



The Education Policy and Leadership Center

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EPLC EDUCATION NOTEBOOK

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SPECIAL EDITION

Summary of Governor Corbett's Proposed Education Budget FY 2014-15

After pollsters for months have been reporting that Governor Tom Corbett's re-election hopes are most in jeopardy because of a negative view by voters about his support for education, it was expected that the Governor would highlight education funding in his 2014-2015 budget message. And he did.

Governor Corbett delivered his proposed budget for fiscal year 2014-2015 to a joint session of the General Assembly on February 4. The **General Fund budget** he proposed would spend **\$29.4 billion** – an increase of \$925 million, or 3.3 percent, from fiscal year 2013-2014. Education spending, including early education, K-12, and higher education, represents more than 40 percent of the total General Fund proposal.

Department/Appropriation	Proposed Funding (amounts in thousands)
Education (includes community colleges)	\$10,659,139
State-Related Universities	\$519,067
State System of Higher Education	\$412,751
Higher Education Assistance Agency	\$411,125
<u>Total</u>	<u>\$12,002,082</u>

The Governor proposes no additional funding to school districts through the Basic Education Subsidy, the primary route for most of state funding to school districts.

Also, the Governor proposes no additional higher education funding to community colleges, the state-related universities, the State System of Higher Education, non-public colleges, and the PHEAA grant program.

However, the Governor proposes more than \$400 million in new funding for education through the following initiatives:

The **Ready to Learn Block Grant** for school districts would include \$241 million in new *Ready to Learn* funding that would focus on student achievement and academic success. The **Accountability Block Grant** of recent budgets would be maintained within this larger newly-named block grant, and would remain funded at its current level of \$100 million. Altogether, districts would be eligible to receive a total of \$341 million from the *Ready to Learn* Block Grant.

Of the *Ready to Learn* money, the **Governor's Expanding Excellence Program** would account for \$1 million in competitive grant funds for high-achieving public schools to publish best practices and share their strategies and techniques with other schools. The remaining \$240 million of new funding would be used to support "Ready by 3rd Grade," STEM education, and supplemental instruction. The \$100 million of funding previously identified as Accountability Block Grant will be available to districts under the same terms as in previous years.

The proposed budget includes \$10 million in funding for a new **Hybrid Learning Grants** line item, which would enable 100 schools to implement a hybrid learning model. Another new line item would provide \$350,000 to support three **Governor's Schools of Academic Excellence**. This funding is earmarked for the Governor's Schools for agricultural sciences, STEM education, and engineering.

Special Education, which has been flat-funded for six consecutive years, would receive an increase of \$20 million, an increase of slightly less than two percent.

Governor Corbett proposes to appropriate \$25 million through the PA Higher Education Assistance Agency for **Ready to Succeed scholarships**. *Ready to Succeed* would be a merit-based program providing additional scholarships of up to \$2,000 that an eligible student could use to pursue two or four year post-secondary degrees at any Pennsylvania college, university, or technical school.

Early Childhood Education would receive an additional \$10 million for the **Pre-K Counts** program, raising this appropriation to \$97.3 million. These state funds would be supplemented by a \$51.7 million Early Learning Challenge Grant awarded to Pennsylvania in December through the federal Race to the Top Grant program. The additional state funding would provide approximately 1,670 additional pre-school age children with the opportunity to attend early learning programs.

During his address, the Governor called for meaningful **pension reform**, noting that without pension reform, the General Fund contributions to the State Employees' and Public School Employees' Retirement Systems will reach nearly 7 times in 2021-22 what they were in 2007-08. School districts are also facing huge increases in their annual pension fund obligations as mandated by state law.

He suggests reducing the State's contributions to the two pension plans by limiting the growth in the annual employer contribution to 2.25 percent, rather than the currently mandated 4.5 percent. In effect, this would not reduce the obligation of school districts and the state, but delay – at some additional cost – the payments that are required for 2014-15. Many observers are already challenging this proposal as fiscally unsound.

A similar suggestion made by the Governor was rejected last year. Last year, the Governor also proposed a pension reform plan that would make up for the long-term costs by making changes to the future benefits of current public employees, something the General Assembly is unwilling to do. This year, the Governor did not submit his own pension reform plan, but urged lawmakers to work with him on a proposal that would realize savings by changing benefits for new employees.

On February 4, the Governor also proposed a one-time transfer of \$225 million from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System as partial payment of the employer contribution for 2014-2015, a one-time infusion of these extraordinary funds to balance the Governor's budget proposal.

Here is a summary of proposed appropriations for education spending:

Early Education:

- **Pre-K Counts** would receive \$97.3 million, a proposed increase of \$10 million, or 11.5 percent.
- **Head Start Supplemental Assistance** would be held level \$39.2 million.

- **Early Intervention** would receive \$237.5 million, a proposed increase of \$841 thousand, or 0.4 percent.

Basic Education:

The following basic education line items would receive an **increase** in the Governor's proposed budget:

- **PA Assessment** would be funded at \$58.3 million, a proposed increase of \$4.6 million, or 8.6 percent.
- The **Ready to Learn Block Grant** would encompass the \$100 million Accountability Block Grant, and add to it \$241 million for a total of \$341 million.
- **Hybrid Learning** is a new line item that would be funded at \$10 million.
- **Special Education Funding** would be funded at \$1.046 billion, a proposed increase of \$20 million, or 1.9 percent.
- **School Food Services** would be funded at \$32.5 million, a proposed increase of \$467 thousand, or 1.5 percent.
- **School Employees' Retirement** would be funded at \$1.112 billion, a proposed increase of \$105.3 million, or 10.5 percent.
- **Governor's Schools** is a new line item that would be funded at \$350 thousand.

