

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE HEARING

STATE CAPITOL
MAIN BUILDING
ROOM 140
HARRISBURG, PENNSYLVANIA

MONDAY, MARCH 5, 2012
10:00 A.M.

PRESENTATION FROM
DEPARTMENT OF EDUCATION

BEFORE:

HONORABLE WILLIAM F. ADOLPH, JR., MAJORITY CHAIRMAN
HONORABLE JOHN BEAR
HONORABLE MARTIN T. CAUSER
HONORABLE GARY DAY
HONORABLE GORDON DENLINGER
HONORABLE BRIAN L. ELLIS
HONORABLE MAUREE GINGRICH
HONORABLE GLEN R. GRELL
HONORABLE TOM KILLION
HONORABLE DAVID R. MILLARD
HONORABLE MARK T. MUSTIO
HONORABLE BERNIE T. O'NEILL
HONORABLE MICHAEL PEIFER
HONORABLE SCOTT PERRY
HONORABLE SCOTT A. PETRI
HONORABLE TINA PICKETT
HONORABLE JEFFREY P. PYLE
HONORABLE THOMAS J. QUIGLEY
HONORABLE MARIO M. SCAVELLO
HONORABLE CURTIS G. SONNEY

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BEFORE (cont.'d):

- HONORABLE JOSEPH F. MARKOSEK, MINORITY CHAIRMAN
- HONORABLE MATTHEW D. BRADFORD
- HONORABLE MICHELLE F. BROWNLEE
- HONORABLE H. SCOTT CONKLIN
- HONORABLE PAUL COSTA
- HONORABLE DEBERAH KULA
- HONORABLE MICHAEL H. O'BRIEN
- HONORABLE CHERELLE L. PARKER
- HONORABLE JOHN P. SABATINA
- HONORABLE STEVE SAMUELSON
- HONORABLE MATTHEW SMITH
- HONORABLE GREG VITALI
- HONORABLE RONALD G. WATERS

ALSO IN ATTENDANCE:

- EDWARD J. NOLAN, REPUBLICAN EXECUTIVE DIRECTOR
- MIRIAM FOX, DEMOCRATIC EXECUTIVE DIRECTOR
- HONORABLE MATT BAKER
- HONORABLE VANESSA LOWERY BROWN
- HONORABLE PAUL CLYMER
- HONORABLE DOM COSTA
- HONORABLE PAMELA DeLISSIO
- HONORABLE GEORGE DUNBAR
- HONORABLE JOHN EVANS
- HONORABLE DAN FRANKEL
- HONORABLE MARK GILLEN
- HONORABLE JOE HACKETT
- HONORABLE MARK LONGIETTI
- HONORABLE HARRY READSHAW
- HONORABLE RICK SACCONI
- HONORABLE SAINATO
- HONORABLE WILL TALLMAN
- HONORABLE MIKE TOBASH
- HONORABLE JAKE WHEATLEY

**JEAN M. DAVIS, REPORTER
NOTARY PUBLIC**

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1 P R O C E E D I N G S

2 * * *

3 MAJORITY CHAIRMAN ADOLPH: Good morning,
4 everyone.

5 I'd like to call to order the House
6 Appropriations Committee Budget Hearing. Today's first
7 testifier is the Secretary of Education, Mr. Ronald
8 Tomalis.

9 My name is Bill Adolph. I'm the Republican Chair
10 for the House Appropriations Committee. I reside in
11 Delaware County.

12 I'd like to just go over a couple housekeeping
13 items. I ask the members to keep your questions as concise
14 as possible, as well as the testifier. We have an awful
15 lot of questions. Obviously education is a top priority in
16 Pennsylvania. And it takes a good percentage of our total
17 spending when you consider K-12 plus higher ed. And
18 members are passionate on both sides of the aisle on this
19 issue.

20 So we're going to start off like we always do by
21 introducing ourselves to the Secretary. And I'll start to
22 my left.

23 MR. NOLAN: Ed Nolan.

24 MR. CLARK: Dan Clark, chief counsel, Republican
25 Appropriations Committee.

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REP. MILLARD: David Millard, Columbia County.

REP. GRELL: Good morning, Secretary. Glen Grell, Cumberland County, 87th District.

REP. BEAR: John Bear, Lancaster County.

REP. CHRISTIANA: Jim Christiana, Beaver County.

REP. KILLION: Tom Killion, Delaware and Chester Counties.

REP. ELLIS: Brian Ellis, Butler County.

REP. QUIGLEY: Tom Quigley, Montgomery County.

REP. SONNEY: Curt Sonney, Erie County.

REP. GINGRICH: Good morning, Mr. Secretary. Mauree Gingrich, Lebanon County.

REP. O'NEILL: Good morning. Bernie O'Neill, Bucks County.

REP. CAUSER: Good morning. Marty Causer.

REP. MUSTIO: Good morning. Mark Mustio, Allegheny County.

REP. PERRY: Good morning. Scott Perry.

REP. DAY: Good morning. Gary Day, Lehigh and Berks Counties.

REP. PICKETT: Good morning. Tina Pickett, Bradford, Sullivan, and Susquehanna Counties.

REP. DENLINGER: Good morning. Gordon Denlinger from Eastern Lancaster.

REP. SCAVELLO: Good morning. Mario Scavello,

1 Monroe County.

2 REP. VITALI: Greg Vitali, Delaware County.

3 REP. BRADFORD: Matt Bradford, Montgomery County.

4 MINORITY CHAIRMAN MARKOSEK: Good morning. I'm
5 State Representative Joe Markosek, the Democratic Chairman
6 of the Appropriations Committee.

7 MS. FOX: Miriam Fox, Executive Director, House
8 Appropriations Committee, Democrats.

9 REP. SMITH: Matt Smith, Allegheny County.

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11 REP. CONKLIN: Scott Conklin, Centre County.

12 REP. SABATINA: John Sabatina, Philadelphia
13 County.

14 REP. BROWNLEE: Michelle Brownlee, Philadelphia
15 County.

16 REP. COSTA: Good morning and welcome. I'm Paul
17 Costa from Allegheny County.

18 REP. O'BRIEN: Mike O'Brien, Philadelphia County.

19 REP. KULA: Deberah Kula, Fayette and
20 Westmoreland Counties.

21 REP. PARKER: Cherelle Parker, Philadelphia
22 County.

23 MAJORITY CHAIRMAN ADOLPH: Thank you.

24 I would also like to acknowledge the presence of
25 the House Republican Chairman of the House Education

1 Committee, Rep. Paul Clymer. Welcome, Paul.

2 REP. CLYMER: Thank you, Mr. Chairman.

3 MAJORITY CHAIRMAN ADOLPH: Chairman.

4 MINORITY CHAIRMAN MARKOSEK: Mr. Chairman, we
5 also have in attendance here with us today Rep. Pam
6 DeLissio, Philadelphia County, and Rep. Mark Longietti of
7 Mercer County.

8 MAJORITY CHAIRMAN ADOLPH: Mr. Secretary,
9 welcome.

10 MR. TOMALIS: Good morning.

11 MAJORITY CHAIRMAN ADOLPH: Would you like to make
12 a brief opening comment? And then we'll get right into
13 questions.

14 MR. TOMALIS: Very good.

15 Thank you, Mr. Chairman. Thank you, Chairman
16 Markosek. Good to see you all. Good to see the members of
17 the Appropriations Committee. It's a pleasure to be back
18 here again.

19 Education remains one of the key principal
20 obligations that the taxpayers of Pennsylvania has in
21 supporting the future and current citizens of the
22 Commonwealth in promoting the economic development needs of
23 the Commonwealth.

24 Governor Corbett has proposed what we believe is
25 a strong budget in order to promote those ideas of trying

1 to maximize potential student achievement for all students
2 across the Commonwealth.

3 With that, I'd be happy to entertain any
4 questions.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,
6 Mr. Secretary.

7 I would like to acknowledge the presence of Reps.
8 Gillen and Hackett that have also joined us. Reps. Tallman
9 and Tobash have also joined us. Thank you, gentlemen, for
10 joining us.

11 Before we get going, real quick, I would ask the
12 members and those in the audience to please turn their
13 BlackBerries off. It does interrupt the conversations and
14 the questioning. I certainly would appreciate that.

15 Secretary Tomalis, I want to welcome you here.
16 We scheduled the entire morning for you.

17 SECRETARY TOMALIS: Thank you, sir.

18 MAJORITY CHAIRMAN ADOLPH: Which I'm sure you are
19 happy to hear that. I know it's been an interesting first
20 year as the Secretary of Education.

21 I guess my first question would be to you, how
22 would you, at this time, sum up your first year as
23 Secretary of Education?

24 MR. TOMALIS: Well, a year ago when we had this
25 first conversation during the Governor's first budget, the

1 issues that I've had to address this first year from K-12
2 and postsecondary, I think there's a few of them that we
3 probably all would have agreed would not have been on the
4 list, including some issues involving one of our higher ed
5 institutions and other issues in K-12.

6 However, I will say a lot of great things
7 continue to happen in education across the Commonwealth.
8 We still continue to see progress made in individual
9 classrooms. I spent the last year traveling around
10 probably talking with over 200 superintendents and hearing
11 great innovative things that are happening.

12 While we struggle -- we continue the struggle
13 with challenges with the revenues -- we still remain
14 focused on what the needs are.

15 MAJORITY CHAIRMAN ADOLPH: Thank you.

16 I'd like to start the hearing off with just some
17 basic information regarding funding. And I don't think you
18 can have a budget hearing on education without first
19 talking about the loss of Federal stimulus money.

20 Correct me if I'm wrong. In the year 2010-2011,
21 the Commonwealth of Pennsylvania received \$3.1 billion in
22 stimulus money. And over a billion dollars of that was
23 used for education; is that correct?

24 MR. TOMALIS: That's correct.

25 MAJORITY CHAIRMAN ADOLPH: Okay. And I say that

1 because there's an awful lot of information that floats
2 around talking about the decrease in funding of education.
3 And I will be the first one to say that is absolutely
4 correct.

5 But the next question or the next statement
6 should be, what caused that decrease? And it was obvious
7 to me that last year's decrease was caused by the loss of
8 Federal stimulus money of a billion dollars. Would you
9 agree with that, Mr. Secretary?

10 MR. TOMALIS: Yes, sir.

11 MAJORITY CHAIRMAN ADOLPH: Okay. This year we
12 show a slight increase in the funding of education. And I
13 say a slight increase because probably where we don't agree
14 on is that -- and I was part of the negotiations regarding
15 the hundred million dollars from the previous fiscal year
16 that was transferred over to '10-'11.

17 And I just want everybody here to know that the
18 school districts received it in the year '11-'12, even
19 though the money came from '10-'11. So I want everybody at
20 this table to understand that spendingwise when you're
21 comparing apples with apples, I believe we need to use in
22 spending for '11-'12 that additional hundred million
23 dollars, even though it came from the previous fiscal year.

24 And I think if we do that, then we can move on
25 because there's all types of websites out there and there's

1 all different numbers.

2 And what I have been trying to do consistently is
3 remain -- you know, what the school districts actually
4 received. And when you do that and then subtract some of
5 the largest increases that we probably have ever had for
6 pension increases, then when you're talking to a
7 superintendent of schools and they're really talking about
8 classroom expenses, you see what's left for the classroom.

9 But the Governor's budget proposes an increase to
10 the school pensions of over \$300 million, which is part of
11 education spending. Okay. So a lot of times these big
12 items get left out in the debate, the \$100 million, the
13 \$300 million in increases in the pension contribution,
14 which you have to do. Because if we didn't do it, it would
15 fall onto the school districts.

16 That's just a statement. Do you want to comment
17 on the \$100 million? And I mention that right away because
18 as soon as I sat down, I see this beautiful color-printed
19 chart here prepared by my good friend Chairman Markosek and
20 his staff. And we just happened to have the same
21 conversation up in our briefing room.

22 So do you want to get on the record where this
23 \$100 million came from and how it was spent in the current
24 year?

25 MR. TOMALIS: Yes, sir.

1 Actually, I want to go back and touch upon what
2 you originally talked about, which was the Federal stimulus
3 dollars. We are still reeling with the effects of the
4 decrease in the Federal stimulus dollars that we knew was
5 not going to be in this budget. We knew it wasn't going to
6 be in the budget for a couple years now.

7 The Federal Government certainly did project the
8 fact that the Federal stimulus dollars were going to go
9 away. And if any school district built it into its base
10 with the anticipation that it was going to be here, I think
11 that that was something that we didn't anticipate. We knew
12 it was not going to happen.

13 This may be one area where we might disagree
14 because of the hundred million in the Accountability Block
15 Grant.

16 However, I still believe that when you look at
17 all the monies that you come into that is used to support a
18 teacher in the classroom, we're seeing -- because of other
19 payments and other things in the Governor's budget, we're
20 seeing an increase this year.

21 So we might have some disagreements about
22 specific fiscal years. But aside from that, I think that
23 when you look at the overall amount of money available to
24 educate children in the Commonwealth of Pennsylvania,
25 taxpayers still are contributing roughly \$26 billion a

1 year.

2 MAJORITY CHAIRMAN ADOLPH: Yes. And I would not
3 disagree with that.

4 I just want to talk about a couple of those macro
5 issues before we get into much more detail of the line
6 items, etc.

7 Chairman Markosek.

8 MINORITY CHAIRMAN MARKOSEK: Thank you,
9 Mr. Chairman.

10 Briefly, a little bit of housekeeping. Rep.
11 Samuelson has arrived. Rep. Vanessa Brown from
12 Philadelphia and Rep. Chris Sainato from Lawrence County
13 are also present.

14 Mr. Chairman, I have just a brief statement.

15 Mr. Secretary, welcome. Thank you for coming.

16 MR. TOMALIS: Good to see you.

17 MINORITY CHAIRMAN MARKOSEK: As Democratic
18 Chairman of the Appropriations Committee, I believe the
19 public and policymakers must understand the complete fiscal
20 picture that our school districts are facing this year in
21 Governor Corbett's proposed budget.

22 I am deeply concerned about the Administration's
23 efforts to cloud that fiscal picture. Our job, our duty,
24 as the Appropriations Committee is to examine all of the
25 numbers, to look at the big picture, and clearly understand

1 the impact on our children.

2 On the Department of Education's website, the
3 Administration touts a 388.1 million proposed funding
4 increase for school districts. When in reality, the only
5 major education appropriations proposed for increase in the
6 budget year is that contribution for Pennsylvania
7 constitutionally and legally mandated support of the
8 pension system.

9 Support for classrooms remains stagnant or
10 declines again for schools under the Governor's proposed
11 budget after massive cuts in the current year 2011-2012
12 budget, which leads me to another concern.

13 The debate around cuts in the year budget,
14 2011-2012, on school districts and the lack of effort to
15 restore those funds for the budget year. There is no
16 debating that Pennsylvania passed massive cuts to school
17 district funding in 2011-2012.

18 The budget for the Commonwealth of Pennsylvania
19 is supported by a multitude of fund sources that include
20 State and Federal funds. Each year Pennsylvania
21 appropriates both State and Federal funds to school
22 districts. Every State appropriates both State and Federal
23 funds to their school districts.

24 A few years ago in reaction to the great
25 recession, the Federal Government made Federal funds

1 available that states could appropriate for a limited time
2 to support education funding. Like many states,
3 Pennsylvania used those funds to bridge a very difficult
4 economic period.

5 Those emergency Federal funds are gone. And
6 Pennsylvania has not taken the steps to replace them with
7 State funds. This meant a very large reduction to school
8 districts approaching \$1 billion for the current year. As
9 we look forward to the upcoming year, most of those funds
10 are still gone.

11 Worse yet, more than \$500 million additional
12 funds were eliminated in the 2011-2012 budget
13 appropriation, such as Accountability Block Grant charter
14 school reimbursement and the Educational Assistance
15 Program. These cuts were outside of the Federal stimulus
16 funding that was lost and more negatively impacted poor
17 school districts.

18 As we move into this hearing today, our members
19 will have questions and comments about these funding
20 sources. I hope, Mr. Chairman, that you will agree with me
21 that we should analyze all funding sources, just as you did
22 so wisely in your comments at the Chester Upland School
23 District hearing earlier this year.

24 You set the record straight twice in the hearing,
25 in the morning and in the afternoon, and clearly identified

1 all fund sources, State, Federal, local, and others, and
2 talked about the overall decline in funding between
3 2010-2011 and 2011-2012.

4 Transparency serves government and its citizens
5 well and should be highly valued by all of us here today.
6 And I hope that's what we determine through this hearing.

7 Thank you, Mr. Chairman.

8 MAJORITY CHAIRMAN ADOLPH: Secretary Tomalis, did
9 you want to comment on Chairman Markosek's comments?

10 MR. TOMALIS: No. That's fine. I'm good.

11 MAJORITY CHAIRMAN ADOLPH: Fine.

12 Rep. Mario Scavello.

13 REP. SCAVELLO: Thank you, Mr. Chairman.

14 Good morning, Mr. Secretary.

15 MR. TOMALIS: Good morning.

16 REP. SCAVELLO: Just quickly. Last year I asked
17 you for the purpose of testing why the State uses a June
18 30th date versus an October 15th date -- no. We use
19 October 15th and not the June 30th that's allowed in No
20 Child Left Behind. And you said you would get back to me.

21 Did you get an answer? Do you know why we use
22 the June 30th date?

23 MR. TOMALIS: I apologize for not getting back to
24 you on that, if I didn't get back to you. I don't recall
25 the answer at the time.

1 REP. SCAVELLO: Okay. Many states are opting out
2 of No Child Left Behind. I think our neighbors to the
3 east, New Jersey, just did it as well.

4 MR. TOMALIS: Yes.

5 REP. SCAVELLO: Are you planning to do likewise?
6 What are your plans?

7 MR. TOMALIS: Actually, they didn't opt out of
8 NCLB per se. What the Obama Administration offered up was,
9 in essence, a replacement package that you can forgo
10 requirements of law under No Child Left Behind and
11 replacement with a series of requirements that they're
12 imposing on states and school districts in order to meet
13 some of the issues that they're requesting.

14 We're under discussions with the Federal
15 Government what the proper course is. We have an open
16 deadline as to whether or not that replacement policy is
17 better for Pennsylvania versus sticking with the law.

18 Odds are, Representative, that within 12 months
19 after the election that we will see a new law. And my
20 concerns -- and I met with Secretary Duncan about a month
21 and a half ago and he admitted that he may not be the
22 Secretary of Education come next January.

23 My concern is if we take Pennsylvania schools
24 down this path under this policy and then have to divert
25 again in a few months when the law is changed, that they

1 may not be in the best interest of Pennsylvania. So we're
2 engaged in those discussions.

3 REP. SCAVELLO: That makes sense.

4 Now I'm going to talk about funding. In my
5 county, you know, I pleaded last year. I pretty much
6 explained to you what we were going through, the layoffs of
7 teachers.

8 And it's something that your Administration
9 hasn't really -- this is something that's been going on for
10 21 years. And that's the Hold Harmless Clause set back in
11 1991. And it's really affected the school districts in my
12 county more so than any other school district in this room.

13 You know, a ten-, eleven-thousand-dollar school
14 property tax on a home that's worth \$150,000 is just
15 unheard of.

16 I've got 3,000 empty homes. We are closing,
17 projected closing, within the school districts, all four
18 school districts, between five and six schools. We're
19 laying off more teachers than before. I bet you our
20 average classroom is maybe five or six -- five to ten
21 students more than the rest of the State.

22 The debt service has killed us. And I pretty
23 much pleaded with you and begged you last year to help us
24 out. These are desperate times for us. We're really
25 hurting in Monroe County. And it's a result of a law that

1 was passed in 1991. We're funded off that law.

2 And then, of course, comes the cuts, some of it
3 because of the budget and some of it because of the
4 stimulus. That didn't help us.

5 What can we do? I'm really at wit's end here.

6 MR. TOMALIS: Representative, it is a struggle on
7 many parts to try and balance a budget at the State level
8 with the needs of the various school districts across the
9 Commonwealth. I understand that.

10 One of the efforts that we have underway in this
11 budget is actually to try to find out where our students
12 are so that we can move away from that funding level where
13 there is just a simple Hold Harmless regardless of whether
14 or not we see changes in populations of students in one
15 area or another.

16 We're trying to institute. We will be
17 instituting under this budget what we refer to as a
18 real-time ADM so that we can start to -- instead of funding
19 institutions, we can start to move to a system where we
20 actually fund students. It's going to take a couple of
21 steps for us to get there. But we are going to get there.

22 And the difficulty that we have with the budget,
23 though, is a difficulty that every state is going through
24 when we're coming out of the recession and the decreases in
25 the revenue. When the State hole is what it was -- and it

1 was backfilled with Federal stimulus dollars -- we are
2 struggling.

