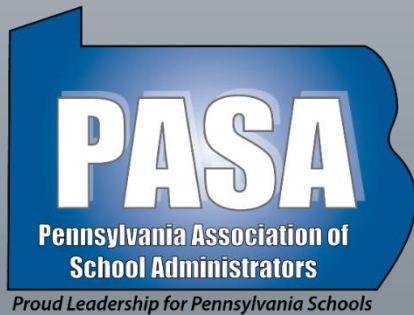


# 2021-22 STATE BUDGET

SIGNED JUNE 30, 2021



*Working to develop and support leaders in school business operations*



The budget storm has passed, and partly cloudy skies hover over most...  
...with sunny skies for some....stormy skies for others....and a horizon that will not easily yield what is yet to arrive.



# THE BUDGET, PLUS ADDITIONAL SET-ASIDE ESSER FUNDS

- Let's start with State ESSER set-aside allocations



# ARP ESSER Set-Asides

Federal ARP ESSER	Amount
Learning Loss (SD + CS)	\$249,847,658
Summer Enrichment (SD + CS)	\$49,969,532
Comprehensive After-School Programs (SD + CS)	\$49,969,532
Career and Technical Centers (CTC)	\$43,500,000
Special Education - Approved Private Schools (APS)	\$15,000,000
Intermediate Units (IU)	\$43,500,000
TSI and CSI Schools	\$14,000,000
At-risk Youth	\$19,908,593
	<b>\$485,695,315</b>



# SET-ASIDES...WHAT AND WHEN....

- PDE has 60 days from the effective date of the Fiscal Code to share with districts and charters their allocations in each of the three set-aside buckets
- Then districts and charters will have 90 days to develop and submit a plan to PDE outlining how they anticipate using the funds in compliance with the law.
- PDE will then have 90 days from a district or charter's submission of the plan to approve or deny the plan.
- Adding up the days...240...at least until January / February 2022



# SET-ASIDE GRANT USES

Grant money received under this section shall be used by the school districts, charter schools and cyber charter schools to:

- implement evidence-based interventions to address learning loss
- provide summer enrichment programs
- provide comprehensive after-school programs in response to the academic, social, emotional and mental health needs of students and subgroups of students impacted by the COVID-19 public health emergency that supplement school programs and activities.



# EDUCATION FUNDING: FEDERAL COVID RELIEF DOLLARS - ARP ELEM & SEC EMERGENCY RELIEF

Fiscal Code allocates approximately \$350 million in **ADDITIONAL ARP ESSER** funding to school districts, charter schools and cyber charter schools based on Title I shares to be used for:

- Learning Loss (\$249,847,658)
- After-school Activities (\$49,969,532)
- Summer Enrichment Programs (\$49,969,532)

PDE has 60 days to provide each LEA with their final additional allocation \$s

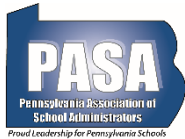




# EDUCATION FUNDING: FEDERAL

Of the ARP ESSER dollars allocated for learning loss under Section 143-C, (A)(1) (\$249,847,658) districts, charters and cyber charters must:

- Target 30% of the additional money at the social, emotional and mental health needs of students
- Target 10% of the additional money at professional development/technical assistance to staff, leaders, etc. to target social, emotional and mental health needs of students
- Target 8% of the additional money at reading remediation and improvement.





# EDUCATION FUNDING: FEDERAL

The LEA plan to be submitted to PDE must include:

- A description of each program and activity
- A narrative outline of the expected outcome of each program and activity
- A budget for each program and activity detailing both personnel and operating costs

PDE will specify the form of this plan asap, and once submitted, PDE will have 90 days to approve/deny the plan



# EDUCATION FUNDING: FEDERAL

From another ARP ESSER set-aside, additional funding will flow (generally Title I directed):

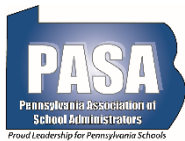
- \$43.5 million to IUs
  - At least 10% of this must be used for providing support to school entities per PDE guidance
- \$43.5 million to CTCs
- \$15 million to APSs, PRRIs, chartered schools for the deaf/blind
- \$14 million to ATSI schools
- \$20 million for delinquent, neglected, at-risk youth



# EDUCATION FUNDING: FEDERAL

Fiscal Code also outlines the process for Round 2 of the grants to nonpublic schools

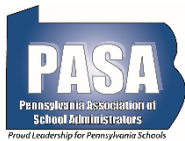
- Appears to function like Round 1 under CRRSA
- No equitable shares



# GRANT REPORTING BY PDE TO THE GENERAL ASSEMBLY

**REPORTING.--** The Department of Education shall submit an Interim Report to the Chairperson and Minority Chairperson of the Appropriations Committee of the Senate, the Chairperson and Minority Chairperson of the Appropriations Committee of the House of Representatives, the Chairperson and Minority Chairperson of the Education Committee of the Senate and the Chairperson and Minority Chairperson of the Education Committee of the House of Representatives no later than **NOVEMBER 1, 2021.**

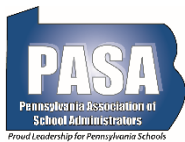
The Report shall include the number of approved and denied plans, the amount of each grant and the intended uses of the grant money as stated in the plans.



# FINAL GRANT REPORTING BY PDE TO THE GENERAL ASSEMBLY

**FINAL REPORT.** The Department of Education shall submit a final report to the Chairperson to the Chairperson and Minority Chairperson of the Appropriations Committee of the Senate , the Chairperson and Minority Chairperson of the Appropriations Committee of the House of Representatives, the Chairperson and Minority Chairperson of the Education Committee of the Senate and the Chairperson and Minority Chairperson of the Education Committee of the House of Representatives no later than **November 1, 2025**. The Report shall include:

1. The number of approved and denied plans
2. The amount of each grant
3. The intended uses of the grant money stated in the plans
4. An analysis of the academic improvement resulting from the programs and activities implemented by school districts, charter schools and cyber charter schools with money allocated for distribution under this section.



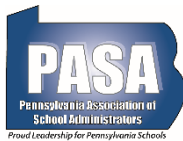
# 2021-22 STATE BUDGET

**\$40 billion state budget (2.5% increase)**

- \$2.5 billion into rainy day fund
  - PA 2020 Rainy day fund was just under 1% of total Expenditures
- \$5 billion in federal funds for future years (state has until 12/31/24 to use)

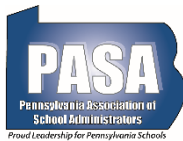


		State	Federal	Total	State	Federal	Total	Total	Total
	<u>Education</u>	2020-21			2021-22				
153	General Government Operations	\$25,359	\$0	\$25,359	\$29,981	\$0	\$29,981	\$4,622	18.2%
154	Recovery Schools	\$250	\$0	\$250	\$250	\$0	\$250	\$0	0.0%
155	Information and Technology Improvement	\$3,740	\$0	\$3,740	\$3,740	\$0	\$3,740	\$0	0.0%
156	PA Assessment	\$41,540	\$0	\$41,540	\$45,265	\$0	\$45,265	\$3,725	9.0%
157	Transfer to Empowerment <i>(Gov proposed new line item)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
158	State Library	\$2,238	\$0	\$2,238	\$2,238	\$0	\$2,238	\$0	0.0%
159	Youth Development Centers - Education	\$8,283	\$0	\$8,283	\$8,283	\$0	\$8,283	\$0	0.0%
160	<b>Basic Education Funding</b>	<b>\$6,794,489</b>	<b>\$0</b>	<b>\$6,794,489</b>	<b>\$7,066,773</b>	<b>\$0</b>	<b>\$7,066,773</b>	<b>\$272,284</b>	<b>4.0%</b>
161	<b>Ready to Learn Block Grant</b>	<b>\$268,000</b>	<b>\$0</b>	<b>\$268,000</b>	<b>\$288,000</b>	<b>\$0</b>	<b>\$288,000</b>	<b>\$20,000</b>	<b>7.5%</b>
162	<b>Pre-K Counts</b>	<b>\$217,284</b>	<b>\$0</b>	<b>\$217,284</b>	<b>\$242,284</b>	<b>\$0</b>	<b>\$242,284</b>	<b>\$25,000</b>	<b>11.5%</b>
163	Head Start Supplemental Assistance	\$64,178	\$0	\$64,178	\$69,178	\$0	\$69,178	\$5,000	7.8%
164	Mobile Science and Math Education Programs	\$4,714	\$0	\$4,714	\$3,214	\$0	\$3,214	<b>-\$1,500</b>	-31.8%
165	Teacher Professional Development	\$5,044	\$0	\$5,044	\$5,044	\$0	\$5,044	\$0	0.0%
166	Adult and Family Literacy	\$12,475	\$0	\$12,475	\$12,475	\$0	\$12,475	\$0	0.0%
167	Career and Technical Education	\$99,000	\$0	\$99,000	\$99,000	\$0	\$99,000	\$0	0.0%
168	Career and Technical Education Equipment Grants	\$5,550	\$0	\$5,550	\$5,550	\$0	\$5,550	\$0	0.0%





		State	Federal	Total	State	Federal	Total	Total	Total
	<u>Education</u>		2020-21			2021-22			
169	Authority Rentals and Sinking Fund Requirements <i>(also funded by CFA bonds)</i>	\$10,500	\$0	\$10,500	\$201,303	\$0	\$201,303	\$190,803	1817.2%
170	Pupil Transportation	\$543,311	\$0	\$543,311	\$597,408	\$0	\$597,408	\$54,097	10.0%
171	Non-Public and Charter School Transportation	\$79,442	\$0	\$79,442	\$79,442	\$0	\$79,442	\$0	0.0%
172	Special Education	\$1,186,815	\$0	\$1,186,815	\$1,236,815	\$0	\$1,236,815	\$50,000	4.2%
173	Early Intervention	\$325,500	\$0	\$325,500	\$336,500	\$0	\$336,500	\$11,000	3.4%
174	Tuition for Orphans and Children Placed in Private Homes	\$48,000	\$0	\$48,000	\$49,374	\$0	\$49,374	\$1,374	2.9%
175	Payments in Lieu of Taxes	\$170	\$0	\$170	\$170	\$0	\$170	\$0	0.0%
176	Education of Migrant Laborers' Children	\$853	\$0	\$853	\$853	\$0	\$853	\$0	0.0%
177	PA Charter Schools for the Deaf and Blind	\$57,557	\$0	\$57,557	\$57,722	\$0	\$57,722	\$165	0.3%
178	Special Education - Approved Private Schools	\$122,656	\$0	\$122,656	\$122,656	\$0	\$122,656	\$0	0.0%
179	School Food Services	\$30,000	\$0	\$30,000	\$30,000	\$0	\$30,000	\$0	0.0%
180	School Employees' Social Security	\$71,001	\$0	\$71,001	\$68,061	\$0	\$68,061	-\$2,940	-4.1%
181	School Employees' Retirement	\$2,702,000	\$0	\$2,702,000	\$2,734,000	\$0	\$2,734,000	\$32,000	1.2%
196	Education Sub-Total:	\$13,263,170	\$0	\$13,263,170	\$13,927,969	\$0	\$13,927,969	\$664,799	5.0%



