



## REPORT ON KEY ISSUES FROM THE HOUSE APPROPRIATIONS COMMITTEE

# BUDGET BRIEFING

DWIGHT EVANS, DEMOCRATIC CHAIRMAN

March 20, 2009

## 2009/10 Proposed Budget: Education

### Education

The Governor's proposed budget for 2009/10 includes more than \$9.9 billion in funding for preK-12 education. This represents a 2.7% increase of \$262.5 million. As proposed, preK-12 funding is 37.3% of the general fund expenditures for 2009/10.

### Basic Education Subsidy

Fiscal year 2009/10 marks the second year in the Governor's proposed \$2.6 billion, six-year goal to provide districts with adequate funding as defined in the State Board of Education's "costing-out study." The formula that resulted from this study was first applied in 2008/09. This formula identified an "adequacy target" by calculating a base cost to educate each student, then adjusting that amount for individual districts based upon variables such as low-income, district size and geographic location. This target amount was then compared to the actual district per student expenditures to determine the adequacy funding shortfall. The proposed state share of the shortfall was then calculated to be phased-in over a six year period. The Governor's 2009/10 budget continued towards that funding goal by proposing nearly \$5.53 billion for the basic education subsidy payment to school districts, representing an increase of 5.7% or \$300 million. Because this amount falls short of the original year-two subsidy amount of more than \$400 million necessary to achieve the six year funding goal, an additional year will be required to meet the adequacy target for all districts. Under the Governor's proposal, each school district will receive at least a two percent increase above its 2008/09 funding level.

*On March 3, the Governor announced that he would use \$418 million of the federal stimulus funding to replace the \$300 million increase that he proposed for the basic education subsidy. The \$418 million reflects the total amount necessary to fully fund the 2009/10 portion of the six-year plan to provide the state's share of adequate and equitable school funding.*

The Pennsylvania Accountability Grants, Education Assistance Program, and Basic Ed Formula Enhancement program, formerly separate appropriations in the education budget, are included as part of the basic education subsidy payment to districts. The combined appropriation for these three programs, \$338 million, is in addition to the proposed Basic Education Subsidy amount.

The Accountability Block Grant was introduced in the 2004/05 budget to provide funding for programs such as pre-kindergarten, full-day kindergarten, and class size reduction. The total proposed block grant funding folded into the basic subsidy payment is \$271.4 million.

Specialized tutoring programs are provided to academically-challenged school districts and career and technical centers through the Education Assistance Program. The \$65.1 million proposed for this program reflects no increase.

The final program that is now part of the basic education subsidy is Basic Ed Formula Enhancement. At the start of the 2007/08 school year, students attending Duquesne High School were transferred to either East Allegheny School District or West Mifflin School District on a tuition basis. The \$2 million appropriation for this line is designated to support the remaining Duquesne education programs and other miscellaneous administrative expenses and reflects no increase.

## 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 the appropriate public education is not available students may be assigned to a department approved private school. The proposed budget estimates that the number of pupils with disabilities enrolled in special education programs will be 272,000 in 2009/10.

The Governor proposes to flat-fund the special education line, for almost of \$1.027 million.

## Additional Programs

### PA Assessment

The proposed 2009/10 budget funds the PA Assessment appropriations at the 2008/09 level of \$54.4 million. Funds from this program are used to implement and support tests used to assess students. In 2008/09, \$9 million was included to develop three new Graduation Competency Assessments (GCAs). For the 2009/10 fiscal year, \$9.8 million is earmarked to develop five additional tests.

### Classrooms for the Future

This program is designed to provide laptops for high school students in all core subject areas. For fiscal year 2009/10, funding is proposed for \$22 million. Originally designed as a \$200 million, three year initiative in 2006/07, the funding reduction in 2008/09 and lower than anticipated funding for 2009/10 has extended the program by an additional two years. This initiative was funded at \$45 million in 2008/09 and is expected to be fully funded by 2010/11.

### Teacher Professional Development

This appropriation provides professional development opportunities to teachers. The 2009/10 budget proposes \$39 million, a decrease of \$3.5 million or more than eight percent. A portion of this appropriation is geared towards teacher training for the Classrooms for the Future initiative. The decrease in funds for Teacher

Professional Development in 2009/10 is attributed to the decrease in the Classroom for the Future program funding for this fiscal year.

### Science: It's Elementary

The goal of this program is to provide science resources for hands-on learning equipment and provide training for classroom teachers. For 2009/10, the fourth year of this initiative, funding is proposed at \$13.6 million. This represents a reduction of \$875,000 from the 2008/09 appropriation.

### Dual Enrollment

The Dual Enrollment program is designed to allow students to earn college credits while attending high school. The program is proposed to receive \$10 million, the same appropriation as 2008/09.

