

1 COMMONWEALTH OF PENNSYLVANIA
2 HOUSE OF REPRESENTATIVES
3 APPROPRIATIONS COMMITTEE HEARING

4 STATE CAPITOL
5 HARRISBURG, PA

6 MAIN BUILDING
7 ROOM 140

8 TUESDAY, MARCH 8, 2016
9 2:35 P.M.

10 BUDGET HEARING
11 DEPARTMENT OF EDUCATION

12 BEFORE:

13 HONORABLE WILLIAM ADOLPH, MAJORITY CHAIRMAN
14 HONORABLE KAREN BOBACK
15 HONORABLE GARY DAY
16 HONORABLE GEORGE DUNBAR
17 HONORABLE KEITH GREINER
18 HONORABLE SETH GROVE
19 HONORABLE SUE HELM
20 HONORABLE WARREN KAMPF
21 HONORABLE FRED KELLER
22 HONORABLE TOM KILLION
23 HONORABLE JIM MARSHALL
24 HONORABLE KURT MASSER
25 HONORABLE DAVE MILLARD
HONORABLE DUANE MILNE
HONORABLE MARK MUSTIO
HONORABLE MIKE PEIFER
HONORABLE CURT SONNEY
HONORABLE JOSEPH MARKOSEK, MINORITY CHAIRMAN
HONORABLE LESLIE ACOSTA
HONORABLE MATTHEW BRADFORD
HONORABLE TIM BRIGGS
HONORABLE DONNA BULLOCK
HONORABLE MARY JO DALEY
HONORABLE MADELEINE DEAN
HONORABLE MARIA DONATUCCI
HONORABLE STEPHEN KINSEY
HONORABLE MICHAEL O'BRIEN
HONORABLE MARK ROZZI
HONORABLE KEVIN SCHREIBER
HONORABLE PETER SCHWEYER

1 ALSO IN ATTENDANCE:
HONORABLE BERNIE O'NEILL
2 HONORABLE STEVE BARRAR
HONORABLE JUDY WARD
3 HONORABLE DAVE ZIMMERMAN
HONORABLE MATT BAKER
4 HONORABLE RICK SACCONI
HONORABLE MIKE TOBASH
5 HONORABLE WILL TALLMAN
HONORABLE CRAIG STAATS
6 HONORABLE CRIS DUSH
HONORABLE STAN SAYLOR
7 HONORABLE KRISTIN PHILLIPS-HILL
HONORABLE KERRY BENNINGHOFF
8 HONORABLE MICHAEL DRISCOLL
HONORABLE BRYAN BARBIN
9 HONORABLE FLO FABRIZIO
HONORABLE VANESSA LOWERY BROWN
10 HONORABLE DAN FRANKEL
HONORABLE WILLIAM KORTZ
11 HONORABLE DOM COSTA
HONORABLE CHRIS SAINATO
12 HONORABLE MIKE LONGIETTI
HONORABLE JAMES ROEBUCK
13 HONORABLE STEVE McCARTER

14 COMMITTEE STAFF PRESENT:
DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
15 RITCHIE LaFAVER, MAJORITY DEPUTY EXECUTIVE DIRECTOR
CURT SCHRODER, MAJORITY CHIEF COUNSEL
16 MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR
TARA TREES, MINORITY CHIEF COUNSEL
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I N D E X
TESTIFIERS

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

2 MAJORITY CHAIRMAN ADOLPH: Good
3 afternoon, everyone. I would like to welcome you to the
4 Appropriations Committee budget hearing for the fiscal
5 year 2016-17. We will reconvene with the Department of
6 Education and our testifier will be the Secretary of
7 Education, Mr. Pedro Rivera.

8 Good afternoon, Mr. Secretary.

9 SECRETARY RIVERA: Good afternoon,
10 Mr. Chairman. Thank you for inviting me.

11 MAJORITY CHAIRMAN ADOLPH: You're more
12 than welcome. I'm sure an awful lot of folks have been
13 looking forward to your testimony.

14 Just to go over some housekeeping, if I
15 may. If you listen to me, you'll be the first group
16 that's listened to me. If you would take a second and
17 shut off your iPhones and your iPads, okay? This
18 hearing is being televised by PCN and the iPhones and
19 all that electronic equipment interferes with the
20 telecast.

21 I'll ask the Secretary to move the mics
22 as close as possible because they're not real powerful,
23 okay?

24 As is the custom, Chairman Markosek and I
25 invite the chairmen of the standing committees, and with

1 us today is the Republican chair of the House Education
2 Committee, Representatives Stan Saylor, as well as the
3 Democratic chair of the House Education Committee,
4 Mr. James Roebuck. Welcome, gentlemen.

5 Mr. Secretary, the mic is yours.

6 SECRETARY RIVERA: I would like to take a
7 moment and share briefly understanding that you received
8 my testimony and it's quite lengthy, so I will not go
9 through my testimony, but just really thank the
10 committee for the opportunity to come and represent, you
11 know, the Governor and our vision for education in the
12 Commonwealth.

13 As we know and as we've seen today, this
14 is an important issue not only for the residents of the
15 Commonwealth, but the many leaders, industry leaders,
16 community leaders, parents, and multiple stakeholders.
17 Education is probably one of the items that continues to
18 be on the top of everyone's agenda and thoughts.

19 So as we -- as I work my hardest to
20 answer your questions and we engage in great
21 conversation, I think, you know, it's important to first
22 share as much as I can how honored and how much of a
23 privilege it is to serve the students and the families
24 of the Commonwealth.

25 So thank you, again, for this time and I

1 look forward to discussion.

2 MAJORITY CHAIRMAN ADOLPH: Thank you.

3 I have been informed that a couple of
4 members need to get on the way, so I am going to bypass
5 my question until they are able to ask theirs, so they
6 can get on the road.

7 Chairman Markosek for opening comments.

8 MINORITY CHAIRMAN MARKOSEK: Thank you,
9 Chairman.

10 I have just a few opening comments and
11 then a question, if that's appropriate.

12 First of all, welcome, Secretary. I know
13 you've had a long day.

14 The Governor's proposal for next year,
15 2016-17, again reflects his continued commitment to
16 restoring the cuts to education. Democrats in the House
17 and Senate -- and I know a lot of Republicans -- share
18 in that. The Governor's proposal includes a
19 supplemental appropriation for this year, 2015-16, to
20 bring education funding back to the amount agreed to as
21 part of the so-called bipartisan budget agreement last
22 December, but then it builds upon that for the following
23 year, '16-'17.

24 Unfortunately, in the budget sent to the
25 Governor last December, the funding for basic education

1 and early education was about \$277 million short of the
2 previously agreed to amount. As a matter of fact, total
3 classroom funding under both the budgets sent to the
4 Governor, House Bill 1192 and House Bill 1460, amounted
5 to less than the funding level back in 2008, 2009, which
6 was the year before federal stimulus. We are painfully
7 aware of what happens when the state fails to hold up
8 its end of the educational funding deal when it comes to
9 education, education funding. School districts have no
10 choice but to raise local property taxes, reduce
11 staffing, and eliminate programs.

12 The prolonged budget impasse has only
13 made things worse for our local school districts. The
14 Auditor General, who was here last week, testified that
15 because of the impasse, school districts have incurred
16 between 35 and 45 million dollars in interest and fees
17 on loans that they had to take out in order to keep
18 their doors open. The budget sent to the Governor,
19 House Bill 1460, failed to include any funding that
20 helps the districts offset those interests and those fee
21 costs.

22 Pennsylvania is facing a huge structural
23 deficit, but that is no excuse for not investing in our
24 children's future.

25 My question, Mr. Secretary, is related to

1 early childhood education -- specifically the early
2 intervention program. I have an intermediate unit,
3 Allegheny Intermediate Unit, that serves my district and
4 does great work. They have an early intervention
5 program that serves children ages 3 to 5 that have
6 developmental delays and/or disabilities. The
7 Governor's proposal does not include any increase to
8 this program.

9 Can you explain what the early
10 intervention program does? And I would like to see an
11 increase in the program and look forward to working with
12 you and the Governor to make that happen.

13 SECRETARY RIVERA: Early intervention
14 programs within the traditional school setting is a
15 program that's designed to provide birth to 3 and 3- to
16 5-year-olds support for children who have been
17 identified with specific needs. So early intervention
18 programs are programs served by, in many cases, IUs. So
19 for example, a 3-year-old in an early childhood program
20 may receive speech and language services or greater
21 services if the need is greater, so it is a means by
22 which we provide service to some of our most vulnerable
23 children.

24 So although there's not been a
25 recommended increase in that funding, what we are doing

1 with both our MAWAs, with our systems of providing our
2 providers of early intervention services, and our
3 department of early childhood is working to, one, assess
4 the programs and assess how we're currently allocating
5 resources, and just better understanding and
6 streamlining those services.

7 It's our hope as we can better identify
8 the needs of those students and the funding stream
9 associated with that need, we can make requests
10 accordingly.

11 MINORITY CHAIRMAN MARKOSEK: What
12 specifically can I tell them? They're having a regional
13 meeting this Thursday back home, a lot of legislators of
14 both parties are invited to be there. What specifically
15 can we tell them at that point?

16 SECRETARY RIVERA: So I think
17 specifically the team that's meeting to make these
18 recommendations -- there are representatives from the
19 intermediate units that are part of the team. So I
20 think as they continue to advocate as they are to you
21 and both to me in the department, it's making sure that
22 their representatives that sit as part of the planning
23 committee are properly sharing, you know, not only their
24 needs in terms of funding, but their needs and
25 recommendations in terms of program alignment. So they

1 have a seat at the table.

2 MINORITY CHAIRMAN MARKOSEK: Okay, great.

3 Just, you know, for the record --

4 SECRETARY RIVERA: Absolutely.

5 MINORITY CHAIRMAN MARKOSEK: -- early
6 intervention funding is one of my personal goals that I
7 have a passion for and you know, I certainly will
8 have -- and will explain that to the Governor, but I
9 wanted you to magnify that as well. I think it's very,
10 very important that we have good early intervention
11 funding in Pennsylvania.

12 SECRETARY RIVERA: Thank you for sharing.

13 MINORITY CHAIRMAN MARKOSEK: Thank you.

14 MAJORITY CHAIRMAN ADOLPH: Thank you,
15 Chairman.

16 Chairman Stan Saylor.

17 REPRESENTATIVE SAYLOR: Welcome,

18 Mr. Secretary. It's good to see you again.

19 My first question is kind of a softball
20 question to you, hopefully. The question is, you know,
21 with the new federal act of every student act -- yeah,
22 Every Student Succeeds Act, how do you contemplate the
23 general assembly -- the House and Senate play what part
24 in that as you move forward with the implementation of a
25 new federal program?

1 SECRETARY RIVERA: Absolutely. With the
2 authorization of ESSA, we see the general assembly being
3 partners in, you know, first, providing guidance and
4 ultimately making recommendations to the Federal
5 Department of Education around changes to our
6 expectations.

7 Currently, we are now gearing up to
8 engage in a listening and engagement tour, where we --
9 much like what we've done with the school performance
10 profile and what we are doing around Keystones as a
11 graduation requirement moratorium. We are going to
12 create working groups that will travel the state and
13 engage with multiple stakeholders to hear -- to solicit
14 input from them and feedback from them around what we
15 really need to consider and work towards with this
16 authorization.

17 As we had done with the school
18 performance profile, we see the general assembly as
19 being an active participant, not only in part of those
20 discussions, but continued feedback as we really align
21 guidance and recommendations.

22 REPRESENTATIVE SAYLOR: Mr. Secretary,
23 the budget the Governor signed -- and he walked away
24 from the previous distribution of the Ready to Learn
25 Block Grants using a formula that he designed, not the

1 general assembly had agreed to. The formula
2 shortchanged many of the charter schools by \$8 million
3 from our previous year. In addition to this funding
4 elimination of charter schools in the 2015-16 budget
5 proposal, he included a cutting of the cyber schools by
6 \$50 million, codifying the pension double-dip to save
7 \$110 million, ending the fund balances of charter
8 schools netting \$148 million, and changing the special
9 education funding formula to save 180 million there.
10 That combined savings or cut to the charter schools was
11 \$488 million.

12 Does your vision for charter school
13 reform in Pennsylvania include anything other than
14 cutting their funds? And the second question to go with
15 that is what is the goal of cutting these funds to the
16 charter schools in those large amounts?

17 I mean, I guess the question many people
18 are saying across the state is that this administration
19 is looking to close the charter schools in Pennsylvania,
20 all of them.

21 SECRETARY RIVERA: So I would like to
22 first address part of the last question and that is the
23 Department of Education, we're not anticharter. We
24 understand that there's a need for high quality charter
25 schools and charter schools are public schools. We also

1 understand that there's a need for accountability for
2 charter schools -- actually there's a need for
3 accountability for all schools, which is why we are
4 recommending and really asking to create a system of
5 accountability, including charter school accountability.
6 Even great performing charter schools have been asking
7 for a system of accountability because they're being
8 painted with a broad brush and those lower performing
9 charters are charters that are not expending resources
10 as they should are tainting the reputation and the
11 movement of good charter schools.

12 In relation to the Ready to Learn Block
13 Grant, it's our understanding as we allocate those funds
14 to school districts, those funds will then be part of
15 the calculation or the per student calculation to
16 charter schools, so they actually will be receiving
17 their proportionate share of the Ready to Learn Block
18 Grant. So the revenue that's brought into the school
19 district is then divided by, you know, per student with
20 the exceptions -- and everyone on the committee knows
21 the exceptions. But Ready to Learn Block Grant will be
22 included as one of those expenses that will allow and
23 provide for greater per student funding to charter
24 schools. So when taking that into account, we
25 understood as part of the formula, charter schools would

1 receive their proportionate share.

2 We have made some recommendations around
3 cyber charter school and charter schools. Probably the
4 recommendations that we are most aggressive about is the
5 recommendation to move towards the -- having a proposal
6 that moves towards the Special Education Funding
7 Commission, which traditional public schools currently
8 do follow. Our request is that charter schools also
9 follow the recommendation of the Special Ed Funding
10 Commission and our allocated funding according to the
11 tier or the level of need of students.

12 Now in relation to cyber charter schools,
13 we have made recommendations around reductions of some
14 costs. The cost of expenditures for libraries,
15 nonpublic support, tax assessment and collection,
16 nonpublic health, community services. So we have asked
17 for a reduction in those line items assuming that cyber
18 charter schools do not incur those costs. We've also
19 looked at a cap of the 70th percentile of expenses of
20 school districts. And it is primarily, you know, to
21 share -- it's primarily a result of understanding for
22 regular education.

23 If you look at one specific cyber charter
24 program, just picking one -- and we have schools that
25 will pay \$7,000 for educating a child and we have other

1 school districts that will pay as high as \$17,500 for
2 educating that child and all within the same program.
3 So I think much of what we are asking in relation to
4 regular education changes and funding or paying at the
5 70th percentile -- and some are the recommendations
6 we're making around special education is not to pick on
7 the charters, it's just to right-size payments to
8 charter schools.

9 I would share as we've started to see
10 some of the successes around charters and also some of
11 the many challenges, I think the time is right for us
12 to, again, engage in charter accountability and you
13 know -- and support for funding charter schools, so I
14 look forward to having that conversation.

15 REPRESENTATIVE SAYLOR: Mr. Secretary, I
16 don't disagree about accountability and I think this
17 general assembly is very much interested in that. But
18 it seems to me that we're trying to hold, particularly,
19 charter schools who are performing better than the
20 public schools more accountable than we are the public
21 schools who they are taking students from. And many of
22 these students are leaving the public schools to get to
23 a safer environment. That's some of the reasons. In
24 some cases better education and I think there has to be
25 a balance. If we're going to hold charter schools

1 accountable -- and I'm all for that because I think
2 that's critical for our future for all of us.
3 Especially as I get close to retirement, I want to make
4 sure those kids get a good job and pay my Social
5 Security, but you know, it just seems to me that we are
6 on two different tracks. We are not doing enough to
7 hold public schools -- school districts accountable for
8 their mismanagement.

9 You know, when you look at Philadelphia,
10 when you look at Chester and Upland, you can look at
11 York, the failures of our state to hold those school
12 districts accountable for what they've done to those
13 children -- immoral -- is immoral. And the bottom line
14 is that, Mr. Secretary, that --

15 MAJORITY CHAIRMAN ADOLPH: Excuse me,
16 Mr. Chairman.

17 Ladies and gentlemen, there's going to be
18 things that you're going to hear that you may not agree
19 with. There's going to be things that you're going to
20 hear that you agree with. I'm not asking you to
21 applaud, I'm telling you not to applaud. I'm asking you
22 to listen, contact your legislator after the meeting,
23 but we're going to try to keep this a very formal
24 hearing. It's being televised. I appreciate your
25 passion, but I want to keep the hearing in order. Thank

1 you very much.

2 REPRESENTATIVE SAYLOR: Thank you,
3 Mr. Chairman.

4 So my concern is, as education chairman,
5 is that we do some updates with accountabilities and
6 I'll look to the department to work with the general
7 assembly to come up with accountability measures on all
8 the school districts, and holding school districts and
9 superintendents as well as charter schools, cyber, and
10 brick and mortar accountable, Mr. Secretary.

11 But I, again, I think that when we look
12 at another thing with charter schools, the
13 administration has said they want to eliminate the fund
14 balances for charter schools, where we allow school
15 districts to have fund balances. Many of the bonding
16 agencies require a minimum of 5 percent fund balances
17 for our school districts across the state, all 500, yet
18 the administration is proposing to not allow a fund
19 balance for charter schools.

20 So how do you envision that those charter
21 schools in this kind of a situation would have been able
22 to stay open and continue to educate children without
23 those fund balances?

24 SECRETARY RIVERA: And if I can, I can
25 address just one statement and then answer the question.

1 I agree with you fully, Chairman. We
2 have to continue to build a robust system of
3 accountability for traditional public schools as well,
4 which is why both chairs of the Education Committee have
5 been discussing and working together on updating the
6 school performance profile and looking more holistically
7 about student achievement and school performance, moving
8 away from this one measure of standardized tests and
9 really focusing on factors we know improve educational
10 outcomes for all students. So I agree fully, not only
11 do we have to build an accountability for charter
12 schools, we have to continue to build a robust
13 accountability system for traditional public schools as
14 well, and hold everyone accountable to students and
15 teaching and learning.

16 In relation to the discussion of fund
17 balances for charters, it's absolutely one of the
18 conversations that we have to continue having. And I
19 think what's happened as a result of -- you know, many
20 of the systems of mismanagement that we've seen over the
21 course of the past few years for all schools. The
22 pendulum has swung in the opposite direction.

23 And so what's happened as a result of
24 significant fund balances in some charter schools -- not
25 all, you're correct -- and exorbitant fees, you know,

1 administration fees in some charter schools, not all,
2 it's forced decisions to be made one way or another.
3 And I think this is an opportunity as we engage in this
4 conversation, the conversation around accountability, to
5 really come to common ground and make some really sound
6 decisions.

7 REPRESENTATIVE SAYLOR: Just last
8 question, it has to go back to the accountability
9 measure, and, Mr. Secretary, it goes to my home county
10 of York.

11 You know, the Governor paid \$140,000 to
12 have a study done to come up with a plan for York City.
13 They made several recommendations, but as of -- and
14 the -- I should say the recovery officer, Carol Saylor,
15 is supposed to make a report to PDE within 90 days of
16 that report -- still has not, as of February, received
17 that report for updating their 2013 recovery plan.

18 When is that plan coming in and how are
19 we measuring what's going on there now with all the
20 money that we've spent? Is York really recovering?

21 SECRETARY RIVERA: It's a great question.

22 So I just recently approved the updating
23 of their recovery plan so that should be made public
24 very, very soon. And you know, we've actually put very
25 specific measurable goals -- both 90-day goals that have

1 been enacted, although they'll be part of the plan. But
2 it's something that we've been monitoring very closely
3 as well as longitudinal goals.

4 We've also looked at four quadrants of,
5 you know, things -- I guess opportunities to address
6 quickly and those that may take a bit more time to start
7 to address. So not only will that report be made
8 public, but some of our successes and challenges will be
9 made public as well.

10 I can share with you -- and I'm sure
11 we'll have opportunities to discuss school improvement
12 as we continue in the hearing. There have been some
13 great areas of promise shown in relation to York. And
14 one, which is happening now, is an investment on
15 updating the curriculum so that students are actually
16 learning content and using material that are aligned to
17 high standards. And we're really proud of the work
18 that's happening at York, the alignment at York. It's
19 not an easy task. I mean, it's been hard work, but it's
20 been intentional hard work.

