



A look at Rendell's 2007-08 Education Budget

February 7, 2007 -- Governor Ed Rendell laid out his spending plan for the 2007-08 fiscal year on Feb. 6, and the budget makes a significant investment in early childhood education, as well as pays close attention to school districts with concentrated poverty. As we take a closer look at the education budget below, you might find it helpful to view a copy of it on-line, by **clicking here**.

http://www.pdeinfo.state.pa.us/education_budget/lib/education_budget/BASEDSUMMARY07-08GOVBUD.xls

Accountability Grants Expand Pre-K

The governor's proposed spending plan would bring the state's investment in K-12 education to \$9.3 billion, an increase of \$526 million over last year's appropriation (see line 64 of the budget).

Of this, nearly one-fifth, or \$100 million, would go toward the important goal of expanding access to early childhood education. To accomplish this the governor proposes increasing the Pennsylvania Accountability Grants (see line 15 of the budget) from \$250 million to \$350 million. Of this \$100 million, \$75 million would be earmarked to launch Pennsylvania Pre-K Counts, and \$25 million to help school districts shore up full-day kindergarten.

As stated by the Governor, "Targeting our resources in early childhood education is one of the wisest investments we can make. Every dollar we invest now in early childhood education will provide taxpayers with a 160-percent return down the road."

It should be noted that another major component of the budget increase is the \$83 million increase (see line 44 of the budget) that must be used by school districts to help meet their growing state-mandated pension obligations — an expense that is not related to current classroom instruction or closing achievement gaps.

Basic Education Subsidy

The largest increase to the budget, however, is the increase in "basic education" funding, (see line 9 of the budget) which is the primary way that the state contributes its share of funding to K-12 public education. The governor's budget proposal increases the basic education subsidy by \$166 million, or 3.5 percent, for a total of \$4.95 billion. Special Education (see line 30 of the budget) would receive a 3 percent increase, or an

increase of \$29.5 million, for a total of \$1.01 billion.

If you think of the basic education subsidy as a pie, school districts are eligible for various slices of the pie depending on which criteria they meet. For instance, one slice of the pie goes to school districts that are unusually small; another goes to districts that are facing rapid growth in student enrollment. Other slices of the pie, (or "supplements" as they are formally known), are earmarked for districts with high levels of poverty, districts that have many English language learners, and districts that are making high local tax efforts. Finally, one slice of the pie is reserved to guarantee every school district a minimum 2 percent increase. To see a list of and explanation for the supplements, **click here**.

http://www.pdeinfo.state.pa.us/education_budget/cwp/view.asp?a=3&Q=71004&education_budgetNav=%7C4869%7C&education_budgetNav=%7C

To see the appropriation to each school district, **click here**.

http://www.pdeinfo.state.pa.us/education_budget/lib/education_budget/BEF0708_Feb07_Web.xls

Sadly, in the absence of a united vision for how Pennsylvania can ensure a quality public education to all students, the annual budget process typically pits one "interest group" against another as each jockeys for a larger piece of the pie.

Establishing a Foundation

But let's take a closer look at one of the supplements -- the foundation supplement. As practiced nationally, under a "foundation funding" approach, the state guarantees that a minimum level of funding is available to each student. Pennsylvania has not guaranteed a minimum, (not to mention optimum), level of funding in years. In 2005-06, Rendell introduced a foundation supplement to the basic education subsidy; \$8,500 per pupil was identified as the target level, but the amount appropriated, \$23 million, was only about 5 percent of what was needed to actually guarantee the foundation level.

Importantly, this year's approach to the foundation supplement recognizes the extraordinary responsibilities of school districts where a majority of students come from low-income households, (as identified by student participation in the free and reduced lunch program.) It sets \$9,333 as the new foundation level, and adds a 20 percent upward adjustment for high-poverty school districts, raising their target level to \$11,204. A total of \$58 million is earmarked for foundation funding, designed to help 169 school districts move closer to their target funding level.

Meanwhile, the State Board of Education, at the direction of the General Assembly, is spearheading a statewide costing-out study that will use four research-based methods to determine the foundation level of funding that is required to successfully educate students to meet state academic requirements. In keeping with national best practices,

the study will determine the variations on this foundation level required by factors affecting school districts (i.e. size or location) and their students (i.e. special education, poverty, and limited English proficiency). The study, which should be completed in November, should guide Pennsylvania in the creation of a sound school funding formula that prepares all students to meet the ambitious and rigorous standards that are increasingly being set for them and being demanded by business and civic leaders.

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