

## 2009-10 State Budget

### The Basics

- \$27.835 billion in General Fund spending.
  - That is more than \$1 billion less than Governor Rendell's request, which was \$28.972 billion.
  - This marks the first time during the Rendell administration that spending has decreased from one budget year to the next. The approved 2008-09 budget was \$28.267 billion.
- No broad-based tax increases.
- A spending and revenue package that is sustainable this year and next.
- Use of various revenue sources described in our various caucus discussions, including the Rainy Day Fund, HCPRA, MCARE, Auto CAT, redirect 25-cent/pack cigarette tax from HCPRA to General Fund, tax amnesty, increased leasing of state-owned land for Marcellus Shale drilling, table games, a delay in the CSFT phase-out (tied to changes in the NOL and SSF), and a 25-cent/pack cigarette tax increase.
- General Government Operations (GGO) lines were cut by an average of 7.95% across all departments.
  - Legislative accounts were reduced by approximately 10%.

### Tax Issues

- Tax Credits. The proposed \$75 million cut to tax credit programs will be reduced to \$39 million in 2009-10.
- Little Cigars. "Little cigars" will be taxed at a rate equivalent to cigarettes.
- Tax Amnesty. The governor has increased the estimated revenue from a tax amnesty program to \$190 million in 2009-10.

### Education

- Basic Education. School districts will see an increase of more than \$1 billion, or 16.5 %, when considering increases in basic and special Education Funding and the ARRA Federal Supplemental appropriations for Title-1, Title 11-D and IDEA.
  - Provides \$5.526 billion for Basic Education, an increase of \$299.4 million, or 5.7%, over FY 2008-09.

- All school districts will receive an increase of no less than 2%.
- Special Education. Maintains funding for special education programs at the FY 2008-09 level of \$1.026 billion.
- PA Accountability Grants. Maintains funding for PA Accountability Grants at the FY 2008-09 level of \$271.4 million.
- Pre-K Counts and Head Start. Maintains funding for Pre-K Counts (\$86.4 million) and Head Start Supplemental Assistance (\$39.48 million) at the 2008-09 level.
- Higher Education. Restores funding for PASSHE, the state-related universities and Thaddeus Stevens College to at or near the FY 2007-08 levels.
- Libraries. Public libraries will receive \$60 million, an increase of \$23 million over the funding level contained in Senate Bill 850.

### **Public Welfare**

- MCO Assessment. MCO assessment will utilize the Gross Revenue Tax (GRT) approach, similar to the Michigan and Ohio plans. The Administration continues to advocate for triggering language to implement their original broad-based MCO tax in the event CMS disproves the GRT plan.
- Hospitals.
  - Medical Assistance – Outpatient. Provides \$17.1 million in state funds (\$50.0 million total) for outpatient disproportionate share payments.
  - Medical Assistance – Inpatient. Provides \$24.0 million in state funds (\$49.25 million total) for Community Access Fund and \$22.1 million in state funds (\$64.5 million total) for inpatient medical education funding.
  - Hospital based burn centers. Provides funding of \$5.145 million state, \$11.367 million total.
  - Medical Assistance critical access hospitals. Provides funding of \$4.865 million state, \$10.748 million total.
  - Trauma centers. Provides funding of \$11.541 million state, \$25.498 million total.

- County Services.
  - Community Mental Retardation – Waiver Services. Provides \$11.724 million in state funds (\$30.64 million total) to serve 793 individuals in home and community based settings and \$9.6 million to meet maintenance of effort requirements.
  - Child Care Services. Provides \$11.957 million in additional state funding over the funding level contained in Senate Bill 850.
  - County Child Welfare. Provides \$10.0 million in additional state funding over the funding level contained in Senate Bill 850.

### **Military and Veterans Affairs**

- Veterans Homes. Restoration of \$7 million for Veterans Homes.

### **Insurance**

- Children’s Health Insurance. Provides \$10.212 million in state funds over the funding level contained in Senate Bill 850. This will provide health care to an estimated 217,707 children by June, 2010, an increase of 24,367 children (12.6%) over the June 2009 enrollment of 193,350 children.

### **Gaming**

- Race Horse Development Fund. The share of the slot revenues going to the Race Horse Development Fund will decrease from 12% to 10% for a period of four years. The 2% difference will go to the General Fund.

### **Agriculture**

- Agriculture. The Department of Agriculture will receive an increase of \$8.03 million over Senate Bill 850.
  - Provides \$5.15 million for the animal health commission.
  - Provides \$600k for the Crop Insurance Program.
  - Provides \$2 million for Pennsylvania Fairs. In Senate Bill 850, all funding for fairs was eliminated.