# 2021-22 STATE BUDGET: HIGH LEVEL FOR DISTRICTS

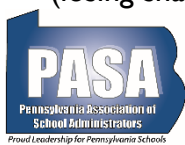
## Perspective matters on several fronts

- Increases for BEF \$200 M & SEF \$50 M--- A few months back level funding appeared a very real possibility
- More ESSER (one time) funding from Set Aside money....but with more categorical red tape requirements, regardless of what you really may need to spend it on.
- A new equity supplement (\$100 M one time to 100 districts, added to BEF base)
- Early Childhood (\$30 M) and Early Intervention (\$11 M) funds----
- (Federal Dollars) Direct money to IUs (\$43.5 M) and CTCs \$43.5 M) & \$15 M to APS and PRRIs

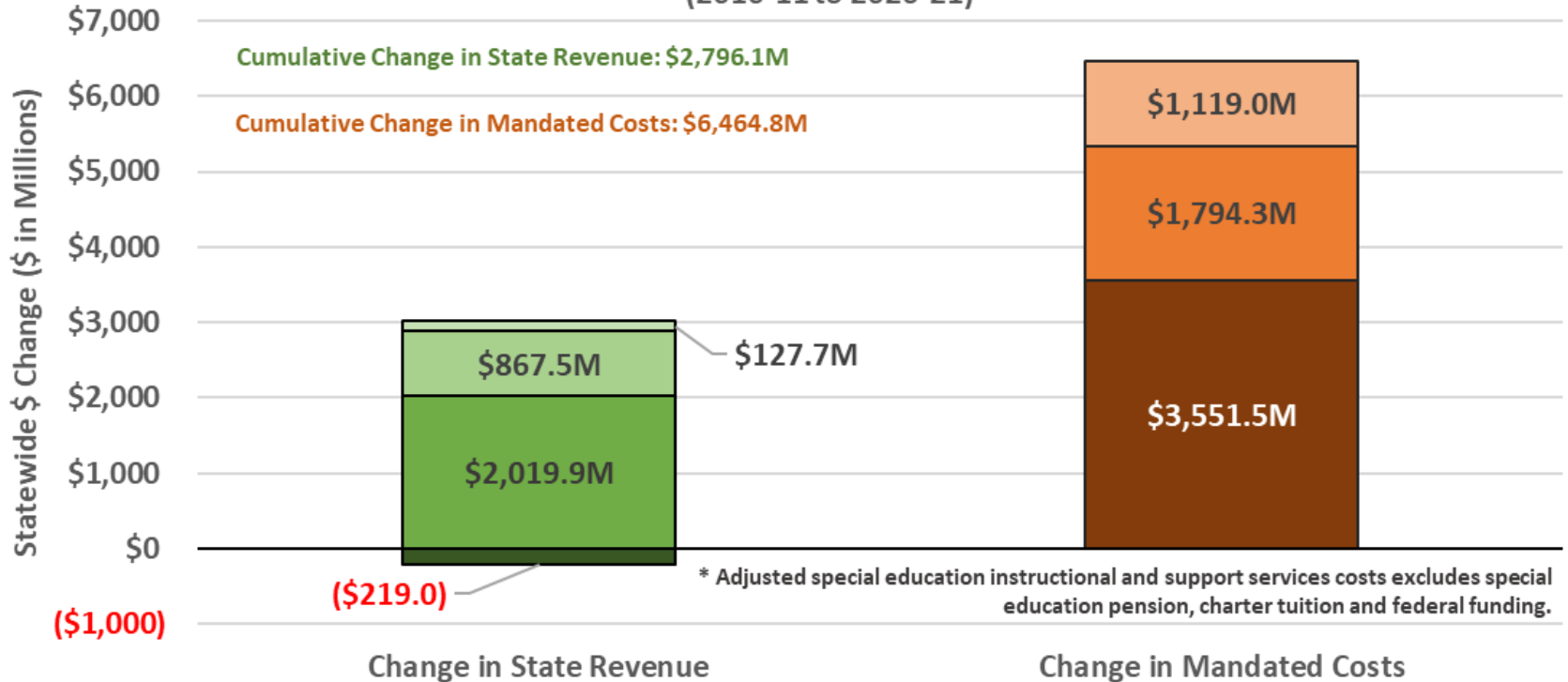


# THE GOOD AND BAD

- Good news is that BEF and SEF increased
  - Bad news is that the two year average is significantly less than the front-end load of 2019-20, 2020-21 estimated, and now 2021-22 charter tuition and pension increased costs.
  - It makes the ESSER cliff avoidance a little easier for some....it is more frustrating and creates greater property tax reliance for many others as they end up at a negative net on the exchange of funding and mandates
- Bad news that the formula data years were not altered...we will not know SEF shares until May of 2022 for 2021-22....next spring will not know BEF shares for 2022-23 until late June 2022
- Bad news is that if the formula does not treat you well historically, that is not going to change....property tax is your lever
- Good news/bad news if the formula treats you well:
  - Good = You apply the money for student use and equity,
  - Bad = You return it to tax payers .....this was BEF money “raised” for the purpose of funding education.... Other districts (losing share) must give up some of their student funding to send it to the BEF winners



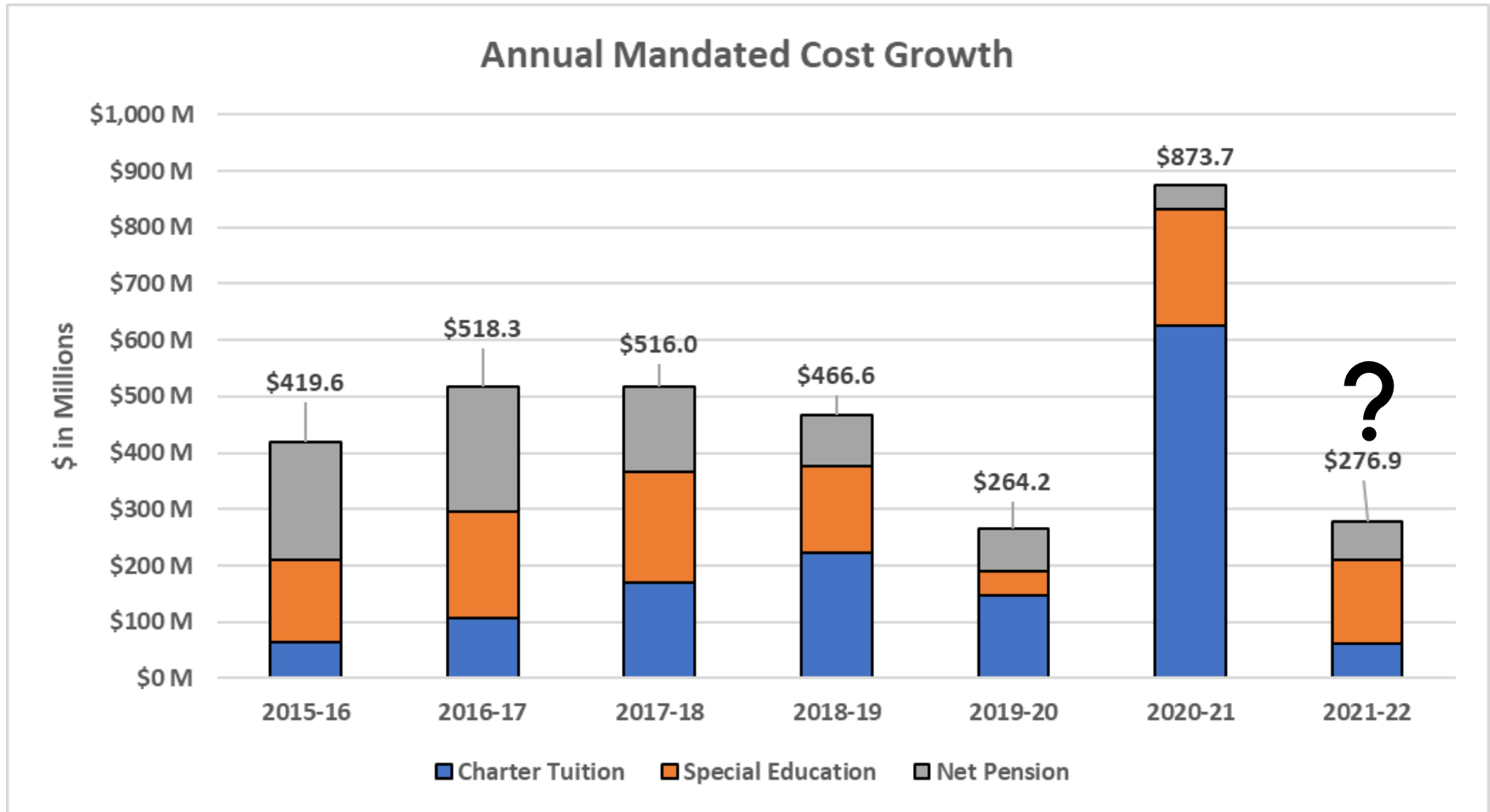
## Cumulative 10-Year Dollar Change in Mandated Costs and State Funding (2010-11 to 2020-21)



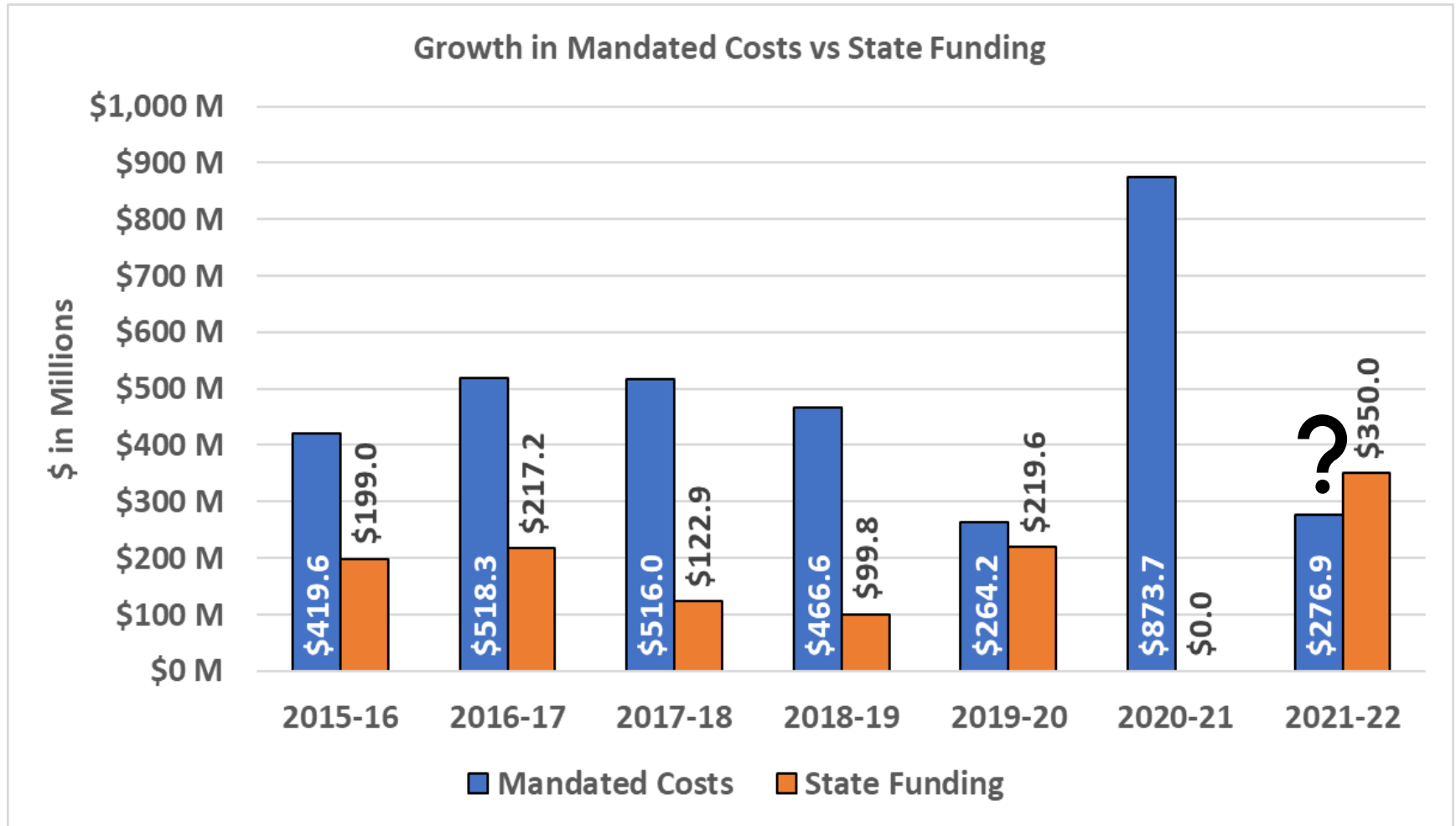
- Rev: Pension Reimbursement
- Rev: Basic Education Funding
- Rev: Charter Tuition Reimbursement
- Rev: Special Education Funding

