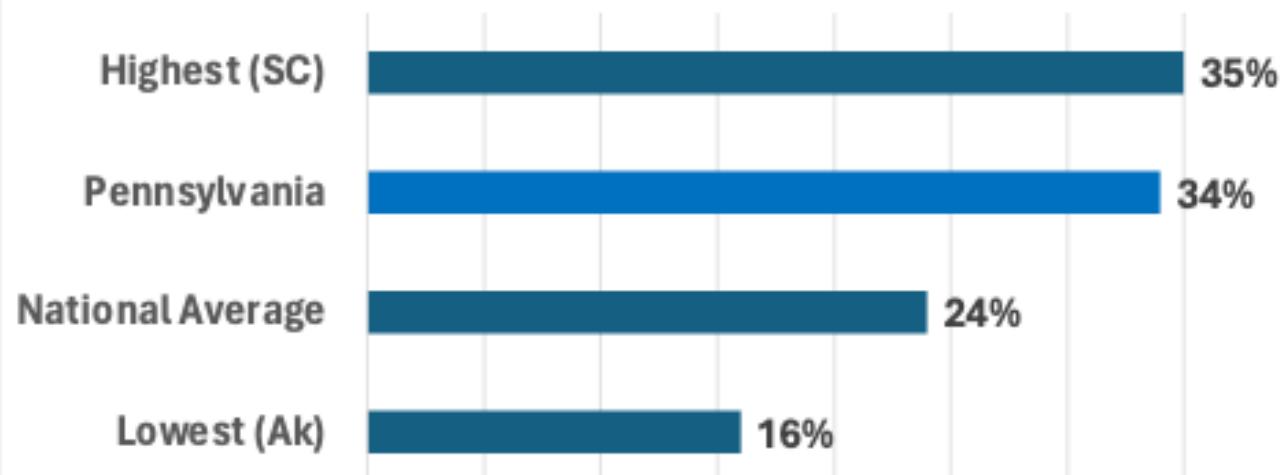
- ON A PER-STUDENT BASIS, OF ALL THE STATES IN THE COUNTRY, PA'S **FUNDING** FOR HIGHER EDUCATION RANKS 5TH FROM THE BOTTOM.
- PA HAS CUT HIGHER EDUCATION **FUNDING** PER STUDENT BY 8.2% SINCE 2008, THE 8TH GREATEST CUT OF ANY STATE IN THE COUNTRY.
- **TUITION** AT PA STATE COLLEGES HAS GONE UP BY \$4,370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

Average Net Price of a Public University as a share of Median Income



# HIGHER EDUCATION

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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 million<sup>1</sup>**
- **Homeless Assistance:** \$28,496,000<sup>2</sup>
- **Human Services Development Fund:** \$13,460,000<sup>3</sup>
- **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

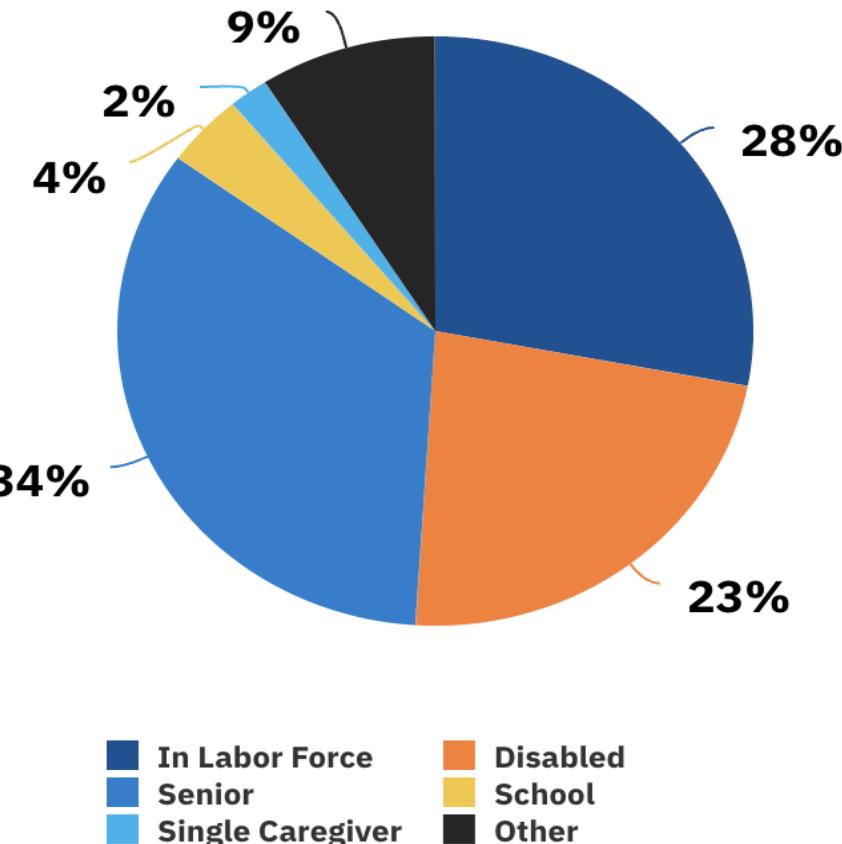
**106 HOURS**

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



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# HOUSING

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# Q & A