

A. Become a National Model in Education and Skills Development for the 21st Century

Box 1 contains the part of the *Prescription for Prosperity: An Economic Agenda for Pennsylvania's Future* that addresses education and skills. The rest of this section elaborates the rationale for that part of the agenda and includes more detailed recommendations to accomplish the goals in the agenda itself. As with all sections of this "discussion draft," we welcome feedback. (Comments may be submitted online at www.keystoneresearch.org/agenda.)

Pennsylvania's educational profile still bears the stamp of an industrial economy in which workers with only a high school education expected to find family-sustaining jobs. While most jobs that pay enough to support a family require at least an Associate's Degree, half of Pennsylvania adults 25-64 have no education beyond high school. This compares with only one third in leading states.

Raising educational attainment, particularly by increasing the number of adults with degrees in occupational fields with rising employer demand, is pivotal to Pennsylvania's economic competitiveness. States with a highly skilled workforce, and in which work-based and classroom learning are better integrated than in the past, will be better able to compete in the knowledge economy.

Pennsylvania's educational system is also marked by "tremendous inequities."¹ The state's wealthiest families have access to education of the highest quality—well-funded, with high-quality teachers, small classes, and the newest technology—from cradle to grave. For many others, the state's educational system is inadequate.

Today, educational inequities translate into sharp gaps in wages and income, in economic opportunity and economic security. Further, these inequities threaten to convert education, once a vehicle for upward mobility, into a source of social stratification and class rigidity. Children's socio-economic status growing up, courtesy of gaps in educational privilege, will become their socio-economic status in adulthood.

To promote economic growth and expand economic opportunity, Pennsylvania has begun to address its need to raise educational attainment and reduce educational inequities.

- It has expanded access to high-quality early childhood education, a key vehicle for lower-income children to

¹ Commonwealth of Pennsylvania, Governor's Commission on College and Career Success, *Final Report*, December 22, 2006, p. 7.

enter kindergarten ready to succeed in life and in school.

- It has sought to make proven programs (such as early childhood education, smaller class sizes in the early grades, and tutoring) available to all school districts, including low-income ones that have often lacked the resources to invest in such programs.
- It has begun to give low-income districts additional funding that moves them towards the level of resources needed for a high-quality education. It has also commissioned a so-called "adequacy" study to definitively assess the level of resources adequate, in Pennsylvania, for a high-quality education. This sets the stage for an effort to find the funds and the funding formula necessary to reach adequate funding in every school district, school, and classroom.
- It has begun to expand access to training and post-secondary education for working adults.
- It has also begun a comprehensive overhaul of its workforce development programs, melding disparate programs into a 21st century training and career system. Pennsylvania's new workforce system aims to give key industries the skills they need to create good jobs. It also aims to deliver to workers education and training that leads to family supporting careers, making up for the erosion of security within the traditional one-company careers. By creating and strengthening groups ("partnerships" or "consortia") of employers, the state's workforce system can also help managers and occupational specialists in an industry learn from one another – about human resource practices and how to organize work, new technologies and new markets, how to innovate and avoid cut-throat price competition. Promoting such peer learning is about enhancing the state's skills and human capital just as are investing in pre-kindergarten and community colleges.

The educational and skills recommendations in the *Prescription for Prosperity* (see Box 1) would invest further in Pennsylvania's new education and workforce approaches to create a system that is truly a model for the nation.

**Box 1. *The Prescription for Prosperity Excerpt*
Become a National Model in Education and Skills Development
for the 21st Century**

The old economy consisted of education, often ending with or before high school graduation, followed by work. Work often took place within one company, which offered job security and sometimes advancement. Today's skill-based economy demands lifelong learning, tighter integration of

work and learning beginning in K-12, and more support for workers to make career transitions. The importance of learning in the earliest years, and the increase in families with all adults working outside the home, also mean that education must begin before kindergarten. To become a national model, Pennsylvania should build on its nationally recognized, industry-driven workforce approach in the following ways:

