

P. MICHAEL STURLA, CHAIRMAN
414 MAIN CAPITOL BUILDING
P.O. BOX 202096
HARRISBURG, PENNSYLVANIA 17120-2096
PHONE: (717) 787-3555
FAX: (717) 705-1923



HOUSE DEMOCRATIC POLICY COMMITTEE

www.pahouse.com/PolicyCommittee

Policy@pahouse.net

Twitter: @RepMikeSturla

House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Education Funding and Property Tax Reduction

Greater Johnstown Area High School – Johnstown, PA

April 28, 2015

AGENDA

- 2:00 p.m. Welcome and Opening Remarks
- 2:10 p.m. Beth Olanoff
Director of Policy
Pennsylvania Department of Education
- 2:40 p.m. Panel from Local School Districts:
- Amy Arcurio
Freshman Academy Principal
Greater Johnstown School District
 - Donald Irwin, Jr.
Superintendent/Business Manager
Westmont Hilltop School District
- 3:30 p.m. Closing Remarks

GOVERNOR WOLF'S 2015-16 PROPOSED EDUCATION BUDGET

A HISTORIC INVESTMENT IN STUDENTS

Beth Olanoff
Director of Policy
Pennsylvania Department of Education

House Democratic Policy Committee
April 28, 2015



PENNSYLVANIA'S FUTURE DEPENDS ON 3 THINGS:

Schools that Teach

Jobs that Pay

Government that Works

The Commonwealth's education system is central to Pennsylvania's agenda to build a better future.



HISTORIC INVESTMENT IN EDUCATION

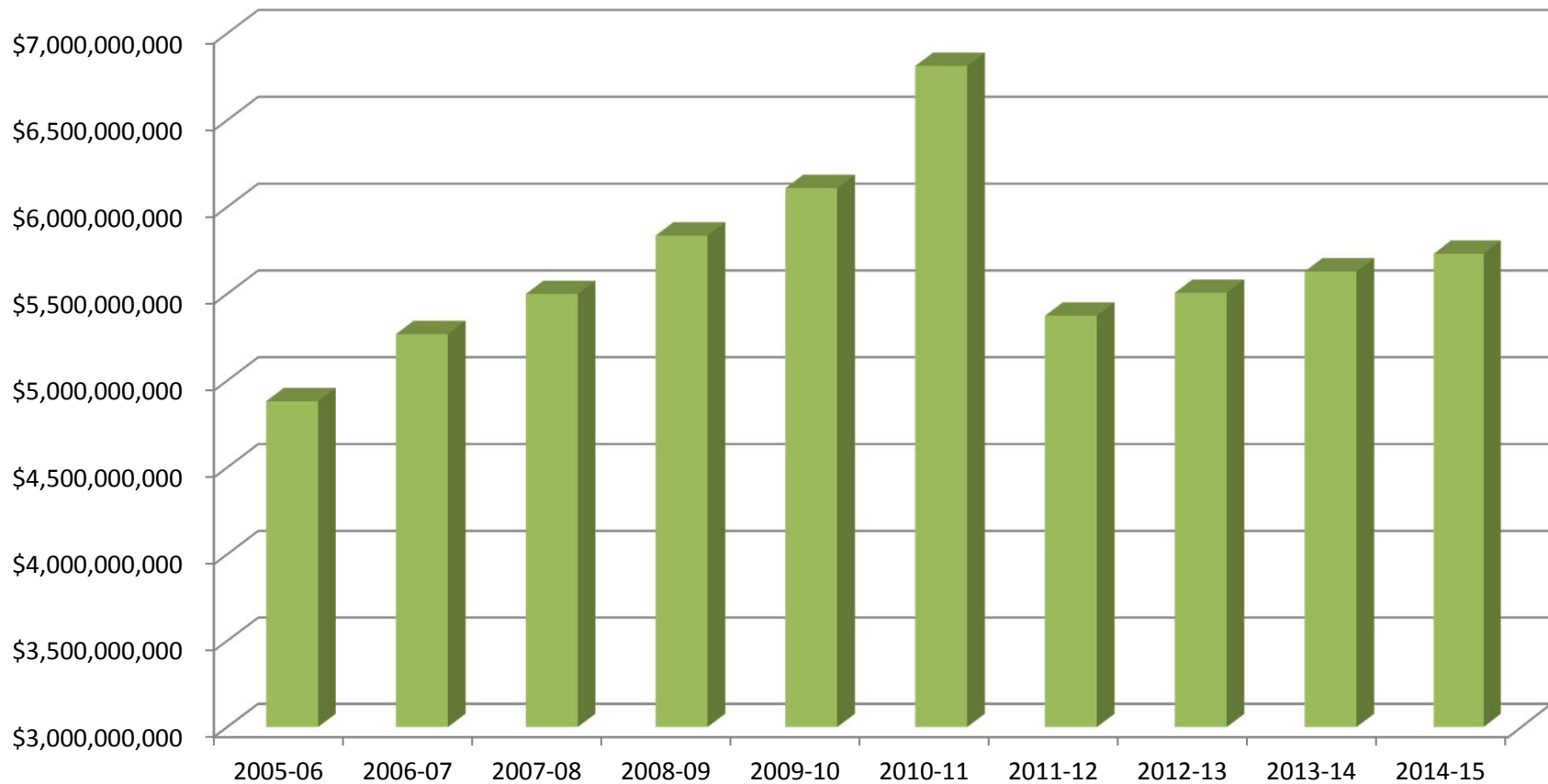
- Over the last four years, schools across Pennsylvania have suffered \$1 billion in cuts that led to massive layoffs, huge property tax increases, and the elimination of valuable programs.
- Gov. Wolf has proposed the Education Reinvestment Act that will restore funding for schools.
- Gov. Wolf's budget will increase the state's share of funding for public education to 50 percent and cut school district property taxes by more than 50 percent for the average homeowner.



