



Education Update

From the Senate Education Committee

MARCH 7, 2005

Foundation Supplement Aids Schools with Low Need

As part of his FY 2005-2006 budget proposal, Governor Edward Rendell has proposed a foundation-based basic education subsidy formula that could drive funds to school districts with below-average tax effort and above-average wealth.

Under the governor's proposal, \$22.9 million in basic education subsidy funds will be directed to 221 school districts that spend below \$8,500 in current expenditures per student. Those funds will be used to move qualifying school districts closer to the \$8,500 foundation goal.

However, 66% of the school districts that qualify for the supplement have tax effort

below the state median of 20.7 equalized mills. Fifty percent have MV/PI aid ratios below the state median of 0.5851.

This suggests that a majority of the school districts that qualify for this supplement have sufficient local resources to meet the \$8,500 foundation goal with-

out additional state support.

To fund the foundation supplement, the governor has proposed to eliminate more traditional subsidy supplements for growing school districts, school districts with high tax effort and small district assistance.

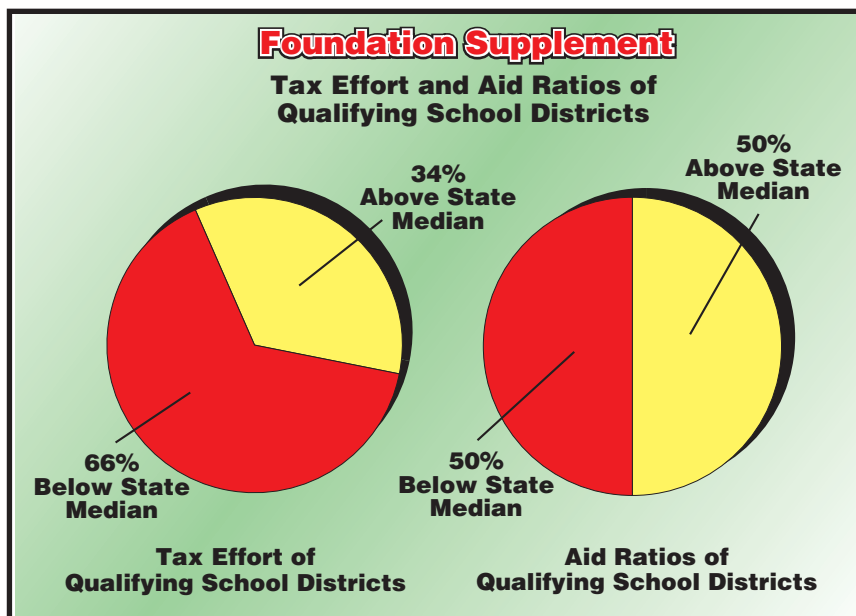
Basic Education Subsidy Supplements Governor's Proposal

Supplement	Eligible School Districts	\$ Amount
Base Supplement	501	57,999,997
Poverty Supplement	167	17,000,000
Foundation Supplement	221	22,960,370
LEP Supplement	35	2,000,000
1.5% Minimum Increase Guarantee	115	3,670,000
2% Minimum Increase Guarantee	155	5,640,000

Senate Education Committee Activities

Tuesday, March 15
Room 8E-B, Capitol East Wing
9:00 a.m. – Public Hearing
Dual Enrollment Proposals

Wednesday, March 16
Room 8E-A, Capitol East Wing
10:30 a.m. – Committee Meeting
Senate Bill 151, Senate Bill 327



Senate Education Committee

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Senator James J. Rhoades
Chairman

David L. Broderic
Executive Director

Brightbill Introduces Dual Enrollment Options Bill

Senate Majority Leader David J. Brightbill has introduced legislation to allow high school students who enroll in college or university courses to receive credit at both the high school and college level.

Governor Edward Rendell has embraced a similar initiative and proposed \$5 million in his FY 2005-2006

budget to defray the cost of enrolling in college courses.

Senate Bill 150 would create the Opportunities for Educational Excellence Program in an effort to provide state funding to school districts that enter into dual enrollment agreements with colleges or universities.

According to the Department of Education, 15,000 Pennsylvania students are currently enrolled in some type of dual enrollment program.

The legislation has been referred to the Senate Education Committee and will be the subject of a public hearing on March 15.

Gordner Bill Would Defray Act 72 Mailing Costs

Legislation introduced by Senator John Gordner would direct the Commonwealth to reimburse school districts for the cost of two first-class mailings that the Homeowner Tax Relief Act requires them to send to property owners.

Senate Bill 327 would appropriate \$3 million from the Commonwealth's general fund for reimbursements in FY 2004-2005. Under the proposal, school districts would notify the Department of

Education of their first class mailing costs by providing certified information on the number of mail pieces sent to property owners and the cost of the mailings.

The Department would provide reimbursements based on the certified information. Estimates indicate that school districts will incur an average of \$5,619 in Act 72 mailing costs in FY 2004-2005.

For FY 2004-2005, the Homeowner Tax Relief Act requires school districts to

send homestead notices by first class mail on October 18 and December 31. School districts are permitted to limit the second mailing to residential property owners who have not responded to the first mailing.

In each subsequent year, school districts are required to send notices to residential property owners who are not currently approved for homestead exclusions or farmstead exclusions or whose approval is due to expire.

Senators Question EITC Reporting Requirements

In a letter to each of the 167 organizations authorized to provide student scholarships under the Education Improvement Tax Credit (EITC) Program, the Department of Community and Economic Development (DCED) has directed those organizations to provide information that may not be authorized by law.

On January 31, Senator Rhoades, Senator David J. Brightbill and Senator Jeffrey Piccola wrote DCED secretary Dennis Yablonsky to object to the reporting requirements and question the department's legal authority to require them.

Under questioning during

a hearing before the Senate Appropriations Committee, Yablonsky clarified that the reporting requirement would not go into effect until FY 2005-2006.

Yablonsky also suggested that DCED could remove organizations that fail to comply with the reporting requirements from the list of author-

ized scholarship organizations,

The EITC act allows business firms to earn tax credits for contributions to organizations that provide students with scholarships to non-public schools or to organizations that support innovative activities in public schools.

In 2004-2005, \$40 million was available in tax credits.

FY 2004-2005 Education Improvement Tax Credit Program

	Organizations	Contributions	Tax Credits
Scholarship Organizations	167	\$29,606,312	\$26,592,772
Educational Improvement Organizations	252	\$14,899,551	\$13,310,307
Pre-K Scholarship Organizations	49	\$ 1,355,500	\$ 1,246,850

Data Source: Department of Community and Economic Development

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