



## State College Area School District

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To: Board of Directors  
From: Curtis Johnson, Donna Watson and Randy Brown  
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Subject: Budget Development - State Budget Proposal

As you may be aware, Governor Shapiro presented his [initial budget proposal](#) for the 2023-2024 fiscal year on March 7 to both chambers of the Pennsylvania legislature. This kicks off the state budget season which will include budget hearings in the state government until a budget is approved, hopefully before June 30.

The Governor described his budget proposal to include but is not limited to:

- Budget built \$3 billion lower than the Independent fiscal office projections over the next 5 years
- Quality education for students
- Protect real freedom
- Lowering costs for Pennsylvanians
  - Eliminate state cell phone tax
  - Expand property tax rent rebate program (seniors and disabled residents)
  - Increasing business opportunities
  - 50% more funding to connect our universities with our businesses
  - Attract more businesses
  - Funding historically disadvantaged business program
  - Raise the minimum wage to \$15/hr
  - Unions and collective agreements - never be a right to work state
  - Increased childcare options
  - Tax credit for police officer, nurse or teacher - \$2,500 for 3 years
  - New commission on crime and delinquency
  - More PCCD funding
  - 4 new state police classes and more funding for state police
  - Public Safety and Protection Fund - reduce reliance on gas taxes by \$100 million for the next 5 years to be invested in the roads and bridges, public transit systems
  - \$50 million in 911 systems
  - Municipal assistance program
  - \$10 million available for more public defenders
  - Free breakfast in all public schools
  - Mental health assistance
  - Restore full funding for county mental health
  - Mental health funding for schools (\$500 million)

- Education funding
  - Need a better funding system - based upon court case results
    - Calls for a collaboration among stakeholders
  - \$1 billion this year
    - \$.5 billion environmental repairs
    - Free breakfast
    - \$.5 billion mental health
    - Tax breaks for new teachers
  - Rethink system of higher education

The PA Department of Education [line-item appropriation](#) list included in the proposal includes the following highlights:

- [\\$567 million increase in BEF](#) (Basic Education Funding) --being distributed through the BEF formula. There are no new Level-Up funds included in the proposal
- [\\$104 million increase in SEF](#)(Special Education Funding)--most of this is distributed through the SEF formula
- \$100 million in school safety and security grants for physical safety through PCCD
- [\\$100 million in school mental health support grants](#)
- \$100 million school environmental repair and improvement grants
- \$38.5 million for free breakfasts for all students and free lunches for reduced-price students
- \$25 million in new funds for career and technical education through a series of investments in targeted funding and partnerships in addition to [\\$80 million through the CTE subsidy](#)

Primary measurable impacts of this proposal on our district at this point include:

- Basic Ed \$1.9 million
- Special ed \$96,000
- Mental health \$174,000

More information will be presented at the meeting primarily focused on our district. This is an initial proposal developed by the governor which will need to be approved by both houses of the legislature as usual. Different than in most years, the governor's proposal reflects updated statistical data for school districts to more accurately allocate funding based upon actual results. Typically, this information is updated during the budget process. What does this mean to school districts....unless there is a significant change in the proposal, the allocations in the final budget for school districts should be closer to the proposal than in the past. We will have to wait and see if this holds true.

The intent of this update is to provide an introduction to the governor's budget proposal and increase understanding about the state funding.