

**State Update**

**BREAKING NEWS**

**Agreement Reached on Graduation Requirements**

In an ongoing effort to ensure that academic standards are met for all high school graduates, the State Board of Education, Pennsylvania Department of Education and PA School Boards Association announced yesterday that there is agreement on regulatory language for several key provisions for statewide exams. New graduation requirements would begin with the class of 2015.

“Pennsylvania Partnerships for Children applauds the Pennsylvania Department of Education, the State Board of Education and the PA Schools Boards Association for reaching an agreement on regulatory language to ensure that all of our students will be held to the same standards through comparable, validated tools,” said Joan Benso, President and CEO of PA Partnerships for Children. “We offer our full support for the content of the agreement and are committed to working with all parties to make this a reality for our students.”

Students would be required to demonstrate proficiency in academic standards in reading, writing, math, science and social studies to graduate from high school. Students will be

able to demonstrate proficiency through the PSSA, Keystone Exams (end of course exams), the Advanced Placement, International Baccalaureate exams, or through a validated local assessment. If a local assessment is used to demonstrate proficiency, it must be validated every six years as part of a school district’s strategic planning process. The cost of that validation would be shared equally by the state and local district.

The Department of Education (PDE) would provide supports to school districts, including the establishment of a voluntary model curriculum, assistance in the development of effective student tutoring, remediation, and extended instructional time programs, opportunities for continuing professional education for teachers, and technical guidance in developing local assessments upon request. Special education students can graduate if they meet the requirements of their individualized education plans.

PDE also would establish a Local Assessment Validation Committee to include two representatives from PDE, two representatives from the State Board of Education, and four representatives from the PA School Boards Association who would be charged with

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developing and recommending criteria for validating local assessments and selection of entities to perform validations to the State Board for approval or disapproval.

“This is a critical step to help ensure that there is a consistent, statewide measurement for student proficiency, including a workable option for school districts to have local assessments validated,”

Benso said. “This model will help ensure that all Pennsylvania high school graduates are ready for postsecondary education and careers.”

State law passed in July established a one-year moratorium on any regulations regarding high school graduation requirements. The plan needs approval of the State Board of Education and would go through the state's regulatory approval process once the moratorium expires at the end of June.

### **Senate Special Election Result**

Representative David Argall (R-Schuylkill) has won a special Senate election in the 29<sup>th</sup> District over Schuylkill County Clerk of Courts Steve Lukach, a Democrat. Argall fills a vacancy created by the death of former state Senator James Rhoades. At its full complement of 50, the balance of power in the Senate stands at 30-20 in favor of the Republican caucus. Argall's election creates a vacancy in the House, where another special election will be necessary to fill Argall's seat.

### **Special Education Costing-Out Study Released**

According to a new study conducted by the firm that performed the 2007 General Assembly's basic education costing-out study, Pennsylvania schools are not spending enough on special education to meet basic student needs. Augenblick, Palaich and Associates of Denver conducted the study for the Education Law Center, Disability Rights Network and the Arc of Pennsylvania.

Key findings of the 2009 Special Education Report include:

- 391 school districts have inadequate funding for special education, averaging an annual shortfall of nearly \$1 million per district.
- Statewide, the total gap in annual funding for special education is \$380 million. The average per pupil shortfall is \$1,947, based on a total of 194,862 students in districts with a funding gap.
- Needs that often go under-served include: adequate staffing, specialized personnel, and professional development; assistive technology devices/services; and student support programs/services.

The report also determined that the base cost for the average student was \$8,003 in 2005-06, not including food, transportation, debt service and capital costs. The additional base cost for an average special education student is \$10,404, bringing the total to \$18,407.

The full report is available online at [www.elc-pa.org](http://www.elc-pa.org).

### **Penn State Releases Study on School Districts' Assessments**

Penn State University released a study on Feb. 25 on school districts' high school graduation assessments. The study illustrates that only 18 school districts appropriately measure proficiency in math and reading for their students and use these results accordingly to award diplomas. The research team also found that math assessments more often aligned to the state academic standards than reading assessments. Additionally, the practice area, or in other words the use of the assessments for awarding diplomas, was weaker than the standards alignment measure for most school districts.

The Penn State study marks the first examination of existing local assessments used by school districts to award diplomas; 418 school districts provided information for the study, and 79 failed to submit documents despite requests from the PA Department of Education (PDE) and Penn State researchers.