- i. Make postsecondary education accessible and affordable to every young and working adult, at the community college and four-year levels
- ii. Institutionalize Pennsylvania's industry-driven workforce strategy, creating the skills businesses need and the opportunities individuals need
- iii. Increase private investment in industry-driven training and education that helps Pennsylvania business become more competitive
- iv. Invest in internships, cooperative programs, and other school-and-work programs that help all children see the value of learning and expand their career awareness, while also delivering to business a higher quality workforce
- v. Implement a teacher effectiveness initiative that gives teachers the mentoring and peer support that they want, to be better able to help children learn
- vi. Improve the quality of rural and urban education by bringing every school district up to a funding level adequate for a quality education
- vii. Expand high-quality pre-kindergarten so that all families can afford high-quality preschool for their children

Make Postsecondary Education Accessible and Affordable to Every Young And Working Adult, at The Community College and Four-Year Levels

We start discussion with perhaps the most glaring deficiency in Pennsylvania's educational attainment and educational infrastructure – post-secondary education.² Today, much more than in the past, post-secondary education is critical to economic opportunity and economic growth. As recently as 1979, Pennsylvania workers without a high school degree earned over two-thirds as much as workers

² The discussion of education and workforce issues in this chapter is adapted, in part, from chapter 2 of Marianne Bellesorte and Stephen Herzenberg, *Investing in Pennsylvania's Families: Economic Opportunity for All*. This report was released by PathwaysPa in cooperation with KRC in late January. It is available online at www.keystoneresearch.org and at www.pathwayspa.org.

with a four-year college degree.³ In recent years, those same workers earn only about 40 percent as much as college-educated workers.

The decline in the relative wages of less educated workers has stopped in recent years, but only because college-educated earnings are now falling. Today, an Associate's Degree is necessary for typical single earners to attain a job that pays about \$15 per hour and supports a three-person family in Pennsylvania.

Post-secondary education also correlates with high rates of job growth. Every 1 percent increase in the share of the population with post-secondary education is associated with a 1.5 percent increase in job growth.⁴ Thus expanding post-secondary education is pivotal to economic growth as well as individual workers.

Pennsylvania's Post-Secondary Education Gap

Pennsylvania ranks reasonably well at the low and high ends of the educational attainment curve. That is, Pennsylvania has a low share of adults without a high-school degree and a reasonably high share with a four-year college degree or post-graduate education. However, in the critical middle of the educational attainment curve, Pennsylvania falls far behind. The state has a very large share of adults 25-64 stuck at exactly the high-school diploma (or GED) level, 51% in 2006 compared to 70% in Minnesota and 65% or higher in seven other states.⁵ In 2006, Pennsylvania ranked 42nd out of 50 states for the share of adults 25-64 with more than a high-school education. This was an improvement compared to 46th only four years earlier (in 2002) but the state still has a long way to go.

Behind Pennsylvania's post-secondary education gap lays a stark reality: as is true for K-12 schooling,

³ Keystone Research Center (KRC) analysis based on the Current Population Survey (CPS). For details, see *The State of Working Pennsylvania 2006*, online at www.keystonereserach.org.

⁴ KRC analysis based on the CPS. See also Edward L. Glaeser, Jose A. Scheinkman, and Andrei Shleifer, "Economic Growth in a Cross-section of Cities," *Journal of Monetary Economics*, Vol. 36, 1995, pp. 117-143. These authors also find that the level of education of the population of cities and metropolitan areas affected their population growth rates from 1960-1990 and that sub-baccalaureate education was more strongly related to growth than was education at higher levels.

⁵ KRC analysis based on the CPS.

Pennsylvanians have grossly unequal access to higher education depending on family income and where they live.

Behind the Gap 1: Lack of Community Colleges in Some Areas

Pennsylvania's low educational progress beyond high school partly stems from the uneven geographic coverage of the state's community colleges. When mid-career high school graduates look for somewhere to continue their education, they often have no place to go. Five Pennsylvania regions, encompassing 27 mostly rural counties, have virtually no access to community colleges and have correspondingly low shares of workers with education beyond high school. Rural counties, however, are those most in need of educational resources. Only 44% of rural in Pennsylvanians age 25-64 have more than a high-school degree, compared to 56% in urban areas and higher still in suburban areas.⁶

Behind the Gap 2: Low Funding and High Tuition

In conjunction with its lack of geographic coverage, Pennsylvania under-invests in community colleges compared to other states. State government spending per capita on community colleges ranks 8th lowest among all the states and 11th lowest when local spending is added.⁷

Because of the lack of state funding, Pennsylvania community college tuition is 50 percent above the national average (Table 1), 14th highest among the states.⁸

Table 1. Tuition Rates ^a		
	<i>Pennsylvania Average</i>	<i>National Average</i>
<i>Public Two- Year</i>	\$ 2,514	\$ 1,677
<i>Public Four- Year</i>	7,631	4,593
<i>Private Four- Year</i>	21,231	17,939
^a Full time, in-state student, 2003-04.		
Source: National Center for Public Policy and Higher Education, 2004.		