3 REP. SCAVELLO: No school district in this State
4 raised taxes 500 bucks on a home in one year like last
5 year. We did. Five hundred dollars. Our increase was
6 significant. There's no one else in this room -- and I
7 dare anyone to tell me that they are paying those types of
8 taxes. And as a result of a lousy law that is
9 unconstitutional in my mind because of the base number.

10 And it's not your doing. I know it's not your
11 doing. This Legislature passed it. But this Legislature
12 needs to either change it or we're going to have -- you
13 know, desperate times call for desperate measures.

14 I'm at wit's end. We need to address this issue.
15 The school districts and the students in my area are paying
16 for it. And they're paying for it drastically. Our debt
17 service is higher than -- I'm at a loss for words here,
18 sir. I cannot support more cuts in those schools. I just
19 can't do it.

20 Thank you very much, Mr. Chairman. And thank
21 you, Mr. Secretary.

22 MAJORITY CHAIRMAN ADOLPH: Thank you, Rep.
23 Scavello.

24 I'd also like to acknowledge the presence of Rep.
25 Rosemary Brown and Rep. Dunbar.

1 The next questions will be asked by Rep. Mike
2 O'Brien of Philadelphia.

3 REP. O'BRIEN: Thank you, Mr. Chairman.

4 Good morning, Mr. Secretary.

5 MR. TOMALIS: Good morning, Representative.

6 REP. O'BRIEN: Certainly as a Philadelphian, I'm
7 very concerned about what has happened in the past couple
8 weeks regarding cheating. Now, could you flush out for me
9 what the Department is doing with Philadelphia regarding
10 the taking of the standardized testing?

11 MR. TOMALIS: Yes, sir. I'd be happy to give you
12 an update of what we've been doing. We've been working
13 actually with the Philadelphia School District and the SRC
14 on this very specific issue.

15 Back when I came into office a year ago, I
16 ordered what's called a forensic analysis, which is
17 basically an analysis of testing patterns, answer patterns
18 on the bubble sheet. We have approximately 1.9 million
19 PSSA sheets that are scored every single year. And you can
20 tell on the analysis of the answers where there are erasure
21 marks.

22 It was very clear to us there was a large number
23 of schools in the Commonwealth that the data showed -- and
24 in particular in a number of districts. It's not spread
25 throughout the Commonwealth. For the Philadelphia School

1 District, there was a large number of schools, over 50, at
2 which we saw some type of manipulation of the assessment
3 data.

4 We are working with the school district to
5 identify -- and we have identified -- the number of schools
6 where the pattern is such that it is not isolated. It
7 doesn't appear to be isolated between a couple of the
8 teachers. It seems to be a buildingwide subject across a
9 couple of subjects and across a couple of grades.

10 We will be putting it in place. We're taking two
11 steps in those schools in Philadelphia. And it's not all
12 schools in Philadelphia. We're working with the SRC.
13 Actually, we're working with the Mayor's Office as well.
14 We will be making sure that the teacher who teaches the
15 class doesn't proctor his or her own class.

16 And then we will be having monitors in those
17 schools that we believe the data is pointing us to some of
18 the biggest infractions.

19 It is a shame that we're dealing with this
20 situation, but we are. It's a reality that we have to deal
21 with. It's not just Philadelphia. There's a number of
22 school districts and charter schools across the
23 Commonwealth that we're looking at the data.

24 REP. O'BRIEN: How many schools or how many
25 districts other than Philadelphia across the Commonwealth

1 are under investigation?

2 MR. TOMALIS: Twenty-one districts and charters.

3 REP. O'BRIEN: That's a combination of districts
4 and charters?

5 MR. TOMALIS: Yes, sir.

6 REP. O'BRIEN: How many charters specifically?

7 MR. TOMALIS: Four.

8 REP. O'BRIEN: Now, will you be applying the same
9 standards for test taking to them?

10 MR. TOMALIS: Absolutely.

11 REP. O'BRIEN: So it will be
12 non-teacher-proctored exams?

13 MR. TOMALIS: In areas where we see that there's
14 some degree of manipulation of the test data, we are
15 telling those schools in those areas that those teachers
16 cannot proctor their own exams.

17 REP. O'BRIEN: And that's Statewide?

18 MR. TOMALIS: For those 21.

19 REP. O'BRIEN: Okay. And how many schools in
20 Philadelphia specifically?

21 MR. TOMALIS: About 51. Now, there are degrees,
22 as there are everywhere. There are degrees. In some
23 areas, we have the data -- and this is what's driving the
24 discussion, sir. The analysis is showing us patterns that
25 are specific to one or two proctors, not grades, multiple

1 grades, multiple years, multiple subjects, in some areas.
2 In other areas, it's more than just one or two classrooms
3 or proctors.

4 REP. O'BRIEN: Certainly we're going to need to
5 get a clarification. A number of us are under the
6 assumption or have been advised by various principals that
7 the new proctoring standards will be districtwide.

8 I thank you for your information on that.

9 MR. TOMALIS: Sure.

10 REP. O'BRIEN: So down in the Chester/Upland
11 area, I know that there were a host of allegations against
12 the charter there. How are they doing? Have they been
13 cleared up?

14 MR. TOMALIS: They have not been given a letter
15 indicating that they have been cleared. They have been
16 given a letter that notified them that we will be
17 monitoring and putting people into the charter school to
18 monitor their school during the PSSA.

19 REP. O'BRIEN: So they will be part of an ongoing
20 investigation?

21 MR. TOMALIS: They are.

22 REP. O'BRIEN: All right. Mr. Secretary, thank
23 you so very much.

24 Mr. Chairman, thank you.

25 MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative.

2 Rep. Millard.

3 REP. MILLARD: Thank you, Mr. Chairman.

4 Good morning, Mr. Secretary.

5 MR. TOMALIS: Good morning, Representative.

6 REP. MILLARD: Last year with the cuts and the
7 deficit in Pennsylvania, you know, we addressed education.
8 There was a lot of correspondence back and forth with the
9 cuts that were made K-12 and higher education and
10 everything.

11 And last year the President of the State's
12 largest teachers' union, the PSEA, asked its local
13 affiliates to give serious consideration to consider the
14 Governor's suggestion that they take a one-year pay freeze
15 to help their school districts handle their budget
16 problems.

17 At this point, do you know how many local school
18 districts were able to negotiate a pay freeze for their
19 teachers?

20 MR. TOMALIS: I don't have an exact number.
21 We're hearing about 10 percent. And that number is
22 questionable because there's two portions of this. We have
23 no reason to collect the data, first of all, as far as the
24 Department is concerned.

25 But when you look at what constitutes a pay

1 freeze, a compensation structure negotiated through the
2 union contract has two parts: a step increase and then
3 above each annual step increase, there's a cost-of-living
4 adjustment.

5 We saw school districts claim that they took a
6 pay freeze when, in fact, they actually took their step
7 increase, their 3 or 4 percent step increase, but they
8 didn't take the additional 3 or 4 percent cost-of-living
9 adjustment. So some school districts, the employees still
10 are receiving 6 or 7 percent increases and others it's
11 still at 3 percent.

12 And I must commend, there are a number of school
13 districts, public school employees, in the Commonwealth
14 that did step up and forgo any type of pay increase. If
15 they made \$65,000 last year, they're making \$65,000 this
16 year. And I commend them for that.

17 REP. MILLARD: Now, recent data from the National
18 Center for Education statistics as well as facts and
19 figures from the PA School Board Association puts the
20 pupil/teacher ratio in Pennsylvania at an overall average
21 of 14 students per teacher.

22 How does this compare to the national data?

23 MR. TOMALIS: It's about norm of what it is. It
24 depends on what you look at for the statistics. In some it
25 could be a couple numbers less, it couple be a couple

1 numbers more. But it is about norm.

2 REP. MILLARD: Well, hand in hand with that, over
3 the past several years, has the number of students in
4 Pennsylvania been increasing or decreasing?

5 MR. TOMALIS: We've actually seen a trend,
6 according to the U.S. Census, that in the last ten years,
7 we've seen a decrease of 10 percent of school-age children
8 in Pennsylvania. So our numbers are actually going down.
9 Some of the indicators are going up.

10 REP. MILLARD: How about the number of teachers?

11 MR. TOMALIS: The number of teachers has actually
12 increased. The last number that I had, I believe it was
13 5,000 or so in the last ten years. I can get you that
14 exact number as reported.

15 REP. MILLARD: If you could share that with the
16 Chairmen.

17 And finally, you know, as we talked about the two
18 things that I addressed here with you, teacher pay and
19 pupil/teacher ratios, the next obvious thing for saving
20 money, you know, they're going to go over the
21 Accountability Block Grant and all of these other things
22 with you today also, but the other thing that goes hand in
23 hand with this is consolidating school districts.

24 I know that in my home area in Columbia County,
25 there are two school districts right now that are very

1 seriously considering a consolidation.

2 So I guess the obvious question is, how many are
3 you seeing giving serious consideration to this? And I
4 think two questions come out of it. And that is, is it
5 better to consolidate administration or is it better to
6 consolidate teachers or school districts and what effect
7 that will have on the teacher ratio to students?

8 MR. TOMALIS: A point in observation, sir.

9 When you look at the size of a school district --
10 and in the past year, I probably have only had anywhere
11 from -- or my staff and I have had anywhere from a half a
12 dozen to a dozen calls from superintendents who are saying,
13 we are serious about this. We're going to take a look at
14 it like we never talked about it.

15 More times than not, they also ask us to keep it
16 quiet because they have to build up the political will
17 among the various community groups and the Board as to how
18 aggressive they can pursue a consolidation. That is an
19 important characteristic.

20 Another key characteristic is whether or not
21 you're just going to consolidate an administrative staff.
22 One of the downsides of consolidation is you get to get
23 bigger districts, which is not a bad thing in its own
24 right.

25 The state that I'm very familiar with, because I

1 lived there for a number of years, is Maryland. They have
2 countywide districts down in Maryland. The size of those
3 districts is very large relative to our some of our
4 Pennsylvania School Districts.

5 The bottom line for me is when you look at the
6 number of student-to-teacher ratio, it's not the most
7 compelling factor in driving student achievement. In some
8 places you can have a higher student-to-teacher ratio but
9 have a better-quality teacher in the classroom than a
10 smaller class-size ratio and have a more inferior-quality
11 instructor in the classroom.

12 So we want to focus our efforts, which we're
13 doing under this budget, on driving more of the teacher
14 effectiveness standards that you see happening in other
15 states.

16 REP. MILLARD: Mr. Secretary, thank you for your
17 comments.

18 MR. TOMALIS: You're very welcome.

19 REP. MILLARD: Thank you, Mr. Chairman.

20 MAJORITY CHAIRMAN ADOLPH: Thank you,
21 Representative.

22 I'd like to acknowledge the presence of a member
23 of the Appropriations Committee, Rep. Mike Peifer.

24 The next questions will be by Rep. Paul Costa.

25 REP. COSTA: Thank you, Mr. Chairman.

1 Secretary, thank you for being here this morning.

2 I'm a huge proponent of early childhood education
3 and particularly in a district that I represent where
4 there's a large disparity between the kids that are coming
5 in kindergarten and/or first grade. I've seen firsthand
6 the impact that pre-K has made.

7 Over the last two budget cycles, your
8 Administration keeps reducing the amount of money that is
9 going to pre-K and Head Start. How does someone like me,
10 who represents my area, get more kids involved in the pre-K
11 if the money keeps getting reduced?

12 MR. TOMALIS: Well, actually the \$78 million the
13 Governor is proposing, pre-K counts. We see a slight
14 diminishment. But we don't believe that we're going to be
15 able to see the changes in that to impact the number of
16 kids served.

17 We actually think we can generate those savings
18 through administrative costs and that the total number of
19 slots that will be addressed in that issue will not change.

20 So that impact is not going to be for the number
21 of kids that will be served, the number of slots, which is
22 approximately 11,000 children who are served in the pre-K
23 Counts Program.

24 As far as the Head Start supplemental,
25 Pennsylvania is one of only, I believe, it's 12 or 13

1 states in the Commonwealth that actually supplements the
2 Federal funding of this line item. This is a
3 Federal-funded program, the Head Start Program. The total
4 Federal line item is approximately \$250 million.

5 When you combine the two levels of funding
6 between Federal and the 38 million or so or 35 million or
7 so that's proposed in the supplemental, the amount of
8 decrease is equal to less than 1 percent.

9 We're going to be working with the providers to
10 make sure that the minimal amount is impacted.

11 REP. COSTA: According to our records that we
12 received, that's a 5 percent decrease.

13 MR. TOMALIS: No. What I'm saying is that when
14 you look at the funding of the program, it's a
15 Federally-funded program. Most of the states don't pay a
16 penny of State funding to supplement the Head Start
17 Program. It's almost entirely Federally funded.

18 Pennsylvania is supplemental, is adding a
19 supplemental, to the Federal funding. Combined when you
20 look at the total pot of money under Head Start, it's a
21 minimal change.

22 REP. COSTA: You talked earlier about the slots
23 remaining the same. Is there a waiting list for people to
24 get in the pre-K Programs?

25 MR. TOMALIS: I don't know the answer to that.

1 REP. COSTA: In my school district, I know that
2 they have actually reduced the amount of teachers and the
3 amount of slots that we have. Now granted, I understand
4 there's a reduced amount of children that you're claiming
5 -- what, we dropped 10 percent of students over the years?

6 MR. TOMALIS: U.S. Census actually has reported
7 that.

8 REP. COSTA: Again, in the district that I
9 represent that's receiving cuts, not just in pre-K, but
10 everywhere else has to keep shaving all these different
11 programs. And unfortunately, this is another one of the
12 programs that got cut. And I can't stress how important
13 this pre-K Program is to my district.

14 The district I'm talking about is the Woodland
15 Hills School District. And again, there's a huge disparity
16 between the level of education that these kids who have
17 come walking in the door. And the pre-K seems to level
18 that.

19 And it's proven over the years, the more that we
20 keep investing in pre-K, the better our results are when
21 the kids are in third grade, fifth grade, seventh grade,
22 and so on.

23 I would hope that you guys would take a serious
24 look at that and reconsider about investing more money in
25 pre-K.

1 MR. TOMALIS: Well, I appreciate your
2 observations, Representative.

3 I will say this. I've been reading some very
4 interesting studies that have been coming out, very
5 objective studies, that show that there's an issue called
6 Fade Out.

7 Two issues. One issue is the quality of the
8 pre-K experience is what is most paramount, not the fact
9 that they're in a pre-K situation, but the quality of the
10 pre-K experience.

11 The second issue is that when you have a
12 controlled group of students, of kids, who are in half-day
13 or full-day kindergarten and by the time they get to third
14 or fourth grade, there is quite a bit of what's called Fade
15 Out about the impact of that program on the academic
16 performance of those children.

17 So just as much as we talked about early
18 childhood as an important initiative -- and under this
19 Governor, it is -- equally important is the quality of
20 instruction in first, second, and third grade.

21 REP. COSTA: Does it also have an impact on
22 Special Education?

23 MR. TOMALIS: It does. And those are the
24 programs related to early intervention that we're dealing
25 with as well.

1 REP. COSTA: Because I know there's a pre-K
2 program in my district. And the area that it is in, the
3 average Special Education is like 34 percent. The kids
4 that go through this program -- and they tracked them; it's
5 been 12 years now -- it's been less than 2 percent.

6 MR. TOMALIS: Representative, I agree. It has to
7 do a lot regarding the type of identification those kids
8 get, particularly reading and language skills.

9 REP. COSTA: To use an old commercial, pay me now
10 or pay me later. If we invest now in pre-K, it's money
11 that we can save down the road.

12 Thank you, Secretary.

13 Thank you, Mr. Chairman.

14 MAJORITY CHAIRMAN ADOLPH: Thank you,
15 Representative.

16 Chairman Markosek.

17 MINORITY CHAIRMAN MARKOSEK: Thank you,
18 Mr. Chairman.

19 Just to let the members know, Rep. Harry Readshaw
20 from Allegheny County is here as a guest of the Committee.

21 Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you.

23 Rep. Gordon Denlinger.

24 REP. DENLINGER: Thank you, Mr. Chairman.

25 Secretary, good morning.

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MR. TOMALIS: Good morning.

REP. DENLINGER: I would like to enter into a discussion regarding the Chester Upland School District situation. You appeared before this Committee down in Chester County and we appreciated your testimony.

Obviously, that situation is fairly fluid. So I think a little bit of an update would certainly be in order for the Appropriations Committee. Clearly, we're on the horns of a dilemma. We have the public district situation, finances. We have a charter school of some thousands also sitting on the edge of bankruptcy.

I'm wondering, can you bring us up to date in terms of any negotiations or discussions between the district, PDE, and the charter school?

MR. TOMALIS: Yes, Representative. I'm happy to bring an update.

I believe when we met at Widener and had the hearing at Widener that Chairman Adolph called, the request at that time was \$20 million. And within a couple weeks that number had jumped to \$24 million. And it's jumped once again.

There are multiple -- there are two venues at which either the school district and/or the charter school has brought a lawsuit against not just PDE but the Legislature as well for increased funding in Federal Court

1 and in State Court, Commonwealth Court, in particular.

2 The Federal Court that we're in the middle of,
3 the Federal Judge has asked me to Chair settlement
4 discussions with all the parties in the case, including the
5 IU, to see how we can keep the school district and the
6 children being educated down in the community between now
7 and the end of the year.

8 We're in the middle -- well, we're towards the
9 end of those settlement discussions. If no settlement is
10 reached among the parties, then the Judge has asked me to
11 present a plan to the Court, at which time we can come up
12 with an idea of taking the funds that are available and
13 applying it in a way to make sure the schools stay open
14 through the end of the year.

15 So right now, we're in the middle of settlement
16 discussions, which limits my ability to talk too much
17 publicly about some of the intricacies of the
18 conversations.

19 REP. DENLINGER: I appreciate that limitation on
20 your part.

21 Specifically with regard to the school district,
22 and, you know, this is what's fairly widely reported, that
23 within the payroll system of Chester Upland School District
24 that there were over 600 employees listed. However, a
25 rough calculation of faculty and staff, there should be

1 roughly 350.

2 I'm wondering within the Department of
3 Education's legal parameters, do you have the right to
4 perform a -- I'm an auditor from way back -- basic payroll
5 test where you take the list of employees and the stack of
6 checks and walk through the district and hand them out and
7 get a control on how many people should be paid and how
8 many checks were actually printed?

9 MR. TOMALIS: We actually don't have that
10 authority to go down there. It's an independent school
11 district. It remains an independent school district. As
12 part of our settlement discussions, we are utilizing tools
13 to get to that figure.

14 REP. DENLINGER: Would it be correct, since PDE
15 does not have the authority to request of the Attorney
16 General's Office or some other legal authority, that such a
17 review be performed?

18 MR. TOMALIS: It is something that as we are
19 engaged in doing our analysis of the budget down there, if
20 that is necessary, then I wouldn't hesitate to do it.

21 REP. DENLINGER: But you have not to this point?

22 MR. TOMALIS: I have not up to this point.

23 REP. DENLINGER: Okay. Final question. Are we
24 approaching any critical date with regard to either of
25 those two institutions regarding their ability to continue

1 functioning, meeting payrolls, and keeping the lights on
2 and the doors open?

3 MR. TOMALIS: As far as those two institutions
4 are concerned -- the three actually institutions when you
5 include the Widener Charter School, which I shouldn't, but
6 which I want to make sure is part of this conversation
7 because they are doing very good work down there as well --
8 there is approximately \$31 million left in the pipeline in
9 the amount of money that has been appropriated by this Body
10 to educate those children down there.

11 We have been under Court order and told how we
12 can deliver that money. And we had been providing funding
13 to both the school district and the charter school in order
14 to make sure that those entities meet payroll.

15 I will say up until recently, I don't think the
16 modifications have occurred that would stretch out that \$33
17 million to last to the end of June. And what we want to do
18 is we want to make sure that we make those modifications so
19 that we do last to the end of June, if necessary.

20 REP. DENLINGER: Very good. I appreciate those
21 comments. And I would appreciate you keeping this
22 Committee apprised of progress along the way through our
23 two Committee Chairmen.

24 Thank you.

25 MR. TOMALIS: Sure.

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REP. DENLINGER: Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ADOLPH: Thank you,
Representative.

On the Chester Upland School District situation,
as you know, the Delaware County Intermediate Unit has not
been paid for quite some time. And as a result of this,
it's jeopardizing the other 14 school districts in Delaware
County.

