

ORIGINAL

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
SELECT COMMITTEE HEARING

IN RE: HOUSE RESOLUTION 42, PUBLIC EDUCATION FUNDING

SOUTH WESTERN SCHOOL DISTRICT
ADMINISTRATION BUILDING
SCHOOL BOARD MEETING ROOM
225 BOWMAN ROAD
HANOVER, PENNSYLVANIA

WEDNESDAY, MARCH 20, 2002, 10:08 A.M.

BEFORE:

HON. MARIO CIVERA, CHAIRMAN
HON. FRANK DERMODY
HON. STANLEY SAYLOR
HON. JOHN PALLONE

ALSO PRESENT:

HON. BEVERLY MACKERETH
HON. RONALD MILLER
HON. STEVEN NIKOL
HON. STEPHEN STETLER
RONALD HENRY

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1 CHAIRMAN CIVERA: If we could all
2 rise, and Representative Nikol will lead us in
3 saying the Pledge of Allegiance.

4 (Pledge of Allegiance.)

5 CHAIRMAN CIVERA: Good morning, ladies
6 and gentlemen. My name is Mario Civera, and I am
7 the Chairman of the House Select Committee on how to
8 fund basic education on House Resolution 42. Let me
9 give you some background of what House Resolution 42
10 does, and then we'll have some opening remarks from
11 the local legislators.

12 House Resolution 42 was passed by the
13 House of Representatives in June of 2001. There are
14 nine points to House Resolution 42 and how we were
15 charged, the Select Committee, of funding basic
16 education in Pennsylvania. A lot of the legislators
17 in the General Assembly felt that our funding
18 mechanism and the reliance on the real estate tax
19 was an inadequate way of funding education in
20 Pennsylvania. The ESBE formula, the way the money
21 is distributed, is inadequate and they wanted some
22 answers back to the General Assembly. Our report
23 will be in May.

24 We have had 15 public hearings across
25 the Commonwealth of Pennsylvania. We've been to

1 rural areas, suburban areas, urban areas. So we
2 have a good cross section of the issues and a handle
3 on what the issue is all about to report back to the
4 General Assembly on how we can change how we fund
5 our education process in this Commonwealth.

6 Yesterday, there was a meeting at the
7 State Capitol between the Education Committee and
8 the House Select Committee. Why we did that was to
9 share our findings so far with the Education
10 Committee. Because whatever the results from what
11 we are doing here, will have to be brought through
12 the Education Committee, Finance Committee. And we
13 are going to set up a session with the Finance
14 Committee also as we start now to make our final
15 report to the General Assembly.

16 I just wanted to give you that quick
17 brief of what we've been doing and where we're going
18 with this. I can say this, that for the first time
19 -- and I have been a legislator for Delaware County,
20 it will be 22 years on April the 8th -- I feel some
21 good signs and some good feelings of what we have
22 come across in Pennsylvania on a statewide basis.

23 Before we get into the people that are
24 going to be testifying, I'm happy to say that both
25 hosts, Representative Ron Miller and Representative

1 Steve Nikol, are here today. I know they have some
2 opening comments, and I would like to call on them.
3 Representative Nikol first and then Representative
4 Miller, to give their comments.

5 I just want to say something. We
6 don't have a microphone system in this room, so if
7 we could talk a little bit louder so our court
8 reporter can get the testimony on paper.

9 Representative Nikol.

10 REPRESENTATIVE NIKOL: Thank you.
11 First of all, I would like to thank the chairman for
12 this rain. This is the most significant rainfall we
13 have had in quite a while. I guess this is easy,
14 though, bringing rain compared to the task before
15 you on tax reform and educational equity. It's been
16 months since we have had rain like this. It's been
17 decades since we had anything in terms of
18 educational equity.

19 I would like to make one apology.
20 When things can go wrong, they will go wrong. We
21 ran out of paper when my staff made these, so they
22 used my campaign stationery. That wasn't any subtle
23 hint for anybody to make out checks to People for
24 Nikol. I just wanted to add that disclaimer up
25 front.

1 Like a three-legged stool, it takes
2 three legs working together to control taxes in a
3 school district and perform the work that needs to
4 be done. These three are growth manage, local
5 control over spending and adequate state subsidies.
6 All of these are fundamental to controlling school
7 taxes, and each, like the legs of a stool, are of
8 equal importance to keeping taxes under control and
9 preventing it from tipping over.

10 I would like to focus on the first
11 piece, the effect of growth in school districts.
12 Even when a school board has adequate control over
13 spending, a large increase in the number of students
14 who move into the area can push school taxes higher.
15 A school district cannot refuse to accept new
16 students who move into the area. And an increasing
17 student population will require hiring new teachers,
18 purchasing additional textbooks and supplies, and
19 building new classrooms.

20 It is the officials that we elect to
21 run our various cities, boroughs and townships, not
22 school boards, who actually control this leg of the
23 stool since they have the authority over land use,
24 growth and development. But when this leg begins to
25 wobble due to an increasing number of students, it's

1 the school boards that are forced to increase taxes.
2 You are sitting in a school district right now that
3 has experienced this situation.

4 Many school districts in the
5 York/Adams County areas are facing this dilemma.
6 Student population is growing, and nearly every
7 district is in the process of or is considering a
8 building project. Very few have a significant
9 budgetary reserve, so they are hit hardest by
10 unfunded mandates, reductions in state aid and
11 unique circumstances to our area, such as the need
12 to educate students whose primary language is not
13 English.

14 Ron Miller and I come at local tax
15 reform from different backgrounds. Our State
16 Senator Mike Waugh, who was in the House in 1998,
17 voted yes on Act 50 because he saw this as our best
18 chance for change. I voted no because I saw Act 50
19 as a delay for meaningful tax reform if it was not
20 implemented fully. And Ron Miller was not a member
21 of the House at the time, but was a school director
22 at Dallastown School District facing a series of
23 building projects. But we all recognize the need to
24 revisit Act 50 and together offer possible solutions
25 for your consideration.

1 To date, of Pennsylvania's 501 school
2 districts, only a handful have proceeded with
3 implementing the optional provisions of Act 50, and
4 in some of those districts, the voters themselves
5 turned the measure down. Those that did proceed
6 with implementation are in unique situations. Act
7 50 was ideally suited for districts which have
8 shrinking or static student population, no building
9 projects in the foreseeable future and a budgetary
10 reserve in excess of 10 percent. However, the act
11 became problematic for districts that did not meet
12 that criteria.

13 We have offered legislation,
14 Representative Miller and I, to amend Act 50. Our
15 proposed legislation attempts to tighten some of the
16 provisions in the original act and loosen others, so
17 as to make the provisions of Act 50 more attractive
18 to school districts. We are not repealing Act 50;
19 rather, we are making suggested clean-up provisions.
20 A copy of the bill has been provided to you.
21 However, I would like to draw your attention to a
22 couple pieces of legislation.

23 No. 1. Require counties to provide
24 preliminary assessment information upon the request
25 of school districts. This has been a problem with

1 many school districts looking at Act 50, where they
2 don't have the preliminary information to make
3 judgments on its impact.

4 Allow the question of implementing the
5 optional provisions of Act 50 after the issue has
6 been defeated, but limit those questions to after at
7 least three full fiscal years. Currently, once the
8 question is defeated, it cannot be re-determined.
9 Dover School District defeated a referendum, and
10 right now under the legislation they can't revisit
11 the issue.

12 Require school districts to use the
13 best estimate for reductions due to the Homestead
14 exclusion that is sustainable in subsequent years,
15 and eliminate the district's ability to reduce or
16 withdraw from the exclusion in years subsequent to
17 the initial implementation. One of the reasons it
18 was defeated in the Dover School District was there
19 was no requirement in Act 50 that, once you make the
20 tax shift, you continue the Homestead exclusion in
21 the future.

22 Allow for exceptions to the referendum
23 requirements in cases where the increase in property
24 tax rates does not exceed the percentage in the
25 statewide average weekly wage on a per student basis

1 as a means to protect high growth districts. And
2 exempt districts from referendum requirements if the
3 state fails to keep up with its share of local
4 funding or passes expensive new mandates.

5 Act 50 really doesn't work in growing
6 school districts, and that's why most won't even
7 consider it.

8 Permit for an initial windfall tax
9 revenue in the establishment of the Homestead
10 exclusion in the first year to be used to reduce
11 existing debt service or to establish a budgetary
12 reserve. This is a troubling question as to how to
13 use that initial windfall in the Dover School
14 District and various other school districts.

15 I won't go over all the points, but
16 they are in the testimony for everybody to look at.
17 I know this committee has a broader mission than
18 just Act 50. The hurdles are significant for the
19 change that you are looking at, but we wanted to
20 offer these solutions or these suggestions if we
21 have to tinker with what's in place to make it work
22 better. We are not pressing for our bill
23 necessarily to be moved or considered, but maybe
24 pieces of it can be pulled out of it that might
25 supplement the committee's work to make improvements

1 in Act 50.

2 I thank you, Chairman Civera, for
3 holding this hearing here in the South Western
4 School District in York County.

5 CHAIRMAN CIVERA: Thank you.
6 Representative Miller.

7 REPRESENTATIVE MILLER: Welcome to
8 York County, Chairman Civera and members of House
9 Resolution 42 Select Committee on Public Education.
10 Thank you for agreeing to hold one of these hearings
11 on this important issue in the South Western School
12 District. Representative Nikol and I each represent
13 a part of this district.

14 Yesterday, as a member of the House
15 Education Committee, I had the opportunity to hear
16 the update you gave on what has been discovered to
17 date during your many meetings on this issue around
18 the state. For the first time as a State
19 Representative, I truly believe that I heard a
20 willingness to consider all the facets of this
21 complex issue. I congratulate the committee on
22 that.

23 I have been trying to deal with the
24 funding issue for many years, as Representative
25 Nikol mentioned, not only as a member of the House

1 of Representatives, but prior to that for ten years
2 as a member of a local school board. When we stop
3 pointing fingers to assign blame to local school
4 boards -- or for that matter to the state -- when we
5 stop pointing fingers, while recognizing the
6 dynamics that have gotten us to the position we are
7 in today, we may have an opportunity to change
8 public education funding in Pennsylvania for the
9 benefit of most of our citizens.

10 Yesterday I quoted some figures, but
11 did not provide them for the Select Committee in
12 writing. I am including them now to reinforce the
13 point that the rate of increase in spending in my
14 home school district, Dallastown area, has not
15 changed significantly in 50 years, although state
16 funding during that same time has decreased by over
17 50 percent.

18 What has changed is the number of
19 people living on fixed incomes. Our aging senior
20 population expedites the need to address the school
21 funding issue. Property taxes have never been
22 popular for anyone, but the outcry increases yearly
23 as the number of seniors living on fixed incomes for
24 longer periods of time continued to expand.

25 Again, thank you for bringing the

1 Select Committee to York County and hearing
2 testimony from representatives of concerned groups
3 in our area. You will note that the figures below
4 show that, for example, '66 to '74, which is an
5 eight-year period, there was a tax increase in the
6 Dallastown School District of 96.4 percent. You
7 jump forward to '93 to '01, the most recent eight
8 years, it was 106 percent. They are not equal, but
9 they are fairly close so it really makes you wonder
10 how the school boards today are managing to hold the
11 line as much as they do. I know it's not popular to
12 say that, but I continually say it because it's
13 true. With the decreased funding, they are doing
14 about the same job with the same rate of increase of
15 local taxes.

16 I thank you for studying this issue.
17 I look forward to hearing the rest of the testimony.

18 CHAIRMAN CIVERA: Thank you. We have
19 a cancellation of Mr. Carlos Lopez, the
20 Superintendent of York City. So what I've done is
21 to have Warren Bulette fill in that slot there, and
22 he is going to give us his first testimony.

23 Before we get into that,
24 Representative Stetler is here. Thank you for
25 coming, Steve. I really appreciate it. Do you have

1 any remarks?

2 REPRESENTATIVE STETLER: No. I just
3 appreciate the fact that you brought the committee
4 down here to study this.

5 CHAIRMAN CIVERA: Thank you. Mr.
6 Bulette, if you would like to proceed.

7 MR. BULETTE: Thank you,
8 Representative Civera. I appreciate the opportunity
9 to fill in at the last minute. I'm here to try to
10 convey the message that we are spending too much on
11 public education. I'd like to repeat that. We feel
12 in the York County Taxpayers' Council that we are
13 spending too much money on public education.

14 Why do we feel that way? It's because
15 we have done a lot of research. And we have found
16 that the other industrialized countries of the world
17 are educating their students at about half of what
18 it costs in the United States. Now, Pennsylvania
19 happens to be spending, the latest statistics I have
20 is the sixth highest amount per student in the
21 United States.

22 You can get into all kinds of
23 conversations about, well, that data is no good that
24 we are talking about. But I say that's a cop-out.
25 And I would invite the committee as well as the

1 Education Committee to really delve into a web site,
2 nces.ed.gov. I think you will see if you give that
3 an honest appraisal that we are spending too much in
4 public education. And I think you will also see
5 that these other industrialized nations of the world
6 are really, in measures of quality based on the
7 third international math and science study, beating
8 the pants off the United States.

9 Now, my background is a background in
10 engineering and business. And if there's one thing
11 I've learned in my career in business, it is that if
12 you don't meet competition -- and these other
13 industrialized nations are our competition -- if you
14 don't meet that competition, your days are numbered.

15 I would like to make the committee
16 aware of this fact that we have to meet competition.
17 Now, you can also argue about this third
18 international math and science study test. You can
19 say, well, that really doesn't measure quality.
20 But I am here to say that my reading of the results
21 indicate that the United States is definitely
22 falling behind these other industrialized nations in
23 math and science. If there is one area that drives
24 the standard of living in this country, it's math
25 and science. It's the most important educational

1 area that I know of, because look at all the
2 advances that we have made in this country. They
3 are all based on math and science.

4 So I'm here this morning to try to
5 convince the committee that, yes, we have a funding
6 problem. But let's look at the cost of education
7 because the school code is costing us this extra
8 money. The school code must be changed. That
9 school code is creating wasted taxpayer dollars.

10 Let me give you an example.

11 Representative Ron Miller eloquently talked about
12 Dallastown and the job they have done. Look at what
13 would have happened in Dallastown if they didn't
14 have to pay the prevailing wage on those buildings.
15 Look at what would happen to Dallastown if they
16 didn't have to meet mandates like tenuring. Ron
17 will be the first to admit that he has teachers out
18 there in Dallastown that shouldn't be on the rolls,
19 but they don't want to spend the time and the money
20 to get rid of them. Ron would also tell you, I
21 think, that we have a problem with certification.
22 We used to be able to move teachers from class to
23 class. We can't do that anymore. All these things
24 in that school code have the effect of increasing
25 our cost with no resulting improvement in quality.

1 And, therefore, that school code has to be changed.

2 The York County Taxpayers Council
3 feels that if you could level the playing field
4 between public schools and private schools, that you
5 would go a long way toward solving this spending
6 problem. We also feel that once that change is
7 made, the state funding then should be based on the
8 average earned income in the school district.

9 All of the problems that we have in
10 education today are directly correlated to average
11 earned income. The lower the average earned income,
12 the more one parent families you have, the more
13 special ed students you have, all down the line.
14 Those areas are renowned for having cost involved.
15 They really cost us a lot of money.

16 And, therefore, when you do put
17 together a funding plan, we think that the fairest
18 way to do that is to base it on average earned
19 income for the school district. The York County
20 Taxpayers' Council also feels although in special
21 education a school district should only be required
22 to pay the amount that they spend on a normal
23 student, and anything over and above that really is
24 the state's responsibility.

25 I know that Senator Piccola has a very

1 unpopolar stand, but I would just like to mention it
2 here. He feels that we have a need for a systemic
3 change in public education. And the York County
4 Taxpayers' Council agrees with him. And that's why
5 we're promoting this idea of going to the school
6 code and revising it.

7 Now, that's going to take a lot of
8 courage because of the input by the teachers' union.
9 We feel that it's time to step up to the plate and
10 do what is right for the Commonwealth. The teachers
11 really ought to be changed in the way they are being
12 paid. They ought to be paid on performance. If
13 you'll refer to the York County Taxpayers' Council
14 13 public education reform goals, you'll see the
15 plan that we have laid out there for that.

16 I would just like to talk about
17 another study put out by the Manhattan Institute
18 that demonstrates clearly that the more choices that
19 are available to students, the higher student
20 achievement is across the Commonwealth or the state.
21 This is an important point, and it leads right to
22 vouchers. Vouchers are really necessary in this
23 Commonwealth because they will give more choice.
24 And more choice has been proven by the Manhattan
25 Institute to raise student achievement, which is

1 what we have got to do. And the interesting thing
2 about it is that in the study that the Manhattan
3 Institute made, it did not raise cost. That's an
4 interesting point. It did not raise cost.

5 So I thank you for the chance to
6 appear before you today. Members, I would be glad
7 to answer any questions you may have for me.

8 CHAIRMAN CIVERA: Thank you. We have
9 scheduled at 11 o'clock Mr. Robert Hahn from the
10 York County Taxpayers' Council. Is your testimony
11 basically the same?

12 What I want to do is go out of order
13 here and ask if you want to at this time testify,
14 because you both come from the same organization,
15 and then this way we don't have duplicate testimony.

