



# Education Update

From the Senate Education Committee

FEBRUARY 26, 2007

## Foundation Spending Targets Many Wealthy School Districts

Of the 169 school districts that qualify for the foundation supplement

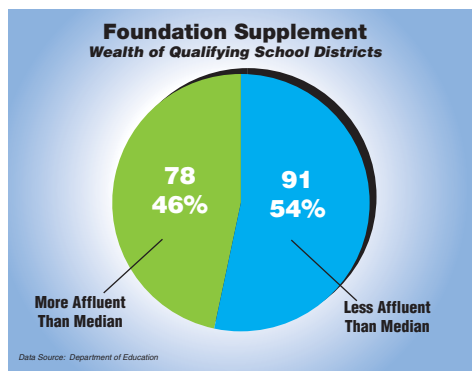
ment that Governor Edward Rendell has included in his FY 2007-2008 basic education subsidy proposal, 46% of them are more affluent than the state median.

market value/income aid ratios less than the state median of 0.5855. Twenty-four, or 14%, of the school districts that qualify for the foundation supplement have aid ratios that place them in the most affluent 25% of all school districts.

Proposed spending on the foundation supplement accounts for 35.8% of the overall \$167 million subsidy increase, the single largest percentage of the increase earmarked for any of the nine subsidy supplements.

According to the Rendell Administration, the goal of the foundation supplement is to “set a minimum funding target that [school] districts should reach in order to provide an adequate education.”

However, 78 of the school districts that qualify for the supplement have



## Department Issues Special Education Expenditures Report

According to data from the Department of Education, 3.4% of the Commonwealth’s special education students required expenditures in excess of \$25,000 during the 2005-2006 school year.

The data, which is collected as required under Act 16 of 2000, provides information on the number of special education students for whom school districts expend between \$25,000 and \$50,000, between \$50,000 and \$75,000 and over \$75,000.

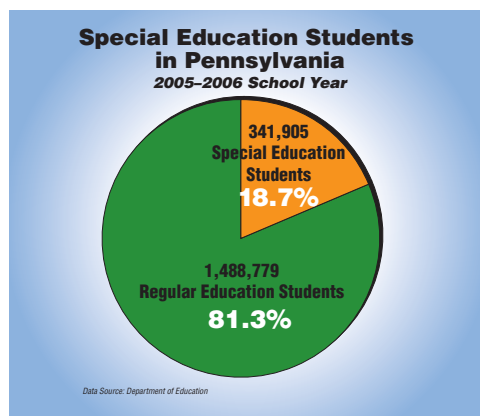
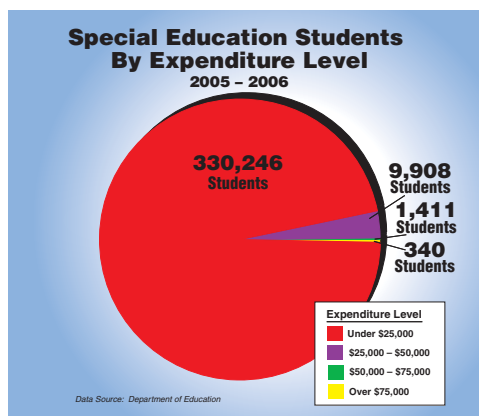
It showed that 11,659 of Pennsylvania’s 341,905 special education students required expenditures in excess of \$25,000. Of those, 9,908 required expendi-

tures between \$25,000 and \$50,000; 1,411 required expenditures between \$50,001 and \$75,000; and 340 required expenditures over \$75,000.

The report includes information on expenditures submitted by 472 of the

Commonwealth’s 501 school districts.

According to the Department, 18.7% of Pennsylvania’s 1,830,684 public school students were classified as special education students in the 2005-2006 school year.



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## Early Childhood Programs Account for Most Block Grant Spending, Small Number of Students Served

In FY 2006-2007, school districts used nearly 71% of the \$250 million appropriated for the Accountability Block Grant program to support early childhood initiatives even though those initiatives served less than 10% of the total number of students impacted by the program, according to a mid-year report issued by the Department of Education.