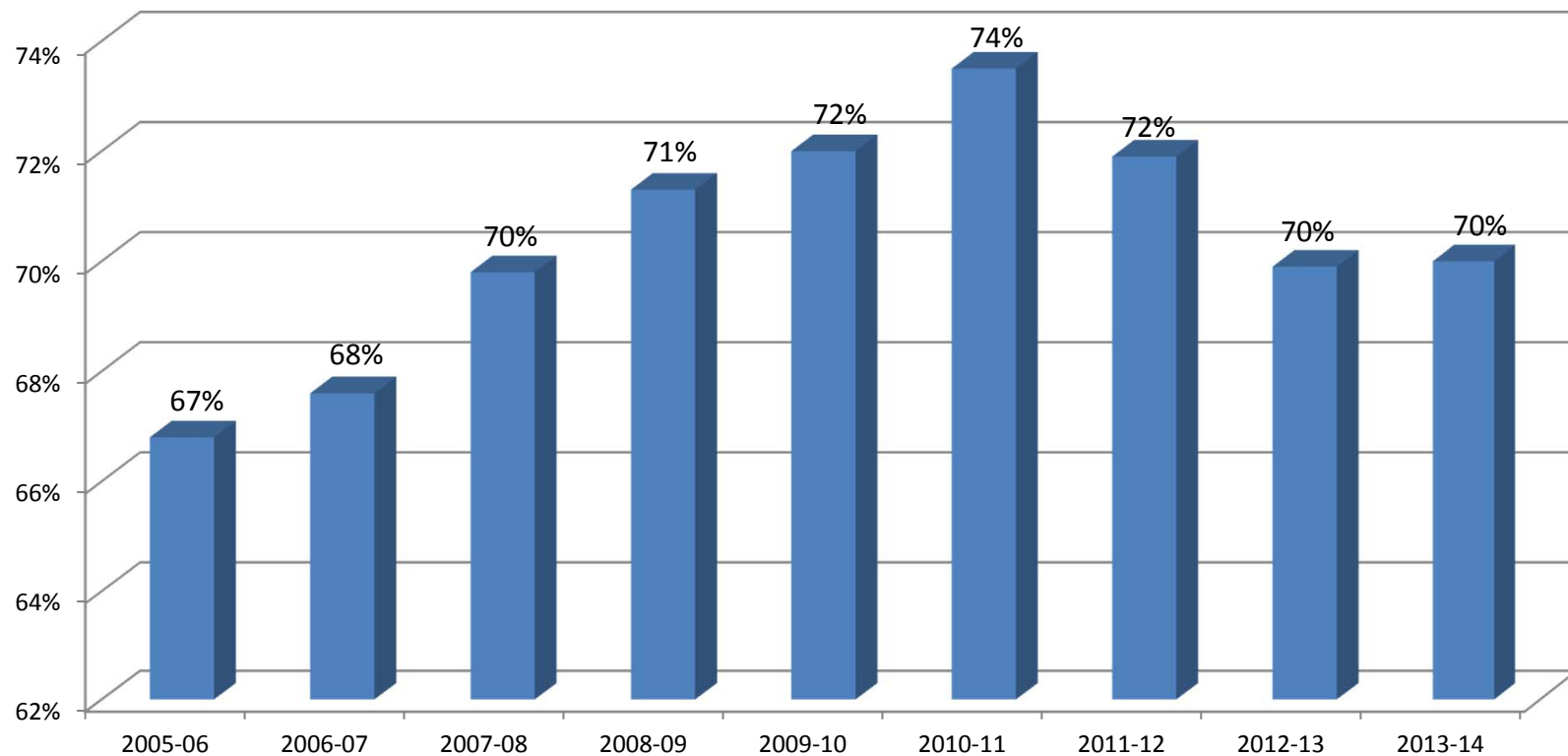
**WE HAVE SEEN WHAT HAPPENS WHEN
THE STATE FAILS TO INVEST
IN OUR CHILDREN AND SCHOOLS...**