- Exp: Total Pension Costs
- Exp: Charter Tuition Costs
- Exp: Adjusted Special Education Costs \*

## Many unknowns about 2021-22 costs ... charter tuition, transportation, special education



## \$350M BEF+SEF provides minimal relief to school district mandated cost growth



# EDUCATION FUNDING: STATE

## **\$200 million increase for BEF**

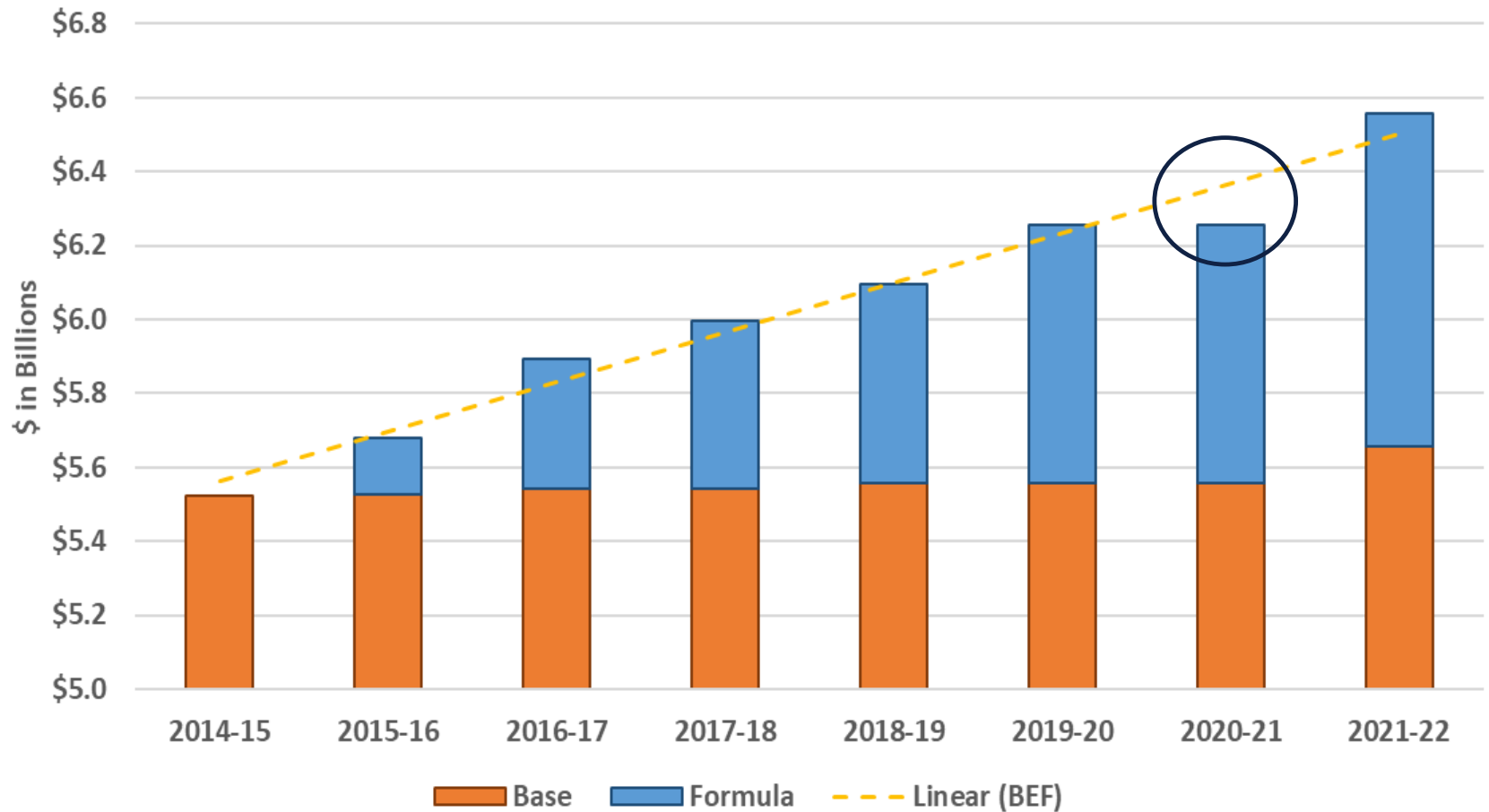
- Brings the total through the BEF formula to \$898 million
- MOST districts see an increase over 19-20 (NOT all!)
- Does not change the formula data timeline
  - Uses 19-20 AFR data and 2019 Census data
  - Uses 2017-18, 2018-19 & 2019-20 ADM data

**(\$100M two-year avg) ... see next slide**





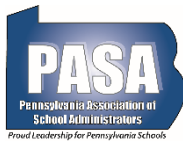
## Historical Basic Education Funding



COMPRISED OF: BEF BASE  
AND BEF STUDENT  
WEIGHTED PORTION...AS  
THE BALANCE  
SHIFTS...**UPDATE**

	Formula Change	Base Change
2014-15	\$0	\$0
2015-16	\$152,398,840	\$3,950,000
2016-17	\$200,000,000	\$14,731,556
2017-18	\$100,268,444	\$0
2018-19	\$85,999,960	\$14,000,040
2019-20	\$159,999,951	\$0
2020-21	\$0	\$0
2021-22	\$200,000,000	\$100,000,000

	BEF Base	BEF Formula	Total BEF	Formula Ratio
2014-15	\$5,523,730,160	\$0	<b>\$5,523,730,160</b>	0.0%
2015-16	\$5,527,680,160	\$152,398,840	<b>\$5,680,079,000</b>	2.7%
2016-17	\$5,542,411,717	\$352,398,840	<b>\$5,894,810,556</b>	6.0%
2017-18	\$5,542,411,717	\$452,667,283	<b>\$5,995,079,000</b>	7.6%
2018-19	\$5,556,411,756	\$538,667,244	<b>\$6,095,079,000</b>	8.8%
2019-20	\$5,556,411,756	\$698,667,194	<b>\$6,255,078,950</b>	11.2%
2020-21	\$5,556,411,756	\$698,667,194	<b>\$6,255,078,950</b>	11.2%
2021-22	\$5,656,411,756	\$898,667,194	<b>\$6,555,078,950</b>	13.7%

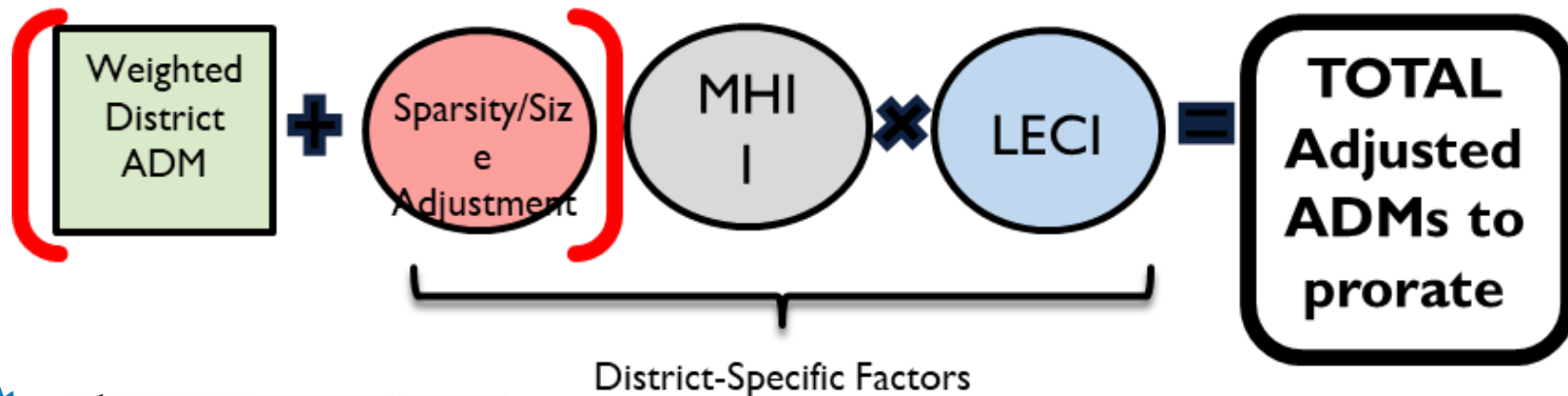
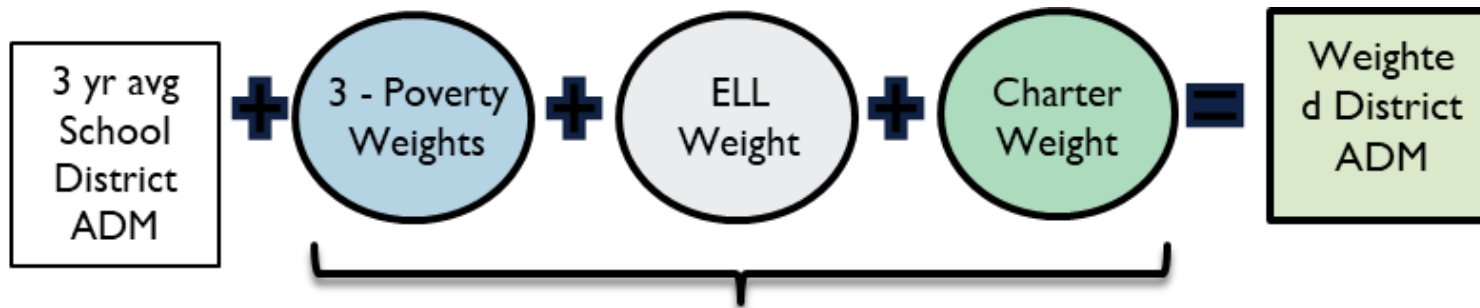


