

Governor Wolf Budget Proposal

House Appropriations Analysis

- Governor Wolf is proposing a \$33.18 billion budget for FY 2018-19.
- That is an increase of \$1.19 billion or 3.7%.
- The only tax proposal being offered is a severance tax which is projected to generate \$248.7 million.

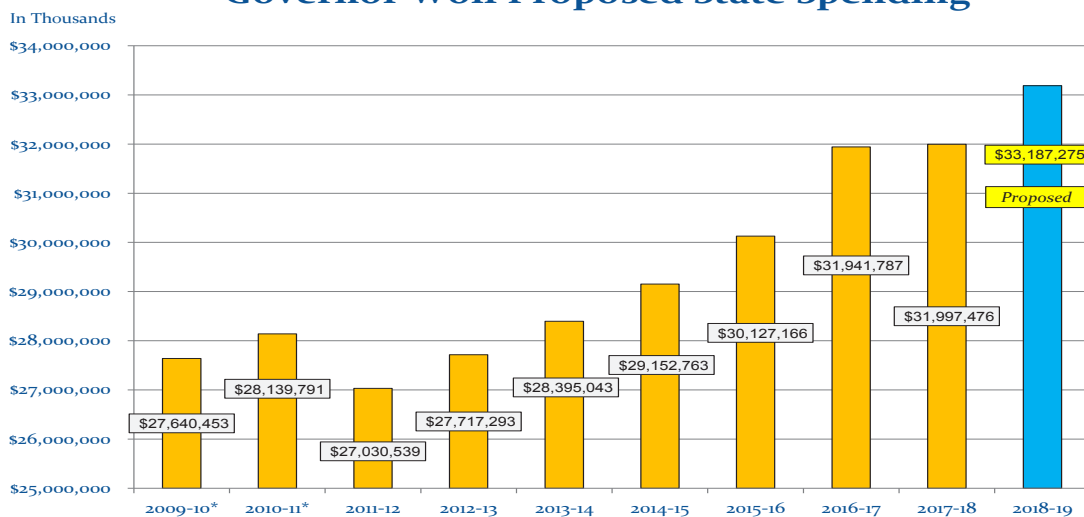
Tax Proposal

- Severance Tax- A tax per thousand cubic feet (MCF) would be applied to the extraction of natural gas and is projected to raise \$248.7 Million. The tax would be applied on the following rate schedule:

<u>Price Range</u>	<u>Rate Per MCF</u>
\$0.00-\$3.00	4.2 cents
\$3.01-\$4.99	5.3 cents
\$5.00-\$5.99	6.4 cents
\$6.00 or greater	7.4 cents

- Corporate Net Income Tax- Starting January 1, 2019, the governor is proposing mandatory combined reporting. Starting January 1, 2020 the Corporate Net Income Tax will be lowered from 9.99% to 9.49%. The CNIT rate is proposed to be further reduced to 8.99% in 2021; 8.49% in 2022; 7.99% in 2023 and thereafter.

Governor Wolf Proposed State Spending



*Federal Stimulus Money Used

Source: House Republican Appropriations Committee
www.pabudget.com

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Debt and Other Revenue Changes

- General Obligation debt service is proposed to increase by \$5 million in FY 2018-19.

Supplemental Appropriations

- The governor is seeking a negative supplemental (reduction in current year spending) for the following line items.
- Executive Offices: -\$1.136 Million Labor and Industry:-\$72,000
- Treasury: -\$7.5 Million DMVA: -\$1.4 Million
- Agriculture: -\$326,000 Revenue: -\$1.36 Million
- DCED: -\$139,000 State Police: -\$484,000
- DCNR: -\$386,000 PEMA: -\$67,000
- Criminal Justice: -\$22 Million DEP: -\$1.27 Million
- Education: -\$172,000 General Services: -\$636,000
- Historic & Museum Commission: -\$188,000
- The Department of Human Services is proposed to receive a \$23.5 Million supplemental appropriation.
- In total, the governor is seeking a negative supplemental of \$13.6 million for FY 2017-18.

PreK-12 Education

- PreK-12 education would increase by \$604 million.
- Of this amount, \$263 million would be for the Commonwealth's contribution to PSERS.
- **Basic Education Funding:** Governor Wolf is seeking to increase this line item by \$100 million.
- **Special Education:** This line item is proposed to be increased by \$20 million.
- **PreK Counts:** The governor is proposing to increase this line item by \$30 million.
- **Head Start Assistance:** The governor is proposing to increase this line item by \$10 million.
- **Career and Technical Education:** The governor is proposing to increase this line item by \$50 million.
- **Authority Rentals and Sinking Fund Requirements (PlanCon)** is proposed to increase by \$111 million or 374%.

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Higher Education

- Penn State, Pitt, Temple, Lincoln and Thaddeus Stevens College of Technology are all proposed to be level-funded in FY 2018-19 as compared to FY 2017-18.
- The Pennsylvania State System of Higher Education is proposed to receive an increase of \$15 million.

Health and Human Services

- The governor is seeking to combine the Department of Human Services and the Department of Health into one single department to be known as the Department of Health and Human Services.
- The administration has not provided the exact savings from this merger.
- For FY 2018-19, this new combined department is proposed to receive an increase of \$421.2 million.

Department of Corrections and Board of Probation and Parole

- The Department of Corrections (DOC) and the Board of Probation and Parole (PBPP) will not be merged. They will continue to operate under a Memorandum of Understanding (MOU).
- Under the MOU, both agencies – the DOC and the PBPP – will remain separate from each other; however, the community supervision of parolees and all other reentry services will be combined under a new, centralized chain of command that everyone in those areas will report to and follow.
- This MOU consolidated the agencies' business administration offices, internal affairs and investigative offices. The communications/public information offices were also combined.

State Police

- The governor is seeking an increase of \$8.8 Million in the General Fund.
- To supplement the State Police, the governor wants a \$25 fee per person from every municipality that is currently exclusively covered by the State Police.
- The budget proposal has funds for four new classes of cadets to add 100 troopers.

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Governor's Proposed FY 18-19 General Fund Spending \$33.18 Billion

