

State College Area School District



Governor Budget Address 2024-25

**State College
Area School District
Board of Directors
February 19, 2024**

The Proposal

Part 1

PA's Proposed Total Operating Budget

- **\$ 121.5 billion for 2024-25**
- \$ 3.02 billion in the Motor License Fund
- \$ 2.1 billion in the Lottery Fund
- \$ 48.9 billion in Federal funds
- \$ 22.6 billion special funds/augmenting fees
- **\$ 48.3 billion in the General Fund**

2024-25 Proposed Budget

\$48.3 billion General Fund budget proposal (12 percent increase from 2023-24)

- The budget proposal holds the line on taxes, and instead uses about \$3 billion in reserve cash to balance.

Budget Themes

- Investing in Children, Students, and Educators
- A New Blueprint for Higher Education in Pennsylvania
- Making Pennsylvania a Leader in Economic Development, Job Creation, and Innovation
- Ensuring All Pennsylvanians Have the Freedom to Chart Their Own Course and the Opportunity to Succeed
- Cutting Everyday Costs for Pennsylvanians

Budget Themes

- Supporting and Protecting our Vulnerable Pennsylvanians
- Combatting Gun Violence and Ensuring Access to Effective Emergency Services
- Ensuring Pennsylvanians Have Access to Mental Health Resources
- Protecting Pennsylvania's Environment
- Getting Stuff Done – Government Service that Works

General Fund Revenue 2024-25



Personal Income
\$18,786,500 40.6%

Consumption \$15,652,400 33.8%

Corporation Taxes \$8,026,200 17.3%

Other Taxes \$2,519,600 5.5%

Nontax Revenue \$1,291,100 2.8%

Income

(Dollar Amounts in Thousands)

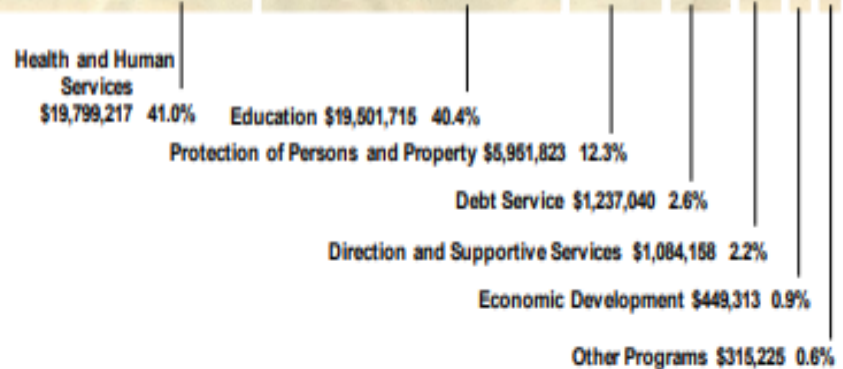
TOTAL INCOME	\$46,275,800
Refunds	(1,427,900)
Beginning Balance	7,070,402
Lapses	250,000
TOTAL	\$52,168,302

General Fund Revenue 2024-25

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$48,338,491
Budget Stabilization	
Reserve Fund	382,981
Plus Ending Surplus	3,446,830
TOTAL	\$52,168,302



Education Projections: 2024-25

The Appropriations

- **\$200 million** proposed increase for BEF formula
- **\$871 million** increase in new adequacy investment formula driven into the BEF base
- **\$50 million** proposed increase for SEF

The Appropriations

- **\$50 million** proposed for safety/security grants via PCCD for physical safety (and for coordinator training)
- **\$ 100 million** proposed for mental health grants via PCCD
- **\$ 30 million** proposed increase to Pre-K Counts
- **\$ 2.7 million** proposed increase to Head start
- **\$ 17 million** proposed increase for Early Intervention

The Appropriations

- **\$7 million** for dual enrollment projects
- State reimbursement to cover **universal free breakfast**
- **\$2.4 million** increase in CTE funding
- **\$ 10 million** to the Educator Talent Recruitment Account
- **\$15 million** proposed for student teacher stipend program
- **\$ 5 million** proposed for professional development of educators (\$2.7 million increase)

(New) Appropriations

- **\$300 million** for school environmental repair projects (\$1.5 billion over 5 years)
- **Statewide cyber charter tuition rate** (\$8,000 per student) returning \$262 million back to school districts
- **\$3 million** to provide free menstrual hygiene products in schools
- **New higher education system:** combining PASSHE and community colleges, 15% increase in funding (\$975 million)
- **\$1,000 in tuition/fees per semester** for families making the median income of \$70,000 or less going to new system school
- Increase **PHEAA state grants by \$1,000** (max. award up from \$5,760 to \$6,750)

What's NOT in the proposed budget?

