



**pennsylvania**  
DEPARTMENT OF EDUCATION

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Testimony  
House Appropriations Committee  
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Acting Secretary of Education  
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Chairman Adolph, Chairman Markosek, Chairman Saylor, Chairman Roebuck and distinguished members of the House Appropriations Committee, thank you for the opportunity to come before you this morning to discuss Governor Tom Wolf's 2015-16 Budget Proposal for education. Governor Wolf's landmark proposal places the education of Pennsylvania's students at the top of his list of priorities that will lead the way in rebuilding the middle class and setting our Commonwealth on a path for future success.

A great public education system will help Pennsylvania attract new businesses, retain talent, and grow the middle class. Over the past two weeks, you have heard the Governor reiterate the three main themes of his budget: Jobs that Pay, Schools that Teach, and Government that Works. Today I am going to focus on Schools that Teach, which is exactly what this budget does: gets schools and teachers back to the work of teaching our students. For our children to succeed tomorrow, every child must have access to a great education and teachers must have the resources they need to deliver that great education.

To achieve this important goal, Governor Wolf's budget makes historic investments in education.

This budget restores cuts to education funding with a four-year commitment to increase pre-kindergarten to 12 funding by \$2 billion. Combined with historic property tax relief, this budget will increase the state's share of funding for public education to 50 percent for the first time since at least the 1970s.

### **Increase in Basic Education Funding**

The Governor's education proposal begins with a \$400 million increase to basic education funding. This increase includes full restoration of the cuts made to the Accountability Block Grant and Education Assistance Program Funds. In addition, the budget provides funds for charter reimbursement of approximately ten percent of the amount school districts are required to make in payments to charter schools. Additional resources will be provided to help close the funding gap resulting from basic education funding cuts instituted since 2010-11.

These restored funds are rolled into the single Basic Education Funding line item to create a stronger and more equitable base for school funding in the coming years.

Governor Wolf's budget also supports the educational option of public charter schools. Though charters are paid by the sending district, an increase in school district funding will result in higher per-pupil tuition for charters. School funding increases will result in an average charter school tuition increase of more than 6% (or approximately \$675/student), for a total of approximately \$62 million in additional funding for brick and mortar charters next year. The Governor's restoration of charter school reimbursement is also beneficial for charter growth because it reduces the financial challenges that charter expansion poses for school districts.

### **Fiscal Accountability**

At the same time that Governor Wolf is proposing historical increases in state support to schools, he is also asking schools to increase their accountability to the taxpayers in how they are spending these significant resources. The Governor proposes that school districts be required to develop an accountability plan to specify how they will use the school district's increase in basic education funding. This plan will be required to describe the intended

investment of the funds, and how the investment will increase opportunities for student success, including specific performance targets.

In addition, investment of the funds (for the portion of the percentage increase that exceeds the index) must be in specified eligible uses. These eligible uses are evidence-based strategies to support student achievement as follows:

1. High-quality early childhood programs, such as pre-kindergarten and full-day kindergarten;
2. Additional instructional time for students by extending the school day and/or year;
3. Summer learning programs;
4. Professional development, curriculum, classroom materials and other strategies necessary to successfully implement high academic standards for all students and prepare students for college and careers;
5. Smaller class size in the early elementary grades;
6. Academic and other enrichment programs and courses, such as music, arts, world languages and library services;
7. Community partnerships and wraparound programs that provide health and human services to students and their families, including trauma-informed education and positive behavioral support;
8. Offering or partnering with an institution of higher education to make available advanced courses, including dual enrollment, that prepare students for college;
9. Personalized help/interventions for struggling students;
10. College and career counseling in middle and high schools;
11. Career and technical education aligned with STEM and other high-demand and emerging occupations;
12. Alternative school settings and programs;
13. Hybrid/innovative learning options; and
14. Restoration of other cuts to programs and personnel that school districts were forced to make as a result of state budget cuts.

