

**Rep. Mike Hanna**  
**House Appropriations Committee**  
**Budget Testimony for 2014-2015**  
**February 27, 2014**

Thank you Mr. Chairman and members of the Appropriations Committee for allowing me to present some brief remarks today regarding two issues: higher education funding and "payment in lieu of taxes" and its relationship to the Forest Reserves Municipal Financial Relief Law.

Since 2004, I have been a member of the board of governors for the Pennsylvania State System of Higher Education. I am well aware of the impacts that state funding cuts implemented in 2011 by Gov. Tom Corbett have had on our state-owned colleges.

I can assure you that the PASSHE board, on which I serve, takes great care in crafting a spending plan that will minimize any financial impact on Pennsylvania's college students and their families. But we can't do it alone. In order to keep tuition in check, the state must provide adequate funding and the budgets proposed by the Corbett administration have shown that he doesn't hold higher education to be a top priority.

The governor's 2014-2015 budget proposal does not restore his massive cuts to colleges and universities, locking in between a 4.5 percent and 19 percent decrease in state funding.

In a nationwide comparison put together by Illinois State University's Center for the Study of Education Policy "Grapevine Report," Pennsylvania's five-year change in overall funding for higher education is at negative 18.2 percent for just state dollars and negative 20.5 percent when you include loss of federal stimulus dollars.

The report also shows that in funding per \$1,000 of personal income (which is a good measure of how much of the state's wealth is going to higher education), Pennsylvania ranked 48<sup>th</sup> for 2013-2014 at \$3.02 per \$1,000 (the national average was \$5.45); and in terms of funding per capita, Pennsylvania ranked 47<sup>th</sup> at \$138.64 per person (the national average is \$241.66).

Finally, Pennsylvania now ranks third in the nation for average student debt. Yet in his proposed budget, the governor proposed no increases for institutions of higher education. This continues to show an incredible lack of foresight by the governor into the best interests of our students, who are Pennsylvania's future.

## "Payment in lieu of taxes"

The second issue that I would like to call your attention to is "payment in lieu of taxes" and its relationship to the Forest Reserves Municipal Financial Relief Law.

For a historical perspective, I offer the following background:

In 1984, Rep. Russ Letterman's H.B. 559 passed into law as Act 20, and it raised the annual charge from 13 cents to 20 cents per acre for payments under the Forest Reserves law.

In 1995, legislation that I authored (H.B. 861) passed into law as Act 49, and it increased that amount to 40 cents per acre.

In 2012, Act 13 did, at one point in the process, include language to transfer 5 percent of the funds received from natural gas drilling activity to the counties entitled to receive payment in lieu of taxes in compliance with the Forest Reserves Municipal Financial Relief Law. Unfortunately, that section was stripped from the final version of the bill.

Budgets across all levels of government have been reduced in recent years, so it's crucial that we do all we can to get our local communities the funding they need.

I recently met with the Clinton County commissioners to discuss their priorities. It was no surprise that they shared this concern with me and I believe that the time has come to implement updated solutions related to the Forest Reserves Municipal Financial Relief Law.