⁶ KRC analysis of 2005 CPS data.

⁷ Calculated by the Keystone Research Center based on state-level data provided by the American Association of Community Colleges.

⁸ The figures in this sentence are based on the Integrated Postsecondary Education Data System (IPEDS) of the National Center for Education Statistics, part of the U.S. Department of Education.

Tuition and fees at Pennsylvania's four-year colleges and universities are also high. They have pushed the price of a degree beyond the means of many residents. In-state tuition at "public" four-year institutions, defined by this source to include the State System of Higher Education and the state-related universities, is 3rd highest among the states. Not surprisingly, student borrowing rose by 28 percent from 1994-95 to 2004-05, a greater increase than in all but nine states.⁹

The 2006 Measuring Up report card on higher education gave Pennsylvania an F for affordability (Table 2) and stated bluntly: "Pennsylvania does not offer low-priced college opportunities." A priority for the future must be to make community college and 4-year college affordable.¹⁰

Table 2. Pennsylvania Gets an F in the Affordability of Higher Education			
Affordability Criterion	PENNSYLVANIA		Top States in Early 1990s
	1992*	2006	
Family Ability to Pay			
Percent of income (average of all income groups) needed to pay for college expenses minus financial aid			
at community colleges	23%	26%	15%
at public 4-year colleges/universities	30%	39%	16%
at private 4-year colleges/universities	61%	75%	32%
Strategies for Affordability			
State investment in needs-based financial aid as compared to the federal investment	70%	83%	89%
At lowest-price colleges, the share of income that the poorest families need to pay for tuition	21%	23%	7%
Reliance on Loans			
Average loan amount that undergraduate students borrow each year	\$2,991	\$3,827	\$2,619

Source. The National Center for Public Policy and Higher Education, *Measuring Up 2006: The State Report Card on Higher*

⁹ *Measuring Up 2006: The National Report Card on Higher Education* (San Jose, CA: National Center for Public Policy and Higher Education, 2004), <<http://measuringup.highereducation.org/docs/2006/statereports/PA06.pdf>>.

¹⁰ For a specific recommendation on making community college more affordable, see Bellesorte and Herzenberg, *Investing in Pennsylvania's Families*.

Education—Pennsylvania,

<http://measuringup.highereducation.org/docs/2006/statereports/PA06.pdf>

The state has begun to make some steps towards making college more affordable. The last several budgets have included above-average increases in community college funding and (as detailed below) some increase in grant and loan money available to working adults. According to the Governor's Budget for 2006-07, the state has also begun to make some progress towards making four-year State System of Higher Education (SSHE) schools more affordable. In 2002-03, SSHE tuition was \$4,378, and the average PHEAA grant was \$2,215 – for a net cost of \$2,163.¹¹ In 2006-07, SSHE tuition is \$5,038, and the average PHEAA grant is \$3,063, for a net cost of \$1,975. Thus the net cost difference between 2002-03 and 2006-07 represents a savings of \$188, or 9 percent. The improvement would be larger if one took into account inflation.

¹¹ *Governor's Executive Budget 2007-08*, p. A3-7.

Institutionalize Pennsylvania's Industry-Driven Workforce Strategy, Creating the Skills Businesses Need and the Opportunities Individuals Need

Employment and training services in Pennsylvania are funded by many fragmented federal and state programs operated at the state level by four separate Departments (Labor and Industry, Education, Public Welfare, and Community and Economic Development). Services are funded, in part, by the federal Workforce Investment Act (WIA), which pays for employment services and training programs to assist adults, disadvantaged youths and dislocated workers. Twenty-two local Workforce Investment Boards (WIBs) oversee the delivery of WIA services with support and oversight from the State Workforce Investment Board (SWIB).