In addition to accountability for how the resources are invested, the Governor's budget proposal requires clear benchmarks for student performance and progress—so that we can ensure the effectiveness of our investments. School districts will select the most relevant measures, which could include:

1. Percent of additional students able to read on grade level by the end of third grade;
2. Percent of additional students who graduate from high school on track for success in college and careers;
3. Improvements in high school graduation and dropout rates;
4. Improvements in student attendance and truancy rates;
5. Closing the achievement gap;
6. Successful program completion for English language learners;
7. College/training/apprenticeship matriculation rates;

8. College/training/apprenticeship retention and completion rates; and
9. Employment rates and wages.

Governor Wolf supports the implementation of a meaningful school funding formula that addresses Adequacy, Equity, Predictability and Accountability. He is committed to working with the bipartisan Basic Education Funding Commission to reach an agreement on a funding formula which can be enacted by June 30, 2015, and take effect in 2016-17.

### **Academic Accountability**

Accountability means more than measuring how money is spent. It also means measuring how well our students are learning. Measuring student progress is essential to: track the success of individual students and groups of students; determine whether certain student populations are being left behind; evaluate whether programs are effective; and if academic standards are being met. Accountability includes public reporting on both the use of funding and the academic progress of students including disaggregation of data of specified subgroups including race, low income, English language learners and special education students.

Ensuring that Pennsylvania students meet academic standards and are prepared for postsecondary success is an important part of this budget. The Governor is committed to working with stakeholders to ensure that Pennsylvania's accountability and assessment systems are aligned to Pennsylvania's Core Standards, and the needs of our students and communities.

### **Special Education Funding**

In addition to the Governor's proposed increase in Basic Education Funding, this budget will invest an additional \$100 million in special education to help school districts provide an appropriate, high quality education to each of the more than 269,000 Pennsylvania students with special learning needs.

Pennsylvania already has an excellent record of serving our students with disabilities, being one of only 15 states in the nation to receive the determination of "meets requirements" from the federal Department of Education in 2013-14. Pennsylvania has received this high distinction seven out of eight years since these public determinations began in 2007, which is a level of performance highly unique among the states.

The Special Education Funding formula continues the transition to the use of categories of support for students with disabilities in the formula recommended by the bipartisan Special Education Funding Commission, which the Governor proposes enacting as a permanent part of the Public School Code. A total of \$115.8 million, an increase of \$96 million, will be distributed through the student-based formula.

### **Early Childhood Education**

This budget also pursues the goal of universal pre-kindergarten for all children with increases in funding this year for both Pre-K Counts and the Head Start Supplemental Assistance Program. Governor Wolf's budget provides an additional \$100 million to Pennsylvania Pre-K Counts, Pennsylvania's high quality pre-kindergarten experience in school-based and community-based early learning programs. Kindergarten teachers report that children who

participate in Pre-K Counts programs are entering their classrooms with the pre-academic and social skills needed to succeed.

This budget also provides an increase of \$20 million to Head Start Supplemental which provides Head Start services to children whose families are economically disadvantaged. Head Start provides high quality, comprehensive services that support children's school readiness skills and parent self-sufficiency.

The combined \$120 million proposed for Pre-K Counts and Head Start Supplemental will provide the opportunity for a 75 percent increase in the number of children who can participate in high quality early learning programs.

### **Career and Technical Education**

Governor Wolf's commitment to developing an educated workforce and Jobs that Pay is evidenced by this budget's proposed increase in funding for career and technical education. The Governor has proposed \$8 million in grants to be distributed on a competitive basis to school districts and area Career and Technical Schools to offer college and career counseling in middle and high schools. This will help schools and programs develop pathways for students to pursue high skill careers.

This budget also proposes \$15 million for grants to be awarded on a competitive basis to area Career and Technical Schools and school districts with eight or more career and technical education programs to support the establishment of career-technical programs that prepare students for success in the high skill economy. These grants are intended to fund programs that include: local employers or labor unions, workforce investment boards, and institutions of higher education as partners; provide work based learning opportunities for students; and provide the opportunity for students to earn college credits or industry recognized certification.

