



Education Update

From the Senate Education Committee

MARCH 12, 2007

Funding For Growing School Districts Shrinks in Governor's Proposed Budget

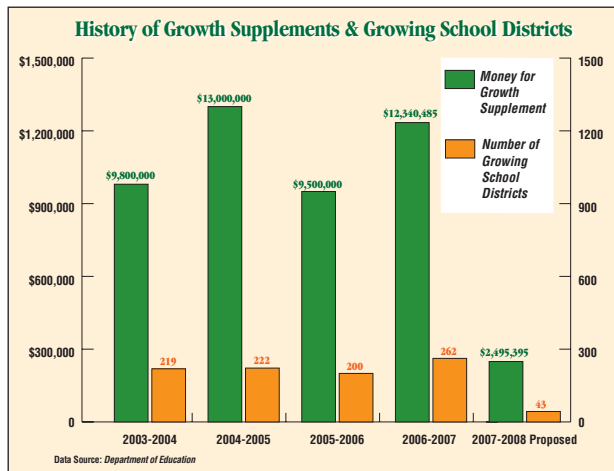
Growing school districts would receive a fraction of the state support they had enjoyed in previous years under the basic education subsidy included in Governor Edward Rendell's FY 2007-2008 proposed budget.

The Governor's basic education subsidy proposal includes only \$2,495,395 in the funding supplement designed for school districts experiencing rapid enrollment growth. As the Governor has proposed it, only 43 school districts would qualify for the funding.

This approach is in sharp contrast to

FY 2006-2007, when the supplement for growing school districts included \$12,340,485 for 262 school districts. Since FY 1993-1994, the General Assembly has allocated over \$85 million for growing school districts.

In the 2006-2007 school year, 200 school districts showed an increase in student enrollments.



School Boards Face Decisions on Local Tax Referenda

Under the Taxpayer Relief Act of 2006, school boards have until March 13 to make final decisions about the local tax referendum questions that will appear on the May 15 primary election ballot.

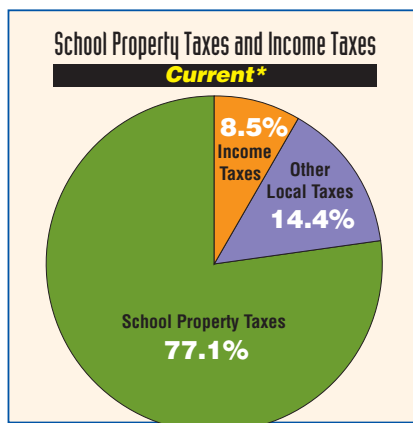
The law requires each school district to format a referendum question asking taxpayers whether they will approve an increased earned income or personal income tax in order to provide property tax reductions. The referendum questions must propose to provide property tax relief equal to at least 50% of the maximum homestead exclusion allowed by law.

Each school district appointed a local tax study commission in Fall, 2006 to provide recommendations for the referendum questions. Eighty-one percent

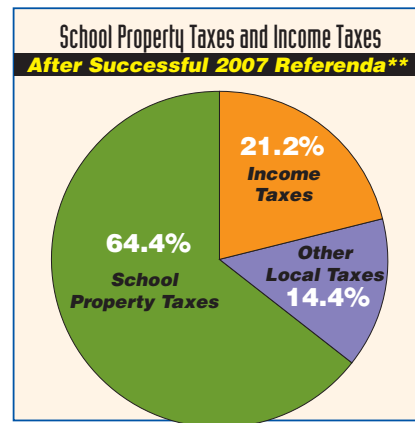
of the commissions recommended increases in the earned income tax rather than the personal income tax.

School property taxes currently represent 77.1% of school districts' local revenue.

enue. If voters in each school district approve referendum questions proposing the minimum amount of property tax relief allowed under the Taxpayer Relief Act, school property taxes could be reduced to 64.4% of school districts' local revenue.



*Based on FY 2003-2004 tax collection data.



**Assumes all school districts approve referenda authorizing income tax rates sufficient to provide mandatory minimum 50% of maximum homestead exemption.