16 Is that okay?

17 MR. HAHN: Sure.

18 CHAIRMAN CIVERA: Mr. Bulette, you can
19 still stay here. You sit here. And after Mr. Hahn
20 presents his testimony, then the committee can
21 direct the questions to both of you.

22 MR. HAHN: I, likewise, would like to
23 thank the committee for affording me the opportunity
24 to represent and express the views of two taxpayers'
25 organizations.

1 I think it's commendable that the
2 state representatives would seek the testimony of
3 the citizens of the community on subjects that
4 directly affect the individuals' livelihood. To
5 obtain a broader insight into a larger cross section
6 of the community, it would be instrumental if the
7 Legislature would enact a bill giving the community
8 the right of initiative and referendum.

9 In my report, there are some bios on
10 me. I have served on the Northeastern School Board
11 for about eight and a half years. Coming from New
12 York, it was an interesting experience. One of the
13 things that I have to say is, I think the important
14 thing in any of the committee's endeavors to fund
15 education or look at cost is that it is important
16 that each child in the Commonwealth of Pennsylvania
17 receive the best education possible and each
18 receives an equal education.

19 I happen to reside in an area that
20 does not have a large industrial base. When you
21 don't have a large industrial base, the millage rate
22 in that area goes up. In fact, Northeastern
23 probably has the second highest millage rate in York
24 County. That drives down the property values,
25 creating a smaller base to fund education. And

1 within the increased millage rate, those on fixed
2 incomes can no longer afford to live in their
3 homesteads and are forced to sell.

4 The prices of homes are lower, so it
5 attracts younger people and with younger people
6 comes more children and with that it creates a
7 greater burden on the school districts. The younger
8 families are moving into the area because the homes
9 are cheaper and they can afford it and they probably
10 have more dysfunctional problems, their children
11 probably have special education needs. And in that,
12 again, it puts a burden on that particular school
13 district.

14 As Warren has referred, we did come up
15 with 13 reforms that we recommend to the committee.
16 And we would like to thank the committee, at least
17 the House of Representatives' portion, for passing
18 House Bill 593 which was overwhelmingly passed, and
19 that deals with parental responsibility for the
20 children.

21 For over several years now, the
22 General Assembly has had and currently has
23 committees looking at the question of what is the
24 best method of financing education. On March 7th,
25 2001, the House Majority Policy Committee hearing on

1 school property taxation heard various testimonies
2 concerning tax reform.

3 The General Assembly had passed
4 legislation designed to create some tax reform under
5 Act 50 as Representative Nikol indicated. Of the
6 501 school districts in the Commonwealth, three
7 implemented the act. Those three that implemented
8 it were influenced by the high occupational taxes.

9 The General Assembly passed Act 4,
10 which again was a public utility tax act, taking the
11 public utilities out of PURTA and allowing the
12 school districts to tax the public utilities. This
13 was done in 1998. And to this date, the public
14 utilities have not paid the tax. In fact,
15 Northeastern School District has lost about \$2.4
16 million so far under that program.

17 The General Assembly passed
18 legislation to allow school districts to replace the
19 occupational tax with Act 24, the optional
20 occupational tax replacement act, which permits
21 school districts to raise the earned income tax.
22 There again, Act 135 was not amended, so the local
23 collection and tax collecting agencies can only
24 collect 1 percent. The other percentage of the
25 schools that raise that tax has to be collected

1 through estimated taxes, making it necessary for the
2 individual to mail in their taxes. They cannot be
3 collected through payroll taxes. So that's another
4 problem with Act 50 as well as Act 24.

5 Evidently, as I say here, with all the
6 good intentions the General Assembly had, the tax
7 reforms which had been passed were not very
8 effective. They didn't ease the burden of the
9 property owner or the school district. It is my
10 understanding you invited me today to offer some
11 possible solutions to alleviate the taxpayers'
12 financial burden of educating children in the
13 Commonwealth.

14 If York County Taxpayers' Council or
15 the Northeastern Taxpayers' Association had a magic
16 wand, they would have waved it a long time ago to
17 improve the situation. We do have some of what we
18 believe in addition to the 13 reforms that we
19 offered, some suggestions that would be sound and
20 beneficial to the residents of the Commonwealth. As
21 already mentioned and included as addendum C is the
22 13 goals. Besides these, I would share with the
23 committee some additional thoughts and suggestions
24 for your consideration.

25 No. 1. The General Assembly should

1 look at completely rewriting the Public School Code
2 of 1949. Over the years, various amendments only
3 patched it. It's time to realize that at the root
4 of educational problems is the archaic school code.
5 The methodology and administration of our education
6 process needs improvement before it will run
7 efficiently.

8 Secondly, the Commonwealth should
9 require the school districts to present to the
10 public the actual percentage increases in the budget
11 based on dollars. The millage rate should be used
12 as a tool for the tax collector. Very often the
13 school district claims no tax increases but has
14 substantially increased the budget. This practice
15 is deceptive in allowing the public to believe the
16 district is not spending any additional monies. I
17 would suggest that budgets be presented as
18 percentage increases rather than millage.

19 The Commonwealth should eliminate all
20 forms of property tax. And I would, again,
21 emphasize that, that the Commonwealth should
22 eliminate all forms of property tax, occupational
23 tax, personal per-capita tax to fund education.
24 They should either use earned income tax/net profit
25 tax or state income tax to fund the public

1 educational system. We would support an earned
2 income/net profit tax that could continue to give
3 local control to each school board. Using earned
4 income tax/net profit tax would require a change
5 that would include corporations. At the present
6 time, corporations are excluded from the earned
7 income tax/net profit tax.

8 But should the Commonwealth continue
9 funding of education through real estate tax, this
10 would continue to cause inequities. The General
11 Assembly should consider the changes that they made
12 when they passed Act 50. They provided for taxing
13 homesteads differently than industrial properties or
14 commercial properties. Within a county or group of
15 school districts, they should pool and distribute
16 the tax from industrial and commercial properties to
17 each school district based on student population.
18 This would end the inequities that presently exist
19 for school districts that do not have a large
20 industrial or commercial tax base. Equity of real
21 estate taxes on homestead properties across school
22 districts would result.

23 Since I was told I was limited in what
24 I have to say, I will stop there and volunteer my
25 services to this committee or any subcommittee to

1 work with them in bringing back tax changes. If you
2 have any questions, I would be happy to answer them.

3 CHAIRMAN CIVERA: First of all, I
4 would like to welcome Representative Mackereth,
5 Representative Dermody and Representative Saylor.

6 Mr. Bulette, some of your comments
7 that you made as far as the prevailing wage, the
8 school code, basically what you are talking about is
9 the state mandates that are on the individual school
10 districts that drive the cost of education up. Not
11 a question about it. The General Assembly has made
12 serious attempts to remove some of those mandates
13 that you have questioned.

14 Now, this is what happens. I'm not
15 going to ask you a question. I'm just going to give
16 you a quick descriptive of what happens with the
17 process. There are members of the General Assembly
18 that come from all different types of districts.
19 And every district is different than where we are at
20 present. So those individual legislators will
21 support a PSEA concept on how education should be
22 funded and how education should be directed in
23 Pennsylvania.

24 And also with the prevailing wage that
25 you mentioned, there are the building trades that if

1 there was any type of an attempt -- and there was
2 through a regulation, I think, under the Ridge
3 Administration -- they were going to try to do it
4 through the regulation rather than put the issue to
5 the Floor, the General Assembly, because everybody
6 -- just like this measure, and I'm hoping that we
7 get to a final draft of what happens and someday
8 maybe -- or soon, not someday -- that we will be
9 able to cast a vote. Before that happens, the
10 people that are pushing this idea are going to start
11 counting votes; how many did we get from this
12 county, how many do we have from that county. And
13 that's what happens.

14 Unfortunately, some of those things
15 had failed. Now we are stuck with how do we go from
16 this point to this point as far as the education
17 process in Pennsylvania and the cost to educate an
18 individual child.

19 Now, what this committee has found --
20 and we have been across the state -- is that each
21 individual school district -- for instance, I come
22 from Delaware County. My school district is Upper
23 Darby Township. It's basically an urban district.
24 It's right outside the city of Philadelphia. To
25 educate a child in Upper Darby School District is --

1 what the school district has given us is \$7,500 per
2 child. For the amount of curriculum that we have in
3 that school district, it isn't a bad deal. Radnor
4 in the same county is \$14,000. And this is part of
5 our problem. That's part of the inequities that we
6 are facing on a statewide basis.

7 Now, the formula comes through ESBE,
8 which if you asked me to explain in detail to you
9 what ESBE is -- I'm not embarrassed to say I don't
10 know. I'm embarrassed to say I'm confused as an
11 individual legislator because they change -- each
12 administration over the years has changed ESBE. And
13 it frustrates the school districts in how they draw
14 their budget, what's going to happen this year and
15 what happens to growth in communities such as this.

16 So when you get into the spending part
17 of it, I was glad to hear you say that you weren't
18 making the individual districts responsible or
19 putting the blame on the individual districts as far
20 as spending. Part of this is -- and I'll agree with
21 you -- that the Commonwealth is responsible because
22 these things are in the law. And we have to deal
23 with that.

24 So I want you to understand, if we
25 could change that -- and that's going to be part of

1 it. I was glad to hear you say that this morning.
2 That's going to be part of it. We are going to make
3 that part of our recommendation when we report back.
4 It's not that the legislators themselves want to see
5 this and we want to spend, we don't. This is a
6 monumental task that's going on here.

7 Do any members have a question?

8 MR. BULETTE: May I?

9 CHAIRMAN CIVERA: Yes, you may.

10 MR. BULETTE: Representative Civera, I
11 am very encouraged by the remarks. And I know a
12 little bit about politics. I learned a lot from Ron
13 and Steve. I can foresee that the union pressure,
14 not only the teachers' union but the craftsmen and
15 those other unions, will be so great that the
16 General Assembly will never be able to solve this
17 problem. And, therefore, I'm asking you as a
18 fallback position, just make sure that every school
19 district has to put their budget up before the
20 community before it's passed.

21 CHAIRMAN CIVERA: So let me ask you
22 then, are you saying that you would support whatever
23 we do, what we have in Act 50, a back-end
24 referendum, that there would be a referendum
25 question if that school district exceeds a certain

1 percentage of their budget that the people of that
2 community have to vote for that?

3 MR. BULETTE: Sir, I think we have to
4 tighten it. We have got to have each and every
5 annual school budget approved by the voter.

6 CHAIRMAN CIVERA: So you're saying a
7 referendum question? Is that what I'm hearing?

8 MR. BULETTE: A front-end referendum.
9 This gentleman here told you about the problems that
10 we have with deception. I just attended a York
11 Suburban school board meeting on Monday night. And
12 they are talking about increasing the budget 10.9
13 percent over what they plan to spend this year. But
14 they never said that. What they said was, we are
15 only going to increase over the present budget by 8
16 percent. That's deception. And people have got to
17 have the right to vote on every school budget.

18 Now, I can foresee that with all your
19 good intentions you are never going to get to home
20 plate. And, therefore, I think it's incumbent on
21 the General Assembly to pass a law that says every
22 school budget must be approved by the voters in that
23 school district.

24 CHAIRMAN CIVERA: Representative
25 Miller.

1 REPRESENTATIVE MILLER: You just made
2 a statement that every student across the state has
3 the right to an equal education. And with that
4 statement -- and I believe, Warren, you believe
5 that.

6 MR. BULETTE: Yes.

7 REPRESENTATIVE MILLER: But how can
8 you make the statement about an individual school
9 board voting on every budget and defend the
10 statement that every student has a right to an equal
11 education? Because the minute you do that, you are
12 going to get grave disparities all across the state
13 because you will get one area where the taxpayers
14 will not vote for that budget. And then the next
15 area, they will vote for a much larger budget which
16 the chairman of this committee already alluded to
17 happens in his area. And that's the problem with
18 your solution there. I just ask you to think about
19 that. We will have wonderful conversations in the
20 future on this issue, I'm sure. But that's the
21 challenge with that position. It makes it almost
22 impossible to defend both of them.

23 MR. BULETTE: Representative Miller,
24 all I can say is, that's life. You know, nobody
25 ever said everything is going to be fair.

1 CHAIRMAN CIVERA: We learned that
2 here.

3 REPRESENTATIVE MILLER: Agreed.

4 MR. HAHN: The answer to that
5 question, Ron, is really to do away with property
6 tax. Property tax is the thing that causes the
7 problems in the community. Now, looking at the
8 state's budget this year, from personal income tax
9 we take in roughly about \$7.2 billion. From
10 property tax, the Department of Education or school
11 district takes in about \$8.4 billion, which means to
12 take away property tax, which I'm fully in support
13 of, you would have to increase the income tax to
14 something like 5.6 or 6 percent. If you did it on
15 sales tax, you'd probably have to go to 13 percent.

16 What you could do in giving this equal
17 education -- unless someone in a particular school
18 district wants something more -- is to take the
19 state average cost per average daily student.
20 Let's say it's \$7,000. Well, the state gives the
21 school district -- and I agree with you on the
22 formula. I tried to understand it. It's beyond
23 me -- but to give each student that amount of money.

24 In other words, if it comes out to
25 \$7,000, that's the average, every student across the

1 state gets \$7,000. If they go to Northeastern,
2 every student at Northeastern will get \$7,000. If
3 the school district, the school board, wishes to do
4 something more than the \$7,000, then perhaps they
5 can initiate an earned income tax to supplement
6 that.

7 REPRESENTATIVE MILLER: And then that
8 portion is what you would have the voters vote on?

9 MR. HAHN: Yes.

10 REPRESENTATIVE MILLER: Okay. I
11 understand those positions.

12 CHAIRMAN CIVERA: Would you prefer an
13 earned income tax over a PIT tax?

14 MR. HAHN: I prefer earned income tax
15 only -- and I'll qualify this -- because of the fact
16 that it gives local control. When it's personal
17 income tax, my fear -- and I'll be up front and
18 honest with it -- is that Pittsburgh and
19 Philadelphia will get the lion's share and central
20 Pennsylvania will go begging.

21 CHAIRMAN CIVERA: That's a justifiable
22 point. I come from the southeast. See, what
23 happens is that -- let me explain to you what
24 happens. Maybe you can tell me. Because Delaware
25 County or the school district that I'm from is so

1 close to Philadelphia -- my district borders the
2 city of Philadelphia, west Philadelphia -- we could
3 never implement Act 50, because 34 percent of the
4 people that live in my district live work in the
5 city and they pay a city wage tax. And our school
6 district did a study. And that 34 percent knocked
7 us around pretty good.

8 Now, what happens to those school
9 districts -- it's not just Upper Darby. It's
10 Springfield. It's Radnor. It's all those school
11 districts. That's the best case scenario. And the
12 reason why sometimes it's the best case scenario is
13 because what you earn in that community stays within
14 that community. It isn't digested all over the
15 place. That's why I asked about the PIT because
16 when we were having these hearings, we ran into
17 those difficulties. And then when we went out to
18 certain real rural, rural areas, they couldn't
19 support. There wasn't the money in the district.
20 They couldn't support an earned income tax. There
21 wasn't enough revenue there.

22 So as far as those districts, what do
23 we do with them? I mean, Philadelphia is one issue
24 where I am. And then in the southwestern part of
25 the state, that's another issue, the coal mine

1 districts where unemployment is really bad. So how
2 do you handle that? See, that's what we're charged
3 with.

4 MR. HAHN: I think you have to look at
5 the whole picture. To give a child an equal
6 education, the state has to say, here are the
7 dollars. I've been on the school board where we
8 argue the state is supposed to give 50 percent and
9 they are only giving 37 percent. I think it's a
10 useless argument because in other monies that the
11 state gives, you can probably get the state's
12 percentage up to about 42 or 43 percent when you
13 start adding in monies that they match and so forth
14 and grants.

15 But, like, when I said about the
16 industrial and commercial properties, I think this
17 would probably work in Philadelphia where people pay
18 a city tax. The special taxes that people pay
19 should go with those people who work there. In
20 other words, in Northeastern we do not have a large
21 industrial base so people work down, I'm going to
22 say, in central. They have a larger industrial
23 base. So what happens is their industry is paying
24 property tax. We don't get the benefit of that at
25 Northeastern. Dallastown probably doesn't get the

1 benefit of the industry either. But if you pool
2 some of that money and then distribute it evenly to
3 each child, then everybody in that particular group
4 of school districts or counties would get the
5 benefit of that money.

6 CHAIRMAN CIVERA: But you have to have
7 the power to enable that district to do that. And
8 under the circumstances that we have in the
9 southeast, we don't have that. That's why it
10 automatically lifts up to a statewide basis.

11 And the other situation that we've
12 heard in testimony is that individual -- one
13 district would levy a tax of 1.2 on earned income.
14 Another district would levy a tax of 1.5. So you'd
15 have people saying, well, you know, if I move -- why
16 should I pay? I'm not that far from the line, and
17 maybe that's a little bit better of a school
18 district and the rate's cheaper. That's what we're
19 charged with. I understand what you are saying. If
20 it was just this area or any area, but unfortunately
21 it isn't. And it's just not the scenario with
22 Philadelphia. You get into some of the rural areas,
23 they can't afford it.