And, you know, the simple answer to me,
Mr. Secretary, is that the service definitely has to be
kept up. I mean, the Special Education that they serve
down there, the IU has to be done. And it just seems to
me that logically a direct payment somehow or another to
the Intermediate Unit is necessary.

Chester Upland has shown no ability at all to pay
their bills either on time or at all no matter who has been
in charge down there. So whether it's the charter schools
or whether it's the Intermediate Units, direct payments is
what's going to benefit the taxpayers, No. 1, because
you're only going to be paying it once, and, No. 2, it will
benefit the students that are being served.

MR. TOMALIS: We are already engaged in those
conversations with the Executive Director of the IU to look
at that issue.

MAJORITY CHAIRMAN ADOLPH: Okay.

1 MR. TOMALIS: We have been talking with them
2 about the issue of both the Federal funds and other
3 IDE-related funds to make sure that those Special Ed
4 services remain.

5 MAJORITY CHAIRMAN ADOLPH: Thank you very much.
6 Rep. Matt Bradford.

7 REP. BRADFORD: Thank you, Chairman Adolph.

8 Let me begin actually by thanking Chairman Adolph
9 by kind of bringing some clarity to the issue of the
10 Accountability Block Grant and the \$100 million that is
11 proposed to not appear in this year's budget, Governor
12 Corbett's proposed budget, that was received by our school
13 districts last year to fund full-day kindergarten, a lot of
14 important early childhood education.

15 Every time the issue of school funding has come
16 up, I must say, Chairman Adolph has been intellectually
17 honest in admitting where cuts were, where there was
18 stimulus, where there were State funds. And I think that's
19 important to the discussion in terms of what's being
20 proposed in this year's budget.

21 And on that point, I wanted to actually quote a
22 little bit from Governor Corbett's budget address and get
23 some of your thoughts, if I could.

24 I guess this last month, he said, "There's been
25 some confusion, even deception, about what we did and did

1 not do with the Basic Education funding formula last year.
2 Some keep insisting we cut Basic Ed. The urban legend was
3 spread by those who have the most to gain from additional
4 funding at taxpayer expense."

5 And then he goes on to say, "So I want the
6 various special interests out there to understand this. If
7 we're going to debate education funding, let us use real
8 numbers."

9 And I think that is a good admonition. I think
10 Chairman Adolph has begun a positive discussion in that
11 regard, regarding the Accountability Block Grant and the
12 loss of funds for full-day kindergarten for our schools.

13 Governor Corbett subsequently, I believe, on
14 February 9th in an article was quoted and talking about his
15 education funding priorities. "We reduced education if you
16 take a look at it as a whole. But it wasn't 800 million.
17 And if you listen to my words, I always talk about the
18 basic education funding formula."

19 It goes on to quote him. He also referred to a
20 basic education subsidy, "People on the outside say that we
21 cut the formula. We have not. In fact, we have increased
22 the formula."

23 And I think a lot of this has created a lot of
24 media stories and a lot of back and forth in the different
25 articles that have tried to point out that some of this is

1 semantics, some of this is accounting, tricks or gimmicks,
2 and some on both sides have a vested interest in pointing
3 out what they want to see.

4 But for a lot of us who deal with our local
5 school districts, the simple reality is they know they've
6 been cut. They know these cuts have been massive. And
7 they're unable to afford it. Property taxes have gone up.
8 School class sizes increased. Programs and help for our
9 students have dwindled.

10 And as a result, our staff has put together a
11 chart -- and I believe it's up front next to Rep.
12 Samuelson -- that begins to try to address kind of the
13 issue that we're all dealing with.

14 In the chart up front, if you would, Secretary,
15 it points at the '08-'09 budget year, which I believe was
16 the last budget year in which there was no stimulus funds
17 in the budget. It shows our total commitment to Basic Ed
18 at about \$5.8 billion. That includes the Basic Education
19 subsidy at a little over 5.2 billion.

20 The Accountability Block Grant, charter school
21 reimbursement, the Education Assistance Program and the
22 School Improvement Grant.

23 Our commitment grew during the Rendell years with
24 stimulus funds obviously propping up the Basic Education
25 Formula. And you can see that growth through the enacted

1 and the actual budget in 2010-2011. In 2011-'12, we had
2 about \$5.3 billion to spend on K-12 education and about the
3 same is proposed for this year.

4 The issue a lot of us are having is we realize
5 that charter school reimbursement was not supported, not
6 one dime, with stimulus money. Neither was the Educational
7 Assistance Grant Program, the School Improvement Grant, or
8 the Educational Block Grant.

9 They were cuts that Governor Corbett proposed and
10 this Legislature enacted in last year's budget. As a
11 result, what we had in State-supported education funding in
12 2008-2009 was a little over 5.8 billion.

13 Today in 2011-2012 and in the budget that's
14 proposed is 5.3 billion.

15 If you look at the main line items that fund K-12
16 education in Pennsylvania, getting away from the semantics
17 and the urban legend, it looks to all of us that over four
18 years, not only has education not increased, not only is
19 our funding not increased, the Basic Education funding
20 formula has probably stayed stagnant, but our support for
21 our schools has gone down.

22 What's your response to that? Do you disagree
23 with these numbers? Are we perpetuating urban legend by
24 pointing out these numbers? What's wrong in these numbers?
25 What are we missing?

1 MR. TOMALIS: Well, one of the biggest cuts in
2 the Basic Ed funding formula happened when the State funds
3 cut the Basic Ed funding formula back in '08-'09.

4 And as we all know, what the Federal Government
5 told us -- told states -- and I was part of those
6 conversations -- was whatever you do, when you look at the
7 stimulus money, it's going to go away. Don't put it in a
8 place where it's going to incur ongoing expenses.

9 And what happened with the cuts, and what
10 happened with the Federal cuts, is that the biggest State
11 support for K-12 public education went down quite a bit a
12 couple of years ago, not this year.

13 So it was backfilled, as everybody acknowledges.
14 It was backfilled with Federal funds and then grown with
15 Federal funds on, in essence, a credit card that was going
16 to go away.

17 REP. BRADFORD: Let me say this. This year,
18 though, there is no stimulus funds in the budget, correct?

19 MR. TOMALIS: Correct.

20 REP. BRADFORD: In 2008-2009, there was no
21 stimulus funds in the State budget; is that correct?

22 MR. TOMALIS: Correct.

23 REP. BRADFORD: Okay. In 2008-2009 on K-12
24 education, the Commonwealth spent approximately \$5.8
25 billion; is that correct?

1 MR. TOMALIS: I believe the numbers are -- I
2 assume.

3 REP. BRADFORD: This year with charter school
4 reimbursement not being put back in the Educational School
5 Improvement Grant, all those funds are gone. Everything is
6 going into the Basic Education funding formula. We're back
7 down to 5.83 billion in the 2012-2013 proposed budget; is
8 that correct?

9 MR. TOMALIS: But you can't -- in my mind, you
10 also have to look at some of the other major line items
11 that --

12 REP. BRADFORD: But stimulus is gone at this
13 point. That's apples to apples.

14 MR. TOMALIS: Correct.

15 REP. BRADFORD: I want to make sure.

16 MR. TOMALIS: So one of the things we have to
17 look at is, we also have to look at what's important. And
18 that is the \$300 million in the pension obligations that
19 are added to support the K-12 funding as well.

20 REP. BRADFORD: Right. But obviously in
21 2008-2009, we're not -- we've never counted pension
22 contributions towards direct student support.

23 MR. TOMALIS: Well, in that case then, if we're
24 not talking apples to apples, then you would notice on the
25 chart that you prepared that the biggest cut would have

1 come if you would have pulled out the stimulus dollars out
2 of that line graph in '08-'09. That decrease would have
3 occurred back then.

4 REP. BRADFORD: 2008-2009, there was no stimulus
5 money.

6 MR. TOMALIS: I'm sorry. 2009-2010. The passage
7 of the first budget with the stimulus in it.

8 REP. BRADFORD: I believe you are correct.
9 Obviously, stimulus supported some of the Basic Education
10 funding.

11 MR. TOMALIS: So if we're really going to compare
12 apples to apples, then we should compare the amount of
13 money that would be there without the stimulus dollars.

14 REP. BRADFORD: And I'm fine with that. That's
15 why I'm pulling out 2008-2009, the last pre-stimulus year.
16 And then 2011-2012, the first post-stimulus year.

17 And I'm looking at 5.8 billion -- you know
18 President Obama is in the United States Senate. I'm
19 looking 2011-2012, no stimulus money. Governor Corbett
20 isn't counting one dime of it. We're at 5.3 billion.
21 We're talking about three or four years later in total
22 State support to K-12 education, we're down. And we're not
23 down because of stimulus money. We're counting
24 pre-stimulus year to post-stimulus year.

25 MR. TOMALIS: But we also have to include the

1 increases in the Pension Fund that also support K-12 public
2 education. Indeed, in the chart that we all look at, the
3 format that was used at the same time that these years were
4 looked at, it says, support of public schools, grant and
5 subsidies support of public schools.

6 And one of those supports of public schools is
7 the Pension Fund. Now, our pension obligations have
8 increased. We need to support -- we need to pay in the
9 \$300 million increase in the Pension Funds.

10 So when you look at all the supports of public
11 education in those areas, then you'll see it go up.

12 REP. BRADFORD: Okay. And I guess here's the
13 problem. And this is where -- and again, I'm trying to be
14 intellectually honest. 2008-2009, we're not counting aid
15 to pensions in 2008-2009. So obviously, that number is
16 even higher still if we count aid to pensions.

17 I think what you're saying -- and I'm not trying
18 to be argumentative. I think there's a point to what
19 you're saying. If you look just to support K-12,
20 educational support, support that's going to our kids to
21 help them learn, hopefully succeed, get good jobs, make us
22 more competitive, we're at 5.8 billion pre-stimulus; we're
23 at 5.3 billion post-stimulus.

24 But I think your point -- and tell me if I'm
25 wrong. I think the point you're making is, but let's look

1 at the cost larger because we want to include
2 constitutionally mandated pension contributions. If we
3 count pension contributions, we can say those numbers are
4 going up quicker. And therefore, it's kind of
5 cannibalizing the education budget.

6 Is that what you're saying?

7 MR. TOMALIS: I think when you look at the total
8 support, what the instructional cost is for having a
9 teacher in particular in the classroom, you just can't look
10 at one branch of that expenditure. You have to look at all
11 the costs, all the personnel costs, associated with that.
12 So to exclude the other ones, then, yes, it would be a
13 problem.

14 REP. BRADFORD: Okay. No. No. No. And look,
15 I'll be glad to say, hey, look, there's part of it. But we
16 don't count things like fuel costs in the cost of educating
17 a child.

18 I understand your point. But my point, I think,
19 is just a solid apples to apples '08-'09 to today. We're
20 lower. We're lower whether you count the pension or not.
21 You're talking about a pension contribution increase of
22 \$300 billion. But you're not counting it in the '08-'09
23 number.

24 I understand your point. And I appreciate that.
25 I don't really think there's a question there, but if you

1 would like to comment, go ahead.

2 MR. TOMALIS: The only observation that I would
3 make is that there was a different Governor with a
4 different name in '08-'09. But under this Governor's
5 budget, the line items did go up.

6 REP. BRADFORD: I don't think any line item has
7 gone up under this Governor. But that will take me to the
8 Accountability Block Grant. And you can tell me how that
9 line item went up.

10 MR. TOMALIS: As we know, Representative, as I
11 engaged in the discussion with the Chairman before, I think
12 we might have a bit of a disagreement on this one. Because
13 if you look at the -- and I looked at the '11-'12 budget
14 appropriation. And that line item was zero for the '11-'12
15 budget appropriation. And I understand that we might have
16 some disagreement, but that's --

17 REP. BRADFORD: Tell me something then. How did
18 my school district use Accountability Block Grant money
19 last year to pay for their full-day kindergarten program?

20 If those monies weren't in the budget, tell me
21 how they were paid for. Because I think this gets to the
22 semantics that creates a lack of faith in what we're
23 talking about.

24 So if you could explain to me, how did those
25 school districts pay for the Accountability Block Grant?

1 How did they pay for full-day kindergarten last year?

2 MR. TOMALIS: Well, the Legislature made a
3 decision to put it in the '10-'11 school year in the budget
4 year with the ability for the school districts to use in
5 the '11-'12 school year. That's when the appropriation
6 occurred. Then when we put together the '12-'13 school
7 year budget, it's a different funding level.

8 So the Legislature gave school districts the
9 flexibility to use it at the time.

10 REP. BRADFORD: Okay. So with respect, Secretary
11 Tomalis, what you're saying is because of this budgetary
12 gimmick, we are going to zero out full-day kindergarten for
13 this year in Pennsylvania because the budget that was
14 agreed to last year put the money into the prior year's
15 line item?

16 MR. TOMALIS: Actually, it's not the only sole
17 source of full-day kindergarten. Many school districts
18 continue to use other funding, including the Basic Ed
19 Formula funding.

20 REP. BRADFORD: But as someone who obviously
21 cares deeply about public education, our poorest school
22 districts, our school districts that, frankly, need
23 full-day kindergarten the most, that need that remedial
24 help, that need full-day kindergarten, that need Head
25 Start, those are the schools that rely on the

1 Accountability Block Grant the most to pay for those funds.

2 So when we say that, yeah, they have other
3 sources of funds, they could maybe, I don't know, get rid
4 of their entire English department. But you're
5 cannibalizing your left arm to save your right arm.

6 For the school districts that need it, they rely
7 on the Accountability Block Grant. And that's why this
8 program is so important. And that's why to rely on kind of
9 a funding gimmick to say we're not going to then support
10 even 100 million.

11 And let's remember that number under a previous
12 Governor was \$250 million. So even a token gesture towards
13 the Accountability Block Grant at 100 million as opposed to
14 250 million is a severe cut. Isn't this a priority, the
15 Accountability Block Grant, for this Governor?

16 MR. TOMALIS: One of the reasons we looked at the
17 Basic Ed funding formula in the last two years and put so
18 much money into the BEF that the Governor did, new State
19 dollars to backfill the lost stimulus dollars which was
20 cut, which the State funding was cut so dramatically a
21 couple years ago in the BEF, was to give flexibility to
22 local school districts to focus that money.

23 And as you know, Representative, that funding
24 formula, that mainline item, disproportionately benefits our
25 poorer school districts and provides them the flexibility

1 to move the resources around that they need to.

2 MAJORITY CHAIRMAN ADOLPH: Thank you,
3 Mr. Secretary.

4 Rep. Bradford, if you have some additional
5 questions for the Secretary, I'm sure there will be a
6 second round.

7 REP. BRADFORD: Okay.

8 MAJORITY CHAIRMAN ADOLPH: Thank you.

9 Rep. Brian Ellis.

10 REP. ELLIS: Thank you, Mr. Chairman.

11 Mr. Secretary, thanks for coming today.

12 Before I get to my question, I just want to kind
13 of follow up a little bit on Rep. Denlinger's questions
14 about the Chester Upland School District.

15 Obviously, there's other schools that aren't as
16 bad but are headed down a similar path. So we're kind of
17 looking at what's going on down there as a role model of
18 how things might be handled in the future.

19 And one of the things that concerns me is it
20 seems right now that there's a lot of money being spent on
21 legal fees that isn't being pushed towards the classroom,
22 whether it be through the Department of Education or the
23 institutions involved.

24 In fact, my understanding is that you have
25 appointed a specific attorney to be the designee for PDE.

1 And I was wondering, how much are you paying him? How
2 often do you meet with him or do you meet with somebody
3 else? And do we, as taxpayers, pay for him to sit in at
4 meetings that you could attend?

5 MR. TOMALIS: He's working as my -- as the
6 settlement negotiator in this process. I meet with him
7 frequently. I talk with him often.

8 REP. ELLIS: Can you define frequently -- once a
9 week? every other week?

10 MR. TOMALIS: Once a week since the situation
11 occurred.

12 And I agree with you that since the school
13 district and the charter school brought lawsuits against
14 us, unfortunately, we are spending too much money on legal
15 fees. But it is a penny on the dollar relative to the
16 amount of money that they're asking for.

17 REP. ELLIS: I understand that. But, I mean, if
18 this goes on for six, seven, eight, nine months, then
19 obviously that penny is going to grow to maybe a quarter on
20 the dollar.

21 MR. TOMALIS: It is. And it goes back to the
22 fundamental question which I think you began to talk about.
23 And that is that when the Legislature appropriates an
24 amount of money to a school district and that school
25 district receives that amount of money, the school district

1 and the charter schools are making a representation at this
2 time that that's not the amount of money that we're going
3 to spend. We want the amount of money that the Legislature
4 appropriated and \$25 million more.

5 You mentioned the potential for other school
6 districts. And there are other school districts that are
7 watching this precedent. And that is that the Legislature
8 ultimately decides that the funding levels will be what
9 they are for K-12 Basic Education. And if school districts
10 don't choose to live within the legislative amount that is
11 provided that they can just simply come back in March and
12 April and say, we're about \$20 million short. Please just
13 give us more money. And that's where we're at right now.

14 REP. ELLIS: And I appreciate that answer.

15 And kind of moving on to what I was going to ask
16 was, it's my understanding the school districts calculate
17 the rate. They pay charter schools and submit that to your
18 Department.

19 What happens if you find out that the way they
20 computed the rate is wrong? Do we go back after them?

21 MR. TOMALIS: There's two things that happen in
22 the ways that we fund charter schools.

23 We have a direct pay system first with Federal
24 funds, which I actually helped establish back in the 1990s
25 when I was in the Department so that we direct pay already

1 with Federal funds.

2 There is a reimbursement rate calculation that
3 takes place with the total cost associated with providing
4 education at the resident school district. It's a
5 percentage of that. There's things that you peel away from
6 that total cost that gets you to a number. That's about
7 75, 80 percent of or so for the resident school district.

8 When there is a disagreement between a charter
9 school and a resident school district about the amount of
10 the reimbursement rate, then there can be a reconciliation
11 at the end of the year to come to terms as to what the
12 actual amount should be.

13 So there is an ability to come together and look
14 at the different pots of money and reconcile at the end of
15 the year.

16 REP. ELLIS: Okay. And moving on. One of my
17 main concerns certainly in my school districts back home --
18 and I can even include my son in this category -- Special
19 Education funding, for the fourth year in row, we have seen
20 no increase.

21 How can I assure the residents of Butler County
22 and the entire Commonwealth that those of us with special
23 needs children will have their needs met at the schools?

24 MR. TOMALIS: I can relate to your personal
25 attention to this issue, Representative.

1 It is something that is a very difficult issue.
2 We did level fund the Special Ed funding this year. You're
3 right, for the fourth year in a row. Not all states did
4 that. As a matter of fact, the Federal Government requires
5 a maintenance of effort. But the Obama Administration in
6 the last couple of years have given waivers to, I believe,
7 nine school districts to go under the maintenance of effort
8 line --

9 REP. ELLIS: Nine states.

10 MR. TOMALIS: States. Thank you for correcting
11 me. To go under the amount of money that they
12 appropriated. So in these difficult budget years, I
13 understand. We wish we would could give more money to
14 Special Education to address some of these costs.

15 But in totality -- and that is a line item that
16 has not gotten an increase in the last couple years. But
17 because of the importance of Special Education, that's why
18 we didn't turn to the Federal Government and ask for that
19 waiver that some of our partner states chose to.

20 REP. ELLIS: I appreciate that. Certainly I
21 believe most members of the Legislature would be, you know,
22 more than happy to work to make sure that the special needs
23 folks are being taken care of.

24 And, I guess, finally -- and this one is just
25 more for my knowledge than anything else. I receive every

1 year, especially this year, so far hundreds and hundreds of
2 e-mails from constituents, many of them supporting Governor
3 Corbett's reform agenda, many of them opposing Governor
4 Corbett's reform agenda.

5 Now, I look at the budget. I see no additional
6 money for EITC. I see no money except for the grant money
7 we've got from the Federal Government for teacher
8 evaluation. I see no money for voucher expansion. And
9 certainly I don't believe charters are addressed.

10 So I guess my question is, when I want to answer
11 my constituents whether I support a reform agenda, what is
12 Governor Corbett's reform agenda?

13 MR. TOMALIS: A couple of things. We did
14 increase the funding for the ETC last year. And we will
15 engage with you again as far as the potential -- or with
16 the Legislature about looking at that line item and
17 increasing it more.

18 We have almost a million dollars in the teacher
19 evaluation in State funding. We were originally looking at
20 a higher level. But we were successful. The Corbett
21 Administration was successful in applying for and receiving
22 Race to the Top Funds. So we're using some of the Federal
23 Race to the Top monies to offset what we would be doing for
24 teacher evaluation.

