



Technical Appendix for the 2015-16 State Budget Legislative Fact Sheets

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June 9, 2015

This technical appendix explains the methods and sources for estimating the effects of Gov. Wolf's proposed 2015-16 state budget on individual legislative districts. All the fact sheets are available online at http://pennbpc.org/OTA_Budget.

Sources and Methods on Proposed School District Revenues, Pre-k Slots and Cyber Charter Savings

School district revenues

On the front of each fact sheet, in the first bullet within the first column and first set of bullets, we present an estimate of the dollar increase in school funding for the legislative district as proposed by Gov. Wolf. The number shown is the sum of school district funding increases for all school districts at least partially within the boundaries of the legislative district.² The dollar amount of [funding increase](#)³ for each school district under Gov. Wolf's proposal was calculated by the Pennsylvania Department of Education (PDE) and represents the sum of proposed increases in Basic Education funding plus Special Education funding. On the back side of each fact sheet we present separately the dollar amount of increased school funding for each school district at least partially within the boundaries of the legislative district.

Pre-K slots

On the front of each fact sheet, in the second bullet within the first column and first set of bullets, we present an estimate of the increase in Pre-K slots in the legislative district under Gov. Wolf's budget. This total is the sum of PBPC's estimates of the increases in Pre-K slots for each school district at least partially within the boundaries of the legislative district. The estimates of the increases in the numbers of Pre-K slots for each individual school district was arrived at as follows: Gov. Wolf's budget proposal for Pre-K would increase the number of Pre-K slots by 14,000 statewide. The "Unmet Needs Data Table" [available online](#)⁴ provides data by school district (in column J of the sheet

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² We make no adjustment in funding increases to reflect the fact that some school districts cross legislative boundaries. As a result you cannot sum the funding increases for individual legislative districts and arrive at the total proposed increase in educational funding (as you would be counting more than once funding for any district that lies in part in more than one legislative district).

³ <http://goo.gl/dk9lxt>

⁴ <https://goo.gl/FYBEni>

labelled “School District”) on the number of children ages 3-4 under 300% of the federal poverty line not currently served by Pre-K Counts and two other preschool programs. We allocated to each school district a share of the 14,000 new slots equal to its share of the total number of children 3-4 statewide not currently served by pre-school programs for 3- and 4-year olds.

Cyber Charter Savings:

On the front of each fact sheet in the first column and first set of bullets we present the dollar amount in [cyber charter savings](#)⁵ in each legislative district. This total is the sum of the savings for all school district at least partially within the boundaries of the legislative district. The school-district-level savings resulting from standardized payments to Cyber Charters were estimated by PDE. The Wolf Administration estimates school districts in Pennsylvania will save \$160 million when mandatory payments to Cyber Charters are standardized to reflect the current cost of high performing Intermediate Unit online education programs.⁶

Sources and Methods for Proposed Property Tax Relief

In the first set of bullets in the second column on the front of each fact sheet we present the [dollar amount and percent property tax reduction](#)⁷ for a typical (median) homeowner in each legislative district. These legislative district totals are a weighted average of the property tax reductions for each school district at least partially within the boundaries of the legislative district. The weights were determined by the number of homesteads in each school district.⁸ The dollar amount of and percent reduction in property taxes for each individual school districts was calculated by the Pennsylvania Department of Education (PDE). On the back side of each fact sheet we present the dollar amount and percent reduction in property taxes for each school district within the boundaries of the legislative district.

Sources and Methods for Proposed Drilling Tax Revenues

In the second set of bullets in the first column on the front of each fact sheet we present the total amount of tax revenue available to each legislative district from Gov. Wolf’s proposed Severance Tax. The Independent Fiscal Office estimates that the Governor’s proposed severance tax would rise \$1.08 billion in 2016-17 (the first full year of collections) if you count the \$225 that would be earmarked for the current impact fee; \$855 million in new money

⁵ <http://goo.gl/baH5Pa>

⁶ See slide 16 and 17 <http://goo.gl/HwBMT2>

⁷ <http://goo.gl/xHwi6C>

⁸ For example, 6% of all homeowners in Senate district 25 live in the Bradford Area school district. We multiply the property tax reduction for each school district by its share of the total number of homeowners in a legislator’s school district (in this case 6%). We then sum up these figures across all school districts at least partially within the school district to estimate the dollar value of property tax reduction for a typical homeowner in the legislative district as a whole (in this case Senate district 25). We use the same weights to estimate total household property taxes in the district as a whole and then divide the dollar value of household property taxes into the dollar value of property tax reduction and convert to a percentage to estimate the percent property tax reduction in the second bullet.

would be raised. See IFO, *Analysis of Revenue Proposals*, p. 13; [online](#).⁹ We assume that each Senate District receives an equal share of benefits of the severance tax which amounts to \$21.6 million each; the same equal shares assumption for House Districts leads to each district receiving \$5.3 million.