- PlanCon funding (?)
- Minimum teacher salary
- PASS Scholarships (no dollar amount)
- EITC/OSTC expansion
- Level-Up

Appropriations Not to Worry About...

- Social Security reimbursement
- Ready to Learn Block Grant
- PSERS reimbursement
- Transportation subsidy
- School meal reimbursement

The Context

Part 2

- BEFC Majority Report
- 2024 Elections + The Structure of the General Assembly
- The ESSER Unwind
- And the Economists Say...?

Basic Education Funding Commission

The Basic Education Funding Commission (BEFC) released reports that include recommendations for improving the BEF formula and establishing a new school funding system in Pennsylvania.

Governor Shapiro and the General Assembly must agree to include these recommendations in the 2024-25 budget.

BEF Formula Recommendations:

Majority Report

- Use **three-year averages** of ACS poverty, median household income, and number of households datasets to smooth the trend for changing factors.
- **Safe harbor provision:** Districts qualify for the concentrated poverty metric if they have a $\geq 30\%$ acute poverty level in any of the previous three years.
- Resetting the base at the 2023/24 distribution level.
- Provide a \$200 million increase through the BEF formula each year.

Adequacy Recommendations: *Majority Report*

- “387, or 77%, districts have an adequacy gap because they spend below \$13,704 per weighted student, and the other 113 school districts are currently spending at or above the recommended adequacy target.”
- In total, the statewide adequacy gap is **\$5.1 billion in state share**, to be distributed over 7 years (\$871 million per year).



Report 1 (Minority Report)	Both Reports	Report 2 (Majority Report)
Left up to the General Assembly to determine an adequacy model/ dollar amount	Reset the BEF base to the 2023/24 allocation	Provide \$200 million through updated BEF each year.
Accountability for adequacy funding to LEAs	Smooth poverty datasets using a 3-year average	\$871 million annual investment for seven years, \$5.1 billion adequacy shortfall
Left up to the General Assembly to determine property tax relief model/ dollar amount	Concentrated poverty safe harbor provision	\$955 million in state investment for tax equity supplements
Address disproportionate increase in PSERS contributions	Increased funding for school facilities	\$300 million annual investment for school facilities
PASS Scholarships	Require PDE conduct facility assessments	Broader charter reform
Sustainable increases to EITC/OSTC	Charter and/or cyber charter reimbursement to school districts.	Investment in literacy support programs
New metric to replace ACS poverty data	Supports for recruiting/retaining school staff	\$100 million annual investment for K-12 mental health.
Evidence-based interventions to maximize student achievement	Incentivizing shared services and consolidation where beneficial	Investment towards publicly-funded Pre-K
	Sustainable/predictable funding to CTCs	Investment and structural changes to Pupil Transportation Formula
	Investment in school safety	Increased investment in special education
	Investment in technology	

BEFC Recommendations:

Governor Shapiro's 2024-25 Budget

So... what does this mean?

- A proposed significant investment in education!
But... certain pieces not agreed to by all.
- And... is it sustainable?
- Governor Shapiro included **some** of the recommendations from the Majority Report in his budget proposal.
- What will be agreed to by June?

A Deeper Dive...

