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Stimulus props up education in state

But federal funds will dry up in 2011, creating shortfall

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By Eleanor Chute, Pittsburgh Post-Gazette

It's the \$654.7 million question.

How will Pennsylvania continue paying the bill for basic education when federal economic stimulus expires in 2011?

The \$654.7 million is how much federal stimulus money the Legislature plugged into the state's \$5.5 billion basic education subsidy budget line.

About \$300 million is an increase in the basic education subsidy over last year. With the rest of it, the legislators substituted federal money for state money.

So this year, while there is an increase in basic education subsidy, there is a decrease in how much basic education money comes from the state.

At play is \$1.56 billion of fiscal stabilization money, which is part of the federal economic stimulus. That money expires in 2011.

Current plans call for spending about \$1.3 billion of it over two years -- about \$655 million each year -- on basic education. That doesn't leave any federal money for future years.

The remaining \$249 million is to be spent on restoring higher education money in 2008-09, 2009-10 and 2010-11, said Michael Race, state Department of Education spokesman.

The need to use federal money to substitute for state money is a "reflection of the fiscal year we're in," said Mr. Race. "The Senate Republicans wanted to use over \$720 million [this year] in stimulus money to do nothing but backfill."

The governor's initial proposal used stimulus money for increasing basic education spending, not replacing state dollars.

Mr. Race said using stimulus money for both backfilling and adding resources was a compromise.

As the last state to approve its budget, Pennsylvania also is the only state that does not have a fiscal stabilization fund plan approved by the federal government.

The state must submit a revised application.

The governor's earlier plan that left state-related universities out of the stabilization money resulted in the federal Department of Education asking for a revised application.

Other states already have begun to receive their fiscal stabilization money.

That gap in paying for the basic education subsidy in future years will be challenging for the next governor, who will begin serving just after the federal stimulus money ends.

"It does raise issues for the future in terms of the challenge of shifting from available federal stimulus dollars to what predictably will be a total state dollar responsibility," said Ron Cowell, president of the Education Policy and Leadership Center.

Even so, Mr. Cowell, who also belongs to the Pennsylvania School Funding Campaign, praised the enacted budget for both increasing the amount of spending for basic education and using the formula started last year that distributes the money in a way intended to increase adequacy and equity.

"From an education funding standpoint, this budget is far better than what the Legislature was considering in July and August and even in early September," he said.

"I think those legislators and Gov. Rendell, who stayed very, very tough on the education funding issues, made a significant difference in terms of the education funding outcome."

Some other areas of education funding -- including some which were in jeopardy of cuts -- are flat, including Pre-K Counts and accountability grants.

This news is good enough that the Allegheny Intermediate Unit is planning to restore some preschool slots it eliminated when the budget was uncertain.

But throughout the overall education budget, there are about \$200 million in cuts that will affect different schools in different ways.

For example, the Classrooms for the Future program, which provided high-tech equipment and professional development, was intended to be phased out eventually.

But the budget cuts \$44.7 million that was in last year's budget even though about 50 districts in the state have not received money through the program.

State payments that have been eliminated for other programs include urban and minority teacher development; homebound instruction; teen pregnancy and parenthood; recording for the blind and dyslexic; alternative and safe schools; and electronic library catalogue.

Homebound instruction, which was partially paid for by the state, is mandated by the state, so school districts will have to continue the service.

Federal economic stimulus money also is helping in other ways to pay for K-12 education.

The federal government allotted \$383 million for Title 1, which is aimed at improving math and reading in low-income schools, and \$384 million for special education in Pennsylvania.

The state budget for special education is the same as last year's, about \$1 billion, but does not count the special education money available through the federal stimulus.

Some of the Title 1 and special education money has begun flowing to eligible schools.

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