



## REPORT ON KEY ISSUES FROM THE HOUSE APPROPRIATIONS COMMITTEE

# BUDGET BRIEFING

DWIGHT EVANS, DEMOCRATIC CHAIRMAN

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## The 2008/09 Proposed Budget: Education for Pennsylvania's Future

The Governor's proposed budget for 2008/09 invests over \$9.9 billion for pre-k through grade12 education and related programs. This represents an increase of five percent over 2007/08.

### Basic Education Subsidy

The Commonwealth and its 501 local school districts share the financing of public elementary school and secondary education in Pennsylvania. The Basic Education Funding appropriation represents the largest subsidy provided by the Commonwealth to support local school districts. The proposed budget estimates that public school enrollment (k-12) during fiscal year 2008/09 will be 1,785,190 students.

In December 2007, the State Board of Education released its "**Costing Out Study**" as required by Act 114 of 2006. The study addressed two issues: adequacy and equity. Adequacy refers to the costs for all students regardless of geography to attain state academic standards. Equity refers to the growing gap between high- and low-spending districts and those implications. This report provided a Pennsylvania per-pupil dollar target for achieving adequate funding levels in each of the school districts. According to the report, 471 school districts (92 percent of the student population) spend less than the defined level of adequate funding.

The proposed 2008/09 budget reflects the first steps in a six-year plan to address the funding gap outlined in the study. **The basic education subsidy increases by \$291.3 million or six percent.** Under the Governor's proposal, the base amount will ensure that districts are held harmless at their 2007/08 funding level. The proposed increase then will be distributed based

on a state funding goal determined by the following process:

- Calculating a 2006/07 adequacy target, reflecting \$8,355 per student in base funding, additional funding for every student classified as low-income or an English-language learner, and other adjustments based on school district size geographic cost-of-living.
- Comparing that adequacy target with each school district's actual spending in 2006/07.
- Adjusting the resulting gap to reflect each school district's tax burden and level of local wealth.

Please note that while basic education funding under the Governor's proposal is weighted towards districts with the largest gap in funding, all districts would receive at least a 1.5 percent increase over their 2007/08 funding level.

### Special Education

This appropriation provides support for programs in the Commonwealth's public schools serving students with disabilities. These programs are administered by all 501 school districts and charter schools, where appropriate. A school district may operate its special education program directly or may contract with other school districts, intermediate units or other providers. In circumstances when appropriate public education is not available, students may be assigned to department approved private schools. The proposed budget estimates that the number of pupils with disabilities enrolled in special education programs will be 268,000 during fiscal year 2008/09.

The 2008/09 proposed budget includes **a \$30.3 million or three percent increase for special**

**education.** Although the “Costing Out Study” included a special education component, the proposed budget uses the same methodology for distribution as was done in previous years.

## **Additional Education Programs**

### **PA Assessment**

The proposed 2008/09 budget includes an additional **\$15 million to provide resources to develop three graduation competency assessments** in high school major subject areas. In addition, \$11.8 million will be used to provide additional resources for school district assessments and analysis. These additional dollars include resources for Project 720 schools to participate in the Achieve Algebra II multi-state assessment. Funding also is provided to develop an alternative assessment with modified achievement standards for certain students with Individual Education Plans.

### **Pre-K Counts**

Based on a successful public-private partnership, the Pennsylvania Pre-K Counts program provides funding for pre-kindergarten programs in a variety of settings. Under the program, school districts, Head Start programs and other community providers (including Keystone STARS child care centers) may apply for these resources. The Governor estimates that **12,000 children will be served** through this program in 2008/09. In order to achieve this goal, the 2008/09 proposed budget includes \$87.6 million for Pre-K Counts, an increase of \$12.6 million or 16.8 percent.

### **Accountability Block Grant**

The Accountability Block Grant program provides a flexible funding source to support various academic initiatives. More than \$2 out of every \$3 in block grant funds are invested in early childhood programs such as pre-kindergarten, full-day kindergarten and elementary class-size reduction initiatives. These early childhood programs are in addition to the Pre-K counts program funding.

The 2008/09 proposed budget includes **\$275 million for the Accountability Block Grant program**, maintaining the level of funding in 2007/08.

## **Science It's Elementary**

The Science It's Elementary appropriation provides science curriculum resources for hands-on learning equipment and teacher training to elementary schools. Services are contracted with ASSET Incorporated, an instructional materials resource center in Pittsburgh. The contractor provides participating school districts with **professional development, instructional materials (science kits) and reimbursement of costs for participation** to support implementation of inquiry-based science instruction in kindergarten through grade six.

During the first year of participation, each applicable school teacher in a district receives one loaned science kit and the professional development necessary to teach that kit. In year two, each teacher receives two kits and related professional development. Then in year three, each teacher receives three kits and related professional development. Finally, in year four, each teacher receives four kits and related professional development (one kit with instruction per quarter), in order to support the full year of instruction.

The 2008/09 proposed budget provides \$15 million for this program. The \$1.5 million increase over 2007/08 will provide additional resources to assist an estimated 6,500 more students in 15 additional schools.

### **Classrooms for the Future**

First funded in 2006/07, this appropriation provides laptops and other technological equipment along with related professional development in school districts in the Commonwealth. The 2008/09 proposed budget includes **\$90 million for this program**, the same amount provided in 2007/08. The Governor estimates that 611 schools will be able to participate in the program during 2008/09, providing over 190,000 computers in classrooms.

