



FY2015-16 Budget Hearing Recap Thursday, March 12, 2015

Gaming Control Board

Testifying: Chairman William Ryan; Kevin O'Toole, Executive Director

The Governor is recommending overall funding of \$42 million for the Gaming Control Board which is an increase of 4.8%.

The Gaming Control Board currently has 311 filled positions and a complement of 316 positions.

The Chairman reported that there are currently 12 casinos operating in Pennsylvania. The Philadelphia casino that was awarded in November 2014 to Stadium Casino is currently under appeal with the PA Supreme Court.

The Chairman was questioned about the Property Tax Relief Fund and its ability to provide property tax relief despite declining slots revenue. The Chairman stated that although slots revenue declined slightly in 2013 and 2014 overall slots revenue has been fairly stable over the last several years and the fund is healthy and will be able to continue providing \$595 million towards Property Tax Relief.

The operation of the Pennsylvania Gaming Control Board had been funded with loans from the Property Tax Relief Reserve Fund for fiscal years 2007-08 through 2009-10 totaling \$70.4 million. After lapsing \$6.55 million of the original loan amounts, the total amount of outstanding loans to the Property Tax Relief Reserve Fund is \$63.85. The operating casinos began to repay the loan in 2012 in the amount of \$6.38 million a year over a 10-year period. No casino has missed a payment and every payment has been paid on time.

Pennsylvania Higher Education Assistance Agency

Testifying: James Preston, President and Chief Executive Office; Christine Zuzack, Vice-President, State Grant and Special Programs

PHEAA is proposed to receive a total of \$407 million which is a \$15.6 million dollar increase or 4% over the current fiscal year.

The Governor is level funding State Grants to Students. Members expressed concerns with level funding this line item while increasing funding to many other higher education line items throughout the budget.

PHEAA was questioned about the implementation of the new Ready-to-Succeed Scholarship program. PHEAA awarded approximately 3,300 grants to students who qualified. The entire \$5 million dollar has been distributed. There were approximately 12,000 students who applied and qualified but were not able to receive an award. The Governor is proposing an additional \$10 million for this scholarship program. PHEAA expects to be able to award 10,000 grants with the increased funding.

PHEAA was also questioned about student borrowing habits and what assistance the agency offers. PHEAA conducts seminars throughout the Commonwealth and has a range of websites and literature that can help guide students through the borrowing process.

The Governor is proposing that PHEAA contribute an additional \$26 million to the General Fund. They currently contribute \$91 million. PHEAA believes they can handle this increase in the short-term but going out beyond one or two years it is hard to know if this can be sustained.

Department of General Services

Testifying: Acting Secretary Curt Topper; Bev Hudson, Deputy Secretary for Administration

The Governor is proposing to increase Department of General Services appropriation to \$126.6 million which is an increase of \$6.3 million or 5.2%.

The Acting Secretary was questioned about the \$100 million dollars in savings being touted by the Governor through his GO TIME initiative. The \$100 million is an estimated savings over several years. The Acting Secretary could not provide information as to whether any of those savings have been used to lower operating costs in state agencies.

GO TIME expects to achieve these savings in two ways:

1. Return to strategic sourcing.
2. Re-Introduce reverse auctions. Pennsylvania used to do this and the Commonwealth already has the technology.

The Acting Secretary was questioned about the sale of SCI Greensburg and the controversy surrounding the sale. There is a pending bill of sale and the Acting Secretary did not know when the sale would be finalized. He could not speak to prior agreements made by the Department of Corrections. The Acting Secretary mentioned the need for taking factors such as land use into consideration for bids. Currently only the sale number is taken into account.