21 REPRESENTATIVE SAYLOR: Thank you,
22 Mr. Secretary.

23 SECRETARY RIVERA: Thank you, Chairman.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,
25 Chairman.

1 Chairman Roebuck.

2 REPRESENTATIVE ROEBUCK: Thank you,
3 Mr. Chairman.

4 Welcome, Mr. Secretary.

5 The new mayor of Philadelphia, Jim
6 Kenney, has committed to creating 25 community schools
7 in Philadelphia as part of an education reform movement
8 being used by many school districts across the nation to
9 improve low performing schools. He has the support of
10 Philadelphia City Council, the SRC, the teacher unions.

11 Given your experience as superintendent
12 in Lancaster, where you supported community schooling
13 efforts, what would you advise the mayor in fostering
14 community schools and what assistance can the Department
15 of Education provide to school districts in Pennsylvania
16 that want to improve their schools through community
17 schooling efforts?

18 SECRETARY RIVERA: Absolutely. Thank you
19 for the question.

20 First, I am fully supportive of community
21 schools. And I think the mayor and the education
22 system, they're identifying community schools as a way
23 to provide very rich support to not only the children
24 within the schools, but the community at large. It's a
25 very sound and proven strategy.

1 As a department, we absolutely can
2 provide and have been providing some feedback around --
3 I guess, technical feedback around what can be done
4 through the community school movement, but more
5 importantly, it's also a vision we have under the
6 direction of the Governor for the Department of
7 Education. One of our asks in terms of a position is a
8 position that can come in and really start to take on
9 the duties of internal and external partnerships.

10 Some of the great examples that we can
11 share with you have been our partnership with the
12 Department of Health to -- and our Physician General to
13 update our immunization standards. So not only have we
14 updated -- or working to update, it's not yet
15 complete -- but working to update our immunization
16 standards, but when the Secretary and I engaged in
17 conversation, I made -- you know, I discussed with her
18 the fact that we have many communities out there that
19 have no access to health care to receive those
20 vaccinations. So as a result of our conversation,
21 Secretary Murphy worked with mobile labs to make the
22 vaccinations available to some of our neediest
23 communities out in rural communities, for example.

24 Another great example is our work with
25 Department of Health, Drug and Alcohol, Physician

1 General, and Human Services around providing naloxone
2 and working to provide naloxone across high schools
3 through high school nurses. You know, hopefully never
4 needed, but it's a resource that's available to them.
5 Our work with Department of Correction and Human
6 Services around some bully prevention opportunities and
7 also updating our lab -- our centers, our family centers
8 for families -- for children of incarcerated families.

9 So what the Governor has done a great job
10 of is connecting a group of secretaries that are really
11 passionate about their areas of expertise and we've been
12 working together to create conditions that, you know,
13 allow for and actually support partnerships. If we can
14 start to formalize that vision in terms of policy and in
15 terms of best practice across the state, that will
16 create an environment in which school districts can
17 thrive, and not only school districts, but service
18 agencies to provide mental health services and physical
19 health services. To provide family services in schools
20 should be our ultimate vision and one of our goals.

21 So what we hope to do is not only in
22 relation to terms of resources, but create policies and
23 a path that schools can support this vision of community
24 schools and as a result, student learning enriches and
25 families become part of that school community. So we

1 are working to that end.

2 REPRESENTATIVE ROEBUCK: Thank you.

3 As I listen to your answer and also as I
4 listen to my colleague from York talk about charter
5 schools, one of the things that strikes me about
6 charters is that if you read the language that created
7 those schools in the late 1990s, in the first paragraph
8 of the bill it talks about schools that would be
9 innovative and be models that could be replicated, in
10 the same way that, in fact, community schools can be
11 models that can be replicated.

12 Now, as far as I know, there's been very
13 little evidence of any systematic way in which we have
14 evaluated charter school success and how we replicate
15 it. In fact, I don't think there's been any of that.
16 And in the same way with the community schools, we're
17 talking about things that are working that need to be
18 replicated.

19 What is the responsibility -- or what is
20 the vision of the Department of Education of being a
21 better funnel, of taking things that work and driving
22 that information out across the state, so other schools
23 can benefit from it, other districts can benefit from
24 it?

25 SECRETARY RIVERA: Absolutely. I think

1 that's the greatest opportunity for us at the department
2 and that is to serve as the clearinghouse for best
3 practice across the state.

4 You know, I've had the fortunate
5 opportunity to visit many, many schools and meet with
6 many, many, many amazing educators. And you know,
7 exclusively, the budget conversation, there are lots of
8 things we can do with just a lot of sweat equity.

9 You know, one of which we are engaging in
10 now, we have what is called the SAS system, which is our
11 educator professional development system and we've been
12 updating that system to include aligned curriculum and
13 aligned program opportunity, but also to discuss best
14 practice from across the state, so that a teacher in the
15 northwest part of the state can log on and see an
16 amazing program that's happening in the southeast
17 portion of the state. If we get our way, what we hope
18 to do this summer is include video vignettes so that you
19 can actually see some of it in action for a few minutes
20 and then follow it up with if you'd like to learn more,
21 here's how, you know, you can attain this information.

22 So as a department, we are absolutely
23 taking on the responsibility as lead educator and being
24 that pipeline to best practice and models of practice
25 across the state. This summer, we're revamping our

1 principal professional development opportunities to be
2 much more inclusive of differentiating around the needs
3 of schools and students, while at the same time best
4 practice and education.

5 We just highlighted a superintendents
6 academy for 100 superintendents that will focus on
7 teaching students in communities in poverty and how we
8 can leverage best practices so we're not wasting time
9 and resources on unproven practice. So as a department,
10 we can move away from the sole focus of technical
11 accountability and get into a role as lead educator and
12 developing schools and leaders to perform and provide
13 better opportunities for our kids.

14 REPRESENTATIVE ROEBUCK: Thank you,
15 Mr. Secretary.

16 SECRETARY RIVERA: Thank you, Chairman.

17 MAJORITY CHAIRMAN ADOLPH: Thank you,
18 Chairman.

19 Mr. Secretary, if I may, it's always nice
20 to have you here to discuss some numbers. It is a
21 budget hearing, so I'm just going to discuss some
22 numbers, and bear with me. And you're not the first
23 secretary that I asked these questions to and you won't
24 be the last, okay? But we're all in unchartered waters
25 here and we're all concerned, okay. And we all have

1 different opinions on what they would have done.

2 I'm trying to get some reasoning behind
3 the Governor's blue-line. The Governor without a doubt
4 has advocated more money for education, since day 1. No
5 one in this room will deny that.

6 In December, in December we budgeted
7 11 billion-plus for education, not including, not
8 including the state-related education. It's about a 3.4
9 percent increase. The Governor blue-lined \$3 billion.

10 I guess my first question is did he
11 consult with the Secretary of Education regarding the
12 blue-line?

13 SECRETARY RIVERA: So in regarding the
14 blue-line, we discussed the need as to where schools
15 were up to that point, about midway up through the
16 school year and how expenditures versus revenue looked
17 up to that point.

18 MAJORITY CHAIRMAN ADOLPH: Okay. All
19 right. My thinking here, we're now in March, okay, and
20 I know there's press conferences taking place almost on
21 a weekly basis now from school board members, from
22 superintendents, and so forth talking about their school
23 district running out of money, and should they close the
24 school or should they borrow. Some of these schools --
25 and we had the Audit General here previously and he gave

1 us a pretty good detail of how many schools and what
2 that dollar amount was that these school districts have
3 already incurred, okay?

4 Do you think it was a good idea to
5 blue-line in the month of December \$3 billion, the bulk
6 of it coming from basic education?

7 SECRETARY RIVERA: So I fully understand
8 the Governor's reasoning for blue-lining the budget in
9 December.

10 First, we understood we were approaching
11 an emergency status or conditions across the
12 Commonwealth and he wanted to accomplish two things.
13 First, he wanted to ensure he provided funding for the
14 45 percent or the half of the school year that had
15 already incurred costs, and second, he wanted to try to
16 provide some relief for some of the schools that were
17 disproportionately cut over the reductions from the
18 previous years. I also understand through our
19 conversations and continuing to -- both with the
20 administration and with the general assembly, that there
21 was an intention, a full intention at that time to
22 continue with conversation around his request of the
23 general assembly and what we felt would be needed to
24 make districts whole from those disproportionate cuts,
25 and the difference between first using some funding to

1 fill in the hole or that foundation and then also move
2 forward with the recommendation of the Basic Education
3 Funding Commission.

4 So I fully understand, you know, the
5 Governor's reasoning at that time. I'm supportive of
6 the Governor's reasoning at that time. And again, as
7 difficult of a situation as we're in now -- I can't
8 discount that as you share it -- I understand not having
9 funding to cover expenses would be equally as difficult.

10 MAJORITY CHAIRMAN ADOLPH: Okay. Thank
11 you.

12 And I understand the position that these
13 questions put you in, but I think one of the reasons --
14 and you know, I happen to be involved in the negotiating
15 of the distribution of the funding, okay? And this is
16 just an opinion and there's 203 in the House and 50 in
17 the Senate, but I think also, one of the difficulties in
18 negotiating has been the actual distribution of the
19 money.

20 There was a Basic Education Funding
21 Commission formed under the previous administration and
22 I believe they finalized their decisions or their
23 suggestions and we passed a resolution so forth and so
24 on regarding a basic education funding formula. And
25 many of us in the House of Representatives preferred

1 that funding formula immediately.

2 And the reason why I say immediately is
3 because almost since 1983, we've had an issue here in
4 the distribution of money called hold harmless. And
5 despite school districts losing enrollment, they
6 continued to receive, over decades, the same amount of
7 money as if they still had the same amount of
8 enrollment. I thought the Basic Education Funding
9 Commission knew and came up with a compromise. They
10 know they can't fix something that's been in existence
11 for decades and change it overnight. But when poorer
12 school districts that have increasing enrollments are
13 only dealt in new money from year to year, they're never
14 going to catch up, never going to catch up.

15 And the Governor's distribution, the
16 Governor's distribution -- instead of using the basic
17 education funding formula and using his hybrid system --
18 his nickname not mine, okay -- 419 out of the 500 school
19 districts lost money. Only 81 school districts under
20 the hybrid method received better than the basic
21 education funding formula commission.

22 I've been trying to figure out that
23 hybrid system for several months, okay? I can't figure
24 it out. I know there was a charter school reimbursement
25 line item that was deleted after we lost the federal

1 stimulus money and cuts had to be made. And trust me, I
2 know the pain that was felt there because one of the
3 school districts, one of the school districts that felt
4 it the most is in my home county of Delaware. But under
5 the Governor's distribution formula, we have 15 school
6 districts in Delaware County, 14 of them lost, 1
7 benefited from it.

8 So I think if we're going to try to close
9 this, I'd like you to discuss with the Governor -- and
10 we went from 80 percent of the basic education as being
11 the highest up to 90. And there was a lot of people
12 that were responsible for getting 90 percent without
13 increasing the total number because some of these school
14 districts that benefited in that 81 also would benefit
15 with the basic education funding formula. But once that
16 hybrid system gets in that basic education line item,
17 you just extended, you just extended that hold harmless
18 another 20 years, okay? And I really believe this is a
19 real problem in this distribution formula.

20 Any comments, Mr. Secretary?

21 SECRETARY RIVERA: First, I fully
22 understand your points and just want to make two very
23 quick comments.

24 First, our '16-'17 recommendation of the
25 increase in basic education is fully aligned to the

1 recommendations of the Basic Education Funding
2 Commission, so our '16-'17 recommendation is through
3 that formula. I can also share very quickly -- so I had
4 an opportunity to sit on the commission towards the tail
5 end when we were coming up with the numbers and it was
6 phenomenal work, I mean bipartisan, bicameral. There
7 was an agreement, two different administrations, a good
8 deal of stakeholders worked very, very hard and
9 tirelessly to make it work and it's a great formula. As
10 a matter of fact, I joke with some that was my first,
11 maybe second or third month and I just thought that's
12 how government would always run. And then the past year
13 has taught me a little differently in terms of trying to
14 make some other decisions.

15 However, so '16-'17, fully anticipate
16 moving in that direction; '15-'16, the Governor proposed
17 the hybrid. And I understand the Governor's position, I
18 understand what you've explained to me as well, and my
19 understanding of the Governor's position is coming just
20 from my experience as a superintendent.

21 I served a very poor school district and
22 what I explained at the time is when your 60-percent,
23 50-percent state funded and you lose 10 percent of your
24 60 percent, and you're a 9-percent state funded school
25 district and you lose 10 percent of your 9 percent,

1 those are two very different numbers, and that happened
2 for at least three years in terms of the reduction. I'm
3 not arguing the fact that it had to happen, I'm not
4 arguing what the revenues versus expenditures were, but
5 we know the reality of being a leader in a school
6 district at that time, some of the poorest districts
7 have the most disproportionate cuts. They were equal
8 but they weren't equitable.

9 So when I became Secretary and having
10 this discussion with the Governor, it's understanding
11 that he tried to first -- what I had been saying --
12 level the foundation so that the work of the Basic
13 Education Funding Commission would continue on level
14 grounds. It doesn't -- I'm not discounting any of the
15 other arguments. I'm just sharing that I understand the
16 Governor's position on this because there were some
17 school districts that were reduced at greater rates than
18 others.

19 MAJORITY CHAIRMAN ADOLPH: And this is my
20 last comment. When you try to go back, whether it's
21 four years, ten years, everything has to be equal again.
22 Enrollment has to be the same. You can't just say they
23 lost \$1,000 in 2010, and apply the same. You have to
24 check enrollment so forth and so on.

25 When you take a look at some of these

1 school districts that lose money under that hybrid
2 system as compared to the basic education funding --
3 Reading School District, Allentown School District, York
4 City School District, Lancaster School District, Erie
5 School District -- all over a million dollars.

6 So I just want to throw that out to you.
7 I really think, you know -- I don't quite understand the
8 blue-line, quite frankly, not in December. June --
9 okay, not December.

10 Thank you for your understanding. I'm
11 looking forward to working with you.

12 SECRETARY RIVERA: Absolutely.

13 MAJORITY CHAIRMAN ADOLPH: And to try to
14 straighten out some of these major problems.

15 At this time, I would like to acknowledge
16 some guests here. Representative McCarter and
17 Longietti, along with Representative Dush, Tallman,
18 Phillips-Hill, Staats, Tobash, and O'Neill. Thank you,
19 ladies and gentlemen, for joining us.

20 The next question will be asked by
21 Representative Schreiber.

22 REPRESENTATIVE SCHREIBER: Thank you,
23 Mr. Chairman.

24 Thank you, Mr. Secretary. I'm over here
25 to your left if you haven't found me.

1 Thank you to the entire PDE team for
2 being here today too.

3 I would like to state first, it's sort of
4 unfortunate that we've allowed these multiple systems of
5 education to evolve over time, whether it's traditional
6 public school, brick-and-mortar charter school, or cyber
7 charter school. And each one we tend to hold to
8 different standards or different levels of transparency
9 or different levels of accountability. And all the
10 while now, in the last several years we've pushed more
11 of the funding for those schools to the local level,
12 which inherently can create an adversarial relationship,
13 which I don't think anyone in this room would like. I
14 think at the end of the day, we're still charged with
15 educating kids in specific areas, whether they be in the
16 city of York, Red Lion, wherever they may be. It's our
17 charge to educate all of those. And ultimately, you
18 know, we have distressed school districts and we have
19 our challenged districts, but the common thread of those
20 districts not charter school or noncharter traditional
21 or cyber charter school, but poverty and the ills that
22 are all associated with poverty.

23 In York City, we have four times the
24 special needs students than the state average. We have
25 one-third of our students who are learning the English

1 language. We have a high transiency rate and over the
2 last several years, we've had an unpredictable level of
3 funding. And I'm glad that York City has been discussed
4 thus far because what has to be said and is indisputable
5 is that in 2010-11 fiscal year, York City received
6 \$3.7 million in the form of a reimbursement for charter
7 schools. In 2011 and '12, they received zero dollars.
8 We're one of those school districts where, as you had
9 said, Secretary, does receive a significant amount of
10 state aid, but when you cut 10 percent of it, it cuts
11 deep.

12 We're down 150 teachers over the course
13 of those years in a district that needs its teachers
14 very much. You compound all of that with money and
15 funding removed from the basic ed system as a whole and
16 obviously we have significant problems.

17 Now, having said all that, I would like
18 to thank you, Mr. Secretary, and the entire PDE team
19 because you have been in the York City School District
20 very heavily and doing a lot of great work. And not a
21 week goes by we don't get updates, not a week goes by
22 that we don't have reports. I know Carol Saylor, our
23 chief recovery officer, has been posting monthly and
24 quarterly update meetings and I believe we have a
25 recovery plan reset being voted on by the school board

1 at some point here in the next couple meetings.

2 But we are proud to report that in one
3 school year alone enrollment in the school district is
4 up, 40 minutes have been added to the class day and that
5 time is reserved for STEM education, our credit rating
6 has just improved, pre-K accessibility has been extended
7 to 50 percent of the city population with a goal towards
8 100 percent. The University of Penn, the University of
9 Pennsylvania is working in the school district to
10 rewrite comprehensive curriculum from K to 12. We now
11 have a freshman academy and proud to report that we've
12 had more college acceptance letters this year than at
13 any point in recent history at the York City School
14 District. So there are very good things going on. Some
15 of them will bear fruit this year, some will take 15
16 years. And that is the challenge in how you define a
17 recovery, how do you define turnaround, and what are you
18 looking for in those benchmarks?

19 And along those lines, my question is --
20 the Governor and PDE have proposed an Office of School
21 Improvement. I was wondering if you could expound a
22 little bit about what that office will do, what it will
23 entail, and some of the things you hope to achieve with
24 it?

25 SECRETARY RIVERA: Absolutely. Thank

1 you, Representative.

2 York -- under the direction of the
3 Governor -- York City schools, really, we've been
4 looking at as a model as to how to engage in school
5 improvement. We -- understanding that there is no one
6 cookie-cutter approach to school district improvement or
7 school improvement as a whole, we've really engaged the
8 local community as part of this change. We first went
9 in and provided a diagnostic and identified areas in
10 which we could really focus both academically and
11 fiscally to improve both the quality of education for
12 students, but also the standing of a school district in
13 its local community.

14 So our Office of School Improvement would
15 look at all -- in terms of school districts in need or
16 underperforming school districts and schools through
17 both lenses -- first, how to really build fiscal
18 accountability to ensure that the resources being
19 expended are going or working directly on behalf of
20 towards the success of students, while also taking a
21 much deeper diagnostic approach to school improvement
22 and academic attainment.

23 So as I can share and you shared -- and
24 thank you very much for sharing those successes. And
25 the college acceptance rate -- what we're extremely

1 proud of is not only have students already been accepted
2 to college at a higher rate than in past histories, but
3 that was accomplished in December, January through an
4 early enrollment system, so that's not even including
5 students who are going to be accepted to college towards
6 the end of year. And that's really just one of the
7 opportunities we found by coordinating community effort.

8 We've also seen success like this in
9 Harrisburg where we engaged in a hybrid model to provide
10 instruction and credit remediation to students while at
11 the same time focusing on finances.

12 So through our Office of School
13 Improvement, we want to look more holistically at the
14 needs of schools and the needs of the local community
15 and look at how they're expending their resources and
16 how they can best align those resources to improve
17 student outcomes.

18 And also this really does -- if I can
19 continue to share -- this really hits a trend that the
20 Governor has been pushing and we've been really working
21 to live by. It's not only about more resources and more
22 funding for schools, it's also about accountability in
23 terms of how we use those resources. We're not asking
24 for, you know, additional dollars without
25 accountability. We're actually welcoming and embracing

1 a system of accountability and will hold schools
2 accountable as much as we hold the department
3 accountable.

4 REPRESENTATIVE SCHREIBER: Thank you,
5 Mr. Secretary.

6 Could you speak very briefly to ELL and
7 if there is anything included in the budget proposal?

8 SECRETARY RIVERA: Absolutely. So
9 specific to ELL, we know that the work of the basic
10 education funding formula -- or the Basic Education
11 Funding Commission would take the percentage of English
12 language learners into account. So as a result of us
13 looking to align the full increase of \$200 million to
14 basic education, we will -- it would provide greater
15 allotment for student populations that are well above
16 average for an English language learner or for English
17 language learners and we're also working within our
18 department to update and align those standards as well.