24 MR. HAHN: If you go through the 511
25 taxes and you go through each school district, you

1 will see that some school districts do not even
2 charge earned income tax. I mean, earned income tax
3 right now is based at the will of the local school
4 board. And that's why I'm saying that with the
5 earned income tax, if you have a base of money
6 coming from the state, then if the school district
7 wants to do something over and above what the state
8 is giving them they can go to the earned income tax.

9 CHAIRMAN CIVERA: Okay. I have a
10 question. I think what you are looking at is Act
11 50. It's a dollar-for-dollar reduction. But
12 suppose we went with the statewide tax, the PIT and
13 we increase it. Would you expect your real estate
14 taxes to be taken completely away or what percentage
15 would you want taken away?

16 MR. HAHN: The way I'm looking at it
17 would be to do away with property taxes.

18 CHAIRMAN CIVERA: Completely?

19 MR. HAHN: Exactly. I know that's a
20 hard thing to do.

21 CHAIRMAN CIVERA: We need to hear
22 that.

23 REPRESENTATIVE MILLER: Homesteads
24 only or including business?

25 MR. HAHN: Everybody.

1 CHAIRMAN CIVERA: Business, too?

2 MR. HAHN: Yes.

3 MR. BULETTE: Well, business would
4 then pay the income tax.

5 CHAIRMAN CIVERA: No. If it's a sub S
6 corporation, they are going to pay what the rate is.
7 If it's not a sub S corporation, there's a corporate
8 tax that doesn't go to the school district, it goes
9 to the general fund.

10 MR. HAHN: But, on the other end, I'm
11 saying that businesses, corporations, should be
12 required to pay the earned income tax which they do
13 not have to pay now.

14 CHAIRMAN CIVERA: Does any other
15 member have anything? Representative Stetler.

16 REPRESENTATIVE STETLER: If you
17 eliminate all property tax and you work on an earned
18 income tax, aren't you eliminating about a third of
19 the taxpayers in Pennsylvania? They are not
20 participating at all. I'm just saying any retired
21 person would no longer pay taxes to educate kids.

22 MR. HAHN: If you go through --

23 REPRESENTATIVE STETLER: If you
24 eliminate property tax and you only inflict -- I
25 think that's the right term -- earned income tax, he

1 won't pay taxes anymore. I don't mean --

2 MR. HAHN: Are you talking about on
3 earned income?

4 REPRESENTATIVE STETLER: Yes.

5 MR. HAHN: No. I'm not saying just
6 tax earned income. I'm saying there's a personal
7 income tax which you would be paying per student.
8 The earned income tax for a school district that
9 wants to do more than that -- in other words, if you
10 take a school district like Radnor where they get
11 \$14,000 per student, well, the state couldn't fund
12 \$14,000 per student. There's just no way. So they
13 want to give that additional money -- that
14 additional money, they would raise it through earned
15 income tax. Those are the people that have
16 students in the school.

17 It's the senior citizen population
18 which is the area that you are talking about, I
19 assume, would get some sort of a break on that, yes.
20 But you also have senior citizens today who have to
21 face property tax and sell their homes. If you talk
22 about earned income tax and somebody moves across
23 the road because it's cheaper earned income tax,
24 well, what does the senior citizen do? You know,
25 all of you will eventually be senior citizens.

1 REPRESENTATIVE STETLER: Hopefully.
2 But my question is if you eliminate the property tax
3 -- walk me through this. If you eliminate the
4 property tax -- I'm not going to -- there's a
5 constitutional issue. If you eliminate the property
6 tax, how would a retired person pay -- on what would
7 they pay taxes?

8 MR. BULETTE: Steve, I think what you
9 fail to recognize is -- and I don't have any
10 statistics on this -- I would bet money that I'm in
11 the minority of senior citizens. In other words,
12 most senior citizens in order to make ends meet have
13 to work. They have to earn.

14 REPRESENTATIVE STETLER: I understand
15 that.

16 MR. BULETTE: Senior citizens aren't
17 going to be exempted from paying school expenses.
18 Do you follow what I'm saying?

19 REPRESENTATIVE STETLER: Well, there
20 may be disputing numbers, Warren.

21 MR. HAHN: That may be true, Warren,
22 except for one thing. You have to look then at the
23 SP. Even if senior citizens are working, are they
24 going to be given taxes because of SP? I mean, it's
25 true that you are going to have senior citizens

1 possibly not paying taxes.

2 It's hard to sit down here and tell
3 you, well, this is the easiest way to do it because
4 you guys have been working on it a lot longer than I
5 have been. The fact is that there are ways that you
6 can eliminate property tax. You might have to
7 adjust other things. You may have to change certain
8 laws. You may have to adjust other things. But
9 there are ways of eliminating property taxes.

10 The simplest way is through a personal
11 income tax, because that's the thing that's going to
12 be increased the least percentagewise. If you
13 increase the personal income tax, you are going to
14 raise it maybe to 6 percent. If you go with the
15 sales tax, you are going to go to 13 percent. If
16 you go with sales tax, you would drive retailers out
17 of the state of Pennsylvania with that 13 percent
18 tax. I mean, that would be ridiculous. If you go
19 with personal income tax, you could probably change
20 the personal income tax where seniors would be
21 paying some type of personal income tax over a
22 certain base income. Maybe it means adjusting the
23 SP.

24 MR. BULETTE: Steve, I think it's
25 important for you to realize if we go to an earned

1 income tax, Steve, I'm a senior citizen. You've got
2 to remember that they are still paying tax on their
3 fixed income so to speak. In other words, they are
4 paying on the dividends and the interest and the
5 capital gains that they make in their nest egg.

6 So the senior citizens who are working
7 and the senior citizens who have put a nest egg
8 aside and are living off the interest dividends and
9 capital gains from that nest egg, are still going to
10 be paying school taxes if we go to an earned income
11 tax. Thank you.

12 CHAIRMAN CIVERA: Thank you both. We
13 appreciate it.

14 Next we have Dr. Robert L. Mitten,
15 Assistant Superintendent for Operations and
16 Technology, York City School District. I thank you
17 for waiting.

18 MR. MITTEN: Mr. Lopez sends his
19 apologies. He's at a national conference in
20 Philadelphia, so he could not be here.

21 I'm going to center my remarks on
22 funding for charter schools, which is very specific.
23 Some of you are aware that I was on the committee
24 that included Radnor that came up with a three-tier
25 program for funding. I hear you speaking. I know

1 exactly what you are facing. The issue that you are
2 going to have to deal with first and foremost is the
3 issue of adequacy. Now, 50 percent is fine but 50
4 percent of what? And that's one issue that we dealt
5 with, and that's been an issue that's been in courts
6 in Michigan, in Ohio and in Texas. That's the big
7 problem. I won't digress any further.

8 What I'm going to talk about is a
9 specific problem in the way that charter schools'
10 tuition is calculated and I think it can be fixed
11 fairly easily. I hope it can be anyway. We have
12 about 1,200 students that we pay tuition for from
13 York City School District. Now, 200 students are
14 outplaced into court-ordered placements, special
15 education placements. We have about 200 students
16 that are at the technical school, the York County
17 Technical School. We have about 800 students that
18 are in charter schools.

19 The charter school is the only school
20 where I pay my cost rather than their costs, which
21 is specifically your problem with the Einstein
22 Academy right now. The Department of Education sets
23 a tuition rate for us. So if a student is coming
24 into York City School District -- and we have a
25 number of them -- we are able to charge a tuition

1 that's calculated by the Department of Education.

2 For this year, that tuition is
3 \$5,919.88 for a secondary student and it \$5,071.28
4 for elementary. Charter school calculations aren't
5 done that way. It's a one size fits all. Right now
6 what you are doing is you're removing certain
7 elements from your total budget, not what you've
8 expended, your budget. And you're then taking those
9 elements -- I didn't give everybody one of these, I
10 assume you have these -- subtracting that and then
11 dividing it by the estimated average daily number
12 share.

13 The number comes out for us this year
14 at \$5,336.58. You are paying a little more for
15 elementary kids and a little less for secondary.
16 That in itself is not that big of a problem,
17 although if you have all elementary kids it might
18 cause you some difficulties.

19 One of the problems -- and I keep
20 harping on this for the last 20 years or so -- is
21 special education funding. Doing the calculation of
22 the tuition rate that you are paying for the regular
23 education student, you take out the 1200 series
24 which is the special education budget. You then
25 bring that back in right there under step two, and

1 then you take your average daily membership and
2 multiply it by 16 percent. You take that number and
3 divide that into your 1200 series. For us, it's
4 1200 and 12 students.

5 That's all well and good if you have
6 16 percent or less of your student population that
7 are listed as special needs. But we have more like
8 1,900 students, not 1,200. So what ends up is you
9 take your entire 1200 series and divide it by a
10 lower number. I have a 1200 series budget that's
11 supporting 1,900 kids and I'm dividing it by 1,200.
12 That increases the cost of special education.
13 That's one problem.

14 The second problem is calculating an
15 average cost of special education is really a flawed
16 idea. It's not that everybody is receiving one type
17 of service. I have some students that we are paying
18 in excess of \$100,000 a year for. I have others
19 that we are paying less than \$100 a year. So when I
20 come up with \$12,700 for my special education
21 tuition to charter schools, I'm assuming then that
22 they're taking one of each, but they are not.

23 They have more than likely -- charter
24 schools are pretty well known for this -- we can't
25 handle that kind of student so we end up with them

1 back again. The ones that they end up with are
2 speech therapy, some minor problems. And they end
3 up paying \$100 a year while we're pay \$1,200.

4 The other problem is -- and this is
5 the one that hit us last year -- when you take out a
6 school like the Lincoln Edison Charter School -- we
7 had the first conversion school in the state and the
8 only one that I know of right now -- you make the
9 assumption -- when I talked to the school board the
10 year before that, that, yes, we are going to be able
11 to eliminate the cost of Lincoln. Well, that's not
12 true.

13 One of the problems becomes that you
14 have teachers that go from place to place. And
15 because you lose one building or because you lose
16 700 of your students, what are you going to do, cut
17 them back a seventh? You can't lower that kind of
18 thing. In addition, not all of the students that
19 went to Lincoln came from Lincoln area. Some of
20 them came from other school districts -- of course,
21 we are not paying for them -- West York, Dallastown
22 York Suburban, York Central. That's not a majority.
23 It's maybe 40 kids out of the 700 that are there.
24 But some of the kids that are going are coming from
25 other elementary schools. And when you lose 10

1 kids, what do I do, turn off one light bulb as they
2 walk out? That doesn't happen. What happened with
3 those were two things that happened this year. One
4 was it cost us \$700,000 more to pay the tuition for
5 those kids to go to Lincoln than it cost us to run
6 that building the year before. That's one problem.

7 The second problem is although it cost
8 \$3 million plus to run that building the year
9 before, I wasn't able to eliminate \$3 million plus
10 in cost. We eliminated a great deal of it, but I
11 still had about a million left. Therefore --
12 actually, it was a little more. It was like \$1.2
13 million or \$1.1 million -- therefore, we were faced
14 with a \$1.8 million shortfall entirely attributed to
15 the charter school. We had to raise taxes in the
16 York City School District. We had been able to
17 maintain them for about five years. We had to raise
18 taxes 11 percent, 2.18 mills just to cover that. If
19 we wouldn't have had that, we would not have had to
20 raise taxes last year.

21 I'm not going to make a judgment
22 regarding the value of the educational programs of
23 the charter schools. We will leave that to somebody
24 who is more qualified than I. All I'm trying to say
25 is that the current method of calculation puts the

1 burden on the people that are least able to pay, the
2 ones with the highest special education populations.

3 We don't pay our two charter schools
4 the way it says in the state law. You are supposed
5 to take your tuition rate, divide it by 12 and give
6 them one, two, three months and give it to them
7 monthly. But what at the end of every year, you've
8 got to go back and recalculate because the kid maybe
9 was there 90 out of the 180 days and they weren't
10 there the whole year. So you have to go back and
11 reconstruct the whole year.

12 What we do, with the agreement of our
13 charter schools, is we pay them the way we would pay
14 for one of the other 200 students that are out in
15 private placements, using the same forms by a daily
16 basis. Therefore, we don't have to go back through
17 and reconstruct the whole thing. They like that
18 better. We like that better.

19 So I would encourage you to take a
20 real hard look at this. I'll leave this form if
21 somebody wants to make a copy of it later. This is
22 our actual form. We get it from the Department of
23 Education. And correcting it would be easy. Don't
24 use 16 percent. We have more than 16 percent.
25 We're dividing 1,900 students by 1,200 kids. Let us

1 pay -- see, we fund them the way we would like you
2 to fund us in special education, by counting the
3 kids and giving a certain amount of money to the
4 student rather than saying a certain percentage.

5 But right now we have 5 percent of the
6 kids blowing our special ed budget right out of the
7 water. And you have got to understand that this
8 thing feeds on itself, because when we report the
9 next year, these higher costs will be put into our
10 budget and you're dividing by the same number of
11 students so it accelerates. So when you thought --
12 well, when I thought that our cost went up 5 percent
13 per student, but your cost for charter schools is
14 going up more than that because you have taken a
15 larger number and put it into your budget and now
16 that's part of your budget. So it feeds on itself.
17 It accelerates based upon certain numbers. Those
18 things have to be looked at and should be changed.

19 Thank you.

20 CHAIRMAN CIVERA: How much money did
21 you receive from the federal government on special
22 education?

23 MR. MITTEN: From the federal
24 government?

25 CHAIRMAN CIVERA: Yes. I say that

1 sarcastically. That was -- when they did special
2 education that Congress passed how many years ago --
3 one of the federal mandates that they never funded,
4 was special education.

5 MR. MITTEN: Okay. Those were taken
6 out of the calculations. I can't give you that
7 specifically. It was around \$2 million. It's about
8 \$1.5 million.

9 CHAIRMAN CIVERA: How close are you to
10 the charter schools? Are they working? Are
11 children being educated? What's your feeling on it?

12 MR. MITTEN: Well, like I said, my
13 background is educational finance. I distain from
14 the curriculum stuff when I was at Penn State.

15 CHAIRMAN CIVERA: Okay.

16 MR. MITTEN: I can tell you this, the
17 PSSA test at Lincoln Edison went down in both areas
18 while a number of our schools went up. You can make
19 your own judgments based upon that.

20 CHAIRMAN CIVERA: Any member of the
21 committee have a question? Thank you.

22 MR. MITTEN: You're welcome.

23 CHAIRMAN CIVERA: Let's take a break.

24 (Break.)

25 CHAIRMAN CIVERA: Mr. Todd Kennedy,

1 President of McClarin Plastics. Mr. Kennedy, you
2 may proceed.

3 MR. KENNEDY: Thank you very much.
4 My name is Todd Kennedy. I'm the President of
5 McClarin Plastics. We are located in Hanover,
6 Pennsylvania, and we appreciate having you here.
7 Steve Nikol has asked me to talk to you about some
8 successes and certainly some of the challenges that
9 we face in manufacturing.

10 I'm really not here to talk about the
11 funding. I would like to talk to you a little bit
12 about what we have been able to do with education.
13 Two or three years ago we were faced with a
14 challenge relative to the amount of people that we
15 have and the lack of people that we have within the
16 manufacturing community. The individuals that we
17 were employing were graduating from high school with
18 a lack of -- what we felt was a lack of
19 sophistication in the area of education relative to
20 the things that we needed in manufacturing.

21 We decided to take a very direct
22 approach and set up our own curriculum. We would
23 come into the schools, talk to individuals in the
24 schools, work with the teachers, ask for cooperation
25 from the teachers to be able to say, gee, these kids

1 are or are not getting the type of education that we
2 would like them to have.

3 The challenge was as a company that
4 grew at a rate of 15 or 20 percent per year to be
5 able to afford an opportunity for these children to
6 work and to put them to work and to try to make a
7 success out of our business. The issues that we
8 face and continue to face are what to do as we go
9 forward. We take a look at the kids that we have
10 today that we hire and the young people that we
11 employ. Basically, do they meet our needs? So I'm
12 asking you today to talk a little bit about helping
13 us reconnect education to the practical side of
14 manufacturing.

15 We have had some success. We have
16 worked very closely with the York County School of
17 Technology. Dr. Jim Kraft has been very positive in
18 terms of his efforts. He has rebuilt, I think, the
19 reputation of that school. And it's directed
20 towards the children today that are not going to be
21 going on to college, but are going to be looking for
22 jobs within manufacturing. His approach is more or
23 less the academy style.

24 The problem is Hanover is on this side
25 of the county and York, of course, is quite a ways

1 away. We are looking at a two or three hour bus
2 trip. And the Hanover community doesn't necessarily
3 feel that the kids that should go to York County
4 School of Technology are able to go. So what
5 happens is, for the most part, the kids don't
6 participate and they are not engaged at the York
7 County School of Technology.

8 So the real question then comes down
9 to, what does manufacturing do to help educate these
10 kids? Is there a place for them without an
11 education? How do they go about it? Dr. Kraft has
12 talked to me and several others in manufacturing
13 about some solutions. I think his approach is
14 excellent. What he would like to do is he'd like to
15 partner with us, a number of us. And we have
16 offered some solutions.

17 I feel that at McClarin Plastics, for
18 instance, we have a training facility within our
19 manufacturing plant that's not utilized during the
20 day. We thought that it would be a good idea that
21 maybe the School of Technology would employ
22 classroom studies within our building using our
23 training facility, and possibly bring some of the
24 kids and connecting with maybe the local high
25 schools and bringing some of the kids out of the

1 high schools into our training facilities under a
2 curriculum that can be controlled, documented and
3 accredited.