# AS THE BASE GROWS; THE VALUE OF A SWADM IS CHANGING SIGNIFICANTLY...LOST OR GAINED

	BEF Formula	AWSC	BEF per AWSC	% Change
2015-16	\$152,398,840	2,922,627	\$52.14	
2016-17	\$352,398,840	2,924,082	\$120.52	131.1%
2017-18	\$452,667,283	2,980,192	\$151.89	26.0%
2018-19	\$538,667,244	2,944,759	\$182.92	20.4%
2019-20	\$698,667,194	2,948,958	\$236.92	29.5%
2020-21	\$698,667,194	2,948,958	\$236.92	0.0%
2021-22	\$898,667,194	2,906,760	\$309.16	30.5%



# Quick reminder...How BEF works



# BASIC EDUCATION STATEWIDE SHARES

## Total State Basic Education Allocation

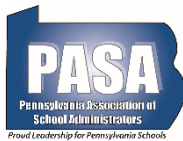
Basic Education \$ Base: Decreasing % share over time

Student Weighted Portion:  
increasing \$ amounts & %  
share over time

Your Base Share- Frozen

Your total Student Weighted  
Share—will vary

Your **Blended** Share of the  
two portions



YOUR SHARE FOR EACH NEW FY IS MULTIPLIED TIMES THE CUMULATIVE BEF PORTION EVERY YEAR...

FIVE YR AVG BEF INCREASE = \$109 MILLION ★

Table: BEF		
<p><b><i>BEF Increases come from two sources: Your district's INCREASE IN SHARE of the final student weight relative to all other districts; and two, Additional state dollars added to the formula distribution component each year.</i></b></p>		
Fiscal Year Ending	Student Weighted Portion of BEF (Cumulative)	Student Weighted Portion of BEF Annual Increase
2022 Proposed	\$ 898,667,194	\$ 200,000,000
2021	\$ 698,667,194	\$ -
2020	\$ 698,667,194	\$ 159,999,954
2019	\$ 538,667,240	\$ 85,999,957
2018	\$ 452,667,283	\$ 100,849,591
2017	\$ 351,817,692	\$ 198,387,924
2016	\$ 153,429,768	
Your 'Share' of this PIE matters!!!		



## EDUCATION FUNDING: STATE

# REMINDER!!!

Social Security funding is in the BEF line item!

There are no changes to the way SS is funded—  
entirely formula-driven and based on data submitted  
to PDE

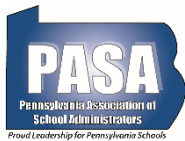


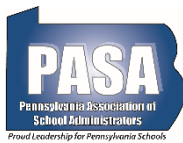
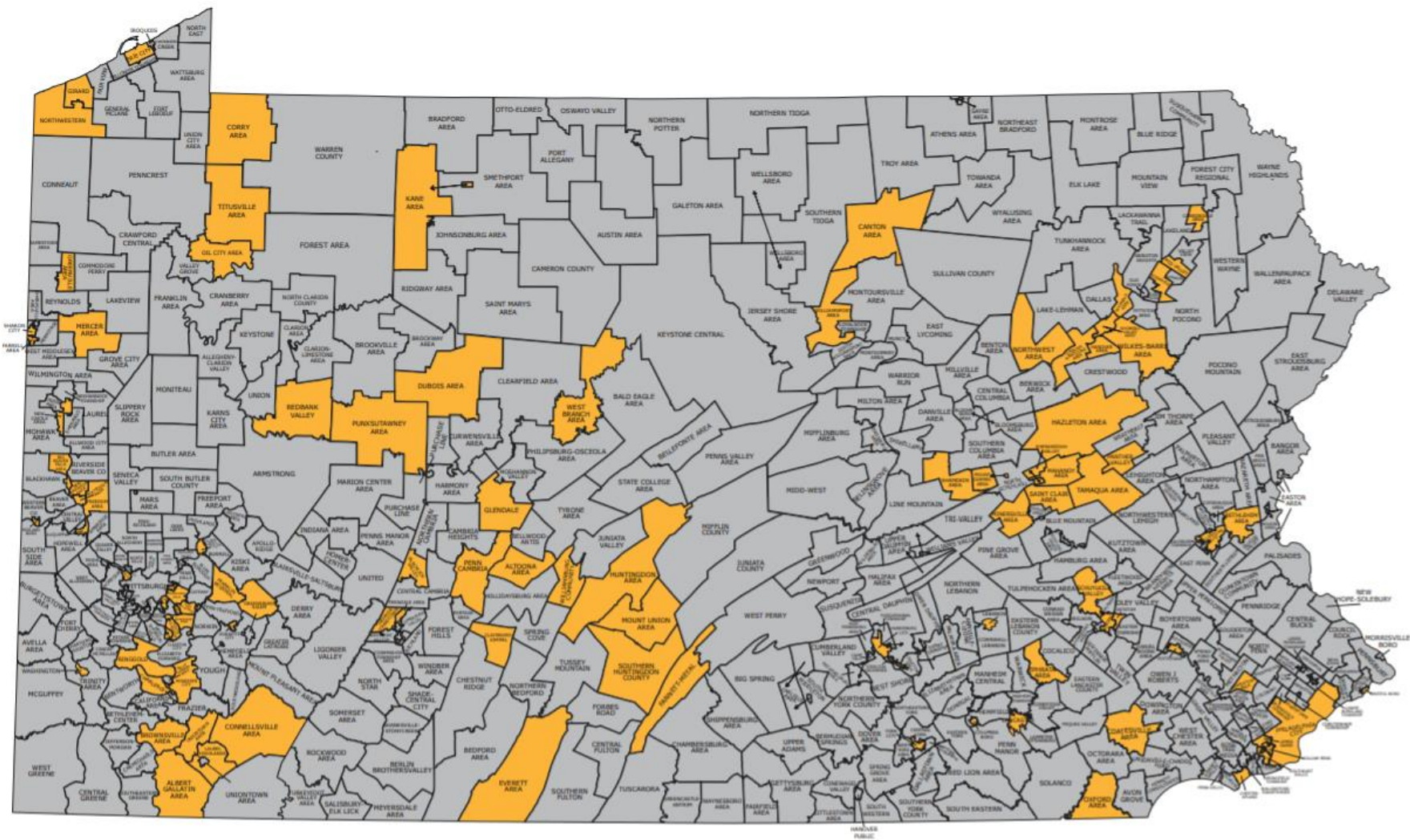


# EDUCATION FUNDING: STATE

## \$100 million in Level Up supplement

- Lifts the bottom: targets state funding to 100 school districts with greatest student weights and lowest/student spending (growing enrollment districts vs shrinking districts)
  - Uses students weights from both the BEF and SEF formulas
  - Uses CE/weighted student
  - It is a one-time action to lift.....but....
- Districts will have these \$s added to their BEF base in 2022-23





# PAUSE: REFLECTION ON THE CONTEXT

- IFO Economic Forecast
- PA Growth Rates
- Federal Supports--- Historical by any measure
- What Happens when it all goes away? (Rhetorical)
- ECI, SAWW...and Act 1 index
- Go back to budget and SEF...



**Table 1.1**  
**Pennsylvania Economic Forecasts**

January 2021 Estimate	Annual Growth Rate or Change			
	2019	2020	2021	2022
Real GDP	2.4%	-4.1%	3.5%	2.8%
Wages-Salaries	4.3%	-1.2%	4.8%	4.4%
Net Payroll Jobs (000s)	54.0	-450.0	120.0	100.0
Philadelphia CPI-U	2.0%	0.9%	1.6%	2.1%
June 2021 Estimate	2019	2020	2021	2022
Real GDP	2.4%	-4.4%	3.8%	2.4%
Wages-Salaries	4.3%	-0.1%	6.4%	4.3%
Net Payroll Jobs (000s)	56.0	-438.0	100.0	80.0
Philadelphia CPI-U	2.0%	0.9%	3.7%	2.7%

Note: Payroll jobs exclude self-employed and independent contractors.

Source: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics. All forecasts by IFO.



**Table 1.2**  
**Recent Pennsylvania Economic Growth Rates or Change**

	2020	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
Real GDP	-4.4%	-34.0%	35.5%	3.7%	--	--
Personal Income	7.0%	13.1%	9.0%	4.3%	17.9%	--
Wages-Salaries	-0.1%	-6.6%	-2.0%	4.7%	2.0%	12.0%
Philadelphia CPI-U	0.9%	0.0%	0.4%	0.9%	1.0%	3.5%
Unemployment Rate (%)	9.1	14.3	10.2	6.6	7.7	6.1
Change Payroll Jobs (000s)	-463	-896	-517	-468	-426	-447
Change Labor Force (000s)	-109	-96	-160	-231	-216	-150

Note: Real GDP is quarterly annualized growth rate. All other rates are year over year. Wage growth for 2020 based on QCEW release on May 19 and will not match growth rates from the U.S. Bureau of Economic Analysis. Wage growth for 2021 based on adjusted withholding patterns through June 2021. Change in Payroll Jobs and Labor Force are annual changes for the quarter. Labor market data are not seasonally adjusted.

Source: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics.

**Table 1.3**  
**Federal Programs Inject Significant Funds**

	CY 2020	CY 2021	Total
<b><u>Payments to Individuals</u></b>			
Federal Pandemic Unemployment Comp (FPUC)	\$16.19	\$8.02	\$24.21
Pandemic Unemployment Assistance (PUA)	7.05	3.31	10.35
LWA and UC Extensions	3.10	2.88	5.98
SNAP Benefits	0.92	1.44	2.36
Economic Impact Payments	11.14	21.38	32.52
Expanded Child Tax Credit Awards	=	<u>3.47</u>	<u>3.47</u>
<b>Total</b>	<b>38.40</b>	<b>40.50</b>	<b>78.90</b>
<b><u>Other Federal Programs</u></b>			
Paycheck Protection Program (PPP)	\$20.74	\$9.96	\$30.70
Direct State Support	6.10	21.83	27.92
Direct Local Support	2.59	9.01	11.59
Other Support	<u>5.41</u>	<u>2.88</u>	<u>8.29</u>
<b>Total</b>	<b>34.84</b>	<b>43.67</b>	<b>78.50</b>

Note: Figures in dollar billions. Does not include values for state-funded Unemployment Compensation benefits attributable to the pandemic (\$5.2 billion in 2020; \$0.7 billion in 2021). State support does not include federal funds associated with the temporary increase in the Federal Medical Assistance Percentage (FMAP) used to reimburse states for Medicaid program costs (effective January 1, 2020 until the termination of the national public health emergency declaration).

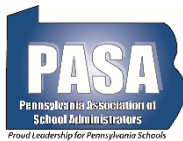
Source: Calculations by the IFO based on data from various state and federal agencies.