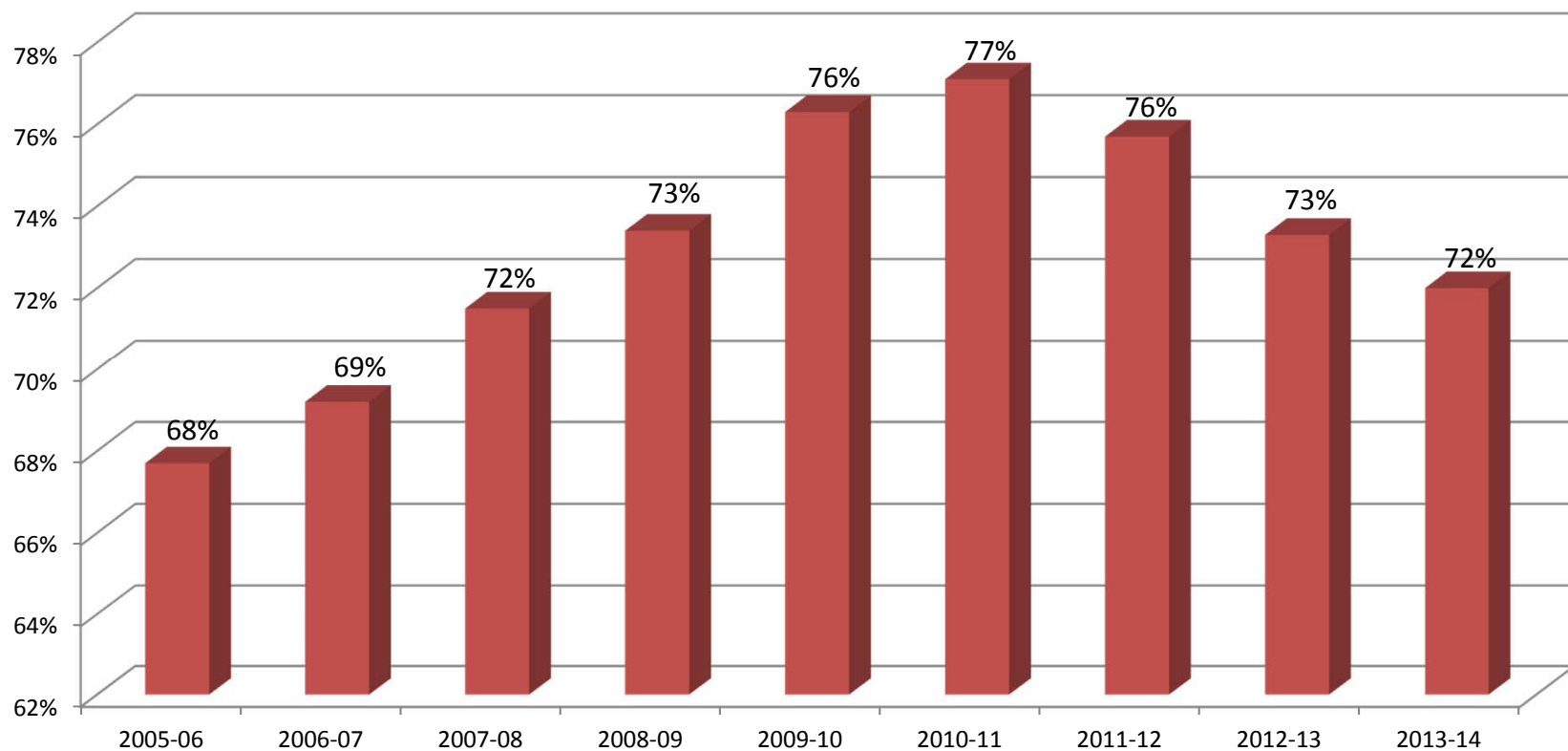
EDUCATION CLASSROOM FUNDING



PERCENTAGE OF STUDENTS ADVANCED OR PROFICIENT IN READING



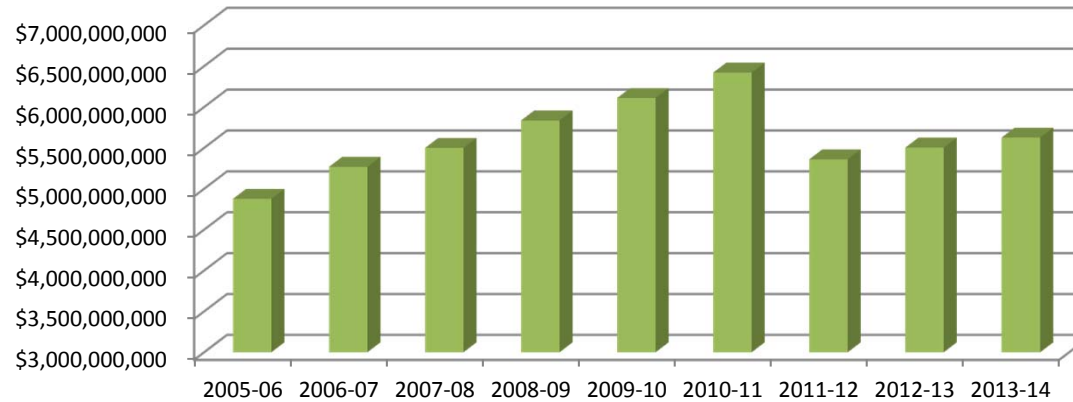
PERCENTAGE OF STUDENTS ADVANCED OR PROFICIENT IN MATH