Part 3

- BEF
- Adequacy Formula
- SEF
- Safety and Security
- School Construction
- Educator Pipeline
- Food Service
- Cyber Charter School Reform
- PASS Scholarships

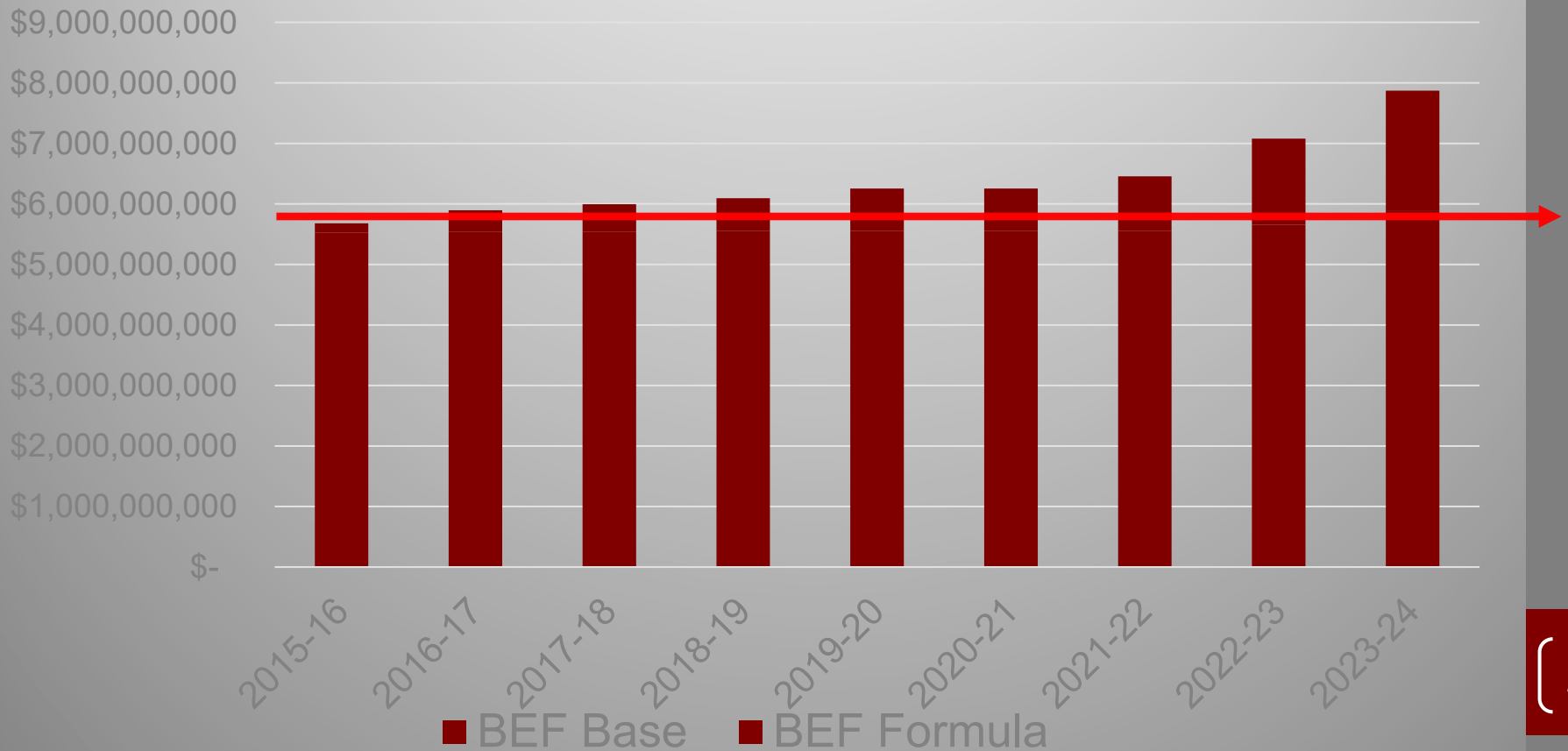
2024-25 Basic Education Funding

BEF Base	\$7.87 Billion
BEF Formula	\$200 Million
<i>BEF Base/Formula Total</i>	<i>\$8.07 Billion</i>
Adequacy Gap	\$735 Million
Tax Equity	\$137 Million
<i>Adequacy/Equity Total</i>	<i>\$871 Million</i>
Proposed 24-25 Total	\$8.94 Billion

