



PARSS LEGISLATIVE UPDATE

June 10, 2024

Is An On-Time State Budget Still a Possibility?

With three weeks remaining before the end of the state's fiscal year on June 30, there does not appear to be any signs that the GOP-lead Senate and the Democratic leadership in the House are finding common ground. The legislative positioning on state finances and the accompanying rhetoric does not provide much optimism that an on-time budget is in the offing.

Last week, the House Education Committee approved a massive education funding bill that will likely be positioned for a floor vote this week. The committee approval came on a party line vote with Democrats supporting and Republicans opposing. [House Bill 2370](#) does the following:

- Codifies the recommendations of the Basic Education Funding Commission (BEFC) that were adopted in January (without bi-partisan agreement; [see the votes on the plans here](#)).
- The bill follows the state financial commitment of \$5.1 billion to public education over the next seven fiscal years.
- To achieve the commitment, \$734 million would be sent to more than 80% of districts from an adequacy supplement designed to boost underfunded schools this year. More increases would follow in subsequent fiscal years.

- The bill would also provide \$200 million using the current law Fair Funding Formula in current law so that all districts would benefit from new funding.
- A third funding component in the legislation would create a \$136 million Tax Equity Supplement to 169 district to prevent increases in school millage rates, providing an increase in the homestead/farmstead exclusion to increase credits to non-business property, reducing debt, and mitigating financial consequences of school tax assessment appeals.
- Another provision in the bill would adopt Governor Shapiro's recommendation to establish a state-wide, flat fee of \$8,000 for cyber charter tuition (or the district's current rate, whichever is lower) and a special education cyber tuition rate of about \$13,000.

To see an estimate of your district's funding from this welcomed and massive increase in support to schools [you can go here](#). To read more about the legislation [click here](#).

House Education Committee Chair Peter Schweyer (D-Lehigh) said approval of House Bill 2370 was clearing the "first major hurdle to restructure how we fund our public schools and ensure every child in the commonwealth has a quality education. The Pennsylvania Constitution makes it crystal clear about providing a thorough and efficient public education. With this bill, every kid who works hard would have the tools they need to succeed."

While this is a very positive development for k-12, movement of House Bill 2370 is juxtapositioned with the Senate Republican tax cut bill that we detailed in the May 14 Legislative Update. We told you about [Senate Bill 269](#) which will cut the state's Personal Income Tax from 3.07% to 2.8% and eliminate the Gross Receipts Tax on utility bills effective January 1, 2025.

So, with a State Treasury surplus, Democrats in the House say they want to invest in education. The GOP in the Senate says they want to return the surplus to taxpayers.

More to come for sure. Stay tuned.