**Table 1.4**  
**Federal Support by Quarter**

	Quarter Received (\$ billions)						
	2020.2	2020.3	2020.4	2021.1	2021.2	2021.3	2021.4
All Federal UC/LWA	\$11.2	\$11.9	\$3.3	\$5.8	\$5.3	\$3.2	\$0.0
EIPs	10.9	0.1	0.0	18.2	3.1	0.0	0.0
Child Tax Credit	0.0	0.0	0.0	0.0	0.0	1.7	1.7
SNAP Expansion	0.3	0.3	0.3	0.4	0.4	0.4	0.3
PPP	<u>20.4</u>	<u>0.3</u>	<u>0.0</u>	<u>8.0</u>	<u>2.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total</b>	<b>42.8</b>	<b>12.6</b>	<b>3.6</b>	<b>32.4</b>	<b>10.8</b>	<b>5.3</b>	<b>2.0</b>

Note: PPP includes all disbursements to pass-through entities, non-profits and C corporations. Excludes aid to state and local governments, transit agencies and other entities.

Source: Calculations by the IFO based on data from various state and federal agencies.



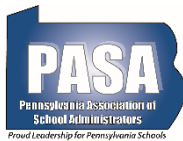


**Table 1.5**  
**Cash Income Contraction in CY 2022**

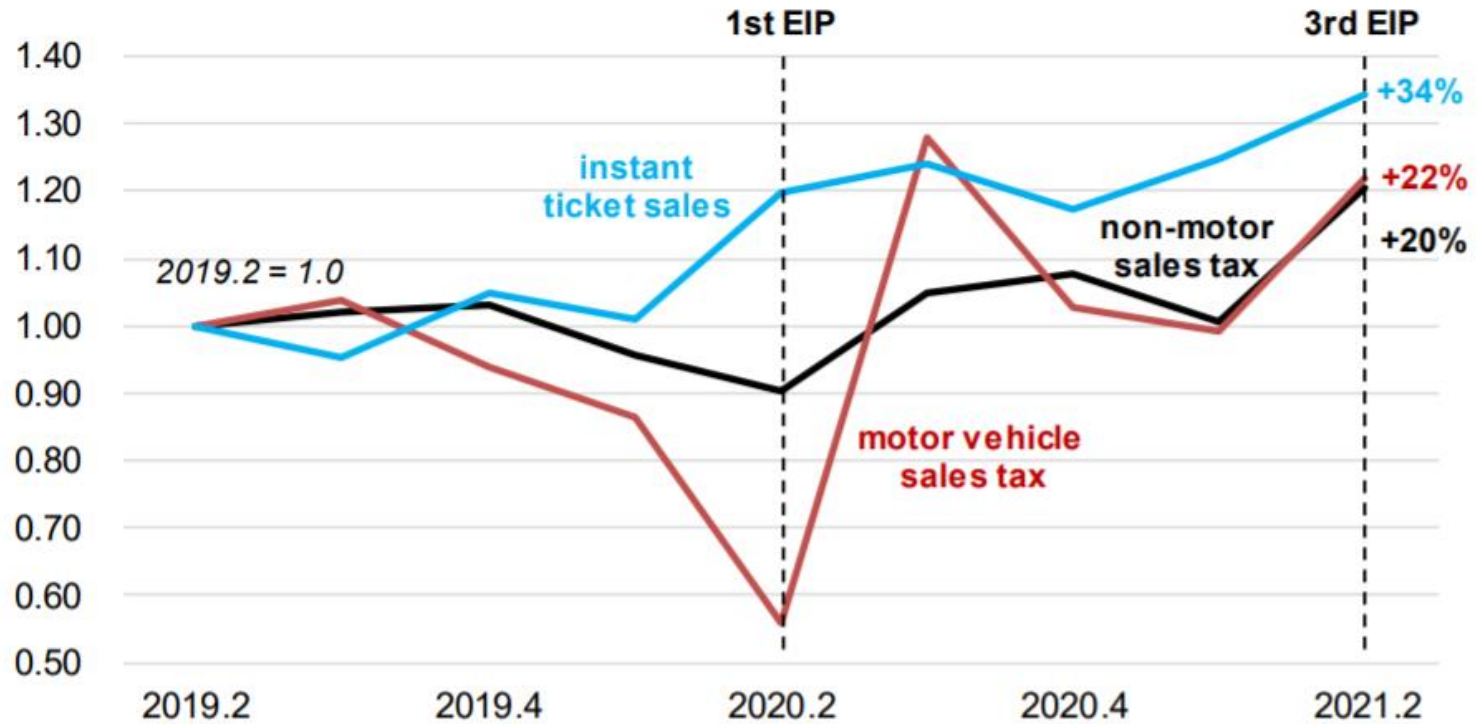
	Amounts (\$ billions)			Growth Rate		
	2020	2021	2022	2020	2021	2022
Wage Income	\$364.3	\$387.6	\$404.4	-0.1%	6.4%	4.3%
All UC Programs	33.5	16.9	2.0	--	-49.6	--
EIPs + Child Tax Credit	11.0	24.7	--	--	124.5	--
PPP Forgiven Loans	13.1	6.3	--	--	-52.0	--
Social Security	50.6	52.5	54.5	4.0	3.7	3.9
Pensions-IRAs	66.7	69.1	71.9	4.3	3.6	4.1
All Other	<u>152.2</u>	<u>160.0</u>	<u>167.4</u>	<u>4.5</u>	<u>5.1</u>	<u>4.7</u>
<b>Cash Income</b>	<b>691.5</b>	<b>717.1</b>	<b>700.3</b>	<b>10.7</b>	<b>3.7</b>	<b>-2.3</b>

Note: All Other includes business income and capital income. Wage income includes the U.S. Bureau of Economic Analysis' Resident Adjustment. PPP loans are counted as personal income in the National Income and Product Accounts and are included as income above. Only amounts to pass-through and non-profit businesses are included.

Source: IFO based on various federal and state websites.



**Figure 1.1**  
**Economic Impact Payments (EIPs) Drive Consumption**



Note: Percentages indicate cumulative growth rate from 2019 Q2 to 2021 Q2.

**Table 2.1**  
**Adjustment to Revenue Estimate for FY 2020-21**

	January 2021 Estimate		June 2021 Estimate		Dollar Change
	Amount	Growth	Amount	Growth	
<b><u>Total General Fund</u></b>	<b>\$38,437</b>	<b>19.1%</b>	<b>\$40,346</b>	<b>25.0%</b>	<b>\$1,909</b>
<b><u>Total Tax Revenue</u></b>	<b>37,217</b>	<b>17.7</b>	<b>39,089</b>	<b>23.7</b>	<b>1,872</b>
<b><u>Total Corporation Taxes</u></b>	<b>5,621</b>	<b>16.2</b>	<b>6,303</b>	<b>30.3</b>	<b>682</b>
Corporate Net Income	3,775	33.5	4,412	56.1	637
Gross Receipts	1,002	-9.3	990	-10.4	-12
Utility Property	38	1.0	40	6.0	2
Insurance Premiums	424	-10.4	443	-6.5	19
Financial Institutions	382	-2.8	419	6.5	37
<b><u>Total Consumption Taxes</u></b>	<b>13,829</b>	<b>12.8</b>	<b>14,309</b>	<b>16.7</b>	<b>480</b>
Sales and Use	12,327	13.9	12,769	18.0	442
Non-Motor	10,640	12.6	10,958	15.9	318
Motor	1,687	23.6	1,811	32.7	124
Cigarette	936	1.3	967	4.6	31
Other Tobacco Products	130	2.5	135	6.1	5
Malt Beverage	23	0.6	24	1.4	1
Liquor	412	12.7	415	13.5	3
<b><u>Total Other Taxes</u></b>	<b>17,768</b>	<b>22.4</b>	<b>18,476</b>	<b>27.3</b>	<b>708</b>
Personal Income	15,807	23.2	16,281	26.9	474
Withholding	10,837	2.8	10,833	2.8	-4
Quarterly	2,289	49.7	2,569	68.1	280
Annual	2,681	251.1	2,879	277.0	198
Realty Transfer	585	17.5	646	29.7	61
Inheritance	1,196	10.6	1,350	24.7	154
Gaming	223	56.2	237	65.7	14
Minor and Repealed	-44	1.6	-37	16.5	7

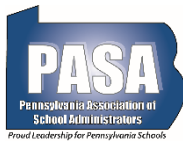


**Table 2.2**  
**General Fund Revenue Estimate for FY 2021-22**

	Estimated 2020-21		Projected 2021-22	
	Amount	Growth	Amount	Growth
<b><u>Total General Fund</u></b>	<b>\$40,346</b>	<b>25.0%</b>	<b>\$38,168</b>	<b>-5.4%</b>
<b><u>Total Tax Revenue</u></b>	<b>39,089</b>	<b>23.7</b>	<b>37,451</b>	<b>-4.2</b>
<b><u>Total Corporation Taxes</u></b>	<b>6,303</b>	<b>30.3</b>	<b>5,776</b>	<b>-8.4</b>
Corporate Net Income	4,412	56.1	3,810	-13.6
Gross Receipts	990	-10.4	1,048	5.8
Utility Property	40	6.0	41	1.2
Insurance Premiums	443	-6.5	438	-1.0
Financial Institutions	419	6.5	439	4.9
<b><u>Total Consumption Taxes</u></b>	<b>14,309</b>	<b>16.7</b>	<b>13,929</b>	<b>-2.7</b>
Sales and Use	12,769	18.0	12,477	-2.3
Non-Motor	10,958	15.9	10,800	-1.4
Motor	1,811	32.7	1,677	-7.4
Cigarette	967	4.6	874	-9.6
Other Tobacco Products	135	6.1	139	2.6
Malt Beverage	24	1.4	24	0.0
Liquor	415	13.5	416	0.1
<b><u>Total Other Taxes</u></b>	<b>18,476</b>	<b>27.3</b>	<b>17,747</b>	<b>-3.9</b>
Personal Income	16,281	26.9	15,551	-4.5
Withholding	10,833	2.8	11,449	5.7
Quarterly	2,569	68.1	2,252	-12.3
Annual	2,879	277.0	1,850	-35.8
Realty Transfer	646	29.7	683	5.7
Inheritance	1,350	24.7	1,307	-3.2
Gaming	237	65.7	250	5.3
Minor and Repealed	-37	16.5	-43	-15.9