PDE commissioned the study due to requests from state legislators, the Independent Regulatory Review



Commission (IRRC), and state-level education groups during the intense debate on the State Board of Education's proposed regulations establishing statewide graduation requirements last spring.

A research team from Penn State's College of Education spent several months cataloging and reviewing over 1,000 assessments used by school districts to measure proficiency on math and reading. Although the study was done at the request of PDE, the department did not play any role in the review and rating of districts' assessments. The assessments were reviewed and rated by eight panels comprised of experienced public educators from across Pennsylvania.

"The study indicates the ongoing debate over graduation requirements is timely and appropriate and that administrators and educators alike should make use of the excellent work being done in some school districts," said Joan Benso, President and CEO of PPC. "The challenge now is how to move the debate forward learning from the information gained on local assessment models and giving districts the tools they need to educate our students and assure they graduate ready."

The report can be found at <http://www.ed.psu.edu/educ/lavs>.

### **Piccola Unveils Higher Education Proposal**

In response to Governor Rendell's Tuition Relief Act proposal, Sen. Jeffrey Piccola (R-Dauphin), chairman of the Senate Education Committee, will introduce the proposed Affordability, Accountability, and Choice in Higher Education Act.

This proposal would provide financial assistance to 25,000 additional students attending any college or university of their choice in Pennsylvania, along with increasing funding for community colleges, placing caps on tuition increases, and instilling other accountability measurements. Piccola's bill would allow a student to attend any college of his or her choice, not just state system schools.

His plan would be funded through cuts in spending and the elimination of the Governor's film tax credits and other film industry exemptions. The Senator also proposes to cut \$10 million that funds dual enrollment programs, noting that universities that receive state dollars should be offering the courses without additional state funds.

An additional \$145 million dollars would be appropriated to the Pennsylvania Higher Education Assistance Agency's (PHEAA) State Grant, which helps students through an existing needs-based program. Piccola's proposal would also provide an increase for the state's community colleges. Students would be required to maintain a "C" average and would need to graduate within four years. More details will emerge when Senator Piccola introduces the legislation.

### **Court Upholds State's Authority Requiring Certifications on Non-Profit Child Care Facilities**

The Pa Supreme Court issued a decision Feb. 19 that the Department of Public Welfare (DPW) has the authority to require non-profit child care centers to obtain a certificate of compliance in order to operate. This decision reverses a previous Commonwealth Court decision that Article IX of the Public Welfare Code does not give DPW the authority to require certificates for compliance for non-profit child care centers, including faith-based centers.

DPW regulations require all child day care centers providing care for seven or more children to obtain a certificate of compliance before commencing operations. St. Elizabeth's Child Care Center appealed to DPW's Bureau of Hearings and Appeals, arguing DPW lacked statutory authority to promulgate regulations requiring certification of nonprofit child day care centers.

DPW regulations requiring nonprofit and for-profit child care centers receive a certificate of compliance have been in effect in some form since 1978.



### Senate Education Committee Holds Hearing On Graduation Requirements

The Senate Education Committee on Feb. 19 held a public hearing on the State Board of Education's proposed regulations establishing statewide graduation requirements and two pieces of legislation that were introduced in response to the proposal. The first bill, Senate Bill 281, sponsored by Sen. Jane Orié (R-Allegheny) would prohibit the Department of Education (PDE) and the State Board of Education from establishing statewide graduation requirements. Graduation requirements, beyond what is already in place, could only be established by an act of the General Assembly. The bill also would prohibit PDE from developing statewide requirements until the General Assembly appropriate funds for that purpose.

The second bill, Senate Bill 307, is by sponsored Senate Education Committee Chairman Jeff Piccola (R-Dauphin). The legislation includes the same provisions included in Sen. Orié's bill, but would also require the State Board of Education to develop regulations that would provide that no student is eligible for promotion to his/her next grade level unless the student scores "basic" on the PSSA exam in each subject area. The regulations would include exemptions for students with disabilities, English language learners and others, as needed.

In stark contrast to previous public hearings on the issue, there was general consensus from most participants that Pennsylvania does, in fact, have a problem in terms of the lack of readiness of a great number of our high school graduates for postsecondary education and the workplace.

Education Secretary Gerald Zahorchak reiterated his support for the State Board's proposed regulations as a tool to help ensure that students graduate from high school ready for the next phase in their lives.