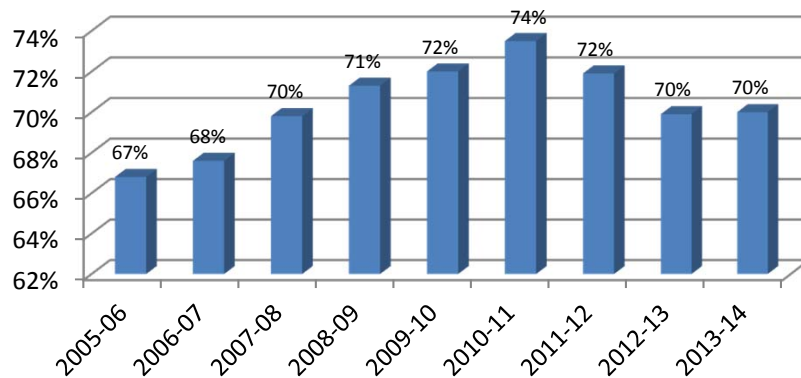
GOVERNOR TOM WOLF

2015 - 2016 PENNSYLVANIA EXECUTIVE BUDGET

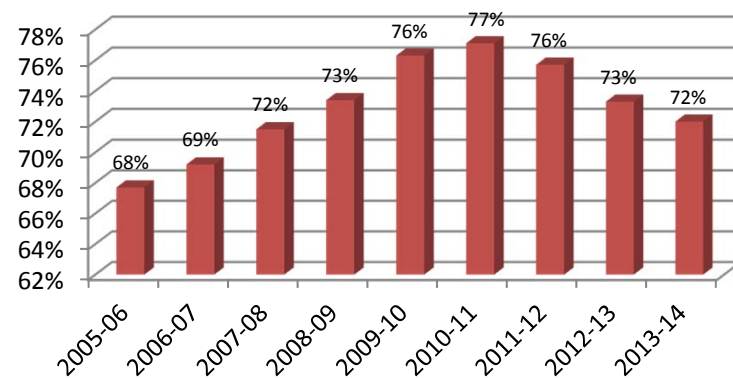
Education Classroom Funding



Advanced/Proficient Reading



Advanced/Proficient Math



THE 2015-16 BUDGET: \$1 BILLION RESTORATION FOR EDUCATION

- \$400 million increase in Basic Education Funding
- \$100 million increase in Special Education Funding
- \$120 million increase in Early Childhood Education
- \$143 million increase in Higher Education Investment
- \$20 million Career and Technical Education and Equipment Grants
- \$8 million for Career Counselors in middle and high schools
- \$9 million for Dual Enrollment
- \$47 million for other Pre-K to 12 and higher education investments
- \$160 million in savings from Cyber Charter Reform



THE STATE WILL PAY ITS FAIR SHARE

- The 2015-16 Budget is the first phase of a 4-year goal to increase overall preK-12 investment by \$2 billion in order to meet the state's educational commitments and provide all children with a quality public education.
- This comprehensive budget will finally bring the state's share of public education up to 50 percent for the first time since the early 1970's.



BASIC EDUCATION FUNDING \$6.13 BILLION

- \$400 million increase for Basic Education Funding – representing the largest increase in Pennsylvania history
 - Full restoration of funding for the Accountability Block Grant and Educational Assistance Program tutoring
 - Reimbursement of approximately 10% of mandatory tuition payments to charter schools
 - Additional restoration of Basic Education Subsidy cuts instituted since the 2010-11 school year



BASIC EDUCATION FUNDING

- Pennsylvania needs a real school funding formula.
- We will work with the bipartisan Basic Education Funding Commission to reach agreement on a formula by June 10 and enact it into law by June 30, so that it will take effect in 2016-17.
- Our goals for a new funding formula:
 - Adequacy
 - Equity
 - Predictability
 - Accountability



SPECIAL EDUCATION FUNDING

Total state spend: \$1.15 BILLION

- Pennsylvania school districts provide special ed services to 269,000 students
- Increases the student based formula amount to \$115.8 million
- Continues the implementation of the formula developed by the bipartisan Special Education Funding Commission



STRONGER ACCOUNTABILITY

- It is time for a renewed focus on strong and fair accountability at all levels – for students, educators and schools.
- The state must start by listening to key stakeholders and developing an accountability framework that will improve and support the success of our public education system, reduce over-testing and ensure public confidence in the performance of our schools.



WE WILL INVEST MORE AND WE WILL EXPECT MORE

- Total school district spending exceeds \$3 billion per year on administrative, back-office, transportation and other central office costs.
- We need to refocus our resources where they belong: in the classroom.
- School districts should continue to work together and with the Intermediate Units to look for additional savings through shared services and other efficiencies.



CYBER CHARTER FUNDING REFORM

- School districts spent \$421 million on mandatory payments to cyber charter schools in 2013-14.
- Cyber charter schools are fundamentally different than brick-and-mortar charter schools in their cost structure and this needs to be recognized.
- Cyber charter schools are more comparable to Intermediate Unit online learning programs.