19 REPRESENTATIVE SCHREIBER: Thank you,
20 Mr. Secretary.

21 I do appreciate all of your work, and to
22 the entire team at PDE, thank you for the amount of time
23 and attention that you've given to the York City School
24 District. It is very difficult work, no doubt, and we
25 certainly have a fair amount of challenges yet ahead of

1 us, but it is probably the most important work we can
2 do, I know it's important to everyone in this room.

3 And to the credit of our education
4 chairmen, Roebuck and Saylor, both have given specific
5 attention to this district and its needs and I do
6 appreciate that.

7 Thank you very much, Mr. Chairman.
8 Thanks for the time.

9 MAJORITY CHAIRMAN ADOLPH: Thank you.
10 Representative Curt Sonney.

11 REPRESENTATIVE SONNEY: Thank you,
12 Mr. Chairman.

13 Mr. Secretary, good to see you.

14 SECRETARY RIVERA: Good afternoon, great
15 seeing you.

16 REPRESENTATIVE SONNEY: Actually want to,
17 kind of want to follow-up on the same line of questions
18 as the previous gentleman when it comes to school
19 districts that are distressed.

20 First of all, I guess, what defines a
21 district being distressed?

22 SECRETARY RIVERA: Distressed schools
23 have been identified by regulation and we're actually in
24 the process now of rewriting those regs -- we have -- or
25 of approving the rewritten regs. So we have two school

1 districts that are identified as distressed and a number
2 of -- small number of school districts identified in
3 fiscal watch.

4 So there are school districts that have
5 shown over a period of time -- continue to maintain a
6 negative fund balance. It's dictated by size of the
7 district and some other factors. However, we currently
8 have two school districts that are -- well, four school
9 districts that fall within those areas. Two are on the
10 receivership and some have called chief recovery
11 officers.

12 REPRESENTATIVE SONNEY: And so as far as
13 the process goes, once you identify one that falls under
14 that criteria, then I would imagine that the department
15 works with them to try to get them going in the right
16 direction and if that can't happen, that's when the
17 receivership takes over?

18 SECRETARY RIVERA: Absolutely. So you
19 fall within the fiscal watch and if you can't meet your
20 benchmarks, you could fall within that aggressive
21 status.

22 I would also like to offer that not only
23 are schools that are in financial watch or recovery
24 receiving those technical supports, we also work with
25 other school districts that, you know, are in need of

1 technical assistance as well.

2 REPRESENTATIVE SONNEY: But it doesn't
3 trigger any additional funds just because they are
4 distressed, correct?

5 SECRETARY RIVERA: No, not automatically.

6 REPRESENTATIVE SONNEY: Could you tell me
7 if the formula that the Governor is using for the
8 '15-'16 budget, for lack of a better word, is directed
9 more towards those districts that are either distressed
10 or heading toward distressed?

11 SECRETARY RIVERA: So not fully, however,
12 there is -- we've identified school districts or a
13 school district has been, as a result of structural
14 deficit that continues to maintain a need for support
15 of, you know, the department, administration, and
16 general assembly, yes.

17 REPRESENTATIVE SONNEY: And do you
18 believe by using the new funding formula that the new
19 funding formula will help to move all of those that are
20 either distressed or closing in on it to begin their
21 recovery? In other words, will it be beneficial to all
22 those you've identified?

23 SECRETARY RIVERA: So the funding formula
24 will allow for a much more equitable distribution of
25 dollars allocated for -- towards education. It's not

1 possible to share whether or not school districts would
2 move out of fiscal -- being financially stressed because
3 it's only a system of allocation, it does not define how
4 much money is going to be allocated for education. So I
5 think, ultimately, the formula works to allow for
6 greater equity. It's incumbent upon the administration
7 and the general assembly to identify how much will be
8 allocated for education.

9 REPRESENTATIVE SONNEY: And finally, you
10 believe that the new formula once implemented and stays
11 implemented -- do you think it really just makes a whole
12 new set of winners and losers over time?

13 SECRETARY RIVERA: I don't. I think
14 because it's a formula driven by school district and
15 community factors, it will allow for a much more
16 representative distribution of funding. So I don't
17 think, over a period of time, it will make up or
18 compensate for winners or losers so to speak, but I do
19 believe as we take the specific dollar amount set aside
20 or allocated for education, it will ensure there's a
21 system by which we're allocating those funds.

22 REPRESENTATIVE SONNEY: By winners or
23 losers, I guess, you know, I'm really kind of looking at
24 the local tax burden, the local property tax burden.
25 And obviously, as the state money shifts, the

1 percentages shift over time using a new formula, then
2 that local tax burden could become much higher in
3 certain districts than it is today, correct?

4 SECRETARY RIVERA: Theoretically, it's a
5 difficult question to answer, but if a school
6 district -- so this is where we start to get into
7 provisions in relation to hold harmless and some of the
8 others and that's something I was aggressively debated
9 at the formula table.

10 I think the general assembly was very
11 cognizant of the fact that they did not want to create a
12 situation in which school districts would lose a great
13 deal of funding moving forward. It would just be the
14 allocation of funding moving forward.

15 So I wouldn't have enough information to
16 answer that question, but I think it's one of the
17 factors that was taken into consideration when agreeing
18 to the formula.

19 REPRESENTATIVE SONNEY: Thank you,
20 Mr. Secretary.

21 SECRETARY RIVERA: Thank you.

22 REPRESENTATIVE SONNEY: Mr. Chairman,
23 thank you.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,
25 Representative.

1 Representative Kinsey.

2 REPRESENTATIVE KINSEY: Thank you,
3 Mr. Chairman.

4 Good afternoon, Mr. Secretary.

5 SECRETARY RIVERA: Hi, how are you?

6 REPRESENTATIVE KINSEY: Mr. Secretary,
7 the proposed 2016-17 budget makes significant
8 investments in education, especially basic education,
9 special education, and early childhood education. Can
10 you -- you know, you're an expert in education, many of
11 us here are not. But can you describe the needs for
12 these investments?

13 SECRETARY RIVERA: Absolutely. There are
14 a number of items in our request for this investment in
15 education that, you know, are extremely exciting.

16 First, I'll start with the investment in
17 early childhood education, which will allow us to create
18 additional seats or additional slots for our youngest
19 students across the Commonwealth. You know, it's very
20 interesting, when we started looking at this investment
21 in early childhood, we realized if we just use as an
22 identifier families who would qualify, who live above
23 three times the federal poverty rate -- so a family of
24 four making less than \$73,000 a year, for example. If
25 we were to make early childhood slots, seats available

1 to them, we could still have over 65 percent of the
2 population not served. So there is a great need for
3 early childhood education across the Commonwealth.
4 There are still many kids who qualify and do not have
5 access to, you know, these programs.

6 So first, this would really start to
7 really right-size the need for available high quality
8 programs. Second, in addition to just the investment of
9 funding and hopefully the continued investment in
10 fundings, we are looking at updating the requirements of
11 the program, the accountability for early childhood
12 programs. And not only just saying let's invest in any
13 early childhood program, but let's invest in high
14 quality programs in some of our neediest communities.
15 So we want to make sure students are entering
16 kindergarten prepared to perform at kindergarten
17 readiness standards.

18 Also when we look at some of the
19 investments we're looking to make in our career and
20 technical education programs by providing innovation
21 grants to ensure that our labs are aligned to industry
22 standards and the students are working on the same
23 equipment that we use in industry is going to really do
24 a better job to prepare students to earn a livable wage,
25 whether when they graduate from high school and go into

1 an industry certificate program or a two-year degree or
2 four-year degree. Looking at an \$8 million investment
3 in career and college counselors in middle and high
4 schools.

5 You know, we understand our counselors
6 are extremely overburdened with many of the
7 social/emotional issues that exist in schools today and
8 you know, just managing the day-to-day responsibilities
9 of children in schools. So by providing opportunity to
10 focus on middle and high school counselors, to strictly
11 give guidance around college and career, we're putting
12 kids on a path to success.

13 I could go on and on, but you know,
14 investment in higher ed, investments in special
15 education based on the formula, I mean, these are all
16 very, very specific research-based and opportunities to
17 build high accountability around programs that will make
18 a difference in the life of student.

19 REPRESENTATIVE KINSEY: Great. And I
20 appreciate -- thank you for sharing that.

21 So I guess the second part of my question
22 is, you know, you just sat before us and shared your
23 view of how the investments will -- with first of all,
24 there's a need for the investment and how it will impact
25 the future generations. Are the school districts in

1 line with what you shared? I mean, is this all a
2 corroborative effort or is this just, you know, the
3 administration saying, this how we perceive it, but then
4 the districts are doing something different? I mean, I
5 heard early conversation in regards to some of the
6 distressed districts.

7 I come from the city of Philadelphia and
8 there's always discussion about whether or not there's
9 enough dollars for education and depending upon what you
10 read and who wrote it, you know, it's more than enough
11 then it's not enough. But my opinion, even though I'm
12 not the expert, is that we always need -- it's great
13 investment in education. But I guess, are the districts
14 saying the same thing or in your conversation with the
15 school districts -- and I understand it's at least 500
16 school districts, but are they all aligned with the
17 vision that you just shared and how this money would be
18 a great investment? I mean, are you hearing something
19 different that's out there in regards to individual
20 needs of the districts as well?

21 SECRETARY RIVERA: So we're working on
22 continuing to create that alignment. That alignment
23 exists much more closely now than it had, you know, in
24 years past. However, it continues to be a work in
25 progress.

1 First, we've put our -- we've put the
2 Pennsylvania Core Standards in place, so we've created
3 standards to really drive what quality instruction looks
4 like. We've updated our teaching tools to ensure that
5 teachers across the Commonwealth have access to this
6 same material, to the same vision, and the same
7 opportunities for learning guides as others.

8 And this is probably one of the great
9 areas of work, engaging with the chairman -- both
10 chairmen of the Education Committee. By working through
11 the moratorium on the Keystones and taking a much more
12 holistic approach towards graduation, not only using
13 standardized tests as the sole measure or what we're
14 doing around -- conversations around the school
15 performance profile and you know, looking at potential
16 factors. I say potentially because we're still engaging
17 educators in this work, but imagine when we're looking
18 at reading levels and math levels and many of those
19 other factors I discussed earlier.

20 So as we establish and create a much more
21 robust system of accountability, that will create
22 conditions that ensure school districts are investing in
23 best practice. So we are changing a lot of what we
24 expect from schools while at the same time making the
25 investment.

1 REPRESENTATIVE KINSEY: Mr. Secretary, I
2 just want to take a personal note to thank you. I know
3 that last year, you came out to the Philadelphia
4 community. We had a meeting at one of the public
5 schools. And as you talk about transparency and
6 accountability, I know that my constituents are
7 believing in it because they saw you face to face. So
8 I'm looking forward to repeating that, having you come
9 back --

10 SECRETARY RIVERA: Absolutely.

11 REPRESENTATIVE KINSEY: -- sharing the
12 good work that you're doing. Thank you, again,
13 Mr. Secretary.

14 SECRETARY RIVERA: Thank you so much.

15 REPRESENTATIVE KINSEY: Mr. Chairman,
16 thank you very much.

17 MAJORITY CHAIRMAN ADOLPH: Thank you,
18 Representative.

19 Representative Dave Millard.

20 REPRESENTATIVE MILLARD: Thank you, Mr.
21 Chairman.

22 Mr. Secretary, welcome.

23 SECRETARY RIVERA: Good afternoon.

24 REPRESENTATIVE MILLARD: A couple
25 questions, I would like to focus on career and technical

1 education. And I've got two comments each containing a
2 couple of questions. What I'd like to do is give you a
3 comment, all the questions that pertain to that -- and
4 I'm sure you'll dovetail them into an over-encompassing
5 answer.

6 First one, the department's budget
7 materials proposed a career and technical education
8 funding increase of \$23 million or 37 percent above what
9 is currently in the enacted '15-'16 budget. There is a
10 request for an \$8 million supplemental appropriation for
11 '15-'16 and an additional 15 million increase for
12 '16-'17.

13 It's my understanding that you do not
14 want to run these increases through the current career
15 and technical education formula. Instead the 8 million
16 will be for college and career counseling in middle and
17 high schools, and the 15 million will be for competitive
18 grants to establish and strengthen programs that prepare
19 students for high skill careers.

20 The questions that go with this is why do
21 you want to use competitive grants and not the formula
22 currently in law? Are the career and technical schools
23 supportive of this approach? Will the money be
24 available only to career and technical centers and
25 school districts that run their own career and technical

1 programs or will all school districts be able to apply?

2 SECRETARY RIVERA: So the grants would be
3 made -- the 15 million in competitive grants would be
4 made available to all school districts and CTCs that
5 run -- that have significant enrollment in their career
6 and technical education programs. And why we've moved
7 forward with allocation of the 15 million by competitive
8 grant is because we want to -- again, this kind of
9 goes -- falls in line under Governor's direction and our
10 vision to create conditions of excellence, conditions in
11 which school districts, first, partner with industry
12 partners to apply for those grants. We want to make
13 sure they are going to invest in labs that align to the
14 needs of industry, while at the same time the programs
15 industries are aligned too. So this will bring in
16 partners with industry and career and technical
17 education centers. We want to be sure that our career
18 and technical education centers in high schools partner
19 with their higher ed institution partners.

20 So for example, you know, we have great
21 examples out there of career and technical education
22 programs that roll right into it as dual enrollment
23 programs to community colleges for certificate
24 attainment. So our vision as we're working -- as
25 schools and school districts continue to work through

1 their career and technical education programs is to
2 ensure that they align to industry recognized standards
3 and ultimately, ensure that students are in careers that
4 earn a livable wage. So by moving towards and utilizing
5 these funds to encourage -- you know, through a
6 competitive grant to encourage partnerships, we think
7 that's the best pathway to move forward to, one, ensure
8 quality, but second, ensure that students are being
9 given an opportunity that is not always afforded them.

10 REPRESENTATIVE MILLARD: Now, to further
11 go down the road of the career and technical education
12 equipment grants, these are proposed to increase from
13 3 million in '15-'16 to 5 million in '16-'17 so the
14 questions I have -- so the questions I have, for
15 distribution of the '15-'16 funding, are you using the
16 same formula as '14-'15, a formula developed in
17 consultation with the PA Association of Career and
18 Technical Administrators? And secondly, your budget
19 materials indicate that for '16-'17 you want to
20 discontinue the use of the prior formula. Why and what
21 will the elements of your new formula be?

22 SECRETARY RIVERA: So specific to the new
23 elements, it's something that's currently being worked
24 on with our industry partners through the advisory
25 committee, so I can absolutely forward that information

1 to the committee.

2 Specific to the equipment grants, we want
3 to ensure that we're aligning the additional funding for
4 the equipment grants to programs that, again, are
5 aligning them to industry. So for example, one of the
6 conversations that we've been having regularly is --
7 welding is always a big, hot topic that comes up as a,
8 you know, a high needed career. In communities that may
9 not have access to those labs, but they may show
10 interest, you know, opportunities to build virtual labs,
11 for example, could be a great use of some of this
12 funding.

13 In other cases where the tools -- we're
14 thinking, you know, small machine repair, mechatronics
15 for example. Where the tools have evolved and we have
16 many programs that are using outdated tools and
17 equipment within the course work to provide them an
18 opportunity to apply for grants that help them update
19 the tools that our students are using within those
20 programs.

21 REPRESENTATIVE MILLARD: Thank you.
22 Thank you for that information.

23 Mr. Secretary, anything that you provide
24 to us, you provide it to the chairman.

25 SECRETARY RIVERA: Absolutely.

1 REPRESENTATIVE MILLARD: They'll make it
2 available to all the members.

3 And just a parting comment to you that,
4 in a prior career before becoming a legislator, I worked
5 in an industry that a lot of my coworkers came out of
6 the Columbia/Mount Joy vo-tech school, very cutting edge
7 and continues to be cutting edge in addressing all the
8 needs of the industry that has those family-sustaining,
9 wage-paying jobs that are out there, so very in tune
10 with this education funding. I simply hope we continue
11 it and that we don't deviate from this, that we can
12 provide that cutting edge education to all of our
13 students.

14 Thank you, again.

15 SECRETARY RIVERA: Thank you for sharing.

16 REPRESENTATIVE MILLARD: Thank you,
17 Mr. Chairman.

18 MAJORITY CHAIRMAN ADOLPH: Thank you,
19 Representative.

20 Representative Bullock.

21 REPRESENTATIVE BULLOCK: Thank you,
22 Chairman.

23 Good afternoon, Secretary. How are you
24 doing today?

25 SECRETARY RIVERA: Good afternoon.

1 Great, how are you?

2 REPRESENTATIVE BULLOCK: Great.

3 I have long been a proponent for early
4 childhood programs, particular quality early childhood
5 programs that are affordable and accessible to our
6 communities. I grew up in a family child-care home
7 where my mother was a child-care provider and my husband
8 currently runs two child-care programs in South
9 Philadelphia.

10 The Commonwealth currently serves 24,600
11 3- and 4-year-olds through its state funded pre-K
12 programs. And I know my chairman, Chairman Roebuck, had
13 touched briefly on Mayor Kenney's plan to fund early
14 childhood and pre-K programs in Philadelphia, but I also
15 had the opportunity to stand with you and the Governor
16 at a child-care center in my community, Caring People
17 Alliance, in which the Governor had announced his
18 proposal to increase funding for early childhood
19 education as well.

20 Can you share a little bit about that
21 proposal, the amount that he plans to increase in his
22 budget, and how will those funds be used to support of
23 pre-K programs in Pennsylvania?

24 SECRETARY RIVERA: Absolutely. Thank you
25 for the question and your continued involvement and

1 advocating on behalf of your community and just all
2 communities in need of pre-K.

3 So we have made a recommendation or
4 request to increase our pre-K funding by \$60 million,
5 \$50 million for pre-K and \$10 million for Head Start
6 programs. How we allocate those funds, again, are
7 requests or -- we call them competitive grants, but it's
8 a request based on need and availability, whether or not
9 the agency is in a position to accept those students
10 right away.

11 And interestingly enough, when we last
12 allocated those funds, not only did the early childhood
13 community step up and provide opportunities for all of
14 those students that we provided funds for, they
15 continued to have a waiting list and were asking for
16 more. So we are, you know, we are very, very sure that
17 as we continue to invest in early child-care providers,
18 they not only are going to meet our need and fulfill and
19 create the slots needed for students now, but will
20 continue to build an environment in which we -- you
21 know, they're waiting for the next cohort of students.

22 I also think it's important to share
23 because sometimes there's this misnomer when we share
24 early childhood providers. They are all providers, they
25 are not only school districts, they are all child-care

1 providers that are identified and certified by the
2 state. So this is an opportunity for many, many
3 stakeholders to come together and serve our children.

4 REPRESENTATIVE BULLOCK: I appreciate
5 your inclusion of all providers because I think it's
6 very necessary that we have diverse provider communities
7 from the child-care center all the way down to a family
8 child-care home, which may address some of the different
9 needs of a family that may work evenings or have other
10 cultural or transportation issues. So affordability and
11 accessibility and those different factors that a family
12 may take into consideration is very important and it's
13 important that we, as a state, fund those variations of
14 early childhood education programs.

15 I'm going to shift gears to your
16 workforce within your department. And if you could -- I
17 am also very passionate about making sure that as a
18 state that we are representative of the folks that we
19 represent in our employment practices. And if you could
20 share with me your current workforce demographics in
21 respects to diversity, both women and other minority and
22 other factors you may take as far as diversity and what
23 steps you are taking to improve upon those numbers?

24 SECRETARY RIVERA: Absolutely. Thank you
25 for the question.

1 In the position of Secretary, it's
2 100-percent diversity. But you know, this is an area
3 that, of course, we are focusing in on and not only
4 within the Department of Education, but our equity plan
5 out throughout school districts as well.

6 So currently in the department, we're at
7 about 30 -- 32 percent male, 68 percent female. In
8 terms of white male, 30 percent; 53 percent white
9 female. In terms of our African-American population,
10 black population, 2 percent male, 6 percent female.
11 Hispanic is something that, of course, I have been
12 meaning to look at again because I noticed that it said
13 one on our sheet, but I know there's at least two of us
14 in the department in terms of Latino males. That was
15 just a quick count of me walking out of my office. But
16 you know, we're at about 3 percent Latina females and in
17 terms of American Indian, you know, a little under a
18 percent overall.