Don Snyder, President of Lehigh Carbon Community College and a PPC Board member, testified that a "broad-based discussion on how

to better connect pre-K through secondary education with postsecondary education is critical to achieving the success we need and expect from educational systems."

Joan Benso, President and CEO of PPC, joined other representatives of school boards, intermediate units, the United States Business Roundtable, the Pennsylvania School Boards Association, the Pennsylvania State Education Association (PSEA), the American Federation of Teachers (AFT), FairTest, and the ARC of Pennsylvania in providing testimony.

Benso emphasized that numerous data sets, including student achievement, graduation and remediation rates at community college and state-owned universities convinced PPC that there was a problem.

"The status quo is not acceptable and will not assure students, parents and taxpayers that the problem has been solved," Benso said, "How we help children become successful adults who are prepared for the rigors of a 21<sup>st</sup> century economy is where our differences lie. But if we can all at least acknowledge that there is problem that requires us working together to solve, we can make the public education system better for Pennsylvania's students, parents and taxpayers."

### CHIP Update

CHIP enrollment jumped to 186,608 in February, a 1.5 percent increase over the previous month. The program grew 10.8 percent over the year. There are 11,150 children enrolled in CHIP in February who would not have been eligible before Cover All Kids was implemented.





### Revenue Update

Pennsylvania collected \$1.5 billion in general fund revenue in February, \$196.8 million, or 11.6 percent, less than anticipated. Fiscal year-to-date general fund collections total \$14.8 billion, which is \$1.3 billion, or 7.9 percent, below estimate.

### Session Update

Both the House and Senate will be in session Mar. 9-11, 16-18, 23- 25, and Mar. 30 – 31 and April 1.

## Federal Update

### Economic Recovery Law Enacted

President Obama signed the American Recovery and Reinvestment Act into law on Feb. 17 after Congress approved the measure, largely along party lines. The measure provides \$787 billion in timely, targeted and temporary investments and tax measures over the current and next federal fiscal year intended to help those struggling with the current economic conditions and to jumpstart the U.S. economy. Pennsylvania's Arlen Specter played a key role in brokering the Senate version of the legislation and the final conference report reconciling differences between the House and Senate recovery bills. He was one of three Republicans to vote for the measure.

The new law extends and increases unemployment benefits and helps those unemployed purchase COBRA health insurance. Of interest, the measure provides \$87 billion for state fiscal stabilization in the form of increased federal Medicaid matching payments. For Pennsylvania, this means that the state will receive about \$4.070 billion in additional funding over the course of 27 months. Of interest, the Medicaid funding is linked to Title IV-E foster care funding, which means that the Commonwealth will receive about \$55 million. The recovery law also includes a state fiscal stabilization fund that will help fund basic and higher education and other critical government programs. Pennsylvania is projected to receive approximately \$1.558 billion for education and about \$347 million for other critical state government programs.

The recovery law also temporarily increases funding for existing federal programs. Pennsylvania school

districts are estimated to directly receive \$524 million in Title I education funding and \$446 million in IDEA special education funding. The Commonwealth will also receive about \$22 million for Head Start and additional funds for Early Head Start (the law does not contain a formula for distributing \$1.1 billion in Early Head Start funds, so it is difficult to estimate an amount for PA at this time).

The Child Care Development Block Grant, which helps fund Pennsylvania's Child Care Works program, is expected to be temporarily increased by \$2 billion which will result in the Commonwealth receiving an additional \$60.1 million. This comes at a time when the state's waiting list for subsidized child care stands at over 15,000 children.

The Commonwealth will also receive approximately \$779 million in increased funding under the Supplemental Nutrition Assistance Program (formerly known as Food Stamps). Finally, the recovery law will temporarily increase worker training and job services funding for the Commonwealth by \$92.2 million. It is important to note that \$41 million of that amount will be directed to youth services.

On the tax front, the recovery law temporarily enhances important tax credit programs including the Earned Income Tax Credit and the Child Tax Credit. And, the law establishes new Making Work Pay tax credit for working individuals and couples and the American Opportunity tax credit for higher education expenses.



### Harmful Medicaid Regulations Delayed Again

In June 2008, Congress passed and the president enacted into a law a moratorium temporarily suspending a series of harmful federal Medicaid regulations that were advanced by the Department of Health and Human Services in 2007 and 2008. The moratorium was scheduled to expire on April 1, 2009. Please see the July 2008 Cap Watch for more information on the 2008 moratorium.