4 We would gradually help with that
5 curriculum and design the solutions so that when
6 they did graduate they can become employable. And
7 if, in fact, they did graduate, a number of the
8 companies in the area could possibly speak up and
9 say, hey, we'll employ you at a premium rate if you
10 have the certification. That certification would
11 help in a lot of ways. So that was an approach that
12 we had discussed and we felt had some potential.

13 Dr. Michelle Bordner, who is the
14 Superintendent of the Hanover School District, has a
15 different approach, but also a very good approach.
16 And she wants to partner with individual
17 corporations. That partnering would really be
18 picking a customized training approach. So if she
19 had juniors, seniors, sophomores and so forth within
20 the school district that were not going on to
21 college, she would identify who these people were,
22 open them up to several manufacturers in the area or
23 other potential partners, let us interview the kids.
24 We would pick those children. We would start an
25 apprentice program through the state to where we

1 could work with children that were younger than 18,
2 so that they could actually work in an environment
3 of manufacturing.

4 The school would help with the
5 curriculum, assign someone to us from the school,
6 and we would employ that person through the school
7 during the day as a shadower or a helper or whatever
8 for two to three hours a day and, in fact, begin to
9 round out their education. They would get their
10 academics within the school that they are in. And
11 they would get their technical side within the
12 manufacturing side or it could be at the hospital or
13 the bank or a retail location or whatever. I think
14 her approach is also very good.

15 So you have York County School of
16 Technology and you have the Hanover School District
17 and you have South West. South West has advisory
18 groups. They have a business counsel which we are
19 active in. They have done a very good job on an
20 advisory committee group. All of these things are
21 tied together.

22 I'm not here to talk about funding,
23 but I'm here to actually talk about how you employ
24 these kids and what you do with them when they do
25 get this education, and is the education comparable

1 to what they could do on their own after they get
2 out of school, or does it give them an advantage or
3 does it not; and is it good for manufacturing; is it
4 good for general business or is it not. I happen to
5 believe it is. Not only is it good, but it's
6 necessary because without the influx of youth, as I
7 said earlier, we won't be in Pennsylvania. We will
8 be in Texas or North Carolina or whenever we can go
9 to find the people to employ that will work to our
10 standards.

11 Pennsylvania has done a great job with
12 the CJT. And some of the other things that you've
13 done, I commend you for. It's excellent. I really
14 appreciate it. And we use those programs, but we
15 need more. What we need is not more money. I don't
16 need more money. What I need is a better graduate
17 that is going to be able to work within our system
18 and be productive. And we have to have that.

19 My generation is baby boomers. We are
20 not going to be here in another 15 or 20 years in
21 terms of being able to work in manufacturing. Those
22 of us that own businesses are lucky enough to know
23 that we can go on for awhile. But we have to have a
24 source of fresh energized young people. So it's
25 from the parents' side. It's critical that the

1 parents are involved. It's from the educators' side
2 and I think it's from the state of Pennsylvania's
3 side to provide these things and then we connect as
4 the potential employer to make it all work.

5 One of the interesting things that
6 I've read recently from a fellow by the name of Gary
7 Marx, he's an educator, he talks about leadership as
8 being redefined as connecting the people and the
9 organizations who can work together to get the job
10 done. And I really think that when you connect the
11 people, those of you in this room, myself as an
12 entrepreneur and manufacturer, the school districts,
13 and the school boards and parents, we all are
14 producing a product. And that's the children that
15 come out the other side. And we have to make sure
16 that they are capable of being able to step up to
17 the challenges that we see in this world and that
18 they are going to have to see in order to make a
19 living. They have to be employable and they have to
20 earn a living.

21 Frankly, in manufacturing our average
22 wage in the past about the fourth or fifth year is
23 more in the \$12 or \$13 range. It's certainly not \$5
24 or \$6. And there's no reason to believe that they
25 can't make \$16 or \$17 an hour. It's not a union

1 issue here. This is private enterprise and it's
2 paid for performance. And those that are the best
3 suited for the jobs do the best job making that
4 money.

5 What we want is we want to make sure
6 that in your task of looking at funding that you
7 don't forget -- and I know you won't -- about the
8 product. Because the product really is the
9 education that these people get and what they do
10 with it. With that, I will offer time for you to
11 ask questions.

12 CHAIRMAN CIVERA: Well, I don't know
13 if you realize it or not, but you really pinpointed
14 it. That was excellent testimony. House Resolution
15 42 does not just address the reform of property
16 taxes and how we fund basic education. That's part
17 of it. There's like nine individual points to the
18 resolution.

19 I guess we got off focus because we
20 had the taxpayers. We spoke with them. But what
21 the resolution is asking is that we, number one, we,
22 as members of the General Assembly, come up with a
23 recommendation to give every child in Pennsylvania a
24 good and adequate education; that if a school
25 district is in -- and you say you are a

1 manufacturing plant, like, say near the Philadelphia
2 area and you're in a poor district next to a poor
3 school as we have referred to it moneywise and that
4 student isn't getting that type of an education,
5 where in another part of the county, Radnor or
6 wherever, Chester County, is not getting that type
7 of an education. What we want to do is we want to
8 bring everybody up so that every child has that
9 equal opportunity.

10 Now, we listened to some people, we
11 were in Philadelphia about two weeks ago. And there
12 were some people that I had the pleasure of meeting
13 with prior to going into the hearing. And this is
14 how he diagramed what you are saying here, basically
15 what you're saying. Pennsylvania doesn't rank that
16 high as far as the education product that we are
17 putting out as far as the student is concerned.
18 There's great concerns there.

19 MR. KENNEDY: Yes.

20 CHAIRMAN CIVERA: He said, I'm telling
21 you this, Mr. Chairman, the iceberg is there. And I
22 didn't see the ship moving away from it. If we
23 don't do something and do it soon -- this is where
24 all this funding comes in, because the school
25 districts need adequate funding. It's not just a

1 teacher issue saying we are going to give the
2 teachers more money or we're going to be doing this.
3 It's the child. That's the first priority that we
4 have with this resolution.

5 I realize people get frustrated
6 because, you know, those local taxes go up. And
7 that's what this real estate tax is doing. It's
8 splitting things wide open. It's putting resident
9 against teacher, resident against school board
10 member. It's going all over because the people are
11 just being hammered with this.

12 But what you're saying as a
13 businessman, an entrepreneur, you are right on
14 target. You are right on target. It's exactly what
15 this resolution does. The children come first.
16 Then it comes to say, once we take them first, how
17 are we going to fund basic education. Is it working
18 in Pennsylvania, and it isn't.

19 That's where we are coming from.

20 MR. KENNEDY: Mr. Chairman, what we
21 tried to do privately was we looked back and said
22 why is it that we can't retain young people when
23 they come to work for us. That was the original
24 focus. They come to work for us, but we can't keep
25 them. They are gone within six months. We found

1 that, first of all, they don't like regimentation.
2 They don't like to be on time. They don't like to
3 work. They haven't learned how to work. They don't
4 know what productivity means. They don't know what
5 zero defects are about. They don't understand how
6 you make a profit. They really don't understand
7 what the every day world is about. They have not
8 learned that.

9 Now, that's not the school district's
10 fault. That's the parents' fault. So there is some
11 of this that we have to put back on the parents.

12 CHAIRMAN CIVERA: Yes.

13 MR. KENNEDY: So we have a cultural
14 socioeconomic issue that none of us can fix.

15 CHAIRMAN CIVERA: Right.

16 MR. KENNEDY: My theory has been, and
17 I think it's working, I hired an educator, a man
18 that worked 32 years as a guidance counselor, and
19 put him in my company five years ago. He calls on
20 eighth, graders, ninth graders, tenth graders,
21 eleventh graders, twelfth graders, through the
22 schools. He goes to parent/teacher night. He talks
23 about manufacturing. He tells those parents, look,
24 these kids aren't going to college. You know
25 they're not going to college. They don't want to go

1 to college. That's fine. There's nothing wrong
2 with that. But we have to step up here. You've got
3 to get them to become responsible.

4 We're beginning to see a little bit of
5 an improvement. We're working with the school
6 groups. They're listening. The lack of discipline
7 in the schools, the lack of ability to discipline
8 because of the way the laws are, the teachers are
9 handcuffed so it isn't just getting the product out.
10 There's a lot of other things here. So we're
11 selfish in that we don't want to lose people. We
12 spend a lot of money to train them. We want to keep
13 them.

14 So I think if Pennsylvania can kind of
15 just foster a concept that says, hey, this is more
16 than just about low-cost education and being
17 effective in certain areas and a general broad
18 approach where you get manufacturers and/or other
19 employers together who are smaller, not the big
20 corporations that have unions that aren't flexible
21 but the non-union, privately-held companies who are
22 flexible and you let them work with you, I really
23 believe together we can do a lot here.

24 We've got a wonderful state and we've
25 got great heritage and we've got wonderful

1 resources. We just need to do this. We have to do
2 it for our own preservation and we have to do it for
3 the children.

4 CHAIRMAN CIVERA: You're absolutely
5 right. I couldn't agree with you more. Do any of
6 the members to my right have a question or a
7 comment? Representative Nikol.

8 REPRESENTATIVE NIKOL: Thank you, Mr.
9 Chairman. I think it's interesting because Mr.
10 Kennedy is not asking for more money which is
11 generally what we hear -- at least on the
12 Appropriations Committee that's what we always
13 hear -- but greater flexibility. And, actually,
14 he's now employing his dollars and investing them in
15 students we have already graduated from school and
16 offering opportunity to partner with taxpayers of
17 the Commonwealth and school districts to do the
18 training before they graduate in the school system.

19 I was kind of intrigued with the
20 concept of having a certified training facility,
21 this facility, and possibly other plants in the
22 area. I was curious in your conversations with Dr.
23 Kraft and others, are you looking -- have you
24 explored the concept of a charter school for that
25 kind, or are you looking as kind of a branch campus

1 of the York County School of Technology?

2 MR. KENNEDY: Before I talked to Dr.
3 Bordner at the Hanover School, I was convinced that
4 Dr. Kraft and I could work out a program along with
5 a few others where there would be no bricks and
6 mortar, no taxes. They'd use my training room. Two
7 or three other manufacturers in the area would
8 participate. We'd bring kids from all these
9 different districts to our manufacturing facilities
10 and training rooms, and the state would help with
11 some funding of some sort. And it would be more
12 economical for everyone, and the York County School
13 of Technology wouldn't have to build a facility in
14 Hanover. He was all for that.

15 But as I began to research this -- and
16 I've talked here to the people here at South West
17 and people at the Hanover School group -- I'm
18 beginning to think that maybe the better way would
19 be to develop a partnership customized training for
20 just four or five companies, rather than make it so
21 big and complex that it may get out of hand.
22 Concentrate on three companies or four companies and
23 tailor graduates just for those companies. This
24 isn't for everybody. This is selfish on my part, I
25 guess, but it's for the few of us who are willing to

1 participate. And then model our success after that
2 and begin to do that statewide. It can be a bank.
3 It can be a hospital. It could be two manufacturing
4 companies and a retail. All different, all
5 different kids, but none of them are going to
6 college. We're trying to model their education in
7 the last three years into the areas they have
8 interest in, not in areas that they don't have
9 interest in.

10 And I think that's the problem with
11 education. You get these broad-brush kids that
12 really don't know how to use what they have. They
13 can't even read a tape measure. Truly, we get kids
14 that cannot read a ruler. They can't. They can do
15 decimal equivalents off a chart and they can run the
16 calculations because they've been taught that, but
17 they can't read a ruler. They don't know what
18 calibration is. They don't know what weights and
19 measures are about. We deal in very technical terms
20 in the plastic industry. They don't understand
21 that. And if they don't understand, how can they
22 run our equipment. So that's the issue.

23 I kind of like a partnering, a
24 customized partnering approach rather than a broad
25 general education approach. If we can customize to

1 us and they can work successfully and we can move
2 them along in a program, when they graduate I'll
3 give them a 10 or 15 percent premium over anybody
4 that comes in without that extra education. If we
5 start at 8 off the board off the street, I'll start
6 them at 9 bucks or whatever just because they have
7 been through our little school and the success rate
8 is good.

9 I also know that I can retain them and
10 keep them. If I had that education when they come
11 in, I can keep them. If we don't, they get very
12 frustrated. They're not used to being told, look,
13 this doesn't work. You can't do this. Have you
14 read the job packets? Do you understand the
15 dimensions on the drawing? They get frustrated.
16 They quit. And we lose them.

17 I want to retain them. I don't think
18 I can retain them by babying them. They have to be
19 productive, so, you know, that's the challenge.

20 REPRESENTATIVE NIKOL: You have
21 facilities, I believe, in three separate school
22 districts all centered here in Hanover.

23 MR. KENNEDY: Here in Hanover.

24 REPRESENTATIVE NIKOL: Are you talking
25 about agreements with each of the school districts

1 individually or through the York County School of
2 Technology?

3 MR. KENNEDY: I would like to try and
4 tie it together to where maybe there is an agreement
5 between all of us that we're trying to do this. I'm
6 naive about how that would work. I think that the
7 York School of Technology has to be a partner in
8 this because that is the school of technology. I
9 know South West and Spring Grove and Hanover and
10 Oxford would all participate, I'm sure, because they
11 want to see a successful result in this issue as
12 well.

13 I don't know how to do it mechanically
14 from a fundamental point of view. But I do know
15 that it can be done. I would hope that you'd think
16 about it and make some recommendations. I would be
17 willing to be involved and I know others in the
18 community would and we could come up with some
19 answers.

20 REPRESENTATIVE NIKOL: I might just
21 add a point for the chairman and the committee. In
22 this area we are blessed with a very substantial
23 manufacturing workforce. Hanover -- which is
24 relatively small compared to York -- is the eighth
25 largest center of manufacturing employment in the

1 Commonwealth of Pennsylvania. York is much larger.

2 What we are hearing from Mr. Kennedy
3 and other manufacturers is the very same song that
4 they are unable to meet the needs. They have a
5 bubble, a workforce bubble, that essentially is in
6 their 50s and ready to retire. And they can't find
7 the skilled craftsmen, people with the proper
8 training, to replace those workers. And what we're
9 hearing is that many of these industries are now
10 looking to perhaps go elsewhere where they can find
11 trained workers. Meanwhile, we're putting so much
12 money into the education system but not producing a
13 product that they can use without adding value to it
14 and doing their own training.

15 CHAIRMAN CIVERA: Right.

16 REPRESENTATIVE MILLER: I'm not sure
17 how the situation in Hanover compares to York with
18 having trouble finding the trained workers, but
19 we've recognized for a long time the travel
20 difficulties. And what's really strange about it is
21 it's part of our success with developing this county
22 or failure with developing this county, depending
23 how you look at it. It was actually easier to get
24 to the York County School of Technology, the old
25 Vo-Tech school, in 1969 and '70 when it opened than

1 it is today because of the amount of traffic
2 congestion on the highways.

3 So we know that it's very difficult
4 for a student from South Western, Hanover, Spring
5 Grove and Oxford, anywhere in this area, to say they
6 want to go to the Vo-Tech school or the York School
7 of Technology because they have to get on the bus so
8 early.

9 I applaud what you are trying to do
10 with this because it really makes sense. However,
11 we can work it out whether it's with the School of
12 Technology or agreements between you and the school
13 districts, but when business and industry get
14 involved like that it's going to help these
15 students.

16 MR. KENNEDY: We're small. We only
17 have 125 or 130 total employees. I'd say over the
18 next 10 to 15 years that will double. We are
19 growing at 15 percent per year and have steadily
20 since I bought the company in 1983. Then we had 25
21 people. I haven't tried to grow it. I've tried to
22 build it for personal reasons and other reasons.

23 In order to continue to do that and
24 serve the customers we work for -- we work for
25 companies all over the world. I mean, we work for

1 French Canadians. We work for people in Brazil. We
2 do business in Saudi Arabia. We do business
3 throughout the United States. We work for good
4 companies. These people expect us to be here and to
5 perform. If we can't do it, if we can't measure up,
6 they'll find someone who can.

7 And I'm very proud to be in
8 Pennsylvania. I think it's wonderful, but I have to
9 be able to get workers. And I'm not talking about a
10 low-budget worker. I don't mean bringing people in
11 at minimum wage. I want to pay people well, but
12 they have to perform and be productive. And if they
13 do that, I can afford to pay them.

14 REPRESENTATIVE MACKERETH: I just
15 wanted to mention that I think it was this week at
16 the Education Committee meeting, we passed a bill
17 out that would create a department for
18 School-To-Work partnerships, exactly what you are
19 talking about. And it would be created at the
20 Department of Education in order to assist
21 businesses in communities to do just what you are
22 talking about. I just wanted to throw that out
23 there to you. That may be of some help to you.

24 MR. KENNEDY: I understood yesterday
25 from talking to Bordner that the age 18 requirement,

1 anything here. I'm just frustrated.

2 REPRESENTATIVE MACKERETH: No, but
3 they may be able to help you to go through the
4 process of how they put it all together and how they
5 made it work. I'll find that out for you.