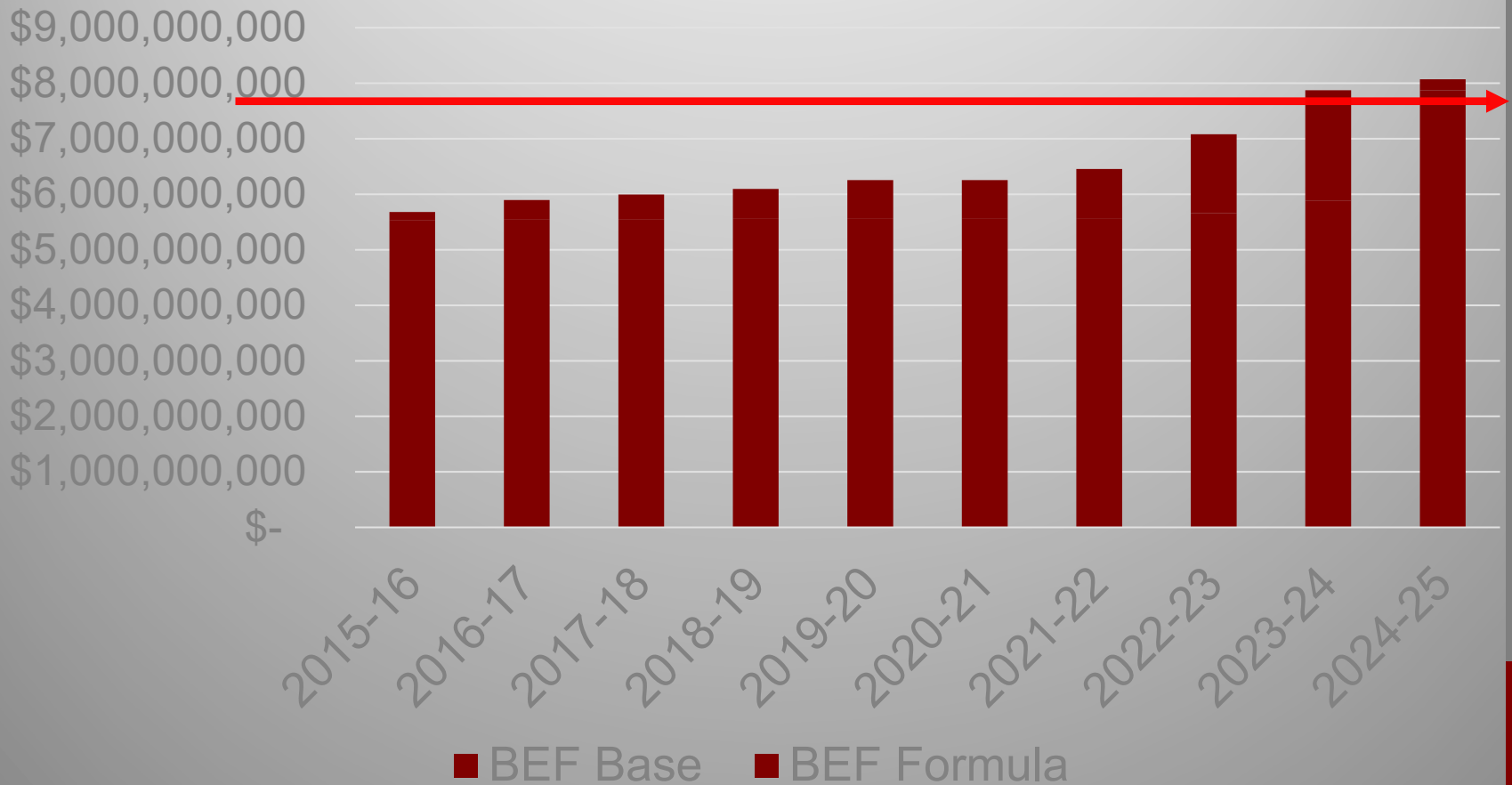
Proposed BEF Formula Changes

- Use **three-year averages** of ACS poverty, median household income, and number of households datasets to smooth the trend for changing factors.
- Extend the qualification for concentrated poverty: Allow districts to qualify if they have a 30% or greater acute poverty level in **any of the previous three years**.
- Provide at least a \$200 million increase through the BEF formula each year.
- Resetting the base at the 2023/24 distribution level.