19 So diversity in that -- we're not
20 extremely satisfied with those numbers. It's a number
21 that continues to be a work in progress as we look to
22 identify qualified candidates. But I do want to mention
23 because of who we serve and the population we serve
24 across the Commonwealth, we have not only had a really
25 intentional discussion around equity in the agency, but

1 we've been working -- so for example, in Philadelphia
2 there's an organization called The Fellowship, which
3 we've brought them to the table to help us revise our
4 equity plan to not only make it sound great and look
5 great on paper, but to put practical application to
6 strategies even to diversify the education workforce.
7 So it is something that we are especially intentional
8 about moving forward.

9 REPRESENTATIVE BULLOCK: I appreciate
10 your response, Secretary, and hopefully one day you can
11 walk out of the office and count more than one and
12 somebody else among your numbers.

13 Thank you for your response to my
14 questions.

15 And, Chairman, thank you for the
16 opportunity.

17 SECRETARY RIVERA: Thank you.

18 MAJORITY CHAIRMAN ADOLPH: Thank you,
19 Representative.

20 Representative Keith Greiner.

21 REPRESENTATIVE GREINER: Thank you,
22 Mr. Chairman.

23 And, Mr. Secretary, always good to see
24 you.

25 SECRETARY RIVERA: Absolutely. Good

1 afternoon.

2 REPRESENTATIVE GREINER: I have just a
3 couple things, have a couple questions. I do want to
4 reiterate something that Chairman Adolph had said
5 earlier concerning the Basic Education Funding
6 Commission's formula that they had.

7 I know the Chairman mentioned that he was
8 part of the -- you know, he's at the table, they talk
9 about these formulas. I can tell you up front that this
10 is an issue that's discussed amongst people who aren't
11 even in leadership. There's e-mails going around in the
12 caucus. And I will say, as the Chairman did, I'm still
13 trying to struggle -- I'm struggling in getting my hands
14 around -- we're in a very tough budget year. And we're
15 trying to push dollars out and school districts such as
16 Reading, Allentown, York, Erie, and Lancaster, they end
17 up losing. I mean it's over a million dollars if we --
18 and I have the analysis here. And I just -- you know,
19 my district includes part of Lancaster City, I should
20 say Lancaster School District, not Lancaster City, but
21 Lancaster School District. And of course, once again,
22 my home school district, Conestoga Valley, they get hit
23 pretty hard in this, and all school districts in
24 Lancaster County do.

25 So I don't know -- and maybe I need to

1 re-double back on the Chairman's question. Why doesn't
2 the Governor want to use the fair funding formula for
3 '15-'16? I mean, I know '16-'17 he does and as you
4 said, there's been a lot of bipartisan support. Why not
5 just do it?

6 And maybe we'll get to that point, maybe
7 that's going to be part of getting this budget done
8 because I do think it's a sticking point in getting the
9 budget across the goal line.

10 SECRETARY RIVERA: So I know that there's
11 been lots of discussion around the allocation of the
12 '15-'16 funds. And you know, fully understanding the
13 argument on both sides of this issue I have to take a
14 moment and share as we've discussed this specifically
15 within the administration and with the Governor, it's
16 understanding the need to build that foundation.

17 You know, school districts over the
18 course of four years prior to our first recommendation
19 were at equal cut versus the equitable reduction
20 conversation. And he fully intends, as we move forward
21 with the '16-'17 budget, to allocate those funds
22 according to the recommendation of the commission.
23 However, he's also committed himself to try his best and
24 we've committed ourselves to try our best to try and
25 offset, you know, many of the disproportionate

1 reductions that occurred in years prior.

2 REPRESENTATIVE GREINER: I'm just letting
3 you know that's a sticking point.

4 SECRETARY RIVERA: I understand.

5 REPRESENTATIVE GREINER: And I think it's
6 somewhat problematic in a very tough budget year.

7 A couple other quick questions, I have
8 here in the Governor's budget book that 96 percent of
9 the school districts across the Commonwealth submitted a
10 funding impact plan to the Department of Education. How
11 do you evaluate or is that the benchmark you use? Is it
12 what they want for spending or is there a different set
13 of guidelines that you follow to meet accountability and
14 determine what's correct there?

15 SECRETARY RIVERA: What we wanted to make
16 sure of at that time with significant requests for
17 increased funding was that they were going to utilize
18 that funding in ways that most benefited students. So
19 for example, we just wanted to be sure by having the
20 report of how they were expecting to use those funds --
21 and the top three were pretty significant.

22 First, to increase their full-day
23 kindergarten and early childhood course offerings, and
24 second, to provide the resources needed to align to the
25 newly -- at that time, newly updated Pennsylvania Core

1 Standards, and third, to provide intervention programs
2 for students who were, you know, of greatest need within
3 their districts.

4 So when we made that request to school
5 districts, it was an attempt to have them share out and
6 us monitor for lack of better terms. Although, there
7 were no sanctions associated with it to make sure that
8 the money was used in the classroom.

9 REPRESENTATIVE GREINER: I guess what I'm
10 wondering, though, it's like a Christmas list. If I
11 came to you and I said, "Pedro, I want three of these
12 items for Christmas or can I have all of them?" Is that
13 the benchmark they're using, that they need to get
14 everything that they've asked for? I guess that's where
15 I'm curious.

16 SECRETARY RIVERA: Understood. So think
17 if it were done the opposite and we had asked them to
18 send us a list and how much they need to fulfill the
19 list, it may be a Christmas list. But what we've done
20 is said, here's what we're asking for in terms of
21 allocation, how will you invest this?

22 You know, obviously, they weren't able to
23 invest in all of the areas they had anticipated, but we
24 just wanted to make sure that the money was being used
25 in the classroom.

1 REPRESENTATIVE GREINER: Thank you.

2 One last question, a little bit dicey,
3 but recently the department distributed a document on
4 how to close schools. And given this current tough
5 budget environment, it made me feel uncomfortable when I
6 saw that. It made me feel as though the Governor is
7 actually supportive of schools closing in order to
8 create a crisis. That even though -- I believe it was
9 the budget office said we have -- they certified \$29.7
10 billion in revenue, so there is money there for
11 education. We talked about the \$3 billion cut.

12 And I just -- I wanted to get a feel for
13 that to see if you know what the thought process was on
14 that because it did make me feel uncomfortable. Because
15 I do think we're all -- I mean, we have disagreements,
16 but I think we're all working very hard to try to reach
17 a solution and I just wanted to get your feedback on
18 that particular letter that went out.

19 SECRETARY RIVERA: Thank you for asking
20 the question.

21 We had -- in working with our partners in
22 the general assembly that had shared with us as well,
23 and the strategy we engaged in releasing this document
24 for consideration because we have -- there are no names
25 under school code to close schools for budgetary

1 reasons, for fiscal reasons. And the means by which we
2 shared the document, we tried to actually not create
3 this sense of panic or crisis by using the IUs, by
4 sharing the document with IUs, for supporting guidance
5 of any school district that may be in need of it. We
6 tried to not just distribute it out to every school
7 district and create panic or to -- and then also, the
8 flip side of it, to not have anything available to those
9 students who may be in need of, you know, of that
10 guidance.

11 Ultimately, I think we in the department,
12 we find ourselves as a supporter of process and being a
13 pretty much -- that system of support. We always teeter
14 that fine line of what's a messaging issue or you know,
15 it could be construed as political versus what guidance
16 school districts need and we try to do it in a guidance
17 way and not create mass panic.

18 I would also share we were not trying to
19 share the document covertly. You know, the moment we
20 shared it with the IUs, we did share four copies with
21 the members, each of the, you know, caucuses -- chairs
22 of the general assembly. So we were very open and
23 honest and transparent around sharing the document and
24 why we shared the document and understand the concern.

25 REPRESENTATIVE GREINER: As I said, I

1 appreciate you being here today. It's always a pleasure
2 seeing you, Mr. Secretary.

3 And thank you, Mr. Chairman, for the
4 time.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,
6 Representative.

7 Representative Madeleine Dean.

8 REPRESENTATIVE DEAN: Thank you,
9 Mr. Chairman.

10 Hello, Mr. Secretary. Good afternoon.

11 We're in our third week of budget
12 hearings here in the House. And the first week, one of
13 your colleagues came in, the Secretary of Community and
14 Economic Development, and he identified for us the
15 single biggest issue facing Pennsylvania, he believes,
16 is a well-educated and well-trained workforce.

17 With that in mind, I wanted to sort of
18 examine a historical perspective on education funding.
19 We've had this conversation with higher ed and community
20 colleges.

21 I think back on the time when I was in
22 high school in the '70s, state support for education was
23 at about 50 percent. We now know that state support
24 here in Pennsylvania across the state -- average across
25 the state is at about 36 percent some 40 years later.

1 That gives us the sad distinction of being about 46th in
2 the nation for our level of support for schools, for
3 public education. And worse yet, we read maybe a year
4 ago in *The Wall Street Journal* that Pennsylvania ranks
5 worst in terms of equity of funding, that we support the
6 poorest kids with the worst dollars -- the fewest
7 dollars, I should say.

8 So even though that sounds awful gloom
9 and doom, I am interested in, obviously, the advocacy of
10 our funding and the equity of our funding, so I wanted
11 to see if you could comment on those trends. And those
12 trends are not just in pre-K through 12, but as I said,
13 when we had the higher ed folks in here, they said the
14 same exact trend line. State support going down, local
15 support -- we know the inverse effect is on the school
16 districts, it's on the property taxpayers. I wondered
17 if you could comment on that historical trend for state
18 support here in Pennsylvania for public education.

19 SECRETARY RIVERA: I can, and you're
20 absolutely correct. We are amongst the highest average
21 per student expenditure in the county, but at the same
22 time we are also amongst the highest in terms of the
23 despaired nature of how children are funded or per
24 student funding in the Commonwealth. Consequently, I
25 think that also shows to be true when we're looking at

1 the state assessment, how we compare to other states.

2 So on average, we're within the top
3 quartile of the state average on the national
4 assessment, but when you look at the achievement gap or
5 how students of color -- you know, Black, Latina
6 students, and poor students -- are performing, we're the
7 bottom quartile of performance in those areas. And so
8 we started doing some digging and just to paint a
9 picture around this issue -- and there's some really,
10 you know, interesting facts as we started to really dig
11 deeper.

12 So you know, as we look at the state
13 average of current expenditure per student -- and this
14 is kind of looking at it in the '13-'14 moving forward
15 -- '13-'14 was \$13,210. The median per student
16 expenditure was \$14,599 for our school district in the
17 wealthiest quartile. The median for students -- for
18 school districts in the least wealthiest quartile was
19 \$12,701. So there is definitely a difference between
20 how much we're spending per student in our wealthiest
21 schools and how much we are spending in our poorest
22 schools.

23 Now, if you start to pull out or exclude
24 basic education funding, so if you start to include what
25 we contribute for school districts -- to school

1 districts for students, the average per student spending
2 is just over \$10,000 per student, so \$10,039 a student.
3 So if we start to look at those quartiles as well, the
4 median investment to the wealthiest quartile of school
5 districts would be \$12,940 per child and when you're
6 looking at that bottom, the least wealthiest quartile,
7 the median investment would be \$6,774 per child.

8 So there is a difference in terms of two
9 factors, one, you know, students in wealthiest school
10 districts are spending more per student than those in
11 the least wealthiest school districts. But also without
12 state support, the students in the school district -- in
13 wealthier school districts are significantly spending
14 much more than students in less wealthy communities are.
15 So when you think about that gap and you think about the
16 effort -- you know, gap in terms of wealthy and local
17 communities contribute towards students and what less
18 wealthy communities contribute per student, there is an
19 absolute definite gap, significant.

20 REPRESENTATIVE DEAN: That's really so, I
21 mean, in my district in Montgomery County, the two
22 districts that I represent, of course, the state support
23 is in the teens, something like 12 and 13 percent, which
24 creates a huge burden on property taxpayers.

25 I guess also, you're really at the

1 epicenter. Here we were in a budget impasse that none
2 of us enjoyed, that all of us share some responsibility
3 for, I believe, and I wonder if you could tell us what
4 was the impact on you and your department maybe from
5 July the 1st through the summer and then into the
6 December year end season prior to the passage of a
7 partial budget?

8 SECRETARY RIVERA: So specific -- we've
9 absorbed and assumed many of the burdens you and school
10 districts have across the Commonwealth. First, we've
11 worked very hard to make ourselves available to school
12 districts to provide technical support wherever needed,
13 in some cases to provide moral support and to listen and
14 just visit leaders that are really trying hard, you
15 know, to balance a budget while at the same time
16 focusing on the needs of their communities and students.

17 Specifically for us in the department, as
18 I'm sure secretaries before me have shared and I shared
19 very briefly a year ago, we saw a reduction of a third
20 of our Department of Education over the course of the
21 past four years. So we were cut about 33, 34 percent --
22 reduced 33, 34 percent over, you know, the last -- less
23 than five years.

24 In addition, this year, we had over 30
25 vacancies of which we were only able to fill 20. And so

1 you know, the level of technical support has probably
2 suffered at our department. In addition to just filling
3 those vacancies, we tried to be more strategic. You
4 know, we hope moving forward to create the Office of
5 School Improvement as we shared, the office of charter
6 school accountability as we shared, you know, create a
7 office of internal and external partnerships that will
8 help grow and build efficiencies across the
9 Commonwealth.

10 But we fully understand what you as a
11 general assembly have been going through, you know, what
12 school districts across the Commonwealth have been going
13 through, and what agencies like ours have been forced to
14 endure over this difficult time.

15 REPRESENTATIVE DEAN: And we know that in
16 the area of education, it's interesting to hear the
17 numbers in your own department and how dramatic they
18 are, 33 percent is a large loss.

19 But we know also in the area of
20 education, 33,000 jobs --

21 SECRETARY RIVERA: Yes.

22 REPRESENTATIVE DEAN: -- have been shed
23 in education, and I say that again in reflection to the
24 secretary who said how we educate and train our children
25 is how we determine our future, frankly.

1 In the end, I just want to make one
2 comment to say I echo Chairman Markosek's statement
3 about early intervention. I know in my county, the
4 intermediate units are just clamoring for more support
5 for the job that they know they are actually obligated
6 to do. They estimate that 9,000 3- and 4-year-olds are
7 not getting the services they need. And we know that
8 these are kids that it's not just an aspiration that
9 they get some early educational help, it is a mandate
10 that they get early educational help and they are the
11 neediest of our children. And we know the impact that
12 that can make financially and to their own success, so I
13 hope we go for increased funding to early intervention.

14 SECRETARY RIVERA: You are in great
15 company. This has been an ongoing theme in both our
16 Senate visit this morning and now here, so yes. I hear
17 you. We hear you.

18 REPRESENTATIVE DEAN: Thank you,
19 Secretary.

20 SECRETARY RIVERA: Thank you.

21 MAJORITY CHAIRMAN ADOLPH: Thank you,
22 Representative.

23 It's come to my attention that
24 Representative Kerry Benninghoff has joined us.
25 Welcome.

1 Representative Warren Kampf has the next
2 question.

3 REPRESENTATIVE KAMPF: Good afternoon,
4 Mr. Secretary.

5 SECRETARY RIVERA: Good afternoon,
6 Representative.

7 REPRESENTATIVE KAMPF: I have a couple of
8 questions. My first one is about the support that the
9 state gives for adult and family literacy. Could you
10 just briefly describe what that support is? And I don't
11 mean dollars, I mean just how it is deployed.

12 SECRETARY RIVERA: So there are certain
13 trends that we discuss all the time, I'm going to ask
14 that you bear with me quickly as I look through that
15 tab.

16 Absolutely. So these are the resources
17 and the services that we provide in terms of workplace,
18 workforce literacy. So GD programs -- although it says
19 GD, we also now, this year adopted the high set which
20 would allow for another pathway towards high school
21 equivalency, specifically a paper and pencil portion of
22 that assessment. Our family literacy programs as well
23 as resources for adult and family literacy programs
24 increasing the impact on instructional services across
25 the Commonwealth.

1 REPRESENTATIVE KAMPF: I did see in the
2 budget book, it looks like about a \$2 1/2 million
3 increase overall on that. Will that be deployed any
4 differently than the base funding from this year?

5 SECRETARY RIVERA: Currently we've not
6 instituted a change of deployment. However, there's
7 other programs that we are looking at rolling in and
8 investing in moving forward.

9 REPRESENTATIVE KAMPF: If you wouldn't
10 mind, as that develops, if you could keep me updated. I
11 have some friends of the program in Chester County
12 and --

13 SECRETARY RIVERA: Absolutely.

14 REPRESENTATIVE KAMPF: Okay. And I have
15 one other question and then a comment.

16 I had a town hall the other night and
17 someone came up to me and said that the pension
18 contribution, which is included in the current way we
19 report line items in the education budget, shouldn't be
20 in there because it's really not going into the
21 classroom. And I listened to that, but I also responded
22 and said, by that reasoning shouldn't salaries be taken
23 out of the lines, the basic education money that goes to
24 salary or health care or Social Security because all of
25 that goes into the mix.

1 So that was my reaction, but I'd like to
2 hear your reaction on removing this particular benefit
3 from the education line item or line items.

4 SECRETARY RIVERA: So I think -- so
5 definitely I can share my opinion, it's arguable, I'm
6 sure, as most things we discuss.

7 You know, what's interesting when
8 discussing the current pension liability, especially in
9 relation to education, I think it's important first, for
10 me to first share we understand that the bulk or the
11 vast percentage of the liability are, you know, are
12 not -- current liabilities are not associated with
13 current employees. This is old debt or for current
14 retirees. I think what makes it difficult when
15 discussing PSERS specifically or you know, the educator
16 pension fund. It's that understanding that it's a
17 significant increase. I mean we're peaking at
18 30 percent and then we're going to flatline or plateau
19 at 30 percent. And I agree with everyone who has shared
20 it's a significant cost and a significant burden, you
21 know, to everyone involved and to local school
22 districts.

23 It's also important to just share a few
24 facts, you know, for consideration. First, you know,
25 again the vast portion of that liability is for

1 individuals who have already retired. And it's our --
2 and it's a cost that's being covered by current
3 employees as well as current employers and the general
4 assembly. You know, the second, I think -- which is
5 also an interesting conversation that has taken place.
6 There's an understanding that on average, we're paying
7 six-figure pension payments to educators across the
8 Commonwealth. The average retiree or the recipient of
9 an average PSERS pension is \$25,000. And you know, but
10 the current liability is a liability that's exacerbated
11 by market, by the use of funds, and lots of different
12 factors as we understand them.

13 So -- but my opinion on it is by
14 isolating those costs, we can better account for -- just
15 for reporting purposes. How much of that liability is
16 for folks who are already retired and how much of the
17 liability, which is, you know, a much smaller percentage
18 of that liability are for teachers that are currently in
19 the system?

20 REPRESENTATIVE KAMPF: I appreciate your
21 perspective on that. Thank you.

22 And then, you know, I represent 65,000
23 people. You're the Secretary of Education. We're
24 having some difficulties, legislature to Governor, on
25 the overall budget discussion.

1 I would like to say to you and if you
2 could convey this to the administration, we are now
3 eight months into '15-'16 and that cut to education,
4 with the Governor's blue-line of \$3 billion -- in my
5 mind, we are now at a point where we are collecting
6 taxes that the taxpayers either expect will go to
7 schools or maybe in some cases, will be returned to
8 them. But I for one think it is high time that those
9 dollars be released and the schools, essentially for the
10 next four months, not be held hostage to what's going on
11 here. So if you would convey that to the administration
12 for me, I would very much appreciate it.

13 SECRETARY RIVERA: Thank you,
14 Representative.

15 MAJORITY CHAIRMAN ADOLPH: Thank you,
16 Representative.

17 Representative Mike O'Brien.

18 REPRESENTATIVE O'BRIEN: Thank you,
19 Mr. Chairman.

20 I'm over here, Mr. Secretary, hiding in
21 the corner. It's what I did for most of my education.

22 I sometimes get befuddled with charter
23 schools, so if we could have a bit of a conversation on
24 that that would be nice.

25 So charter schools are public education,

1 correct?

2 SECRETARY RIVERA: Yes.

3 REPRESENTATIVE O'BRIEN: Yes. And now,
4 public schools have a cap on the reserves that they can
5 have. Are charter schools bound by that?

