

Testimony for Gerald L. Zahorchak, D. Ed.
Secretary of Education
House Education Committee
Proposed Funding Formula
April 29, 2008

Good afternoon, Chairman Roebuck, Chairman Stairs, members of the House Education Committee, friends and guests. Thank you again for the opportunity to speak on the Governor's proposed basic education funding formula.

As I mentioned in my last presentation before you, the funding formula proposed by the Governor meets three key goals. The first is that it makes progress towards providing adequate resources to each school district based on need. The second objective is providing taxpayers with the assurance that new resources are being invested to increase educational services to students; and the final goal is that the new funding will be implemented in a sustainable, responsible manner.

There are three steps to the new funding formula. Step 1 uses the results of the General Assembly's Costing-Out Report to calculate an annual adequacy funding target for every school district. This is the missing piece of the puzzle: a concrete number that tells us what it costs to give our schools the resources needed so that all students can meet the state standards by 2014.

Step 2 of the funding formula determines the "adequacy gap" for each school district, and then determines an appropriate state share of the resulting funding gap. Governor Rendell's plan will invest \$2.6 billion over the next six years to implement this funding formula. Let me be clear: we are asking for a law, passed this spring as part of the budget, that sets out Pennsylvania's six-year path to adequate school funding. Anything less is a failure for the taxpayers and students who we serve.

Let me give you a few examples of how local school districts will benefit over the next six years. As these school districts receive significant funding increases between now and 2013-14, I urge you to remember that local taxpayers will reap the rewards as the school funding burden is taken off their shoulders:

- Here in the Pleasant Valley School District, we are proposing a 9.7% increase for 2008-09 and – most importantly – a projected \$13 million, 69% increase over the next six years. It would take more than a 30% local property tax increase to generate that \$13 million. By implementing a real funding formula, we take the pressure off of local taxpayers.
- Wyoming Valley West School District will receive a projected \$11.8 million in new funding over the next six years, a 73% basic education subsidy increase and the equivalent of a more than 50% local property tax increase that the district will be able to avoid. In 2008-09, Wyoming Valley West will receive a 5.77% increase, or \$925,000.
- Bangor Area School District will receive a 12.9% increase in 2008-09, and a total of more than \$7 million from the state over the next six years – a 92% basic education funding increase and the equivalent of a one-third increase in local property taxes. Bangor Area's enrollment has grown by more than 10% over the last decade. By implementing a

permanent “growth supplement,” this formula will finally give them the assistance they need.

- Allentown City School District will receive a projected \$90 million in new state funding over the next six years, a 144% increase. In 2008-09, they will receive a 19.7% increase.

We are proposing a real solution to Pennsylvania’s school funding crisis. Fixing the problem – this year – will give our educators the tools they need to ensure that every student is successful.

Step 3 of our funding formula helps ensure that the new resources will have the greatest impact on increasing student achievement. Simply put, there is one reason and one reason only to increase school funding – and that is to expand the services that students receive.

Under our proposal, school districts will be able to use their annual increase up to the Act 1 inflation index to cover their regular operating cost increases. For school districts that receive increases that exceed the Act 1 inflation index, we need to have confidence that the extra resources are reaching students. At least 80% of these new funds above inflation must be used to expand existing programs and services or launch new programs and services, including providing more instructional time for students (such as tutoring or a longer school day or school year), new and more rigorous courses, teacher training, reduced class size, pre-kindergarten and full-day kindergarten programs, incentives for teachers and principals to work in academically challenged schools, and putting superintendents and principals on performance contracts. Up to 10% can be used to maintain existing programs that accomplish these same goals, or for essential one-time costs, and the remaining 10% can be used for other promising programs or for one-time costs.

All school districts that receive a funding increase above the inflation index will be required to submit plans showing how they will use the new resources, with the strongest accountability reserved for academically challenged school districts. By driving dollars toward proven, successful programs, we are fulfilling our promise to taxpayers that school district funding is being used in the best way possible to help our students achieve.

Over the last five years, we have worked together and proven that investments matter. Student achievement is on the rise across the Commonwealth, and we are one of only nine states that made significant progress in elementary school reading and math. We must maintain that positive trajectory. In fact, our future competitiveness depends on it.

It is time for a real school funding formula in Pennsylvania, and our plan will establish that funding formula in law and fully implement it over the next six years. We cannot afford any more one-year fixes that fail to solve the problem for Pennsylvania’s students. Our opportunity to create a permanent funding formula is right now – and I am here to ask you to take action along with this year’s budget to enact a long-term solution to our students’ needs.

I would like to thank Chairman Roebuck for his support in introducing the Governor’s proposed funding formula legislation. It is critical that the General Assembly adopt a long-term framework for school funding.