



Education Update

From the Senate Education Committee

JANUARY 10, 2005

PHEAA Board Rejects Sallie Mae Takeover Offer

The Board of Directors of the Pennsylvania Higher Education Assistance Agency (PHEAA) met on December 27 to unanimously reject a \$1 billion takeover offer from Sallie Mae, the largest student loan company in the nation.

Sallie Mae had made an informal offer to purchase PHEAA's student loan arm. The PHEAA Board's December 27 vote was to adopt a resolution show-

ing a sense of the members' position on the offer. Members voted to reject it. They also voted to announce their general opposition to selling any part of PHEAA to a for-profit enterprise.

Governor Edward Rendell, however, has publicly stated that he finds the offer "intriguing" and has pledged to study it further.

If the takeover were to proceed, the

General Assembly would be required to authorize it by amending the PHEAA's enabling statute.

According to PHEAA, the organization manages \$33 billion in student loans for nearly 4 million students across the United States. It has agreements to service secondary market loans with 400 colleges and universities.

Pennsylvania School Funding More Equitable Than National Report Suggests

Even though Pennsylvania earned relatively low grades for educational equity in a national education policy magazine's annual survey, the Commonwealth's basic education funding system clearly drives more state money to poorer school districts.

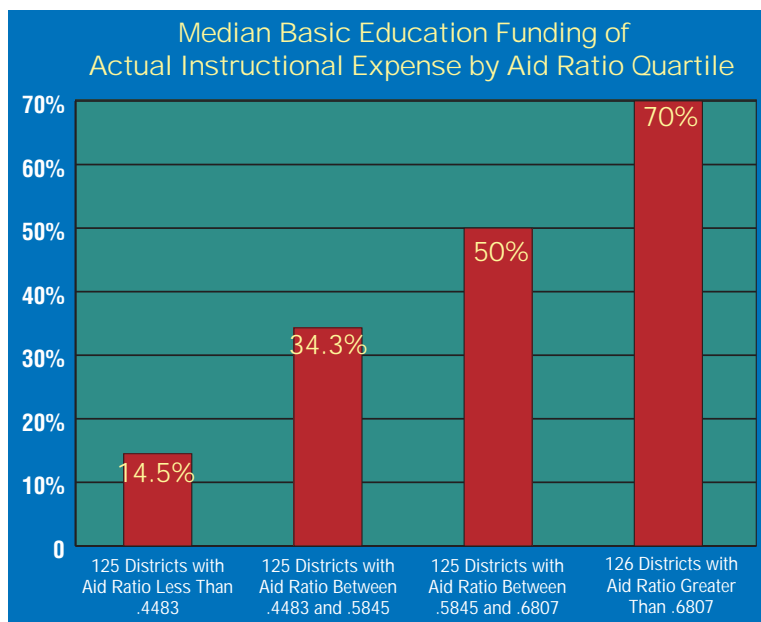
In FY 2003-2004, school districts in the least affluent 25% received a median of 70% of their actual instructional expenditures from the state basic education subsidy. School districts in the most affluent 25% received a median of 14.5%.

In addition, average per student instructional spending was nearly identical in 75% of the Commonwealth's school districts.

While school districts in the wealthiest 25% spend significantly more, this spending is derived largely from local tax revenue. The wealthiest fifty school districts spend an average of \$8,587 per student on instruction, but receive an average of \$769 per student, or 9.5% of that amount, from the basic education subsidy.

Seventy-two percent of Pennsylvania's school districts

have actual instructional expenditures per student of between \$5,000 and \$7,000.

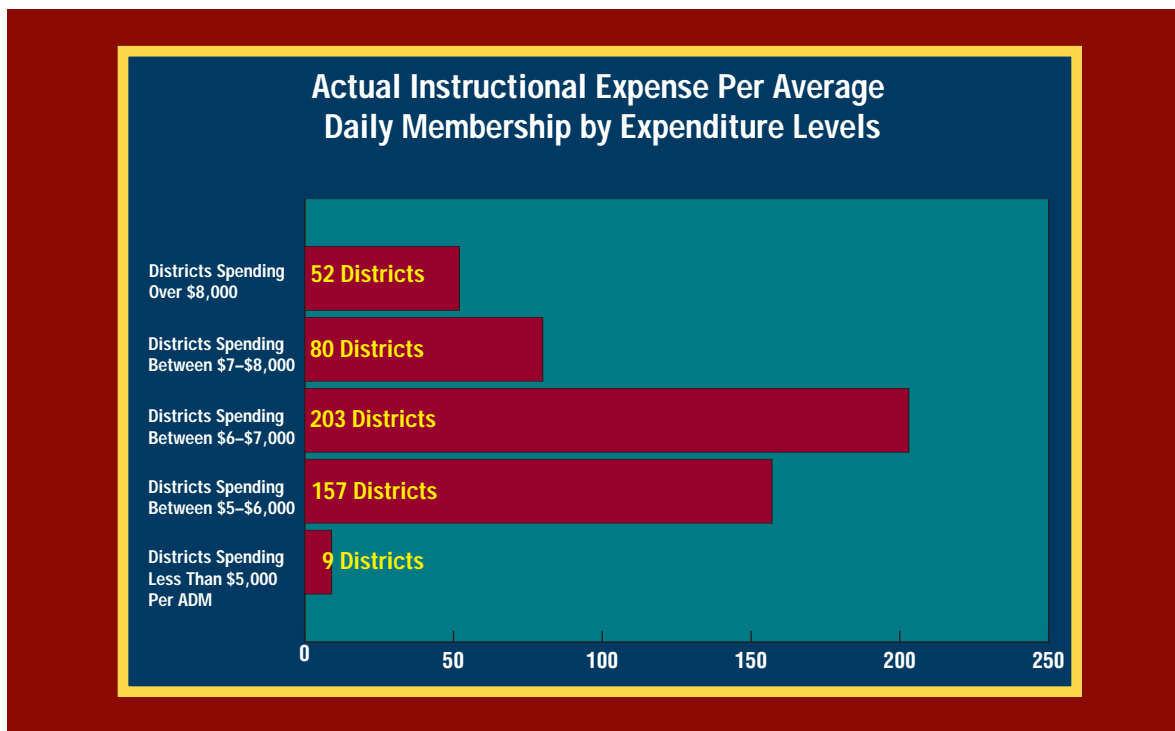


Senate Education Committee

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Federal Law Requires Teaching About U.S. Constitution

An amendment inserted in a federal omnibus spending bill in November requires most public schools to teach lessons on the United States Constitution on September 17 of each year.

The amendment, sponsored by Senator Robert Byrd (D-WV), applies to all K-12 schools that receive federal Title I funding as well as pre-schools and colleges and universities

that receive direct federal funding.

According to Byrd, he believes that all students should have more exposure to the United States Constitution as the nation's founding document.

Controversial Head Start Reauthorization to Begin Again in 109th Congress

The Congress will again focus on reauthorization of the federal Head Start statute when it reconvenes this month after controversy doomed attempts last session.

The issue has become more partisan over the past several years amid allegations of misuse of Head Start

funds by some local providers. House Republicans have pushed for a block grant approach that would give states discretion to allocate federal funds.

Head Start was created in the 1960's and has served approximate-

ly 21 million at-risk pre-school age students since that time. To be eligible for Head Start services, a child's family must have an income of up to 100% of the federal poverty level – \$18,400 for a family of 4 - or \$354 per week.

For more information or detailed analyses of these topics, contact the Senate Education Committee staff at 787-2637.