

**PENNSYLVANIA ASSOCIATION**



**OF RURAL AND SMALL SCHOOLS**

## ***PARRS LEGISLATIVE UPDATE***

***July 12, 2024***

### ***Budget Breakthrough!***

In rapid fashion the Senate and House moved a state budget and related legislation to the Governor late last night. The agreements reached were sweeping—a general appropriations bill (SB 1001), School Code (SB 700), Fiscal Code (HB 2310), and a Tax Code bill (SB 654).

The final result improved funding to schools in key line items such as Basic Education Funding (BEF) up \$225 million (from \$200 million proposed by the Governor in February) and a Special Education Funding increase of \$100 million, double the Governor's proposal.

New support to schools includes a \$493 million Adequacy Supplement and a \$33 million Tax Equity Supplement. The Adequacy Supplement is a significant step in addressing the school funding court case, but it is down from the Governor's proposed funding level which was about \$800 million.

The School Code also delivers a long sought after correction in the special education tuition calculation for charter students. The calculation will now use every district's actual special education percentage instead of the presumed 16% in the current law. In addition, the charter tuition reimbursement program is reinstated in the state budget at \$100 million to offset cyber charter tuition payments by schools.

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Here is a quick summary of the state budget impact on schools:

#### K-12 Education Investments

- \$225 million through the basic education fair funding formula (2.9% increase)
- \$100 million or 7.2% increase in Special Education Funding
- \$100 million for mental health and physical safety
- \$30 million increase for Career and Technical Education (CTE)
- \$12.7 million or 12% increase for the CTE subsidy
- \$5 million or 33% increase for CTE equipment grants
- \$12 million for PA Smart (STEM grants)

#### NEW subsidies:

- \$493 million adequacy supplement (in Ready to Learn Block Grant)
- \$32 million tax equity supplement (in Ready to Learn Block Grant)
- \$60 million through a new hold harmless relief supplement (in BEF)
- \$100 million for a new cyber charter reimbursement
- \$100 million for Public School Facility Improvement Grant Program through the Commonwealth Financing Authority (CFA)
- Pre-k Counts - \$15 million increase that supports a 5% rate increase
- Early Intervention (age 3-5) - \$33 million or 9% increase to meet growing costs
- Dual Enrollment - \$7 million
- Cyber charter school tuition reform (takes effect January 1, 2025) [NEW]  
Provides an estimated \$34.5 million in savings to school districts in 2024/25 through changes to the special education tuition calculation. Under current law, the special education add-on tuition rate for charter school students is determined by dividing the resident school district's special education expenditures (net of deductions) by 16% of the school

district's average daily membership. The school code bill changes the calculation to use each school district's actual special education average daily membership in place of the outdated 16% assumption. For 2022/23, the median school district's special education population was 19.6%.

Annualized estimated savings are \$69 million

- The cap on the Educational Tax Credit programs increases by \$75 million or 14%.

Source: [https://houseappropriations.com/files/Documents/2024\\_25%20Budget%20SUMMARY%20UPDATED.pdf](https://houseappropriations.com/files/Documents/2024_25%20Budget%20SUMMARY%20UPDATED.pdf)