The budget also proposes \$5 million in grants to help area Career and Technical Schools and school districts to purchase equipment that meets industry standards for the purpose of training students.

### **Services to Nonpublic Schools**

Governor Wolf's budget proposal also provides an increase of 7 percent in funding for services to nonpublic schools, and textbooks, materials and equipment for nonpublic schools. These funds ensure services to children in nonpublic schools including guidance counseling, testing, speech and hearing services, and remedial services in reading and math. Funding for textbooks, materials and equipment provides these resources to more than 207,000 nonpublic school students.

### **Cyber Charter School Funding**

The Governor has also proposed changes to the funding of cyber charter schools which would save school districts more than \$160 million. The proposal provides that all districts would pay the same tuition to cyber schools (\$5,950 per student in the 2015-16 school year) which is an amount based upon spending among comparable highest-performing online education programs offered by Intermediate Units.

The budget also proposes that special education reimbursements to cyber charter schools in addition to base tuition payments be based upon the recommendations of the bipartisan Special Education Funding Commission. These recommendations divided special education reimbursements into three tiers, increasing the reimbursement based on the level of expenditure for that child.

### **Charter School Tuition Reconciliation**

The Governor proposes that all charter schools will be required to account for costs annually and that to the extent that audited expenditures in a school year are less than tuition payments received from school districts for that year, the excess is to be returned to school districts.

### **Pensions**

The budget also implements important pension reforms and provides the state and local school districts with a manageable plan to fully fund their employer contributions while maintaining the ability to meet all other obligations. The three part strategy would institute investment reforms to significantly reduce excessive management fees and overreliance on high risk investment strategies. The plan eliminates “double dip” payments to charter schools permanently, and guarantees all actuarially required employer obligations are paid in full.

These initiatives will produce savings to reduce our total long term liability by more than \$10 billion. More immediate savings will reduce employer obligations by nearly \$1.3 billion during the next five years, including nearly \$370 million in savings for school districts. Most importantly, beginning in the 2016-17 fiscal year, future employer payments to SERS and PSERS will fully fund employer obligations and will begin to reduce the outstanding unfunded liability.

### **Property Tax Relief**

Governor Wolf has proposed \$3.8 billion in historic property tax relief. Every district will receive its share of tax relief through a formula that uses the same four factors as the Taxpayer Relief Act. Districts with the highest tax burdens and the highest poverty will receive the greatest tax reductions. Districts will be required to use the tax reduction allocation to provide homestead and farmstead exclusions that reduce the tax bills of owner occupied residential property. The Pennsylvania Constitution limits homestead/farmstead relief to 50 percent of the median household tax bill in the district. If a school district receives more funding than is needed to fully fund its homestead relief, it will apply the remaining funds to provide millage relief to all property taxpayers.

The Governor is committed not only to cutting property taxes, but also to keeping them down. In addition to maintaining the current limitations on school districts’ ability to raise property taxes, that is why he has proposed a stricter 4 percent cap on the unassigned fund balance that any district can maintain if it wishes to raise property taxes.

### **Postsecondary and Higher Education**

Governor Wolf’s commitment to Schools that Teach and Jobs that Pay extends to an increase in funding for postsecondary education. This budget increases funding for Pennsylvania’s fourteen community colleges by seven percent or \$15 million; to Pennsylvania’s State System

of Higher Education by 11 percent or \$45 million; and to the four state related universities by a total of almost 16 percent or \$82 million.