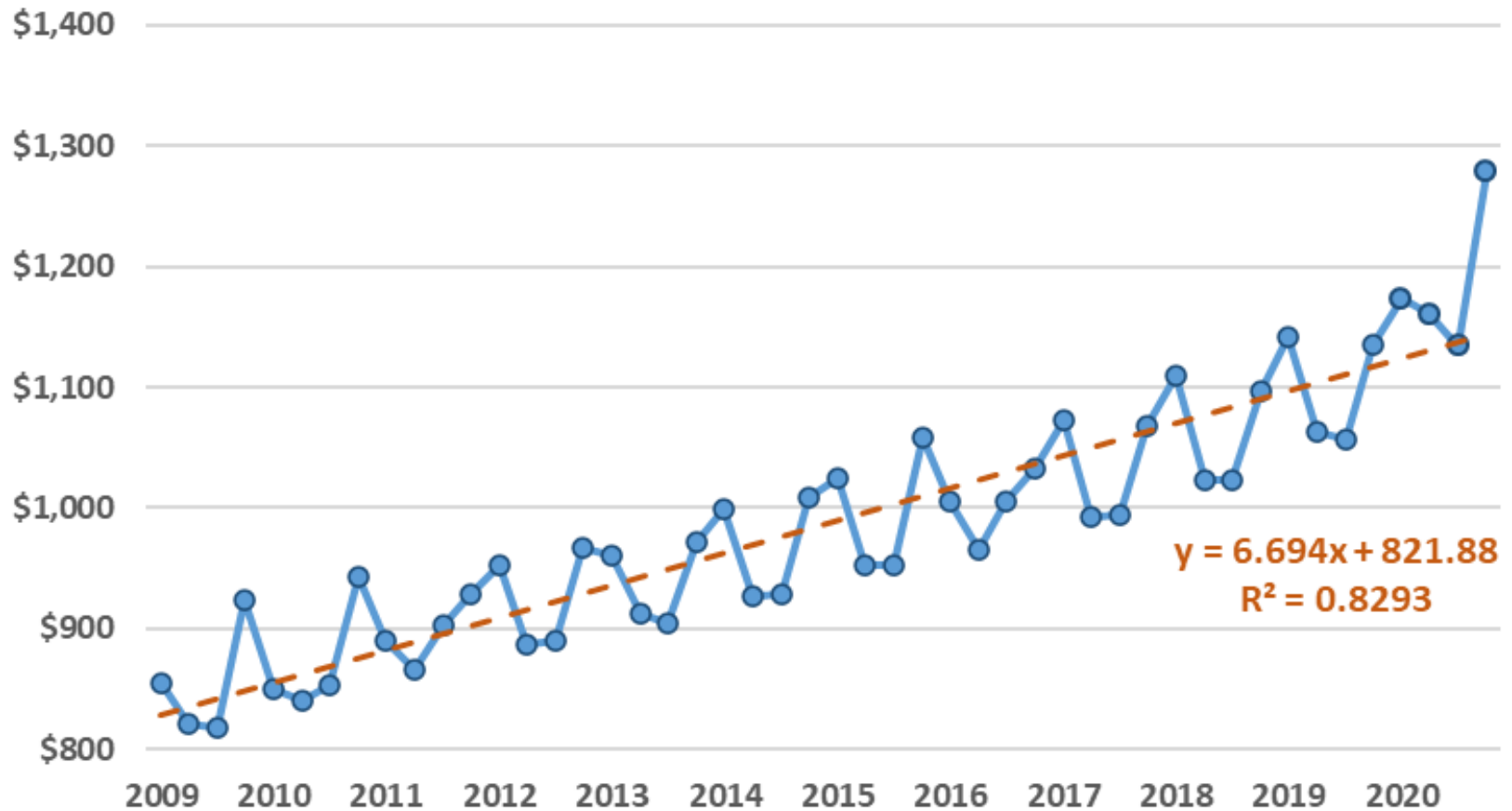


FOR USE IN FY	SAWW CAL YEARS	SAWW	ECI FY	ECI	INDEX (unadjusted)
2009-10	2007	4.6%	2007-08	3.6%	4.1%
2010-11	2008	2.7%	2008-09	3.0%	2.8%
2011-12	2009	0.9%	2009-10	1.9%	1.4%
2012-13	2010	2.1%	2010-11	1.3%	1.7%
2013-14	2009-2011	2.0%	2011-12	1.4%	1.7%
2014-15	2010-2012	2.6%	2012-13	1.6%	2.1%
2015-16	2011-2013	2.4%	2013-14	1.4%	1.9%
2016-17	2012-2014	2.5%	2014-15	2.2%	2.4%
2017-18	2013-2015	2.6%	2015-16	2.3%	2.5%
2018-19	2014-2016	2.2%	2016-17	2.6%	2.4%
2019-20	2015-2017	2.2%	2017-18	2.4%	2.3%
2020-21	2016-2018	2.2%	2018-19	2.9%	2.6%
2021-22	2017-2019	3.1%	2019-20	2.9%	3.0%
<b>2022-23</b>	<b>2018-2020</b>	<b>4.7%</b>	<b>2020-21</b>	<b>2.3%</b>	<b>3.5%</b>

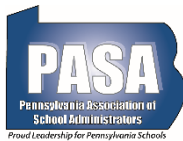
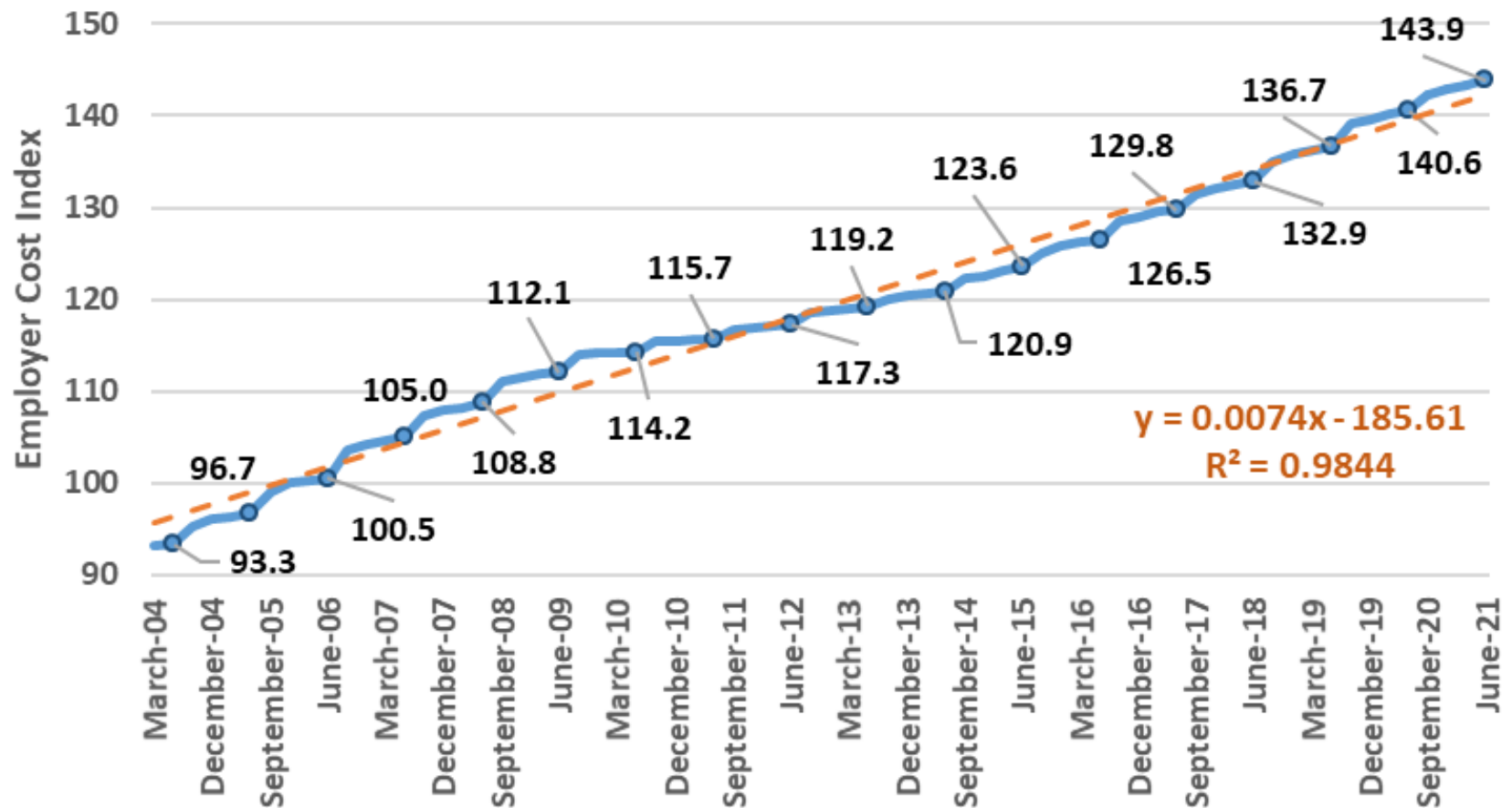




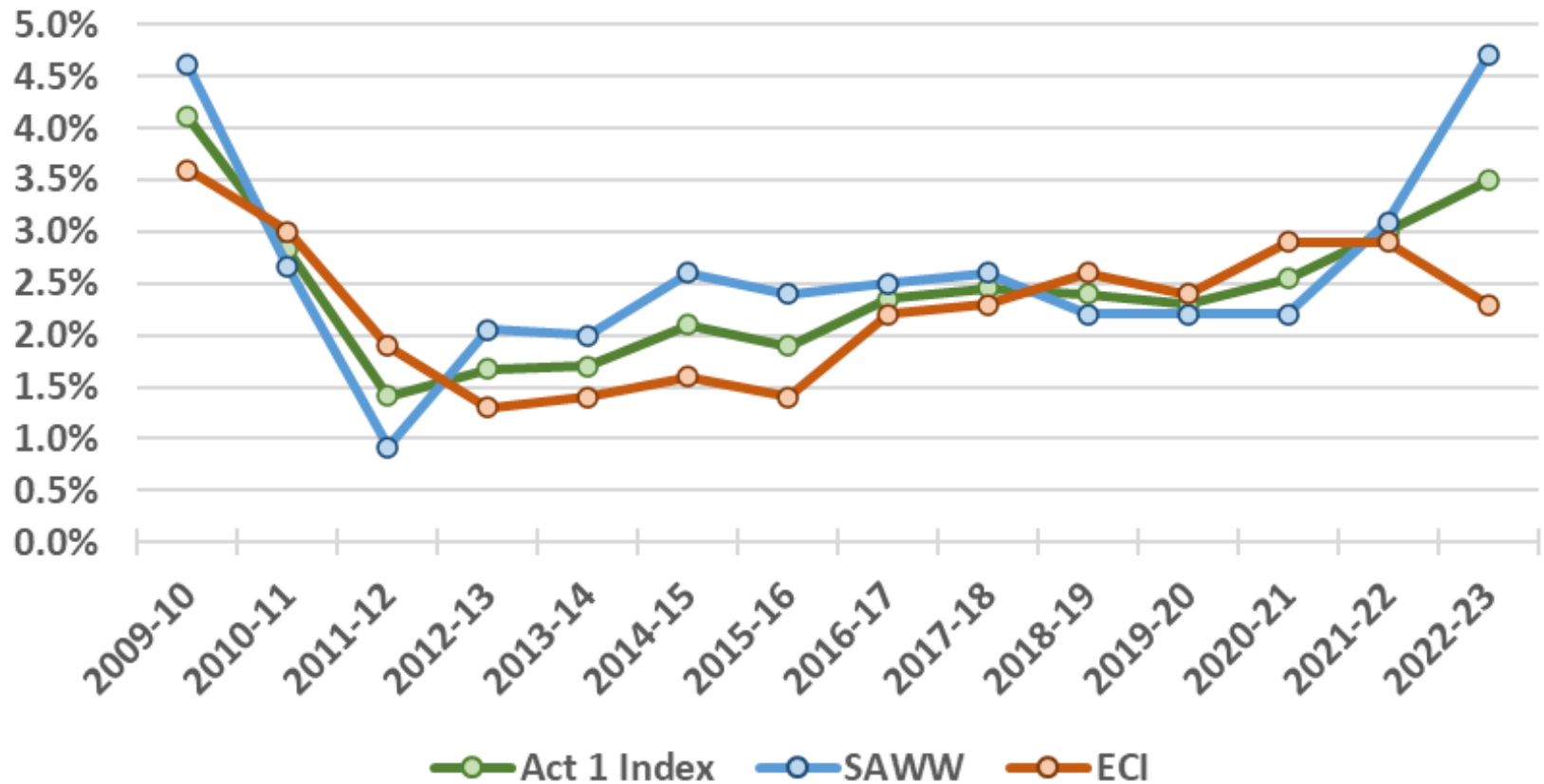
## Quarterly - Statewide Average Weekly Wage (SAWW)