### Early Learning

For 2009/10, funding for Pre-K Counts has increased by more than \$8.6 million, for total funding of \$95.1 million. Pre-K Counts provides funding for early childhood learning, focusing on at-risk students. It is anticipated that nearly 13,000 children will participate in this program in 2009/10, compared with 11,800 in 2008/09. Head Start Supplemental Assistance, which expands pre-K services to eligible children, remains funded at the 2008/09 level of nearly \$39.5 million. Early Intervention funding provides services and support for children with developmental delays. This program would receive a \$3.9 million increase, for total funding of \$189 million.

### Reimbursement of Charter Schools

This appropriation subsidizes a percentage of actual expenditures incurred by districts in the previous school year for resident students attending charter or cyber charter schools. The 2009/10 proposed budget provides nearly \$254 million for this purpose. The increase of \$26.9 million, or 11.9%, is necessary to maintain the 2008/09 enacted reimbursement percentage to school districts.

### Consolidation Incentives and Shared Services

First created as Shared Services in 2007/08, this program would expand by \$1.5 million, for total funding of nearly \$2.5 million. The program is designed to encourage and support group purchases among school

districts and consolidation of other services to increase efficiency.

### **Proposed Education Initiative**

The governor proposes incentives to promote consolidation among the school districts across the Commonwealth. He proposes a legislative commission to study consolidation and report back within one year, and has recommended a goal of no more than 100 school districts across the Commonwealth. This commission would be funded through an increase in the Consolidation Incentives and Shared Services education budget line.

### **Governor's Schools of Excellence**

The Pennsylvania Governor's Schools of Excellence are summer residential programs on eight different college campuses across the Commonwealth. These schools are geared towards the educational needs of artistically or academically talented high school students, including the gifted. The proposed 2009/10 budget eliminates funding for this program. In 2008/09, the program received more than \$3.2 million.

### **Scranton State School for the Deaf**

The Governor's budget cuts funding for the Scranton State School for the Deaf. The 2008/09 appropriation of \$7.3 million has been eliminated and a Special Education Transition line of \$5.5 million has been established, for a net reduction of \$1.8 million.

### **Scotland School**

The Governor's budget closes the Scotland School for Veterans' Children effective with the Fall of 2009, saving the Commonwealth over \$10 million. This closing will affect current students, students' families, and the school's faculty and staff. It is expected that most of the current 288 students will attend their local public schools with 31 of the students in the Class of 2009. In the current fiscal year, Scotland employs 138 full-time staff as well as 48 temporary or part time workers. Scotland School is a unique state owned and operated residential school for general elementary and secondary education for children related to veterans. It is the last school of its kind in the United States. Ohio closed its similar school in 1977. The school's 183 acres and 70 buildings and structures will be transferred to Commonwealth's land

managers for future disposition which will require legislative approval.

### **Libraries**

The public library subsidy would be reduced by \$1.75 million, or 2.3%, for total funding of \$74 million. The library subsidy supports more than 600 library facilities and 29 district library centers across the Commonwealth. These centers provide resources and specialized services to the local libraries and residents of defined geographic areas. The appropriation would 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.

### **Pennsylvania Higher Education Assistance Agency**

Pennsylvania Higher Education Assistance Agency (PHEAA) provides higher education grants, scholarships, loan forgiveness, and other financial assistance to students and institutions. The proposed budget includes total funding of \$513.7 million, an increase of nearly 8.6% above the \$472.8 funding level of 2008/09.

Grants to Students comprise the largest portion of the PHEAA state appropriation. For 2009/10, a \$45 million increase is proposed, for total funding of \$452.4 million. Of this proposed increase, \$10 million would be dedicated to provide grants to almost 10,000 additional community college students.

The Institutional Assistance Grants line, which provides assistances to higher education institutions that do not receive other state funds, reflects a proposed reduction of \$4.2 million, for total funding of \$37.8 million. Institutions receive this allocation based upon the total number of eligible grant recipients enrolled. For 2008/09, the per capita grant amount was \$1,132. It is expected that in 2009/10 this grant amount would be reduced to \$1,008.

Remaining appropriations in the PHEAA budget will be funded at the 2008/09 level.

### **Public Television Network**

Funding for the Public Television Network has been transferred to the Public Television Technology

appropriation in the Executive Office budget. The \$2 million appropriation is designated to support network infrastructure and other public television technologies. In the 2008/09 budget, the Public Television Network received a total appropriation of \$12.3 million, which included \$3.7 million for general operations, \$583,000 for broadcast standards data upgrades, and \$7.9 million in public television station grants.



## QUESTIONS AND COMMENTS

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