6 MR. KENNEDY: Thank you.

7 CHAIRMAN CIVERA: Representative
8 Pallone.

9 REPRESENTATIVE PALLONE: Thank you,
10 Mr. Chairman. My question is kind of two-prong.
11 Does your training facility in-house have the
12 audio/video teleconferencing capabilities, and have
13 you considered utilizing that type of technology
14 with the York County School of Technology and/or the
15 participating school districts to try to alleviate
16 this travel or distance problem that you have here
17 because of the geographics?

18 MR. KENNEDY: That's a great thought.
19 I think that would be the natural next step. And
20 the answer is, no, I don't have it but I could have
21 it. If we can get this done, if we can implement
22 this concept, that's an obvious -- a very good way
23 that some of these travel problems can be
24 alleviated.

25 REPRESENTATIVE PALLONE: The reason I

1 ask is what I have done with Harrisburg and my local
2 district back in western Pennsylvania outside of
3 Pittsburgh is I'm able to connect Harrisburg to --
4 two of the local school districts that I have have
5 teleconferencing capabilities. And, once a month, I
6 have a teleconference from Harrisburg back to the
7 home district. We pick particular issues that we
8 talk about. It's been very positively received in
9 the area. It's just incredible how I can be 220
10 miles away and have an interactive live conversation
11 with a room full of people. The technology is
12 really neat.

13 MR. KENNEDY: That's great.

14 REPRESENTATIVE PALLONE: It just seems
15 like it would be a perfect fit.

16 MR. KENNEDY: Yes.

17 REPRESENTATIVE PALLONE: Given the
18 geographics of this area, it might solve your
19 problem.

20 MR. KENNEDY: Yes.

21 REPRESENTATIVE PALLONE: Back in my
22 home district, our vocational schools are very
23 locally oriented in terms of proximity. It's maybe
24 a 15 or 20 minute bus ride, so it's much easier for
25 us to utilize our vocational schools and our career

1 technology schools as they refer to them out there.
2 I can see that that might help you in this area.
3 And it's fairly inexpensive technology.

4 MR. KENNEDY: It would be appropriate
5 for us. A lot of our customers have the same
6 capability and we could connect that as well.

7 CHAIRMAN CIVERA: Any other member
8 have any comments or questions? Thank you so much.
9 That was very good.

10 Now we have Mr. Steven Gross from the
11 Farm Bureau.

12 MR. GROSS: Thank you.

13 CHAIRMAN CIVERA: You may proceed.

14 MR. GROSS: Thank you, Chairman. My
15 name is Steven Gross. I'm a livestock and grain
16 farmer from East Manchester Township, where I am
17 also a taxpayer in the Northeastern School District.
18 I served on Northeastern's informal Act 50 study
19 commission. I'm also currently a supervisor for
20 East Manchester Township. My wife is currently a
21 school board member and immediate past president of
22 the Northeastern School Board.

23 My family owns approximately 500 acres
24 and we raise mostly corn, wheat and soybeans. I
25 appreciate the opportunity to be here today to

1 address this distinguished committee on the topics
2 of public school financing and the inequity of the
3 current method of funding public schools for the
4 agricultural community of the Commonwealth of
5 Pennsylvania.

6 My comments and testimony will be
7 based upon the general consensus and public policy
8 agreed upon by the 28,000 member families of the
9 Pennsylvania Farm Bureau which is decided yearly at
10 our November meeting. I will also use my experience
11 as a taxpayer of the Northeastern School District, a
12 member of the informal Act 50 tax study commission,
13 a township supervisor and also my involvement with
14 the school board.

15 Local property taxes paid to fund our
16 public school systems are the largest tax bill faced
17 by most Pennsylvanians, accounting for 57 percent of
18 all the local taxes in 1995. According to
19 Pennsylvania State University, 87 percent of all
20 school tax revenue statewide comes from the real
21 estate property tax. In my school district,
22 Northeastern School District, of the total taxes
23 collected, \$13,712,021, the real estate property tax
24 constituted \$11,222,664 of the total amount.
25 Agriculture only amounted to about 10 percent of the

1 tax base in Northeastern.

2 The financial size of a school tax
3 revenue increased exponentially during the 1990s.
4 As you can see here, it rose 103 percent between '85
5 and '95, while inflation and the average
6 non-farmer's wages during that same period rose only
7 44 percent and 51 percent respectively. The average
8 farmer with sales in Pennsylvania during that time
9 -- you can see the figures -- declined.

10 Most farmers faced with low commodity
11 prices and high input costs throughout the '80s and
12 '90s have experienced serious concern with the rate
13 of increase in school tax levies, seriously
14 jeopardizing their ability to have a viable farm
15 business and to hold onto the one key input factor
16 necessary for the success of their farm business,
17 land.

18 I believe that almost every farmer
19 wants to continue farming their farm. However, as
20 the farmer gets older or he or she doesn't have
21 children who want to continue farming, they have cut
22 back on production. The property tax, which
23 currently is the tool for funding education, does
24 not recognize this fact and will continue to tax the
25 farmer the same amount it did when he was earning

1 much more income from the farm. This inequity
2 reaches deep into the Pennsylvania farmland
3 preservation efforts.

4 It is well known that a fair tax is
5 based on the taxpayer's ability to pay. A fair tax
6 is one that affects people with the same income
7 equally. Farmers pay a much larger share of their
8 income on property taxes than do non-farmers,
9 implying that the tax places an unfair burden on
10 them. According to Penn State University, farmers
11 of all income levels generally pay about 10 percent
12 of their household income on property taxes, which
13 is much higher than the non-farm households who pay
14 a smaller share of their income.

15 Pennsylvania's farm community has put
16 a lot of effort and attention into public school
17 funding throughout the last decade or two. Farmers
18 have argued that the current method of funding
19 public schools places an undue burden on them
20 because the amount of property tax owed, which is
21 the primary method of funding public schools, is
22 based on the market value of property owned, which
23 cannot be realized, and not on income.

24 A recent Act 50 survey prepared by the
25 Pennsylvania Farm Bureau and administered to

1 Pennsylvania's 501 school districts found that of
2 the 261 responding school districts, only 34 or 13
3 percent had appointed a tax study commission. And
4 37 of the responding districts had appointed ad hoc
5 advisory committees. The vast majority of
6 responding school districts, 122 or 47 percent,
7 relied on their school boards to study Act 50.
8 There were 91 school districts that reported taking
9 no action in regards to Act 50.

10 One such aspect the Commonwealth
11 should consider to more equitably fund our public
12 schools is to raise the state reimbursement factor
13 to reach a minimum of 50 percent. At one time, the
14 state did fund a substantial portion of local school
15 districts' budgets. However, today the percentage
16 is closer to 33 percent, and because of that,
17 schools are having a difficult time funding basic
18 education subsidies, vocational education, special
19 education and retirement and social security costs.

20 The farm community of Pennsylvania
21 would recommend to your committee that the burden of
22 local school taxes be shifted away from real estate
23 tax to a combination of income tax, sales or
24 consumption tax and real estate tax at the option of
25 the governing body, with unearned income being

1 exempt. Also, all nuisance taxes levied under Act
2 511 should be eliminated, across the board.

3 We feel that a combination of the
4 previously mentioned taxes would be a much more
5 fairer and equitable way to generate needed revenue
6 for our public school systems. With the combination
7 of a greater role of the Commonwealth in funding a
8 larger percentage of school budgets, along with the
9 shift away from property taxes as the current major
10 mechanism, you would be providing farmers and
11 landowners who want to pay their fair share the
12 ability to do so.

13 The farm community would recommend
14 that the formula developed to reallocate state
15 monies to school districts recognize the differences
16 that exist currently between rural and urban
17 schools. Many rural schools do not have the tax
18 base to sufficiently run the operations of the
19 school on a day-to-day basis. This must be
20 recognized when state formulas are developed to
21 allocate precious monies to those school districts
22 who really need it.

23 We would also recommend that a new
24 state formula be developed that would incorporate
25 all major expenditures for public education,

1 including the basic education subsidy, vocational
2 education, special education and retirement and
3 social security costs.

4 Many of our vocational agriculture
5 programs are suffering from within the Commonwealth
6 from a lack of sufficient funds to operate the
7 program. We must recognize how important these
8 programs are and fund them appropriately.

9 On behalf of the farmers of this great
10 Commonwealth of Pennsylvania, I would thank you for
11 the opportunity to testify here today. I will try
12 to answer any questions you have.

13 CHAIRMAN CIVERA: Thank you, Mr.
14 Gross. We were out in the southwestern part of
15 Pennsylvania, Greene County, and listened to some of
16 the farmers out there. They testified that because
17 of the real estate tax that's levied, they had to --
18 and these are people that I would say are middle 40s
19 -- sell the farm off, if they could sell the farm
20 off, because it was quite depressed out there and
21 the economics were very down.

22 In this area, people just said I've
23 had enough. I can't afford to pay the real estate
24 tax that's levied on the land and they're walking
25 away from it. Have you heard?

1 MR. GROSS: Yes. In the Northeastern
2 School District, I think that's a prime example.
3 Now, 13 years ago when I got out of college until
4 the present, I can site 9 specific examples where
5 farmers, due to a number of circumstances, school
6 taxes being one of them, have gone out of business.
7 And their land has either been, one, developed or,
8 two, owned by non-farming. And school taxes did
9 play a major role in some of those decisions.

10 CHAIRMAN CIVERA: The Farm Bureau that
11 you represent -- I'm sure you discussed this at all
12 your meetings and all -- their ideas, maybe their
13 menu of ideas would be maybe an earned income tax or
14 a PIT tax -- that's basically what the committee is
15 dealing with. And you believe that some of the real
16 estate tax should stay in place?

17 MR. GROSS: Yes. I don't believe that
18 we can shift dramatically in one swift move. We
19 would still need a small reliance. However, we do
20 need to look at a way to fund education in a
21 different way.

22 The Northeastern School District is a
23 prime example. And, as being a supervisor there,
24 I've been part of this process. We have worked very
25 diligently in the last seven to eight years

1 recruiting new businesses to locate into our area
2 under the guise that we will keep our millage rate
3 low. And we have not kept our millage rate down as
4 we have said we are going to. And, two, we have
5 contributed tremendously to sprawl.

6 I think that if you're serious about
7 preserving some farm land and helping control some
8 sprawl, that we would look at shifting the burden of
9 public education away from the real estate tax. It
10 not only affects farming, but it does affect some
11 other areas. And sprawl is a big concern in our
12 area as well.

13 To follow that up, I would just like
14 to say I am a firm believer in public education. I
15 attended the York County School of Technology. I do
16 believe that society as a whole benefits from a
17 well-educated population and, therefore, we need to
18 fund education.

19 CHAIRMAN CIVERA: Okay. I have no
20 further questions. Representative Nikol.

21 REPRESENTATIVE NIKOL: I'm curious.
22 When the state created the Clean and Green Program
23 to kind of buffer the impact of high real estate
24 taxes on farms and other operations, to what extent
25 does a Clean and Green lower the tax liability of an

1 average agricultural enterprise?

2 MR. GROSS: The Clean and Green
3 process takes your farmland and assesses it in a
4 more agricultural value than it does per se a
5 development value. I believe in York County that
6 pasture ground -- and these figures aren't exact --
7 is assessed at \$700 an acre, as opposed to
8 industrial development land in our particular area
9 that would be assessed at \$20,000 an acre.

10 The problem is, however, when we first
11 got Clean and Green and I was involved in a family
12 farm, yes, it did help initially. But the overall
13 rate that we pay in taxes has continued to climb and
14 escalate over time, even with the benefits with
15 Clean and Green. It gets back to the real estate
16 taxes based on assessed value for a piece of
17 property, not what a piece of property generates.
18 Just because my farm has an assessed value of
19 whatever doesn't mean that I generate that much
20 income. The same way that it would apply to
21 someone's house. Just because your house is
22 assessed at \$60,000 doesn't mean it generates any
23 money. That's where I think the inequity comes in.

24 REPRESENTATIVE NIKOL: I guess it
25 could be viewed as also costing a school district or

1 municipality money, because people aren't paying the
2 same level of taxes on it. To what degree -- I know
3 you're a township supervisor and you are also
4 familiar with Northeastern School District -- in
5 districts like yours is the tax reduction related to
6 Clean and Green? How much of that is really
7 directed at agricultural and how much of that is
8 really a benefit to people who own non-agricultural
9 lands? Do you have any idea?

10 MR. GROSS: I do not have those
11 figures to give you. We are in a growing school
12 district and the amount of agricultural ground is
13 substantially declining over the years.

14 REPRESENTATIVE NIKOL: Thank you.

15 CHAIRMAN CIVERA: Representative
16 Pallone, do you have a question?

17 REPRESENTATIVE PALLONE: No, sir.

18 CHAIRMAN CIVERA: Thank you very much.

19 MR. GROSS: Thank you.

20 CHAIRMAN CIVERA: Amy C. Morton,
21 Director of Curriculum and Instruction, Gettysburg
22 Area School District.

23 MS. MORTON: Hello.

24 CHAIRMAN CIVERA: Hello. You may
25 proceed.

1 MS. MORTON: Thank you for this
2 opportunity to share information with you regarding
3 our district's services to students who need to
4 learn how to speak, read and write English and the
5 attendant costs associated with those services.
6 Just by way of introduction, I have been working in
7 the Gettysburg Area School District for the past
8 five years as the Director of Curriculum and
9 Instruction. One of my responsibilities includes
10 coordinating our English as a second language or ESL
11 program.

12 Beginning in 1997, our district was
13 randomly selected to be monitored by the Office of
14 Civil Rights regarding our ESL program. In 1997, we
15 had over 3,600 students in kindergarten through
16 grade 12, 66 of whom were identified as in need of
17 ESL services. In 2001-2002, four years later, our
18 overall enrollment has declined by about 100
19 students, but our ESL population is two and a half
20 times the size it was only four years ago.

21 We currently serve over 160 students
22 as English language learners or English as a second
23 language student. Typically, these ESL students
24 fall into one of two categories. They are called
25 either NEPs or LEPS. And NEPs stands for

1 non-English proficient. NEPs have none to very
2 limited English language skills. Typically, and in
3 accordance with Office of Civil Rights guidelines,
4 non-English proficient students spend at least 90
5 minutes of their day in an ESL class learning
6 English.

7 LEP stands for limited English
8 proficient. LEPs very often have English-speaking
9 skills. In fact, we've had kindergartners who
10 translate for their parents when they come in to
11 registration. They don't have a clue about the
12 written language. So their instruction is usually
13 focused on reading and writing in English so they
14 can function in their regular classes with these
15 English-speaking peers. Our program is an
16 English-only program. Our teachers speak and write
17 in English throughout instruction.

18 During the past five years, the growth
19 in our non-English proficient population,
20 particularly at the secondary level, has increased
21 at a significantly higher rate than the growth in
22 our limited English proficient population. NEP
23 students obviously require more time to learn the
24 English language.

25 As a result, while our overall ESL

1 population has grown by 150 percent, the amount of
2 instructional time dedicated to ESL has risen at an
3 even greater rate because of the additional time
4 required to teach non-English proficient students.
5 At the same time, the cost of instruction to these
6 students has more than doubled as well.

7 We contract with the Lincoln
8 Intermediate Unit for ESL teachers to allow the
9 greatest flexibility in meeting students' needs.
10 While we could possibly save some money by hiring
11 our own teachers, we would lose significantly in
12 regard to the expertise and ongoing training
13 provided by the Lincoln Intermediate Unit.

14 Our LIU bill for the first 60 days of
15 ESL services in 1997-98 was just under \$30,000.
16 This year, our first 50 days of services cost the
17 district over \$75,000. In addition, during the
18 first trimester of the school year, we spent over
19 \$2,000 on translations and interpretations in order
20 to comply with the requirement -- and this is an
21 Office of Civil Rights requirement -- that we
22 communicate with the student's home in the parents'
23 native language. Of course, all of these expenses
24 are in addition to the costs of educating these
25 students in their non-ESL classes which comprises

1 most of their school day.

2 We do not see any end in sight in
3 terms of the increases in the ESL student
4 population, the escalating costs associated with the
5 program and the regulatory requirements to meet the
6 needs of the ESL population. The amount of time I
7 personally spend simply complying with requirements
8 for reports, individual student data to the extent,
9 for instance, that the Office of Civil Rights
10 requires that we send our students' report cards to
11 their office, has dramatically increased as well.

12 At a recent mandatory meeting hosted
13 by the Pennsylvania Department of Education, it was
14 made abundantly clear that school districts will be
15 required to demonstrate the policies and procedures
16 are in place to meet the requirements set forth not
17 only by the federal government, but also by the
18 Commonwealth's Chapter 4 regulations in order to
19 meet the needs of our second-language learners.
20 Fortunately, for Gettysburg, we have an excellent
21 program in place already, a fact documented by the
22 Office of Civil Rights at the conclusion of their
23 random audit.

24 However, the increasing costs
25 associated with service and compliance are borne

1 entirely by the local property owner. This year we
2 will spend about \$300,000 to teach our ESL students
3 how to read, write and speak English, over and above
4 the costs of educating our general population. This
5 figure does not take into account the administrative
6 and clerical time spent on compliance issues, nor
7 does it recognize the amount of time that our
8 regular classroom teachers spend working to make
9 daily instruction in math, science, social studies,
10 health, etc., meaningful and productive for
11 non-native speakers, because there are certain
12 strategies and techniques that teachers should use
13 when they are dealing with students who don't speak
14 English who are in their classes.