### **Teacher Professional Development**

The Teacher Professional Development appropriation provides professional development opportunities to teachers. Educational opportunities include **technology integration and leadership** initiatives. The 2008/09 proposed budget includes \$47.1 million for Teacher Professional Development. This increase of \$16.7 million or 55 percent will

provide additional and expanded opportunities for teachers throughout the Commonwealth.

### **Dual Enrollment**

The Dual Enrollment program allows high school students to earn high school and college credits for courses taken through a college or university while they complete their high school graduation requirements. The 2008/09 proposed budget includes \$12 million for this grant program, an increase of \$2 million or 20 percent over 2007/08.

### **Early Intervention**

The Department of Education oversees early intervention service for children ages three through five. Intervention services are designed for children showing signs of developmental delay include physical therapy, speech therapy, health services, family counseling, and family training. These services are geared toward minimizing the need for special education services in later years. The 2008/09 proposed budget includes \$185.1 million for Early Intervention services, an increase of \$12 million. The proposed budget includes sufficient funding to **expand services to 1,480 additional children.**

### **Reimbursement of Charter Schools**

The Reimbursement of Charter Schools appropriation provides a percentage of actual expenditures incurred by districts in the previous school year for resident students attending charter or cyber charter schools. The 2008/09 proposed budget provides \$197.6 million for this purpose. The increase of \$36.3 million or 22.5 percent is necessary to maintain the current year reimbursement percentage to school districts.

### **New for 2008/09 – Concentrated Alternative Education Intervention Funding**

The 2008/09 proposed budget includes \$3 million to provide resources for enhanced alternative education programs.

### **Libraries**

The Public Library Subsidy helps support more than 600 public libraries throughout the Commonwealth. In addition, this appropriation supports 29 district library centers which provide resources and specialized services to the local

libraries and residents of defined geographic areas. The appropriation also helps provide public access to the four major research libraries in the Commonwealth: The State Library of Pennsylvania, the Carnegie Library of Pittsburgh, the Free Library of Philadelphia, and the libraries of The Pennsylvania State University.

The proposed 2008/09 budget increases funding for public libraries by \$1.5 million or two percent.

### **Higher Education**

#### **Community Colleges**

The Commonwealth's Community Colleges offer two-year programs in liberal arts, technology and other areas that provide an associate's degree or certificate. Funding for these colleges is shared among the sponsoring counties or school districts, the students' tuition payments and the Commonwealth. The funding formula is set in Act 46 of 2005 and is built on a base funding level for each institution, a growth supplement, economic growth stipend and capital costs. The Act contains a "hold harmless" clause which guarantees funding for each institution is equal to at least the amount received in the previous year.

The 2008/09 proposed budget provides \$236 million for community colleges, an increase of \$6.9 million or three percent. The proposed budget also includes \$44.5 million for community college capital funds, the same level of funding as in 2007/08.

#### **State System of Higher Education**

The State System of Higher Education is comprised of 14 universities throughout the Commonwealth. Each university has an individual mission, but must provide teacher education, a broad liberal arts curriculum and a masters degree level of study in most of their programs. Funds are distributed through the office of the chancellor in accordance with a formula that considers student enrollment, programs of the school and operational costs of the individual campuses.

The 2008/09 proposed budget provides \$498.5 million for universities of the State System of Higher Education, an **increase of \$14.5 million or three percent.**

### **State-related Universities**

State-related status has been conferred upon four higher education institutions (The Pennsylvania State University, Temple University, the University of Pittsburgh, and Lincoln University) through their initial charter or subsequent legislation. State-related status defined the effected schools as “instrumentalities of the Commonwealth” in the Commonwealth System of Higher Education. The 2008/09 proposed budget includes a 1.5 percent **increase for each of the four institutions.**

### **State-aided Universities and Colleges**

State-aided institutions offer programs that have been deemed to meet the “public interest” and are not being met by a state-supported institution and receive a direct Commonwealth appropriation. This designation was conferred on institutions as early as the 1880s and presently includes institutions emphasizing certain medical, technological and arts specialties. Funding for state-aided institutions is allocated through non-preferred appropriations. Non-preferred appropriations are made to institutions not under the absolute control of the Commonwealth and require a two-thirds vote of each chamber of the General Assembly for passage.

The 2008/09 proposed budget includes a half percent increase for state-aided universities and colleges. In addition, the proposed budget includes an initiative to federalize physician practice plans. Under this initiative, the Administration would seek matching federal Medicaid dollars for university-affiliated physician practice plans at the Philadelphia Health and Education Corporation, the University of Pennsylvania and Thomas Jefferson University. Under this initiative, these institutions would be able to receive additional dollars but less state General Funds would be needed.

### **Pennsylvania Higher Education Assistance Agency (PHEAA)**

The Pennsylvania Higher Education Assistance Agency (PHEAA) offers financial assistance programs to students in the form of grants, scholarships and work-study awards. The PHEAA Higher Education Assistance Fund disburses funds for these various financial

assistance programs. Awards are supplemented with state General Funds through transfers to the Higher Education Assistance Fund appropriation. The 2008/09 proposed budget includes total General Fund transfers of \$463.6 million, an increase of \$22.6 million or 2.6 percent. This increase is earmarked for grants to students, which are allocated based on a formula that accounts for family income, family size and institution cost.



#### **QUESTIONS AND COMMENTS**

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