



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Before the:
Basic Education Funding Commission

Presented by:
Alex Halper
Vice President, Government Affairs

Central Penn Business College
Summerdale, PA
November 2, 2023

417 Walnut Street
Harrisburg, PA 17101-1902
717.720.5472 phone
pachamber.org

Chairman Sturla, Chairwoman Phillips-Hill and honorable members of the Basic Education Funding Commission, my name is Alex Halper, and I am the Vice President of Government Affairs for the Pennsylvania Chamber of Business and Industry. The PA Chamber is the largest, broad-based business advocacy association in Pennsylvania. We represent employers of all sizes, crossing all industry sectors throughout the Commonwealth.

Pennsylvania employers have a significant stake in our Commonwealth's education system. Today's students are tomorrow's business leaders, entrepreneurs, innovators and skilled workforce, and a strong, effective education system is critical for our employers and economy to thrive. The business community has a significant financial stake in our education system as well. A Council on State Taxation study from December 2022 reported that total property taxes (including school and municipal) paid by businesses in Pennsylvania totaled \$13.2 billion and accounted for 36 percent of the total business tax burden in Pennsylvania¹. Additionally, taxes paid by businesses account for a relatively significant portion of the overall property tax revenue generated in Pennsylvania. According to the Independent Fiscal Office, rental and commercial properties accounted for \$6.4 billion, or a nearly 41 percent share, of school district property taxes collected statewide in FY2020-21². As major investors in our education system, businesses care about our schools and support policies that will help Pennsylvania's children succeed and lead to a vibrant economy. Achieving these lofty goals demands participation of and enhanced coordination among stakeholders, including public schools, which must continue

¹ [2209-4097478_50-state-tax-2022-final-e-file.pdf \(cost.org\)](https://www.cost.org/2209-4097478_50-state-tax-2022-final-e-file.pdf)

² http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/SD_Prop_Tax_Update_Aug_2022.pdf

to review and improve the manner in which students are educated and prepared for the workforce, higher education or whatever path they choose. For these reasons, I thank you for the opportunity to testify today on behalf of our business community regarding the state's education system.

Pennsylvania's 21st century economy increasingly requires those entering or participating in the workforce to obtain specific skills, training and, at a minimum, fundamental education, which is most commonly attained through the public school system. The PA Chamber supports a robust education system where success is measurable through rigorous standards and schools are empowered to hold themselves accountable for outcomes. We urge lawmakers, educators, and all stakeholders to develop and implement systemic improvements to Pennsylvania's public education system to increase the quality of education and promote greater overall student achievement.

Historic Investments

Funding is of course an important part of the discussion. The Legislature has made historic investments in public schools, to the tune of a nearly 60 percent increase in total K-12 spending, over the last decade in public education. Evaluating per-pupil funding specifically from the state, Pennsylvania ranks 21st in the nation, about 10 percent above the national average. When you consider all sources of spending, including federal and local, Pennsylvania jumps to the 11th highest per pupil spending in the nation or 27 percent above the national average³. Additionally, according to the National Education Association, Pennsylvania has the

³ <https://www.census.gov/newsroom/press-releases/2023/public-school-spending.html#:~:text=Seven%20of%20the%20nine%20states,and%20Maine%20was%20ranked%2013th>

10th highest starting teacher salary in the country and 6th highest top salary for teachers with a bachelor's degree⁴.

Unfortunately, these relatively robust investments do not appear to correlate with student outcomes when considered in the aggregate. For example, the National Assessment of Educational Progress ranks Pennsylvania's fourth and eighth graders as roughly average in math and reading proficiency; with little progress, and in some cases regression, in the last five years⁵. Additionally, Pennsylvania ranks worse than 29 states in average SAT scores⁶. We applaud this commission for your work carefully analyzing our public school system and encourage you to complement deliberations over funding levels with discussions focused on accountability, how existing tax dollars are used and, most importantly, student outcomes. We agree with Commonwealth Court Judge Renee Cohn Jubelirer who, in her historic court decision stated, "Nothing in the foregoing opinion undermines the ability of the General Assembly to continue providing local control to school boards or infringes on any of the sister branches of government's authority. *Nor does it require reform to be entirely financial.*"⁷ (emphasis added)

Standards & Accountability

An important part of understanding, in real time, student progress and the return on taxpayers' investment is through testing student knowledge. The age-old ritual of school tests has perhaps never been as unpopular as it seems to be today. Yet school tests – particularly

⁴ [https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank/teacher#:~:text=The%20national%20average%20public%20school,592\)%20at%20the%20low%20end.](https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank/teacher#:~:text=The%20national%20average%20public%20school,592)%20at%20the%20low%20end.)