25 I think that's critical when you look at the

1 direction that we're trying to move in public education.
2 We're looking to focus more and more on the human-capital
3 side of it. We are a labor-intensive business. We want to
4 make sure that that teacher is the highest-quality teacher
5 in the classroom and has the tools and resources to succeed
6 and also look at ways -- and when we can, leverage Federal
7 funds.

8 REP. ELLIS: Okay.

9 MR. TOMALIS: Look at ways that we can make sure
10 that we're individualizing the instruction so that all
11 children get the instruction that they need regardless of
12 where they're going to be.

13 So if I was to sum up in two very easy sentences
14 what we are trying to do in public education and what our
15 efforts are in moving towards that is making sure that we
16 have the highest-quality instructor in the classroom -- and
17 we have a lot of great teachers in Pennsylvania that are in
18 classrooms now -- and making sure we are getting them the
19 tools that they need to succeed and also looking at the
20 system of public education so that what we do for students
21 is individually tailored to meet their needs and in those
22 circumstances when the individual needs aren't being met,
23 the child's needs aren't being met, try and find ways to
24 get those services to them.

25 REP. ELLIS: I appreciate that.

1 And I will just throw in a last-second pitch and
2 a reminder that the House of Representatives overwhelmingly
3 supports an increase in the EITC. So I hope you can take
4 that message back to the Governor and let him know that we
5 are interested in working with him in that regard.

6 MR. TOMALIS: Thank you, Representative.

7 REP. ELLIS: Thank you.

8 Thank you, Mr. Chairman.

9 MAJORITY CHAIRMAN ADOLPH: Thank you,
10 Representative.

11 The next question is from Rep. Matt Smith.

12 REP. SMITH: Thank you, Mr. Chairman.

13 Thank you, Mr. Secretary, for your testimony
14 today.

15 MR. TOMALIS: Good morning.

16 REP. SMITH: Good morning.

17 I just want to piggyback on something that Rep.
18 Bradford brought up. And that's sort of an
19 apples-to-apples comparison of State funding in all five
20 major subsidy categories for pre-K-12 education funding.

21 The chart behind me specifically focuses on State
22 funding. It does not include any Federal stimulus dollars.
23 And I just want to get a sense from you whether I'm missing
24 something when you're just talking about State funding.

25 The chart indicates the '09 State funding alone.

1 And that would include the Basic Ed Formula, Accountability
2 Block Grant, charter school reimbursement, Educational
3 Assistance Program, and the School Improvement Grant
4 totalling around \$5.813 billion.

5 You go to '09-'10, just State funding, it drops,
6 due to the backfilling of Federal stimulus funding, to
7 about 5.4 billion. It goes up a little bit in 2010-2011 to
8 about 5.66 billion. And then it drops again fairly
9 significantly in '11-'12 to 5.35. And then to the
10 Governor's proposal this year, which is 5.35.

11 I mean, don't those numbers seem to indicate that
12 from '08-'09, which again was pre-stimulus, no Federal
13 dollars, and State education in total was funded 5.8
14 billion. And last year and then this year, the Governor's
15 proposing about 5.35 billion.

16 Isn't it fair to say that that just -- in talking
17 about State dollars is around a \$500 million cut to overall
18 education funding when you include all five major
19 categories?

20 MR. TOMALIS: Actually, what that chart shows
21 excellently well is that the massive cuts in State funding
22 occurred before Governor Corbett became Governor.

23 REP. SMITH: Well, including '08-'09? Because it
24 was 5.8 --

25 MR. TOMALIS: You get --

1 REP. SMITH: Excuse me. Just let me state this.
2 It was 5.8 in '08-'09. And today it's 5.3. So where do
3 those cuts come in?

4 MR. TOMALIS: It comes in between the first year
5 in '08-'09 when it dropped down to \$5.4 billion into the
6 second year. That was a major cut in State funding. That
7 occurs by your own chart, sir. It occurs in the following
8 year when you go to '10-'11. So you see another big
9 decrease in State funding.

10 REP. SMITH: Right. But from '08-'09, jumping
11 ahead to the Governor's proposal this year, State funding,
12 very simply stated, is lower by \$500 million.

13 MR. TOMALIS: When this Governor has been
14 Governor. This is only his second budget. So the budget
15 that he is in charge of putting in place -- you, by your
16 visual that's up there, shows that it's level funding by
17 your own chart.

18 REP. SMITH: Correct. But compared to '08-'09,
19 five years ago, it's \$500 million less.

20 MR. TOMALIS: Compared to '08-'09, the amount of
21 funds, based upon your chart on these very specific
22 numbers, it's less. And the greatest cut occurred before
23 he became Governor.

24 REP. SMITH: And the cut from '08-'09 to the
25 present -- correct me if I'm wrong -- would include an

1 elimination. In '08-'09, the Accountability Block Grant
2 program was 271 million. Charter school reimbursement was
3 227 million. The Educational Assistance Program was 65
4 million. And School Improvement Grants were \$23 million.

5 Does that represent -- is that how we get to a
6 \$500 million reduction this year because of the elimination
7 of those line items or do we get here some other way?

8 MR. TOMALIS: You got there back in those years
9 when I wasn't living in Pennsylvania and the Governor
10 wasn't the Governor. Governor Corbett wasn't the Governor.

11 You got there when, I believe, there was five or
12 six hundred million dollars cut in State funds out of the
13 Basic Ed Formula Fund and diminished to such a degree that
14 it was replaced with Federal stimulus dollars and grown at
15 that time.

16 And one of the decisions that was made, working
17 with the Legislature last year, is to move the blue part of
18 that chart up to the levels where it is with State dollars,
19 replacing it with State BEF dollars so that that can become
20 the most flexible way of money to go down.

21 REP. SMITH: Correct me if I'm wrong. But if
22 your school district at the end of the day and you're
23 getting \$5 million, \$10 million, whatever it is, your
24 concern isn't necessarily where that money is coming from,
25 it's that you are receiving that funding for the children

1 in your district?

2 And in '09-'10 and '10-'11, the total funding for
3 education, as the chart in front of me demonstrates, was 6
4 billion in '09-'10 and 6.3 billion in '10-'11 and then
5 Governor Corbett backfilled another Federal stimulus part
6 of that to increase education funding in '10-'11 to 6.4
7 billion.

8 So at the end of the day, school districts
9 received significantly more during those three years than
10 they did in '08-'09 and '11-'12 and '12-'13, correct?

11 MR. TOMALIS: Well, Representative, you asked me
12 in the very beginning if your school district -- what would
13 be your response? If I was a school district and I was
14 told, I'm going to give you an infusion of dollars that's
15 going to go away in two or three years, it's not going to
16 be around, do not anticipate that that money is going to
17 come in, and if I was to take that money in a school
18 district and use it in a way that I would anticipate that
19 that money would be there for forever, then I should not be
20 surprised.

21 And frankly, the Federal Government time and time
22 and time again, the Obama Administration -- Secretary
23 Duncan said repeatedly, don't anticipate this money is
24 going to be around after '11-'12.

25 REP. SMITH: Correct. Did they say that with

1 respect to the Accountability Grant Program, the charter
2 school reimbursement, the Educational Assistance Program,
3 and the School Improvement Grant line item?

4 MR. TOMALIS: In State funds, they wouldn't have
5 commented on that.

6 REP. SMITH: Right. So those are State funds
7 that Governor Corbett has eliminated?

8 MR. TOMALIS: And that's the reason why the
9 Governor increased the money in the Basic Education Formula
10 funding last year in working with this Legislature to help
11 provide greater flexibility for school districts.

12 REP. SMITH: How much did he increase the formula
13 funding?

14 MR. TOMALIS: That went up approximately \$600
15 million for --

16 REP. SMITH: From what year to what year? I'm
17 sorry for interrupting.

18 MR. TOMALIS: The total amount of State dollars
19 in that money from the '10-'11 budget that was passed, the
20 '11-'12 budget. Now, I understand that there was some
21 discussion about the use of EJ jobs at the time. And I
22 appreciate that. But even with the use of EJ jobs, the
23 State funding in the BEF went up over 300 billion.

24 REP. SMITH: Just so the public is clear, EJ jobs
25 was Federal stimulus dollars that Governor Corbett

1 utilized.

2 MR. TOMALIS: Yes.

3 REP. SMITH: And again, going to sort of the
4 semantics of this, isn't it true, though, that in the
5 '10-'11 budget year, which you just mentioned as a Basic
6 Education Formula funding of around 4.7 billion, the total
7 education funding that school districts received was, just
8 in State money, about 5.4; is that correct?

9 MR. TOMALIS: I'm sorry. Can you repeat that for
10 me?

11 REP. SMITH: In the '10-'11 budget year, just
12 State funding, school districts received from Harrisburg
13 about 5.4 billion. Of that, 4.7 was the Basic Ed Formula,
14 but you're not accounting for respectfully what you,
15 yourself, admitted you're including, 100 million in
16 Accountability Block Grant that was used in '11-'12 but it
17 was included in the '10-'11 budget for 360 million, the
18 charter school reimbursement for 224 million, Educational
19 Assistance Program for 48 million, School Improvement Grant
20 for 11 million. And that's all State funding that was
21 eliminated by Governor Corbett, correct?

22 MR. TOMALIS: The Legislature passed a budget
23 working with the Governor. They passed a budget with those
24 Block Grants eliminated, yes.

25 REP. SMITH: Okay. And that's where you get the

1 difference in the formula funds, which admittedly in
2 '10-'11 was under the Corbett switch which involved the EJ
3 jobs, money was about 4.7 billion. But all those
4 additional categories were eliminated in the '11-'12
5 budget.

6 Now, just to move on briefly to the discussion on
7 early childhood funding. I think in the two years of the
8 Governor's first budget, which was '11-'12 and then the
9 '12-'13 budget, the total eliminated from the pre-K Counts
10 Program, if the Governor's proposal this year goes through,
11 is about 6 percent or a \$5 million total for two years.

12 Isn't there some basis for arguing that that's a
13 disproportional cut when you look at the other -- the
14 overall spending that I think in the '11-'12 budget and the
15 '12-'13 budget being cut was maybe somewhere around 3, 4
16 percent in total? Why is pre-K Counts funding being cut by
17 6 percent?

18 MR. TOMALIS: Because we do believe that we can
19 protect the number of children who are served under the
20 pre-K Counts Program and -- some administrative savings
21 both at the State level and at the local level so that the
22 number of actual children who are impacted does not change.

23 REP. SMITH: But isn't it correct that in
24 '10-'11, there were 11,500 children enrolled in pre-K
25 Counts and in the '11-'12 budget year, there were 11,380

1 children enrolled, for a dropoff of about 120 children?

2 MR. TOMALIS: I'll have to get you the exact
3 numbers.

4 REP. SMITH: Okay. Thank you. Those are the
5 estimates that we have.

6 And I guess my question is, isn't there a value
7 to the investment in pre-K Counts and early childhood
8 beyond -- as you, yourself, said, beyond just simply having
9 children enrolled?

10 I mean, I think you had testified earlier that
11 the quality of the pre-K experience is really paramount.
12 Doesn't the quality of the pre-K experience -- isn't it
13 inherently diminished by a \$5 million reduction over two
14 years?

15 MR. TOMALIS: I would disagree. I don't think it
16 does. I think the quality is what is paramount in
17 determining what is an effective early childhood education
18 program regardless of whether you're in one of our rural
19 districts or one of our urban districts or one of our
20 suburban districts.

21 And that's one of the things that's been so noted
22 about this program. It's that we have been able to put in
23 some quality standards and quality measures across the
24 board since its initial inception.

25 REP. SMITH: Like what different quality

1 standards?

2 MR. TOMALIS: Well, you put in things such as
3 performance reviews about the backgrounds of the teachers,
4 about the qualifications of the staff that are in these
5 programs to make sure that they have the instructional
6 background that is more than just a situation where
7 children show up during the day and they're taken care of.

8 REP. SMITH: And none of those things were being
9 done before Governor Corbett took over?

10 MR. TOMALIS: No. I didn't say that at all. I'm
11 saying that's one of the reasons why the issue is it deals
12 with quality rather than simply numbers.

13 REP. SMITH: I agree that all those things are
14 important.

15 What I'm trying to get at is, what different --
16 what's the difference under your Administration versus the
17 previous Administration on those issues -- teacher
18 evaluation, background checks, competency, all those
19 things?

20 And it seems to me that in any government or
21 business, if you want to attract the most qualified
22 individuals, you're going to compensate them more, you're
23 going to provide better working conditions for them, you're
24 going to, in the teacher setting, particularly pre-K -- I
25 know as a father of a pre-child, you want to have some

1 control as a teacher over those kids.

2 And it would seem to me that it's easier to do
3 that if you have smaller classrooms, more teachers, and all
4 of those things. And I think in cutting it \$5 million or 6
5 percent over two years, I don't know how anyone can argue
6 that those things are improved and you have more funding
7 for better compensation if you're going through those
8 reductions.

9 Do you disagree with that?

10 MR. TOMALIS: Yes. I think that we are going to
11 be focusing on making sure that the program remains the
12 high-quality level that it has been for the last couple of
13 years. We're now into this a little bit, a couple more
14 years, than it was originally proposed. And there's ways
15 that we can target our resources to make sure that those
16 kids get the highest-quality programs that they deserve.

17 REP. SMITH: Okay. And if you can get to us
18 through the Chairmen the changes that your Administration
19 has made in the pre-K Counts Program and evaluations,
20 background checks, all of those things that are
21 distinguishable from the previous Administration, that
22 would be helpful.

23 Thank you, Mr. Chairman.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,
25 Representative.

1 Rep. Mauree Gingrich.

2 REP. GINGRICH: Thank you, Mr. Chairman.

3 Thank you, Mr. Secretary. I promise you a much
4 shorter inquiry.

5 MR. TOMALIS: Thank you.

6 REP. GINGRICH: And offer you an opportunity for
7 a yoga breath or a refresh button like we do on our
8 computer. We're grilling you this morning.

9 MR. TOMALIS: Thank you, Representative.

10 REP. GINGRICH: Nice to have you here. Thank
11 you.

12 And thank you for your commitment to education at
13 all levels. And we are going the gamut today. And I'd
14 like to talk a little bit about a postsecondary higher ed
15 issue.

16 MR. TOMALIS: Very well.

17 REP. GINGRICH: I see some of our young students
18 over there sitting through this dialogue. And I have great
19 admiration for the students who are here.

20 This is your life and this is your future. And I
21 didn't even see a yawn once yet. I keep glancing over
22 there. That's terrific.

23 Mr. Secretary, in the Governor's proposal, we
24 can't help but note that our community colleges are
25 experiencing a much more modest, I'll say, reduction cut

1 compared to our State-related, and our State universities
2 at 20 to 30 percent depending.

3 It would lead us to ask the question, how did you
4 get there? I have some thoughts of my own. I'd like to
5 know why the disparity in the postsecondary higher ed
6 budget between those two styles? I'd like to talk a little
7 bit more about that.

8 MR. TOMALIS: Thank you, Representative.

9 And I'd also acknowledge the kids who are off to
10 the left, the students who are off to my left. I got to
11 meet them before the hearing. It was a pleasure to meet
12 them as well.

13 Community colleges play a central role in the
14 economic development needs of the Commonwealth. And they
15 are more on the front lines of training students and
16 training our workers to meet the tough -- to address the
17 issues that are necessary to have a successful workforce.
18 They're much more responsive at the local level to specific
19 regional needs in the economy.

20 And also when you look at the profile of students
21 who come in, they serve a different profile of students in
22 that they often don't have -- students who don't have the
23 economic wherewithal to go to other areas or other
24 institutions. That's why the Governor wanted to focus on
25 the community colleges because they play a very vital and

1 critical role.

2 REP. GINGRICH: I don't disagree with you. And I
3 thought that from a policy standpoint, you were probably
4 looking at the economic development and the work-ready
5 aspect for some of the programs. I happen to have a campus
6 in my district. So I see it actually working. I was just
7 curious if I was on the right track with that.

8 Also, we note that the Governor is convening what
9 they're calling an Advisory Commission on Postsecondary Ed.
10 It's supposed to be an independent and unbiased evaluation
11 of the educational landscape.

12 First of all, what are the goals? Where do you
13 see that taking us? How do you plan to actually implement?
14 We do this so often -- I myself, have been involved -- just
15 go on the shelf. And right now with secondary ed, I don't
16 think we can afford to do that.

17 Would you mind telling us a little bit more about
18 that?

19 MR. TOMALIS: You're right. With secondary ed,
20 we can't afford to do that. And it's not a Commission that
21 the Governor named in order to say what we're going to be
22 in 6 months or 12 months down the road.

23 We've seen some dramatic changes in the delivery
24 of postsecondary education, certainly in Pennsylvania, but
25 across the country in the last 10 or 15 years.

1 Who would have thought, for example, the impact
2 of an online learning experience, not just 100 percent
3 online, but what's called a hybrid experience where you get
4 some of your classes in the classroom with your colleagues
5 in a brick-and-mortar environment and you get another part
6 of your classes in a different environment.

7 Representative, we also have -- we're blessed in
8 Pennsylvania with four very strong legs of a stool, as has
9 been said. We have a very strong community college system,
10 very strong State-related, very strong PASSHE system, and a
11 very strong community college system.

12 That has served us well over the years. But I
13 think we are going to have some conflict among them when
14 you look at the demographics, when you look at the economic
15 development needs.

16 And in certain areas, quite frankly, in some
17 areas, we have institutional saturation. And in other
18 areas, we have program saturation.

19 So what the purpose of the Commission is, is not
20 to look six months down the road, but look five, ten years
21 down the road of what the delivery is going to be for
22 students in Pennsylvania and also, for that matter, the
23 economic development needs.

24 We have certain geographies in Pennsylvania. We
25 don't have it at a higher ed experience. Are there things

1 that we can put in place to address our mixture of
2 providing postsecondary now and get us moving in the right
3 direction. In essence, what the Commonwealth really need
4 is a strong strategic plan, strategic vision, of what
5 education, postsecondary education, is going to be like ten
6 years from now and get us moving in that direction.

7 REP. GINGRICH: Well, it's about time we do that.
8 There's no question about it. And we've kind of been
9 hodgepodging this to address the issues as they come up and
10 have been fairly successful with that.

11 MR. TOMALIS: You're right.

12 REP. GINGRICH: But having spent many years
13 mentoring young students at many different levels, it's
14 amazing now how difficult it is to help them chose a career
15 path when you don't know that that career is going to be
16 available, you know, even three years, five years out.
17 We've seen it all. Some of us are old enough to have seen
18 that. So I think this probably is long overdue. And I'm
19 counting on it to be a value to us.

20 MR. TOMALIS: And I also have a secondary
21 concern. And that's the impact on K-12. If you look at
22 the demographics and the fact that we are at a point where
23 our enrollment bubble is right about now and a large number
24 -- and we are blessed in Pennsylvania with a large number
25 of great institutions all across the board.

1 But if you look at those numbers and if those
2 institutions are to remain strong, they might have to look
3 at their enrollment projections differently.

4 And what my concern is, if they lower their
5 standards in order to hit enrollment targets to continue
6 their growth trend and the potential adverse impact that
7 that's going to have on our K-12 system when that end of
8 the pipeline of K-12 is lowering its standards because they
9 need to hit enrollment targets in order to remain viable
10 institutions, that's part of the conversation that the
11 Commission is engaged in.

12 REP. GINGRICH: Well, that's smart. I wasn't
13 thinking of that part of it as equally important. And I
14 have really appreciated the dialogue on early ed today
15 because we need to start well in the beginning so that we
16 can finish well later.

17 I really appreciate your level of interest.
18 Thank you.

19 Thank you, Mr. Chairman.

20 MR. TOMALIS: Thank you, Representative.

21 MAJORITY CHAIRMAN ADOLPH: Thank you,
22 Representative.

23 The next question is from Rep. Parker.

24 REP. PARKER: Thank you, Mr. Chairman.

25 And welcome, Mr. Secretary. Thank you so much

1 for being here today.

2 MR. TOMALIS: Good morning, Representative.

3 REP. PARKER: Mr. Secretary, I think that members
4 on both sides of the aisle and you and I would obviously
5 agree about the importance of the role of public education
6 just in society, its role as the great equalizer as it
7 relates to closing the gap between the haves and the
8 have-nots in our country. As a matter of fact, just
9 yesterday someone said to me, don't forget that education
10 is our passport to the future.

11 And it's with that in mind that I wanted you to
12 sort of comment for me about the Governor's proposed cuts
13 to higher education in comparison to the cost of access to
14 higher education of private institutions. When we think
15 about our previous budget, we had a proposed 50 percent.
16 We ended up with a 19 percent cut.