6 SECRETARY RIVERA: Currently, there isn't
7 a cap to charter schools fund balances.

8 REPRESENTATIVE O'BRIEN: I'm sorry, I
9 didn't hear you.

10 SECRETARY RIVERA: No, they're not.

11 REPRESENTATIVE O'BRIEN: There's no cap
12 on charter schools.

13 Now, charter schools by their nature are
14 nonprofits, but now they have this uncapped reserve of
15 money. Now, can they hire a management company to help
16 them?

17 SECRETARY RIVERA: Charter schools can --
18 by definition charter schools being public schools that,
19 you know, are lab schools, they have the ability to hire
20 a management company or partner with agencies. They do.

21 REPRESENTATIVE O'BRIEN: Now, are any of
22 the management companies, that perhaps a charter school
23 would engage, be a for-profit?

24 SECRETARY RIVERA: They could be.

25 REPRESENTATIVE O'BRIEN: They could be.

1 Do I vaguely remember that at some point Chester Charter
2 hired a for-profit management company, is that
3 recollection correct?

4 SECRETARY RIVERA: So I believe there are
5 management companies that support charter schools that
6 are for-profit. I don't have that specific information,
7 but I believe I've heard the same.

8 REPRESENTATIVE O'BRIEN: Okay. That's
9 good.

10 Shifting gears for a second, it was
11 mentioned early on in these hearings about some students
12 in Philadelphia and the quality of education, the way
13 they're treated as immoral. Do I recall that you were a
14 principal in Philadelphia?

15 SECRETARY RIVERA: I was. I was a
16 teacher and principal in Philadelphia.

17 REPRESENTATIVE O'BRIEN: You were a
18 teacher and a principal. Talk to us for a second about
19 the economic demographics of the kids that came to your
20 school? Were they well fed, were they well -- were they
21 warm in the winter, cool in the summer?

22 SECRETARY RIVERA: The community I chose
23 to serve in actually happened to be the community I grew
24 up in, and it was a 99- to 100-percent free and reduced
25 lunch. You know, we took responsibility for feeding my

1 children at the time breakfast, lunch. We had families
2 who were doubled, tripled, quadrupled up in one bedroom
3 apartments and it's the community that we served.

4 REPRESENTATIVE O'BRIEN: So your school
5 was the safe harbor for these kids?

6 SECRETARY RIVERA: Absolutely.

7 REPRESENTATIVE O'BRIEN: Thank you,
8 Mr. Secretary.

9 And thank you, Mr. Chairman.

10 SECRETARY RIVERA: Thank you.

11 MAJORITY CHAIRMAN ADOLPH: Thank you,
12 Representative.

13 Representative Sue Helm.

14 REPRESENTATIVE HELM: Thank you,
15 Mr. Chairman.

16 And Secretary Rivera, let's talk about
17 the EITC, which is the wonderful program that benefits
18 business while at the same time providing students with
19 an opportunity for a quality education. However, this
20 year the Department of Community and Economic
21 Development had significant delayed approval of awards
22 for both the educational improvement tax credit and the
23 opportunity scholarship tax credit program.

24 Do you know how this delay affected the
25 public schools and have you heard about a larger influx

1 of students who because they did not receive the
2 scholarships, returned to the public school system? And
3 if so, how have the districts handled this situation?

4 SECRETARY RIVERA: Representative, I have
5 not heard. And you know, it's an interesting -- I'm
6 just processing now in terms of this question. And I
7 personally, nor has it been reported to me that we heard
8 an influx of students coming back from private
9 placements as a result of not having the tax credit
10 dollars in place.

11 I will go back and do some research
12 around that and forward it to you accordingly.

13 REPRESENTATIVE HELM: If you could check
14 on the Philadelphia area, even though I don't represent
15 Philadelphia. I heard it happened there probably more
16 than anywhere.

17 SECRETARY RIVERA: Sure.

18 REPRESENTATIVE HELM: Also, Chairman
19 Saylor, our education chairman, he talked about
20 accountability, but I would just like -- will you
21 please, like, in more detail talk about how you plan to
22 hold school districts accountable or how they plan to
23 spend the money -- the extra money the Governor wants
24 for education? Accountability, it always comes up when
25 I talk to my constituents, so I'd just like to hear how

1 you plan to carry that through.

2 SECRETARY RIVERA: Absolutely.

3 Accountability is a topic that normally comes up, you
4 know, with us as well, and not only external partners,
5 but internal constituents as well.

6 So we've been working over the course of
7 the past year with local stakeholders across the state,
8 so specifically over a thousand educators -- or excuse
9 me, I take that back. Over a thousand educators,
10 industry leaders, business partners, lawmakers have been
11 part of this discussion, as well as parents and
12 community members. So we've been engaging stakeholders
13 in about 27 stops to ask how they feel the best way --
14 what factors should be used to build an accountability
15 system or what we're calling the school performance
16 profile. How should we update it to best represent what
17 they want to see come out of their education system.
18 And the feedback has been phenomenal.

19 So based on that feedback received, we've
20 shared the report with our four chairs of the Education
21 Committee. And moving forward now we're going to engage
22 in a much deeper conversation around how we can --
23 around updating of that profile.

24 And why I really harp on updating the
25 profile, it provides a number of opportunities. First,

1 it gives a full accounting of what schools are doing to
2 the community within that community. So you'd be able
3 to see how the schools in your school district are doing
4 in multiple factors around education and not just
5 standardized tests. Secondly, we see that as the
6 opportunity to create a hub around all other areas of
7 school improvement -- because if we focus on the
8 holistic approach or holistically serving children
9 within school districts, we would be able to better make
10 much more differentiated decisions around programming,
11 expenditures, grant opportunities, alignment from early
12 childhood to K12 and K12 to higher ed.

13 So we're actually now in the process of
14 working with the general assembly, working with our
15 partners in the education caucus to really look at how
16 our accountability system is much more robust and
17 focused on teaching and learning. So I look forward to
18 sharing that work, you know, hopefully over the course
19 of the next year and sharing updates.

20 REPRESENTATIVE HELM: Thank you.

21 SECRETARY RIVERA: Thank you,
22 Representative.

23 REPRESENTATIVE HELM: Mr. Chairman.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,
25 Representative.

1 Representative Acosta.

2 REPRESENTATIVE ACOSTA: Thank you,
3 Chairman.

4 Secretary Rivera, it's good to see you
5 and I just want to say I'm very proud, proud to know
6 that we have a Latino in this position, and I am very
7 impressed by your delivery of your information today.
8 You made me very proud. So good to see you.

9 Secretary Rivera, in 2015, a woman by the
10 name of Arden Kass, she created a play. It was
11 entitled, *SCHOOL PLAY*. Ms. Kass used interviews from
12 100 students, teachers, and politicians from 30
13 different communities -- in fact, Governor Wolf was an
14 invite to one -- to this play across the Commonwealth of
15 Pennsylvania. So 30 different communities across the
16 Commonwealth of Pennsylvania, information was gathered
17 to promote school funding. Ms. Kass stated that the
18 *SCHOOL PLAY* became a surreal -- or it was surreal to her
19 when it was discovered that her son would be learning
20 Spanish from Rosetta Stone, an art room with no
21 supplies, broken bathrooms, heating systems that need
22 fixing, science textbooks that still reads "we hope to
23 land a man on the moon someday," oversized classrooms --
24 as you know, the list goes on. And the challenges in
25 the school district that the school districts are facing

1 throughout the Commonwealth of Pennsylvania, it's
2 insurmountable.

3 So the question that I have to you today,
4 Secretary Rivera, is how will the Governor use the basic
5 education restoration formula to make our school
6 districts whole again? We've got to get to that and I
7 need to know how we're going to do it.

8 SECRETARY RIVERA: Absolutely. So first
9 I had an opportunity to see the play and it's very
10 powerful. I actually was interviewed for the play, but
11 I didn't make the cut in terms of the parts -- I mean
12 not to act, you don't want me acting -- some of what I
13 shared in an interview. And you know what, I can share
14 with you that much of what was shared, I've had an
15 opportunity to see, you know, as Secretary and as an
16 educator over my career. And it shouldn't be the case,
17 which is why we're working so hard, I'm working so hard,
18 and the team is working so hard to advocate on behalf of
19 the Governor's proposed budget.

20 We know that, you know, equity is
21 extremely important across the Commonwealth. We have
22 school districts today -- I visited a school district
23 that I'm 90 percent sure is in your area that just
24 opened a library with a volunteer librarian and
25 volunteers coming in to circulate books throughout the

1 library. When I asked, so where did you get the books
2 from? They said, well, there's some more affluent
3 schools -- in the community where we live and some
4 private schools in the community where we live donated
5 the books that they no longer use for a library that's
6 in a public school system, and that shouldn't be the
7 case.

8 So when you think why we are here today
9 and during the many conversations and why we continue to
10 advocate under really difficult conditions on behalf of
11 the more equitable funding, we have to first fight for
12 that equity and equitable distribution of funding, but
13 you know, we're not stopping there. We're continuing to
14 push heavily on accountability as well.

15 So it's not only about more money,
16 although it is about resources needed for neediest
17 student populations, but it's also about us in the
18 Department of Education creating a system of
19 accountability that, you know, establishes conditions in
20 which schools can focus on what's most important for
21 students. Moving away from standardized testing is one
22 single measure to focusing on learning to read and
23 learning to perform math and showing up to school and
24 having access to high quality programs and focusing on
25 the needs of English language learners and students with

1 IEPs.

2 So you know, first, we do -- we have to
3 advocate heavily in relation to and regards to equitable
4 funding for our neediest students, but we have to
5 transform our educational system as well. And one that
6 moves away from, you know, always penalizing schools for
7 not performing on one single measure to another that
8 supports schools and holds schools accountable to
9 serving students and serving the community at large.

10 So the Governor's proposal is extremely
11 important to establish equity, but the work that we have
12 in front of us is equally as important to hold schools
13 accountable and communities accountable to serving kids.

14 REPRESENTATIVE ACOSTA: And we know this
15 is not a Democrat or a Republican issues, this is a
16 moral issue.

17 I just want you to quickly unpack for me
18 how that funding formula is going to be distributed. So
19 is it -- so you have a poorer poverty district and then
20 you have poverty and concentrated districts and then you
21 have ELL and then you have -- is that correct? Can you
22 unpack that for me?

23 SECRETARY RIVERA: So the 200 million
24 that we are recommending for '16-'17 would be
25 distributed based on the recommendation of the

1 commission, which would take moderate poverty or high
2 poverty, so above the 100-percent threshold of poverty,
3 and would provide a multiplier to that.

4 We're also looking at concentrated
5 poverty and distributed poverty. So you have, you know,
6 some of the urban districts which are concentrated and
7 rural communities that are very -- have distributed
8 poverty. And we're also looking at the percentage of
9 English language learners and will provide a multiplier
10 for each one of those areas, which would impact the
11 distribution of dollars coming out of general assembly
12 to the Governor.

13 REPRESENTATIVE ACOSTA: Okay. I have one
14 more question quickly and I'm done.

15 Talk -- just to revert back quickly to
16 the Office of School Improvement. And I know that
17 currently this is something that you guys are -- this is
18 an initiative across the Commonwealth. I just want to
19 bring this up quickly because I have parents and I have
20 a principal calling me because one of the schools in my
21 district was selected, so they're a little nervous about
22 this initiative. And I know the focus of it is to --
23 you want to identify and assist persistently
24 low-achieving schools and you want to turn that around.

25 Can you explain how that process is going

1 to work and you know, what's the proposal to improve the
2 educational delivery of services once this is fully
3 implemented?

4 SECRETARY RIVERA: So they were selected
5 under the old provisions of the federal act and of
6 course, that's something that we're going to be
7 revisiting in our listening and engagement tour for
8 ESSA.

9 But I can share with you specifically
10 around our Office of School Improvement, it's definitely
11 not taking a cookie-cutter approach to school or student
12 achievement.

13 You know, Representative Schreiber shared
14 earlier some of the work we're doing in York as really
15 serving as the model for this. Going in, providing a
16 diagnostic for, you know, for the groups of schools, and
17 basing the improvement plan on the needs of that school
18 and that student population.

19 So for example, one of the things that
20 we're realizing not only in terms of school improvement,
21 but my visits across the state with educators, there are
22 school districts out there that still don't have a
23 curriculum in place and the curriculum is kind of like
24 the roadmap. It kind of helps teachers, it gives
25 teachers a tool as to what to teach to meet the

1 standards. So let's say it's something as foundational
2 as going in and helping to align and write curriculum.
3 Teachers align and write curriculum for that district or
4 for those students. We'll engage in that.

5 One of the areas that we saw, the
6 community was not being engaged and communicated with,
7 so we came up with a robust communication plan. You
8 know, in some cases where you shared, you know, if the
9 books aren't aligned to current standards, working and
10 coming up with a system in which schools can update
11 books.

12 REPRESENTATIVE ACOSTA: Does that include
13 shifting teachers that are currently teaching in that
14 school, if needed, around? In other words, to replace
15 teachers, does that include that process as well?

16 SECRETARY RIVERA: In the creation of the
17 Office of School Improvement, it does not.

18 REPRESENTATIVE ACOSTA: Okay.

19 SECRETARY RIVERA: There's a longer term
20 conversation as to what happens if you don't improve
21 after being given all the supports in a number of years
22 maybe, but that's not there.

23 REPRESENTATIVE ACOSTA: I'm concerned
24 about the continuity of teaching, right? If we're going
25 to come in with that program, make sure that if we're

1 going to do it, the transition is adequate and it
2 doesn't affect the learning of those kids. So thank
3 you.

4 Thank you, Chairman, and thank you.

5 SECRETARY RIVERA: Thank you.

6 MAJORITY CHAIRMAN ADOLPH: Thank you,
7 Representative.

8 Representative Karen Boback.

9 REPRESENTATIVE BOBACK: Thank you,
10 Mr. Chairman.

11 Good afternoon, Secretary Rivera. Thanks
12 for being with us today.

13 SECRETARY RIVERA: Thank you.

14 REPRESENTATIVE BOBACK: My question is
15 out of the 500 school districts in the state, do you
16 know how many school districts don't provide all-day
17 kindergarten or half-day kindergarten or no
18 kindergarten?

19 SECRETARY RIVERA: I don't have specific
20 numbers, but I will absolutely pull that information for
21 you. I know there are a number of school districts that
22 have identified moving from half-day kindergarten to
23 full-day kindergarten programs this year with the
24 funding we were proposing. Not all of them went to a
25 full-day program, but I will absolutely see if we can

1 pull that information to share with you.

2 REPRESENTATIVE BOBACK: Thank you.

3 I know we do provide a lot of funding --
4 and I'm so proud of that -- to pre-K programs, but I
5 find it somewhat ironic that all the money is going for
6 pre -- or many of the funding is going to pre-K, and
7 yet, in some instances, there's not even a full-day
8 kindergarten. And my concern is maybe not even a
9 kindergarten since that program is not mandated by the
10 state so --

11 SECRETARY RIVERA: You're absolutely
12 right.

13 REPRESENTATIVE BOBACK: Thank you. So
14 you'll get that to us then.

15 My other question has to do with lawsuits
16 that take place in the public school system. If you can
17 get us the information, I don't mean to put you on the
18 spot. But on average per year, how many lawsuits do you
19 see and where does the funding come from for the
20 lawsuit? Is it the money that's designated from the
21 state, plus property tax? In other words, is it the
22 budget of the school that pays for this or is there
23 extra funding from the state that pays for a lawsuit?

24 SECRETARY RIVERA: And is it lawsuits in
25 general or special education?

1 REPRESENTATIVE BOBACK: I'm thinking
2 special education.

3 SECRETARY RIVERA: Special education, I
4 can try my best to pull that information for you.

5 REPRESENTATIVE BOBACK: Okay. I would
6 appreciate that.

7 And not to say that in some instances
8 there's not a necessity because first and foremost, the
9 child, without question. But with special education,
10 I'm wondering if maybe there should be another step
11 prior to becoming a lawsuit. So I'm sure your office
12 has looked over this before, but I'd like to hear from
13 you and maybe we could help with mediation or -- always
14 considering the child first, please know that.

15 SECRETARY RIVERA: Absolutely. And our
16 Department of Special Education actually is an
17 award-winning Department of Education. They've been
18 identified by the federal government in terms of their
19 guidelines and their protection of children with special
20 needs. We celebrated this year that they again received
21 an award and were recognized for one of the best
22 functioning state special education departments in the
23 nation.

24 REPRESENTATIVE BOBACK: That is
25 absolutely wonderful, something else to be proud of.

1 And yes, all I'm asking is there another
2 step before we get to that costly lawsuit. Thank you
3 very much.

4 Thank you, Mr. Chairman.

5 SECRETARY RIVERA: Thank you.

6 MAJORITY CHAIRMAN ADOLPH: Thank you,
7 Representative.

8 Representative Daley.

9 REPRESENTATIVE DALEY: Thank you,
10 Mr. Chairman.

11 So I think the intermediate units have
12 been busy with communicating with their legislators.

13 SECRETARY RIVERA: I see.

14 REPRESENTATIVE DALEY: So I wanted to --
15 I think it's actually Chairman Markosek's -- what you
16 responded to him that I wanted to follow up on right
17 away.

18 You talked about doing an assessment --
19 assessment programs in early intervention to eventually
20 streamline services, at least that's what I jotted down
21 here.

22 SECRETARY RIVERA: Yeah.

23 REPRESENTATIVE DALEY: Chairman Markosek
24 is telling me he can't really hear me, so excuse me.

25 Is that better?

1 MINORITY CHAIRMAN MARKOSEK: Yeah.

2 REPRESENTATIVE DALEY: So I was just
3 curious, what's the time frame for that assessment?

4 SECRETARY RIVERA: They're actually
5 meeting now. They've been meeting over the last few
6 months. Our deputy of higher ed, MAWAs across the
7 Commonwealth, and you know, specifically a number of IU
8 executive directors have been meeting to discuss the
9 updating of the program, so they have been in the
10 process of meeting. I didn't ask her when they would,
11 you know -- when it would culminate, when the report
12 would be done, but they are meeting now.

13 REPRESENTATIVE DALEY: It seems that the
14 concern is that there was loss of federal funding, I
15 think, in the past few years.

16 SECRETARY RIVERA: Yes.

17 REPRESENTATIVE DALEY: And now there is
18 no additional funding for the early intervention and
19 they're looking at a situation where they're identifying
20 children with special needs and apparently, the notes
21 that they sent were that the needs are increasing over
22 time. And they're like, so what are we supposed to do
23 in the meantime?

24 So the question would really be is this
25 something that would be anticipated -- I mean, are they

1 going to have to wait for a whole other year?

2 SECRETARY RIVERA: I don't know the
3 answer to that, but you are correct. The needs have
4 been growing with the shift in access dollars, which was
5 another stream of money they were able to access, you
6 know, could couple or build upon meeting the needs and
7 the cost of the needs of those students. And now that
8 it's become a little more difficult to receive those
9 access dollars, they are more reliant on the early
10 intervention funds.

11 So what's happened, once you started
12 to -- once the funding streams started to dry up, we
13 didn't adjust the process accordingly and that's kind of
14 why we're in this crazy limbo, this interesting limbo
15 now in terms of does the process having the change of
16 the identification, are we allocating funding in an
17 appropriate manner? You know, is there a way to
18 identify the fee for service? The easy question is how
19 much would a specific service cost, how much should we
20 invest for that service. And those are all the
21 conversations that are taking place now.

22 REPRESENTATIVE DALEY: And the
23 intermediate units are involved in the conversation?

24 SECRETARY RIVERA: Absolutely.

25 REPRESENTATIVE DALEY: I think that you

1 can probably tell from some of the questions that you've
2 gotten about this topic that they seem -- they are very
3 worried because there is a need in what happens to these
4 children in that age group and what do they do.

5 SECRETARY RIVERA: It's a legitimate
6 concern. They have a legitimate concern.

7 We've also promised the Governor and the
8 direction of the Governor and the general assembly that
9 we would build accountability measures around how we
10 expend funds. So this is always that route that we're
11 trying to build a system of accountability as to how
12 funds are expended and it's creating some discomfort,
13 understandably and rightfully so. But I think before we
14 can continue to advocate for more funding, which we
15 probably will end up doing, I need to share with you
16 that if it's a speech and language service, here's how
17 much should be invested for a speech and language need
18 child and you know, just kind of -- be able to better
19 articulate that need to the cost to both you and the
20 Governor.