The traditional focus of workforce programs was on delivering direct services to help workers overcome specific barriers (dislocation, low literacy, lack of formal education, physical disabilities, etc.). These programs did not play a major role helping typical "middle-class" workers gain better employment opportunities or meeting the skills needs of employers.

In today's global economy, with many employers facing shortages of critical skills and many workers lacking good jobs and careers, workforce programs must become more centrally connected to efforts to boost competitiveness and expand opportunity.

Since 2003, the Rendell administration, with support from the legislature and private sector, has sought to implement a new workforce strategy that will connect workforce programs with industry and, at the time, make them more effective at serving workers.¹²

The state's approach to connecting workforce development with industry began with mapping nine "targeted industry clusters" in which Pennsylvania has a competitive advantage and/or which provide substantial numbers of good jobs.¹³

¹² The Rendell Administration's strategy was informed by a KRC report commissioned by Governor Schweiker, paid for in part by the Ford Foundation, and transmitted by Governor Schweiker to the Governor-elect shortly before the gubernatorial transition. See Chris Benner, Stephen Herzenberg, and Kelly Prince, *A Workforce Development Agenda for Pennsylvania's Next Governor: Building the Infrastructure of a Learning Economy* (Harrisburg: Keystone Research Center, January 2003), online at www.keystoneresearch.org.

¹³ The definition of these targeted industries was informed by data analysis and input from Local Workforce Investment Boards (LWIBs) that had *already* begun to connect training to the needs of regional industry

Industries such as hospitality, tourism, and retail were omitted from the targeted industry list because the wages in these industries were seen as too low to warrant state training investment.

Having defined the targeted industries, the state made it official policy to support the formation of so-called Industry Partnerships (IPs) within the targeted industries in each region. (Some Local Workforce Investment Boards (LWIBs) had already been supporting such partnerships but increasing state policy and financial support intensified their efforts.) IPs also go by a variety of other names, including industry training consortia, regional skills alliances, and, most mystifying of all, workforce intermediaries. By definition, IPs bring multiple businesses together in an industry, sometimes with other partners (such as unions), to identify skill gaps and other workforce needs and to oversee the design and delivery of services to meet those needs.¹⁴

IPs can strengthen companies and improve job quality in several ways.

- By identifying skill gaps, designing training to fill them, and/or persuading educators and trainers to offer more courses in occupations with unmet demand.
- By identifying future skill gaps and designing recruitment, education, and training initiatives to fill the pipeline.
- By identifying effective practices at one company that might help another company cut workforce turnover or improve other outcomes important to businesses and/or workers.
- By developing industry-specific credentials that signal to workers and educational institutions what workers need to know to get jobs and that can also increase the portability of workers' skills.
- By pushing for articulation agreements that give worker' college credit for work-based learning (such

clusters. LWIBS in Berks, Central Pennsylvania, Lancaster, North Central Pennsylvania, and Three Rivers were among the leaders in the grass roots movement towards linking workforce with regional industry clusters. With state leadership and funding, the movement towards linking workforce with regional industry clusters is now being implemented in most of the state's 22 LWIBS.

¹⁴ While some IPs include educators and trainers, or other service providers, research suggests that IPs should ordinarily be driven or controlled by industry (or by labor and management). If service providers control IPs, IPs have a tendency to become marketing arms of the service providers rather than focused on listening intently to the real needs of employers and workers.

as apprenticeship) and that also increase the transferability of credit from one educational institution to another. (This can help businesses recruit or retain workers because it enables them to offer workers greater career mobility.)

- More generally, by help managers in the same industry cluster learn from each other, overcoming a tendency for many managers (especially at small companies) to be isolated (and lack "learning networks"), and spreading organizational practices that improve productivity, quality, and career advancement opportunities.

In some cases, Industry Partnerships that initially focus on workforce issues can spawn collaboration on technology, innovation, or marketing, further enhancing cluster competitiveness.

To date, Pennsylvania's Industry Partnerships are funded by small grants from state government plus, in most cases, the in-kind commitment of the time spent by managers, union leaders, and other key players who participate in IP meetings.

In addition to investing in IPs linked with industry clusters at the regional level, Pennsylvania has created one statewide Industry Partnership, the Center for Health Careers staffed by the State Workforce Investment Board. The Center serves as a forum for addressing statewide workforce issues in the health care sector, such as the retention crisis among health-care workers and the long-term shortage of direct care workers.

