

Legislative Report – Mr. Mahler

August 2014

National

From the USDE: Testing – Secretary of Education Arne Duncan announced last week that waiver states could submit a request to delay the use of test results in teacher-performance ratings by another year.

State – News

Legislative Calendar – The General Assembly remains in recess and is scheduled to return to voting session on September 15. The Senate is scheduled to be in voting session for 10 days in the fall and the House for 11 days before the General Election on Nov. 4.

Funding Commission – The Basic Education Funding Commission met last week to get a briefing on the current basic education funding system. Created by passage of HB 1738 (now Act 51 of 2014), the commission is charged with examining current basic education funding and making recommendations on a new formula for the distribution of basic education funding. The Commission's recommendations must be provided by June 2015.

Estimating Revenues – Pennsylvania should improve the way it estimates revenues to create a more fiscally responsible budget, according to a report released today from the Center on Budget and Policy Priorities. In the report's evaluation of how states come up with revenue estimates for their annual budgets, Pennsylvania scored only a two on a scale of one to five due to its failure to employ basic best practices that create strong, reliable revenue estimates to guide state spending. Thirty-eight other states and the District of Columbia scored higher than Pennsylvania; only five states scored lower. Six states scored the same.

Immigrant Children and Education – The PA Department of Education last week provided school districts with updated information concerning the recent influx of unaccompanied immigrant children and their educational rights. The U.S. Department of Health and Human Services (HHS) is opening a number of 26 short-term shelters in a number of locations throughout the country, including the Holy Family Institute in Pittsburgh. During their time at the shelters, the children will NOT be enrolled in the local school district. The children's basic education services and activities will be provided by HHS grantees at the shelter. However, when students are released to an appropriate sponsor, typically a parent, relative or family member, or other adult sponsor, while awaiting immigration proceedings, they have a right – just like other children living in their community – to enroll in local schools regardless of their or their parents' actual or perceived immigration or citizenship status. A small number of children in HHS custody are placed in long-term foster care instead of being released to a sponsor. These children will enroll in a public school in the community where their foster care is located. Children in all other care settings will receive education at an HHS facility.

Pension Reform Discussions – House Majority Leader Mike Turzai is calling on the House Democratic leadership for a meeting to air pension reform, asking for dialogue as the two caucuses maintain their divergent solutions.

Bond Rating – Last month, Moody's downgraded Pennsylvania's rating for general obligation bonds from Aa2 to Aa3, the second downgrade in two years. The change places Pennsylvania's Moody's rating among the six worst states of the 47 states with general obligation bonds. In the announcement, Moody's

noted that the downgrade “reflects the commonwealth’s growing structural imbalance, exacerbated by the fiscal 2015 enacted budget that depends on non-recurring resources; a weak GAAP [generally accepted accounting principles] balance position that will further deteriorate based on the budget’s one-time measures; and the expectation that large and growing pension liabilities coupled with modest economic growth will limit Pennsylvania’s ability to regain structural balance in the near term.” In a press release responding to the news, Gov. Corbett focused solely on pension system debt, blaming the growing pension crisis for the strain on Pennsylvania’s finances and calling on the public to demand immediate action to enact pension reform.

Gaming Revenues – According to the PA Gaming Control Board, July gross revenue from slot machine play at the 12 casinos came in 1.7% (about \$3.5 million) lower than revenue generated from those machines in July 2013. In 2013-14, Pennsylvania’s slots revenue came in 4.5 percent lower than it had in 2012-13.