2023-24 BEF Base



2024-25 BEF Base



Basic Education Funding

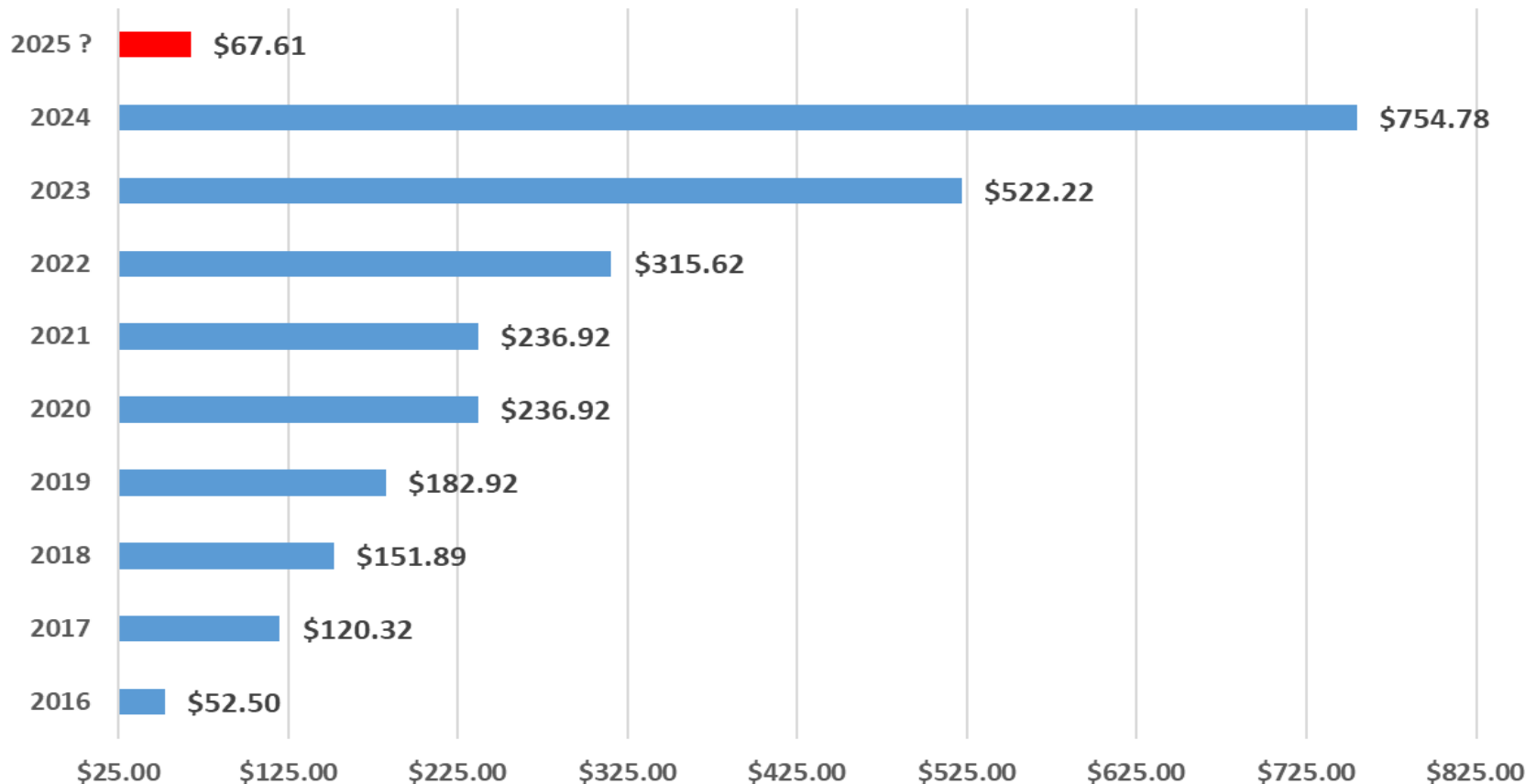
- Now, only **\$200 million** runs through the **dynamic BEF formula**.
- From 2023-24 to 2024-25 proposed AS is:
 - 280 districts lost share yr. over yr., to date.
 - Total range on share change is 38.3%
- No matter what, **EVERY district will see an increase from the \$200 million BEF SW portion**.

