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Testimony regarding Senate Bill 1202 (P.N. 1632)
Senate Finance Committee
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Good morning. My name is Tim Allwein and I am the Assistant Executive Director for Governmental and Member Relations for the Pennsylvania School Boards Association (PSBA). I want to thank Chairmen Browne and Wozniak for the opportunity to present testimony on Senate Bill 1202.

The exceptions under Act 1 of the Special Session of 2006 were carefully crafted to, first, protect the facilities and instructional services provided to students, and second, recognize that some expenses are uncontrollable by school boards. All ten exceptions are as necessary today as they were five years ago when the General Assembly first began debating what would be Act 72. Because statutory costs have remained unchanged, PSBA maintains they continue to be the most important provisions in Act 1 for school districts. They are the only recognition by this General Assembly that uncontrollable expenses, namely those expenses for which there is an exception, must be funded and that since state funding has not kept pace with certain increasing expenses; those costs must be financed by local taxpayers.

With districts having only one year of experience under the budgeting constraints of Act 1, we are here today to debate the pros and cons of three of the ten exceptions, those that protect districts' facilities and instructional services. PSBA believes that it would be irresponsible, especially after only one year, to simply eliminate or limit exceptions based on one year's experience of 500 school districts. Quick fixes in the name of controlling school district costs won't help resolve any problems; it will only hurt students by forcing school boards to curtail or eliminate programs, the only real option they have. Instead of jeopardizing the ability for school districts to maintain the high level of educational services provided to students by limiting revenue streams, we should be looking for ways for the Commonwealth to invest more state dollars in the basic and special education subsidies and help school boards reduce costs. If we do this within the framework of Act 1, school boards won't be forced to turn to local taxpayers by seeking exceptions to continually finance uncontrollable expenses.

With these goals in mind, PSBA has recently focused its efforts to revise the school funding formula by joining with other education stakeholders and advocacy groups to form the Pennsylvania School Funding Campaign.¹ In an unprecedented collaboration, this group presented a new education funding

¹ Members of the Pennsylvania School Funding Campaign include: AFT Pennsylvania, Education Law Center, Good Schools Pennsylvania, Lutheran Advocacy Ministry in Pennsylvania, Pennsylvania Association of Career and Technical Administrators, Pennsylvania Association for Gifted Education, Pennsylvania Association of Intermediate Units, Pennsylvania Association of Rural and Small Schools, Pennsylvania Association of School Administrators, Pennsylvania Association of School Business Officials, Pennsylvania Association for Supervision and Curriculum Development, Pennsylvania Budget and Policy Center, Pennsylvania Council of Churches, Pennsylvania League of Urban Schools, Pennsylvania Partnerships for Children, Pennsylvania PTA, Pennsylvania School Boards Association, Pennsylvania State Education Association, Philadelphia Education Fund, Philadelphia Federation of Teachers, Public Citizens for Children and

formula that prioritizes both state and local investments in public education. Simultaneously, we've also worked with Rep. Steve Nickol on a comprehensive property tax reform proposal that addresses school district controls by investing state tax dollars in mandate relief and requiring corresponding millage reductions.

With that said, I'd like to address specific provisions of Senate Bill 1202 and its negative impact on school districts.

Section 701 of the Public School Code requires school boards to make available "necessary grounds and suitable school buildings...constructed, furnished, equipped and maintained in a proper manner...so that every pupil in any such school building may have proper and healthful accommodations." Quite simply, this means that school boards are required by statute to build school buildings. As you know, the Pennsylvania Department of Education oversees the planning process for each school building constructed in this Commonwealth. The Planning and Construction Workbook, otherwise known as PlanCon, requires every step in a construction project be approved by the department before school boards can even break ground. One of those steps is a determination of need, based on the current facilities, student enrollment changes and capacity. Therefore, can it not be said then that the approval process authorized by the Public School Code further facilitates what some would consider unnecessary and excessive school building designs? After all, school boards would not be able to move forward with these projects if they didn't receive the department's stamp of approval.

By eliminating the construction exception, and consequently limiting the ability of school districts to build schools for the needs of 21st century students, one overlooks research that concludes that student learning and teacher retention are impacted by the quality of school facilities.² With increasing health care, special education and charter/cyber charter expenses in most districts, school boards will ultimately be forced to prioritize other state and federal mandates before that of school buildings.³ More importantly, removing this exception sends the wrong message at a time when Pennsylvania appears to be winning the battle to bring all children to proficiency in its state academic standards. The 2008 Quality Counts Report, published by *Education Week*— a leading education publication — found that Pennsylvania ranked above the national average and tenth overall in educational performance and policy. The strategic investments in education that you have helped to implement over the past five years are starting to work. Let's not jeopardize the good work that is going on by removing the ability to allow local officials — school directors — to decide on the types of facilities that best serves the needs of children in their communities.