15 Annually, we conduct training sessions
16 for our new and experienced teachers so that they
17 can be effective in working with students who are
18 culturally and linguistically diverse. We maintain
19 small libraries of parent education materials in
20 multiple languages. We hire translators to convert
21 into Spanish our field trip permission slips, weekly
22 newsletters, emergency forms and any other vital
23 parent communication. Interpreters are hired during
24 parent conferences and when the nurse needs to
25 communicate a health-related problem to the home.

1 Annually, we conduct a special
2 back-to-school night for parents of ESL students so
3 that they can become familiar with their child's
4 school and some of the cultural norms, so that
5 students are more likely to succeed in achieving
6 local and state standards.

7 We are definitely committed to serving
8 the needs of all of our students. However, the
9 issue at hand is one of ever-increasing costs with
10 little or no relief in sight, except to cut expenses
11 or increase revenues through local taxes.

12 Recently, there was a bill introduced
13 that would have awarded school districts \$600 per
14 enrolled ESL student. While this would certainly be
15 welcomed, it should be noted that \$600 per student
16 represents only a fraction of the additional cost of
17 educating the ESL student according to stringent
18 federal and state regulatory requirements. Given
19 that the Legislature has recognized the need to
20 consider the entire manner in which education is
21 funded, but that this testimony is specific to ESL,
22 please allow me to make the following suggestions to
23 provide some relief to districts that would benefit
24 ESL students:

25 Professional education. The

1 Pennsylvania Department of Education has done an
2 excellent job regarding the Governor's Institutes
3 for Educators in response to the requirements set
4 forth in Act 48. Since Pennsylvania is one of the
5 few states, if not the only state, without a special
6 teaching certificate required for ESL, the state
7 should fund an annual weeklong Governor's Institute
8 for ESL. I should mention that we have had one of
9 our teachers attend a special program that was
10 funded through PDE, but it was really for teachers
11 of ESL, not necessarily all teachers who work with
12 kids who don't speak English.

13 This institute should be made
14 available not only to teachers whose primary
15 responsibility is teaching English to ESL students,
16 but also for regular classroom teachers who have
17 these students in their classrooms daily. There are
18 many strategies and sensibilities all classroom
19 teachers should possess to more effectively serve
20 our second language learners.

21 The second one is probably the easiest
22 one, state publications. The Pennsylvania
23 Department of Education occasionally publishes
24 brochures, booklets and kits for parents. For
25 example, two years ago we received brochures to be

1 sent home explaining the academic standards and
2 performance levels to parents. A kit called family
3 connections was also published with materials
4 specifically designed for parents.

5 The Office of Civil Rights expected us
6 to have these items translated into the native
7 language of the home if we intended to use them with
8 any of our parents. When I asked a representative
9 at the Department of Education to provide this
10 translation, I was told that was not their
11 responsibility. We can either have one entity
12 provide the translation and pay for it once, or we
13 can have as many as 501 school districts bear the
14 cost 501 times.

15 Any publications from PDE targeted for
16 the home audience should be translated by PDE, not
17 the individual school districts. Of course, these
18 translations should occur in several dominant
19 languages among our ESL populations. The statistics
20 on student population by individual school building
21 and the students' native languages are already
22 available to PDE via the forms that we are required
23 to complete annually.

24 Third is interpreter services.
25 Likewise, the Department of Education could provide

1 at regional locations through our intermediate
2 units, access to interpreters for the major second
3 languages in each region. In Adams County, over 90
4 percent of our ESL students come from
5 Spanish-speaking homes. If the IU could offer a
6 service funded by the state to provide interpreters
7 at parent conferences, and for phone calls to the
8 home regarding health, discipline, homework and
9 other issues, and IEP meetings, individual education
10 plan, districts could save some money and improve
11 communication with the home.

12 Currently, local districts hire
13 translators and interpreters for \$20 to \$30 per hour
14 or use a service from AT&T which currently runs
15 about \$50 per call home depending on the length of
16 the call. There are some Internet providers that
17 have a service where you can type in information in
18 English and it translates into another language.
19 Unless you have somebody who actually knows that
20 language, I wouldn't trust sending it home.

21 Additional funding. Although I'm not
22 particularly familiar with the formulas used to
23 determine basic subsidies to school districts, it
24 would seem appropriate to provide some adjustment,
25 increase, in funding to school districts based on

1 the number of students identified for ESL services.
2 This information is already collected annually by
3 the state. There is no question that serving ESL
4 students in accordance with regulations is in the
5 best interest of the students.

6 However, this commitment requires a
7 substantial investment of local tax dollars. In our
8 case, nearly three-fourths of a mill is dedicated
9 exclusively to serving the needs of our ESL
10 population. And that's just for their ESL services.
11 An adjustment for this increased expense could be
12 similar to the adjustments provided based on special
13 education populations.

14 Thank you for your time and attention
15 during my testimony. I would be happy to answer any
16 questions that you may have.

17 CHAIRMAN CIVERA: Well, if you ever
18 need another job, I'll take you down to Upper Darby.
19 We have 42 different languages --

20 MS. MORTON: Wow.

21 CHAIRMAN CIVERA: -- in an elementary
22 school which borders up to west Philadelphia in the
23 Philadelphia area.

24 Let me ask you a question. The PSSA
25 test, what happens there?

1 MS. MORTON: The PSSA are to be a test
2 of a student's ability in English.

3 CHAIRMAN CIVERA: Right.

4 MS. MORTON: So the current regulation
5 that we operate with is a student who has not been
6 in our district for more than a year does not have
7 to participate in the PSSA.

8 CHAIRMAN CIVERA: And you get around
9 that?

10 MS. MORTON: And it's in your district
11 which is helpful because a lot of these populations
12 are pretty mobile. As long as they haven't been in
13 your district for a year, they don't have to be
14 tested. However, with the No Child Left Behind Act,
15 that's going to change to any student who has been
16 in U.S. schooling for three years or more must be
17 tested. And the other thing is you are allowed to
18 read the directions to the child in their native
19 language. Of course, we don't have people that read
20 all the languages.

21 CHAIRMAN CIVERA: Representative Nikol
22 has a bill -- the bill he's introduced -- Steve,
23 where is that? Is that still in Education?

24 REPRESENTATIVE NIKOL: No. It came
25 out of Education.

1 CHAIRMAN CIVERA: That would handle my
2 problem as well as -- I think we should look at
3 that. We should make that part of our report with
4 this committee. So basically I know what you are
5 saying. I've been through it with my school
6 district. It's a major, major financial burden on
7 the district, and there's no relief from the state
8 or Department of Education. It's a shame. It
9 really is. We are in a different type of time to
10 deal with this issue. And it needs to be addressed.
11 There's no question in my mind.

12 MS. MORTON: It's my understanding
13 also that the Office of Civil Rights has been
14 leaning pretty heavily on the Pennsylvania
15 Department of Education which, in turn, has been
16 sharing that information with all the districts at
17 meetings that every district has been required to
18 attend. And so it's not going to go away. There's
19 districts that are really scurrying right now who
20 have no ESL students but need to still have policies
21 and procedures in place for when they do come.

22 CHAIRMAN CIVERA: Ron, there was a
23 woman that came before us, she got her degree in
24 this?

25 MR. HENRY: There was a woman, Donna

1 Sanderson, who did her thesis on this mobility as it
2 affected PSSA scores and threw on top of that a
3 question about how limited English proficiency is
4 always widening the gap between children. I know
5 that the Pennsylvania School Boards' Association has
6 a project aimed at this as well.

7 MS. MORTON: Good.

8 MR. HENRY: So there are some things
9 going on.

10 CHAIRMAN CIVERA: Steve, do you have
11 any comments?

12 REPRESENTATIVE NIKOL: If you look at
13 the census bureau's most recent report, I think
14 Pennsylvania is the second state in terms of number
15 of residents of our state who were born here. So I
16 think we rested on your laurels, so to speak, in
17 being pretty much of a no-growth state and not had
18 to deal with the problems of the increasing number
19 of people coming to our school systems where English
20 is a second language.

21 But I think what we are starting to
22 see here in this area is we are seeing --
23 originally, it was just the migrants coming through
24 to pick fruit. Now, because of the employment
25 situation and because many of those migrants are

1 extremely good workers, they are being pulled out of
2 the migrant stream and are now working in our
3 factories.

4 So throughout this area, I believe you
5 indicated about 5 percent or more of your students
6 now were English as a second language. Upper Adams,
7 which I represent adjacent to Gettysburg School
8 District, is more like 10 percent of the student
9 population that falls into this category with no
10 special recognition from the state in terms of
11 funding, which is why I put the legislation in.

12 I have a couple questions.

13 MS. MORTON: Sure.

14 REPRESENTATIVE NIKOL: Representative
15 Civera said that they speak 42 languages in Upper
16 Darby. I'm just curious within your population of
17 somewhere around 165, if my calculations are
18 correct, how many languages does Gettysburg have to
19 deal with?

20 MS. MORTON: I would say you could
21 cover about 99.9 percent with about five different
22 languages. Most of our folks are coming now from
23 Mexico. What happens is if you provide good
24 services, families tell their families back in the
25 native country. And that's how the population

1 grows. The same thing happens with special
2 education when you do a good job with it.

3 Mostly, it's Vietnamese. We have many
4 Indian dialects. We have not only Spanish, but once
5 in a while we will get some Croatians, some
6 Serbians. Parent night on that night is really fun
7 if the Croatian and Serbian parents come at the same
8 time. It's been interesting in turn. Churches that
9 sponsor families, usually there's a stronger support
10 group for some of those others. Russian also. I
11 went over to Carlisle where we had the Army War
12 College, same situation you probably have in Upper
13 Darby.

14 REPRESENTATIVE NIKOL: Now, when you
15 said Indian languages, are you referring to the East
16 Indian or American Indian?

17 MS. MORTON: No, no, from India.

18 REPRESENTATIVE NIKOL: What is your
19 balance of these students of the traditional migrant
20 students who actually comes through temporarily? Do
21 you have many of those anymore?

22 MS. MORTON: We have very few migrant
23 students. I think -- and we get a reimbursement for
24 migrant students, but those migrant students are
25 really often native English speakers.

1 REPRESENTATIVE NIKOL: I think your
2 reimbursement is pretty generous. What is it, a
3 dollar a day?

4 MS. MORTON: I think it's a dollar a
5 day up to a certain amount. It doesn't amount to a
6 whole lot.

7 REPRESENTATIVE NIKOL: Extremely
8 generous reimbursement from the Commonwealth.

9 MS. MORTON: Probably one of the
10 toughest things -- and we very much wanted to serve
11 these students the best we can. And we know that in
12 order to do that we have to have good communication
13 with the home, because we have so many cultural
14 pieces to overcome in terms of the school and home
15 relationships with students who come from different
16 countries with different cultural understandings
17 about the world of school. So I guess what gets
18 under my skin the most is when we get publications
19 from PDE that are intended for the home, but every
20 school district is independently translating those
21 as a requirement of the Office of Civil Rights.

22 REPRESENTATIVE NIKOL: With the
23 category of migrant, I understand there are certain
24 federal benefits that follow someone who obtained
25 the classification of migrant and it actually

1 promotes families to move within a county.

2 MS. MORTON: Well, it promotes them to
3 do a couple things. They may move within the
4 county. But the other thing that happens quite
5 frequently is in order for them to maintain their
6 migrant status, they will leave in December and go
7 back to their native country and then return
8 sometime in late January or early February.

9 And what that promotes is the fact
10 that the kids, especially in a situation like our
11 high school where a semester is when you have an
12 entire course, because of block scheduling they fail
13 the course because they haven't been there for the
14 final. They've missed the last four weeks of
15 school. And we try to explain to the parents, if
16 you need to do that to maintain your migrant status,
17 then fine, but leave your kids here because it's
18 only hurting them. All the effort we are putting
19 into making sure that they are educated is sometimes
20 undone by a need to manipulate the system in order
21 to maintain the status that gives them extra
22 benefits.

23 REPRESENTATIVE NIKOL: You had asked
24 -- the \$600 per student in my legislation was pulled
25 out of the air, because I knew if I put the number

1 down someone would start shooting at it and I would
2 come up with a more accurate number. I've had other
3 people suggest \$1,000 is probably more appropriate.
4 And that seems to be more appropriate from at least
5 your cost with the LIU in providing services.

6 MS. MORTON: The \$600 calculation
7 would at least help us with \$96,000 worth of support
8 for those services, but it's obviously not going to
9 meet the additional cost that we incur.

10 REPRESENTATIVE NIKOL: What would the
11 cost differential be between an NEP and an LEP?

12 MS. MORTON: Well, an NEP typically
13 requires about twice as much time learning English.
14 An LEP student is going to be -- usually what
15 happens is their English LEP class or ESL class is
16 replacing their English class, and then there's
17 usually some time that is set aside in our schedule
18 for some resource time so that the teacher can help
19 them with assignments that they get. Typically, an
20 NEP is going to cost us about twice as much as a
21 LEP.

22 REPRESENTATIVE NIKOL: And one final
23 question. You said this is costing local taxpayers
24 equivalent or nearly three-quarters of a mill.
25 Since millage rates and assessments differ, what's

1 your millage?

2 MS. MORTON: Our millage is \$483,000.
3 That's the latest estimate.

4 REPRESENTATIVE NIKOL: Okay. So it
5 would be three-quarters of that would be about your
6 cost?

7 MS. MORTON: About.

8 REPRESENTATIVE NIKOL: Thank you.

9 CHAIRMAN CIVERA: Representative
10 Miller.

11 REPRESENTATIVE MILLER: Just a comment
12 if I may. I found it terrible that PDE says that
13 every school district should translate their own.
14 They will get a letter from me within the next week
15 saying, what's wrong with you.

16 MS. MORTON: It's actually the Office
17 of Civil Rights that has that requirement.

18 REPRESENTATIVE MILLER: Oh, it's the
19 Office of Civil Rights.

20 MS. MORTON: The Office of Civil
21 Rights. But the Office of Civil Rights is now
22 leaning on the Department, and the Department
23 assured us they would begin to at least look at
24 addressing some of those concerns.

25 REPRESENTATIVE MILLER: Well, they

1 will get a reinforcement letter saying they should.

2 MS. MORTON: Well, the problem that
3 you have just to put it in some sort of perspective
4 is that as soon as you translate it into the one
5 language, the obligation is there to translate it
6 into every language.

7 REPRESENTATIVE MILLER: Right.

8 MS. MORTON: And to cover every
9 language, as you know, in Upper Darby is not the
10 easiest thing in the world. So when you just do
11 Spanish, you open yourself up for some liability for
12 not having done some of the other languages. So
13 it's kind of like putting video cameras in your
14 school. Once you put them there, there's an
15 expectation that there's greater security. If you
16 leave them out, you don't create that expectation.
17 So as soon as you translate one, you almost have to
18 translate them all.

19 REPRESENTATIVE MILLER: That's all I
20 have. Thank you, Mr. Chairman.

21 CHAIRMAN CIVERA: Thank you very much.

22 MS. MORTON: Thank you.

23 CHAIRMAN CIVERA: Dr. Susan Weeks,
24 Superintendent of the Eastern York School District;
25 and Dr. William Thompson, Superintendent of the

1 Dallastown Area School District.

2 MR. THOMPSON: Dr. Weeks isn't here.
3 She's a tall good-looking blonde. If she walks in,
4 I'll have her come over.

5 CHAIRMAN CIVERA: Okay.

6 MR. THOMPSON: I want to thank you for
7 this opportunity. Before I talk about what I came
8 to talk about, I would just like to make a few
9 comments about some of the things I heard today.
10 It's been very interesting.

11 I would like to thank this committee
12 for taking on this challenge. I think that it's
13 needed. I will tell you this, based on personally
14 knowing all of our local legislators, there is not a
15 person there that I don't respect, that I don't
16 honor, that I don't think has the interest of kids
17 in his heart. The problem we have is that there is
18 such a disparity across the state in what people say
19 they want and need. And there has to be a way to
20 focus on what kids need.

21 Relative to my school district, Ron
22 was a board member there for over ten years. It's a
23 fairly wealthy school district. We do a good job.
24 We typically either have the first or second in the
25 county in our SAT scores. We send 75 to 80 percent

1 of our kids to higher education.

2 Now, 14 years ago we started focusing
3 on School-To-Work and the School-To-Work initiative
4 to the extent that we have shadowing programs. We
5 have a School-To-Work coordinator. We have tech
6 world in our education program. Our curriculum is
7 career pathway program that we are now starting down
8 in the elementary school. We have three entry
9 levels for kids to prepare them when they leave our
10 school to go out and work. We will focus on them
11 going to technical school.

12 We will be one of the first school
13 districts in the eastern part of the United States
14 to offer Microsoft engineering certification to our
15 students. We also operate the ES program, the York
16 Employability Skill program. We are the first
17 district in the county to have that as part of our
18 curriculum. That's required by some other
19 companies. It's on certain skills they have to have
20 to apply there.

21 I guess what I'm trying to say is that
22 in our present culture, in our present world, you
23 either are going to pay now or you're going to pay
24 later. You are either going to educate the students
25 so that when they leave school they can get a viable

1 job or you're going to pay for them on welfare.
2 There aren't the jobs that don't require skills
3 anymore. I don't care if it's in plastics or from
4 any other manufacturer.

