**Gov. Wolf’s 2015-16 State Budget Proposal**

This week Gov. Tom Wolf delivered his first state budget address to the General Assembly, outlining an ambitious plan for 2015-16. The $34.47 billion proposal is centered on the three priorities outlined by the governor in his inaugural address: Schools that teach. Jobs that pay. Government that works. The budget provides some key increases for the 2015-16 school year, with Wolf calling the 2015-16 budget plan the first phase of a four-year goal to increase overall pre-k–12 investment by $2 billion in order to meet the state’s education commitments.

The plan calls for enactment of the Pennsylvania Education Reinvestment Act, with new revenue created by imposing a tax on the extraction of natural gas within the state. Another key component of the governor’s education investment strategy is the enactment of a real basic education funding formula, which is currently being developed by a bipartisan Basic Education Funding Commission established by the General Assembly. The Commission is expected to complete its work by June 10, and this budget envisions that a new funding formula will be enacted by June 30, 2015, to take effect for the 2016-17 school year.

The governor is also calling for “dollar-for-dollar tax relief to finally cut school property taxes by $3.8 billion” by increasing the personal income tax to 3.7% and increasing the sales tax by 0.6 percentage points, with exemptions for food, clothing and prescription drugs to remain in place.

However, the governor is not recommending major changes for reform of the pension systems for state and public school employees; suggesting instead that financial reforms be made through management reform of the retirement boards, refinancing a portion of the current unfunded liability, and the use of new revenues that would be generated in 2017-18 from the modernization of the state wine and spirits system.

**Funding for basic education under the governor’s plan includes:**

**Basic Education Subsidy:** The governor is proposing a $400 million (7%) increase to $6.13 billion. This increase will fully restore the Accountability Block Grant and Educational Assistance Program funds.

**Charter School Reimbursement:** In addition, as part of the Basic Education Subsidy, school districts will receive a reimbursement for approximately 10% of their mandatory charter school tuition payments.

**Special Education:** The budget provides an increase of $100 million (9.6%) to $1.146 billion. This increase will continue Pennsylvania’s transition to the formula enacted under Act 126 of 2014 reflecting the work of the bipartisan legislative Special Education Funding Commission. The budget incorporates that formula as a permanent component of the Public School Code.

**Authority Rentals and Sinking Fund Requirements:** The funding that is used for reimbursement to schools for approved construction projects (PlanCon) is level funded at $306 million.

**Assessment –** Funding for state and federal testing programs, including the Keystone Exams and PSSAs, is level funded at $58 million.

**Teacher Professional Development** – The budget provides a $1 million increase for a total of $7.45 million.

**Early Childhood Education:** A $120 million (87.9%) increase in early childhood education to enroll more than 14,000 additional children in Pennsylvania Pre-K Counts and the Head Start Supplemental Assistance Program.

**Career and Technical Education:** These programs receive a significant boost under the proposed budget, coupled as the **PA Rising Education and Training Initiative.** They include existing, new and re-instated programs as follows:

* **Career and Technical Education:** The line item rises to $85 million from the current $62 million. This includes $15 million to support the establishment or enhancement of programs that prepare students for success in today’s high-skill economy. School districts and Career and Technology Centers, higher education institutions, employers and labor organizations will be able to establish public-private partnerships to train students for high-demand, high-growth occupations. Students will have the opportunity to earn college credit and industry credentials and will participate in work-based learning. Approximately 30 grants of up to $500,000 each will be awarded, with at least one in each Workforce Investment Area.
* **Career and Technical Education Equipment Grants:** The budget provides an increase from $3 million to $5 million for CTE equipment grants, with priority for Career and Technical Education grant applicants that show an in-kind or monetary contribution from employers or other partners.
* **Dual Enrollment Grant Program:** The budget recommends $9 million to re-establish the state’s Dual Enrollment Grant Program, which pays the cost of tuition, textbooks and other expenses so that high school students can enroll in college classes and participate in Early College and Middle College High School programs.
* **Career Counselors:** The budget provides $8 million to school districts to offer college and career counseling in middle and high schools in order to develop pathways for students to pursue high-skill careers.