



Pennsylvania Association of School Business Officials

Mailing Address:
 P.O. Box 6993
 Harrisburg, PA 17112-0993

Office Location:
 2608 Market Place
 Harrisburg, PA 17110

Telephone 717-540-9551

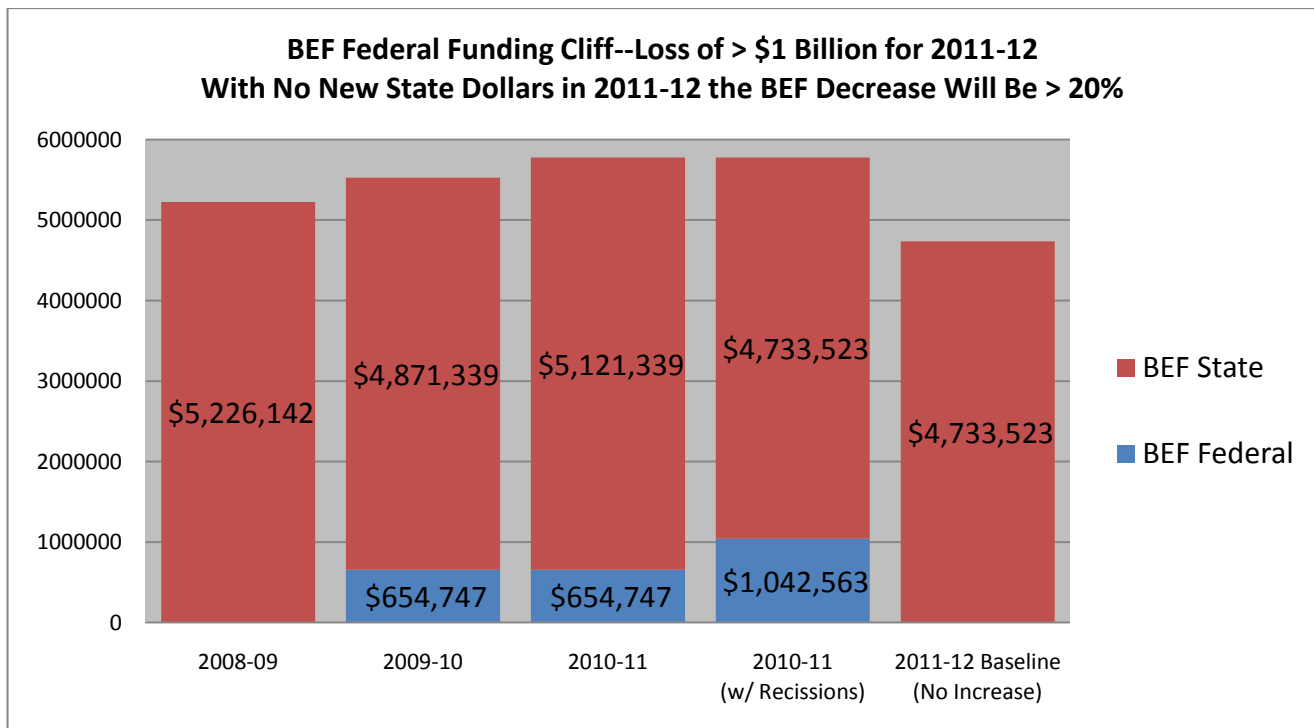
www.pasbo.org

FAX 717-540-1796

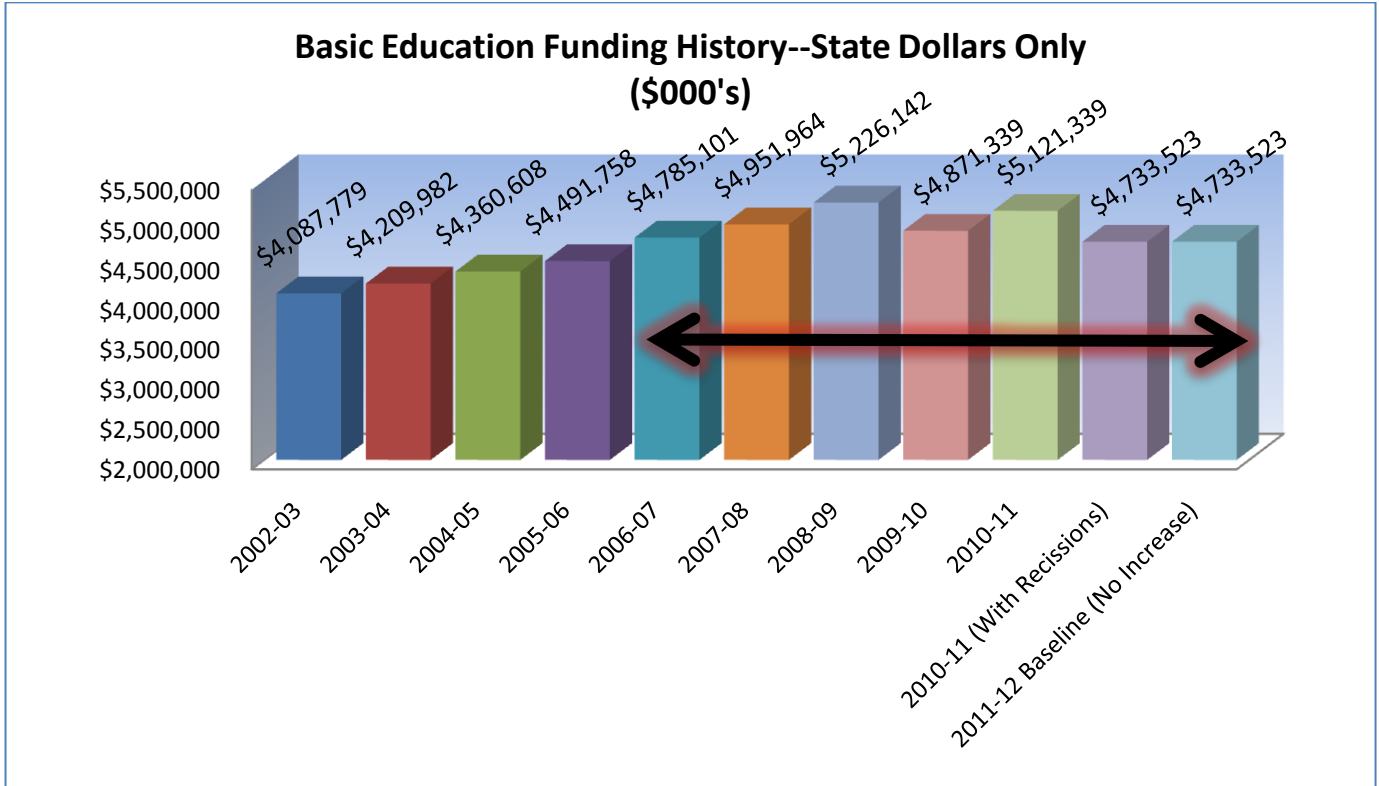
RECAP—BEF AND YOUR DISTRICT BUDGET

In an effort to give you as much information as possible at a critical time in your preliminary budget adoption process, we will recap the recent state budget events and the impact on both the current fiscal year and 2011-12 as well. As we previously reported, the Ed Jobs funding approved by Congress and signed by the President in the summer will bring \$387 million to Pennsylvania. Until the January 28 announcement by Budget Secretary Charles Zogby (see the News Box link at <http://www.pasbo.org>) for a copy of this announcement) there was no decision on when the Ed Jobs funds would be available to schools. While the state applied for the funds in September, the U.S. DOE has not released any funds to Pennsylvania.

We had hoped that the Ed Jobs funds would provide a buffer for your 2012-13 budget. Unfortunately, that will not happen under the plan announced by Secretary Zogby. Essentially the \$387 million used will supplant existing BEF state dollars. Under the plan, \$50 million cut from the original 2010-11 BEF approved in the July state budget adoption will be restored (that is the good news). The remainder of the Ed Jobs money will be put into BEF for the current fiscal year thus freeing up \$337 million for other state purposes. The use of the Ed Jobs funds to supplant state dollars resulted from the method used to calculate the state's maintenance of effort in the September application.



Heading into 2011-12, if BEF is level funded (no new state dollars), schools will experience a billion dollar decline in state funding--\$337 million from the Ed Jobs funds and \$654 million in ARRA stimulus funds that have been used in BEF for the last two fiscal years. The billion dollar loss in BEF puts the state appropriation at 2006-07 levels (in the aggregate).



We want to reiterate that the baseline for the 2011-12 BEF funding level assumes no increase. We will not know if that is true until Governor Corbett's budget address on March 8. While the aggregate funding level for the 2011-12 base line reverts to the 2006-07 aggregate funding level, that comparison may not translate into a reliable number for budgeting. It may prove to be a reasonable estimate but the changes in funding on a district-by-district basis over the last five years may skew your comparison with 2006-07.

You may want to consider using a proportionate reduction (e.g. 20 percent) from this year to estimate funding for 2011-12 until you see the actual distribution soon after March 8. We believe that the restoration of the \$50 million from this year will be calculated in the same way it was reduced—an across-the-board proportionate reduction. As soon as we have an official answer we will let you know. If that occurs, your original numbers from the July budget adoption should be accurate.

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