The report indicates that \$174.8 million was approved for programs

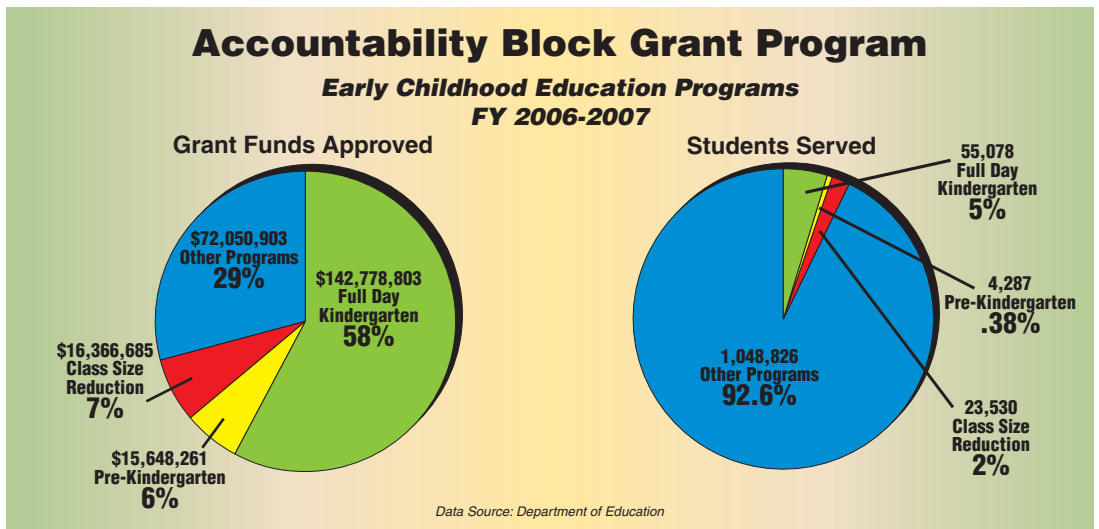
to support pre-kindergarten, full-day kindergarten and class size reductions in grades K-3, with \$142.7 million of that amount approved for full-day kindergarten programs. Even though early childhood initiatives accounted for most of the block grant spending, those programs served only 82,895

students, or 7.4% of the total 1.1 million students who were impacted.

Under the accountability block grant program, each school district receives a formula-driven amount, which it can use to support any of ten types of programs. The Department approves the use of a school district's

block grant funds before the monies are disbursed.

For FY 2007-2008, the Governor's proposed budget includes an additional \$100 million for the block grant program, with the increase dedicated to pre-kindergarten and full-day kindergarten programs.



## School Districts May Request Back-End Referendum Exceptions

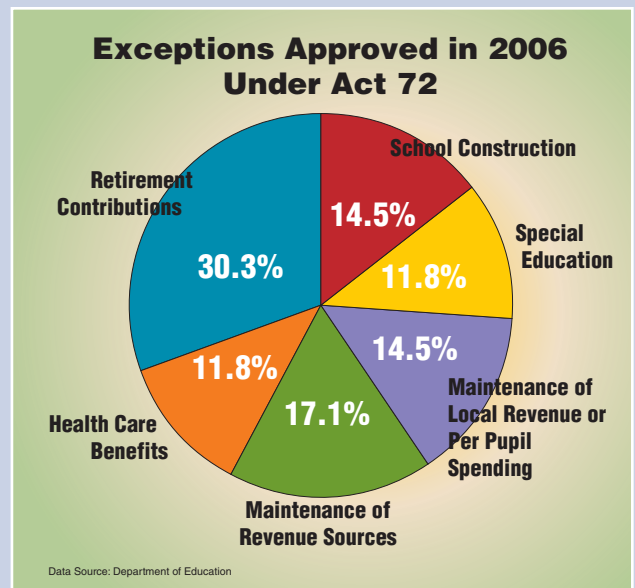
Under the Taxpayer Relief Act of 2006, school districts may increase their tax rates above the index for FY 2007-2008, without taxpayer approval of a back-end referendum question, if the Department of Education approves their requests for one of seven exceptions.

These exceptions attempt to identify revenue and spending scenarios that are largely beyond a school district's control and for which property tax rate increases are essential for a school district to balance its budget.

The exceptions available under the Taxpayer Relief Act are substantially similar to those available to the 118 school districts that elected to participate in Act 72 of 2004.

Under Act 72, the largest number of exceptions approved were for increases in school district retirement contributions to the Pennsylvania School Employees Retirement System (PSERS).

Under the Taxpayer Relief Act, school districts must request exceptions no later than March 1.



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