



YorkCounts asked all participants in today's panel discussion to provide written responses to four questions in advance, so that we could provide the responses to audience members and you would have the responses on paper to refer to during the discussion. We asked all of them to limit their responses to a total of 75 words; that proved to be a challenge. So we are providing each of their responses in their entirety.

Seven of the participants responded. We offer their answers grouped with the corresponding question and listed in alphabetical order. And don't forget to give us your feedback on these responses and on the discussion using the tear-out "Speaker Report Card" page in the back of your program booklet.

1. On a scale of 1-10 (1 being the worst/most problematic, 10 being the best/most healthy), how do you rank the fiscal situation of K-12 education?

Thomas Gentzel: I would say most schools statewide are about 3 but getting worse quickly. The loss of local revenue over the past few years has been dramatic, and the financial crunch is about to become much more difficult if the final state budget numbers are close to those proposed by the governor.

Stephen Herzenberg: 3

Judith Higgins: A "2" because the statewide funding formula and the statewide "hold harmless philosophy" has not been changed; as this is only Year One, I believe it can get worse.

George Ioannidis: "3" – due to the uncertainty of state funding and prospects of a low Act 1 index.

Robert Krantz: I believe that the fiscal issues surrounding K-12 education in York County vary from district to district, as does the inequities of financial worth, the index (even adjusted), and a mill of tax. The actual amount raised by a mill ranges from almost 1 million dollars to 3 million dollars. Therefore, if a district is able to raise dollars by 0.5 of a mill, it equates to a significant difference in revenue. In addition, the fiscal issues are just as scattered with some districts feeling the crunch of dollars immediately and others over a few-year time period. In addition, there are less than 80 growing school districts in Pennsylvania, resulting in many schools receiving more funds since the legislation is based on enrollments from 1991. Regardless, the situation will be felt quickly and on a 10

point scale with 1 being a major problem I would rate York County at about a 3 or less.

Joel Sears: 2 to 3 at best. With projected deficits for the 2011-12 school year ranging from a few hundred thousand dollars to almost \$25 million in the city, York County's fiscal situation has never been worse. Throughout the county and the state as a whole, structural deficits will continue far into the future as school districts struggle with pension obligations, debt service, pay and benefit packages, state and federal mandates, and increasing charter school costs.

James Testerman: York County districts get about half of their revenue from property taxes and about one-third from the state, with the rest coming from federal sources and bond issues. Most of the school districts in York County maintained appropriate fund balances relative to the size of their budgets. Throughout the recession, the city and some rural districts kept tax increases low (even frozen), while the suburbs raised rates. Overall, I would rank the fiscal situation at about a "6"—better than average for the state. However, the Governor's budget proposal would slash Basic Education funding for York County by about 9.1 percent or \$15 million.

2. What are the elements of the solutions to the problems?

Thomas Gentzel: The Commonwealth needs to develop and stick with a funding formula for public schools. For many years, the subsidy for distributing the vast majority of state aid to schools was well established. Over the past decade or more, changes have been made virtually every year, and the state's funding commitment has been inconsistent. This makes budgeting at the local level very difficult, to say the least. School districts also need to have access to a variety of taxes in order not to be overly reliant on any one levy. And, public education needs to be relieved of many burdensome, unnecessary and costly mandates that add expense without enhancing the instructional program. Every dollar saved in mandate relief is equally as valuable as a new dollar in state funding.

Stephen Herzenberg: The core fiscal *problems* are the high dependence of schools on local property taxes, inadequate state funding (an area where the state has been making progress but is about to take a large step back), fragmented school districts which in too many cases include only communities with low income and property wealth, and growing geographically localized economic segregation. Elements of a *solution* to the fiscal problems could include broadening school districts to span communities of different income/wealth levels (e.g., countywide or integrating parts of York City School District with neighboring suburbs), increasing state funding for education, or establishing a statewide property tax.

Judith Higgins: Elements to the solution:

- a. Opening the state Constitution to provide relief through the reduction of state mandated benefits to levels that existed prior to Governor Ridge for all employees who have not retired. These costs are breaking the taxpayers of every district.
- b. Property tax reform by redistributing all countywide school tax collections/funding, based on student count, not zip codes, within the county.
- c. Eliminating unfunded and **mandatory** funding for students attending charter/cybers whose home districts are neither failing nor low performance schools or whose home district offers a charter/cyber school option.
- d. Eliminating York City school district's academic issues by allowing student movement to any district and giving academic amnesty for two years of performance.
- e. Continue to fund the IU concept to provide PROVEN economic and special education savings and support to the member districts that have resulted in savings of \$24 MILLION savings in 2009-10.

George Ioannidis: Awareness of how the state funds public education and establishment of the expected outcomes of the educational experience for the student/family, the employers/post-secondary education, and the Commonwealth.