CYBER CHARTER FUNDING REFORM

- New funding formula based on the highest-cost of several best-performing, comparable Intermediate Unit online education programs
- Regular education = \$5,950 per cyber charter student
- Special education = based on recommendations from the Special Education Funding Commission
- Based on 2013-14 data, school districts would save at least \$160 million



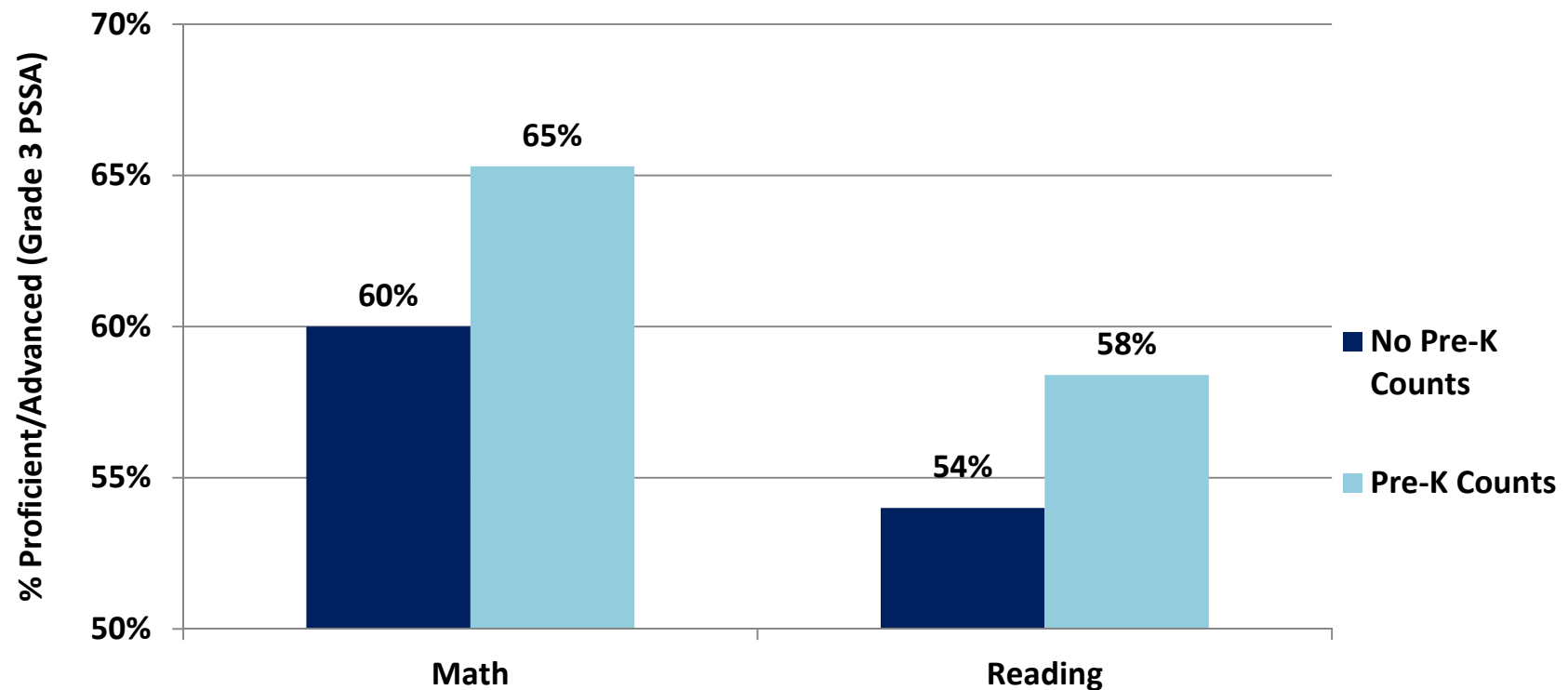
ADDITIONAL CHARTER SCHOOL REFORMS

- Making the pension “double dip” prohibition permanent
- and
- Requiring reimbursement based on audited costs



PRE-KINDERGARTEN PROGRAMS WORK

Low-Income Kids Who Had Pre-K Outperform
Peers by 3rd Grade



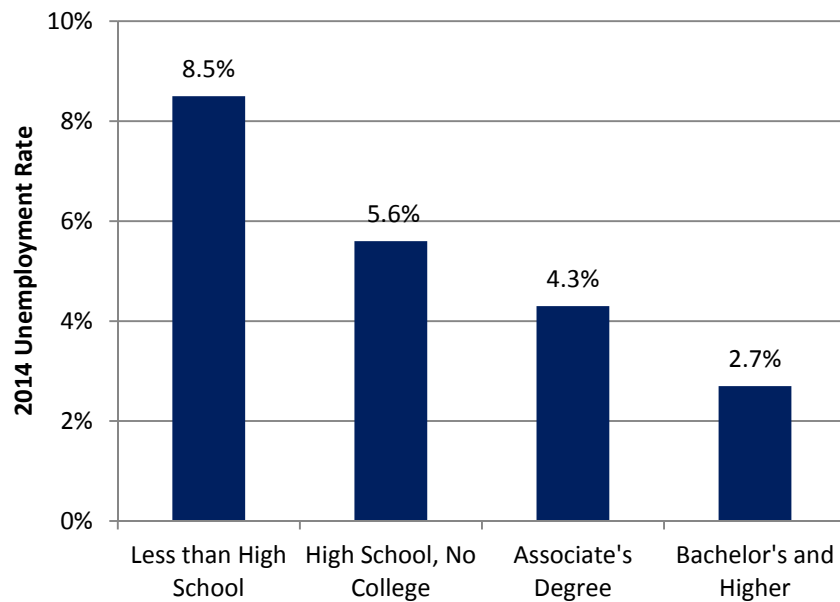
HIGH-QUALITY EARLY CHILDHOOD EDUCATION \$494 MILLION