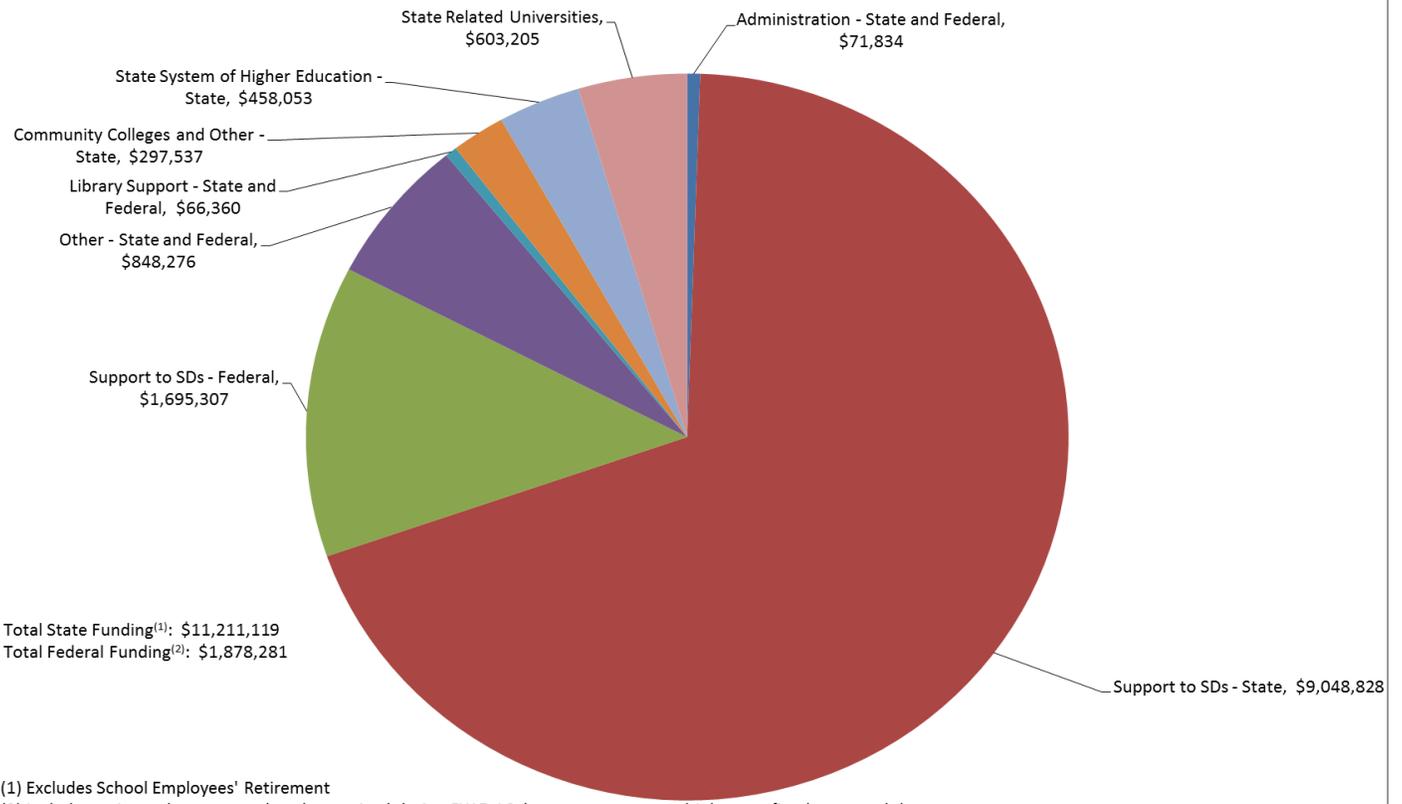
This funding is intended to be the first step in full restoration over two years of the budget cuts to higher education.

Included in this testimony are several fact sheets and charts which provide additional detail about several of the Governor's proposals.

Governor Wolf has said that he does not want to be part of the first generation of Pennsylvanians who have to tell our children that they have to go somewhere else to achieve success. His budget proposals for education are the first steps in the right direction.

Thank you for your attention and I will be happy to address any questions that you may have.

### Fiscal Year 2015-16 Department of Education Funding (amounts in '000s)



(1) Excludes School Employees' Retirement

(2) Includes estimated grant awards to be received during FY15-16 that may run over multiple state fiscal years and does not include carryover from current grants received in previous years. Includes federal grants subgranted to PDE through other state agencies.

### School District Revenue by Source