Robert Krantz: The elements for a solution to the fiscal problems are a fair and equitable approach based on a regional or statewide cost per student. Appropriate and equalized State funding, funded mandates (if a school district is directed to follow a path, it should be funded), funding for special education (presently Dover receives about \$1,800.00 or less per student and based on requirements from the State it costs about \$8500.00 more to educate a special needs student over and beyond the costs of a regular education student), and especially change the cyber/charter school funding. School districts are required to pay almost \$10,000.00 per cyber student and almost \$20,000.00 per cyber student in a special education setting. This is ludicrous. Public schools also supply busing to all private and parochial schools, special education services, testing in some cases, and students with difficulties usually are dealt with by the public school system. This makes it difficult to read editorials (for the purpose of stirring up the public) that promote private and parochial schools when there is not a level educational field. Reliance on property has created a major disparity between districts with high property values (and industry) and those districts that have no industry and a high tax effort community. Bottom line – fund schools appropriately and equitably without the reliance on a once per year property tax. Additionally, PDE, Pa. Dept. of Health, Human Relations Commission, and Dept. of Public Welfare must review policies due to differences in expectations in public schools or unrealistic demands.

Joel Sears: The only feasible short-term solution is cost control – including program cuts, building closures, pay freezes, benefit package modifications, and furloughs. Long term, the state must overhaul the public education funding system and replace property taxes with a combination of broad-based sales and income taxes. Today, the allocation of state funds relies primarily on student populations from the 1990-91 schoolyear. Throughout the Commonwealth, districts with declining enrollments actually receive more money today than they did in 1990 while growing districts are forced to depend more and more heavily on local sources of revenue. In the City of York, next year's total property tax rate will exceed 55 mills. This is equivalent to paying 80 cents in property tax for every dollar of principle and interest to service a well-structured mortgage.

James Testerman: While York County districts could rely on state funding for recurring expenses in the past, they likely will need to explore other revenue sources in coming years, such as cutting expenses or increasing property taxes. Districts' fund balances can help spread out these changes over time, but cannot eliminate the need for them. A realistic and meaningful solution to York County's fiscal problems means that we must find alternative solutions for funding our schools, and stop relying so heavily on property taxes. A child's zip code should not determine how much funding is available to help them reach his or her full potential.

3. What are the next steps? What must be done this year?

Thomas Gentzel: A few suggestions for short-term relief:

- a. In the very short term, enact legislation authorizing school boards to furlough professional employees for economic reasons. Currently, such lay-offs only are permitted if pupil enrollment declines significantly or if a district decides to eliminate an entire program that is not mandated by the state. Economic furlough legislation can be a valuable tool for school management in trimming personnel expenses to fit available revenues; however, if not crafted properly, it also can tie the hands of school boards and administrators. For example, the bill must not link furloughs to seniority or otherwise unduly restrict the process for determining which staff positions should be retained. The General Assembly trusts school boards to hire professional employees; it should trust them to decide which ones to retain when downsizing becomes necessary.
- b. Districts also need to be given relief from many mandates that have made providing an educational program cumbersome and costly to administer. PSBA supports a range of mandate relief bills, which we have drafted and

had introduced in the state House and Senate as part of our Focusing Resources on Educational Expenses (FREE) initiative. We will continue to press for their enactment, along with an effort to permit school boards and administrators to identify and obtain waivers from mandates that are particularly problematic for their districts.

- c. In addition, legislators should restore at least some of the cuts in the proposed budget for K-12 education. The investment in education has paid major dividends in terms of increased student achievement. We should not undermine that progress by forcing districts to eliminate programs that have proven successful in promoting effective instruction.
- d. Elected school board members need to play an active role in this debate, as the agents of the General Assembly and the representatives of the public. School administrators, parents, the business community and all taxpayers have a responsibility to defend and advocate for a strong, viable public education system. It's our system. We need to do all we can to be certain it serves the needs of our communities. Right now, it's becoming an endangered institution.

Judith Higgins: Next steps:

- a. Do Now: Open the Constitution and reinstate the lower retirement benefits for all current employees that existed prior to the Ridge Administration.
- b. Do Now: Fund and retain the IU12 structure for maximizing district services and savings in consolidated services, etc which resulted in a demonstrated a \$24million dollar savings for districts last fiscal year.
- c. Do Now: Institute a hiatus on opening more charter/cyber schools unless 100 percent grant funded for a minimum of three years.
- d. Do Now: Eliminate the mandate for non-failing and non-low performance districts to pay for students to attend Charter/Cyber Schools.
- e. Other next steps:
 - Consolidating all county school related tax revenue/funding, then disburse across the county based on the formula that has already been researched by the Legislature, paid for by taxpayers and determined to be "appropriate" via the Costing Out Study.
 - Encourage state level cooperation regarding background checks between Department of Public Welfare, FBI and State Police.
 - Educate the public regarding the state required benefits, versus locally controlled costs.
 - Educate employees regarding how health care costs, benefits and plans cost the public and how those costs may be contained.