BEF Formula Review

- Base change impact
- Share change on \$200 million versus \$1.99 billion... large difference!!
- Share change is moot for 2024-25 with SW added to prior base...until next year?
- Does the legislature add more to it in negotiations for this year?
- **Still need to know your share!**

SW BEF Formula Portion Value per ADM

Value Per ADM (Lost or Gained) for each SW ADM



This Changes Everything

- Funds added to BEF as proposed are dropped into LEA base (like Level Up)
- Seven years is a long time!
- Sustainability
- IFO projections
- Economic growth
- Economic downturns
- Future legislatures/governors

Special Education Funding

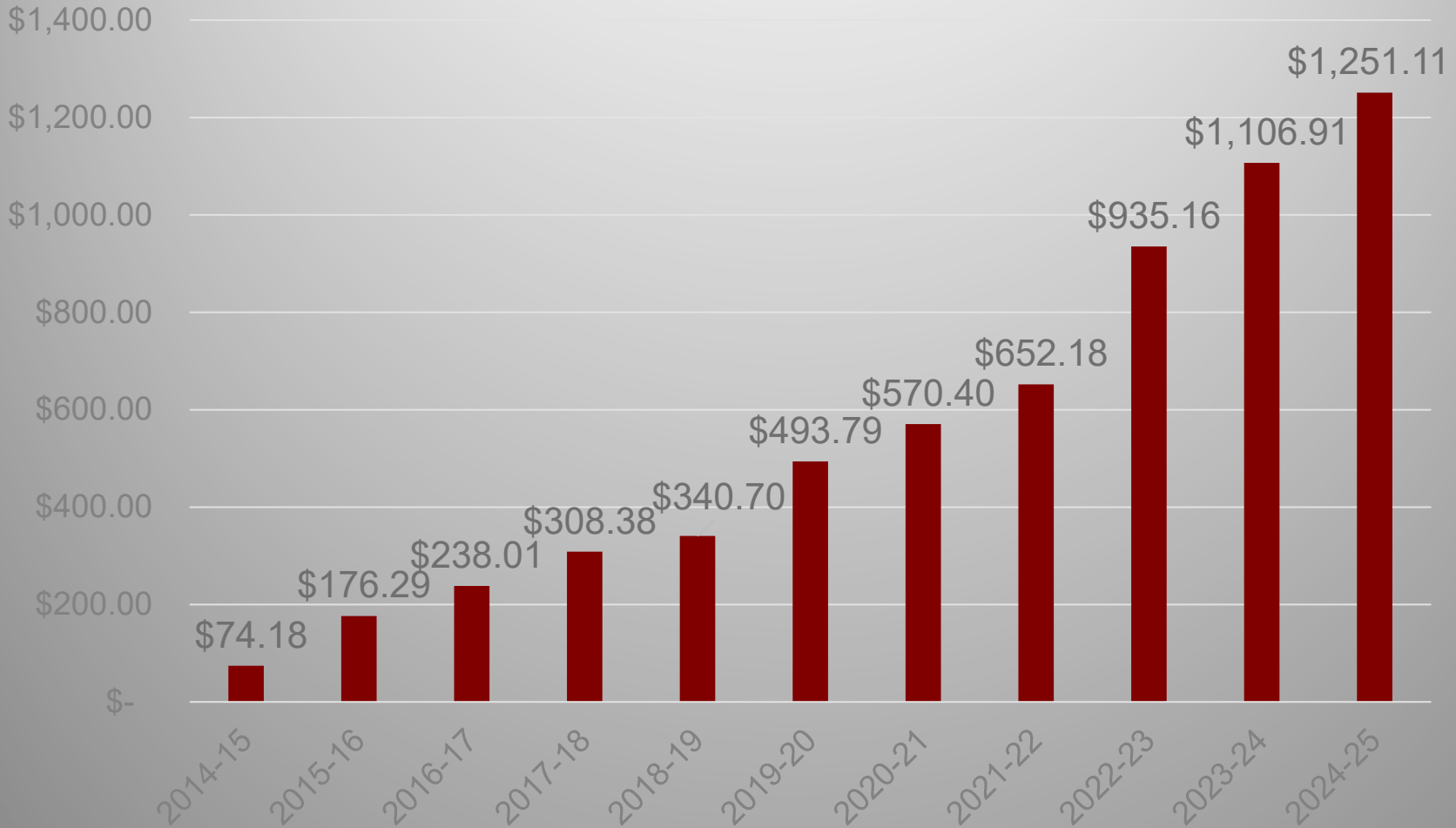
2024-25 Proposed Special Education Appropriation	
Component Listing	
Special Education Funding	\$1,330,885,837
Contingency Fund	\$13,362,473
Contingency Fund APS Set-aside	\$1,000,047
Cordero Community Services	\$563,000
Intermediate Unit Core Services	\$78,993,860
Intermediate Unit Institutionalized Children (Net)	\$2,343,000
Private Residential Rehabilitative Institutions	\$1,500,000
Special Education Out of State	\$3,000,000
Special Education Wards of State	<u>\$5,166,783</u>
Total 2024-25 Proposed State Appropriation	\$1,436,815,000
February 2024	
<p>Note: Amounts for PRRI, Out of State, and Wards of State are rough estimates. Actual payment amounts will not be known until after receipt of payment requests (OOS, WOS) or finalization of audits (PRRI).</p>	

