



pennsylvania
DEPARTMENT OF EDUCATION

Testimony
House Appropriations Committee

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Chairman Adolph, Chairman Markosek, Chairman Saylor, Chairman Roebuck and distinguished members of the House Appropriations Committee, thank you for the opportunity to join you this afternoon to discuss Governor Tom Wolf's 2016-17 Budget Proposal for education.

Governor Wolf has demonstrated his strong commitment to education with his proposed education funding last year and again this year. His proposals will provide more Pennsylvanians –young and old - with the opportunity for educational success. This year's proposals build on last year's plan with continued investments targeted to k-12 education, high-quality early childhood education, and restoration of harmful cuts to our institutions of higher education.

Pennsylvania is at a crossroads. We can either invest in education, eliminate the deficit, and put Pennsylvania back on track or we can continue on the same path that will lead to deficits, education cuts, and higher property taxes.

It is clear that Pennsylvania's public education system faces challenges. Viewed differently, these challenges could be viewed as tremendous opportunities to grow and improve. In the coming year the commonwealth will adopt policies that will define the success of our students – and our communities – for a generation. Pennsylvania needs to choose the path that leads to these successes.

First and foremost among these challenges or opportunities is the unprecedented freedom and flexibility afforded to states by the recently enacted Every Student Succeeds Act (ESSA). The former federal law prescribed strict rules about student assessment, school accountability, and teacher evaluation; the new statute allows states to develop and implement their own strategies to measure school performance and, even more importantly, their own strategies for identifying and improving our lowest performing schools.

The new law allows states to decouple the direct use of student assessment in teacher evaluations, and also provides significant funding to school districts to implement innovative strategies to target and support student success.

Further, the new law provides new opportunities for Pennsylvania to make additional investments in high quality early childhood education, and build on existing cross-department collaborative projects.

I look forward to continuing to work with education stakeholders including the legislature to revisit these important areas of assessment, accountability, and teacher evaluation where flexibility now exists in federal law.

Another challenge or opportunity lies in the way we fund our schools. Governor Wolf is committed to increasing state funding for k-12 education so that districts are not forced to continue to raise local property taxes on hardworking Pennsylvania families and those who have worked their entire lives and are now enjoying a well-deserved retirement, or make the difficult decisions that result in cuts in staff and programming.

According to the National Center for Education Statistics, Pennsylvania currently ranks near the bottom of all 50 states in the percentage of state funding in our total k to 12 spending. And while our statewide average per student expenditure is relatively robust, this average masks the very significant disparity between what our wealthy districts spend per student compared to what districts with less local wealth can afford to spend.

The quality of a Pennsylvania child's education should not depend on zip code alone. The local wealth of his or her community should not dictate whether a child's district can afford full-day kindergarten, sufficient classroom supplies, or a school library. For these reasons, I was proud to play a role, along with the governor and several of you, in the bipartisan Basic Education Funding Commission that last summer unanimously approved a fair and equitable funding formula. The next step is to enact the formula into law and drive sufficient funds to quash the funding gaps that were allowed to grow among our school districts.

Similarly, Governor Wolf wants to restore the cuts to our publically-supported institutions of higher education so that they are not forced to hike tuition or cut programs. Postsecondary training and education is the route to good paying job for students and economic growth and long-term prosperity for our communities.

Pennsylvania is at a crossroads and our state's future depends on the choices we make today.

Current Pennsylvania Public Education Landscape

Pennsylvania's public education system currently serves nearly 1.76 million students. Those students speak over 270 languages; 270,848 students receive some form of special education in traditional public, charter or privates school settings.

Our 500 school districts range in size from just over 200 students to over 140,000 students. Over 170 public charter schools educate 133,000 students, with 13 of those being cyber charter schools. The 29 Intermediate Units provide special education, professional development and technical assistance services to school districts. Career and technical education programs are provided at 136 high schools and 84 Career and Technical Education Centers, offering over 1,700 approved programs of study to nearly 66,000 students.

The commonwealth also serves 24,600 3- and 4-year olds in state-funded pre-kindergarten programs; 18,800 in Pre-K Counts and 5,800 in the Head Start Supplemental program. In order to ensure Pennsylvania's neediest students and their families are better prepared for them to begin their k-12 education, almost 52,000 children receive early intervention services.

