

STANDARD SUBSIDY INCREASES:

- \$225 million through the Basic Education Fair Funding Formula (2.9% increase)
- \$100 million for Special Education Funding (7.2% increase)
- \$100 million grant program for mental health and physical safety
- \$30 million for Career and Technical Education (CTE)
 - \$12.7 million CTE subsidy (12% increase)
 - \$5 million for CTE equipment grants (33% increase)
 - \$12 million for PA Smart (STEM grants)

BASIC EDUCATION FUNDING

The plan implements recommendations from both the majority and minority reports for non-adequacy Basic Education Funding (BEF). Starting in 2024-2025, changes include resetting the base year to the 2023-2024 distribution and using the latest five-year estimates from the American Community Survey (ACS) to define acute poverty, household, median household income, poverty percentage, and qualifying school districts with concentrated poverty.

During budget negotiations, Senate majority leadership insisted that ACS (census) data be used to define poverty instead of using data districts have traditionally reported as directed by the Pennsylvania Department of Education.

The census data uses a small sample size and includes every person in a school district, not just students enrolled in the school district. The use of this data artificially lowers the amount of money that would be sent to hundreds of the state's school districts with high poverty rates because it does not accurately capture the amount of poverty in the student population of a school district.

[Read more about the issue of changing the poverty data HERE.](#)

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

SUBSIDIES CONT.



READY-TO-LEARN BLOCK GRANT / ADEQUACY AND TAX EQUITY

Starting in 24/25, school districts will receive a base amount not less than the previous year's RTL block grant and can use funds to enhance academic programs (e.g., pre-kindergarten, STEM, career readiness) and supportive environments (e.g., mental health services, support for English learners).

A new adequacy supplement will be included in that school district's Ready-to-Learn base for districts that are spending below adequacy. The adequacy supplement is calculated by multiplying \$14,120 by a district's student-weighted average daily membership (ADM) and subtracting current expenditures.

Adjustments are made based on local effort rates (33rd/66th/90th percentile) and poverty levels to ensure more support goes to districts with greater financial needs.

Additionally, tax equity supplements will be provided to districts that have a tax effort in the 90th percentile or above. Districts must use these funds to prevent tax increases, support exclusions, establish senior tax rebates, replace lost revenue, or reduce debt, with usage plans reported to and posted by PDE.

HOLD HARMLESS RELIEF

Under a new formula component providing a hold harmless relief supplement, \$60 million is prorated to school districts based on how much more funding they would stand to gain if the entire basic education funding appropriation were distributed using the formula. In subsequent years, the hold harmless relief funds are included in the base amount.

VOUCHERS (EITC/OSTC)

The 2024/25 budget includes a \$75 million increase in funding for the state's current Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs. EITC school voucher programs receive a \$50 million increase and OSTC voucher programs receive a \$5 million increase, bringing the total of EITC/OSTC funding for private school vouchers to \$525 million annually. Educational Improvement Organizations also receive a \$20 million increase. These funding increases come without any new reporting requirements, leaving Pennsylvanians without information on who benefits from these programs or students' educational outcomes.

However, it is important to note that no new cash handout voucher programs were added to this budget, which is a significant win for those advocating for public education.

CYBER CHARTER REIMBURSEMENT

Effective January 1, 2025, school districts will be reimbursed for cyber charter tuition expenses on a proportional basis based on their share of statewide special education tuition expenses.

CYBER SPECIAL EDUCATION CALCULATION REFORM

The proposed changes to the special education tuition calculation for charter schools are estimated to save school districts \$34.5 million in the 2024/25 school year. Currently, the special education tuition rate for cyber charter school students is calculated by arbitrarily dividing the resident school district's special education expenditures by 16% of the district's average daily membership. In 2022/23, the median school district's special education population was 19.6%. The new school code bill will allow districts to use the 16% calculation or their actual special education average daily membership. This reform will take effect in January 2025.

Education Voters of PA has long advocated for this reform, which is an important first step toward addressing Pennsylvania's broken system for funding special education in charter schools.

[Read our report here.](#)

TRANSPARENCY AND ADVERTISING REFORMS FOR CYBER CHARTERS

The very first section of the School Code requires all schools – including cyber charters – to report their total expenditures on media advertisements and sponsorships of public events for the 2024–2025 school year. The Department of Education will make these reports publicly available. (We can compare these to what we learn from Ed Voters' annual Right to Know requests!) Cybers must also state in their advertisements that the cost of tuition, technology, and transportation are paid for by taxpayer dollars and are not free.

The legislation also includes ethics requirements for charter school boards and requires cyber charters to conduct certified audits and to post these and their budgets on a publicly available website. Cyber charters are also required to conduct a student wellness check, where they verify at least once a week that a student is able to be visibly seen and communicated with in real time by a teacher. The cyber charter must report any indication of abuse, neglect, or harm during the check.

ADDITIONAL FUNDING AND SCHOOL CODE CHANGES



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ADDITIONAL FUNDING INCREASES

- \$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

MISC. SCHOOL CODE CHANGES

- Each school entity will be required to have at least one full-time, trained school security personnel on duty during the school day unless the school entity has been granted a waiver.
- The Department of Health can use up to \$3 million appropriated for school health services to award grants for feminine hygiene products to school entities to be provided to students at no expense.
- Allows an individual who is authorized to work in the United States to be eligible for a PA teacher certification. Currently only citizens can be certified as a teacher.

HIGHER EDUCATION

Pennsylvania State System of Higher Education (PASSHE)

- \$35.1 million or 6% increase
- \$85 million supplemental appropriation for facilities transition

Community Colleges

- \$15.7 million or 6% increase
- Funding is maintained for Community College Capital Fund

State Related Universities

- 13% increase for Lincoln University, Pennsylvania College of Technology, and the Rural Education Outreach under the University of Pittsburgh
- University of Pittsburgh, Temple University, and Penn State University funding maintained at the 2022/23 fiscal year level



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Pennsylvania Higher Education Assistance Agency (PHEAA)

- \$54 million increase to ensure the maximum State Grant level is maintained
- \$20 million for student teacher stipend– this brings the two-year total to \$30 million, which is below the \$45 million that is needed to fund all applications for 2024/25.
- Grow PA Scholarships – \$25 million [NEW]
- Ready to Succeed Scholarships -- \$36 million or 150% increase
- Increases for Bond Hill Scholarships, Higher Education for the Disadvantaged, Cheyney University Honors Academy, and the Targeted Industry Scholarship Program

Grow Pennsylvania Scholarship Program – \$25 million

Begins in 2024/25 and is administered by PHEAA. \$5,000 grant award for eligible students, who must be a commonwealth resident, be enrolled in an approved course of study, maintain satisfactory academic progress, not have earned a bachelor's degree, and enter into an agreement to work in Pennsylvania for 12 months for every year the student receives a grant.

Grow Pennsylvania Merit Scholarship Program

Allows PASSHE to charge the in-state tuition rate for first-time, freshmen, nonresident students who commit to work in Pennsylvania after graduation. Begins in 2025/26 and PHEAA administers this program in conjunction with PASSHE. Eligible nonresident students must be enrolled in an approved course of study, maintain satisfactory academic progress, not have earned a bachelor's degree, and agree to work in Pennsylvania for 12 months for each academic year the student received the scholarship. If fewer than 300 scholarships are awarded (the estimated break-even point for PASSHE), the Commonwealth shall pay PASSHE the difference in the subsequent year.

Ready to Succeed Scholarships

Annual household income limit is increased from \$126,000 to \$175,000.

