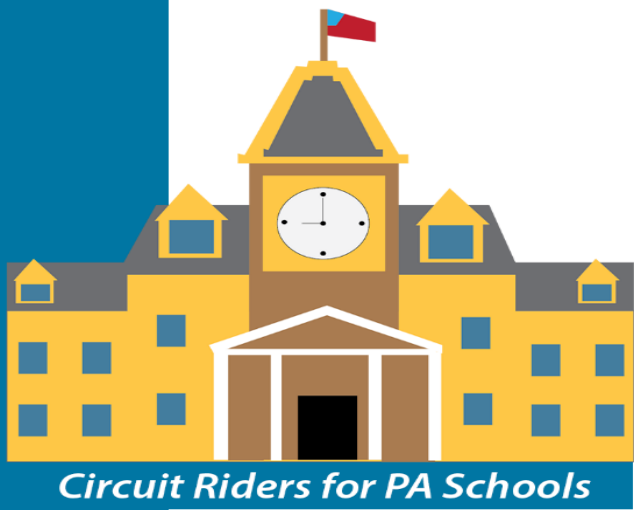


Circuit Riders for PA Schools

School Funding in Pennsylvania and What You Can Do to Change It

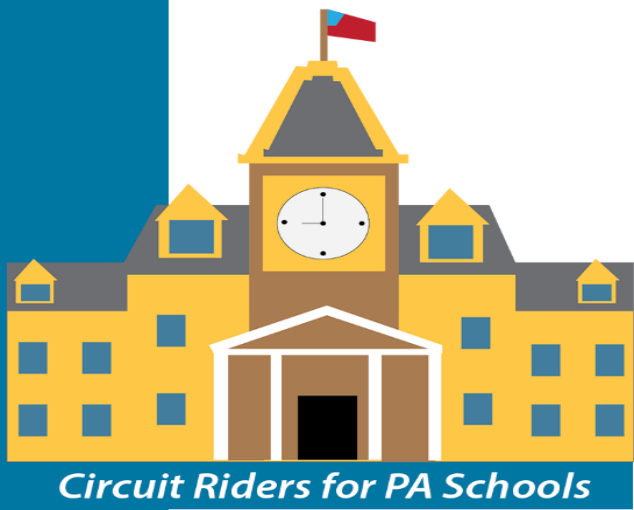
**A Presentation to the Plum Borough
Board of School Directors
January 20, 2015**

Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



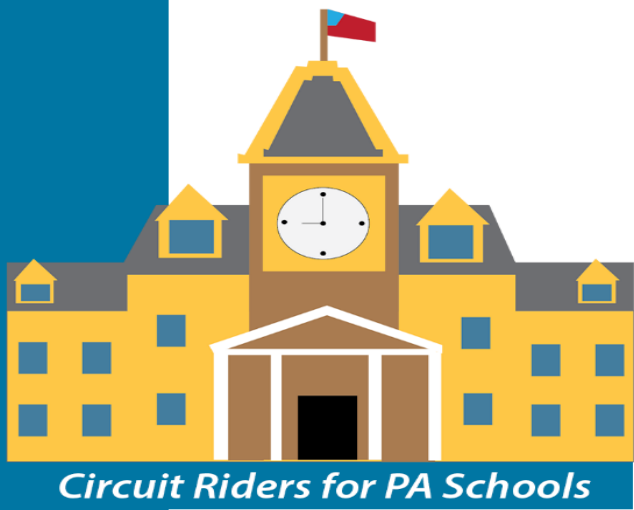
The Short History of Basic Education Funding

- It is not a formula.
- It used to be a formula.
- Later it was a formula with an adequacy target.
- Now it is BEF determined annually using different criteria to produce different results.



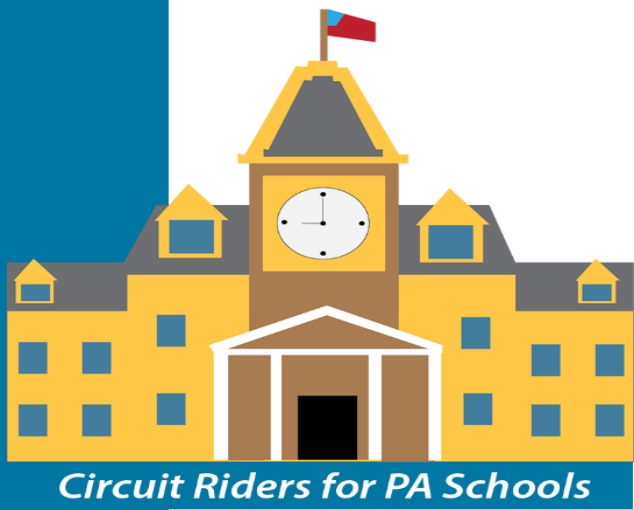
1966 Formula (Act 580)

- The law transitioned funding based on teaching units to a formula based on district wealth (Aid Ratio) times Actual Instructional Expense per Weighted Average Daily Membership (WADM) times the district's WADM. There was also additional state support based on poverty, density or sparsity, homebound instruction and vocational education.
- Additionally, Act 580 set the level of state support at 50% of reimbursable costs. This funding framework remained in place until 1983.