- \$120 million investment to create an additional 14,000 spaces, an increase of 75 percent
 - \$100 million increase in Pre-K Counts
 - \$20 million increase in Head Start Supplemental Assistance Program
- Part of a multi-year commitment to reach universal pre-k for 3- and 4-year-olds
- \$238 million Early Intervention



PA RISING: HIGHER EDUCATION AND WORKFORCE DEVELOPMENT FOR PA'S FUTURE

**As Education Increases,
Unemployment Drops...**



...and Income Rises



SETTING A GOAL FOR PENNSYLVANIA'S FUTURE

- Today, just 48 percent of Pennsylvanians have a college degree or industry-recognized certification.
- By 2025, 60 percent of good-paying, reliable Pennsylvania jobs will require these credentials.
- Pennsylvania will close that gap – making a college degree or high-value industry-recognized certification available to at least 650,000 additional Commonwealth residents over the next decade.



BUILDING A BRIDGE FROM HIGH SCHOOL TO COLLEGE AND CAREERS

- \$15 million as the first step to transform and modernize Career and Technical Education by establishing and enhancing programs statewide that prepare students for success in today's high-skill economy
- \$5 million for CTE Equipment Grants
- \$8 million for career counselors in middle and high schools
- \$9 million to re-establish the successful Dual Enrollment Program



REINVESTING IN COLLEGE SUCCESS

- The 2015-16 Budget invests in our students and economy by restoring the higher education cuts over the next two years.
- We must work together to improve higher education success in partnership with the community colleges and the Pennsylvania State System of Higher Education (PASSHE), focusing on:
 - Performance
 - Affordability
 - Student completion
 - Transformation through structured career pathways and partnerships with employers



REINVESTING IN COLLEGE SUCCESS

\$140.9 MILLION IN RESTORATIONS

- \$15 million increase for Community Colleges
- \$45 million increase for the Pennsylvania State System of Higher Education (PASSHE)
- \$80.9 million increase for State-Related Universities
 - \$49.6 million increase for the Pennsylvania State University
 - \$15.4 million increase for Temple University
 - \$14.9 million increase for the University of Pittsburgh
 - \$921,000 increase for Lincoln University



CREATING WORKFORCE PARTNERSHIPS FOR ECONOMIC SUCCESS

- Education and workforce needs must be aligned for students to succeed
- \$1.2 million increase for Pennsylvania College of Technology
- \$863,000 increase for Thaddeus Stevens College of Technology
- \$4.6 million increase for Adult and Family Literacy integrated into job training/workforce development



LIBRARIES

\$60.8 MILLION

- \$1.96 million State Library
- \$53.5 million Public Library Subsidy
- \$2.8 million Library Access
- \$2.6 million Library Services for the Visually Impaired and Disabled



For additional information on the Education Budget, visit
www.education.state.pa.us

Estimated funding by school district is available at
www.SchoolsThatTeach.com

For more information about Governor Wolf's 2015-16 Budget,
visit www.budget.state.pa.us



Testimony of Amy Arcurio, Administrator, Greater Johnstown School District
4/28/15 House Democratic Policy Committee Hearing

Good Afternoon, I am Amy Arcurio and I work in the Office of the Superintendent at the Greater Johnstown School District. On July 1st I will become the Assistant to the Superintendent at the Office. I have been a school administrator at the elementary and high school levels; as well, I have over a decade of experience as a classroom teacher and as a Cambria County Children and Youth Services Case Worker and Supervisor.

I am here today to share a glimpse of what it feels like to be a school leader dealing with children and families who are in deep, census-poor poverty and supporting students at every age to aspire, work hard and graduate high school ready to go onto higher education or career development. I also will tell you briefly about Greater Johnstown School District's financials and what we need from you as the process of the 2015-2016 state budget unfolds.

Our district has over 3,200 students from prekindergarten through grade twelve. Forty percent of our students are from families considered as "census poor" (e.g. a family of four making less than \$23,500) by the federal government and nearly 90 percent of our students qualify for the free or reduced cost federal student lunch program. We graduate over 86 percent of students, and our daily attendance is over 90 percent. Sixteen of our current juniors will graduate next year with an Associate Degree on high school graduation night. You should note that that is the highest number of students percentage-wise (and perhaps in raw numbers) accomplishing such an outcome. We have more than 240 students taking college courses while in high school, which is an unprecedented 25 percent of our student body.

Beginning at the birth of a child here in Johnstown we have managed to lead our community in attending to first-time moms who are in severe poverty to be advantaged by the national-proven Nurse Family Partnership, and the community just last year set a goal of serving all eligible families within the next five years (currently 143 families are being served in Cambria County, mostly in Johnstown).

Our work with the birth through age three population is illustrative of our community's "knowing what to do." Our problem is the fact that we do not have the capacity to do the work, capacity defined as human resources and the cost to employ them.

The lack of capacity is also felt in the City of Johnstown, an Act 47 community. The City's actual poverty numbers are even greater than the larger school district community.