⁵ <https://nces.ed.gov/nationsreportcard/state/>

⁶ <https://worldpopulationreview.com/state-rankings/sat-scores-by-state>

⁷ <https://www.pacourts.us/news-and-statistics/cases-of-public-interest/587-md-2014---william-penn-school-district-et-al-v-pa-department-of-education-et-al>

standard assessments that allow comparisons among students in different schools, districts and regions – are a necessary tool for tracking growth and ensuring students are obtaining a baseline knowledge. The PA Chamber supports standardized assessments, such as the PSSAs and Keystone Exams, which should be viewed as a floor for student knowledge attainment and one of many tools for measuring outcomes and gaps within our education system. With tax dollars limited, assessments also provide the basis for data points for the General Assembly to make strategic decisions about state spending.

In the early days of the pandemic, schools were allowed to cancel state standardized tests – a decision that very few seemed to oppose. In 2021 however, when lawmakers contemplated canceling assessments for a second straight year, the PA Chamber and a coalition of stakeholders pushed back, citing the impact on students, long-term longitudinal research and feedback from parents, including the Data Quality Campaign’s national parent poll, conducted in spring 2020, which found that 77 percent of parents agree that states should resume end-of-year assessments in math and reading⁸. Ultimately assessments proceeded as planned after many concluded that the General Assembly and parents deserve accurate and measurable data to interpret the needs of students in the Commonwealth.

Standardized assessments are also an important component of evaluating teachers to help highlight our best educators. It is important for these reviews to prioritize objective measures and avoid over-dependence on in-class observations. While observing the lessons of a

⁸ <https://dataqualitycampaign.org/resource/2020-parent-poll/>

teacher provides important insight, objective data analysis at the student level eliminates the reliance on human bias and should be the predominant weight in rigorous teacher evaluations.

Objective and effective teacher evaluations become even more important as lawmakers consider policies that reward our most effective teachers, such as offering “merit pay.” Merit pay refers to any system in which teachers are positively reinforced financially for the success of their students. While recognizing and controlling for the multiple variables that may influence student outcomes, a merit pay system may further encourage teacher effectiveness by tying incentives to student achievement in their classroom. Studies suggest that the presence of a merit pay program is associated with a statistically significant positive effect on student test scores, roughly equivalent to three additional weeks of learning⁹. While not only a benefit for students, merit pay systems improve the composition of the workforce by attracting and retaining high performing teachers and discouraging lesser performers from entering or staying in the profession.

Career Readiness and Career and Technical Education

Pennsylvania, along with much of the nation and world, is in the midst of a workforce crisis with employer struggling to find individuals to fill open positions. This crisis is often more acute in technical fields and the skilled trades and Pennsylvania’s educators and public education system should provide opportunities and encourage students into these fields, or any career-oriented disciplines that are in demand or expected to be in demand. The PA Chamber

⁹ Pham, L. D., Nguyen, T. D., & Springer, M. G. (2021). Teacher Merit Pay: A Meta-Analysis. *American Educational Research Journal*, 58(3), 527-566. <https://doi.org/10.3102/0002831220905580>

supported Act 76 of 2019¹⁰, which initiated several key reforms to address skilled trades workforce shortages in the Commonwealth. First, it required higher education institutions to submit articulation agreements to the Pennsylvania Department of Education so the public knows under what circumstances credits will transfer between schools. This provision provides transparency when students are considering transferring schools, situations that are often stressful and unclear. Students and parents ought to have all the information they need, far in advance, to plan their academic timeline and position themselves for success. Secondly, it codified what had been a pilot program to expedite the classification of instructional programs. Lastly, Act 76 required public schools to provide students the opportunity to hear from trade schools, representatives from the business community and others to provide educational and career guidance.