1983 Equalized Subsidy for Basic Education (ESBE-Act 31)

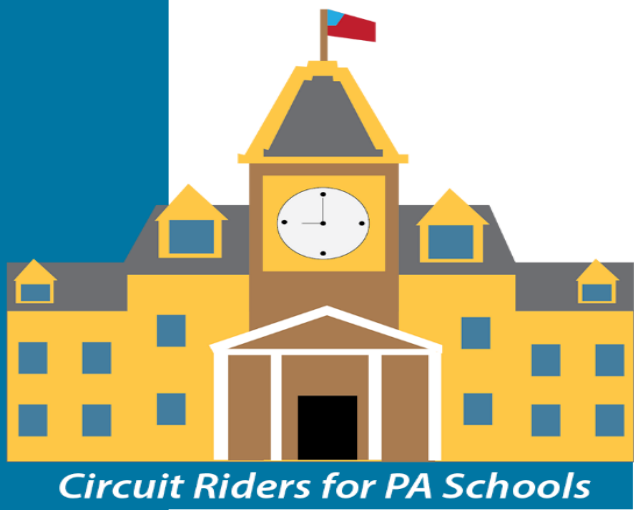
- The ESBE formula:
 - Aid Ratio times Factor for Educational Expense (FEE) times WADM
 - FEE was set at \$1,650
 - Additional funding provided by an Economic Supplement that used poverty, local tax effort, and population per square mile as factors.
- The legislation creating ESBE removed the 50% state share and added a minimum annual increase of 2%. The ESBE formula determined state funding for schools through the 1991-92 fiscal year.



Since 1991-92

- Hold Harmless (funding level from previous year) plus supplemental funding
- “...made on an ad hoc basis with the purposes and target of additional funding changing annually depending on transient administrative and legislative priorities. The bases for supplemental payments have included: low wealth, low expenditure, poverty, limited revenue, small district assistance, enrollment growth, minimum funding increases, tax effort, meeting foundation levels, limited English proficiency and performance.”

---Dr. William T. Hartman,
Penn State University



Except for the Costing-Out Study 2008-11 (Act 114-2006)

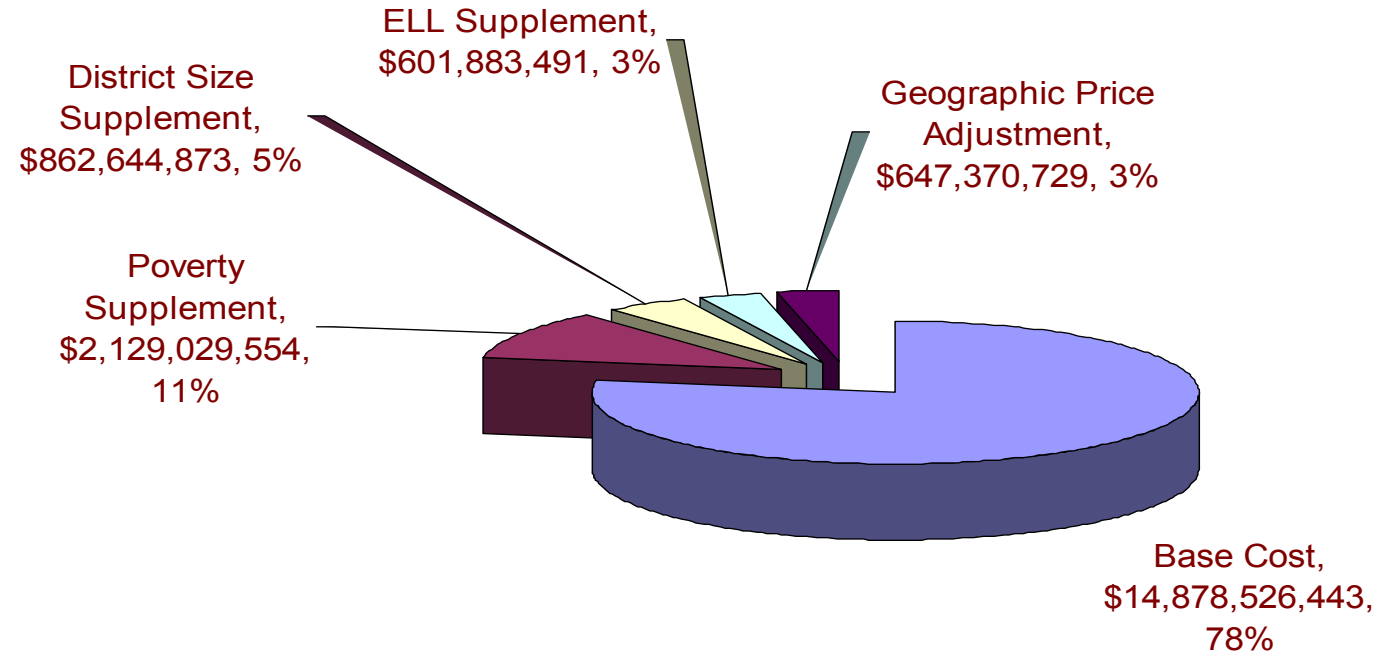
- Adjustment factors for students and districts
 - Student Adjustments (added per-student cost weights above the base cost):
 - Poverty (.43)
 - English Language Learners (varied by district size with a minimum of 1.48)
 - District Adjustments
 - Size (cost factor increased as district size decreased)
 - Enrollment change over time (cost weights decreased going back in time)
 - Regional cost of living differences (county weights varied around 1.00)