Last week the national newspaper, the Huffington Post" included a story about Pennsylvania's school funding; the story included the voice of Greater Johnstown's Elementary School Guidance Counselor, Melana Simms. Her words elucidate the hurt felt by so many kids from cities like ours or like Reading, Harrisburg, Sharon and more. Listen to her voice:

"A family came to me last year. They were new to the area from New York. And when I met with them, as we meet with all the new students, something just told me to ask them what was bringing them here. So I started to ask questions, and they started telling me that basically they came here with nothing. And when some people say we have nothing, it's interpreted like they might not have everything they need. And sometimes it literally means nothing.

"So I asked where they were staying, and they were staying in one of our housing projects. And I told them, I said, well, I'll gather some stuff up and I can drop it off, I live five minutes away. And when I got there that night, they were sitting on the linoleum floor in the projects. You know, there are a lot of times people think they have it rough or they think that they're poor, but that, in fact, is poor -- when you're sitting on a bare floor waiting for your counselor to come with a pot so you can cook the food that you just got off your food stamps. So I went into panic mode and gathered up a bunch of stuff from people. At least got them some bedding and pillows and things like that.

It's, it's discouraging sometimes whenever people will criticize or critique how we do on standardized testing versus some of the other districts. But our demographics are very different. But we're making gains, we're always making gains. Sometimes it's just not portrayed in such a way where we're at the level that we need to be, but we are getting there. We're making positive ... We're taking steps to, to improve upon that, and we do, you know, make gains."

Article: http://www.huffingtonpost.com/2015/04/17/pennsylvania-school-play_n_7089254.html

Measuring of student progress in our view should be done relative to the capacity any district has to fully bring students to grade level performance on the subject area tests. The question: How far away from the adequate amount of dollars is the local school district? When answering the question, you find the further away the district is from that number will equate to the achievement gap found in the district's student performance.

In 2007 the Pennsylvania Legislature performed a study that concluded that the Greater Johnstown School District was \$14,000,000 short of the study's declared adequacy amount for Johnstown. We saw an increase in state funds for a couple of years subsequent to the study and we believed the lawmakers' were going to move us to adequacy by the year 2014.

In the 2011-12 school year, the state's budget reversed the trend toward adequacy and the investments in Greater Johnstown shrank by over \$2,000,000 annually for educational programs. That was before the retirement reform legislation, and, in our view, retirement investments by the state should not be considered when it comes to what adequacy looks like for our current student population.

Consider this fact, in 2010-11 Johnstown received a total of \$21,491,000 from the state, and in the 2013-14 we received \$18,900,000 according to the District's Annual Financial Report.

For the past four years we had to go into what we termed "Mission Survive," and instead of investing in educational programs we were forced to not replace staff who retired; in fact, we lost more than 10 percent of our total teaching workforce, including reducing the number of librarians and nurses. We made millions of dollars in reductions and found ways to increase our own revenues and still needed to use millions of dollars from the district's fund balance to avoid even harsher cuts.

We are encouraged by the tone of the budget discussions where there seems to be a willingness to support public education. We are especially encouraged by Governor Wolf's proposal to eventually restore the state's contribution to where it was before the cuts and the Governor's promise to add even more funds subsequent to this budget year. For Johnstown we want you to bring us to the original adequacy number (without regard to the state's retirement problems) for our district so that we can earnestly work and honestly promise our students that they all will be brought up to grade level before graduation from high school.

For our students to reach grade level, we know what to do with curriculum and instruction, tutoring, and after school and summer programs. We will build off the strong birth-to-age-three program brought about via the community's great leadership; we will offer universal preschool for every four-year-old; we will add enough staff in the first three grades and seek certification by the National Association of the Education of Young Children. We will add Reading Recovery, the world's only proven method to tutor, with well-trained educators, first graders who their kindergarten teachers say will be the most difficult to reach before third grade. We will intervene with proven programs and expect that over 95 percent of our third graders to be at grade level before the year 2017-18. Accountability should not be for all grades after only a few years of having adequate resources, it should be incremental. For us, the 2017-18 school year will hold third grade accountable; and then 4th grade comes on board in 2018-19, fifth the year after and so on. We will double down on our "Pathways Program" for Johnstown High School, where students are expected to choose college course work or technical-trades credentialing, or as seniors work in an Internship with local businesses at their top levels of their organizations.

We can and will graduate all of our students and all of our students will graduate Ready to Go! Our dreams are dependent on your abilities to do what the public overwhelming supports for school like Johnstown across the Commonwealth.

In closing, I ask that you remember the voice of our counselor Ms. Simms, who said we are making gains as she does, as we do, the work for the poorest among us. I ask that you return to adequacy targets for all districts, and I ask that you trust that at the local levels we know what to do. We are counting on you.

**Testimony of Donald B. Irwin, Jr.,
4/28/15 House Democratic Policy Committee Hearing**

Public education means a tuition-free, publicly funded system that must provide an education to each child in a school within a publicly and locally governed school system. The academic standards, the teachers and administrators, the values and methods of operation employed in these schools are all subject to oversight and direction by public policy-making bodies.

Public education means that a wide range of decision making resides at the community level through the operation of locally elected school boards and through other avenues of direct citizen participation in the schools. Public decision making also occurs through the election of state and congressional representatives, as well as the various publicly accountable agencies designated to carry out specific school functions.