Stephen Herzenberg: Next steps:

- In the next year, it's important to limit cuts to state funding. We need to communicate the progress that has been made over the past decade through increased state funding targeted to lower-income districts and to programs that work (early childhood education, tutoring programs, parental involvement).
- There's not going to be any movement on long-term fixes to the fiscal situation of schools in the next year. Efforts could be made to lay the groundwork for those fixes with initiatives that could increase the political will for long-term fixes down the road. At the York City/County level the effort to crystallize—and begin implementing—a concrete vision of a “broader, bolder” approach to education can help regenerate optimism about City schools. Maybe it could start with a field trip to Cincinnati, Ohio. At the state level, supporters of public education could use the time after the conclusion of the 2011-12 state budget to redouble their efforts to articulate a compelling state policy agenda. One element of that could include state resources to increase teacher pay and benefits in struggling schools/communities—this could be an alternative use of resources the legislature wants to devote to vouchers/additional tax credits.

George Ioannidis: The state (PDE, governor, legislature) and local education agencies discuss a requirements-based approach to our delivery of services.

Robert Krantz: Local or property tax has been a problem for years. It has also been a way for the State to balance their budget. The formula has not changed since 1991. As mentioned, York County is a growing area and only a total of 78 schools in the State of 500 school districts are growing. Legislation must be developed and passed to change the funding system. Local taxpayers have shouldered the costs of growing schools in York County. Schools are forced to follow mandates and requirements that cause tax increases. Develop relief and create a funding formula that does not rely on Act 1 or increased percentages each year. Hold cyber schools to the same standards and costs as public schools operating their own cyber systems.

Joel Sears: Even if it were acceptable to continue to raise taxes, the Act 1 indices have finally ended the era of unlimited tax hikes. In the short term, the only reasonable approach is cost control, as painful as that might be. Some form of consolidation may offer relief, especially when considering the duplication of administrative and support services among York County's 16 school districts. Additionally, school boards must be willing and legally empowered to negotiate contracts with defined contribution pension plans for new teachers, benefit packages that are more in line with those in the private sector, and value-based pay. There is no reason why a PE teacher, bases solely on seniority, should earn

\$20,000 a year more than a physics, math, or biology teacher.

James Testerman: The challenge is whether we can hold the ground we have gained and to accelerate the pace of student progress in York County. Even the most challenged schools have shown remarkable improvements in student achievement over the past seven years. If we are to meet our funding obligations to our students and our future, we must provide the resources to public education and implement proven programs that work, like small class size, full-day kindergarten and pre-kindergarten, so that students in York will continue to progress. Parents, as well as community and business leaders, must call on the legislature to reinvent our school funding system.

4. Who are the agents who must be engaged in the solutions?

Thomas Gentzel: Elected school board members need to play an active role in this debate, as the agents of the General Assembly and the representatives of the public. School administrators, parents, the business community and all taxpayers have a responsibility to defend and advocate for a strong, viable public education system. It's our system. We need to do all we can to be certain it serves the needs of our communities. Right now, it's becoming an endangered institution.

Stephen Herzenberg: At the local level, enlightened local business leaders; educational professionals—i.e., leaders in local education associations and other associations of educators; parents groups; school board associations; early childhood and social service organizations—who need to be in on the ground floor of realizing a “broader, bolder approach.” At the state level, analogues to the above organizations and the Team Pennsylvania Foundation (to the extent that it can). One new group that might be invited into discussions around state policy would be “Teach for America” participants who have remained in the public schools. These folks may have a unique mix of creativity, stature, and commitment to public education.

Judith Higgins: Three key groups:

- **Legislative action:** Constitutional action regarding benefits and funding of IU services. Eliminate unfunded mandate for students attending charter/cybers whose home districts are neither failing nor low performance schools
- **School boards:** Eliminate the tax collector position at the district level, authorize YCTCB for all school related tax collection.
- **Leveling Committee – New:** Using the state executed Costing Out Study, establish a committee comprised of board members, PSEA representation, community and business managers to analyze all costs and adjusting

contracts accordingly. This will require leveling contracts, streamlining as needed to continue to provide a first-class education for all students. May require the development of a two-tiered system for resolving salary conflicts.

George Ioannidis: In addition to the parties above (the state and local education agencies), local community members (including higher education and business leaders).

Robert Krantz: Legislators, Superintendents, Business Managers, School Board Members, AFT, PSEA, PSBA, PASA, Senators, parents, etc. However, stakeholders need to know the facts and be informed of the great educational system that has been in place. Be fair when making real comparisons with other countries and localities. However, the system must be funded fairly, equally, and appropriately.

Joel Sears: Taxpayers, board members administrators, and teachers must all be engaged, focusing on a common goal of improved student performance. Long term, the “Four Ps” as I call them (PSEA, PASA, PSBA, and PASBO) must use their lobbying influence to convince the general assembly to restructure the funding system and to abolish property tax to achieve equity and sustainability in education financing. Obviously, individual citizens and advocacy groups have a role to play as well, but without strong support from the Four Ps, it’s unlikely that anything meaningful can be accomplished.

James Testerman: As I noted in the previous response, the solution requires a shared commitment from families, the public, community and business leaders, and the legislature. Working together, we can do better by all of our children.