Senate Education Committee

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Senator James J. Rhoades
Chairman

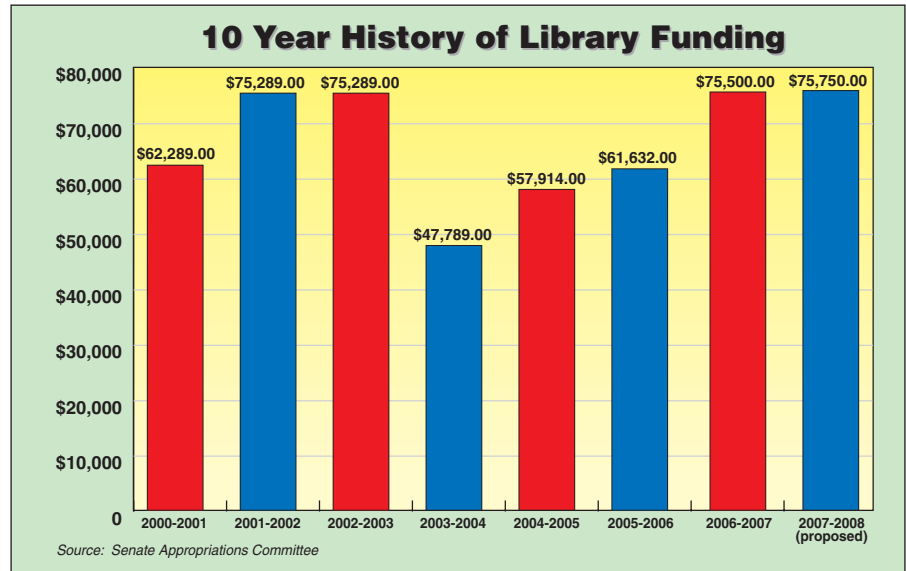
David L. Broderic
Executive Director

Governor Proposes Slim Increase in Library Funding

Governor Edward Rendell's FY 2007-2008 proposed budget includes a \$250,000, or 0.33% increase in funding for the Commonwealth's public libraries, the smallest proposed increase in library funding since FY 2004-2005.

In FY 2003-2004, the Governor proposed cutting library funding by 50%. Beginning in FY 2004-2005, the General Assembly steadily increased library funding until the state appropriation was restored to its FY 2002-2003 levels.

There are approximately 163 local public libraries and library centers that receive state funding to support their operations.



AYP Targets Constant for 2007 — Will Increase in 2008

The academic performance targets set for Pennsylvania's public schools will remain constant for 2007, but will increase in 2008, according to the state plan required under the federal No Child Left Behind Act (NCLB).

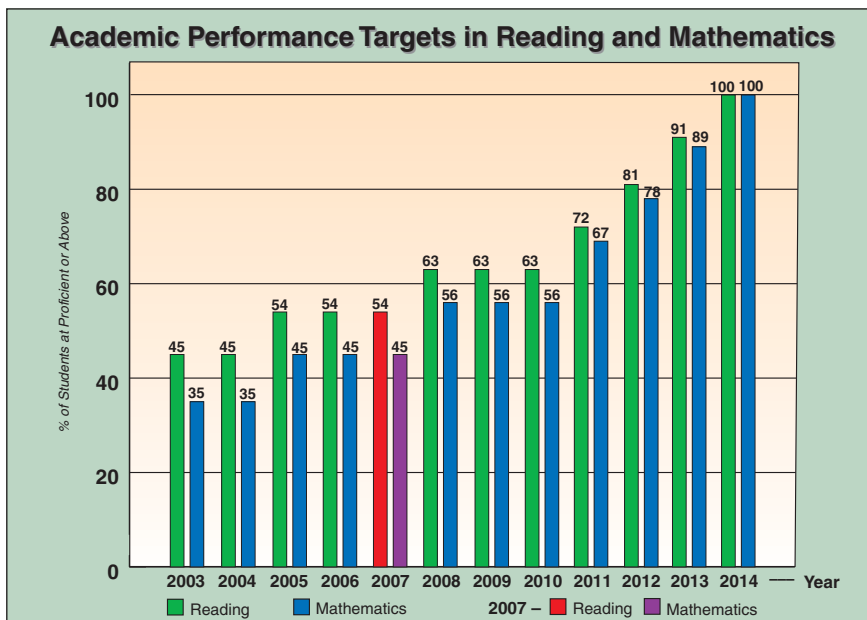
For the Pennsylvania System of School Assessment (PSSA) exams administered in 2007, 54% of a school's students will be required to

score at proficient or above in reading and 45% will be required to score at proficient or above in mathematics in order to meet adequate yearly progress (AYP) under the federal law.

Schools that meet these performance thresholds and additional requirements for attendance, graduation and performance in student subgroups will be considered to have met AYP.

The performance targets will remain constant until 2008, when they will increase to require 63% of a school's students to score at proficient or above in reading and 56% to score at proficient or above in mathematics.

The NCLB goal is to have 100% student proficiency by 2014. In 2006, 78.9% of Pennsylvania schools met AYP.



Senate Education Committee Activities

Tuesday, March 20
 Room 8E-A, Capitol East Wing
 11:00 a.m.
 Committee Meeting
 SB 112, SB 159

Wednesday, March 21
 Senate Majority Caucus Room
 9:00 a.m.
 Public Hearing
 Accountability Block Grant Program

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