Pennsylvania made its first major investment in an industry driven workforce strategy in the 2005-06 budget, with the adoption of Job Ready Pennsylvania (hereafter, Job Ready PA). This initiative provides \$5 million annual funding to build or strengthen Industry Partnerships and another \$15 million annually for incumbent worker training overseen by IPs. Job Ready PA also redirected occupational education dollars received by community colleges towards "High Priority Occupations" (HPOs) within the state's targeted industries. HPOs have job openings and pay over 200 percent of the poverty line for a family of three or offer career advancement opportunities. Targeting these occupations improves the chance that workers will find good job opportunities when they finish training and strengthens the link between occupational education and economic growth.

Job Ready PA also sought to strengthen vocational education, in part by raising academic standards. The expanding network of regional Industry Partnership has also begun to generate interest among vocational schools (or

Career and Technical Centers/CTCs) and vocational educators in aligning their curricula with the needs of IPs in their region. This provides a foundation for larger-scale efforts to expand work-based learning and school-to-work programs.

To more deeply and permanently root industry-linked workforce institutions, Pennsylvania should:

- *Embody Industry Partnerships in statute* so that budget allocations for building and delivering training through Partnerships continue to be used for that purpose. Currently the administration has discretion over funding IP services, which means that funding could be used for a different purpose under a new administration.
- *Fund, in partnership with the private sector, statewide human resource councils (similar to the Center for Health Careers) in other targeted industries.* Statewide stakeholder councils or partnerships would be valuable in many other targeted industries besides health care. In Canada, Sectoral Human Resource Councils have, for 15 years, helped industries nationally identify, and address, critical workforce issues through public-private cooperation. The Canadian federal government invests some \$70 million Canadian in these Councils, a figure matched by the private sector.
- *Increase private and public investment in IPs and training coordinated by IPs*
 - *Build funding of partnerships and training into state regulation and funding of industries.* Since workforce skills are critical to both opportunity and competitiveness, funding of workforce training and of Industry Partnerships should be built into state regulation and funding for industries subject to regulation or that receive state funding. These categories include industries as diverse as health care, long-term care and other human services, utilities, trucking and public transit, construction, and now gambling. In utilities, for example, a small human capital line might be added to the rate base. In the long run, human capital investments should save consumers money.
 - *Require that businesses receiving state IP grants commit matching cash resources* to the operating and training funds of those partnerships. At present, IPs applying for state grants to build IPs is given preference if they provide a 1:1 match of state funds. IPs applying for state training grants must provide a 1:1 match but this match may include paid release time for workers and some other in-kind contributions (e.g., the costs of workers' salaries while in training) and may also be waived at the discretion of the state. To increase the

sustainability of IPs, businesses could be required to provide a cash match to help cover the costs of the IP's own operating expenses (including staff). The goal here is to encourage businesses to think of money for the coordinating functions of IPs as part of the cost of doing businesses for a high-performance company.

- *Evaluate the benefits of an Industry Partnership "pay or play" payroll tax or tax credit.* A "pay or play" tax would require all companies to contribute directly to the qualifying IP of their choice or to make a compensating contribution to a state IP training fund. A "tax credit" would provide a positive incentive for businesses to contribute to IPs.
- *Create a school-to-work fund* which would fund collaboration on internships, cooperative programs, and other school-to-work programs between industry and educational institutions.¹⁵ These programs help all children see the value of learning and expand their career awareness, while also delivering to business a higher quality workforce.

Implement a Teacher Effectiveness Initiative that Gives Teachers Mentoring and Peer Support

For over two decades, K-12 education has been the subject of heated debate, with changes advocated within the current public system (higher standards, smaller classes, full-day kindergarten, merit pay, etc.) or outside it (charter schools and vouchers).

Rarely, however, have education reforms in Pennsylvania and nationally addressed the heart of the matter—the teaching process itself. As a result, a basic flaw of the American educational system—the fact that many teachers are isolated in their work—remains largely unaddressed by public policy. Teachers lack opportunities to observe peers or be observed by them, to reflect together on how they might teach more effectively, to consider how to translate insights of research on pedagogy and learning into more effective lessons.