The department also oversees several programs which promote and support the basic education mission of pre-k to 12 schools including professional development for teachers, the Pa Inspired Leaders program to provide education and support to principals, licensing of Approved Private Schools, teacher certification, educator and school volunteer background checks, teacher discipline, services and materials for nonpublic schools, and the commonwealth's public library system.

Investing in Education

Money is not the only factor in the academic success of students and schools. It is, however, an important factor. School funding must be sufficient to enable students with a wide variety of needs to achieve the academic standards adopted by the commonwealth. This was recognized by the Basic Education Funding Commission in its June 2015 report which recommended multiplying factors for English Language Learners and three poverty factors: acute poverty, poverty, and concentrated poverty.

Basic Education Funding

The governor's education proposal begins with a \$200 million increase in the Basic Education Subsidy. This increase is built on the [assumed] landmark \$377 million increase in 2015-16, and will be distributed among school districts using the funding formula unanimously adopted by the Basic Education Funding Commission in 2015. The formula provides fair, equitable and predictable funding for school districts across the commonwealth. In addition to the total number of students and the student-based factors described above, it also includes a multiplier for the number of students enrolled in charter schools and district-based factors including median household income, tax effort, tax capacity, and status as a rural or small district.

As one of only three states without a funding formula, inequities in funding across Pennsylvania's schools have reached an unsustainable level. Without fair, equitable and sufficient funding, Pennsylvania schools will continue to face uncertainty and be forced into excessive reliance on local property tax increases. Continuation of this inequitable status quo will mean that many thousands of children will not have the resources they need. Employing the Basic Education Funding Commission formula will provide school districts with balanced, equitable and predictable state funding.

Special Education

Governor Wolf's budget also includes a \$50 million increase in the Special Education Subsidy. This increase, in addition to the [assumed] \$50 million increase in 2015-16, will continue Pennsylvania's transition to the equitable special education funding enacted in 2014 following the work of the bipartisan Special Education Funding Commission.

It is important to note that that this increase in state special education funding is critical to school districts. Even with this proposed increase, special education expenses continue to be borne primarily by school districts. Special education costs in the commonwealth increased by a startling 82 percent from 2002-03 to 2012-13. In that same time period, state special education funding increased by a scant 28 percent; federal funds increased 44.9 percent.

According to the Center for Rural Pennsylvania, "The state share dropped from 42 percent to 27 percent, the federal share rose slightly from 3 percent to 5 percent, and the local share increased from 56 percent to 68 percent of total special education revenues. What was essentially an equal state/local partnership in 2002-03 changed dramatically to where the state is a minor partner and local districts have become major partners. The direct fiscal impact has been a shift of funding of more than \$500 million from prior levels of state support to local districts."

Early Childhood Education

Providing students with a strong foundation through high quality prekindergarten programs is a proven path to achievement and a hallmark of Governor Wolf's commitment to education. The governor's education proposal also includes a \$60 million increase for these highly sought programs. This funding increase builds on the \$60 million investment in 2015-16 to create an additional 14,000 new spaces over the two years for children in Pennsylvania Pre-K Counts and the Head Start Supplemental Assistance Program.

The research is clear -- high quality pre-k affords significant benefits to individual students and their communities over both the short and long term. In the short term, young learners are better prepared to start kindergarten; referrals for special education services go down and achievement of social and emotional developmental milestones go up. At the community level, benefits stretch to higher graduation rates, lower crime, better health and civic participation.

Yet despite this significant return on the investment of early childhood funding, currently, only 30 percent of Pennsylvania children in eligible families earning up to three times the federal poverty level (\$72,750 for a family of four) have access to state supported high-quality pre-k programs.

Public Libraries

Governor Wolf's 2016-17 Budget builds on last year's increased funding to libraries with an overall increase of \$1.5 million, representing the highest funding levels in seven years. This increase includes supporting local library operations, providing services to the blind, disabled and elderly along with a growing number of wounded returning veterans in need of special reading and listening formats, and making invaluable print and digital resources available to everyone from research experts to the general public.