17 In addition to that, I'm referring to our
18 State-relateds. Then we had a 5 percent freeze. So that's
19 24 percent. And then we have a proposed -- and although
20 again this is just sort of the blueprint as it's just been
21 mentioned -- 30 percent cut, which would take us for the
22 State-relateds, minus Lincoln -- that was left level-funded
23 for this year -- to 54 percent. And that's just in two
24 years.

25 And so with that large percentage of a cut for

1 our State-relateds, I wanted to know, Mr. Secretary, if you
2 could tell us whether or not the Administration is
3 attempting to officially move away from funding public
4 institutions of higher learning directly or more of a sort
5 of vouchers or the funding going directly to the students.

6 And the reason why I mention this is because
7 several Chancellors and Presidents during their testimony
8 here talked about their strong desire to want to remain,
9 you know, State-related institutions and last year for our
10 PASSHE schools, you know, being State institutions.

11 So are we thinking that we are sort of moving in
12 the direction where those State and State-relateds will
13 actually become private institutions of higher learning?

14 I looked at the difference. And I just used
15 about four schools and it makes my stomach turn. I just
16 used Lincoln, Temple, Penn State, and the University of
17 Pittsburgh. And I just compared some: University of Penn,
18 Swarthmore, Bryn Mawr, Carnegie Mellon, and St. Joe's. And
19 the difference between tuition, Mr. Secretary, was a
20 difference between thirty to forty thousand dollars from
21 those institutions.

22 So if you could give me some comment regarding
23 the Administration's position.

24 MR. TOMALIS: Those public institutions and those
25 four legs of the stool, three of them are public and are

1 strong assets or strong portions of what helps drive the
2 Pennsylvania economy and the opportunities that we provide
3 those students.

4 These are very difficult budget decisions that
5 the Governor has to make in proposing his budget. And we
6 look forward, he looks forward, to continuing those
7 conversations going forward with the Legislature as to what
8 the final funding level should be.

9 We, unlike most other states, by the way, which
10 each State is a little bit different. Other states are
11 going through this same exercise as well. Other states are
12 looking as far as the level of funding in postsecondary
13 education.

14 And some of them are different because they only
15 have one leg or two legs of the stool so that they can
16 focus their funding only in one area. They can't focus
17 their -- they don't need to focus their funding in multiple
18 areas like we do in Pennsylvania and historically have done
19 in Pennsylvania.

20 New Jersey is a very good example. They do not
21 have all the public institutions and public universities
22 that we have in Pennsylvania. They don't have the dynamic
23 private institutions that we support through PHEAA and the
24 students that either go through PHEAA or the students who
25 go to the public universities.

1 So these are very difficult budget times. And
2 there are some difficult decisions that have to be made in
3 formulating the budget. And we look forward to continuing
4 that conversation with the Legislature.

5 REP. PARKER: Do you think sort of policywise,
6 Mr. Secretary, that when we sort of think about funding
7 higher education, that we are thinking about sort of moving
8 away from institutional funding, more of allowing the
9 dollars to follow the students as it relates to higher ed
10 or are you not certain at this time?

11 MR. TOMALIS: No. Representative, I wouldn't say
12 that it's our desire to move away from funding the public
13 institutions at all.

14 REP. PARKER: My next question, sir, is in regard
15 to the issue of K-12. It was mentioned earlier about the
16 issue of property taxes. In Philadelphia, you know, we've
17 obviously had our challenges. And one of the issues that's
18 constantly mentioned is the issue of transparency. And we
19 talk about transparency and it means something different to
20 whomever is asking the question.

21 And I wanted to know, does the Administration for
22 all 500 school districts -- do we have, for example, for
23 the City of Philadelphia, obviously, an individual budget
24 for that school district? We do. But do we have
25 individual budgets for each school within the city of

1 Philadelphia? And do we have those for every other county,
2 every other district across the Commonwealth of
3 Pennsylvania?

4 And while it may seem a tad bit elementary, I
5 think what we've constantly heard from the residents of the
6 Commonwealth is that they understand the role of public
7 education from pre-K through 12 and higher education. And
8 they're willing to invest in it and sacrifice in it.
9 Because they know if Pennsylvanians are to compete in the
10 global economy, we have to make sure we have an educated
11 workforce and our students are prepared.

12 But I think they're right when they ask us, how
13 are you spending that money? And if I represent a
14 particular Legislative District and the residents in my
15 district say, Rep. Parker, I want you to tell me, how are
16 my tax dollars specifically being spent at each school in
17 your Legislative District?

18 And the reason why I'm bringing it up is because
19 I was just asked this question at a meeting. And someone
20 said, well, you can go on the website and find it. But I
21 said, wait a minute. If there is ever a time when
22 transparency was needed, every Pennsylvanian in the
23 Commonwealth should be able to go to a computer, type up
24 their school district, a school, and find out how that
25 money is being spent.

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Is that accessible right now, Mr. Secretary?

MR. TOMALIS: You can't do that for every school. We're working on that with a proposal that the Governor has and the school report card and doing that for every school and giving a very simple letter grade for every school in Pennsylvania on how they're doing academically and how they're doing financially and how they're doing with school safety.

And, Representative, I share your concerns about public education. In fact, my two kids are in public schools. I've always had my kids in public schools. I understand the critical role that they play.

For Philadelphia, Philadelphia's situation is a little bit different because of its size. But part of the budget that is determined that drives the discrepancies or disparities among spending in individual buildings, part of it goes to how we deploy some of our staff in those schools as well and what return we get on that investment.

I'll give you an example. If we have a staffing arrangement where more-senior staff get to choose the building that they're going to be assigned in -- because they are more senior, they get those rights under our Collective Bargaining Unit Agreement -- they cost more because they have a higher salary, because they have been in the system long.

1 The junior staff tends to go to other schools
2 that the senior staff chooses not to go to.

3 And their per-teacher costs are smaller because
4 they haven't been in the system. That drives the
5 allocation of resources. And sometimes you see budget
6 disparities in one school versus that other school based in
7 large part upon the amount of resources of funding that's
8 dedicated to salaries and benefits within individual
9 buildings.

10 REP. PARKER: Mr. Secretary, let me just
11 interject right here. I understand what you're saying
12 about what drives the cost in some buildings versus the
13 others. Just like an attorney shouldn't want to practice,
14 you know, without being licensed.

15 I don't think the people of the Commonwealth of
16 Pennsylvania want to be educators or educational
17 administrators without having to do what I did. And that
18 was getting certified.

19 But I do think that the very basic question that
20 people ask, even if it's not beforehand, even if it's after
21 the dollars have been spent, I think it is a very fair
22 question of a resident to be able to say, whatever the
23 factors are that determine how much money is spent in one
24 school over another -- you know, that's sort of for the
25 experts to make the determination about -- I do want to

1 know how much money was spent in each school and on what.
2 Especially if it comes to one school in one area who has to
3 have a fundraiser for textbooks and supplies. And then the
4 next school about two blocks over, you know, they have
5 laptops at each desk.

6 I just think if we don't have it now,
7 Mr. Secretary, in the near future, if you could just
8 provide Chairman Adolph and Chairman Markosek with some
9 sort of overview or inquiry. And I'm not just referring
10 to Philadelphia. But I think every Pennsylvania school,
11 all 500 school districts, should have a right to have that
12 information.

13 There was one other question.

14 MAJORITY CHAIRMAN ADOLPH: That next question,
15 Representative, will be on the second round.

16 REP. PARKER: Okay. Well, thank you very much,
17 Mr. Chairman.

18 Thank you, Mr. Secretary.

19 MR. TOMALIS: You're welcome.

20 MAJORITY CHAIRMAN ADOLPH: Rep. Tina Pickett.

21 REP. PICKETT: Thank you, Mr. Chairman.

22 Mr. Secretary, this is the time of year when we
23 are invited in to talk to our School Board members at maybe
24 an IU and our superintendents. And I realize the
25 discussion of the cost of cyber schools is not really a

1 budget question this year because we're not reimbursing on
2 that item. But it doesn't mean that those business
3 managers and superintendents are happy with the situation.

4 Last year we talked about an intent to make some
5 changes in the way that funding happens and to make it more
6 equitable. Is there anything I can tell them this year
7 about where we are on that?

8 MR. TOMALIS: Yes, Representative.

9 One of the things that we were looking at in the
10 charter school bill that was being looked at in the House
11 as well as the Senate is to try and put together a better
12 way of funding charter schools, cyber charter schools, in
13 particular.

14 I've always said -- and I've said it publicly on
15 many occasions -- that I think what happened is that that
16 movement outgrew our funding mechanism. The funding
17 mechanism was put in place for a brick-and-mortar exchange
18 more than it was for a cyber exchange.

19 So it's time that we brought it up to speed, up
20 to where we are. But it's in the context of the overall
21 reform for charter schools. And it was part of the
22 language that was put in that was under discussion in the
23 Legislature on the charter reform issue. And it was to put
24 together a funding panel which will come back with very
25 specific recommendations to the Legislature on how to

1 change that cyber funding formula.

2 I think the easiest thing that we can do, that we
3 need to do, is look at the Special Ed reimbursement rates
4 more than anything else in the cyber and deal with that
5 problem.

6 REP. PICKETT: Any timing on that?

7 MR. TOMALIS: We hope to have the -- if we can
8 have charter school reform legislation through the spring,
9 we hope that that would be a big step forward.

10 REP. PICKETT: Thank you.

11 Also, would you comment briefly on the discussion
12 that's going on between the Philadelphia Library for the
13 Blind and Carnegie Library in Pittsburgh?

14 I've had several library management folks in my
15 area talk to me about this. They definitely feel that they
16 -- I hope I don't get into any trouble here. But they feel
17 that the service from Pittsburgh is not as good. And
18 they're defending Philadelphia and wondering if this all is
19 going to work out okay in the end.

20 MR. TOMALIS: Thank you, Representative, for the
21 question.

22 There is a lot of confusion out there,
23 particularly in the eastern side of the State, as to the
24 impact of the changes that are being proposed for the
25 libraries.

1 This is a \$2.5 million appropriation that
2 benefits all Pennsylvanians. And I have a personal
3 knowledge of how these services impact individuals. My
4 father-in-law, who has been blind for a number of decades,
5 lives on a rural farm in Maryland and receives these
6 services. So I understand the vital role that these tools
7 play for this community.

8 This \$2.5 million line item is actually being --
9 the resources are being redeployed so that we can maximize
10 how much those folks all across the Commonwealth benefit
11 from the services but also not change the level of service
12 that walk-ins get in Philadelphia or in Carnegie.

13 In some issues -- part of this, to be quite
14 frank, is the evolution of the books. They used to be in
15 tape form. Now they're moving to a digital format. And
16 you can literally go into a library and pop in a zip drive
17 or something and you can download those books and you can
18 get those books mailed to them.

19 The national library service has not actually
20 been putting books on tape since 2010. And I believe it's
21 from 2004 that all the books are available either on tape
22 or in zip or cassette drive.

23 So what we're doing is a plan that was originally
24 proposed a couple years ago. We're in the implementation
25 of this plan. The Carnegie Library out in Pittsburgh will

1 be able to provide the zip drives and mail it out to
2 anywhere in the Commonwealth.

3 You'll still be able to walk in and get those
4 services in Philadelphia. If the service isn't available
5 in Philadelphia, they will mail out the cassettes out of
6 Pittsburgh. It may take a day. It may take two days. But
7 that's no different than any patron who walks into any
8 library in Pennsylvania now and the book is not waiting
9 there on the shelf.

10 REP. PICKETT: Thank you.

11 MR. TOMALIS: Sure.

12 REP. PICKETT: Thank you, Mr. Chairman.

13 MAJORITY CHAIRMAN ADOLPH: Thank you,
14 Representative.

15 I'd like to acknowledge the presence of Reps.
16 Stevenson and Saccone. Thank you for joining us.

17 For the members' information, the Chair has
18 continued this hearing until 1 o'clock.

19 Rep. Brownlee.

20 REP. BROWNLEE: Thank you, Mr. Chairman.

21 How are you?

22 MR. TOMALIS: Fine.

23 REP. BROWNLEE: I'd like to turn your attention
24 to the teacher development, professional development
25 funding.

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MR. TOMALIS: Okay.

REP. BROWNLEE: The Governor's budget cuts this funding by 10 percent for the teacher professional development line. It's a little over \$6 million. However, within this line item, the Department includes a new State funding of a million dollars to implement a new teacher evaluation tool. This tool is based upon a specific criteria, which includes student test scores, classroom observation, school building performance, and other data.

Presently this line item supports several teacher development programs, which includes the National Board Certification.

Can you tell us what cuts are going to be made in other teacher developmental programs to provide for this new million-dollar teacher-evaluation tool on top of the 10 percent cut in the line item?

MR. TOMALIS: One of the things we're doing, Representative, is we're utilizing the successful application that we have and the award that we got with the Federal Race to the Top funds to move some of the State funding and use some of the Federal funding to put in place an evaluation tool in Pennsylvania. That's long overdue.

Representative, we haven't changed the law on how we evaluate teachers in Pennsylvania in over 40 years. We use a system right now where it's simply a thumbs-up or a

1 thumbs-down satisfactory/unsatisfactory rating for our
2 staff. And it frankly doesn't merit their professionalism
3 and it doesn't merit the needs of Pennsylvania.

4 So we're using the Federal Race to the Top funds,
5 the \$41 million grant award that we won within the last
6 couple months that Pennsylvania was not successful in
7 winning in prior years. But we were able to bring some of
8 those funds back to Pennsylvania. We're using some of that
9 money and driving the tools down at the local level.

10 I'll give you one very specific example. Our
11 SASS portal, which is basically an online tool that school
12 districts use that is funded by the Department to provide
13 very specific tools to professionals in the classroom, that
14 they can use some of the online tools to increase their
15 instructional ability.

16 We're going to drive some of this money out to
17 incorporate more and more of those instructional
18 experiences to our teachers.

19 So there's a variety of ways that we can do it
20 that we're utilizing Federal and State dollars to move it.

21 REP. BROWNLEE: And one other question.

22 Along with this teacher professional evaluation,
23 are you going to be putting something in place for
24 non-teaching staff in the upcoming year?

25 MR. TOMALIS: Yes. We're looking to do that.

1 We're building out so that evaluation tool is something for
2 principals and other administrators as well. It's not just
3 for the instructional staff. Because that's the critical
4 link.

5 This is an issue that we have been trying to
6 address in education for a number of years. And many
7 states started this a dozen years ago. I can remember
8 during the Ridge days when I was here that we were looking
9 at this critical issue.

10 We are progressing. Frankly, the Federal
11 Government and the Obama Administration has lent its voice
12 and its dollars to this very specific issue. And they're
13 pushing more and more on states to incorporate some of
14 these measures into evaluating our professionals in the
15 classroom.

16 We've got great teachers in Pennsylvania. But
17 there's a recent study that came out that 2.5 million
18 students over multiple years that show if you take a
19 teacher who is below average, below par, and just brought
20 that teacher up to average, that the impact -- this is a
21 Columbia and Harvard University study -- of moving it from
22 below average to average is almost \$250,000 per classroom
23 on the children in that class.

24 This is an area that we need to address. The
25 Obama Administration is pushing it. We would be doing it

1 on our own, but we're going to focus all of our funds in
2 that direction.

3 REP. BROWNLEE: Thank you.

4 One other question. I did mention some specific
5 criteria. Can you tell me what criteria you will be using?
6 Is it going to be regarding the standardized test scores of
7 the students? Is it going to be classroom performance? Is
8 it going to be building performance?

9 And also to wrap it up real quick, can you give
10 me a copy of that, give the Committee a copy of that study?

11 MR. TOMALIS: Absolutely. I will give you a copy
12 of the study that I just cited. I will give you the copy
13 of the matrix that we're using.

14 The matrix that we are building out was actually
15 built upon a pilot that was run with many of the education
16 associations funded by the Gates Foundation for a number of
17 years.

18 We have over 110 school districts, charter
19 schools, cyber charter, CTCs, who are in the next phase of
20 this development. And there have been certain
21 organizations out there that say we're going to evaluate
22 teachers on one test. That's the farthest thing from the
23 truth.

24 It will be an observation of what happens
25 actually in the classroom so that we can look to see how

1 that instructor is doing in the classroom, which is a
2 building out of what currently takes place in public
3 education, marrying up with multiple test scores, multiple
4 student achievement data that happens, not just on the
5 individual classroom but on the building level as well,
6 incorporating all that together to come up with a strong
7 evaluation system.

8 I'll close with this. We, the taxpayers, spend
9 in Pennsylvania almost half a billion dollars a year in
10 professional development. We need to know where we're
11 focusing those dollars so we can drive the instructional
12 change that's necessary. We've got a lot of great teachers
13 who don't need as much help. Other teachers do.

14 And that's what the purpose of this is.

15 REP. BROWNLEE: Thank you.

16 Thank you, Mr. Chairman.

17 MAJORITY CHAIRMAN ADOLPH: Thank you,
18 Representative.

19 Rep. Killion.

20 REP. KILLION: Thank you, Mr. Chairman.

21 And welcome, Mr. Secretary. Good to see you
22 again.

23 MR. TOMALIS: Good morning, Representative.

24 REP. KILLION: Quick followup. I heard some
25 conversation regarding charter schools and they're not

1 getting paid by the school district for the children that
2 they're educating.

3 I'm just curious. When they have to come to the
4 PDE to redirect those funds, is that an added cost to the
5 system and, if so, is it significant?

6 MR. TOMALIS: Yes. Under the law, under the law
7 that was passed originally in 1997. I was around when we
8 passed that law in '97 and had a say in it. We realized
9 that there would be some school districts that would choose
10 just not to make the charter school payment for
11 philosophical reasons or just because they didn't want to.

12 And so we created a mechanism that when a school
13 district didn't make its payment to a charter school, the
14 charter school can come to the State to divert the State
15 funds that would be going to the school district in order
16 to pay the charter school the money that the school
17 district would be paying.

18 Currently, by the way, we have about 200 school
19 districts that don't do this, that don't pay their charter
20 school payment in Pennsylvania. Most of those school
21 districts are cybers. Those charters are cybers.

22 So we are engaged in PDE all the time in
23 diverting monies that would be going to local school
24 districts and diverting those to the charter schools as
25 necessary.

1 REP. KILLION: It seems to me with that and then
2 the interest costs that the schools have to borrow money,
3 we're wasting dollars that we really don't need to waste.

4 And just one other question. I had the pleasure
5 for a number of years to serve on two approved private
6 school boards, Elwyn and CADES, CADES was formerly Delaware
7 County Cerebral Palsy. And as you know, these are public
8 schools that are educating some of our most challenged
9 students and doing a fantastic job.

10 One of my concerns is, as you know, the funding
11 is tied to Special Ed funding. So that when there are
12 increases in other lines, they don't benefit from that.
13 And as you know, we have not increased Special Ed for, I
14 guess, four years. So they've been flat-lined.

15 Would the Administration entertain a change in
16 that law so that we could somehow get them included with
17 the other schools since they are doing the exact same job?
18 They are educating public schools. The name approved
19 private schools is somewhat of a misnomer. They are, in
20 fact, public schools.

21 And I just think it's fair that when revenues are
22 a little better, we can increase some lines that they
23 should be able to share that funding as well.

24 MR. TOMALIS: I have a very close relative who
25 attended one of those schools. So I understand the merits

1 and the things that they do for kids. It's amazing when
2 you see some of the issues that they have to address.

3 I'd be happy to engage in that conversation with
4 you, Representative.

5 REP. KILLION: Thank you.

6 Thank you, Mr. Chairman.

7 MAJORITY CHAIRMAN ADOLPH: Thank you,
8 Representative.

9 Rep. Deb Kula.

10 REP. KULA: Thank you, Mr. Chairman.

11 Mr. Secretary, good to see you.

12 MR. TOMALIS: Thank you.

13 REP. KULA: I wanted to just follow up on some of
14 the things that have been asked and you've responded to.

15 MR. TOMALIS: Sure.

16 REP. KULA: The one is in early childhood
17 education. I believe last year when I questioned you about
18 the elimination of the Accountability Block Grant, you
19 basically had indicated that because it was not dedicated
20 for a specific purpose that the Governor felt that that
21 should be eliminated because it could be used in many
22 different ways by many different school districts.

23 And I was hoping this year we would see that
24 maybe there would be an Accountability Block Grant
25 dedicated to fund full-day kindergarten. Because in my

1 area, my school districts would rely upon that funding to
2 afford them the opportunity to offer full-day kindergarten.
3 But that did not happen.

4 I am a proponent of early childhood education and
5 the importance of all-day kindergarten, because I see it
6 and in talking with teachers, administrators, parents, the
7 advantage to those programs as children progress through
8 their education.