This lack is experienced by most teachers in their work practice, and has been documented in everything from comparative studies of the United States and Japan to a profile of a year in the life of a Western Massachusetts

¹⁵ This recommendation is consistent with recommendation 10, p. 10, in the Governor's Commission on College and Career Success, *Final Report*, December 22, 2006.

teacher.¹⁶ This lack is especially felt by new and inexperienced teachers, who often go from teacher preparation programs that lack a strong connection to classroom practice to a classroom in which they must learn-by-doing largely on their own.

In 2000 and again in early 2002, KRC recommended a teacher effectiveness initiative that would give more teachers the mentoring and peer learning opportunities they deserve.¹⁷

KRC proposed three types of demonstration grants:

- to innovative teaching training programs that seek to overcome the disconnect of teacher education programs from the classroom;
- so that new teachers during their first two years in the profession receive extensive mentoring from "master teachers" (selected both because they are good teachers and because they are good mentors);
- to innovative proposals for peer collaboration that include evaluation of whether the innovative approaches raise student achievement.

KRC also proposed that the Governor commission a feasibility study to develop recommendations regarding a more comprehensive program to improve teacher effectiveness.

A report released last year by Governor Rendell's Commission on Training America's Teachers spells out a more comprehensive program, focusing especially on reforming teacher education programs and the process of induction into teaching.¹⁸ Key recommendations from the Commission include:

- Expand induction programs for new teachers to two years.

¹⁶ For the comparative study of the United States and Japan (and Germany), see James W. Stigler and James Hiebert, *The Teaching Gap: Best Ideas from the World's Teachers for Improving Education in the Classroom* (New York: The Free Press, 1999). For the profile of a year in the life of a Western Massachusetts teacher, see Tracy Kidder, *Among Schoolchildren* (Boston: Houghton-Mifflin, 1989).

¹⁷ Stephen A. Herzenberg and Howard Wial, *Steal This Agenda: A Blueprint for a Better Pennsylvania* (Harrisburg: Keystone Research Center, 2000); see also Stephen Herzenberg, "A Teacher Effectiveness Initiative: An Alternative to the PDAP Assessment," in Barbara S. Plake, *Pennsylvania's New Teacher Tests: An Assessment* (Harrisburg: Keystone Research Center, January 2002).

¹⁸ Commonwealth of Pennsylvania, *Investing in Great Teachers for All Students*, Final Report of the Governor's Commission on Training America's Teachers, online at www.pateach.org, July 2006

- Provide additional compensation for mentors and teacher coaches.
- Support professional development schools that can build more effective partnerships between teacher preparation institutions and PK-12 schools.
- Establish and support Specialized Teacher Education Consortia focused on high-need areas (e.g., math, science, urban teaching). Consortia would involve at least two higher education institutions and at least two PK-12 partners (school districts and intermediate units) that would develop state-of-the-art programs in their designated areas.
- Support efforts by Pennsylvania teachers to obtain certification by the National Board for Professional Teaching Standards. (National Board certification requires teachers to go through a rigorous evaluation process. This evaluation focuses in significant part on teachers' ability to translate into the classroom research findings on effective teaching practice.)

The state should move forward with implementing the reforms recommended by the Commission. A critical component of effective implementation will be obtaining input and buy-in from practicing teachers and their professional associations. A Teacher Effectiveness Initiative must be recognized as something positive for teachers, not as a punitive approach imposed by those "outside" the profession. A TEI must provide teachers with the support they crave in order to be able to help students learn more.

Bring Every School District Up to a Funding Level Adequate For a Quality Education

At present, large inequities exist in funding for Pennsylvania schools. The highest-spending districts invest over \$15,000 per pupil, two to three times as much as the lowest-spending ones. Funding gaps stem from enormous differences in local contributions to school funding. These differences exist because of huge variations in wealth and income across school districts. The gaps have grown substantially since the 1970s.

Gaps in funding translate into gaps in achievement based on income and race.

- Eighth graders in Pennsylvania perform very well on national assessments in reading and fairly well in math. Low-income 8th graders, however, perform very poorly on national assessments in math.¹⁹
- While only 18 percent of white students test "below basic" in mathematics, 51 percent of black students do. (These figures combine scores for 5th, 8th, and 11th grade students.²⁰) In reading, 13 percent of white students test below basic compared with 40 percent of black students.²¹

State funding reduces inequity in educational funding. But the state share of educational funding in Pennsylvania has declined steadily for 25 years, from a peak of 55 percent in 1973-74 to 36 percent today.