Pennsylvania is home to 604 state-aided community-based public libraries serving 5.6 million card holders and more than 55 million in-person and virtual visitors annually. Approximately 395,000 children participated in the 2015 summer reading program conducted by local libraries. Public libraries provide vital services for lifelong learning to residents in communities across Pennsylvania.

Strengthening Pennsylvania's Education Accountability System

Along with additional investments in education, Governor Wolf is emphasizing accountability measures for our public schools. In order to make an impact, dollars need to be driven into classrooms. Districts across the commonwealth identified how restored education funds would be directed to evidence based strategies in classrooms. The most commonly cited plans for using the restored funds were to maintain or expand high-quality early childhood education and full-day kindergarten program, reduce class sizes, and bring back librarians and supports for struggling students.

Office of School Improvement

In order to provide focused assistance to the commonwealth's lowest performing schools, the Department of Education will establish an Office of School Improvement (OSI) and dedicate full-time resources and support focused on the governor's goal of achieving equity, sustainability and accountability for schools.

The department will identify persistently low-achieving schools eligible for interventions and supports to be led and coordinated by the Office of School Improvement. We know that there is no cookie cutter approach to aiding struggling schools. Each school is unique in its challenges, and those challenges have different root causes. The first step must be to identify the causes of fiscal and academic deficiencies, then proceed to develop solutions.

Using a three step approach which has been successfully piloted in the York City School District, PDE will assist schools with (1) performing a diagnostic audit to identify problems and their causes; (2) revising school improvement plans to align with the issues identified in the audit; and (3) implementing the revised school improvement plan. Turnaround Specialists will work with school and district leadership to identify and leverage resources through the department, Intermediate Units, higher education institutions, and other educational partners. Through these targeted efforts, the Office of School Improvement will help schools implement new policies and systems that support student and school success.

Under Governor Wolf's leadership, the Department of Education has begun more methodically assisting our school districts in Financial Recovery Status. The OSI will help facilitate and coordinate the work of the chief recovery officers and receivers who have been appointed to work in the most

financially distressed districts. While it is the financial status of these districts that qualified them for Financial Recovery, attention must be focused on academic success as well. The department began working with York City School District in early 2015, employing the three step strategy described above: identify the causes of the fiscal and academic problems with a diagnostic audit; (2) develop a revised School Improvement Plan focused on the issues identified in the audit; and (3) implement the School Improvement Plan including all stakeholders in success - administrators, teachers, parents, community members and even students. As a result of thoughtful intervention in York, the district is experiencing a renewed enthusiasm from teachers, administrators, students, and the community, which remains a critical stakeholder in the district's progress.

As in York, by understanding the needs of individual schools and their communities, we will help develop and implement strategies that lead to true and sustained improvement.

School Performance Profiles

Along with historic investments in schools, the governor's 2016-17 Budget also proposes ensuring that these funds are used to adequately prepare students for the 21st-century economy. While many agree that test scores are an important indicator of academic performance, they should not be the only indicator of school success. Under the direction of the governor, PDE has been revising the metrics to be used in the SPP to provide a more balanced and holistic assessment of school success in preparing students to be college and career ready. PDE looks forward to continuing to work with the legislature as this work progresses.

In particular, the Department of Education has engaged with over 1,000 stakeholders across the commonwealth over the past year, including teachers and administrators, advocates, lawmakers and families, to discuss proposed metrics for a revised School Performance Profile. The governor proposes an SPP that better accounts for student growth, opportunities for advanced study, career pathways towards industry credentials and student behaviors, like attendance, that affect school success.

This new SPP would hold schools accountable for more than just the results of standardized tests, which are only a snapshot of a student's performance at single point in time. The broader metrics of a revised SPP will be a much better measure of whether schools are supporting student learning and graduating students who are prepared to enter the workforce, seek additional training or attend an institution of higher education.

Reforming Charter Schools

As described earlier, there are currently over 170 public charter schools in Pennsylvania educating 133,000 students. Charter schools continue to be a valuable partner in the commonwealth's public school system. Some of these charter schools offer an excellent education to their students, with innovative programs and strategies for success. Other charter schools have not been as successful in fostering student success, measured by test scores or otherwise. Yet charter schools continue to collect taxpayer funded tuition reimbursements from school districts with very little accountability for either expenditures or student growth.

