

2005-06 General Fund
Steve Roskopf
PPC Budget Consultant



Pennsylvania
Partnerships for Children

State Budget, 2005-06

General Fund Expenditures:

- Increase by \$815m
 - 3.5% increase from current year
 - Net after \$404m in expenditure reductions
- Not really a \$815m increase...
 - \$378 m - to replace federal fiscal relief
- Real Growth = \$437m or 1.9%



State Budget, 2005-06

General Fund Expenditures:

- Where did the \$815m go?
 - DPW - \$612m or 75% of the increase
 - DPW budget increases by 7.8%
 - Vast majority – MA growth, growth in entitlements, small increases in some other programs
 - Medical Assistance - \$285m
 - Child Welfare - \$251m - replace TANF funds
 - Remainder to Education and Debt Service



State Budget, 2005-06

How was balancing achieved?

- Small growth in revenue
- Very small increases – priority areas, entitlements, and few others
- Spending reductions/modifications
 - DPW Medical Assistance Program
 - Other departments reduced up to 5%



State Budget, 2005-06

TANF:

- Reserves have been depleted
- Eliminated funding for a number of non-DPW funded programs
- Reduce TANF support for child welfare services by \$227m – picked up by the general fund



State Budget, 2005-06

Intergovernmental Transfer:

- IGT reserves gone after 2005-06
- IGT phase out continues at a rate of \$200m per year
- More serious problems exist in the 2006-07 budget and beyond



State Budget, 2005-06

Other areas for concern:

- MA Assessments are yielding between \$700m - \$900m per year
 - Approved for 2004-05, and 2005-06
 - Feds are targeting for elimination
 - Serious 2006-07 challenge
- Congressional action on the federal budget looms in front of us



State Budget, 2005-06

What's it all mean?

- Administration is focused on two years
 - 2006-07 looks worse than 2005-06
- Likelihood of increases to offset cuts or create growth in programs is unlikely
 - To grow you will need to detail the corresponding cut
 - Legislature and Administration have pledged no tax hikes