The following basic education line items would be **flat-funded** at 2013-2014 levels:

- **Information and Technology Improvement:** \$4.2 million
- **Basic Education Funding:** \$5.526 billion
- **Basic Education Funding Enhancements:** \$2.5 million
- **Teacher Professional Development:** \$6.5 million
- **Career and Technical Education:** \$62 million
- **Authority Rentals and Sinking Fund Requirements:** \$296.2 million
- **Nonpublic and Charter School Pupil Transportation:** \$78.6 million
- **Education of Migrant Laborers' Children:** \$853 thousand
- **PA Charter Schools for the Deaf and Blind:** \$41.7 million
- **Special Education – Approved Private Schools:** \$98.3 million
- **Services to Nonpublic Schools:** \$86.4 million
- **Textbooks, Materials and Equipment for Nonpublic Schools:** \$26.3 million
- **Safe School Initiative:** \$8.5 million
- **Community Education Councils:** \$2.3 million

The following basic education line items would receive a **decrease** in the Governor's proposed budget:

- **General Government Operations** would be funded at \$23.5 million, a proposed decrease of \$154 thousand, or 0.7 percent.
- **Youth Development Centers – Education** would be funded at \$7.9 million, a proposed decrease of \$2.3 million, or 22.2 percent.
- **Mobile Science and Math Education Programs** would be 100 percent defunded from \$864 thousand.
- **Adult and Family Literacy** would be funded at \$11.7 million, a proposed decrease of \$400 thousand, or 3.3 percent.
- **Career and Technical Education Equipment Grants** would be 100 percent defunded from \$3 million.
- **Pupil Transportation** would be funded at \$546.7 million, a proposed decrease of \$709 thousand, or 0.1 percent.
- **Tuition for Orphans and Children Placed in Private Homes** would be funded at \$48.5 million, a proposed decrease of \$10.2 million, or 17.3 percent.
- **Payments in Lieu of Taxes** would be funded at \$163 thousand, a proposed decrease of \$34 thousand, or 17.3 percent.

- **School Employees' Social Security** would be funded at \$482.5 million, a proposed decrease of \$3.8 million, or 0.8 percent.
- **Job Training and Education Programs** would be 100 percent defunded from \$8.05 million.

Higher Education:

Governor Corbett's budget proposes **flat funding** (2013-2014 levels) for all sectors of higher education:

- **Community Colleges:** \$212.2 million
- **State System of Higher Education:** \$412.8 million
- **Pennsylvania State University:** \$229.7 million
- **University of Pittsburgh:** \$136.3 million
- **Temple University:** \$139.9 million
- **Lincoln University:** \$13.2 million
- **Thaddeus Stevens College of Technology:** \$10.3 million

In addition, the **Transfer to Community College Capital Fund** would receive a two percent decrease, going from \$48.9 million to \$47.9 million. **Regional Community Colleges Services** would be maintained at \$1.2 million.

The **Higher Education Assistance Agency** would receive a 6.4 percent increase, bringing it to a total of \$411 million, with the increase dedicated to the new \$25 million *Ready to Succeed* Scholarships. Within the Agency, \$350 thousand for Pennsylvania Internship Program Grants would be eliminated.

Arts Council, Museums, and Libraries:

- **Pennsylvania Council on the Arts'** administrative budget would be held level at \$886 thousand. **Grants to the Arts** would receive \$8.6 million, a proposed increase of \$411 thousand, or five percent.
- The **Pennsylvania Historical and Museum Commission** would receive \$20.7 million, a proposed increase of \$1.5 million, or 7.5 percent.
- The **State Library** would receive \$1.9 million, a proposed decrease of \$19 thousand, or one percent. **Library Access** would receive \$2.8 million, a proposed decrease of \$250 thousand, or 8.1 percent. The **Public Library Subsidy** would receive \$54 million, a proposed increase of \$500 thousand, or 0.9 percent. **Library Services for the Visually Impaired and Disabled** would maintain level funding, receiving \$2.6 million.

BUDGET RESOURCES

[Click here](#) for budget documents from the **Pennsylvania Office of the Budget**.

[Click here](#) for information from the **Pennsylvania Department of Education** about the proposed education budget, including a spreadsheet of *Ready to Learn* Block Grant funding to school districts.

BUDGET DATEBOOK

- On **Sunday, February 9** at 3:00 PM, EPLC's **Focus on Education** program on PCN will discuss Governor Corbett's proposed budget for education. Watch the episode online after it airs, at pcntv.com.
- The **House and Senate Appropriations Committees** will hold **budget hearings** in Harrisburg throughout the month of February. [Click here](#) for a list of hearing dates and times scheduled for education-related agencies (**February 13, 18, 20, 24, 26**).

- EPLC will be hosting policy forums in **Pittsburgh (February 13), Philadelphia (February 24), State College (February 26), and Harrisburg (February 27)** to discuss the proposed 2014-15 budget and the Governor's proposals for education. [Click here](#) for more information about the policy forums. Space is limited for each event and an RSVP is required. Anyone wishing to receive an invitation should inquire by contacting staff@eplc.org or 717-260-9900.
- The **Pennsylvania Budget and Policy Center** will host its **Annual Budget Summit** on **Thursday, February 20** from 9:00 AM – 4:00 PM in Harrisburg. The Summit will provide an in-depth look at the Governor's spending plan and an update on the federal budget – and what it means for communities and families across Pennsylvania. Register [here](#).

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