9 And you indicated a study that you had read, Fade
10 Out or something.

11 MR. TOMALIS: Yes.

12 REP. KULA: Could you provide that to us? Does
13 that contradict what teachers and parents and
14 administrators are telling us about early childhood
15 education?

16 MR. TOMALIS: There's a number of studies. And
17 I'll be happy to get you copies of the study that was
18 provided to me by my early childhood staff.

19 REP. KULA: Okay.

20 MR. TOMALIS: There's a couple questions that we
21 have to make sure that we are talking apples to apples.
22 Merits of early childhood? Yes. Of course, there are
23 merits of early childhood.

24 The question is, when the child comes in in
25 September and leaves in June, did we see an increase of

1 that child in that early childhood experience? Yes, we
2 did.

3 But the thing that I was talking about was two
4 things. One was the difference between full-day versus
5 half-day kindergarten, as No. 1, and the difference between
6 a child who enters in that June and three or four years
7 later is in third grade, all other things being equal, what
8 type of fade-out is there as far as the impact of that
9 half-day to that full-day kindergarten?

10 We're seeing research that's starting to come in
11 and say that in some cases, if you have a higher-quality
12 first-through-third-grade experience, it mitigates the
13 difference between a half-day and a full-day kindergarten.

14 So if you're looking to reallocate your
15 resources, it might be better to make sure you shore up
16 your one through three or one through five program than
17 using your extra dollars to expand from a half-day to a
18 full-day kindergarten program.

19 There's a lot of different variables in play.
20 And that's the only thing I'm saying about the research
21 that I'm reading.

22 REP. KULA: And I would be very interested in
23 seeing that. Because it seems like the people doing this
24 research must not have talked with anyone from my school
25 districts because they are saying something different. And

1 I will be interested in seeing that.

2 Also, you talked about the pay freezes and things
3 along those lines. And we were provided with -- because
4 it's something that we had asked as to how our school
5 districts were helping out. And I believe in a PSEA poll,
6 approximately you said 10 percent. And they are indicating
7 approximately 35 percent of the 500 locals gave some
8 concessions; 129 out of 500 took a pay freeze, which would
9 be 26 percent; 103 of those 129, or 80 percent, gave up a
10 step increase. And an additional 44 made other concessions
11 such as higher health insurance premium payments.

12 So it seems that the numbers that you have as far
13 as how the school districts have tried to help themselves
14 and that teachers have tried to be as cooperative as they
15 can afford to be as far as their incomes, I was just
16 wondering where your numbers came from. Or can you provide
17 us with --

18 MR. TOMALIS: We don't collect the data. The
19 question that was asked was what I heard. And that's what
20 I had heard the numbers were. We don't collect the data at
21 the Department.

22 There are other issues involved. So if the PSEA,
23 in polling its members, if that's the representation that
24 they're saying, then that's the PSEA's representation.

25 The other issue that I was trying to get a handle

1 on and trying to respond to was, what number of school
2 districts that took that -- you earned X dollars last year
3 and you're going to earn X dollars this year. There's no
4 change in that. That number is not as high as what I had
5 heard in other places.

6 The PSBA did a poll, a survey, that they ran on
7 their website for a while. I was looking at those numbers.
8 If there's more up-to-date numbers, I'm happy to look at
9 them.

10 REP. KULA: Well, I thank you. And I look
11 forward to receiving the studies that you have so that we
12 can see them and I can take it back to my district and see
13 where there are differences as far as what your study is
14 saying and what they have seen for themselves as far as
15 early childhood education.

16 And I thank you.

17 MR. TOMALIS: Thank you.

18 MAJORITY CHAIRMAN ADOLPH: Thank you,
19 Representative.

20 Rep. John Bear.

21 REP. BEAR: Thank you, Mr. Chairman.

22 Mr. Secretary, thank you for joining us.

23 MR. TOMALIS: Good afternoon, Representative.

24 REP. BEAR: Yes. Good afternoon.

25 As a former management consultant for KPMG and

1 then BearingPoint, I spent the first nine and a half years
2 of my life really working with State agencies and school
3 districts really helping them build a better mousetrap, how
4 to give better return on the investment for the taxpayers.

5 And in times like these, even though it's
6 challenging and we obviously know there's not enough money
7 to go around to meet the demand, it seems to me it provides
8 a really great opportunity for all of us to rethink how we
9 deliver our services.

10 So my question is to you, what is the Department
11 of Education doing to advocate and/or even work with those
12 school districts to kind of rethink your business more,
13 like how to deliver the service of education?

14 MR. TOMALIS: We're hearing some very exciting
15 things that we're trying to promote as well in the delivery
16 model of public education in general.

17 I'm really excited about some of the things that
18 are happening out there with online education. I'm
19 actually meeting with a group of Lancaster County School
20 Districts in the next couple of days that are busting this
21 bubble, this model about. This is your school district.
22 So the kids that are in this school district are going to
23 be instructed by the employees of this school district.

24 And so there's an online consortium of a number
25 of -- two or three or four districts which are coming

1 together, they're sharing staff, they're providing the
2 resources, and they're specializing in areas so that
3 they're doing exactly for a child as a collective what one
4 individual school district isn't able to do. I think
5 that's really exciting.

6 We're building that into one of the aspects of
7 our Race to the Top application specifically in the
8 implementation of that, specifically as it related to STEM,
9 you know, science and technology programs.

10 Why should a student who is in one very specific
11 geographic region not have access online to high-quality
12 educational opportunities? It doesn't mean you have to go
13 to a cyber. You can do that in your own classroom.

14 So we're building out some of those examples as
15 well.

16 REP. BEAR: I think that's exciting because, as
17 you know, often we get caught up in the argument of, well,
18 we need more money or we have to cut. But we're never
19 really thinking about where that money is going or how it's
20 being used. So I'm encouraged to hear that.

21 Along those lines, is there any way to foster
22 some of that relationship even in places like Chester
23 Upland where we have a school district that's failing and
24 we have a charter school in the same neck of the woods that
25 provides, I think, a little under 50 percent of the

1 education for students K-8.

2 Is there any way for the two of them to kind of
3 work and maybe benchmark what the charter school is doing
4 well to help Chester Upland?

5 MR. TOMALIS: Those relationships between the
6 charter schools and the school districts all across the
7 Commonwealth are very important to build off of.

8 And charter schools, by the way, you know, the
9 theory of action back in the '90s and across the country as
10 well is that, one, you give those parents an opportunity to
11 meet the needs of their child that the traditional K-12
12 public education setting wasn't able to provide and,
13 second, we foster the ability for these schools to be
14 innovative, to do things differently, to get outside of the
15 mold. If we can find ways that there is that
16 collaborative, that exchange of information on how to do
17 it, there's no reason why we shouldn't do that.

18 There's nothing to stop that from happening right
19 now. And that's been happening in the last 10 or 15 years
20 since the law became put in place.

21 So I'm happy to help out with school districts
22 that are looking to reach out to charters to look at
23 different ways to do things and vice versa.

24 REP. BEAR: The last thing I was going to ask you
25 was, looking at the budget, I see there's an increase for

1 the career and technology spending. Was there a particular
2 reason for that or rationale?

3 MR. TOMALIS: The CTC spending went up in
4 relation to the use of the Social Security funding. We
5 think CTCs play an exceptionally valuable role in our
6 public education system. We've seen a lot of great things
7 come in the evolution of those schools and those programs
8 in the last ten years or so in Pennsylvania and across the
9 country.

10 There's been a movement to incorporate more
11 rigorous academics in a CTC Program. We welcome that. We
12 applaud that. And those kids who will be graduating, a lot
13 of them are ready to work full time in the workforce and
14 provide some valuable jobs in the community.

15 REP. BEAR: Is there anything else we can do to
16 help ensure that these children have access to CTS and then
17 maybe move on to a Stevens Tech, that kind of thing?

18 MR. TOMALIS: What we do too often in public
19 education, in high school, in particular, is that we steer
20 kids to a certain venue postsecondary, a traditional four-
21 or six-year college or universities that we think that
22 they're going to be able to succeed in.

23 I think we need to let students know that if they
24 get those skills, if they get that training in the high
25 school level, there's a project that they could have very

1 successful employment immediately upon graduation if they
2 have the job skills.

3 But also, there's a large number of programs that
4 we can provide to schools. We're thinking about that
5 program. We're in conversations with PHEAA in a training
6 initiative that we're doing to help train some of our
7 students in very high-demand jobs.

8 Those are some of the exciting things that are
9 happening.

10 REP. BEAR: That's great to hear. Because as I
11 go around in the district and certainly Lancaster County, I
12 can't tell you the number of industries that say that we
13 need students that are focused on the so-called a
14 gold-collar-type jobs. They are definitely needed. And
15 they pay very well.

16 MR. TOMALIS: Stevens is doing a great job at it,
17 too.

18 REP. BEAR: Thank you.

19 MR. TOMALIS: Sure.

20 MAJORITY CHAIRMAN ADOLPH: Thank you,
21 Representative.

22 Rep. Steve Samuelson.

23 REP. SAMUELSON: Thank you, Mr. Chairman.
24 Thank you, Secretary.

25 MR. TOMALIS: Sure.

1 REP. SAMUELSON: I just want to start -- I keep
2 hearing this notion that somehow Governor Corbett has
3 increased education funding. I heard it in the Governor's
4 budget speech. I think a couple of times I heard you
5 repeat that.

6 We have been spending a lot of time looking at
7 the line items in the Department of Education's budget.
8 And it seems like in many, many, many areas, in black and
9 white, funding has gone down.

10 I might want to suggest that if any of us are
11 confused about whether or not education funding has gone up
12 or down since Governor Corbett took office, we could just
13 ask the students in Pennsylvania, ask the citizens in
14 Pennsylvania, ask the school districts in Pennsylvania, are
15 you seeing less education funding or more education funding
16 since Governor Corbett took office?

17 I wanted to ask a few questions about some of the
18 line items. I see a whole series of 5 percent cuts
19 throughout the Department of Education.

20 In fact, one of the line items was just touched
21 upon a few minutes ago. We were talking a few minutes ago
22 about the library for the visually impaired and the
23 disabled. And you were extolling the merits of this
24 program. You said it's a \$2.5 million line item.

25 I look and it's a \$2.7 million line item. The

1 only reason it's 2.5 is because Governor Corbett's
2 proposing a 5 percent cut in that line item this year the
3 same line item you extolled.

4 Why are you suggesting a 5 percent cut in library
5 services for the visually impaired and disabled?

6 MR. TOMALIS: Because, Representative, the way
7 that we're going to be administering that program will
8 allow us to touch more patrons in the Commonwealth, one.

9 Number 2, over the past couple of years, we put
10 an investment into technology to move in the direction that
11 we are moving for providing service away from the
12 cassettes -- the cassettes are very bulky and all -- and
13 moving to a direction where we can do online digital that
14 will drive some cost savings out that way.

15 And if I could add, not just the cost savings but
16 we'll actually be able to have the patrons access greater
17 and greater numbers of volumes on much less space.

18 REP. SAMUELSON: Okay. Some of my colleagues
19 have talked about the 5 percent cut to Head Start proposed
20 by the Governor, 5 percent cut to pre-K. I think you said
21 that even with a 5 percent cut, you're going to be able to
22 serve the same number of students?

23 MR. TOMALIS: Same number of slots, yes.

24 REP. SAMUELSON: Why a 5 percent cut to services
25 to non-public schools?

1 MR. TOMALIS: In looking at the overall budget,
2 that was an area that we believe we can take a 5 percent
3 reduction.

4 REP. SAMUELSON: Okay. One area that I have been
5 focusing on for many years is public library funding.
6 They've taken some significant hits in the last couple
7 years. At one point we were investing 75 million in
8 library funding. When the Governor took office, we were
9 investing 54 million. Last year it was cut to 53 million.
10 We open up this budget and Governor Corbett is suggesting
11 another \$2.6 million cut to public libraries, a 5 percent
12 cut to our public libraries which have been hit how hard in
13 the last couple of years.

14 How do you suggest --

15 MR. TOMALIS: You're right. Those biggest hits
16 came during the last Administration. And I can remember
17 and I can recall there was a different level.

18 Now, what we're trying to do --

19 REP. SAMUELSON: I'm sorry. If you disagree with
20 those hits, why are you suggesting further cuts? Why don't
21 you reverse those funding cuts and restore the funding?

22 MR. TOMALIS: Well, quite honestly,
23 Representative, you have to look at the macro of what the
24 amount of money or the revenue that's coming into the
25 Commonwealth and the amount of money that the taxpayers of

1 Pennsylvania are paying. We're to live within the means of
2 the amount of revenue that's coming into the Commonwealth.

3 REP. SAMUELSON: Well, I would suggest that we,
4 as a Committee, take a close look at this library line
5 item. When I talk to librarians across the State, they
6 have been trimming their budgets. They've been cutting
7 staff. They've been limiting programs.

8 And to add another 5 percent cut to our public
9 libraries, I think -- the Governor in his speech said we
10 need to invest in our future. That was one of the lines in
11 his speech a few weeks ago.

12 How are we investing in our future if we're
13 continuing to cut public libraries?

14 MR. TOMALIS: The exact same way that we need to
15 look at how much Pennsylvania taxpayers are investing in
16 their future by the amount of taxes that they pay every
17 year and the amount of revenue that we have for the
18 Commonwealth.

19 The libraries that you see and the opportunity to
20 do things differently in our Pennsylvania libraries,
21 they've been under strain, no doubt about it, for the last
22 number of years because of some of the bigger cuts that
23 came before the Governor became Governor.

24 And so what we're trying to do in the context of
25 the overall budget is minimally impact them in a way that

1 they'll still be able to provide services, still be able to
2 provide the hours and keep the standards high.

3 REP. SAMUELSON: On the funding for Basic
4 Education. I know we have had some statistics which talked
5 about how the Governor has cut overall education funding,
6 eliminating things like charter school reimbursements,
7 Accountability Block Grants, which, by the way, do help
8 fund some of the preschool programs that are being cut in
9 one part of the budget. Districts have also used those
10 Accountability Grants.

11 The Accountability Grants. We talked earlier in
12 this hearing about how that funding was for '11-'12. And I
13 think the Governor's budget documents are talking about
14 '10-'11. Governor Corbett made a big point about signing
15 the budget 13 minutes before midnight on June 30th.

16 Is he saying that that education funding
17 Accountability Block Grant was available in the 2010-2011
18 budget year for those 13 minutes? Or is he -- why don't
19 you include -- how can you, with a straight face, say that
20 there was no Accountability Block Grant funding last year?

21 MR. TOMALIS: Because that line item was funded
22 at zero level for the '11-'12 budget year. And I can
23 understand why we might have some agreement of that.

24 But when the '11-'12 budget -- the Legislature
25 decided to put that in the '10-'11 budget with a

1 supplemental to be able to be used by the school districts
2 in the '11-'12 school year.

3 REP. SAMUELSON: Okay. And that action was not
4 taken until 13 minutes before midnight on the final day of
5 the fiscal year. We shouldn't be pretending that that
6 funding didn't exist. In my community, that funding has
7 been used for a whole host of areas. It give the districts
8 some flexible funding. It allows them to pay for some
9 after-school programs, some early childhood programs,
10 districts across the State. That's an important line item.

11 This Legislature has supported Accountability
12 Block Grants for many years, about eight or nine years, in
13 fact, restored some of the money last year. I think we
14 should restore all of the money and go back to the \$250
15 million level of the previous Governor.

16 This Legislature said it should be 100 million.
17 And it seems like our Governor is pretending it was zero
18 and is recommending that it be zero for the future.

19 Why cut that line item totally?

20 MR. TOMALIS: We look forward to having
21 additional discussions about all the funding levels that
22 you bring up going forward.

23 But the discussion for the '11-'12 school year,
24 as the budget was passed by the Legislature and signed by
25 the Governor, had that level funded at zero, had that

1 funding level at zero. And that's what we had it for for
2 '12-'13.

3 MAJORITY CHAIRMAN ADOLPH: Thank you,
4 Mr. Secretary.

5 Thank you, Representative. If you have some
6 follow-up questions, we'll get it on the second round.

7 Whether it's 13 minutes or 24 hours before
8 midnight on June 30th, it's certainly better than December,
9 you know, that it had been in previous years. So let's not
10 confuse matters.

11 MAJORITY CHAIRMAN ADOLPH: Rep. Jim Christiana.

12 REP. CHRISTIANA: Thank you, Mr. Chairman.

13 Mr. Secretary, good afternoon.

14 MR. TOMALIS: Good afternoon, Representative.

15 REP. CHRISTIANA: A lot this morning was talking
16 about the need for more and more and more spending as if
17 that relates to better and better and better achievement,
18 which I think, Mr. Secretary, you and I would agree that
19 more spending doesn't necessarily relate to better
20 achievement.

21 Rep. Bear kind of switched gears though and
22 talked about building a better mousetrap, delivering better
23 services. Countywide administrations was talked about and
24 how merging may reduce costs.

25 My question to you is, as you're talking to over

1 200 superintendents, what are school districts doing that
2 we can take back to our districts and say that they are
3 doing to reduce the cost of education, focusing on not
4 spending more than \$27 billion on education in Pennsylvania
5 but how can we spend the 26 or 27 billion we're already
6 spending on education? How can we spend it more
7 efficiently? What are some school districts doing to
8 reduce the cost of education? And what are some things
9 that the Administration is doing to help reduce the overall
10 cost of education?

11 MR. TOMALIS: There's issues and initiatives
12 underway that address both the back office functions of a
13 school district and trying to move money, some of that
14 money that they save in administrative functions. And
15 there's also classroom issues that are engaged in. Let me
16 give you one example of both.

17 I was with a superintendent the other night who
18 told me that they just negotiated a brand-new
19 transportation contract with their bus service. It's
20 cheaper than the ones that they have now.

21 Now, they're going to be able to realize some of
22 that savings in that transportation contract and drive it
23 into the classroom in areas where they think that they need
24 to be able to address instructional change. That's one of
25 those important administrative functions that we're doing.

1 We're seeing more collaboration take place across
2 districts under the tutelage of the IU sometimes on some of
3 these pay issues, on some of the salary and some of the
4 management issues. These are all great things that we
5 should be promoting, driving the conversations a little bit
6 more about how more effectively to use that 26, 27 billion
7 dollars.

8 On the classroom side. We're seeing a greater
9 focus on tools that are out there and the technology that's
10 out there. SASS Portal is one example. The Department's
11 SASS Portal is one example of things that's freely
12 available to school districts that they used to have to pay
13 for to help drive instruction.

14 I'll give you one very specific example in that
15 regard. We run this portal, the SASS Portal. And there is
16 a tool in that portal which you can do curriculum mapping,
17 which is basically, say, what's the fourth grade math,
18 fifth grade math, sixth grade math, map it along specific
19 standards over multiple years.

20 The school districts used to go into the
21 marketplace and pay \$10,000 a year to license that tool.
22 We provide that at the State level with funding that we
23 used to build it out for free to school districts. And we
24 have over 200 school districts that are now utilizing a
25 tool that used to cost each of those school districts

1 \$10,000 apiece.

2 So there's different ways that they can do things
3 at the local level to help stretch the dollar.

4 REP. CHRISTIANA: Mr. Secretary, clearly there
5 are a lot of school districts that deserve a lot of credit.
6 Because in my area, despite tough economic times, they're
7 actually expanding services. So they're freeing up some
8 pot of money somehow.

9 To give an example, in my district, we have
10 Central Valley that is starting, in these tough economic
11 times, their own cyber academy in order to compete instead
12 of talking about the money that leaves. They're trying to
13 go out and save the kid, the child, or the student to go --
14 instead of going to a cyber academy, they're trying to keep
15 that kid in Central Valley.

16 And I commend them for that. But clearly,
17 they're doing something to reduce their overall cost to
18 expand services. And I think we, in the Legislature and
19 the Administration, should encourage that, because they're
20 focusing on what the student or the customer wants, not
21 necessarily just the dollars. And I think they should be
22 commended for that.

23 MR. TOMALIS: There's more and more of them that
24 are starting their own online opportunities. And quietly a
25 superintendent will say, yes, it's the right thing to do

1 for the child. But also we're doing it because we don't
2 want to lose that money that goes when that child goes to
3 the cyber situation, which I remind them that competition
4 in public education can sometimes be a good thing now,
5 isn't it?

6 The other thing that we want to take a look at
7 that I asked the Legislature to also take a look at -- we
8 examined this last spring. But there still is a need to
9 look at the economic furlough situation. That is a mandate
10 upon school districts that I think has out-used its
11 usefulness and a clean economic furlough bill, not one that
12 has seniority attachments to it as well. That's another
13 tool that would be very helpful.