5 I'm from western Pennsylvania. My
6 twin brother and I were the first two to graduate
7 from high school in the area where I grew up. He
8 also went on to get his doctorate in psychology.
9 He's still out there in plumbing. But in my era of
10 growing up -- and, again, I'm old -- if you went to
11 school beyond 16 years of age, you were considered
12 being lazy. You were to go work in the steel mill.
13 I did work in the steel mill when I got out of the
14 Army for nine months when I was deciding what I
15 wanted to do with my life.

16 I can tell you those jobs aren't there
17 anymore. In 1955, over 80 percent of the jobs in
18 this country dealt with the manufacture of
19 transportation goods. And you did not have to have
20 -- like which I worked in the steel mill you started
21 out -- you can get a good job and make a good
22 living. Those jobs don't exist anymore. So we have
23 to prepare our students for a different world. And
24 we have to look at not just sending them to college.

25 I just wanted to make those comments.

1 I didn't come here to talk about that today. Some
2 of the things that were said, we can't develop and
3 run school districts for the 1950s anymore. We have
4 to start looking for this new century and what the
5 needs are going to be for this new century. And
6 it's more than just memorizing stuff and taking a
7 test. It has to be a transfer of knowledge and
8 application of knowledge in real-world situations.
9 That's been the focus in our school district, again,
10 at least for the last 14 years.

11 What I did come to talk about can be
12 focused on two concepts. I'm afraid to many of you
13 this is going to sound real redundant. I'm speaking
14 from my perceptions, having been in this profession
15 for 33 years. The first is, I think, equal. There
16 should be an equal partnership between local school
17 districts and state government in the funding of
18 public education. And I define equal as 50/50. I
19 also think that special education and its
20 accompanying mandates should receive additional
21 state funding. And I will also be here to tell you,
22 I think the federal government should be made to pay
23 their share.

24 According to an article that was in
25 Education Week on November 26, 2001, titled Forces

1 Target Pennsylvania School Aid Changes, it stated
2 that in the past 30 years, the state's share of
3 public school funding dropped from 54 percent to the
4 current 35.3 percent. In our school district in
5 just the last 22 years -- and I say 22 years because
6 that's how long I've been there -- the funding has
7 dropped from 44 percent to the current level of 22.2
8 percent. This has resulted in just the past six
9 years in local property taxes across the state
10 rising by \$1.7 billion or nearly 32 percent.

11 In my opinion, this does not reflect
12 an equal partnership in education. This present
13 year is a good example. With increased costs
14 associated with the retirement system, some school
15 districts looking at one half of one percent of the
16 realty transfer tax to local municipalities hit by
17 the recession, with increased costs associated with
18 teacher contracts, cost-of-living increases -- and
19 I'm sure every other municipality and organization
20 in the world is getting into this next one -- a
21 significant increase in liability insurance, a
22 double-digit percentage increase in medical
23 insurance, and increased costs for fuel and student
24 transportation to name just a few, what is the
25 funding support from the state? An increase of 1

1 percent. For our school district, that ends up
2 being \$60,000. It's less than \$10 per student.

3 If the funding stays at 1 percent a
4 month, the average next year for the state will drop
5 between 33 to 34 percent. For York County, it will
6 drop to 33 percent. And for our school district, it
7 will drop to 20.75 percent of funding. Realizing
8 that just 22 years ago, we were getting 44 percent
9 funding from the state. I guess the thing that
10 really irritated me -- and I shouldn't personalize
11 this but I do watch the news every night -- I've
12 heard our current Governor brag that there will not
13 be a state tax increase in state taxes which are
14 based on income.

15 What does this mean to us, to the
16 local school districts? It's another increase in
17 the most unfair tax we have, and that's the local
18 property tax. According to a study that was done by
19 John Augenblick for the Education Commission of the
20 States out of Colorado -- by the way, I have the
21 site on here if you want to go look at this.
22 Nationally, states contribute an average of 48
23 percent of school costs. This study reports that
24 there are only 13 states out of the 50 that fund
25 less than 40 percent. Do you want to guess where we

1 are? We're down at the bottom. I'm not proud of
2 that.

3 In addition, there are 16 states that
4 contribute more than 60 percent to public education.
5 This lack of support for public education in
6 Pennsylvania has not only impacted on the increase
7 in local property taxes for all school districts,
8 but has also resulted in a significant increase in
9 equitable funding for Pennsylvania students. Some
10 people on the committee have already alluded to
11 that.

12 There's another fact that you may have
13 read before. The Pennsylvania School Reform Network
14 reports that the state's highest spending district
15 in the state in 1995-96 paid \$206,000 more than the
16 state's lowest spending district. Last year the gap
17 grew -- from 1999 to 2000, it grew to \$222,000.
18 That's one of the things that has me concerned.

19 And, again, I'm not in a district.
20 We've had some districts talk about the lack of
21 funding hasn't hurt our educational program. In
22 Dallastown, we have a good tax base. Our citizens
23 -- although there are some that complain about taxes
24 -- for the most part have put up with the realty
25 transfer taxes. But I think that, as an educator, I

1 would be concerned more about it than just a
2 district that has the wealth to keep the quality of
3 education possible. I have seen in some of our
4 neighboring districts that don't have the tax base
5 we have, that has hurt those students. And it's not
6 fair and it's not right.

7 I have suggestions. The first
8 suggestion is become a partner in 50 percent
9 funding. My suggestion is not just focus on one
10 tax, but get a number of taxes focused on just
11 education funding. For example, increase the
12 personal income tax in the state to provide this
13 equal funding. Whatever you increase it, it has to
14 be allocated for education so when a new Governor
15 comes in it doesn't go another way.

16 I would also suggest -- although I've
17 heard some of these ideas from the Democratic
18 candidate, and I'm a strong Republican as Mr. Miller
19 knows -- there are other sources. Have a sales tax,
20 tax on cigarettes or alcohol, a lottery with funds
21 dedicated to education, gambling. I think you have
22 to think a little bit outside the box of what we
23 have thought for the last 50 years. I would say
24 also the personal income tax. I was trying to think
25 back to when the last time it was raised. I can't

1 remember when it was.

2 CHAIRMAN CIVERA: It was in '91. In
3 '91, it went to 3.1. And then when the Republicans
4 took control of the House, it went back to 2.8.

5 MR. THOMPSON: That's sort of my
6 point. The personal income tax has not kept up with
7 the funding of the cost of education in the state.
8 And I think it's all been transferred to local
9 property taxes.

10 Another thing I found in the article
11 from the Education Commission of the States is that
12 -- and this was similar to what Bob Hahn mentioned.
13 It's called a foundation system. Currently, 40 of
14 the 50 states fund education with a foundation
15 system. And I'm going to give you a very simplistic
16 version of it. It's sort of what Bob said. The
17 state comes up with a cost per pupil -- and the
18 example I used was \$6,800 per pupil -- and then the
19 state assumes a larger share in districts who are
20 less able to generate their own revenue for facing
21 special needs. Quite frankly, the state has this
22 already available.

23 You know the assessed value of every
24 school district in this state. With equalized
25 mills, you know what they can and can't pay. And

1 then what it would mean is some states wouldn't get
2 50 percent funding. They would at least get the
3 \$6,800, but they might not get the 50 percent. That
4 would go to the districts less able to pay to get
5 the same equivalent education for their kids.

6 This other one is a big one. You just
7 heard Amy Morton talk about it, and that's the
8 mandates. If you're going to increase mandates,
9 increase the funding. Because if you don't do that
10 and then you don't fund education to pay for it,
11 it's going to come from the local taxes.

12 I would like to talk a little bit
13 about special education funding. And I am sitting
14 here -- for a large portion of my career, I was a
15 special ed director. I recognize one of the major
16 problems is not the state, it's the federal
17 government. The mandates that the state has that we
18 have to implement come from the federal government.
19 And I'm also going to sit here as an educator and
20 tell you we will meet the needs of special education
21 students.

22 In Dallastown, we have two students
23 that cost \$520,000, two students. Prior to 1991, as
24 you all know, all excess costs for special education
25 were paid by the state. All that we paid was the

1 regular education students. In '91 -- this is my
2 opinion -- the state saw what was happening in
3 special education. In the last ten years of special
4 education, I had 400 percent. In fact, it's 540
5 percent. That's how much it's gone up.

6 The federal government by their own
7 legislation is required to fund 40 percent of
8 special education costs. They barely fund 20
9 percent of this amount and in past years have funded
10 less than 10 percent of the costs. The state saw
11 the increased costs associated with special
12 education on the rise and bailed out of excess
13 funding. This left the local school districts no
14 recourse but to implement the IEPs and, again, raise
15 real estate taxes to pay for them.

16 If you look at the cost of education
17 for regular students in the past decade, it has only
18 increased about 2 or 3 percent a year. But the cost
19 for special needs students has increased over 400
20 percent. This has resulted in money being taken
21 from regular education programs that impact the most
22 students to assure that the laws and regulations
23 mandated for special education were met. This loss
24 of support for the majority of students and their
25 education has been magnified in our poorer school

1 districts.

2 My suggestion is to increase the state
3 and federal contribution for special education based
4 on actual cost incurred and students served.

5 In summary, I'm not going to go
6 through all of this because I know it's getting
7 late. I think that one of the reasons I went into
8 public education was because it was a calling to me.
9 You might want to call it a patriotic calling. I
10 believe in public education. I believe public
11 education is the vehicle for Americans to reach the
12 American dream.

13 What some people may not realize is we
14 are the only country in the world that educates all
15 students. The European countries have a bottleneck
16 system. They don't educate all students. They
17 would not spend \$540,000 on two students. They
18 wouldn't do that. I think the great thing about the
19 United States of America is that we have never
20 limited our population. I think we are the country
21 we are today because every child in this state, in
22 this country, has had the opportunity to grow and be
23 whatever they can be based on their own motivation
24 and God-given ability. That's made America what it
25 is today.

1 I feel very strongly that every child
2 in Pennsylvania should have the opportunity for an
3 equal education. I think if a child in Dallastown
4 has the opportunity to get Microsoft certification,
5 why shouldn't a child anyplace else be able to get
6 that. That may not be the best example but it's an
7 example. If we don't do that, we are limiting the
8 future of this country which are our children. And
9 the basic request I have is to take the message back
10 that I think this state needs to become an equal
11 partner in education.

12 Thank you. I'd be happy to answer any
13 questions.

14 CHAIRMAN CIVERA: Very good testimony.
15 Let me just go over something before I ask you some
16 questions. You are right about special education.
17 You deal with it on a daily basis so why wouldn't
18 you know. The federal government absolutely just
19 pulled away from us. This issue has come up out of
20 the 15 hearings that we have had, and some people
21 believe that they give us the money and we are not
22 bringing it down to the local level. But the fact
23 is that they are just not doing anything.

24 MR. THOMPSON: They never have.

25 CHAIRMAN CIVERA: What happened in '91

1 with Governor Casey when they altered ESBE because
2 the rural school districts were filing a court case
3 against the state, the Commonwealth, in the way
4 funding was being done, the funding wasn't according
5 to what the act related. Then the school districts
6 squeezed into -- what they are doing to our
7 understanding when this happened, the administration
8 told us that they were using special ed to get the
9 funding that they were losing from the ESBE formula
10 the way they changed it. Then the school districts
11 the following year went in and were trying to use
12 the ESBE -- no, the special ed. And it got out of
13 hand, so the Governor came back and said, we're
14 cutting this because we were basically in a budget
15 crunch. That was the year that we went into August
16 before we passed a general fund budget.

17 Now, there was only, I think, on the
18 Republican side, which I was one, to push the vote
19 from 2.8 to 3.1. I thought what they should have
20 done was to leave it at 3.1 and redo ESBE and we
21 wouldn't be in such bad shape today, but that's not
22 what happened.

23 MR. THOMPSON: By the way, I do have a
24 copy of the ECS report. It's titled the Status of
25 School Finance Today, done in July. Do you know

1 anything about the Education Commission of the
2 States? It's an independent organization. It's a
3 good resource base if you want policy.

4 CHAIRMAN CIVERA: Okay.

5 MR. THOMPSON: Then you don't have to
6 go to the web site. I wasn't nice enough to copy
7 all of it. We're saving on paper.

8 CHAIRMAN CIVERA: Let's get into this
9 funding. I know who you're talking about, one of
10 the gubernatorial candidates. He's been on PCN.
11 He's saying the way they did it in Philadelphia and,
12 you know, how they balanced their budget and
13 Governor Ridge was going to take his ideas if we
14 didn't have a good economy and all that nonsense,
15 which I really didn't believe was going to happen.

16 The numbers that we saw with gambling,
17 it does generate revenue. I don't think you'll ever
18 see gambling ever passed in Pennsylvania. There is
19 a strong opposition. I've been there for 22 years.
20 Personally, I don't gamble. Would I vote for it? I
21 would do anything right now just to resolve this
22 problem. We are in a crisis situation when it comes
23 to education.

24 MR. THOMPSON: No question.

25 CHAIRMAN CIVERA: I just don't see

1 that that's going to be the alternative because of
2 the strong opposition within the General Assembly.

3 MR. THOMPSON: My comment on that was,
4 I'm not saying it should be -- it could be one part
5 of it. I'm just going to share this with you.
6 Some people from a religious stance are opposed to
7 gambling. I'm Roman Catholic. We have bingo.

8 CHAIRMAN CIVERA: You have the
9 lottery.

10 MR. THOMPSON: I am going to share
11 this with you. I would like -- I guess it's because
12 of where we live -- to put a tax on the people going
13 down to West Virginia, going to Delaware --

14 REPRESENTATIVE PALLONE: A border
15 guard.

16 MR. THOMPSON: -- to gamble. I'm just
17 asking you to took look at that. I understand that
18 there is a -- I remember when they were trying to
19 get river boat gambling in Pittsburgh. Do you
20 remember that?

21 CHAIRMAN CIVERA: And Philadelphia,
22 also.

23 MR. THOMPSON: All I'm saying is it's
24 one viable place to look at.

25 CHAIRMAN CIVERA: Yes.

1 MR. THOMPSON: You have sales tax,
2 cigarette tax. I think the one thing we can do --
3 see, there's two questions here as I see it. One
4 is, we first have to decide are we going to be equal
5 partners and fund education. So that first has to
6 be decided. You decide are we going to fund it, if
7 you want to go with the national average 48 percent.
8 Decide what you want to fund.

9 Then the second thing is decide how
10 you fund it. You first have to come up with what
11 you want to fund and then how you want to fund it.
12 And then, I think, that's a whole different
13 decision-making process. My suggestion would be,
14 don't look at just one.

15 CHAIRMAN CIVERA: Suppose that we
16 become an equal partner and suppose that we -- and I
17 just use this as an example because it's clear and
18 it's simple -- raise the PIT tax and now we reduce
19 the real estate tax by at least 50 percent.

20 MR. THOMPSON: Or freeze it so it
21 doesn't go up.

22 CHAIRMAN CIVERA: Well, by 50 and then
23 you have to put a referendum. Now, this will bring
24 us up to the 50 percent level of funding basic
25 education in Pennsylvania. Now, as an educator, the

1 big question is once we get this package together we
2 have to go back and sell it to the legislators to
3 get their votes. Accountability. These school
4 districts are going to be receiving more and more
5 money. What in your experience as an educator, how
6 would you advise us that we have accountability so
7 the spending doesn't go crazy? We need to know
8 that.

9 MR. THOMPSON: My two comments on that
10 would be the thing that I think has been unfair is
11 the reliability on the most unfair tax. And that's
12 real estate tax. I think you could come up with a
13 level. You don't really give them a lot more money.
14 You are just funding it differently. You can say
15 that it should only go up this much to educate the
16 kids. What you have to understand is you almost
17 have to look at school districts or different types
18 of school districts.

19 If you're looking at -- and I'll name
20 names. If you look at York City, they have a
21 different challenge than Dallastown. Their funding
22 -- you can't give Dallastown the same amount as York
23 City. They don't have the same tax base and the
24 challenge for the students. Many of their students
25 are coming from poverty level. Their population in

1 special education is 30 percent. Our population in
2 special education is 3 percent. So they need more
3 money than we do. So when I'm sitting here talking
4 to you --

5 REPRESENTATIVE PALLONE: Do you use
6 the 16 percent formula and you only have 3 percent
7 special ed?

8 MR. THOMPSON: Yeah, 3 to 3.5 percent.

9 REPRESENTATIVE PALLONE: Wow.

10 MR. THOMPSON: But still the state
11 only funds for us about 50 percent. That's beside
12 the point.

13 REPRESENTATIVE PALLONE: I'm just
14 curious because someone testified earlier the
15 inequity of the formula.

16 MR. THOMPSON: See, that's York City,
17 30 percent of their population is special education.

18 REPRESENTATIVE PALLONE: And they only
19 get 16 percent?

20 MR. THOMPSON: Absolutely.

21 REPRESENTATIVE PALLONE: Okay. I'm
22 sorry for interrupting.

23 CHAIRMAN CIVERA: That's okay.

24 REPRESENTATIVE PALLONE: Thank you.

25 MR. THOMPSON: The formula, even if

1 you go to a foundation system and if you look at
2 that -- and, again, I'm not an expert on foundation
3 systems, we never had it in Pennsylvania -- you come
4 up with the amount per student. Then you have to
5 equalize it depending on the needs of the district
6 and the students. You can't group it by
7 classification. Suburban districts could all fit
8 into a certain pattern. That's the state's
9 contribution.

