



Good Schools Pennsylvania

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State education budget update

The state's education budget came a step closer to resolution today, when legislative leaders announced that a tentative agreement was reached in Pennsylvania's nearly three-month budget impasse. Very few details were made public, but leaders from three caucuses - Senate Republicans and Democrats, and House Democrats - announced an agreed-upon framework for a \$27.945 billion budget for fiscal year 2009-10.

While education was widely reported to be a point of contention in finalizing the state budget over the past few months, legislative leaders made it clear in today's press conference that education is a priority for helping the commonwealth to rise above the recession - and that they will use \$300 million in federal stabilization funds to increase funding for public education in the coming year.

What was not discussed, however, is to what degree federal stabilization funds will be used to make up for a roll back in the state share of basic education funding. Given the education budgets that have been floated over the past several months, it appears that the roll back will likely be in the range of \$118 million, which is far less damaging than the Senate Republican's initial proposal of \$700 million. At this point, no additional information is available as to whether cuts have been made in other areas of the education budget.

Nor did today's announcement include details on how the federal stabilization dollars will be distributed. We are optimistic that Pennsylvania's 2008 school funding formula will be used as the distribution mechanism. This formula, **which is still in effect and remains in state law**, distributes education funding by setting an adequacy target for each school district based on the number of students enrolled and the costs of preparing them to meet the state's academic standards. The formula then strives to close the district's "adequacy gap" by distributing basic education funding by factoring in the relative wealth and tax effort of each district.

The budget agreement was reached through compromise on both sides of the aisle with spending cuts and revenue enhancements, such as a delay in the phase-out of the Capital Stock and Franchise Tax, an increase on the cigarette tax, and an increase in revenue from table games. Speaker of the House Keith McCall (D-Carbon) and House Appropriations Chairman Dwight Evans (D-Philadelphia) expressed apologies to the citizens of the commonwealth for the delay in passing a state budget, for the hardships that were endured as a result, and for the tough decisions that were made in order to reach an agreement.

Conspicuously absent from the press conference was the House Republican caucus, which

said in a prepared statement that they did not support the agreement because they were maintaining their commitment to prevent any new taxes in the final state budget.

Legislative leaders attending the press conference committed to resuming the budget conference committee on Monday morning to iron out final details so that a budget bill could come to a full vote in the General Assembly by the end of the week.

Stay tuned next week for more information on these budget developments.