Charter School Reimbursement for Special Education

The governor's 2016-17 Budget proposes implementing the three-tiered formula that more closely aligns special education funding to the actual costs associated with the services provided that was recommended by the bipartisan Special Education Funding Commission in 2014. This three-tiered formula has already been implemented for new state funding to school districts for special education.

The proposed change will be phased in over three years and result in more than \$180 million in savings to school districts.

Cyber Charter School Funding Reform

Governor Wolf's proposed budget also includes a cyber charter school tuition rate that reflects fundamental differences in service delivery costs between different types of schools.

Pennsylvania cyber charter schools do not have many of the same facility and face-to-face service delivery costs as brick-and-mortar charter schools and traditional public schools. The 2016-17 Budget implements a new funding formula for cyber charter schools to better align tuition payments with actual costs. These funding reforms will save \$50 million annually for school districts across the commonwealth.

- **Regular Education Tuition:** The budget proposal includes additional deductions to those currently used to calculate regular education tuition rates to better reflect the different costs incurred by cyber charter schools. The additional deductions include expenditures for libraries, nonpublic support, tax assessment and collection, nonpublic health, community services and a portion of operation and maintenance of plant services. The per-student regular education tuition rate would then also be capped at the 70th percentile rate across all Pennsylvania school districts.
- **Special Education Tuition:** The budget also proposes calculating special education tuition rates according to current law, which would incorporate the revised regular education tuition rate, described above. The special education rate is also capped at the 70th percentile rate across all school districts.

Permanently Ending the Pension "Double Dip"

Governor Wolf's 2016-17 Budget proposes enacting reform to permanently prevent both brick-and-mortar charter and cyber charter schools from being paid twice for the same employee pension costs. This change has previously received bipartisan support, and the budget proposes making this reform permanent.

Modernizing Career and Technical Education

Governor Wolf's 2016-17 Budget proposes investing in programs that continue to modernize Career and Technical Education in Pennsylvania. Fewer than half of Pennsylvania's citizens have a college degree or industry-recognized certification. By 2025, roughly 60 percent of good-paying, reliable jobs in the state will require these credentials. With this in mind, Pennsylvania will seek to make a college degree or high-value industry-recognized certification available to at least 650,000 additional residents over the next decade. Exploration and preparation for those high-skill careers begins in middle school and high school.

Earlier this year I visited the Greater Johnstown Career and Technology Center to see some of the programs they are offering students in the seven school districts in the region, and other residents. What I saw in Johnstown was state-of-the art training in construction, engineering, nursing, mechanics and other programs of study. I saw an engine students built that runs on the recycled oil from the kitchen at the onsite culinary school, which operates as a public restaurant one night a week. I saw students and staff engaged in teaching and learning, and a true enthusiasm for the coursework from all involved. Local superintendents and school board members were on hand to share how the programs offered at the GJCTC impact their students and provide them with the training to qualify for good paying, high demand jobs when they graduate.

Career and Technical Education

This budget proposes an increase of \$15 million for grants to be awarded on a competitive basis to support the establishment and expansion of high-quality career-technical programs that prepare students for success in the high skill economy. School districts, career and technical centers, higher education institutions, employers and labor organizations can work together to develop career pathways that lead to high-priority occupations and provide work based learning opportunities for students. These partnerships afford students opportunities for dual enrollment with college credit and industry recognized certification often even before high school graduation.

Career and Technical Education Equipment Grants

The budget also proposes \$5 million in grants to help area Career and Technical Centers and school districts to support updating or purchasing equipment that meets industry standards for the purpose of training students. Priority will be given to Career and Technical Education grant applicants that show an in-kind or monetary contribution from employers or other partners.

Career Counselors

Continuing the [assumed] investment made in 2015-16, the 2016-17 Budget includes \$8 million to provide support for school districts offering college and career counseling starting in middle school. Students need early exposure to the occupational opportunities that align with their interests; students will then be better prepared to in high school to take advantage of academic and CTE pathways available to them in high school.