Sources on Number of Workers Affected by a Minimum Wage Increase

In the second set of bullets in the second column on the front of each fact sheet we present in the first bullet the total number of workers that would see their wages rise if the minimum wage were increased to \$10.10 per hour as proposed by Gov. Wolf; we present in the second bullet the percent of the resident workforce in the legislative district that would receive a wage increase as a result of a \$10.10 per hour minimum wage. These legislative district totals were estimated using county-level estimates of the number of workers impacted by a minimum wage increase to \$10.10.¹⁰ We converted county level estimates into legislative district totals using the Missouri Census Data Center's [Geographic Correspondence Engine](#)¹¹ which provides a crosswalk between county totals and House and Senate totals based 2012 population counts.

Sources and Methods for Proposed Funding for Higher Education

In the third set of bullets in the first column on the front page of each fact sheet we present the dollar amount of the funding increase proposed by Gov. Wolf for community colleges,¹² state system universities and [state-related universities](#)¹³ that have a campus within the boundaries of the legislative district.

Sources and Methods on Proposed Funding Increases for Human Services

In the third set of bullets in the second column on the front page of each fact sheet we present data on increased funding for human services, increased eligibility for Medicaid, increased eligibility for CHIP and increased funding for mental health services in the legislative district. All figures were provided by the Budget Office and represent the sum of county totals for all counties at least partially within the boundaries of the legislative district.¹⁴

⁹ http://www.ifo.state.pa.us/download.cfm?file=/resources/PDF/Revenue_Proposal_Analysis_April2015.pdf

¹⁰ Mark Price, "Giving the Local Economy a Boost: The Impact of Raising the Pennsylvania Minimum Wage to \$10.10 Per Hour by County", available online at

http://keystoneresearch.org/sites/default/files/KRC_CountyWageBoost.pdf

¹¹ <http://mcdc.missouri.edu/websas/geocorr12.html>

¹² Funding totals for community colleges and state system universities were provided by the Budget Office.

¹³ <http://goo.gl/VGUgUh>

¹⁴ We make no adjustment in any of the areas summarized in this section to reflect the fact that counties cross legislative boundaries. As a result you cannot sum the totals for individual legislative districts as presented in the facts sheets and arrive at the statewide total (as you would be counting more than once funding for any county that crosses the boundaries of multiple legislative districts).

Human Services:

Human services here is the sum of increased state funding for the Human Services Development Fund and Homeless Assistance under Gov. Wolf's proposed budget.

Medicaid Eligibility:

The number of individuals in the district who have already enrolled as newly eligible for health coverage as part of the governor's Medicaid Expansion plan. In total, more than 238,000 newly eligible Pennsylvanians have signed up for coverage.¹⁵

CHIP Eligibility:

This represents this district's share of over 20,000 new children across the state that can be covered under the Children's Health Insurance Program (CHIP) due to increased federal funding from Medicaid Expansion.

Mental Health Services:

This represents the district's share of funding restored by Gov. Wolf's proposed budget for mental health services. This funding is the first year of a planned three-year Human Services Funding Restoration of funding cuts from 2012-13. In total across the state, \$18.3 million in funding for Mental Health Services is restored in 2015-16 in the governor's plan.

Sources and Methods on Philadelphia Wage Tax Relief

At the bottom of the front page of fact sheets for legislative districts at least partially within Bucks, Chester, Delaware, Montgomery or Philadelphia counties we indicate that taxpayers subject to the Philadelphia wage tax who live in those legislative districts will receive a portion of \$251 million in tax relief as proposed by Gov. Wolf. We estimated the \$251 million figure as follows. The Wolf administration estimates total wage tax relief as \$282.2 million, including new wage tax relief of \$195.9 million. The Institute on Taxation and Economic Policy (ITEP) estimates that 11% of Philadelphia wage tax relief goes to non-Pennsylvanians, or \$31 million of \$282.2 million, leaving \$251.2 million for Pennsylvania residents. Based on Wolf Administration and Department of Revenue data, we project that \$168.3 million of this wage tax relief goes to Philadelphia residents and \$82.9 million of this wage tax relief goes to residents of the four suburban Pennsylvania counties outside Philadelphia: \$28.4 million to Montgomery County residents, \$20.4 million to Bucks residents, \$18.7 million to Chester residents, and \$15.5 million to Delaware County residents.

¹⁵ Medicaid is a program cost-shared by the state and federal government with the state's share of Medicaid funding authorized through the state budget process. Medicaid expansion is initially funded completely by federal funds. Within a few years, the state will assume responsibility for 10% of the funding for Medicaid expansion, which will become a permanent part of the state budget. For more on Medicaid see <http://www.cbpp.org/research/policy-basics-introduction-to-medicaid>