10 I think the way you limit local taxes
11 is, again, using that equalized millage-type rate.
12 You simply state, this is all you get from the
13 state. You have the ability to pay this. We want
14 to guarantee and even mandate that every student in
15 the state will get at least this much money for
16 their education. Now, you then have control of
17 accountability that has to go to instruction.

18 Again, I'm not an expert on this. But
19 there are 40 states doing it. And probably each
20 state does it a little bit differently, but there
21 are models out there. I'm a great believer in not
22 reinventing the wheel. I don't think I've had a
23 creative or innovative thought in my life, but I've
24 borrowed one.

25 CHAIRMAN CIVERA: How do we know that

1 the students are learning and it's working? You
2 have the PSSA test. We have had a lot of criticism
3 about that in the hearings across the state. If we
4 took that away, what would you suggest? How would
5 you replace that?

6 MR. THOMPSON: First, let me respond
7 to the PSSA test.

8 CHAIRMAN CIVERA: Okay.

9 MR. THOMPSON: I think the PSSA test
10 -- it's hard to have any test that has great
11 predictability. For example, the test that we use a
12 lot that probably has the most validity in schools
13 is the Weschler Intelligence. The SAT is only
14 correct in predicting just based on SAT scores,
15 college board scores are 32 percent. So you have to
16 use criteria beyond just testing.

17 I will say this, the PSSA test now
18 that they are being based on standards that have
19 been approved for reading, math and writing, they
20 have some accountability there because at least it
21 isn't changing every year. If you do a cohort group
22 analysis over a number of years following the same
23 students, you can use that to predict
24 accountability.

25 You can't compare this year with last

1 year, because of the difference in students. But if
2 you compare the students when they were in third
3 grade or fifth or eighth grade and follow the same
4 cohort all the way through, you can make some
5 predictions for accountability. Tests do have their
6 place, but it shouldn't be the sole factor.

7 There are other things you can look
8 at. You can require school districts -- we do this
9 -- to follow students for 5 years after high school
10 to see what they are doing, 10 years after high
11 school, 15 years. And then you give them a survey
12 and you evaluate the school system. How did your
13 education help you? That's the best way. I think
14 the best accountability for a school district is to
15 see what the product was when they left you. Did
16 you prepare them for the next step in their life,
17 whether it's going into work, whether it's going to
18 a technical school or a formal college?

19 As I said, in Dallastown we have
20 always done a good job preparing them for college.
21 A personal example is I have a son that went to West
22 Point. He is not that smart. He just isn't. But
23 his first year at West Point, he ended up with a 3.2
24 average. And the average for the class was 1.85.
25 Let me tell you why. I keep telling him this. He

1 thinks he's smart. I said, I want you very clearly
2 to know -- he calls up, he says, send my chemistry
3 book from Dallastown. Send my physics book. Send
4 my calculus book. They use the same books we used
5 in Dallastown. So he had it over all the rest of
6 them because three of his five classes were repeats.

7 I guess what I'm trying to tell you
8 is, we have done a good job there. But we haven't
9 done as good a job as I would like to see for the
10 other 20 percent of the kids.

11 CHAIRMAN CIVERA: Okay.
12 Representative Nikol.

13 REPRESENTATIVE NIKOL: I'm curious. I
14 want to follow-up on the question of PSSA testing.
15 I can understand Dallastown is a much more stable
16 school district than -- I live in the middle of a
17 small urban area, Hanover. The elementary school my
18 kids go to has over a 50 percent turnover each year.
19 How do you judge accountability of the
20 teachers that --

21 MR. THOMPSON: Don't get me started on
22 this. I'll go to York City. They were calling it
23 an empowerment district based on PSSA scores. They
24 were required to test students that were in their
25 district five months. In that five months, they may

1 have only been in school 20 or 30 percent of the
2 time. And then you're going to judge a school on
3 their academic program based on that. Right now
4 under the PSSA -- I told you not to get me started.

5 CHAIRMAN CIVERA: No. We need to know
6 this. We need to hear this. Go ahead.

7 MR. THOMPSON: All right. Under the
8 PSSA, you have a child that doesn't speak English.
9 You have one year. After one year, their scores
10 count. Now, this isn't one that --

11 REPRESENTATIVE PALLONE: That's
12 English as a second language child?

13 MR. THOMPSON: That's right. Now, Ron
14 has heard this from me. Now, there are -- I think
15 in the last count there were 38 states that had high
16 testing like the PSSA. I think it's 38. It might
17 be 41 now. I forget. There is only one state, only
18 one state, out of all the states that have
19 high-stakes testing that put special education
20 student results into the norm. Guess which state?

21 REPRESENTATIVE MILLER: That's very
22 important, I think.

23 MR. THOMPSON: I went to a national
24 convention last year in Boston. You had to pick
25 areas. I went on all standards. Everything on

1 standards I went to. One of them was on standards
2 based testing. When the person who was leading it
3 who was a nationally renowned person on standards
4 testing, when I told them that all school districts
5 across the country have to test special needs
6 students with some exceptions, and they all do,
7 that's federal law. But there's only one state that
8 includes their results in with the results of the
9 school, that's Pennsylvania.

10 To give you an example -- and this has
11 ramifications beyond just score results -- we have a
12 little small elementary school. Last year we had to
13 find a room for eight special needs kids. In fifth
14 grade there were 42 kids. All of these kids took
15 the test. They were figured in. We went from the
16 highest score in the district to the average score
17 just with eight students. Remember when you only
18 have 42 students and you have 8 that score low,
19 that's going to pull you down very quickly.

20 If I can say one thing that I think is
21 really asinine is why are special needs students
22 figured in with the norm for a school district? The
23 result is the intermediate unit, they are having
24 trouble getting school districts to teach certain
25 types of students. They know that when they come in

1 -- and this is printed to the public -- that their
2 scores are going to go down if they have a learning
3 support class, a low-functioning class.

4 MR. HENRY: It's reported both ways,
5 in and out?

6 MR. THOMPSON: Yes. It is reported
7 out also. But it's reported in like our -- when I
8 share this with you -- Ron can attest to this -- our
9 PSSA scores make us look pretty good.

10 MR. HENRY: Can I ask a question?

11 CHAIRMAN CIVERA: Sure.

12 MR. HENRY: If I can follow-up on
13 that. Representative Civera asked me to visit with
14 the Upper Darby folks on the issues of mobility and
15 also special ed. There is also the question of
16 being able to offer an alternative test for some
17 special education students, which is on a much more
18 basic level key to their learning track. And those
19 numbers as I understand it are then analyzed and
20 weighted so that they are given a rough equivalency
21 with what the non-special education student would
22 do.

23 MR. THOMPSON: No. I'm not talking
24 about those students. Those students who are
25 severely handicapped --

1 MR. HENRY: The question I'm trying to
2 get to on that particular point is that the
3 Department of Education, the State Department of
4 Education, said that they thought approximately 1.5
5 percent of the total student population might be
6 eligible for that sort of alternative testing. My
7 understanding is that the real numbers are
8 substantially lower in most places. Is that your
9 experience as well?

10 MR. THOMPSON: Absolutely. The kids
11 -- now, we do have life skill classes. I want to
12 share this with you. A large part of my life has
13 dealt with handicapped students. I was on the board
14 of a group for handicapped adults. I think that we
15 have a responsibility as a nation and as a country
16 with our Democratic ideals and principles that we
17 give the highest quality of life for every one of
18 our citizens. It may cost more, but we have a
19 responsibility as the kind of country that we are
20 that we do serve them.

21 Responding directly to your question,
22 I think it's important in schools because one of the
23 things I didn't mention in the handout, public
24 schools are very important to be a reflection and
25 representation of our Democracy. We are

1 multi-cultural, multi-ethnic, multi-religious. And
2 this diversity has made our country strong.

3 Equally, I think it's important for
4 regular education students to be with handicapped
5 students and know that they are okay. And they have
6 strengths over the life skill student. You will
7 never find a more loving student typically. And
8 there are things all of us can learn from that.

9 To respond to that, life skill
10 students are a very small -- they are the lowest
11 functioning to qualify for alternative education
12 testing. They are a small percentage of the average
13 school district. Now, when you get into a district
14 like York City, a district like that, it may be a
15 different amount. In our district, we have two life
16 skill classes at elementary. Our district has 5,700
17 students. We have one in the middle school and one
18 in the high school. Very few of those students are
19 from our school district.

20 Here is the problem with school
21 districts not wanting to take these classes. I
22 think it's important for my regular ed students to
23 be around life skill students. Some of them had to
24 take the PSSA because their functioning wasn't low
25 enough. There may be a student from Red Lion and

1 when they are coming into my high school total, it's
2 going to pull it down.

3 REPRESENTATIVE MILLER: I think that's
4 an important thing. If you host that group of
5 special needs students, their scores count in your
6 school district where you host them, not their home
7 school district. It's totally a ridiculous setup.

8 MR. THOMPSON: Let's put it this way.
9 What's the purpose of the PSSA? The purpose of PSSA
10 especially linked to the standards is so that you
11 can recognize students that need special needs and
12 need special help.

13 In our school district, there was
14 about -- depending on the school -- up to like 10
15 percent that were special needs kids. None of them
16 did we provide services for. They were all in IEPs.
17 So why are they included? They're already in on an
18 IEP. If you're doing the testing to find out what
19 kids need, special education students, you should
20 test them to see how they do with the regular
21 curriculum, how they function with the state
22 standards. But why include them in the results of a
23 school? No other state does it, unless you are
24 there to say that we can make the public schools
25 look bad. I'm going to tell you that's the

1 perception of a lot of us in education.

2 REPRESENTATIVE NIKOL: I think
3 accountability. Also, we had the earlier
4 presentation on the English language learners and
5 that really presents a problem. York City has about
6 10 percent or more of its students who are English
7 language learners. I feel two ways about it. I'm
8 aware of some school districts where you have a low
9 incidence of English language learners where they
10 get swept under the rug, so to speak. Their needs
11 aren't met. So perhaps actually requiring these
12 students to take tests, all of a sudden the school
13 district starts getting a little bit concerned.

14 MR. THOMPSON: We have been very
15 successful, but it won't meet the standards. We
16 have so few ESL students. We just got two kids from
17 Romania. Try to find a translator to do Romanian
18 stuff. In Pittsburgh, I can find it. In York
19 County, I can't find it.

20 I'm just going to share this with you.
21 Because we may not have them identified that way,
22 they take the PSSA. I don't have a problem with
23 that. We hire one-to-one aids that are certified
24 teachers to work with them. They are not with them
25 90 minutes a day. They are with them the whole

1 school day. It's like a personal instructor for the
2 students. It's been very successful for us.

3 I guess what I'm trying to share with
4 you is I don't think -- again, I don't know why if a
5 kid doesn't speak English at all, I challenge that
6 they are going to do very well on any English test
7 in one year.

8 REPRESENTATIVE NIKOL: I think
9 Representative Civera made an excellent point. We
10 are constantly at the state level hearing from the
11 taxpayer groups and others who are demanding
12 accountability. And other legislators, especially
13 if we are putting more money in the system, they
14 want this accountability. But what we struggle over
15 is the proper way to measure.

16 MR. THOMPSON: I think the easiest
17 measure -- and the state is always going to have
18 this. As long as you realize it's only one measure
19 of accountability, of academic success. You have to
20 have some type of normalized testing. Now, I like
21 the state testing now better than what we had before
22 because at least it's to a standard. It says
23 something.

24 If you have, let's say 40 percent of
25 your kids at the highest level, highest quartile, at

1 least you know the highest quartile for what and you
2 can look at the standards. This is what they test.
3 Now, prior to last year, it is a different test
4 every year. No one was sure what was being tested.
5 I think the tests are becoming better in the sense
6 that there are state standards. The goal of any
7 curriculum is the written curriculum should be the
8 testing curriculum. Then you can evaluate the
9 curriculum and the effect on kids.

10 We're moving towards that. It's no
11 longer a norm-referenced test solely. It's a
12 criterion-referenced test, the criterion being the
13 state standards. So that's a movement in the right
14 direction. However, as I told the school board,
15 this is only one measure of the quality of the
16 school district. It may not be the most important
17 one. Your product is an important measure. I think
18 what happens to the kids when you leave the school
19 district is very important.

20 You also have to take into account the
21 type of school district it is. If you have a school
22 district that has low SES, a highly mobile
23 population that has exceptionally above the norm in
24 special needs, their accountability is different
25 than a district that doesn't have that. Their

1 accountability may not be the PSSA test, but it may
2 be that there were a lot of life skill kids with IQs
3 of 40 to 25, that a number of them were able to read
4 on the fourth grade level by the time they got to
5 twelfth or eleventh grade. And the norm for the
6 nation is the second grade level. You have to take
7 into account the differences to measure success.

8 REPRESENTATIVE PALLONE: Do you track
9 your students beyond high school?

10 MR. THOMPSON: We do.

11 REPRESENTATIVE PALLONE: How long
12 after graduation?

13 MR. THOMPSON: We do a five year and
14 we're just starting to do a ten year.

15 REPRESENTATIVE PALLONE: And what have
16 you found your results are?

17 MR. THOMPSON: Well, one of the things
18 I will point out -- I think this -- it's hard to
19 generalize. I think we sent 80 percent of our kids
20 to college.

21 REPRESENTATIVE PALLONE: How many of
22 them complete college?

23 MR. THOMPSON: We have pretty high
24 percentages. I think it's about 60 percent. If you
25 think about that, we have 20 percent that know they

1 shouldn't go to college. And a lot of them go into
2 our entry-level track or they may go to technical
3 track. So they're getting skills they need. You
4 have another 20 percent that should have been in
5 there. We should have been counseling them to go
6 into something that they could have been more
7 successful at.

8 The other thing I'm going to share
9 with you is -- I have statistics on this, because
10 this is confidential and I couldn't ask it.

11 REPRESENTATIVE PALLONE: Kind of off
12 the cuff.

13 MR. THOMPSON: Off the cuff. Out of
14 the 60 percent that graduated from college, the nice
15 thing to know would be how many of them graduated
16 with a 2.0. Because, you know, in the world today
17 you are going to have a hard time getting a job with
18 a 2.0. You can't be a teacher unless you have a
19 3.0.

20 There was a guy that did a lot of our
21 training for us. His name is Ken Grey. He's out at
22 Penn State. He talks about School-To-Work and talks
23 about -- our county has had him and then our school
24 district has had him as we were moving into this
25 School-To-Work and this career pathway. We had him

1 come speak to our high school teachers. In fact,
2 York Technical hosted it. We would take them out
3 there and show them all the things in the area of
4 opportunities for kids.

5 Ken Grey in his book -- I'm going to
6 get this statistic wrong. You'd have to ask him. I
7 don't have Alzheimer's. I have sometimers. I'm
8 getting to the age sometimes I remember, sometimes I
9 don't.

10 Miss, don't put that in the record.

11 REPRESENTATIVE PALLONE: Yeah, let's
12 strike that.

13 MR. THOMPSON: But at any rate, it is
14 something like -- I won't have it exact -- in the
15 workforce of the 21st Century, only I'll say 20 to
16 25 percent of positions will require college
17 degrees, but they are all going to require skilled
18 training. These positions, I'll give you an example
19 --

20 REPRESENTATIVE PALLONE: That's tech
21 prep?

22 MR. THOMPSON: Yes, tech prep. The
23 example -- I was talking to a guy yesterday. He had
24 one son that went to college and became a CPA. He's
25 a CPA down in a large firm in Baltimore. His other

1 son went to Penn Tech which is a two- or four-year
2 program and he got out in HVAC. He started out in a
3 company making more than his brother does being a
4 CPA. He's now in his fifth year. So we have to
5 start -- and this is really off the subject of
6 funding -- being realistic. Our schools can't do
7 school like they did in the past. They have to
8 change to meet the needs of society and our kids.

9 As Forest Gump says, that's all I have
10 to say about that.

11 CHAIRMAN CIVERA: Thank you. That was
12 very good. You were very interesting. We learned
13 something. I really appreciate you coming.

14 MR. THOMPSON: Thank you for having
15 me.

16 CHAIRMAN CIVERA: I would like to
17 thank the South Western School District for allowing
18 us to have the public hearing here today. Dr.
19 Barbara Rupp, Superintendent; and Ben Furhman,
20 School Board Director. We really appreciate this.
21 This was very good. Every one of these hearings
22 have been learning experiences for us as a
23 committee.

24 I want to thank Representative Nikol
25 and Representative Miller for hosting, also.

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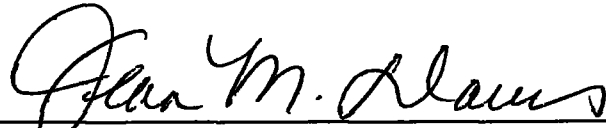
That concludes the public hearing.

Thank you very much.

(The hearing concluded at 1:29 p.m.)

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I hereby certify that the proceedings
and evidence are contained fully and accurately in
the notes taken by me on the within proceedings and
that this is a correct transcript of the same.



Jean M. Davis, Reporter
Notary Public

