



February 12, 2016

The Senate and House of Representatives were in session this week; both chambers are now adjourned until March 14 as the Senate and House Appropriations Committees will convene hearings on specific components of Gov. Wolf's budget proposal. On Tuesday, March 8, the House and Senate Appropriations Committees will meet separately with the Department of Education.

STATE BUDGET

Governor proposes 2016-17 budget plan

This week Gov. Tom Wolf delivered his 2016-17 state budget address to the General Assembly, even as the 2015-16 budget is not final. The \$33.3 billion proposal provides increases for both basic and special education, and focuses on accountability for schools and charter school reform measures. The governor's plan would generate revenues needed to pay for spending increases through a package that includes, among other changes, raising the personal income tax from 3.07 to 3.4%; expanding the sales tax base; and enacting a severance tax of 6.5%, with an impact fee credit.

The spending plan includes a \$200 million increase for the basic education subsidy above the assumed \$377 million increase in 2015-16, for a total of \$6.3 billion. A \$50 million increase is proposed for special education, in addition to the assumed \$50 million increase in 2015-16, for a total of \$1.146 billion. The plan also calls for an adjustment to charter school reimbursements to better reflect actual costs of educating students with special needs.

Further, the budget implements funding changes for regular and special education tuition costs of cyber charter schools, and would make the pension double dip prohibition permanent. The budget also requires charter and cyber charter schools to refund money to their sending school districts if the charter school's audited expenditures are less than its tuition revenue.

In addition, the budget creates accountability initiatives. The PA Department of Education (PDE) will establish an Office of School Improvement (OSI) to provide interventions and support to schools identified as persistently low-achieving. In addition, PDE will revise the current School Performance Profile (SPP) system to be less heavily weighted on test scores and take into account other factors that impact school success.

The budget plan also calls for the transfer of approximately \$561 million to a restricted account for state payments to the Public School Employees Retirement System (PSERS). The governor did not specifically recommend major changes for reform of the pension systems for state and public school employees; suggesting instead that improvements be made through reduction of investment fees and consolidation of

investment management, and to eliminate redundant Public Employee Retirement Commission (PERC) functions.

[Click here to access PDE's Education Budget page](#), which includes links to the Education Budget PowerPoint Presentation, Summary of Education Appropriations, and district subsidy charts for basic and special education. *PSBA has been advised that the charts that are utilized to calculate the basic subsidy distribution are not fully updated with the various factors needed to recalculate the disbursement. PDE has indicated that it will change these numbers soon.*



PSBA encouraged by proposed funding increase, but 2015-16 budget needs finalized

PSBA issued a statement following the budget address, expressing gratitude for the continued proposed investment in education under the plan, but maintaining concerns that the 2015-16 budget remains unfinished. "School districts received a brief reprieve from budget woes when Gov. Wolf released emergency funding to schools at the end of December," said PSBA Executive Director Nathan Mains. "However, any relief districts felt is quickly evaporating as the 2015-16 budget impasse continues."

Additionally, adoption of the Basic Education Funding formula is critical no matter what budget is passed for this year or next. Having such a formula in place will help distribute funding fairly and equitably.

"Pennsylvania's students are counting on policy makers to come to the table and get this financial crisis solved," Mains said. "The education of our children is far too important."



PSBA survey shows how the budget impasse has impacted school districts

PSBA recently conducted a survey with districts to determine what impact the budget impasse has had on them currently and in the future. The results show that districts have made difficult decisions and continue to do so. Some have had to borrow money, miss payments or halt programs due to the budget impasse. The problems for school districts are compounded by the fact that at the same time that they are unsure of what additional funding they will receive for the remainder of the current 2015-16 school year, they are required to be developing their 2016-17 budgets.

For districts that reported needing to borrow, the impact was significant and widespread. The majority of those responding to the survey reported having to borrow at least \$1 million. The average amount borrowed was about \$3.5 million, the minimum was \$500,000 and the maximum amount was \$10 million.

Many districts reported missed payments or partial payments to charter and cyber charter schools (29%); employee pension contributions (17%); and vendors (14%).

The survey showed that 18% of respondents experienced a negative impact on their credit rating. Respondents reported either cutting or decreasing programs such as teacher/administrator professional development (21%); instructional materials/supplies (19%); technology (18%); building maintenance

(16%); and tutoring/remediation for students (14%).

A majority (63%) of districts said they would not be able to make it the remainder of the year without borrowing money if a budget is not passed. An overwhelming majority (87%) of districts responding believed they would be forced to raise additional local tax revenue in 2016-17 to meet state education mandates.

[Click here to read the full report.](#)

Latest News

Senate Committee Action

- [Approved by the Senate Games and Fisheries Committee](#)

Senate Committee Action

Approved by the Senate Games and Fisheries Committee

Mandated Use of District Facilities for Hunter Education - [House Bill 1168](#)

(Rep. Maloney, R- Berks) requires school districts, upon request of the PA Game Commission, to provide space in their facilities for the purpose of conducting a hunter education course. Classes must comply with curriculum standards and program policies established by the commission, and the commission must compensate the school for the actual cost related to the use of the building. The classes may be held after school, during the weekend or any other day when school is not in session.

[Top](#)

Pennsylvania School Boards Association

400 Bent Creek Blvd.
Mechanicsburg, PA 17050

[Sign up for alerts!](#)

Follow Us



You are currently subscribed to a mailing list of Pennsylvania School Boards Association. If you wish to unsubscribe, please click [here](#).