Low-income school districts are hard pressed to contribute more in local funding to their schools. They already contribute a higher share of their personal income in taxes than high-income school districts. Further tax hikes might accelerate the outward flow of wealthier residents from low-income districts.

Since 2003, state government has taken some steps toward addressing funding inequities. Beginning in 2003-04, the legislature began to award grants for "proven" programs, including early childhood education, full-day kindergarten, smaller classes, and tutoring, over and above basic instructional subsidies. Most of this grant money has flowed to lower-income school districts.

¹⁹ This and the next bullet are from the 2006 *Measuring Up* report.

²⁰ "Pennsylvania State Report Card 2003-2004," Pennsylvania Department of Education, Harrisburg, October 28, 2004, p. 3.

²¹ "Pennsylvania State Report Card 2003-2004," p. 3.

Since 2005-06, Governor Rendell's Foundation Funding has provided dedicated resources to move school districts towards funding level "adequate" to a quality education. Foundation Funding sets a per-student funding target and helps school districts reach that goal. Over the last two years, Pennsylvania has invested a total of \$86 million to boost resources for low-resource school districts through this strategy. The 2007-08 budget increases the per-pupil target once again and dedicates more than one third of the basic education subsidy increase to helping districts reach school funding adequacy.

The state needs to ensure that every school has funds adequate to a quality education. A so-called "costing-out" or "adequacy" study, authorized by the state legislature and Governor in the 2006-07 budget, is currently assessing what level of funding would be adequate in Pennsylvania to a quality education.²² The first results from this study are anticipated in April 2007 and the final results six months later. Once that study determines a funding adequacy level, the state must ensure that every school district can meet this funding standard. This could be done through higher state funding, regional consolidation of school districts to reduce inequity, or some combination of the two.

Expand High Quality Pre-School Education

Over the past several decades, a massive body of evidence has demonstrated the effects of early childhood education (ECE) on later accomplishment in school and in life.²³ A good start makes a large and lasting difference, exerting powerful effects on the development of cognitive skills as measured by intelligence (IQ) tests. Low-income children who participate in high-quality ECE programs score better on reading and arithmetic tests and demonstrate superior language abilities. They enter elementary school better prepared to learn, are less likely to need remedial coursework or special education, to be held back a grade, or to drop out. In later life, the benefits of ECE include

²² For background on the costing out study and the push for funding adequacy, see the Power Point presentation developed by the Education Law Center and accessible at <http://www.elc-pa.org/funding/costing%20out.html>

²³ For a summary, see Robert Lynch, *Net Benefits of Early Childhood Development* (Washington, DC: Economic Policy Institute, 2004). For the most recent evidence on the Perry Preschool Project, see Lawrence, J. Schwinhart, *The High/Scope Perry Preschool Study Through Age 40* (Washington, D.C.: High/Scope Educational Research Foundation, 2003).

greater rates of labor force participation, higher earnings and lower unemployment, and even better health outcomes.

Pennsylvania has begun to act on these widely accepted findings. As of 2006-07, the Commonwealth is investing nearly \$56 million for pre-kindergarten through the state's accountability block grants and state funding that supplements the federal Head Start program. According to the Governor's Executive Budget for 2007-08, these funds provide quality early learning experiences to more than 10,000 additional children. To build on this, the Governor's budget proposes to launch the \$75 million Pennsylvania Pre-K Counts program as a new component of the Accountability Block Grant so that 11,100 more children can get a vital early start to learning.

Even with these new investment, much more remains to be done in the long term. These investment are not sufficient, for example, to markedly elevate the compensation and status of early childhood educators. Higher compensation is a pre-condition for attracting and retaining the qualified and experienced teachers essential to high educational quality. At current levels of spending in early care and education, for example, pay and benefits for ECE teachers are only about 60% of those of female college graduates. Since the early 1980s, low pay has contributed to a dramatic decline in educational qualifications among early childhood educators in the state.²⁴

²⁴ See Stephen Herzenberg, Mark Price, and David Bradley, *Losing Ground in Early Childhood Education: Declining Educational Qualifications in an Expanding Industry* (Harrisburg: Keystone Research Center, 2006), online at www.earlychildhoodworkforce.com