Special Education Funding

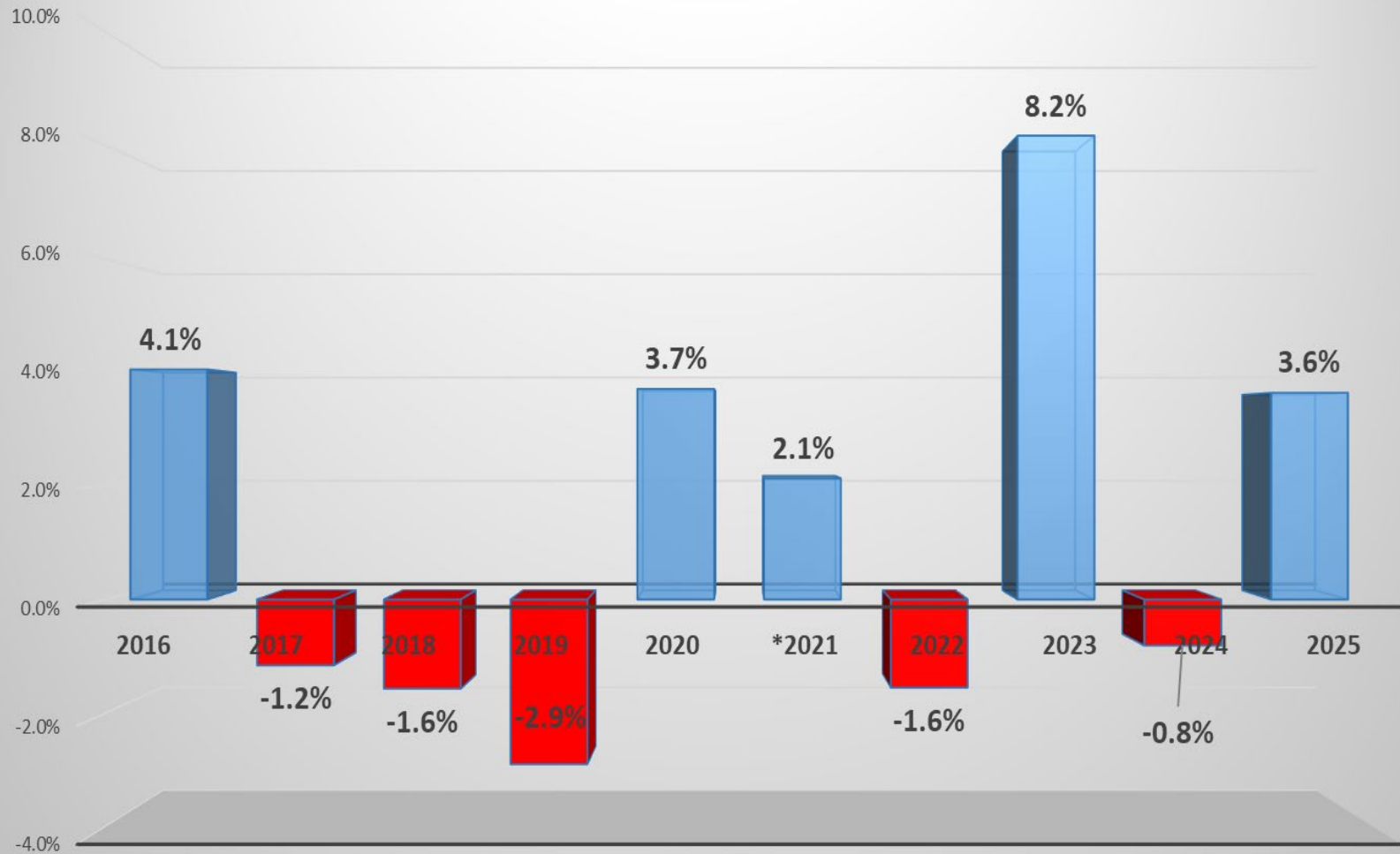
- 2024-25 proposed add at \$46,750,000 to SW portion.
- \$383.3 million running through the SEF formula.