21 REPRESENTATIVE DALEY: And just talking
22 about that, I'm curious, how are the children
23 identified? I mean they are 3 to 5 years old. At what
24 age are they starting to be identified --

25 SECRETARY RIVERA: Birth.

1 REPRESENTATIVE DALEY: -- so that you
2 actually know that you're going to need to do planning?

3 SECRETARY RIVERA: In some cases, it's
4 birth. There are psychologists that will provide, you
5 know, test assessment to children to test their needs.
6 Sometimes the first assessors, they may advise a parent
7 towards the direction of early intervention. It could
8 be a doctor, medical doctor. So there are different
9 ways that a student could begin that trek. For us, it's
10 more school age, 3 on, but there are also services that
11 are provided to children as young as birth.

12 REPRESENTATIVE DALEY: Okay. Thank you.

13 I'm sure that we'll continue to hear
14 about this from the IUs, it's clearly an important
15 issue, and the parents also.

16 SECRETARY RIVERA: And they're doing
17 their job for advocating on behalf of their programs.

18 REPRESENTATIVE DALEY: They really are.
19 And I'm actually -- I'm glad that they raised it because
20 I think it's an important issue. So thank you.

21 SECRETARY RIVERA: Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you,
23 Representative.

24 Representative Fred Keller.

25 REPRESENTATIVE KELLER: Thank you,

1 Mr. Chairman.

2 And thank you, Mr. Secretary.

3 I wanted to get back to a couple of items
4 that were discussed previously. We're talking about the
5 equity between our richest, our most wealthy, and our
6 poorest school districts. And I don't know if -- I was
7 writing some numbers down here. If these aren't right,
8 please correct me, but one of them was the average per
9 student -- or the median per student was 12,940 in some
10 of our wealthiest districts, is that correct? Do I have
11 that right?

12 SECRETARY RIVERA: Yes. And that's
13 discounting state basic education funding submission.

14 REPRESENTATIVE KELLER: Okay. Now when
15 you're comparing these inequities, is that local effort
16 also included in there?

17 SECRETARY RIVERA: That is local effort.

18 REPRESENTATIVE KELLER: That's --

19 SECRETARY RIVERA: That is the local
20 effort, yes.

21 REPRESENTATIVE KELLER: So what would be
22 the state effort for each one of those items?

23 SECRETARY RIVERA: So the state effort in
24 wealthier -- in school districts within the wealthiest
25 quartile would be less than those within the lowest.

1 REPRESENTATIVE KELLER: Do we have a
2 number? We have the numbers --

3 SECRETARY RIVERA: Yeah. I was going to
4 try to back out the numbers quickly, but I don't know if
5 that would be your numbers.

6 REPRESENTATIVE KELLER: What are the
7 totals?

8 SECRETARY RIVERA: So the totals, as we
9 looked at that year, the median for the wealthiest
10 quartile was 14,599 total. And the median for the least
11 wealthiest quartile was 12,701 total. So if you backed
12 out, you would take --

13 REPRESENTATIVE KELLER: It's around 14 --
14 12 to 14, that's about 1600 a student and the other ones
15 probably about 6,000 a student, roughly?

16 SECRETARY RIVERA: About, yeah.

17 REPRESENTATIVE KELLER: So the state, as
18 far as the Commonwealth, when we look at money that
19 we're putting to those districts, we are actually giving
20 more state effort to our poorest school districts than
21 we are wealthiest school districts?

22 SECRETARY RIVERA: Yes. We are.

23 REPRESENTATIVE KELLER: And in the case
24 you mentioned here, probably about four or five times --
25 1600 or 6,000?

1 SECRETARY RIVERA: Depending on where
2 you're comparing, but we do -- there is greater state
3 effort to our least wealthiest districts.

4 REPRESENTATIVE KELLER: The numbers you
5 just gave me, we determined that it was about 1600 on
6 the wealthiest and about 6,000 on the others, so we are
7 providing some of that.

8 The other question I want to ask is does
9 this include -- when we're talking about spending, does
10 this include extracurricular activities or is this just
11 basic ed, this is just educating students?

12 SECRETARY RIVERA: This is basic ed.

13 REPRESENTATIVE KELLER: This isn't
14 football stadiums and all the bricks and mortar and that
15 kind of stuff?

16 SECRETARY RIVERA: This is how -- the
17 state allocation of funds. Football stadiums might be
18 bond issued, I guess bond payments.

19 REPRESENTATIVE KELLER: But that's not
20 included in that 14,000?

21 SECRETARY RIVERA: That would be a local
22 decision, how they use some of those funds.

23 REPRESENTATIVE KELLER: But if the local
24 school would be using some of those funds for their
25 extracurricular activities -- yes or no?

1 SECRETARY RIVERA: They could, they could
2 use that for anything.

3 REPRESENTATIVE KELLER: So that's not
4 just -- when we're talking about needing to educate our
5 students and we're talking about the disparity between
6 our richest and our poorest districts, we're not simply
7 talking about teaching the -- teaching how to read and
8 those items, we're talking about everything, whether
9 it's football or lacrosse or all those other kind of
10 decisions that would be made at the local school
11 district?

12 SECRETARY RIVERA: Yes. So that's how --

13 REPRESENTATIVE KELLER: I just think it's
14 important to get that out there because sometimes it
15 seems like we're being told we don't give enough state
16 effort.

17 And believe me, education is very
18 important to me. My grandmother was an English teacher
19 for 30 years and my grandfather was principal of
20 schools, so it is very important to me.

21 And when I look at some of the things, I
22 think it's important if we want to understand what we're
23 doing to not be skewing it one way or the other, but
24 understanding the whole picture.

25 Which brings me to the -- you know, it

1 was mentioned that in the 1970s, you know, where we're
2 spending a large percentage of state effort to
3 education, but you know, what was the dollars? You
4 know, what I'm saying? Because what did we spend
5 currently last year -- what did we spend per pupil in
6 the Commonwealth on average?

7 SECRETARY RIVERA: Probably grew a bit
8 from that '12-'13 number, but that's just -- yeah, let's
9 say a few thousands dollars more per pupil than the
10 '13-'14 number.

11 REPRESENTATIVE KELLER: I'm going to say
12 around 14-5. When we look at the dollars, if we're
13 putting 36 percent of that in there, that's going to be
14 roughly better than one-third, it's going to be about
15 \$5,000. Now, if we look at what it costs to educate a
16 student in 1980 or the 1970s when I was in high school,
17 you know, it was -- I don't know what it was then, but
18 if we would look at that number and we're putting
19 50 percent of that in there, that may be \$4,000 or
20 \$5,000. You know, so I think it's important to follow
21 the dollar.

22 And you know, I'm going back to some
23 things I hear a lot of times where we only fund
24 36 percent, but there are other states that are funded
25 50. But again, our 36 percent is \$5,000 and some of

1 these states that are funding at 50 percent might only
2 be spending 8 or \$9,000 to educate a student. But I'm
3 not saying that's right or wrong, I'm just simply saying
4 that when we draw these comparisons, if it's about
5 getting down to the issue in determining what we need to
6 do to educate our kids, I think we should put that kind
7 of spin on a number aside and really get down to the
8 root cause; wouldn't you agree with that?

9 SECRETARY RIVERA: I think there are a
10 number of factors that have to be taken into
11 consideration. When I shared the numbers, it's to share
12 the difference between quartile of public schools.

13 Again, I'm also not, you know,
14 villainizing a community that shows greater local effort
15 than those that don't have the ability to show local
16 effort. Why I shared the numbers was to demonstrate how
17 different by ZIP code the investment per child can be.
18 So I think if we compare what we're able to, you know,
19 to provide through local tax effort and what other
20 communities may or may not be able to provide, the
21 question would be -- and we could be on either side of
22 the argument -- is it the responsibility of the
23 Department of Education or the Commonwealth to provide
24 support to make up for those for the inequity.

25 REPRESENTATIVE KELLER: Well, again, we

1 can determine that based upon the numbers you gave me,
2 we are doing that.

3 Now, are we doing a good enough job at
4 that? We can look at the numbers and see what they tell
5 us, but I think it's important to look at the numbers
6 and not just throw out percentages but follow the
7 dollar, because it's important to me and I think it's
8 important to many Pennsylvanians. Education is
9 important.

10 But at the end of the day, you know, you
11 have got to look at it and say how much money can the
12 taxpayers afford to pay because ultimately, what I
13 learned in school was that the government gets its money
14 from the taxpayer. Whether they pay it locally or send
15 it to Harrisburg, the same people are paying the bills
16 for education.

17 And so we can say -- and I've heard it
18 said many times, oh, well, if we don't do this, it's
19 going to put a burden on local property tax. Well, it
20 may, but as you've already heard by many of us, the
21 money that the Commonwealth is collecting we agree is
22 not being distributed equally or under what was called
23 the fair funding formula. So until we start to look at
24 more -- collecting more money here in Harrisburg, I
25 think maybe we need to fix those things first.

1 SECRETARY RIVERA: I would agree that
2 whatever the difference between what the state is able
3 to support or the subsidized will ultimately fall to the
4 local taxpayer.

5 So what we've seen over the course of the
6 past few years is, you know, the inability to invest
7 through the basic education subsidy or other subsidies
8 as we've seen, that investment decreased and we know --
9 this transcends wealthy and poor districts. So local
10 tax has increased and as we're making -- we pretty much
11 make the same argument for the higher ed institutions
12 and other institutions of learning.

13 So what the Governor is doing and what
14 we're supporting, what I'm here discussing is we're
15 making the argument that if we invest more in terms of
16 the state's share, the state's investment in schools,
17 the burden of all, you know, of all local taxes would
18 find some relief. So I do think even if we provide a
19 greater proportion of funding to even the wealthiest
20 quartile they won't have to go to the taxpayer.

21 REPRESENTATIVE KELLER: Well, we're
22 working here on the budget, so I'm going to ask a
23 question. If we're to plan, how much is enough money?

24 SECRETARY RIVERA: Well, the
25 recommendation that we're making just based on the

1 formula going into '16-'17 is \$200 million.

2 REPRESENTATIVE KELLER: \$200 million?

3 SECRETARY RIVERA: \$200 million increase
4 for '16-'17 in basic education funding.

5 REPRESENTATIVE KELLER: In basic
6 education. Over the budget that was vetoed or over
7 the -- over the amount that was in the bill that was
8 vetoed or over what amount?

9 SECRETARY RIVERA: Over the recommended
10 '15-'16, which was the 377.

11 REPRESENTATIVE KELLER: Okay. So \$500
12 million more -- 5 or 600 million dollars more?

13 SECRETARY RIVERA: 577.

14 REPRESENTATIVE KELLER: Then in
15 subsequent years, how much are we going to have to raise
16 that each year beyond that?

17 SECRETARY RIVERA: That is conversations
18 we will continue to have at this table year after year.

19 REPRESENTATIVE KELLER: Here's what I
20 really want to get to -- and I'm finally glad to hear
21 people realizing and just refer to cuts that happened in
22 2010 as cuts because they did come from the federal
23 government.

24 But when I look at this, you know, we
25 have an income tax and a sales tax that are a percentage

1 of what people earn and what they spend. And as the
2 economy grows, the Commonwealth gets more money. I
3 think we all agree with that.

4 How do we help our families that are
5 sending kids to our schools? How do we help them make
6 sure they have the resources at home to buy their kids
7 the backpacks and the school supplies and the other
8 things when we continually increase state spending at a
9 great rate than what the economy grows and what they
10 will see in their -- I mean, that's a question I think
11 we need to answer.

12 I know there's a GO-TIME initiative, can
13 you point to any items in the education budget that have
14 been reduced because of the GO-TIME initiatives?

15 SECRETARY RIVERA: Sure. So I will share
16 with you what our GO-TIME initiatives are and then we
17 can see --

18 REPRESENTATIVE KELLER: I would just like
19 a line. I got the paper on the GO-TIME initiatives.
20 What's the line?

21 SECRETARY RIVERA: So education is
22 interesting in that our GO-TIME initiatives both will
23 show cost savings in the department, but also a great
24 deal of cost savings -- potential cost savings and cost
25 savings to school districts. So one of our GO-TIME

1 initiatives is streamlining the accountability and data
2 information from school districts to the Department of
3 Education. So we currently require a great deal of
4 accounting systems or a great deal of data analysis from
5 school districts to the department. By lowering -- by
6 decreasing that number, the number of times school
7 districts are submitting data, we will not only see cost
8 savings in terms of time and effort, but we will
9 potentially see cost savings in terms of the number of
10 positions school districts have to hire to manage that,
11 to manage that data.

12 REPRESENTATIVE KELLER: I understand
13 that. I did some research for the Department of
14 Education, and believe it or not, it's my understanding
15 that the school districts have different computer
16 systems that they send the information into the
17 department on.

18 SECRETARY RIVERA: In some cases, yeah.

19 REPRESENTATIVE KELLER: And then the
20 department has to -- I mean this is a real GO-TIME
21 initiative, set up one mainframe at the Department of
22 Education and give every school district a log-in so
23 that everything is formatted the same way. You have one
24 computer system, you get in with a laptop, and you can
25 enter in all your information. Because I tell you what,

1 it's very difficult when you see the same school
2 district over a period of four years has entered four
3 different ways. You know, not just ABC school district
4 all one letter, then there would be a space, then there
5 would be a dot, then there'd be ABCSD.

6 So I just throw that out to you, maybe
7 that's an idea that would work. That way school
8 districts would not have to invest in their own computer
9 systems, if there was one that was housed here at the
10 Department of Education, and people could just log-in
11 and put their information in.

12 SECRETARY RIVERA: We are actually
13 working to create systems -- to create electronic
14 systems within the department that are currently paper
15 systems. So we are definitely working within some
16 antiquated process of some systems. And that will --

17 REPRESENTATIVE KELLER: And this isn't a
18 reflection on your running the department. We've run
19 this Department of Education for a very long period of
20 time and it seems like we don't embrace the technology
21 that we should be teaching our students to use. And
22 that's not your fault, sir.

23 SECRETARY RIVERA: We're working on it.

24 REPRESENTATIVE KELLER: Just an
25 observation.

1 Again, I just have concerns about how
2 much is enough because what it comes down to, the people
3 are going to pay the taxes, whether they send them to
4 Harrisburg and we redistribute them or they pay them
5 locally. It's coming out of the same pockets. And I
6 think that we need to be mindful of how we invest those
7 tax dollars.

8 So thank you, I appreciate your comments.

9 SECRETARY RIVERA: And if I could just
10 say very, very quickly.

11 Understanding what you shared,
12 Representative, and you know, it's not about the
13 investment in dollars, but it's also why we are working
14 on an accountability structure as well. So as we move
15 forward, it's not only about asking for resources, but
16 it's holding ourselves and school districts accountable
17 to utilizing it.

18 REPRESENTATIVE KELLER: I'll tell you
19 what I was told when I worked in private industry, my
20 boss always said this to me: Thank you for yesterday,
21 what about tomorrow?

22 Anybody can do it with all the money in
23 the world, the taxpayers don't have all the money in the
24 world. Thank you.

25 SECRETARY RIVERA: Thank you.

1 MAJORITY CHAIRMAN ADOLPH: Thank you,
2 Representative.

3 Representative Schweyer.

4 REPRESENTATIVE SCHWEYER: Thank you,
5 Mr. Chairman.

6 Now, Mr. Secretary, welcome. Thank
7 you --

8 SECRETARY RIVERA: Thank you.

9 REPRESENTATIVE SCHWEYER: -- as always
10 for being not only with us, but all that you do for our
11 kids in our Commonwealth. Whether you were in high
12 school in the 1970s, high school in the 1990s like I
13 was, or high school in the 2020s like my kids will be,
14 sort of the one thing -- we just covered 50 years of
15 kids in high school. I just needed to get that out, but
16 thank you.

17 The one consistent question that I think
18 parents ask, I know my wife and I are asking that, is
19 the school that we're sending our kids to in a position
20 to adequately educate our children? And I don't
21 represent only the Allentown School District. We've had
22 that conversation.

23 My oldest is a third-grader in the
24 Allentown School District and next year our youngest
25 will be a kindergartener there. Beyond questions about

1 pension payments or Social Security contributions or
2 PlanCon or any of the other stuff that we throw around
3 up here, it always goes back to questions about quality
4 of education and equity with surrounding school
5 districts. Because when you live in Allentown or a
6 similar school district -- and you know this from your
7 time in Philadelphia and Lancaster -- people very easily
8 pick up their papers and see everything that's happening
9 around them and it doesn't take long for you to become
10 jaded about either, A, where you live or, B, the system
11 in which you find yourself.

12 And I don't want to go any further in
13 talking about equity, we sort of talked about that at
14 length from a number of different sides, but I just
15 wanted to say that I very much appreciate your efforts
16 to try to promote equity amongst our school districts.
17 Because the whole -- you know, the quality of education
18 shouldn't matter what ZIP codes you're born in is vital
19 to me, my constituents, and frankly, my two children
20 that are ASD students or will be -- the second one will
21 be next year.

22 The other conversation I wanted to touch on
23 briefly, sir, is -- and I'm changing topics a little bit
24 here. One of the challenges that we have in Allentown,
25 I'm sure you've seen in it in many other urban school

1 districts, is that our workforce tends to be slightly
2 less stable. Younger teachers will tend to move to more
3 affluent districts where maybe, perhaps it seems like
4 it's a -- I don't want to say an easier district, but
5 the challenges are more traditional challenges with
6 students as opposed to the unique set of challenges that
7 we have in the urban school districts.

8 And we also struggle very vitally having a
9 workforce, teachers and administrators, that look like
10 my -- the kids in the school. My district is 76 percent
11 Hispanic and African-American and our workforce does not
12 look like that. So specifically, sir, workforce
13 development question and then I'm going to shut up and
14 shut my microphone off.

15 How are we able to -- in your budget or in
16 other initiatives, how are we able to retain those good
17 teachers in our troubled districts, in our poor
18 districts, and how are we able to retain and recruit a
19 more diverse workforce for our schools?

20 SECRETARY RIVERA: Great questions.

21 First, when we're looking at retention --
22 recruiting and retention of teachers, that's
23 absolutely -- that's one of the areas that is of
24 greatest concern and an area that we're focusing in on
25 now and not specific to the budget, although this will

1 allow -- the budget will allow us to move forward on a
2 couple of other initiatives we're engaging in. So ESSA
3 has been reauthorized and we're going to start engaging
4 stakeholders around how to move forward through that
5 authorization.

6 One of the topics of discussion is going
7 to be teacher credentialing or educator certification
8 because one of the topics that has not come up today is
9 understanding there has been a significant decrease in
10 the number of teachers in general or the number of
11 individuals in general who are working towards attaining
12 their teaching certificates.

13 So there has been a 42 percent decrease
14 in the number of first-time teaching certificates
15 distributed through the State Systems of Higher Ed,
16 which is a serious concern for us. First, we're looking
17 forward to a potential teaching shortage -- teachers
18 shortage. Secondly, this explains the difficulty we're
19 finding in trying to find substitute teachers. So first
20 we're going to run into a highly qualified teacher
21 credentialing issue. Second, once you start to notice
22 that -- the number of administer certificates start to
23 drop, you start to worry about a quality control issue.
24 You now then become desperate to fill positions and
25 you're not focusing as heavily as you must on the

1 quality of teachers across the Commonwealth.

2 So we're working through this. We're
3 going to work with our system of higher ed, we're going
4 to work with stakeholders to really take a look at our
5 expectations and credentialing system to see if we can
6 engage in a practice that's going to improve the number
7 of teachers looking to get into certificate programs or
8 even add on certificate programs.

9 Additionally, part of the department is
10 engaging in updating its equity plan to work towards
11 creating, you know -- create equity within the workforce
12 and we're not doing this alone. We've actually been
13 partnering with different stakeholder groups to bring
14 in -- to engage with stakeholders around the equity
15 conversation, but also to really enforce the teacher
16 voice within the practice. So over the course of the
17 past year, we've been working really hard to break the
18 department out of it's silo of being a department within
19 government to working both with, you know, the general
20 assembly, but also working with stakeholders across the
21 Commonwealth to get feedback -- not only their feedback,
22 but strategies that can work moving toward.

23 So those are two very important areas of
24 focus for us and the department. And you know, although
25 I don't have a specific tab to it -- but moving forward

1 around our accountability measures and structure, moving
2 forward around the equity distribution of funding and
3 our plan for the department, you know, we have to not
4 only start to work on our potential teacher shortage
5 issue, but engage a diverse workforce in our schools.
6 So that is in our short- and long-range plan.