14 REP. CHRISTIANA: Thank you, Mr. Chairman.

15 Thank you, Mr. Secretary. One further followup
16 about that. Rep. Ellis brought up about the reform agenda
17 and school choice agenda. Without getting into a policy
18 discussion, can we look at the fiscal aspects of what
19 school choice does to reduce the cost of education? If
20 those kids that have went to a charter cyber school,
21 private school, if they were to come back to the public
22 school tomorrow, what would that do for the cost of
23 education in Pennsylvania? Would it rise significantly or
24 would it be about the same? If you can talk about that,
25 please.

1 MR. TOMALIS: I think you would see an impact
2 upon the school districts, the receiving school districts,
3 when those kids come back.

4 I often point to a school district right across
5 the river in New Jersey, the Newark School District, when
6 talking about this issue, universally agreed as one of the
7 lowest-performing or one of the top two as far as
8 lowest-performing school districts in the state. Yet they
9 spend \$24,000 a year per student in that school district.

10 Now, the question is, when you look at choice of
11 students would you be able to take a portion of those funds
12 and go to a school that better fits the needs of those
13 individual students?

14 That is separate and apart from whether or not
15 when you're investing, when those taxpayers are investing,
16 \$24,000 a year per student and still getting the academic
17 returns whether or not the system is at fault or whether
18 the students are at fault. But that's a different
19 conversation, Representation.

20 REP. CHRISTIANA: Thank you, Mr. Secretary.

21 And, Mr. Chairman, thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you,
23 Representative.

24 Rep. Scott Conklin.

25 REP. CONKLIN: Thank you, Mr. Chairman.

1 Thank you, Mr. Secretary, for being here. It
2 gets grueling at times, I know.

3 MR. TOMALIS: That's all right, Representative.
4 Good to see you.

5 REP. CONKLIN: I'm going to try and do a speed
6 round for you. We'll try to keep my questions short and
7 the answers short.

8 When I'm looking at the budget and I see that a
9 third of our children are suffering from obesity in the
10 United States, right here in Pennsylvania we have our
11 poorest school districts are suffering. Almost 50 percent
12 of their students are suffering from obesity just because
13 of the lack of education many times and not having the
14 foods they need to eat correctly.

15 How do you feel cutting that \$3.3 million out of
16 the school budget for nutrition incentive is going to help
17 these children?

18 MR. TOMALIS: Well, that is -- we understand also
19 that this is in the macro, in the macro economy, that we
20 have difficulty through the entire budget. If that was the
21 only money going to this food and nutrition program that a
22 school district can look at.

23 But there is a tremendous -- a lot more Federal
24 funds that are involved in some of those food and nutrition
25 programs. So when you look at the overall spending on food

1 and nutrition, it's quite an extensive amount.

2 REP. CONKLIN: I guess we'll just have to trust
3 Michelle Obama to keep that up.

4 One of the things I've heard you talk about and
5 I've heard other individuals talk about, they talk about
6 the stimulus as a bad thing. I'm almost getting the
7 feeling that the fact that the State used that stimulus was
8 bad.

9 Do you and the Administration feel that the money
10 we used to educate our children through the stimulus was
11 wrong?

12 MR. TOMALIS: I think that when you look at how
13 the stimulus was used in Pennsylvania and some school
14 districts, it basically created the scenario where the
15 difficulties that we're addressing today should have been
16 addressed two or three years ago. It just kicked the can
17 down the road, because it delayed the impact.

18 REP. CONKLIN: Can you name the schools out for
19 us where that happened so we can go back in and make sure
20 it doesn't happen again?

21 Just a quick followup, too. When I saw the
22 charts up here a while ago, I noticed that now the pension
23 obligation, our commitment that we have to get in the
24 pension is in the Governor's proposed budget as part of
25 education. But it wasn't in the existing budget lines as

1 part of education.

2 And then I noticed a lot was a discrepancy. Our
3 pension obligation that we have to do for the school
4 districts is put in the overall funding of the present
5 budget. But it wasn't put in the overall funding of
6 previous years.

7 Do you think, to do apples to oranges, that
8 perhaps we should add that in the graphs of the overall
9 budgets to keep apples to apples?

10 MR. TOMALIS: I think when you look at support of
11 public schools, if you don't add it to the overall support
12 that comes from the State -- and that's the category that
13 it's under. And I'm only talking, as you know, from the
14 Governor's budget. It only lists the Governor's budget
15 that talks about those things.

16 But you have to include the cost of pensions and
17 what it takes to run a public school.

18 REP. CONKLIN: I agree.

19 And just one last question, Mr. Chairman.

20 Teacher evaluations. We want to go in and we
21 want to evaluate our teachers to make sure our students are
22 getting the best education they possibly can.

23 Can you tell me, are the public schools the same
24 tests that we'll be using in the charter cyber schools?
25 Will they be tested the same?

1 MR. TOMALIS: As far as the teacher evaluation
2 tool?

3 REP. CONKLIN: Yes.

4 MR. TOMALIS: That's yet to be decided.

5 REP. CONKLIN: It will be across the board that
6 any teacher that teaches in a cyber school, any teacher
7 that teaches in a charter school, and any teacher that
8 teaches in a public school will all have to take the same
9 test and they will all have to be evaluated equally?

10 MR. TOMALIS: Teachers aren't taking tests.

11 REP. CONKLIN: I'm so sorry for the miswording of
12 it. But will that evaluation be used across the board for
13 all categories?

14 MR. TOMALIS: We're looking at the application of
15 the evaluation tool to the charter schools. There's a
16 disagreement among the charter community and the public
17 community and there's disagreement in the Legislature
18 whether or not charters -- because charters have greater
19 flexibility in controlling their staff when the staff isn't
20 performing up to the expectations of the charter school.

21 They are at greater liberty to put in place
22 teachers who are great teachers and outstanding teachers
23 and remove teachers who aren't measuring up.

24 So that's the difference right now going into the
25 conversation. We're still figuring out the impact on

1 charters and cyber charters.

2 REP. CONKLIN: And then this will end it,
3 Mr. Chairman.

4 So when you're using the charter school as the
5 high watermark, for they have greater flexibility, then do
6 you think that perhaps the public school system should only
7 need to have 75 percent of their teachers certified as
8 well?

9 MR. TOMALIS: Well, there's a little misnomer
10 about that. But I think that there is. It's important
11 that school districts be given greater flexibility to bring
12 people onboard who will have the greatest -- will drive the
13 greatest academic achievement.

14 If a credential or some other thing is outweighed
15 by some other qualification -- or excuse me. Let me
16 rephrase that.

17 If a teacher comes into the classroom and has a
18 greater skill set but doesn't have the credentials, I think
19 I'd rather have that great teacher in that classroom rather
20 than just simply a person who has the paperwork behind
21 them.

22 REP. CONKLIN: Thank you. And I'll be looking
23 forward to any type of suggestions you have to give to the
24 Committee on that. It will be greatly appreciated.

25 MR. TOMALIS: Thank you, Representative.

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REP. CONKLIN: Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ADOLPH: Thank you,
Representative.

Rep. Quigley.

REP. QUIGLEY: Thank you, Mr. Chairman.

And thank you, Mr. Secretary.

MR. TOMALIS: Thank you.

REP. QUIGLEY: I want to return back to the
Chester Upland situation and look at it in the context of
the relationship going forward -- because as you mentioned,
there are some other school districts that might be in the
same type of situation -- between them and their charter
should they get into as bad a situation as Chester Upland.

With Chester Upland School District, did they
exceed the budget funds that were allocated for its use in
the '11-'12 budget year?

MR. TOMALIS: Actually, they exceeded their
budget in the '10-'11 school year before the Governor even
gave his address last year. They approached me and the
Department to say last year that they were going to be
about \$12 million in arrears.

For this year, they haven't yet. But they claim
that their projections between now and June, they will be.

REP. QUIGLEY: Okay.

MR. TOMALIS: So that's why they're requesting

1 the State to come up with 25 million more. And the charter
2 school is joining them on this. There's nowhere in the
3 pipeline for additional money to go down.

4 REP. QUIGLEY: And in that same period of time,
5 did the charter school, the Chester Community Charter
6 School, did they exceed the budget of funds allocated to
7 them? Do you know?

8 MR. TOMALIS: I don't know.

9 REP. QUIGLEY: So going forward, in a situation
10 like this, if the charter school stays within its budget
11 but then the school district -- in this case just one
12 school district does not stay on its budget, the charter
13 school could theoretically go down with the school
14 district?

15 MR. TOMALIS: And it goes back to,
16 Representative, you're coming to the central context of
17 which we had this conversation with the school district.

18 The question is, when the Legislature
19 appropriates X amount of money to run schools, does the
20 school run within that money that's been appropriated? And
21 that doesn't happen, what is the impact?

22 My responsibility is to all the children in
23 Chester, not just to children in one school or the other.
24 And I have to weigh that.

25 We had this situation, by the way, back in the

1 late 1990s when we had a school district superintendent in
2 a large southeastern school district who said at that time
3 that I'm going to spend money until it runs out. And in
4 March it's going to run out and then the State will have to
5 come in and fix the problem.

6 The response of the State at that time was, no,
7 that's not what's going to happen. You need to live within
8 the amount of money that's been appropriated. And we'll
9 fix it from there.

10 So we are engaged in these conversations and
11 these settlement discussions that will impact a lot of the
12 entities down there.

13 REP. QUIGLEY: I know when we talked about
14 reforming the charter school laws -- we talked about that
15 last year -- the idea of the direct pay that some of the
16 charter schools were asking for, would that avert some of
17 this trouble that we're seeing in Chester Upland or would
18 that still be a problem, if the school district itself was
19 going under?

20 MR. TOMALIS: It could and it couldn't. I mean,
21 it depends on what the premise is that we begin with. I
22 think in the beginning part, I don't think it will because
23 of the direct pay. The funding will be identified early
24 on. And then the school district would then still have to
25 live within the amount of money that's been appropriated to

1 that school district.

2 We're in a very similar situation involving that
3 school district. The fact that both of those parties came
4 to the State and basically said to the State, we need \$25
5 million, I think that is something that is a conversation
6 that if that was repeated across school districts, across
7 the Commonwealth in charter schools -- and I'm hearing from
8 a couple charter schools as well that they want more money
9 as well -- I think it could be a very difficult situation
10 for you, as the Appropriations Committee, in how to budget
11 and prepare for a budget, but also for public education in
12 general in Pennsylvania.

13 REP. QUIGLEY: Thank you, Mr. Secretary.

14 Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Thank you,
16 Representative.

17 Rep. Martin Causer.

18 REP. CAUSER: Thank you, Mr. Chairman.

19 Welcome, Mr. Secretary.

20 MR. TOMALIS: Representative.

21 REP. CAUSER: Certainly, a lot has been said
22 today. And my question deals with higher education and
23 particularly community colleges.

24 MR. TOMALIS: Okay.

25 REP. CAUSER: And I appreciate what you had said

1 earlier regarding community colleges. My question stems
2 from the issue of the lack of community colleges in
3 Pennsylvania. And there was recently a Legislative Budget
4 Finance Committee report that was issued in December that
5 highlighted this issue and looked at the fact that we have
6 26 counties in Pennsylvania that are classified as rural
7 and 25 of those counties have no community colleges.

8 And, you know, at a time when community college
9 services are vitally important, I see this as very
10 alarming. And, you know, to really look at the issue --
11 and the study highlights the fact that, you know, when the
12 law was written dealing with community colleges, it
13 actually -- you know, the study points out very clearly
14 that it's not possible to set up a community college right
15 now in a rural area.

16 So, No. 1, have you looked at this study? Do you
17 have any thoughts on what we can do to promote the creation
18 of community colleges, provide those services in rural
19 areas? The study actually suggests the possibility of a
20 Statewide community college. I'd be interested in your
21 thoughts.

22 MR. TOMALIS: It's an interesting study. One
23 thing I will note about the community colleges and the
24 distributions of the community colleges around the
25 Commonwealth, we do have certain areas, particularly with

1 the Northern Tier and the Northwestern Tier, where you have
2 large geographic regions where it may make it impractical
3 to put a traditional large brick-and-mortar institution in
4 an area because of the travel time involved.

5 And you also have to deal with the issue as far
6 as local support. And that's what they are struggling with
7 up in Northwestern Pennsylvania as to the issue of the
8 sponsorship for a community college.

9 I think that's where we need to engage the
10 Commission in trying to find a better delivery model for
11 those areas, because I don't think simply building a
12 traditional brick-and-mortar school that we've always done
13 will work in all communities. But we still need to drive
14 those services to the residents of those communities.

15 I've seen some interesting online adaptations for
16 community college programs particularly when you relate to
17 the non-technical skill training. That's something that we
18 can look at.

19 I look forward to having further conversations
20 with you on that.

21 REP. CAUSER: There's certainly a need there.
22 And certainly some of the community colleges in the State
23 will come up and hold a class here and a class there. But
24 it's just not to the level of service that people should be
25 able to gain access to.

1 I mean, in my area, being in the Northern Tier,
2 being on the border, people are running across to New York
3 State to attend community colleges because we just simply
4 don't have any.

5 MR. TOMALIS: Right.

6 REP. CAUSER: You know, that's something we need
7 to highlight. I know the Governor recently put together a
8 panel to look at funding higher education. I have to say,
9 I'm disappointed with the list of people that are on that
10 panel because I don't see very much representation from a
11 rural area. We need somebody that's willing to take an
12 issue like this and bring it to that group and try to come
13 up with a solution.

14 Is that something that you'd be willing -- I
15 understand that you sit on that panel. Is that something
16 that you'd be able to push forward with?

17 MR. TOMALIS: Well, I'm actively engaged with
18 that Commission, with that panel. There are some
19 representatives of providers who have footprints in those
20 communities. So it certainly is a critical need that we
21 need to address.

22 REP. CAUSER: Well, there's a difference between
23 having a footprint and actually coming from a rural area
24 and really carrying the ball on that issue. So it's
25 something that I hope you will take to that panel and

1 something that I look forward to working with you on.

2 Thank you.

3 MR. TOMALIS: Thank you, Representative.

4 REP. CAUSER: Thank you, Mr. Chairman.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,
6 Representative.

7 Rep. Gary Day.

8 REP. DAY: Thank you, Mr. Chairman.

9 Mr. Secretary, thank you for being here today.

10 MR. TOMALIS: Good afternoon, Representative.

11 REP. DAY: I'm going to try to be very specific.

12 I'll start off by saying -- are we in the third hour? --

13 that your stamina is quite impressive for us jumping around
14 to different parts of your responsibilities.

15 MR. TOMALIS: Thank you.

16 REP. DAY: So I'm going to try to be very
17 specific. We already talked about career and technical
18 education. You've had an opportunity to answer your
19 support for career and technical education.

20 Have you considered new incentives for employers
21 to participate with career and technical education schools?

22 MR. TOMALIS: We are. There's nothing engaged
23 within the budget with the exception of a program that
24 we're highlighting with PHEAA in trying to drive some of
25 these industry clusters and providing that incentive that

1 you specifically talked to.

2 We want to focus, particularly when it relates to
3 the two-year programs or below, the certificate programs in
4 post-high school in three key areas, in agricultural and
5 manufacturing and in energy, and help to provide the
6 training that's necessary to get these high-need areas.
7 Business is going to be actively engaged in helping us
8 shape out that program.

9 REP. DAY: One of the important things about
10 career and technical education is that connection between
11 employers being willing to come forward, bring on some
12 students at the high school level and also postsecondary
13 level as well.

14 So that was the purpose of that question. Just
15 keep it in the front of your mind as well as you go
16 forward.

17 MR. TOMALIS: Thank you, Representative.

18 REP. DAY: Have you considered funding or being
19 an advocate or supporting funding for career and technical
20 schools to be done similarly to charter or cyber schools?

21 MR. TOMALIS: Yes. I think that would be a great
22 option available for kids. I've actually talked to some
23 other folks and looked in other states to see what they
24 might do. The difficulty in that is the cost associated
25 with buying the equipment to set up that school.

1 So there are a few hurdles. It's a good model if
2 we can get it. But there are some hurdles engaged in it.

3 REP. DAY: Including that currently all the
4 boards are set up of ascending school districts. So we
5 would have to probably do something legislatively to do
6 that.

7 Teacher evaluation. Just one quick question
8 about that. Will your teacher evaluation system that you
9 support include a place for teachers, you know, those being
10 evaluated, to comment on their review, on their supervisor,
11 and also on their work environment?

12 MR. TOMALIS: There will be feedback potential
13 for the teachers that are engaged in that. I don't know if
14 there's very specific dynamics on each one of those
15 checklists. But I'll have the person who is running that
16 in my office, my deputy secretary, Carol, circle back with
17 you and discuss it with you.

18 REP. DAY: Adoption and buy-in by the people
19 being reviewed is important in a system being viable and
20 usable. And one of the best ways that I know when I
21 implemented a system like this was to have a space right on
22 the form. You know, you're still going to have to really
23 select your words when you're writing your comments about
24 your supervisor. But I really encourage you to make that
25 part of your system.

1 MR. TOMALIS: That's one of the reasons -- if I
2 could comment briefly on that?

3 REP. DAY: Please.

4 MR. TOMALIS: That's one of the reasons, rolling
5 out and the implementation of this initiative, where we
6 have over 110 entities out there that are actively engaged
7 with us in putting this program together.

8 REP. DAY: That's great.

9 There's been a lot of questions about early
10 childhood education. It's something that's important to me
11 as well. You've said some new things that I wasn't aware
12 of and didn't know.

13 I'm just going to ask you an open-ended question.
14 I'm going to ask you to answer it as succinctly as possible
15 so we can keep our hearing moving.

16 MR. TOMALIS: Sure.

17 REP. DAY: But can you tie together a lot of the
18 questions that were asked today? What is your vision for
19 early childhood education? Where would you like to take
20 the Governor, the Legislature, and the Commonwealth? What
21 would be your advice for early childhood education?
22 Including thoughts on pre-K Counts, Head Start, what
23 levels? Who definitely needs to be targeted? How far?
24 How deep? How high in income can we go?

25 I just wanted your comments on that.

1 MR. TOMALIS: Most important we need to target it
2 for those kids who need it the most. And sometimes that is
3 the economic threshold that we address.

4 But we need to focus -- like all else that we do
5 in public education, it's not about the dollars. It's
6 about the quality of the individuals. And we have a lot of
7 great providers in early childhood in Pennsylvania. But we
8 need to make sure that all of our providers are of such a
9 quality.

10 Sometimes based upon the amount of revenue that's
11 available, a different delivery model would be better for
12 certain kids. When you have a large concentration of kids
13 in a certain area, like an urban area, you can centralize
14 functions more than when you have rural areas where you
15 have kids spread out over 20 or 30 or 40 miles. And you
16 have a parent who is driving their child to an early
17 childhood provider that's 20 miles and then head in the
18 opposite direction to go to a job. So we've got to think
19 these things through.

20 The one way that works in one community may not
21 work in the other community.

22 REP. DAY: I appreciate your comments. My
23 district has a very rural component where we try to gather
24 in our churches and our fire companies and a suburban
25 component as well where it is quite dense where it's a lot

1 easier to bring things together and serve many more people.

2 The last thing I wanted to say is just a comment.
3 Your answers today contain many efforts to manage tax
4 dollars more efficiently rather than simply saying more
5 money means more outcomes. It's something that is a little
6 bit of a pet peeve of mine so I'm trying to say to you,
7 thank you for what you're doing, the answers that you've
8 provided.

9 I've been frustrated. Many of my friends that
10 are supporters in public education only equate, you know,
11 that you're a supporter of education if you increase the
12 dollars, if you bring the wheelbarrow of money, is what I
13 say, and keep bringing more money.

14 And I really appreciate your answers and you have
15 a willingness to actually manage and guide the spending of
16 tax dollars rather than simply increasing the spending. I
17 think you just said in your last answer, it's not about the
18 dollars. And I really appreciate that and support you.
19 And I look forward to working with you this year.

20 Thank you, Mr. Secretary.

21 MR. TOMALIS: Thank you, Representative.

22 REP. DAY: Thank you, Mr. Chairman.

23 MAJORITY CHAIRMAN ADOLPH: Thank you,
24 Representative.

25 Rep. Glen Grell.

1 REP. GRELL: Thank you, Mr. Chairman.

2 Thank you, Mr. Secretary, for being here.

3 MR. TOMALIS: Good to see you.

4 REP. GRELL: Same here.

5 First, I'd like to ask you to take another look
6 at the funding level that's provided for the schools for
7 the deaf and blind. I know a lot of the organizations
8 would be thrilled with level funding. And that's what's
9 proposed.

10 But keep in mind that these schools don't have
11 the ability to assess taxes, let alone raise taxes. They
12 don't have the ability to change tuition. And they're
13 being hit with the same costs, whether it's pension or
14 health care or other costs, that our public schools are.
15 And they have no real ability to react to that.