## Quarterly - Employer Cost Index (ECI)



## Act 1 Index (50% SAWW - 50% ECI)

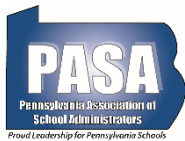




# EDUCATION FUNDING: STATE

## \$50 million increase for SEF (\$25 million two avg)

- Brings the total in the SEF formula to \$200 million
- **SADLY...a Missed policy opportunity to align the state funding process so districts actually know what they get BEFORE setting tax rates-----WARNING:The spreadsheets are useless!**
  - Uses 19-20 data AND will use Act 16 data for 20-21 that you will report in the fall...
  - You will NOT know what you're getting in SEF for 2021-22 until **May 2022**
- SEF Commission deadline is pushed back to 12/31/21



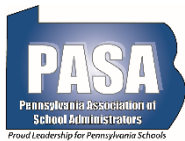
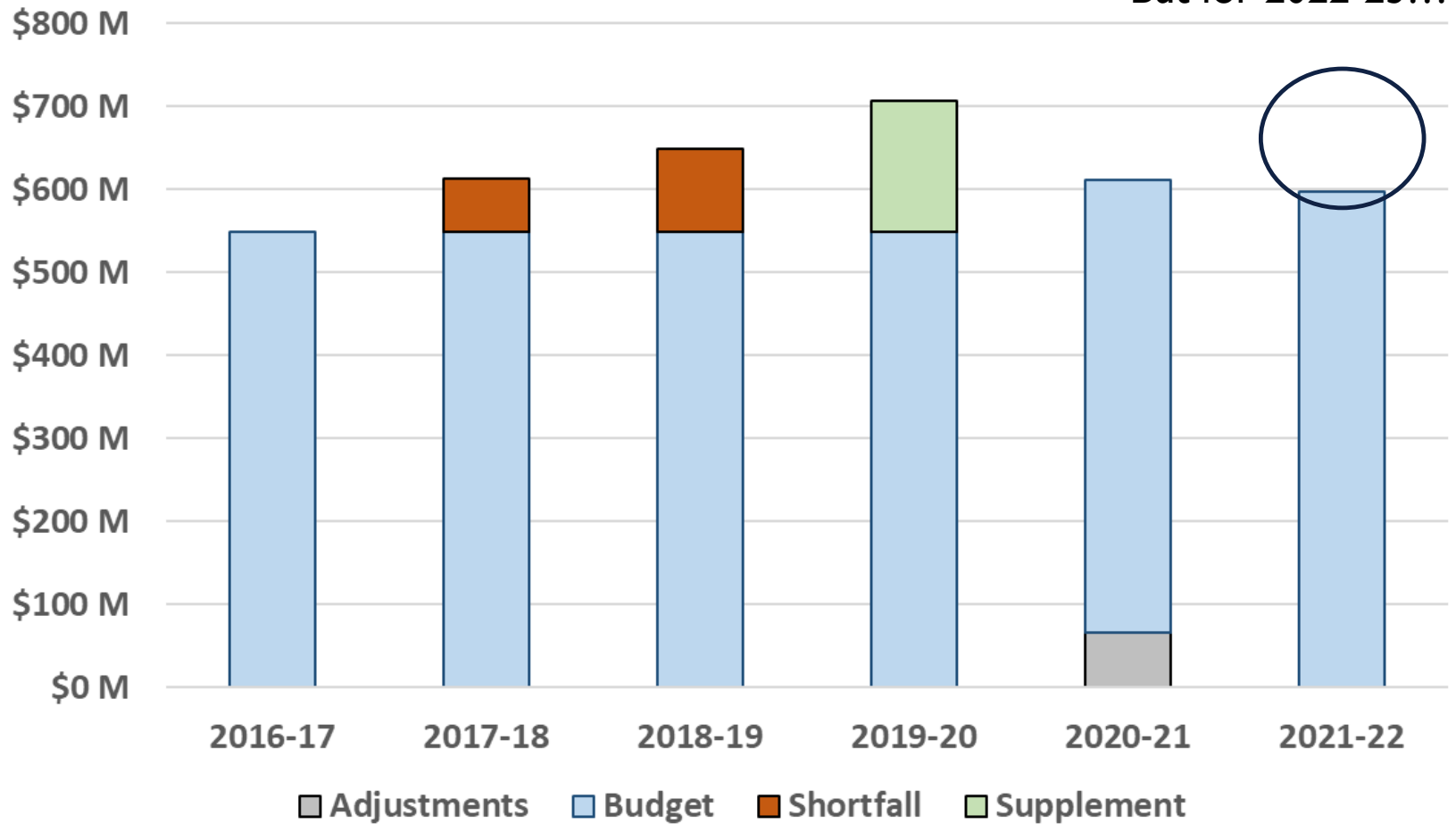
## RELATED EDUCATION FUNDING: STATE

- \$11 million increase in Early Intervention line item
- \$25 million increase in Pre-K Counts line item
- \$5 million increase in Head Start line item
- \$20 million increase in Ready to Learn block grant
- \$32 million increase for PSERS reimbursement
  - Watch your budgets....ESSER funds and salaries and state reimbursement eligibility



## Pupil Transportation Subsidy

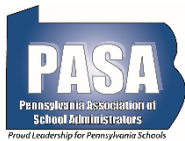
But for 2022-23???



# RELATED EDUCATION FUNDING: STATE

## Pupil Transportation: \$597 million

- Funded based on assumptions of subsidy needed based on 2020-21 data
- Will do a supplemental budget if funding is inadequate
- A full transportation year for 2021-22 will require a state ramp up for 2022-23 funding...back to the future
- Fiscal Code provision to ensure that funding doesn't lapse to PDE



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# What about the School Code?



# MINIMAL SCHOOL CODE BILL

- Eliminate sunset of prospective teachers as substitutes
- Increase in the tax credits for scholarships under the OSTC program (\$40 million)
- PlanCon will NOT be up and running for 21-22 FY; no applications will be accepted (not shocking...)
  - Bottom line...if you have been waiting for PLANCON resuscitation.....stop waiting..... you have to plan (and tax) for major capital needs on your own...no more waiting.....
- Normal formula language
- Some higher-ed language

...and that's it!



# ESSER ARP STATE SET ASIDE - PERSONNEL

- TO BE AWARE.....CONTAINED IN THE FISCAL CODE:
- (D) EXISTING PERSONNEL.--WHEN AVAILABLE, EXISTING PERSONNEL SHALL BE UTILIZED BY SCHOOL DISTRICTS, CHARTER SCHOOLS AND CYBER CHARTER SCHOOLS TO STAFF PROGRAMS AND ACTIVITIES ESTABLISHED WITH GRANT MONEY UNDER THIS SECTION.



## ONE OTHER THING...SB 664

- SE students aging out in 2021-22 can continue an additional year...This may be substantial for some school districts
- Option to repeat a grade is open to ALL students at the request of the parents...
- FAST TURN AROUND: Decisions must be made by July 15 (PDE to develop form)
- Expect Gov. Wolf to sign...

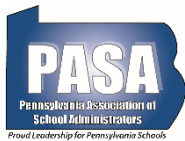




# NO CHARTER SCHOOL REFORM...

## Senate Bill 1 effort

- Underlying bill: \$0 charter school reform
- Amended bill: 3 years of coupons for RE and SE CS tuition (saving about \$110M (lots of estimates))
  - Year 1: \$250/student RE; \$500/student SE
  - Year 2: \$500/student RE; \$1,000/student SE
  - Year 3: \$750/student RE; \$1,500/student SE



# NO CHARTER SCHOOL REFORM...

## Governor's proposal

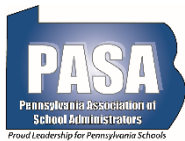
- Statewide cyber charter rate
- SE tiers
- Charter tuition deduction on 363
- Budgeted to Actual



## OTHER ONGOING (?) EFFORTS...

Look to Representative Topper this fall...

- Charter school reimbursement??
- Something Sonney-like for cybers?
- Nothing...?



# WHY NO CHARTER REFORM NOW??

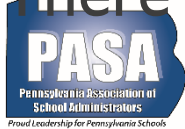
- No agreement within charter community
- Money
- Politics...2022...



## KEEP IN MIND ---LOTS OF OTHER PERSPECTIVES:

- School districts: All many see is all the FEDERAL dollars.....it is A LOT of money and must be used and leveraged for sustainability...messaging matters as does telling your story...
- There will be intense scrutiny over your expenditures and fund use decision...sunshine everything...reach out to stakeholders often and on-going
- There may be efforts to limit PT increases...
- There may be efforts to limit state increases going forward...

There will be efforts to legislate accountability...