7 REPRESENTATIVE SCHWEYER: Okay, sir. I
8 appreciate that very much.

9 What we don't want to do is put school
10 districts in a position, however, where they're
11 competing for the same teachers and increasing the
12 salaries even more than you get from the competitive
13 bidding process. We've seen that in other fields --
14 nursing, we've seen it in the police departments, and
15 others. So developing more and more young teachers with
16 those qualifications that do start hitting some of those
17 diversity goals is going to be vital for us as we move
18 forward.

19 Sir, I appreciate your continued work on
20 behalf of all our kids.

21 Thank you, Mr. Chairman.

22 SECRETARY RIVERA: Thank you.

23 MAJORITY CHAIRMAN ADOLPH: Thank you,
24 Representative.

25 Representative Jim Marshall.

1 the renewal and communicate back. In some cases, there
2 may be an opportunity to resubmit a second time if not
3 approved through renewal. I don't know specifically
4 where they are in terms of the process, but I will
5 absolutely follow up. I mean it's a very defined
6 process, so I should be able to narrow it down where,
7 you know, where the log jam is on this, if there is one.

8 REPRESENTATIVE MARSHALL: Okay, thank
9 you. If you could get that to the Chairman, I would
10 appreciate that.

11 SECRETARY RIVERA: Absolutely.

12 REPRESENTATIVE MARSHALL: That's all I
13 have.

14 Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Thank you,
16 Representative.

17 Representative Maria Donatucci.

18 REPRESENTATIVE DONATUCCI: Thank you,
19 Mr. Chairman.

20 And thank you, Secretary Rivera, for the
21 information -- this way -- for the information that
22 you've given to us today. That's fine, I'll be short.

23 It's my understanding that the
24 Pennsylvania school districts overpay charter schools
25 for special education students because all special needs

1 are treated the same regardless of the costs of specific
2 special education needs.

3 Having said that, do you think that
4 charter schools should receive special education funding
5 based on the new formula as recommended by the
6 Bipartisan Special Education Funding Commission, and if
7 so, can you elaborate on that?

8 SECRETARY RIVERA: Absolutely. Thank you
9 for the question.

10 This is one of the proposals we're making
11 specific to brick-and-mortar charter schools in our
12 proposed budget. And it's only to move charter schools
13 to act -- or to be funded based on the recommendations
14 of the Bipartisan Special Education Funding Commission.

15 I would like to reiterate something that
16 you shared. That formula is currently being instituted
17 for traditional public schools and we just like to also
18 enact that formula for brick-and-mortar charter schools
19 as well. We believe just by looking at the
20 classification of students, which would be funded
21 accordingly, over -- by phasing this in over the next
22 three years we can save school districts approximately
23 \$180 million, you know, without substantial changes to
24 how we are funding traditional schools.

25 REPRESENTATIVE DONATUCCI: Thank you.

1 And thank you, Mr. Chairman.

2 MAJORITY CHAIRMAN ADOLPH: I like the
3 speed of the questions lately.

4 Representative George Dunbar.

5 SECRETARY RIVERA: Trying to speed up my
6 answers as well.

7 REPRESENTATIVE DUNBAR: I'll also try and
8 be brief, Mr. Chairman. I kind of feel like a spectator
9 at a Pirates game about 7, 8 years ago. After everybody
10 got the bobbleheads and we were losing by six runs,
11 everybody left in the sixth inning -- because this room
12 was full at the beginning.

13 I wanted to talk briefly about early
14 childhood education, specifically Pre-K Counts and Head
15 Start.

16 In Act 1080 funding was increased by 30
17 million and then in a supplemental request, the Governor
18 asked for an additional 30 million and then on top of
19 that another 60 million --

20 SECRETARY RIVERA: 60 million.

21 REPRESENTATIVE DUNBAR: -- I believe.
22 But my question is this, is the 30 million -- how many
23 additional slots -- the first back 10A, how many
24 additional slots did we get? I think we tried to peg it
25 at 3500, I believe.

1 SECRETARY RIVERA: I will -- I have it
2 here. It's one of those facts I knew off the top of my
3 head, but with all the numbers, I've been sharing
4 lately, it's --

5 REPRESENTATIVE DUNBAR: That's all right.

6 SECRETARY RIVERA: -- kind of lost.

7 REPRESENTATIVE DUNBAR: You've had a very
8 long day today, Secretary. We'll forgive you for that.

9 But the supplemental funding, are we
10 going to be able to utilize that or is this late in the
11 year? Can you tell me how we're actually going to
12 utilize that?

13 SECRETARY RIVERA: Absolutely. We were
14 able to provide early childhood opportunities for in
15 that '15 and '16 30 million up to 6,200 students in the
16 Commonwealth. Interestingly enough, we released that
17 funding through requests, through competitive requests
18 based on our neediest student populations. And the
19 early childhood education community stepped up and
20 fulfilled the obligation to provide an opportunity for
21 every single one of those children. They actually have
22 waiting lists. And when soliciting information from
23 them, you know, they are very confident that they will
24 be able to, moving forward provide the additional slots
25 for another 6,200 students.

1 argument around early intervention and I think what we
2 have to do -- and something that we will act on very
3 quickly -- and report back because this is a popular
4 issue, an item, and rightfully so. Once we've come up
5 with a system of accountability -- of accounting and
6 alignment, we will make recommendations for early
7 intervention as well.

8 REPRESENTATIVE DUNBAR: And to change
9 gears very quickly seeing that one of my best friends is
10 a Wilkinsburg alum -- well, actually, it's my wife. I
11 won't tell you what year she graduated though. And with
12 Wilkinsburg High School being closed and those students
13 being shifted to Westinghouse High School, the Governor
14 has asked for a \$3 million increase in the DEF funding
15 formula to go with those students from Wilkinsburg to
16 Westinghouse, which is essentially about \$15,000 a
17 student. And you're taking students out of Wilkinsburg
18 and sending them to Westinghouse -- which is also a
19 chronically underperforming school. How -- I guess, can
20 you explain how these funds are going to be used? How
21 we can ensure that these kids get a good education?

22 SECRETARY RIVERA: Sure. The school
23 boards of both Wilkinsburg and Pittsburgh public schools
24 have worked to create an understanding or an agreement
25 around tuitioning students out to -- from Wilkinsburg to

1 Westinghouse -- the funding that was requesting or
2 transitioned funds. So we are looking to provide,
3 first, you know, counselors and services that will
4 provide support from students moving from one high
5 school to the other high school. Second, we are looking
6 at providing professional development to those teachers.

7 One of the areas not specific to this
8 funding, but I'm pretty pleased with -- we've been
9 working with College Board to have teachers trained on
10 offering advanced placement courses so we can increase
11 high quality program courses within that transition.
12 We're looking at transitioning around school safety.
13 You know, initiatives to make sure that the partnership
14 and students remain safe. So there are a number of, you
15 know, supports that we're trying to put in place to
16 really support this movement from the ground up.

17 In addition to finances, I think what's
18 important to share with the Wilkinsburg/Westinghouse
19 partnership is by -- it's just pretty much the scale of
20 economics by building Westinghouse -- it just in terms
21 of scale, we'll be able to offer many more programs to
22 the students of both schools. We are going to really
23 work to develop teachers and provide support so that
24 students have access to greater resources. And we see
25 this as an opportunity to really build upon the, you

1 know, successes in their partnership that their
2 discussing. So there's a financial benefit, but there's
3 also just that programmatic benefit to the tuitioning
4 out.

5 REPRESENTATIVE DUNBAR: And as far as
6 Wilkinsburg is concerned, is there any local tax dollars
7 that are going to go with those students to
8 Westinghouse? Is there anything local --

9 SECRETARY RIVERA: They are going to
10 be -- they are actually -- the agreement that both
11 school districts came to is Wilkinsburg will pay tuition
12 for the students going into Westinghouse.

13 REPRESENTATIVE DUNBAR: And going
14 forward, that 3 million, that will be under the hold
15 harmless and continue to go to Wilkinsburg School
16 District and then transition over to the city of
17 Pittsburgh schools or --

18 SECRETARY RIVERA: I know that's a
19 decision that's going to be discussed. I've met, you
20 know, with general assembly and administration and
21 ultimately, you'll have feedback and will have control
22 over how that allocation continues.

23 REPRESENTATIVE DUNBAR: Thank you, sir.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,
25 Representative.

1 Representative Matt Bradford.

2 REPRESENTATIVE BRADFORD: Thank you,
3 Chairman.

4 And thank you, Secretary.

5 I wanted to follow up on something that
6 Representative Keller talked about, which was the idea
7 or the implication of how much more should we be putting
8 into education over current levels. And I guess, I kind
9 of start with a different perspective and I know that
10 several members have mentioned the distorting impact
11 that both federal stimulus dollars as well as our
12 pension contribution has on historic funding.

13 And in an interest of trying to get at
14 the heart of the matter in terms of what today's
15 students are getting in terms of programmatic dollars,
16 dollars for educating today's kids, the cost of today's
17 teachers, and today's students, just a real simple
18 apples to apples comparison. I figure the best way to
19 deal with stimulus is to look prior to the stimulus
20 years.

21 I guess the last budget year before
22 stimulus was the FY '08-'09 budget years, so pulling out
23 the stimulus year, let's go back to '08-'09 and look at
24 House Bill 1460 as signed by the Governor -- as passed
25 by the legislature and presented to the Governor. I

1 think if you start out with FY '08-'09 numbers in terms
2 of programmatic -- special ed, basic ed, early childhood
3 ed, K to 12 -- you're north of about \$9 billion it would
4 seem to me. It would also seem to me that in 1460,
5 you're at \$9 billion in programmatic costs.

6 Now, again I said, you know, stimulus to
7 the pre-stimulus. And again, I think -- so you've got
8 none of the distorting impacts that stimulus has, but
9 you to do have the pension increase and I think that is
10 only fair to mention.

11 So you see about \$9 billion going to
12 educate today's kids in our schools, which I would argue
13 is about \$200 million less than what we were in '08-'09.
14 So I think it's not so much an argument about how much
15 more, it's are we even funding at seven years ago level?

16 Now granted, there is a pension
17 contribution, Representative Kampf rightfully mentions
18 that the cost of pension is a real cost and it should
19 not be excluded. And I guess, that is true if we're
20 looking at the cost of today's teacher and today's
21 teacher's pension. But as we discussed with numerous
22 cabinet secretaries, the reality is we're not paying
23 really the cost of today's teacher or today's teacher's
24 pension, we're paying for -- in many cases --
25 yesterday's teacher and generations ago. Some of those

1 teachers that Representative Dean talked about in the
2 1970s, we are still paying the unfunded liability for
3 those costs. That is the reality when you take stimulus
4 out and you take pension costs out.

5 Now, to Chairman Adolph and the dilemma
6 that we have is that pension cost is real and I don't
7 think any Democrat or Republican should act like it
8 doesn't exist. I'm looking at the number. House Bill
9 1460, even though it's \$200 million less in programmatic
10 costs to educate today's kids, you are looking at a
11 budget number of north of about \$10.75 billion. That is
12 clearly more than what we paid in '08-'09, but it's
13 going to pension costs.

14 And I think that it is -- I think it is
15 being flipped to not recognize those pension costs. But
16 again, I think it's important to look at what those
17 pension costs are. I'm looking at 2016-2017 and the
18 numbers we talked with PERC -- or not with PERC, I
19 apologize, with PSERS and SERS when they were in. About
20 70 percent of that increased pension contribution in
21 2016-2017 will go to unfunded liability -- again, not
22 today's teachers, not today's students. We're talking
23 pre- to post-stimulus, apples to apples, today's kids
24 are getting less in terms of dollars for their
25 classrooms than we were putting into schools seven years

1 ago. What is your take on that?

2 SECRETARY RIVERA: You're absolutely
3 right.

4 I know -- you know, it's interesting to
5 sit in this position now for a year and previously
6 having been in Lancaster as superintendent and making
7 the comparison.

8 I remember the time the Governor and
9 general assembly sharing, "we've never voted on a
10 reduction of education costs," which is absolutely
11 technically true. However, by the time we backed out of
12 pension cost and health-care cost and Social Security
13 and the like, as I was accounting for year-to-year
14 education funds, there was less funding to use for
15 classroom spends. So as a result of, one, we had to
16 increase taxes while at the same time reducing personnel
17 and seeing an increase coming from the general assembly
18 to cover those unfunded mandates.

19 So I think the scenario that you've just
20 explained and mapped out over the course of a period of
21 years is true. You absolutely can make the argument
22 that there haven't been reductions to basic education
23 and the education subsidy, but when you align that with
24 the fact that structural -- the structural deficit was
25 significant and this year peaking up to 30 percent and

1 moving forward, that is -- there is a cost, whether it's
2 a legacy cost or a current cost, there is a cost that's
3 associated with the first practically \$100 million
4 increased for education.

5 REPRESENTATIVE BRADFORD: One of the
6 things, too, that's been raised -- and I know the
7 Governor proposed originally about \$400 million in
8 additional basic ed funding and the agreed-to framework
9 that all four -- well, I guess three caucuses and the
10 Governor agreed to was about a \$375 million increase.
11 And I know there's been some hairsplitting about, you
12 know, the commission funding formula versus the -- kind
13 of the restoration funding versus the hybrid. And I
14 guess one of the points I think has not been put out
15 there is under any of those formulas, if you put 375
16 million or 400 million as opposed to what was passed in
17 House Bill 1460 -- which depending on how you look at
18 the Ready to Learn Grant -- is about a third, half of
19 what was proposed and what was agreed to in the
20 framework.

21 Under any of those three formulas, almost
22 any school district in Pennsylvania would have done
23 better, dollar for dollar, if we had done the higher
24 number. I think the simple reality is when someone
25 walked away from the framework budget, that's when their

1 districts lost increased funding.

2 Can you kind of talk about how the
3 restoration budget as proposed would have dealt with
4 those districts that were inordinately, frankly, harshly
5 cut by the prior administration when we talk about
6 charter school reimbursement and how that played out in
7 many urban districts? Many of our poorest districts,
8 many of our districts that have the largest minority
9 populations, ESL, many cost drivers, poverty -- those
10 districts were hurt the hardest by those cuts.

11 And without, you know, taking into
12 account the past four years of history in terms of basic
13 ed funding, when you look at the major funding of
14 education -- I think if you just do the commission
15 without ever looking at what happened over the past four
16 years, you're saying, let's start the race, you know,
17 two miles behind the starting line and see how well you
18 do up against the guy who's up at the line and ready to
19 go.

20 SECRETARY RIVERA: So I think --
21 absolutely. And as shared and discussed earlier, you
22 know, I shared quickly just the disproportionality of
23 the reductions of 10 percent -- of the larger amount of
24 10 percent of a smaller amount of contribution. And we
25 did have a number of conversations around if you solely

1 move forward with the recommendation. First run the
2 recommendation of the basic education funding
3 commission, it would take anywhere between seven and ten
4 years just to make up for the difference of the
5 reductions from that '10-'11 school year.

6 So the Governor's proposal would have
7 allowed an opportunity to, you know, first, establish a
8 strong foundation for the work of the Basic Education
9 Funding Commission.

10 I do have to take a moment and share. So
11 we absolutely -- the Governor and the administration --
12 applaud the work of the Basic Education Funding
13 Commission. It's great work. I think the difference of
14 opinion has been as to what foundation do you build
15 upon. And the Governor wanted to first strengthen the
16 foundation to then move forward in that bipartisan,
17 bicameral manner.

18 REPRESENTATIVE BRADFORD: Now and I
19 appreciate that. And I realize that if everyone -- some
20 people's foundation is 200 miles under sea level, that's
21 a little bit different than saying everyone is starting
22 on a level playing field.

23 One of the things I took some solace in
24 after hearing that state support for education was 46th
25 in the nation was that we're at sixth in funding in

1 terms of education, which obviously means we picked up
2 funding pretty dramatically, but it's not at the state
3 level. And one of the things that that leads to is --
4 the obvious answer is well then, it's being done at the
5 local level, local tax support, the most inequitable
6 tax, the tax that hurts seniors, those on fixed incomes,
7 and those that retard economic prosperity and
8 revitalization in some of our most struggling
9 communities. We've talked about the Allentowns and the
10 Yorks, and I represent Norristown. It's high property
11 taxes.

12 And it's kind of amazing that we talked
13 about, oh, don't worry we're not 46th really, we just
14 make the poorest school districts tax the hell out of
15 their local taxpayer to kind of get into the game. It
16 seems to me that that's counterproductive in terms of
17 economic growth in terms of getting these school
18 districts to stand on their own two feet. And frankly,
19 building a tax base that would allow these districts to
20 not have to look to Harrisburg for funding, but would
21 actually grow these communities and deal with their
22 funding issues in an inequitable way.

23 Real quick, I'm going to conclude with
24 one point. And I know Chairman Adolph started with this
25 point and I think it's a fair point. I think everyone's

1 frustrated in retrospect, that there was the blue-lining
2 on December 23rd. And I think you can look at it two
3 ways. And I don't want to be cavalier in suggesting a
4 180-degree different approach, but the Chairman asked
5 and I think sincerely, why did the Governor blue-line?

6 I guess some of us who thought we were
7 close to a four-caucus deal that would have dealt with
8 the structural deficit, that would have put \$375 million
9 into education, that would have dealt with so many of
10 the inequities that we've discussed -- seeing that in
11 the last 2 1/2 months since that happened, the
12 legislature has not passed a budget. In fact, House
13 bill 1460 required a revenue bill that required by its
14 own admission additional revenue, that revenue bill has
15 never been forth coming.

16 In retrospect, again, without being
17 cavalier about the students that would be
18 disproportionately affected, but it almost begs the
19 question, why wasn't the budget vetoed in full and why
20 wasn't this legislature made to come back and pass a
21 full budget that dealt with education funding, that
22 dealt with the structural deficit, and was actually
23 balanced?

24 SECRETARY RIVERA: The Governor was under
25 the impression that we were on a path to agreeing to a

1 full budget. And he made a decision to release funding
2 that would allow for 45 percent of the expenditures
3 while also providing some relief for those school
4 districts that had the disproportionate amount of cuts
5 as explained earlier. At that time, when the Governor
6 made the decision to provide relief to school districts,
7 he was under the impression that we would have a final
8 school district -- a final budget shortly thereafter.

9 REPRESENTATIVE BRADFORD: Well, I thank
10 you for your time, Secretary.

11 I guess I'll just throw out one last
12 thing is when do these districts -- when do the dominoes
13 begin to fall? I think it's, you know, incumbent upon
14 us to ask that question of what happens from here. We
15 don't have that budget, we don't have a revenue bill to
16 even fund 1460 as originally. How does that play out
17 from here? I know you've put out some guidance for
18 districts. How is it going to play out from here over
19 the next couple of months as struggling districts try to
20 deal with the lack of state support?

21 SECRETARY RIVERA: Based on the technical
22 support that we've been offering and the connections
23 we've been making both formally and informally with
24 school districts, we have a growing number -- a
25 significant number of school districts whose revenue is

1 far less than their expenses. So there are many
2 districts and a growing number of districts that are in
3 the red. And you know, of course, that's a concern in
4 an area that continues to concern us as we provide that
5 support.

6 You know, of course, we're not able to
7 make decisions. There are so many factors that are tied
8 to school closing or other decisions they may make. You
9 know, we have times in which staff has come in without
10 pay or they reprioritize costs or you know, they borrow.
11 So we don't necessarily have a real picture of how long
12 schools are going to be able to remain open. However,
13 we do have a picture of how many schools are finding
14 themselves in the red as it relates to accounting for
15 revenue and that number is significant and growing.

16 REPRESENTATIVE BRADFORD: Thank you,
17 Secretary.

18 Thank you, Chairman.

19 MAJORITY CHAIRMAN ADOLPH: Thank you.

20 Just to answer regarding the revenues
21 package, if the Governor would not have blue-lined House
22 Bill 1460, there would have been a revenue package.
23 With that -- since the blue-line, there was not revenue
24 necessary based on the amount of money that was going
25 out. It's just simple protocol.

1 Representative Seth Grove.

2 REPRESENTATIVE GROVE: Thank you,
3 Mr. Chairman.

4 Mr. Secretary, you're holding up well for
5 a very, very, very long day.

6 SECRETARY RIVERA: Thank you,
7 Representative.

8 REPRESENTATIVE GROVE: I want to hit
9 on -- so you do agree that we spend less money on
10 education today than we did in 2008-09?