16 So if you would like to comment, you are more
17 than welcome to do that. But I just want to ask you to
18 take another look at that in the next couple months.

19 MR. TOMALIS: Thank you, Representative. We
20 will.

21 REP. GRELL: Second, I want to give my
22 perspective on this discussion we've been having about
23 whether pension contributions count toward what the State
24 is paying for education.

25 Your budget -- and I want to commend the Governor

1 again this year for fully funding the obligation, the legal
2 obligation, that we have to our teachers' Pension Fund.
3 The current year is about \$600 million. You're proposing
4 to take it up to what it needs to be by law, \$915 million.
5 And frankly, I think you ought to get some credit for doing
6 that.

7 Just to trace the past few years. In '07-'08,
8 the State pension contribution was \$451 million. And then
9 you'll notice a trend here. It went down to 360 million in
10 '08-'09. It went down to 342 million in '09-'10. And it
11 went yet down again in '10-'11 to \$287 million. All at
12 times when the pension obligation certainly was not being
13 reduced. The payment was, but the obligation wasn't.

14 The employer contribution rate was kept at an
15 artificially low level. And I want to give you credit
16 first for seeing what really needs to be paid. And
17 frankly, to underfund the pension at \$287 million and then
18 say, well, we increased money for Basic Education by 300 or
19 400 million dollars, or whatever that year was, is a little
20 bit disingenuous.

21 So I think in an apples-to-apples comparison on
22 payment of our pension obligation, this Administration
23 would look good in terms of the money that's being
24 contributed to make sure that our pension funds don't get
25 in any worse shape than they are.

1 If you want to comment on that, fine. But it was
2 mostly just to clarify the record here today.

3 MR. TOMALIS: And I find it difficult to imagine
4 how we cannot fold the cost of that benefit into the cost
5 of providing education to kids. We are a labor-intensive
6 business. And as such, we have this obligation that's a
7 growing obligation. A lot of states are struggling with
8 this issue. We are trying to meet this obligation to our
9 teachers in the classroom.

10 REP. GRELL: And to mask that obligation for four
11 years when at the same time saying, well, we're giving more
12 money to Basic Education, I just think doesn't accurately
13 reflect what was really going on during '07 to 2011 years.

14 MR. TOMALIS: Which ironically, Representative,
15 drives up the pension costs down the road.

16 REP. GRELL: Absolutely. It just makes the
17 matter worse.

18 The last thing I want to ask you about is, I was
19 recently at a rather lengthy Budget Hearing at one of my
20 school districts. And there were a lot of issues and a lot
21 of concerns. But one school director I think put it very
22 well. What the school districts are looking for is not
23 necessarily more money from the State. This particular
24 school district can get by with level funding in the
25 current year.

1 What they are looking for is some relief in terms
2 of these mandates. And this director mentioned five
3 separate mandates. I'm sure there are others. But top
4 among that list -- and you've already commented on a couple
5 of these, I think -- the economic furloughs, prevailing
6 wage, cyber and charter school funding. And there were two
7 others dealing with tax collection and part-time employees
8 getting pension benefits.

9 But the question is, what, first, is the
10 Department doing to -- what can you do without legislation
11 to try to take the burden off of some of these school
12 districts in terms of some of the waivers that they feel
13 are most costly?

14 MR. TOMALIS: Very little since most of these
15 mandates are statutes. They're not in regulation or
16 they're not in practice at the Department. So there's very
17 little that we can do except try and provide as much
18 flexibility as possible in the program.

19 We did that in one aspect this past year in a
20 program that was called Alteration and Curtailment, which
21 is basically allowing school districts to come to us and
22 find different ways that they can alter their program to
23 meet the economic realities.

24 We did that in another way. I'll give you a very
25 specific example. When the floods hit. We had a number of

1 school districts that the traditional process is for them
2 to file paperwork and come to the Department and ask for
3 permission to throw out bidding requirements or other
4 things. We moved that to a telephone permission the minute
5 that they called it in.

6 So there are certain things that we can do. And
7 we try to do those things. But most of the big ones that
8 they have concerns about are statutory.

9 REP. GRELL: To follow up then, the mandate
10 waivers or the mandates that I've identified, are they,
11 from your experience, the most burdensome on the school
12 districts or are there others out there that impose a
13 larger burden on school districts?

14 MR. TOMALIS: A couple of them I wouldn't call a
15 mandate; for example, the funding for charter schools.
16 That's public education that provides opportunities for
17 children in public schools.

18 Other ones that are related to the bids or
19 construction and other things, those are statutory. Those
20 are some of the ones that we hear about an awful lot, the
21 construction issues.

22 REP. GRELL: What, if anything, is the
23 Administration doing to try to help us get to a legislative
24 solution on those issues?

25 MR. TOMALIS: Well, we need to take a look at the

1 funding formula for charters. I agree with that
2 particularly as it relates to the Special Education.
3 That's an important area that we've been having discussions
4 with Legislatures in both Chambers for the past year under
5 a comprehensive law. That will go a long way, I think, to
6 address some of the concerns from the school districts.

7 REP. GRELL: How about prevailing-wage relief? I
8 think you already touched on economic furloughs and what
9 needs to happen there in terms of seniority versus
10 evaluation.

11 MR. TOMALIS: We'd welcome to have those
12 conversations with you, Representative.

13 REP. GRELL: Thank you, Mr. Secretary.
14 Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Thank you,
16 Representative.

17 As is the custom of the Appropriations Hearing,
18 we now will invite the Chairman of the Education Committee,
19 Rep. Paul Clymer, for comments and questions.

20 REP. CLYMER: Thank you, Mr. Chairman.

21 There will be no questions. But I do want to
22 make a few observations, though.

23 Some of the members have already talked on these
24 issues. But on the career and technical school, this last
25 week, I had the opportunity to visit a machine shop in my

1 Legislative District. And the owner of that machine shop
2 is very much connected with the Upper Bucks Career and
3 Vo-Tech School.

4 He hires all the students that come out of that
5 training into his machine shop. They get about two weeks
6 of orientation and that's it. Full time. Full benefits.
7 And has a double shift. So the Career and Vo-Tech School
8 is very helpful to him.

9 Also, we've talked about the teacher evaluations.
10 And just so the members know, teachers are involved in this
11 very issue. They want the very best for themselves and for
12 their colleagues. So this is not punitive. This is
13 something that the teacher will cooperate with.

14 There are some school districts that are already
15 involved on their own in teacher evaluations. And they'll
16 submit those results to the Secretary of Education. So
17 that's off on a good start.

18 We know that some of the School Boards -- I have
19 to be careful here. In the past elections, I know that
20 School Board members that were elected want quality
21 education. They're looking to see how they can create
22 efficiencies within the district themselves. I'm not sure
23 that was always the case in the past. I would like to
24 think so.

25 I saw a new emphasis on the fact that we're going

1 to go in and we're going to work with the Administration.
2 We're going to do the best we can to use the taxpayers'
3 dollars in the wisest way possible.

4 The issue was talked about prevailing wage. And
5 I know that's an important issue as I talk to school board
6 members that are looking at that issue to save really
7 thousands of dollars for the local school districts.

8 And one of the things we can all do as
9 legislators is to make Pennsylvania economically sound.

10 Mr. Chairman, as you well know, in the very
11 important position that you have, that bringing in revenue
12 is critical as to how we can fund our services in
13 education. So there's a part each one of us can play to
14 make sure that we're doing the best to create a strong
15 economy here in Pennsylvania.

16 And then finally, Mr. Secretary, I want to thank
17 you for your dedication and commitment to education.
18 Education is an evolving process. It's not easy to put a
19 handle on something because there's no silver bullet out
20 there that's going to solve all the problems. But by
21 working together in a bipartisan way, we can solve some of
22 our major problems.

23 But education, as you mentioned at the outset,
24 there's some very good things that we can say about
25 education in Pennsylvania that we often overlook.

1 Education is becoming a class act here in
2 Pennsylvania. And it's because everyone is participating
3 in making it so.

4 Thank you, Mr. Secretary.

5 Thank you, Mr. Chairman.

6 MR. TOMALIS: Thank you.

7 MAJORITY CHAIRMAN ADOLPH: Thank you, Chairman
8 Clymer.

9 Those are the last questions on the first round.
10 We have four members that have questions on the second
11 round.

12 I just discussed this with Chairman Markosek.
13 The hearing will end at 1:15. Okay. So I'm going to ask
14 each member to ask a question. I'm going to ask the
15 Secretary to see if he can keep his answers brief so we can
16 get all four members in there. And we're going to adjourn
17 this meeting at 1:15. The State System was supposed to
18 come in at 1 o'clock. I had them moved back to 2 o'clock.
19 And that's the way it's going to be.

20 Thank you for understanding.

21 Rep. Parker.

22 REP. PARKER: Thank you, Mr. Chairman.

23 I'm feeling very special doing this hearing
24 today. So thank you so much for allowing me the
25 opportunity.

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MR. TOMALIS: So am I, Representative.

REP. PARKER: Mr. Secretary, one quick question for you. You know, over the past year, there were huge discussions regarding the issue of vouchers in the Commonwealth of Pennsylvania. And Chairman Clymer just actually sort of gave me the thought. He talked about there sort of being no silver bullet for solving any of our challenges in public education.

And I noticed that there was much talk about the 144 failing schools in the Commonwealth, like, the bottom 5 percent. And these schools were considered to be failing or at the bottom 5 percent because of their performance on the PSSA.

However, when we were dealing with the voucher bill, I noticed that those schools that would participate in the voucher program, they were given sort of a hodgepodge of different tests that they could select from in order to ensure that, obviously, if the dollar was following the student, that assessment was taking place.

And I thought to myself, like, well, this is an awesome opportunity. Because you can find scholars that will tell you the PSSA is not a strong test. They'll tell you another test is better.

Is there any particular reason why our traditional public schools and charters that are in

1 existence today don't have those same options and with that
2 sort of being directed policy coming from the Department?

3 MR. TOMALIS: It's been the history of the
4 Commonwealth over many years, particularly since the PSSA
5 was expanded back in '96, that all public schools would
6 participate in the PSSA. And we continue to push in that
7 because of all the \$26 billion of funding that goes to
8 support these schools where the children are assigned to go
9 to.

10 So we believe that there has to be one simple
11 yardstick. And that's what PSSA is all about.

12 REP. PARKER: Thank you.

13 MAJORITY CHAIRMAN ADOLPH: Thank you,
14 Representative.

15 Rep. Millard.

16 REP. MILLARD: Thank you, Mr. Chairman.

17 Mr. Secretary, we've talked about education
18 funding and everything. Another item that has a direct
19 effect on taxpayer dollars is exceptions that are granted
20 to exceed the tax index in local school districts.

21 In Columbia County, we've got one school district
22 that put in for the exception and was granted by the
23 Department.

24 So I guess my question to you is -- two questions
25 here. First of all, have you turned anybody down when they

1 ask for these exceptions?

2 MR. TOMALIS: No, sir.

3 Our role is administerial. The school district
4 makes a representation that they meet the qualifications.
5 They give us evidence. There have been times when we went
6 back to the school district and said the data that you gave
7 us doesn't support the assertion that you're making and,
8 therefore, fix your data.

9 And so in that case I guess you could say we
10 turned it down. But as far as lining up the data
11 requirements with the expectation of the law, the answer
12 would be no.

13 REP. MILLARD: And once it leaves the school
14 district level, what can a citizen or a coalition of
15 citizens, a citizens group, what can they do to communicate
16 with you to influence your decision whether to grant it or
17 not? Is there a formal process?

18 MR. TOMALIS: There's a formal process for
19 evaluating each of the exception requests that come into
20 the Department to make sure that they meet the requirements
21 of the law.

22 If there's a citizen or a citizen group that I
23 believe we argue that the representations made by the
24 district are not accurate, they can bring that to our
25 attention within the Department.

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REP. MILLARD: Thank you.

I think what the citizens are asking for is a time period there that they can offer their comments directly to you if they were unable to do so for whatever reason at the local level.

MR. TOMALIS: Also, the Auditor General could go back in as part of auditing the operations of a school district. If a school district made Representation A and during the Auditor's findings, A is not correct, then that will come to play.

REP. MILLARD: Thank you.

Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ADOLPH: Thank you, Representative.

Rep. Matt Bradford.

REP. BRADFORD: Thank you, Mr. Chairman.

Very briefly, too, on higher ed real quick.

The State System Presidents are going to be in this afternoon. And I know Governor Corbett has proposed a 20 percent cut in their funding. The State-related Presidents were in. And obviously, they were going to get a 30 percent cut under the Governor's budget.

Just looking forward, why are they wrong and Governor Corbett's right?

MR. TOMALIS: Well, the issue obviously has to

1 deal with, Representative, what the overall budget is for
2 the Commonwealth. And their overall budget for the
3 Commonwealth is a difficult period. As you know, we are
4 approaching close to a \$700 million deficit just for this
5 year alone. And trying to figure out how we can balance
6 the budget, the proposed budget, there were some difficult
7 decisions that had to be made in regards to higher ed.

8 So those were the differences. When you look at
9 the differential between the State-relateds and the PASSHE
10 System, along with some issues related to the capital funds
11 for each, it had to be folded into the overall conversation
12 as to how much money was available.

13 REP. BRADFORD: Understood.

14 And when it comes to higher ed priorities -- and
15 pursuant to Chairman Adolph's request, I'll keep it short
16 -- one of the questions that's come up about our State
17 System Schools is the access to contraception at public
18 universities in Pennsylvania.

19 Does the Administration have a proposal regarding
20 that issue?

21 MR. TOMALIS: Representative, I haven't had any
22 discussions with anybody about that issue.

23 REP. BRADFORD: Thank you.

24 Thank you, Chairman Adolph.

25 MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative.

2 Rep. Matt Smith.

3 REP. SMITH: Thank you, Mr. Chairman. Thank you
4 for your indulging for a second round.

5 And thank you, Mr. Secretary. I appreciate it.

6 MR. TOMALIS: Sure.

7 REP. SMITH: Just a quick followup on the pension
8 issue. It's my understanding that the pension increase of
9 about 300 million from, I think, 630 to 930 million is
10 mandated by law; is that correct?

11 MR. TOMALIS: It is.

12 REP. SMITH: So it's set by statute. The
13 Administration doesn't have any discretion on what to
14 increase the pension contribution by?

15 MR. TOMALIS: Although I understand that the law
16 was changed a couple years ago that led to a lessening of
17 the pension. So if the desire was to lower the amount of
18 contribution, the law could be changed.

19 REP. SMITH: And that contribution would be much
20 higher this year if the Legislature and Governor Rendell
21 didn't pass -- I think it's the act whatever of 2010 -- we
22 would have a much higher pension obligation?

23 MR. TOMALIS: I don't know. What I do know is
24 that we're now paying such levels because in years past,
25 lower levels were contributed into the system.

1 REP. SMITH: And that's also a constitutional
2 requirement that we make, that the Commonwealth makes
3 contributions to the pension system, right?

4 MR. TOMALIS: Yes.

5 REP. SMITH: Just to follow up on the higher-ed
6 and the pre-K cuts real likely.

7 One of the things, I think, has some of the
8 people impacted, I think, a little bit confused -- and
9 Chancellor Nordenberg alluded to this in his testimony last
10 week. The disproportionate nature of the cuts in pre-K and
11 the State-relateds and the State System pre-K being cut
12 this year 5 percent; Penn State, 28 percent; Pitt, 30
13 percent; Temple, 30; Lincoln not being cut; and then the
14 State System being cut 20 percent in this year's budget.
15 All the while looking at an overall spending increase after
16 the Governor's freezes in the '11-'12 budget year of about
17 .5, about half of 1 percent in increases in spending.

18 Is there any reason why it seems like education
19 was hit in a disproportionate manner? Because I think
20 that's one of the things that has the folks impacted a
21 little bit upset. It seems the cuts are extreme in
22 education, particularly pre-K and State-relateds, while at
23 the same time overall spending is slightly going up.

24 MR. TOMALIS: I would disagree that they're
25 disproportionate for the pre-K. What I would argue is that

1 in order to be able to support the K-12 programs and
2 particularly provide the necessary funding in our Student
3 Achievement Education Block Grant Initiative to maintain
4 that level of funding under Special Ed, increase the level
5 of funding under our pension contributions, some very
6 difficult decisions had to be made by the Governor in the
7 presentment of his budget.

8 Higher education is certainly -- and I've had
9 many conversations with the university Presidents. And I'm
10 on the Board of Directors of many of these institutions. I
11 understand the difficulties that they need to address when
12 faced with this budget.

13 But it does come down to a question of what the
14 amount of money coming in, the revenue, for the
15 Commonwealth is.

16 REP. SMITH: So it was a conscious choice to
17 remove from investment from the State-relateds and the
18 State System in order to fund other areas within education?

19 MR. TOMALIS: When you look at the overall amount
20 of money that's spent in the Governor's budget, I don't
21 think you can say, well, just the education branch, just
22 the education silo, absent all other conversations.

23 In other words, the Governor didn't come to us
24 back at a certain time and say, this is how much I'm
25 spending on education. You divvy it up or you make a

1 recommendation among all the different branches.

2 So it's in the totality of the budget,
3 Representative.

4 REP. SMITH: And there are other instances, I
5 know, in the proposal where funds, like the Tobacco
6 Settlement Fund, are having investments removed in order to
7 fund general operations. For instance, I think 60 million
8 is taken from the Tobacco Settlement Fund to fund long-term
9 care funding under the Department of Public Welfare.

10 Are any of those transfer funds being used in the
11 Department of Education budget this year?

12 MR. TOMALIS: Not that I know, Representative.
13 But I'm sure if we have that conversation about where to
14 backfill some of these funds, I think if possible, I think
15 that that will be a topic of discussion as to where those
16 monies will come from. And I'm sure the Governor will look
17 forward to your recommendations very specifically as to
18 what other departments should be diminished in order to put
19 the higher ed funding back to levels that you believe it
20 should be.

21 REP. SMITH: Thank you. I certainly believe any
22 effort that we can make -- and I would be happy to work
23 with you on -- adequately investing in higher ed because as
24 even Governor Chris Christie says, it's vital to our
25 competitiveness as a State and other states around us.

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Just one final question, Mr. Chairman.

Is it the Administration's position that higher education and postsecondary education of any kind, whether it's community college, collegiate level, trades, is that something that the Administration views as a luxury or a necessity in today's world?

MR. TOMALIS: It's absolutely a necessity.

MAJORITY CHAIRMAN ADOLPH: Thank you.

Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ADOLPH: The last legislator, Rep. Paul Costa.

REP. COSTA: Thank you, Mr. Chairman.

I appreciate you giving me this time. I'll be very quick. Most of the postsecondary private schools are really good. And they do a great job.

But unfortunately, there were two in my district that failed. And what happened was they let the kids who got the loans, school loans, hold the loan and receive no benefit for it.

What I'm asking for, in the previous Administration, their comments were that it's something we had to do legislatively to correct this problem. I'm hoping that we can work with your Department and your staff to come up with some ideas. I've had some ideas. But I want to be able to work with you.

1 Maybe you have a quick idea now how we can help
2 these students that went out and got a loan and no fault of
3 their own, the school failed and they're stuck with the
4 loan and have nothing to show for it.

5 MR. TOMALIS: I look forward to that
6 conversation, Representative. That happens every once in a
7 while. Thankfully it's more rare. But I look forward to
8 conversations.

9 REP. COSTA: You're right. It is very rare. But
10 fortunately, it happened twice in my district. But doing
11 research, you're right. It's very, very rare. But I want
12 to protect those students.

13 MR. TOMALIS: Thank you, Representative.

14 REP. COSTA: Thank you again, Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Thank you,
16 Representative.

17 Mr. Secretary, first of all, I want to thank you
18 for your testimony today and the dialogue that we had.
19 Obviously, I found it very informational. I think you can
20 tell that the members of this Legislature, education is a
21 high priority for them, as it is with residents of
22 Pennsylvania.

23 Your willingness to have an open dialogue shows
24 the Administration has that same concern. We're looking
25 forward to working with you over the next several months to

1 balance this budget.

2 And as everyone knows and you know and you've
3 suggested during this conversation and this dialogue, that
4 this Governor's budget is no different than any other
5 Governor's budget. It's a blueprint for final passage.

6 Thank you very much. I'm looking forward to
7 working with you.

8 MR. TOMALIS: Thank you, Mr. Chairman.

9 MAJORITY CHAIRMAN ADOLPH: The next Budget
10 Hearing will be at 2 o'clock with the State System of
11 Higher Education.

12 Thank you.

13 (The hearing concluded at 1:15 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
Notary Public