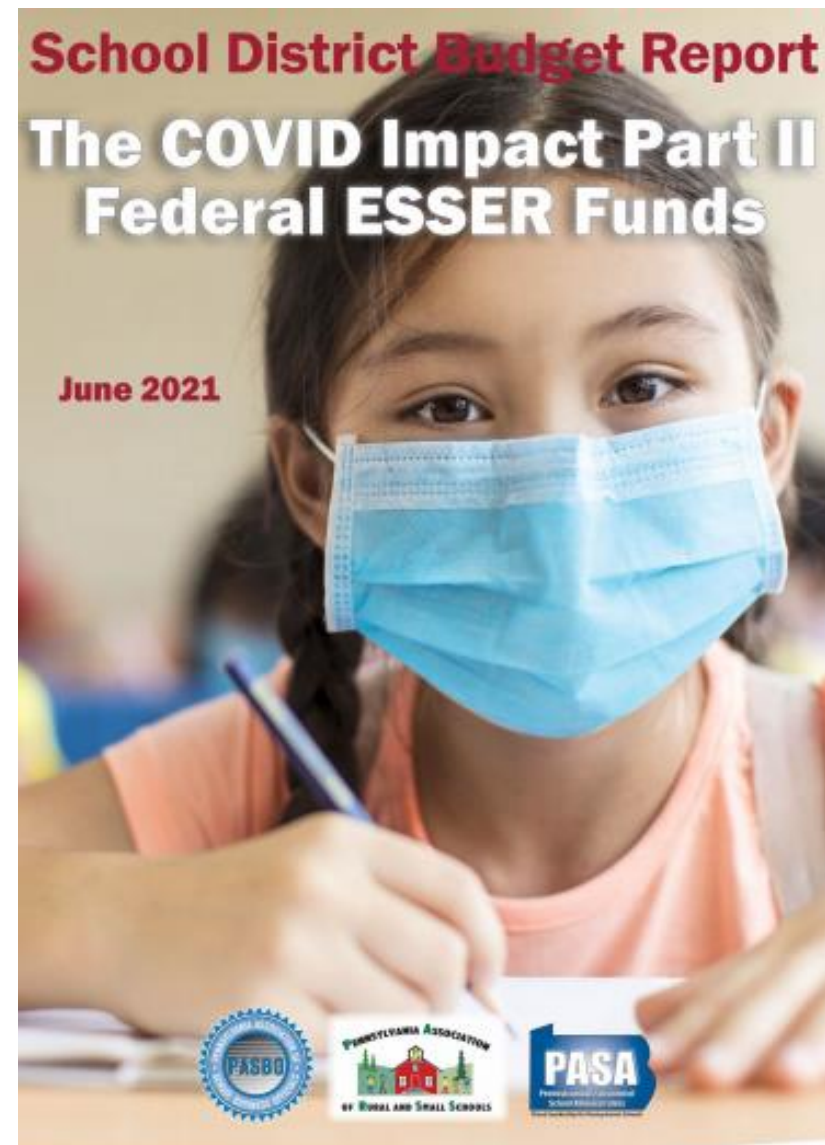


# BE PROACTIVE!

- Overshare information with your board, community, legislators, etc.
- Bore them with details they didn't ask for
- Show progress, benchmarks, evaluations, etc.
- Things will change...update as needed
- Keep it all in front of them constantly...
- Keep them engaged; keep asking for input



1. How are districts using/planning to use ESSER funds?
2. What are the expected outcomes post-ESSER funds?
3. What are the biggest concerns of districts in spending ESSER funds?



[www.pasbo.org/research](http://www.pasbo.org/research)

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



# Top Uses/Anticipated Uses of ESSER Funds (Total)

1. Educational technology
2. Learning loss
3. Summer learning/after school activities
4. Technology or internet access to students
5. Mental health services and supports
6. Facility repairs/improvements
7. Inspection, testing, maintenance re: indoor air quality
8. Maintain operations/continuity of services
9. Addressing student subgroups
10. Providing assistive technology





**Figure 3: Anticipated District Outcomes Following Use of ESSER Funds**

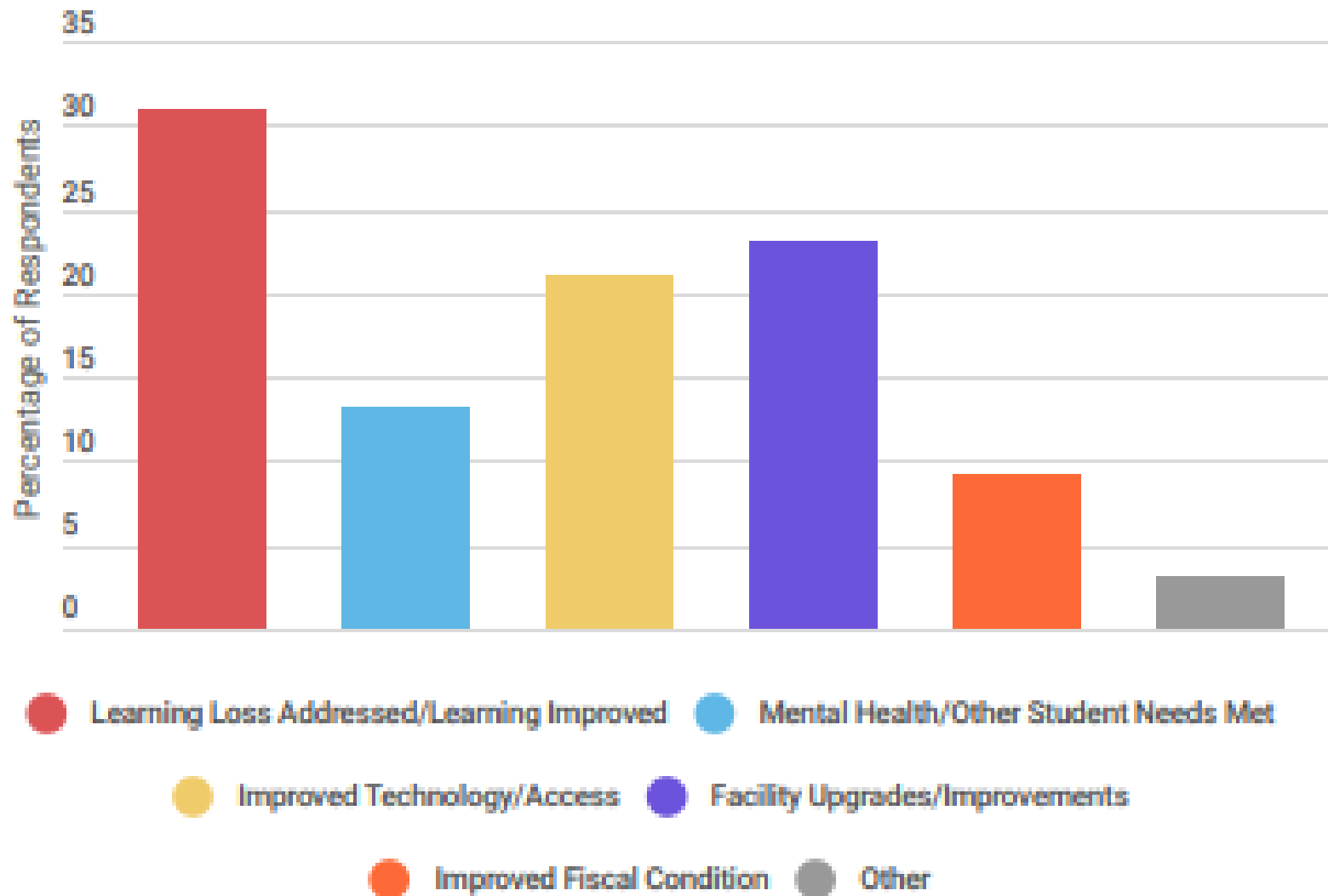
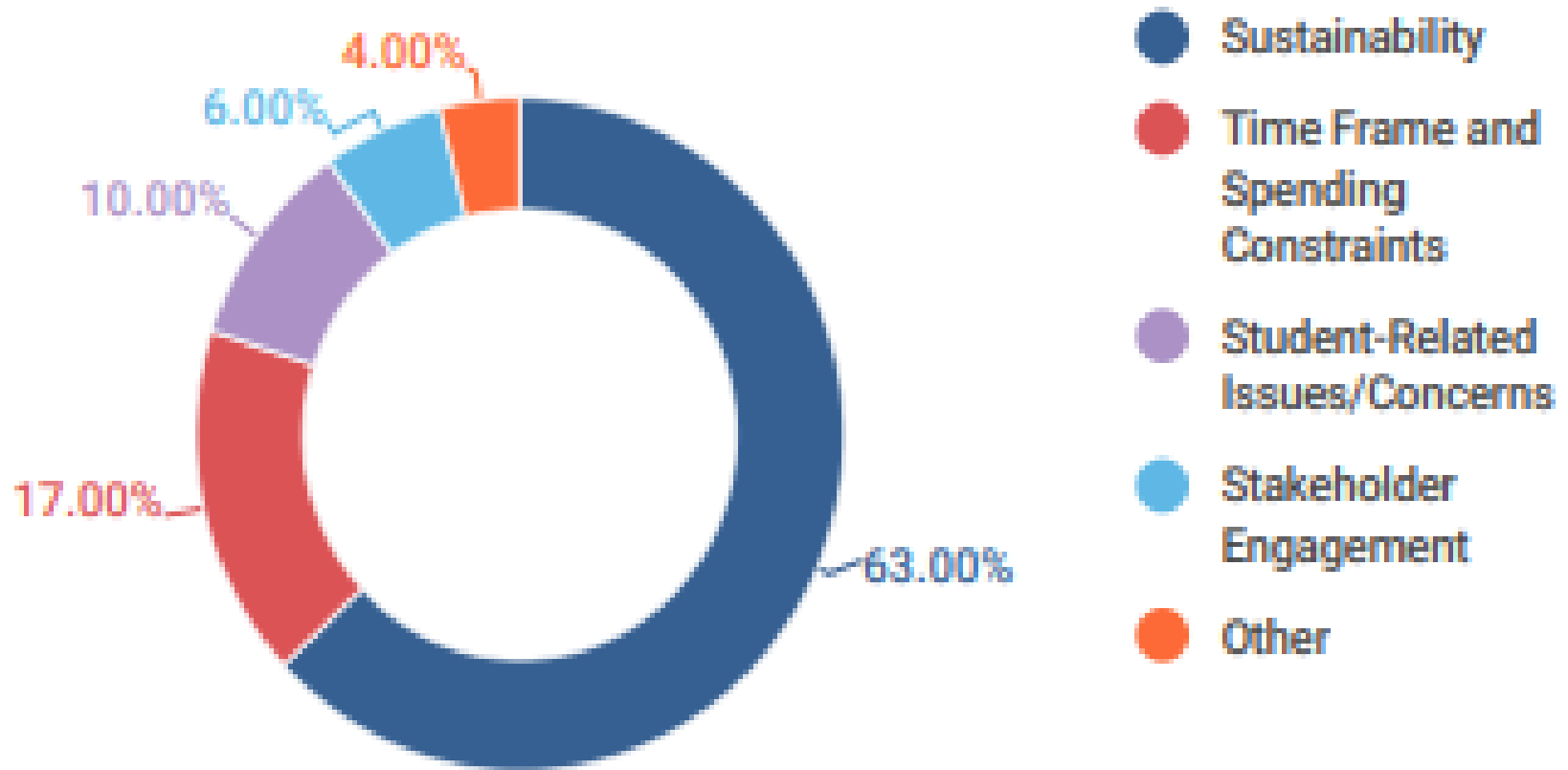


Figure 5: Major Concerns in Planning for and Spending ESSER Funds



Source: PASBO/PASA/PARSS survey data

# BUDGET REPORT ADVOCACY MESSAGES

- Overall optimism about the Federal money amongst school district leaders as they work through ESSER plans and anticipated outcomes (federal funds are helpful!)
- Districts face serious short and long-term challenges (fiscal, timing, political, etc.) in building plans, spending federal funds while also dealing with status quo issues
- Given the scope of ESSER, the state must increase/sustain its investment in education to help mitigate the cliff and challenges of one-time funds
- Mandated costs must be addressed via policy AND no new de-funding policy should be added



# CONTACTS & QUESTIONS?

- Dr. Wayne McCullough, Executive Director PASBO
- Dr. Mark DiRocco, Executive Director PASA
- Dr. Edward Albert, Executive Director, PARSS
- Dr. Andrew Armagost, Director of Advocacy and Analytics, PASBO
- Dr. Tim Shrom, Director of Research PASBO