Reinvesting in Postsecondary and Higher Education

The 2016-17 Budget reinvests in higher education by making a commitment to a four-year restoration of the previous cuts to colleges and universities. This type of investment is critical for the commonwealth to meet the workforce demands in high growth and high demand employment areas. Through partnership with publicly supported higher education in Pennsylvania we hope to increase access and completion of postsecondary education, modernize career and technical education, develop pathways to higher education and high skill careers and increase opportunities for students in STEM education and STEM degrees.

As I said previously, 60 percent of good paying jobs in Pennsylvania will require a postsecondary credential. Majors that lead to the highest earnings for college graduates will be in the STEM fields and according to the Center on Education in the Workforce, job growth in this field will increase by 24 percent by 2020. The economic advantage college graduates enjoy is true for not only STEM graduates - research shows average annual earnings of individuals with a degree are more than 75 percent higher than the earnings of high school graduates. Further, there are societal benefits to increasing the number of college graduates, including lower crime rates, greater and more informed civic participation, better health outcomes and lower unemployment rates.

In 2013-14, Pennsylvania's 14 community colleges awarded 17,271 degrees, a 23.1 percent increase from five years ago. Additionally, Pennsylvania State System of Higher Education-conferred degrees have increased each of the last four years, growing from 24,654 to 26,305.

It is essential to continue on the path to making college affordable for Pennsylvania students.

Community Colleges

Governor Wolf proposes a two-year combined funding increase of \$22 million for Pennsylvania's 14 community colleges. The community college system serves 89,633 students. The additional funding

will help the colleges meet the educational and workforce needs of their communities and ensure access to higher education for all Pennsylvania residents. Pennsylvania's community colleges served students from every county in Pennsylvania and conferred 16,071 awards – 55 percent of them in STEM fields.

Pennsylvania State System of Higher Education

The 2016-17 Budget proposes a two-year combined funding increase of \$42.3 million for the 14 universities of the Pennsylvania State System of Higher Education. Serving 100,521 students, the State System continue to provide the commonwealth with highly skilled graduates. Bachelor's degrees in the STEM and Health areas represent almost 25 percent of degrees awarded and 59 percent of graduates of PASSHE are women.

This investment in the Pennsylvania State System of Higher Education is critical to maintain college affordable for Pennsylvania residents. Nearly 90 percent of students enrolled at PASSHE are Pennsylvania residents and of these 32 percent are recipients of Pell Grant.

State Related Institutions

The governor's proposal also includes a two-year combined \$59.7 million increase for Penn State University, the University of Pittsburgh, Temple University and Lincoln University. These public universities serve a combined 165,907 students. It is estimated that the State-Related Institutions of Higher Education in Pennsylvania had a direct and indirect economic impact of \$15 billion dollars. According to the National Science Foundation, University of Pittsburgh ranked 6th, Pennsylvania State University Ranked 20th and Temple ranked 94th in research expenditures, accounting for over \$1.8 billion in research expenditures. These resources will spur innovation and help the four state-related universities transform research into job creation.

In conclusion, Governor Wolf has proposed a comprehensive package of investments in Pennsylvania's education infrastructure. These renewed investments in education are needed to support our communities.