Not only does Senate Bill 1202 unfairly restrict *all* school districts for a responsibility mandated by the Public School Code, but PSBA contends that the bill would surely impact some districts more than others — namely our growing school districts — for two reasons. First, growing school districts must build and/or remodel schools more frequently to accommodate enrollment growth. They can't stop the infusion of students into their districts unless municipalities stop the residential development in their communities — always an unpopular decision. Growing enrollment means more teachers, additional

Youth, Public Interest Law Center of Philadelphia, The Consortium for Public Education and The Education Policy and Leadership Center.

² Schneider, Mark. "Do School Facilities Affect Academic Outcomes?" *National Clearinghouse for Educational Facilities*. November 2002.

³ A PSBA survey of school districts prior to the passage of Act 1 in 2006 found the top budgetary items that caused school districts to increase taxes over the previous five years were (in order of most responses): health care, special education, employee salaries, pension obligations and charter/cyber charter school payments.

health care and pension obligations, *and* more classrooms. Without additional buildings or renovations, class sizes would increase and overcrowding would take place in many of our growing districts.

As you know, the research is conclusive on the benefits of smaller class sizes, especially in younger grades. The Commonwealth has even incentivized class size reduction by including it as an allowable use of districts' Accountability Block Grants. Once again, PSBA questions what kind of message it would send to students, parents and communities if, after such a huge investments in class size reduction and early childhood education, we come back and eliminate the exception that enables school districts to make those small classrooms in early grades a reality.

The second reason Senate Bill 1202 would be detrimental to growing school districts is because it eliminates the exception for districts' maintenance of local revenues or actual instructional expense per average daily membership. This exception protects growing school districts from having to cut-back on per student educational spending if state funding doesn't keep up with increases in enrollments. In other words, it enables districts to maintain the current level of educational programming that most likely drew families into the districts in the first place. Nineteen of the sixty-three districts that sought this exception are classified by PSBA as growing school districts, meaning their enrollments increased at least 4% between 2002 and 2005.

But the impact of the elimination of this exception is not only limited to growing school districts. Districts with modest tax bases or decreasing property assessments can also ensure through this exception that they are able to raise the necessary funds simply to maintain the educational services provided. The Allentown School District, as well as several rural school districts utilized this exception for those very purposes. Without these two exceptions, school districts will essentially be forced into referendum if they simply want to maintain the services provided, unless the Commonwealth were to ensure dollar for dollar replacement funding when property assessments decline or people lose jobs and therefore don't pay as much earned income tax to districts.

Finally, PSBA is disappointed by the bill's lack of consideration for the cost to educate special needs students. Special education is consistently cited by superintendents and board members as the most expensive uncontrollable cost to taxpayers. We know that for more than twenty years the federal government has not met its promises to fund special education as it should. Requiring districts to meet a threshold in order to be able to meet special education funding demands assumes that districts have control of the number of special education students enrolled in their schools and the instructional services required for them.

The report on districts' use of the Act 1 exceptions should not be used as an indication of wasted dollars or misappropriation of funds by school districts. If anything, it should serve as a reminder to the Commonwealth that perhaps categorical funding streams for educational programs above and beyond the requirements of the state's academic standards should be reinvested in the special education subsidy for districts. We must be realistic about special education costs. There is nothing districts can do when special education students move into districts except provide the educational services demanded by their individualized education plans. Districts that do a good job with special education and have success in that area are then identified by parents and advocates and their success typically results in additional special education students. While this model is ideal for the private sector, it puts pressure on those experiencing success to ensure that the proper allocation of funds are made to cover the additional costs. Because our system of special education funding does not provide funding based on a district's number of exceptional students, those successful school districts often

find themselves with new financial problems; essentially, how to pay for those new special education students.

Again, I want to thank you for the opportunity to address the committee today. I would strongly urge members to consider the impact on students and communities if districts are not able to maintain their current levels of funding for instructional services, school buildings and special education.

Adjustments to Act 1's revenue controls will not lower districts' costs or require lower investments in public education. It will only devalue the services provided to all students if we do not address look at the school funding system as a whole rather than individual pieces. I will be happy to answer any of your questions.