Act 76 was an encouraging early step but more is necessary to address the challenges and stigma surrounding career and technical education. The PA Chamber urges the administration and General Assembly to prioritize expediting the states licensing system, specifically for those seeking to become CTC instructors. Often applicants have cited months long waits with little predictability from the State. These unnecessary burdens disincentivize potential educators at a time when our Commonwealth faces an unprecedented workforce crisis. Similarly, out of state teachers should not be forced to navigate a complicated licensing process to transition to the Commonwealth. In line with Senate Bill 843, introduced by Senator Dave Argall (R-Schuylkill), the Interstate Teacher Mobility Compact is a welcome start in

¹⁰ <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2019&sessInd=0&act=76>

addressing these concerns and we urge further conversation about ways to streamline instructor certification upon moving to the Commonwealth¹¹.

Non-Traditional Education Paths

In addition to career and technical education opportunities, the PA Chamber urges the General Assembly to support non-traditional educational paths for students. Effective education for Pennsylvania's children is the greatest investment we can make and state policy should recognize that children are different and therefore their path to success may look different. The PA Chamber has supported programs like the Educational Improvement Tax Credit and effective Charter Schools that provide opportunities for children.

The Educational Improvement Tax Credit program provides students additional options to pursue their education. It also supports public schools and has been used to better align public education with employer needs. For example, Coterra Energy has provided over 100 mobile energy learning units (MELU) annually, 1000 scholarships at 26 Career & Technology Centers, 100 Dual Enrollment Scholarships, 750 Dual Enrollment classes for students, 30 CDL scholarships, \$210,000 in Pre-K scholarships. This is just one of numerous examples of private investment in our educational system that leads to greater alignment and we urge the General Assembly to expand the EITC program.

Maximizing Investment

¹¹<https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2023&sessInd=0&billBody=S&billTyp=B&billNbr=0843&pn=0963>

While we ought to facilitate fair and purposeful distribution of state education funding, we also must maximize the value of our investment. Lawmakers and school administrators should always strive to use existing funding as effectively as possible and ensure resources are first and foremost driven into the classroom. This means thinking creatively to achieve savings. For example, how can school districts coordinate procurement or other costs to achieve economies of scale? Should school districts consider or be incentivized to consolidate? Are there ways to lower school construction and repairs costs? For example, in 1997, the Ohio legislature temporarily suspended prevailing wage requirements on school construction for five years and their Legislative Service Commission found indications of \$487.9 million in savings. That equates to roughly \$834.7 million in 2023 when you adjust for inflation, in aggregate school construction savings during the post-exemption period¹². Pennsylvania ought to consider a similar exemption for school projects to ensure we use tax payer money in the most efficient, cost-effective manner possible.

Competitive Tax Reforms

I would be remiss if I did not note that the best way to increase revenue in our Commonwealth to fund education and other essential services is to attract more taxpayers to Pennsylvania and broaden our base. Policymakers should build on recent reforms to create a more competitive environment for business, including strengthening the Commonwealth's tax climate with pro-growth initiatives like improving the treatment of Net Operating Losses (NOL)

¹² <https://codes.ohio.gov/ohio-revised-code/section-4115.04>

and accelerating the reduction of the state's Corporate Net Income Tax. Making these changes will also allow for greater investment by all stakeholders into the education system.

Conclusion

I thank the Commission again for the opportunity to testify today and recognizing employers as key stakeholders in our education system. This Commission has the opportunity to elevate Pennsylvania's status as a national leader and educational trend-setter: where policymakers and educators focus more on student outcomes, rather than financial inputs; where rigorous standards and a system of accountability help Pennsylvania children live up to their potential; where students and families are empowered to choose the educational path that best suits their unique needs; and where our business community and state economy flourish with an ever-expanding pool of home-grown talent.

Thank you again and I am happy to answer any questions.