



Senate of Pennsylvania

Memorandum

DATE: June 5, 2009
TO: School Board Members
FROM: Senator Gene Yaw
RE: Facts on Senate Bill 850

Enclosed is a letter from Senators Scarnati, Pileggi, Corman and Piccola clarifying the proposed education funding in Senate Bill 850. Also, I have attached the March 16th letter that was addressed to school superintendents across the state.

While the attached address school district issues in particular, the budget problems in Pennsylvania are very real. Simply put, our income has not matched the expectations and the result is that there are not sufficient funds to cover our expenditures. In April alone, revenue was \$941 million short of expectations. That figure was 24% less than anticipated for the month. The latest projections show that the budget shortfall continues to increase and will be in the \$3.3 billion range by the end of June.

For those who say, just fund us according to the Governor's budget, the answer is clear – that funding is fiscally impossible. At the time of his budget address, the shortfall was expected to be in the \$2.3 billion range. Now, we see that this figure is off by an additional \$1 billion. So, if the Governor's budget were enacted as presented to include all tax increases and one-time transfers, \$1 billion in cuts would be needed to balance the budget. Where does that \$1 billion in reductions come from?

There are two ways to generate revenue. One is to cut expenditures. The second is to raise taxes. I believe cutting expenditures and living within our means is preferable to more taxes.

As our budget negotiations continue, I will again be providing you with further updates.