11 SECRETARY RIVERA: So that's one of those
12 questions regardless how you answer -- so I do agree
13 that the amount of education funding that can be
14 specifically used for educational programs, that works
15 into the classroom is less now than it was in 2008-2009.

16 REPRESENTATIVE GROVE: Does that include
17 salaries?

18 SECRETARY RIVERA: Teacher salaries --
19 salary and benefit.

20 REPRESENTATIVE GROVE: Including
21 pensions?

22 SECRETARY RIVERA: Including pensions.
23 Sir, if you have the full package -- so if we back out
24 pensions, there's less money going into the classrooms.
25 And I think --

1 education funding I see, came in '09-'10 and '10-'11
2 when stimulus money was planted. State education
3 dollars were cut. Stimulus was applied on top and then
4 obviously, the cliff fell out and then you're down to
5 \$9.3 billion and steadily it rose. A lot of this is
6 pension cost, huge cost driver, still today huge cost
7 driver for Commonwealth and school districts. And
8 that's a billion dollars right there, 2008-2009.

9 I mean, I just think it's dishonest to
10 not include pensions. It's a part of the benefits
11 package and believe me, if we tried to take away
12 pensions, I think there'd be a lawsuit within five
13 seconds of that happening. I think you would agree with
14 that, right, maybe by legislators themselves. What's
15 good for the goose is good for the gander.

16 Let's hit on the framework budget. That
17 is the compromise budget the Governor is talking about
18 currently, correct?

19 SECRETARY RIVERA: Yes.

20 REPRESENTATIVE GROVE: So the
21 supplemental that the Governor is asking is the same as
22 the framework?

23 SECRETARY RIVERA: The framework -- I
24 just want to make sure we are both looking at the same
25 thing. The framework that the Governor recommended for

1 basic education funding in '15-'16 was 377 million. A
2 compromise framework, what he shared, is 377 million of
3 basic education funding; '16-'17, we're asking for
4 \$200 million of basic education funding.

5 REPRESENTATIVE GROVE: So he's
6 building -- the budget he says he wants to build upon
7 for '15-'16, is that the framework budget -- the
8 bipartisan agreement that transpired roughly around
9 November, the framework budget?

10 SECRETARY RIVERA: The number that we're
11 using and building upon for the '16-'17 year for basic
12 education is 377 million.

13 REPRESENTATIVE GROVE: So it's not the
14 framework budget?

15 SECRETARY RIVERA: So you'd have to share
16 with me what the number is in the framework budget and
17 what you're referring to the framework budget as.

18 REPRESENTATIVE GROVE: So what the
19 framework budget total spend for education line items on
20 the tracking run, it's \$11.34 billion. The '15-'16
21 enacted budget with the Governor's proposed
22 supplementals is \$11.59 billion. So are we still
23 talking framework or are we talking now a new compromise
24 budget?

25 SECRETARY RIVERA: To be fair and

1 respectful of your time, I'll share the specifics around
2 the budget numbers that we prepared our budget and our
3 ask for. And I'm not as comfortable just kind of
4 sharing the narrative around it -- just want to make
5 sure we're both speaking the same language.

6 REPRESENTATIVE GROVE: Well, I mean, I
7 asked our Appropriations Committee to compare the actual
8 framework tracking run versus the enacted budget with
9 the Governor's proposed supplementals and they don't
10 match up. Some do, but overall the Governor's asking
11 for the '15-'16 year -- \$50 million more than the
12 framework budget, which he's not asking for anymore.
13 Because if you read his speech, he's building on, quote,
14 unquote, the compromise budget. Now the compromise
15 budget to me was the framework budget, correct?

16 SECRETARY RIVERA: So what we've
17 identified as the basic education funding for '16-'17,
18 the Governor's budget proposal includes 6.3 billion for
19 fiscal year '16-'17, which in BEF is a \$200 million
20 increase over the proposed --

21 REPRESENTATIVE GROVE: We go back
22 '15-'16?

23 SECRETARY RIVERA: '15-'16.

24 REPRESENTATIVE GROVE: '15-'16.

25 SECRETARY RIVERA: So then in '15-'16, a

1 supplemental appropriation of 3.3 billion for fiscal
2 year '15-'16 would provide a total of 6.1 billion. So
3 we're asking for a \$377 million increase in '15-'16
4 distributed.

5 REPRESENTATIVE GROVE: That's because
6 your '15-'16 -- you pull out pension funds, correct?
7 You remove pension to a restricted account for '15-'16?

8 SECRETARY RIVERA: Yes. The funding that
9 I've been sharing and discussing in relation to the
10 Department of Education increase does not include
11 pension.

12 REPRESENTATIVE GROVE: And then you're
13 asking for -- between the framework budget and the
14 enacted, you're asking for the elimination of job
15 training and education programs, \$850 million cut to
16 community college capital fund, \$216 million cut to
17 community education councils, elimination of higher
18 education assistance, and then elimination of lifelong
19 learning. Now all those line items -- I don't know what
20 higher ed assistance or lifelong learning are, but they
21 were provided in the framework budget. Do you know what
22 they were at all?

23 SECRETARY RIVERA: No. I think -- I can
24 forward that to you.

25 REPRESENTATIVE GROVE: I have no idea.

1 And then the framework budget eliminates the Ready to
2 Learn Block Grant, puts it into the basic education
3 funding, correct?

4 SECRETARY RIVERA: Yes.

5 REPRESENTATIVE GROVE: So I mean, we're
6 really comparing apples to oranges between the framework
7 bipartisan budget that everybody talks about and what
8 the Governor is now asking for in supplementals. So
9 really, there is no more framework budget because they
10 don't match at all, at all. All right.

11 Let's talk about yesterday, the Governor
12 issued an executive order mandating minimum wage. Have
13 you notified school districts about their implementation
14 on that?

15 SECRETARY RIVERA: We are actually now
16 running an analysis as to how the executive order will
17 impact school districts and will -- if it does
18 accordingly.

19 REPRESENTATIVE GROVE: I'm very worried
20 about the language of this executive order particularly
21 under coverage B1, which basically says any employee,
22 under the Minimum Wage Act who directly performs
23 services or construction will have that 10, 15 mandate
24 effective July 1st, 2016.

25 A great example is cafeteria workers for

1 school districts. They perform a service, they directly
2 perform a service, they're under the Minimum Wage Act.
3 Depending on the school district, I don't know what
4 their salary is, but they're going to be affected by
5 that.

6 So I would urge you to look -- and the
7 Governor's language yesterday was this should not affect
8 anybody outside the state employees or contractors, but
9 the way the language actually reads, it is very
10 open-ended and does not give any real qualifier to knock
11 that back to directly. So I would caution you on that
12 and make sure that, you know, school districts don't see
13 huge cost increases because of that moving forward.

14 Let's talk about PlanCon funding.
15 Framework budget, what was the funding level -- zero
16 correct?

17 SECRETARY RIVERA: For '15-'16, yes.

18 REPRESENTATIVE GROVE: The budget that
19 passed that the Governor vetoed December 29th, the
20 funding level was zero, correct?

21 SECRETARY RIVERA: The '15-'16 ask is
22 zero, yes.

23 REPRESENTATIVE GROVE: It's been zero for
24 a while, right?

25 SECRETARY RIVERA: Just making sure we

1 are speaking the same language as we move forward.

2 REPRESENTATIVE GROVE: Yeah. It's been
3 zero for a while, right? Going back to the June 30th
4 budget that was fully vetoed to December 29, that line
5 item has been zero. Why has that line item been zero?

6 SECRETARY RIVERA: I'm opening to my
7 PlanCon tab here now.

8 And while I'm pulling up that page, so
9 also -- we do have an appropriation for PlanCon this
10 year. So there is -- we are taking a recommendation to
11 include PlanCon reimbursement for the '16-'17 budget.

12 REPRESENTATIVE GROVE: So why was it at
13 zero? Wasn't there an agreement on a bonding plan
14 moving forward to reimburse all school districts and
15 catch them up?

16 SECRETARY RIVERA: When the Governor and
17 I last spoke about the bond, it was -- the financial
18 conditions at the time did not lend themselves or
19 support the costs of trying to secure a bond.

20 REPRESENTATIVE GROVE: What's our bond
21 rating right now?

22 SECRETARY RIVERA: We just had another
23 bond -- let me ask real quick. Bond rating is -- I
24 don't have Barbara here with me, do I?

25 Well, I'll get back to you on that one.

1 REPRESENTATIVE GROVE: Is it -- do we
2 have junk bonds? Do we currently have junk bonds?
3 We're not that low, right?

4 SECRETARY RIVERA: We're not yet. We're
5 not at that level.

6 REPRESENTATIVE GROVE: So we still have
7 aptitude to actually bond that. Do you know who does
8 have junk bonds? A lot of school districts because
9 they're not getting money. They have junk bonds.

10 It brings me into a question. Will
11 Governor Wolf submit a payment request to Treasury to
12 ensure school districts won't close as he did with
13 corrections?

14 SECRETARY RIVERA: So we've not yet made
15 the request to the Governor, so I can't speak on the
16 Governor's behalf, but we've not yet been at a point
17 where we have to make that request.

18 REPRESENTATIVE GROVE: At what point will
19 that -- are you going to ensure that school districts
20 will not close because of that veto?

21 SECRETARY RIVERA: We continue to monitor
22 and work with school districts to identify expense and
23 compare -- you know, compared to revenue, so we will
24 continue to monitor and work with them closely.

25 REPRESENTATIVE GROVE: How far will you

1 take it? Will the Governor allow school districts to
2 close before he submits a payment?

3 SECRETARY RIVERA: I can't answer a
4 question that we've not -- you know, orders we've not
5 yet embarked.

6 REPRESENTATIVE GROVE: Your Act 147
7 waivers, some of those requests obviously are hangovers
8 from the two fiscal years, contracts, grant payments --
9 it's a lot. You did apply for a lot of waivers moving
10 forward, some federal, some state dollars. I want to
11 highlight one in particular. It was for textbook
12 materials and equipment for nonpublic schools. It was
13 about \$1.3 million.

14 Now that line item helps school
15 districts -- nonpublic schools buy textbooks and
16 materials. Obviously without a budget, those school
17 districts weren't getting any dollars. Was there any
18 conversation about using those lapse fundings to try to
19 get a down payment so those school districts could get
20 them? Was there any conversation about going to those
21 book dealers and saying, we're sitting on some cash,
22 let's get it out to you so you can have books?

23 SECRETARY RIVERA: No. We have not had
24 that conversation with book dealers for release. No.

25 REPRESENTATIVE GROVE: Some of that money

1 was spent. I have a PennWATCH update about \$35,000 of
2 that was spent. Again, it looks like some contractual
3 stuff. Most of those were executed in July or right
4 about when you probably had contracts moving forward.
5 So there was, you know, \$1.1 million left. Is that
6 money still sitting available for use?

7 SECRETARY RIVERA: We were working with
8 our nonpubs and other partners at that time when funding
9 was released. I will double-check and can verify what's
10 left in that account, if anything what has been
11 allocated and what is left if anything. So we'll
12 definitely forward that information to the Chairman.

13 REPRESENTATIVE GROVE: Also with
14 PennWATCH, I notice furniture purchases in July from the
15 state library, a couple other -- PA assessments.

16 I don't know how to put this. I mean,
17 we're in the middle of an impasse, school districts are
18 getting zero dollars and the administration is using
19 lapse fundings for furniture purchases. School
20 districts were not happy when they saw that on
21 PennWATCH. It didn't look good. They weren't happy
22 about it. Put yourself back in your superintendent's
23 shoes and you saw that pop up on PennWATCH, all this
24 money being spent by departments, when you're getting
25 absolutely zero.

1 I would really caution the administration
2 in general. And I know the budget secretary secures
3 these and I will bring it up with him on Thursday, but
4 there was a lot of spending that should not have
5 happened, particularly that could have been delayed
6 until a later date. That money was going to be there
7 regardless, that should not have been spent on furniture
8 during a general budget impasse.

9 I appreciate your time, Mr. Secretary.

10 Mr. Chairman.

11 SECRETARY RIVERA: Thank you.

12 MAJORITY CHAIRMAN ADOLPH: Thank you.

13 The Chair has given a lot of latitude
14 today regarding time and so forth because this is such
15 an important issue.

16 Chairman Saylor has stayed around the
17 entire hearing. He has one quick question, and I'm
18 doing this mainly because of the stenographer, if nobody
19 else in the room. She's been here all day, since about
20 9:30, and it's about 6 o'clock.

21 So, Chairman.

22 SECRETARY RIVERA: I thought you were
23 showing me courtesy, Chairman. No, that's fine.

24 REPRESENTATIVE SAYLOR: Mr. Secretary,
25 you know, I'm looking at the graph Representative Grove

1 showed you. And Representative Bradford earlier asked
2 you those questions, based upon those performances. I
3 mean you can see Governor Rendell is the one who cut
4 roughly \$510 million out of education in 2008-2009.
5 Governor Rendell cut another 210 million out of state
6 funding for education in 2010. So I think what I want
7 to say as education chairman and this whole thing that's
8 been going on around the state about Governor Corbett
9 cutting taxes or cutting education funding over those
10 years is just an outright lie.

11 But most importantly, we're still missing
12 the point -- and you and I have discussed this many
13 times -- education is about children. And we so often
14 get wrapped up in the issues of dollars, and my
15 colleague and I, from Montgomery County, appreciate.
16 But when I look at school districts like Lancaster
17 County, York City who have been underfunded by 40, 50
18 million dollars a year, and I see the city of
19 Philadelphia which is only -- based upon the agreement,
20 bipartisan agreement, Democrats and Republicans alike in
21 the basic education funding formula -- is only
22 underfunded by 5 percent. Yet, we gave Philadelphia
23 \$57 million to make them whole basically, according to
24 the underfunding level. Yet, only in Reading, which is
25 95-percent underfunded, got barely anything -- \$2

1 million. Yet, they were owed 95 million. You know,
2 York City, Lancaster City -- Lancaster City is
3 underfunded by \$47 million and they suffered because the
4 Governor allocated the dollars different than what this
5 general assembly wanted to.

6 You know, I keep finding the way we're
7 doing education policy around here is not about
8 accountability, it's about whose political game we are
9 playing -- who are we contributing campaigns to, who are
10 we looking for votes from -- rather than sitting down
11 and dealing with children in Lancaster who deserve the
12 same funding that the children of Philadelphia get, the
13 same children in York and Montgomery County who deserve
14 the same funding when they are underfunded. They
15 deserve the same dollars.

16 Why did the Governor decide to make
17 Philadelphia whole and leave Lancaster, York, Scranton,
18 Reading, Harrisburg on the limb when they were far more
19 underfunded than the city of Philadelphia, which was
20 only 5-percent underfunded?

21 SECRETARY RIVERA: So you know the
22 Governor focused heavily on providing equity. You know,
23 first, I'll take a half a step back and share.

24 I understand the argument around the
25 amount of funding provided education over the course of,

1 you know, the past five years I will say for example or
2 the previous four years before the final year. And you
3 know, we've -- I've engaged personally, locally, and now
4 at the state level in conversation around the fact that
5 an educational -- the legislature, the general assembly
6 has never voted on a reduction to education funding. I
7 fully understand that argument. And I continue to share
8 the reality of that argument when you take into account
9 the structural deficit or the structural cost
10 associated -- as you should -- with pensions and health
11 care and all those others.

12 REPRESENTATIVE SAYLOR: Let me stop you
13 there because I know we want to be quick here.

14 SECRETARY RIVERA: Sure.

15 REPRESENTATIVE SAYLOR: I'm not talking
16 about that. I'm talking why did the Governor decide to
17 make Philly whole and leave Lancaster City, York City,
18 Harrisburg City, Scranton, and others with huge wholes
19 that they deserved more than the city of Philadelphia?
20 Why did he distribute money to Philadelphia unfairly at
21 the price of the other city school districts? Do not
22 third-class cities like Reading and York and Harrisburg
23 and Lancaster who have been way underfunded compared to
24 the Philly school district -- it's not an argument
25 whether Philadelphia needs more money or any school

1 district needs more money. It's about why did he choose
2 to make Philadelphia whole and leave other poor
3 children, who are far poorer than the city of
4 Philadelphia based upon the Basic Education Funding
5 Commission's report -- again, bipartisan, Democrats and
6 Republicans agreed to the report, agreed to poverty
7 levels, and everything else. The cities I cited are far
8 more poor, far more underfund, and yet, received no help
9 from this Governor when he finally decided to distribute
10 those dollars. Why did he decide to do it that way?

11 SECRETARY RIVERA: So taking everything
12 discussed, the Governor allocated the funding with two
13 considerations. One, of course, the work of moving
14 forward around the work of the Basic Education Funding
15 Commission, but also trying to make up for the
16 reductions that were made to some of the poorer school
17 districts.

18 So I know the Governor had been very
19 intentional and shared a number of times that the need
20 to establish a sound foundation -- and I know I continue
21 to say that, but it's the best way I can explain it.

22 When you look at the reductions of what
23 ultimately ended up being reductions to the amount of
24 spending going to classrooms, he's worked very hard in
25 that '15-'16 year to make up for the disproportionate

1 reductions that he feels and the administration feels, I
2 feel were disproportionate, so we can move forward with
3 the recommendation of the commission and fund
4 accordingly.

5 REPRESENTATIVE SAYLOR: But,
6 Mr. Secretary, I don't think that he did that. I think
7 that he totally hurt children in Lancaster, York, and
8 elsewhere by his decision. Rather than helping those
9 that were in the most need, he chose to play a political
10 game with the city of Philadelphia. And that is my
11 opinion and I don't think you're going to change the
12 opinion of York and Lancaster residents and Scranton
13 residents that he played a game in politics. And it's a
14 shame because this is about children, not about
15 politics.

16 Thank you, Mr. Secretary.

17 SECRETARY RIVERA: Thank you.

18 MAJORITY CHAIRMAN ADOLPH: Mr. Secretary,
19 thank you so much for being here.

20 It's a very passionate issue, very
21 important issue. And I think you let us know your ideas
22 on these issues and what the administration is trying to
23 do. We may not all agree and there's still a lot of
24 work to be done and I'm looking forward to working with
25 you between now and June 30th.

1 MINORITY CHAIRMAN MARKOSEK: Mr.
2 Chairman, one short thing, and thank you.

3 You did a great -- you had a long day.
4 You were in the Senate before here today. And certainly
5 our stenographer needs a pat on the back, too, did a
6 wonderful job.

7 You know, Chairman Adolph's staff, my
8 staff, very good, very professional, we work together a
9 lot. We can all come up with a lot of numbers and our
10 members use those numbers in certain ways, their members
11 use those numbers in certain ways. And I don't always
12 agree with the way they interpret it. I sometimes don't
13 agree with the way my own members sometimes interpret
14 numbers, but nobody is purposely not telling the truth.
15 Nobody -- whether you're a Democrat or a Republican on
16 this committee, there is nobody that goes out here and
17 tells lies.

18 And I just want to make sure that all the
19 people that are here, the Democrats and the Republicans
20 on the Appropriations Committee are all honest people,
21 hardworking, trying to do their best, trying to listen
22 to their staff with the numbers, and I just want to make
23 sure that we leave with that note.

24 Thank you.

25 SECRETARY RIVERA: Chairman, if I can

1 just as we close take a moment to recognize the team and
2 the advocates that are here. They worked extremely
3 hard, not only prepping for this, but just day-to-day,
4 they have done a phenomenal job. So I'm thankful of
5 them.

6 We're going to forward you answers to all
7 the questions that we've documented and make sure we can
8 distribute accordingly. And moving forward, we will
9 continue to work with both of the Representatives -- of
10 both chairs of the Education Committee to not only work
11 on budget funding and conversation, but some really good
12 accountability that we're looking to hopefully enact and
13 move forward with and we continue to look forward to
14 working together.

15 MAJORITY CHAIRMAN ADOLPH: Okay. Thank
16 you and good evening.

17 For the members of the committee, this
18 committee will reconvene tomorrow at 9:30 A.M. with the
19 Department of Human Services.

20 Thank you very much.

21 (The hearing concluded at 5:48 P.M.)
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C E R T I F I C A T I O N

I hereby certify that I was present upon the hearing of the above-entitled matter and there reported stenographically the proceedings had and the testimony produced; and I further certify that this copy is a correct transcript of the same.

Dated in Lebanon, Pennsylvania this 7th day of April 2016.

Summer A. Miller, Court Reporter
Notary Public