Public education also means a system in which parents and the general public can obtain detailed information about their schools and be involved in school activities.

Education is the underpinning of the road to success in America today. Public education is the fabric that bonds our society together. Only the public schools are legally required to accept and retain all students, no matter their race, no matter their religion, no matter their educational attainment, social class, family income, special needs, or personal characteristics.

The additional funding begins to restore the reductions that took place once the American Recovery and Reinvestment Act – commonly known as ARRA, expired under the Corbett administration. Pennsylvanians broadly support public education and want their schools to be adequately funded. The Governor's proposal to increase funding is needed and it is supported by the majority of Pennsylvanians. I also support the Governor's vision and request to the General Assembly for additional funding. This additional funding is necessary so that school districts across our Commonwealth can adequately prepare our children for the academic and job skill requirements required to provide themselves with family sustaining wages for their lifetimes. The Governor's request for the additional funding reinvigorates the state Constitutional requirement that the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth.

With all that being said, I implore you to look further at the Governor's proposal. I do not believe, in my opinion, that it distributes the dollars fairly. As it has been explained to me, the numbers the Governor outlined in his proposal "begin to restore" the ARRA reductions to the school districts. If however, your school district didn't receive a great deal of temporary ARRA dollars, you lose out in this additional permanent restoration.

As we sit here today, we are all aware that a grass roots effort has taken our communities by storm demanding a new and fair funding formula. Pennsylvania needs a fair, sustainable and predictable method for funding our public schools.

Based on documents available on the PASBO website, I understand the governor has proposed for my school district an increase of 2.9%. The unfairness of this is that while the Governor is proposing a 7.5% increase overall – an amount equaling over half a billion dollars, my school community will not get their fair share of this proposal. This proposal is restoring an amount which was improperly based on our demographics as they were in mid 1990's. It seems pretty obvious to me that economic data that is 20 years old is not an adequate way for the General Assembly to determine the level of support for school districts. **WE CAN, AND I IMPORE YOU, WE MUST DO BETTER FOR ALL OF THE CHILDREN IN PENNSYLVANIA.**

I ask a simple question - Why can't the Governor's proposed increase be married up with the Fair Funding Campaign to begin to rectify the imbalances that have been created by an inadequate and unfair system that has run unabated, without any tangent point to reality, for nearly 20 years?

The governor is proposing a 2.9% increase to my school district, a school district that is woefully underfunded from the State. My school district receives less than \$2,500 of Basic Education Subsidy per student. The effects of this inequity are that our local school board has raised the millage rate on their neighbors in my community every year between 1987 and 2012 – that's right every year for 26 straight years. What that has done has been to stifle our community. It has stagnated growth – as there are no new homes being built. In fact, our senior citizens are stuck because homes cannot be sold by retiring members of our community as the burdensome local tax effort makes them unmarketable. Our neighboring school districts have either commercial property to help ease the

required local tax burden or receive a substantially higher basic ed subsidy per student. Some of the local districts that neighbor us get up to \$7,000 per student, nearly 300% more per student.

If that weren't enough, the Governor's proposal actually makes matters worse for my community *IF* his plan to reduce property taxes were to be implemented. The second part of his plan, if approved, could be catastrophic for those who reside in our community.

The proposed property tax reduction would result in an amount of \$2.3 million dollars. That sounds great. That makes for great headlines. Such a dollar for dollar reduction seems like it would be a recipe for relief in a community where taxes are so burdensome. If this funding requires a dollar for dollar reduction in the millage rate, our taxes would be lowered by 18 mills. Our millage rate would be reduced from 85.2 to 67 mills. This Almost sounds too good to be true. What makes this proposal untenable is when you compare the reductions in our school district as compared to other close by in our greater Cambria County community. My understanding is that several Cambria County school districts would have their local property taxes eliminated completely. Among them are the

- Blacklick Valley School District
- Cambria Heights School District
- Conemaugh Valley School District
- Ferndale Area School District
- Forest Hills School District
- Greater Johnstown School District
- Portage School District

Using this approach, and the methodology has not been shared with me what exactly the approach is, the General Assembly will be creating winners and losers. The winners will be those school districts where no real estate tax is necessary as the General Assembly will provide all the necessary funding to the school district. The losers will be left holding the bag where because of an outdated or improperly applied formula is used, they are still required to pay on average \$1,500-\$2,000 a year for school property taxes. I think there are possibly significant undesired consequences to this approach. It will create school communities where significantly more local dollars is required to support public

education. Isn't that one of the planks that the fair funding formula group is trying to eliminate?

As I sit here today in front of you I am not certain that a trade for higher and or broader sales tax in exchange for lower property taxes is the wrong approach by the Governor. I have to have that conclusion because I'm not sure that I understand it completely. What I am humbly asking you is for the General Assembly to make sure that everyone understands all of the ramifications. I make this request before a rush to judgement is made that this approach should be anointed as the silver bullet to solve all funding woes that the Commonwealth faces in funding one of the covenants between the people and the General Assembly – a thorough and efficient system of public education.

I thank you very much for your time and the opportunity provided to me today to give you one perspective on these very important topics.

Sincerely,

Donald B. Irwin, Jr.
Superintendent and Business Manager
Westmont Hilltop School District