The American Recovery and Reinvestment Act extends the moratorium until June 30, 2009 for those regulations in final form which dealt with targeted case management, provider taxes and school based administration and transportation services. The Act also imposed a new June 30 moratorium on the hospital outpatient regulations which became final in December 2008.

The Act does not extend the moratorium on the Medicaid regulations which were in proposed form, including those on graduate medical education, public provider and rehabilitation services. The Obama administration will have an opportunity to finalize or rescind these particular regulations at the time the current moratorium expires on April 1, 2009. The Act contained language indicating that Congress feels HHS should not further advance these regulations as final regulations – thereby abandoning the proposals.

### President Unveils FFY 2010 Budget Blueprint

On Feb. 26, President Obama delivered to Congress a \$3.6 trillion spending plan for FFY 2010 that would finance new investments in health care, energy and education. The investments would be financed by increases in taxes on those with higher incomes, establishing emission taxes under a greenhouse gas cap and trade system, and instituting cost-cutting in agriculture and Medicare programs.

The plan is more of a broad blueprint for the president's proposed budget – outlining priorities. The document does not include exact investments for all programs of interest to PPC. The document highlights investments in a few key programs under each federal agency. According to the blueprint, the budget would, among other things:

- *Make a down payment on health care reform. The budget establishes a reserve fund of more than \$630 billion over 10 years to finance reform of the health care system that is intended to reduce costs and expand coverage. A portion of the down payment would come from reducing overpayments to Medicare Advantage plans.*
- *Make a down payment on the President's Zero to Five Plan. The budget document notes that the proposal builds upon the increased investments for key programs including Head Start, Early Head Start and the Child Care and Development Block Grant included in the recently enacted economic recovery law. The plan also calls for establishing a federal nurse home visitation program.*
- *Make the changes to the Child Tax Credit included in the economic recovery law (lowering the refund level to \$3,000) permanent as well as the Make Working Pay Credit.*
- *Make the extension of unemployment benefits more responsive to economic conditions.*
- *Reform asset tests for determining eligibility for various federal programs.*
- *Index Pell Grants to the Consumer Price Index (plus one additional percent) and make the program mandatory.*
- *Create a new \$2.5 billion Access and Completion Incentive Fund to help states assist low-income students succeed in and complete college.*
- *Make the new American Opportunity Tax Credit (included in the economic recovery law) permanent to help with college costs.*



President Obama is expected to send Congress a complete plan in April. The first task for Congress will be the development of a budget resolution that sets the overall general spending and revenue totals for FFY 2010.

### **Spending Bill to Fund Government for Rest of FFY 2009**

At the time of our publication deadline for this edition of CapWatch, the U.S. House passed an omnibus appropriations bill to fund the federal government through the remainder of the current federal fiscal year (FFY) 2009. The federal government has been operating under a continuing resolution, which is set to expire on Mar. 6.

The following U.S. House members from Pennsylvania voted to pass the measure: Altmire, Brady, Carney, Dahlkemper, Dent, Doyle, Fattah, Gerlach, Holden, Kanjorski, Patrick Murphy, Tim Murphy, Murtha, Schwartz, and Sestak. Representatives Pitts, Platts, Shuster and Thompson voted against the measure.

Congressional leaders collapsed nine appropriations bills into a single omnibus bill – H.R. 1105 that spends \$410 billion. Of interest to Pennsylvania's children and their families, the omnibus measure would provide a number of key investments, including:

- *Child Care Development Block Grant – \$2.1 billion, an increase of \$65 million over FFY 2008*
- *21<sup>st</sup> Century Community Learning Centers – \$1.1 billion, an increase of \$50 million over FFY 2008*
- *Head Start – \$7.1 billion, an increase of \$235 million over FFY 2008*
- *Social Services Block Grant – \$1.7 billion, no change from FFY 2008*
- *Payments to States for Foster Care and Adoption Assistance – \$5.1 billion, a decrease of \$17 million compared to FFY 2008- the difference is due to the enactment of the Fostering Connections to Success*

*and Improving Adoptions Act of 2008 and reflects updated estimates provided by the Department of Health and Human Services*

- *Pell Grants – \$17.3 billion, an increase of \$3 billion over FFY 2008*
- *IDEA state grants – \$11.5 billion, an increase of \$558 million over FFY 2008*

The measure now moves to the U.S. Senate for consideration. Finishing off work on the current fiscal year appropriations will give Congress the time to work on crafting a budget for FFY 2010.

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