2024-25 Proposed Special Education Appropriation	
Proposed SEF	\$1,330,885,837
Less SEF Base	\$947,535,830
2024-25 Proposed Student-Based Allocation	\$383,350,007

Value per SEF Weighted ADM



Total SEF Value Per SPED student: Yr over Yr Change: 2025 Proposed



Safety and Security

\$50 million for school safety and security grants through the PCCD's School Safety and Security Fund.

- These grants came to be in the 2022-23 budget cycle.
- School entities can utilize funds to address physical security enhancements and provide resources for school safety and security coordinator training.

Safety and Security: Mental Health

\$100 million for mental health grants through the PCCD's School Safety and Security Fund.

- These grants came to be in the 2023-24 budget cycle.
- These grants were funded through federal COVID-State Fiscal Recovery restricted account funds in 2023-24.
- School entities can utilize funds to provide mental health services to students and staff, with behavioral health baseline criteria limitations

Safety and Security: Targeted Grants

The Safe Schools Targeted Grants Program was moved from PDE to PCCD in the 2023-24 budget.

\$11 million for school safety and security grants transferred to PCCD's School Safety and Security Fund.

- Awards previously weighted to nonpublic schools.
- School entities can utilize funds for programs that establish or enhance school security, including costs associated with the training and compensation of school security personnel.

School Construction

\$300 million for school environmental repairs program via PDE.

- School entities can utilize funds for projects that abate or remediate environmental hazards, including, but not limited to, the abatement or remediation of lead in water sources, asbestos and mold.

- **This program differs from PlanCon, which is still placed under moratorium.**

- No funding appropriated under this proposal for the public school facility grants (\$100 million last year).

School Construction

Other Legislation...

HB 1408 (*Rep. Schweyer, Lehigh*)

- Public School Facility Improvement Grant Program under the CFA.
- A qualifying application must have costs related to the project of at least \$500,000.
- 25% local match is required, with a grant maximum of \$5,000,000.
- Removes the limitation on PlanCon project reimbursement exceeding 65% of overall structural costs
- Changes building condition assessments by school entities from a voluntary report every 10 years to a mandatory report every five years.

School Construction

Other Legislation...

HB 1032 (*Rep. Fiedler, Philadelphia*)

- Establishes the Solar for Schools Grant Program in DCED to provide competitive grants to school entities for solar energy projects. I
- DCED is required to provide technical assistance related to solar assessments to applicants who request it.
- Grant awards are capped at 50% of the cost of the solar energy project.

Other Legislation...

Educator Recruitment and Retention

Food Service

- continue* universal free breakfast

- full cost of lunch – reduced price lunch eligibility

Cyber Charter School Reform

- highlight: statewide cyber charter tuition rate of \$8,000 per student

PASS Scholarships

State Budget Crystal Ball

- Economic/demographic impacts
- PASS Scholarships
- PlanCon/School facilities
- BEF increase
- Will the budget be on time?
- Cyber charter reform
- Adequacy/Equity pieces
- BEFC recommendations
- SEF increase

Questions

State College Area School District