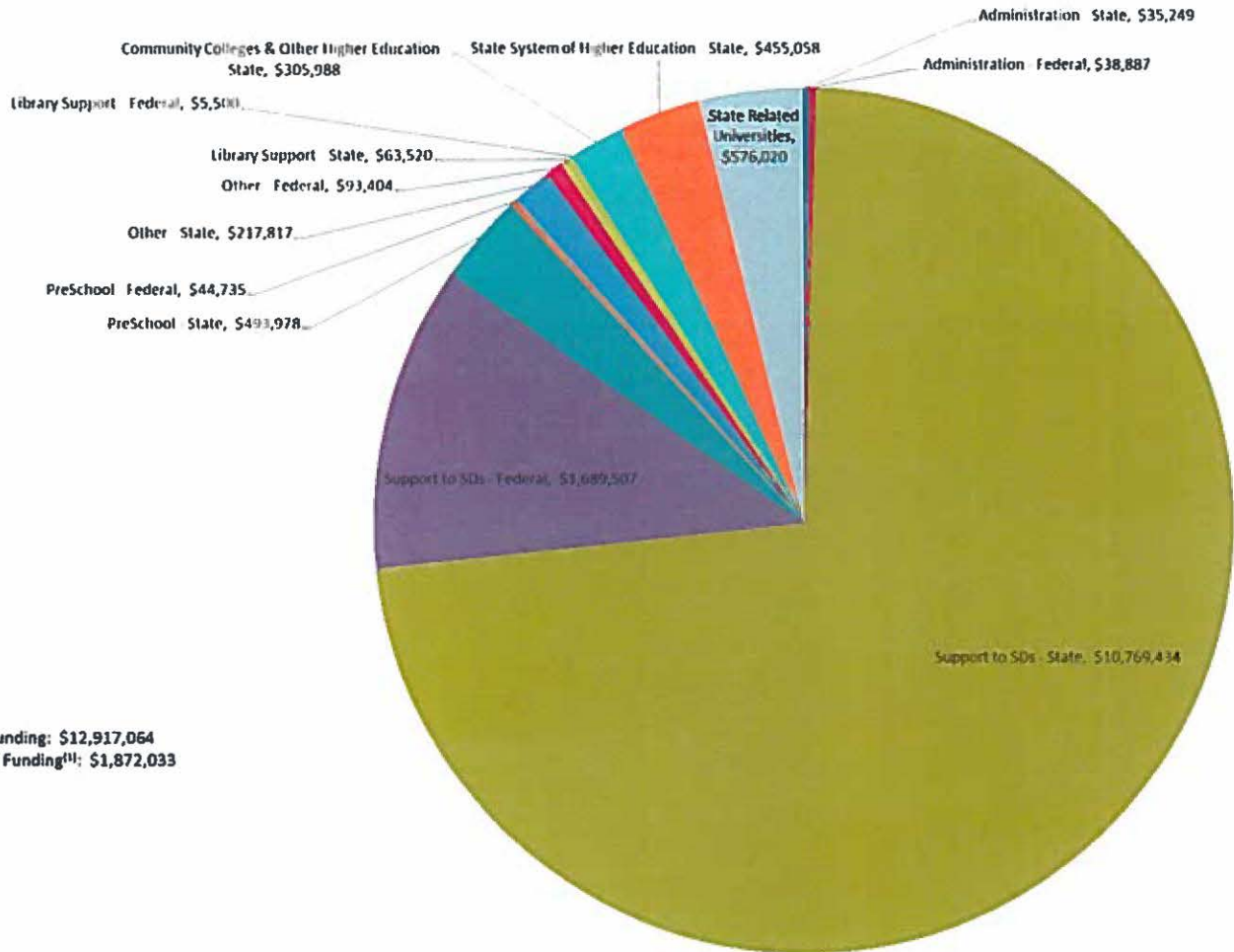
Most notably, additional state funds directed to education, can reduce reliance on property tax increases. In 2015, 83 school districts increased property taxes above the index. 179 districts have submitted plans to raise taxes above the index this year. If we do not invest additional state resources in education, we jeopardize districts' further investments in expanding pre-kindergarten and full-day kindergarten, transitioning to college and career-ready standards and developing and offering interventions to struggling students. Without additional investments, access to high quality pre-k programs will be limited for thousands of Pennsylvania children, a strategy that is proven to have a higher yield return for every dollar invested.

Pennsylvania is at a crossroads. One path leads to a continued overreliance on property tax hikes and inequitable funding; the second path uses the bipartisan funding formula to distribute our state's precious tax dollars and heightens the state's share of the responsibility for funding our schools.

How you choose to view our circumstances, as challenges or opportunities, is up to you, but our students' success and our state's future await your decision.

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

FY 2016-17 Department of Education State and Federal Funding (amounts in '000's)



(1) Includes estimated grant awards to be received during FY16-17 that may run over multiple state fiscal years and does not include carryover from current grants received in previous years. Includes federal grants subgranted to PDE through other state agencies.