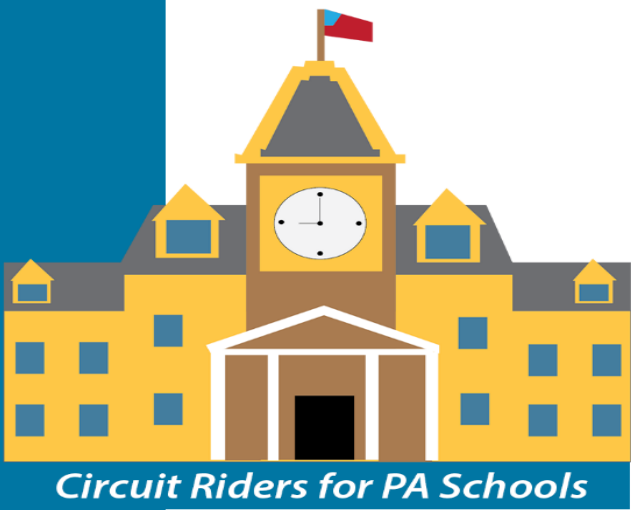
Circuit Riders for PA Schools

Costing Out Study Distribution

Total Cost--Base Plus Supplements



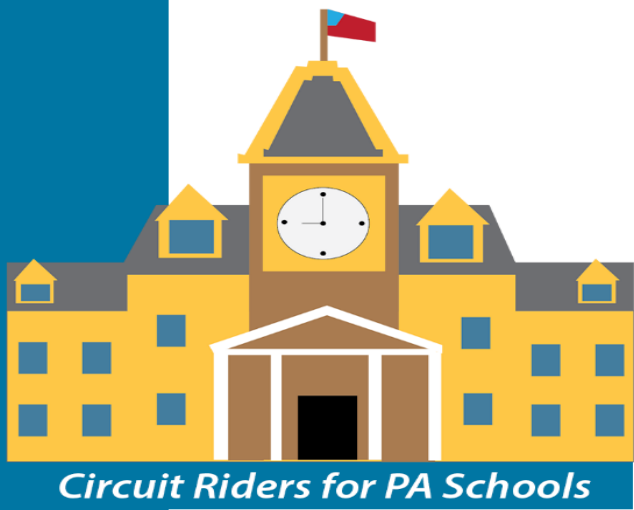
Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



2012-13 Basic Education Funding

Each school district received BEF allocation in two pieces:

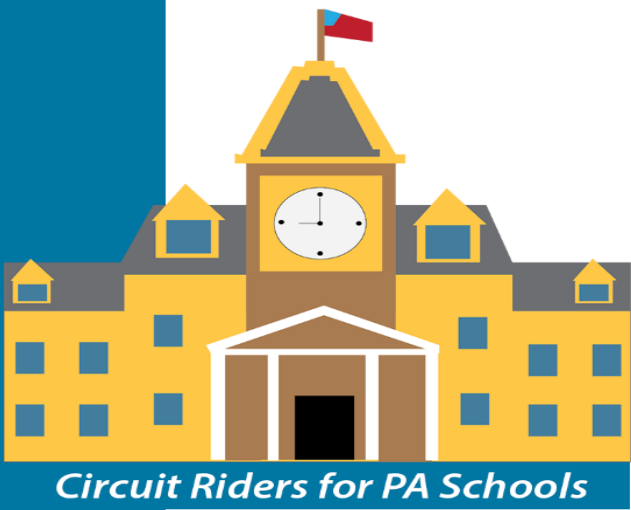
- Total allocation from 2011-12 (approximately \$5.35 billion)
- New allocation over 8 supplements (approximately \$39 million)
 - 7 school districts qualified for ELL High Incidence (\$17.45m)
 - 2 school districts qualified for CS Extraordinary Enrollment (approximately \$13.5m)
 - 2 school districts qualified for Second Class County (\$1m)
 - 1 school district qualified for Second Class SD (\$1m)
 - 1 school district qualified for Increasing Aid Ratio (\$2m)
 - 2 school districts qualified for Personal Income (\$3.5m)
 - 1 school district qualified for Small District Increasing Aid Ratio (\$300k)
 - 1 school district qualified for Small District Supplement (\$250k)



2013-2014 Basic Education Funding

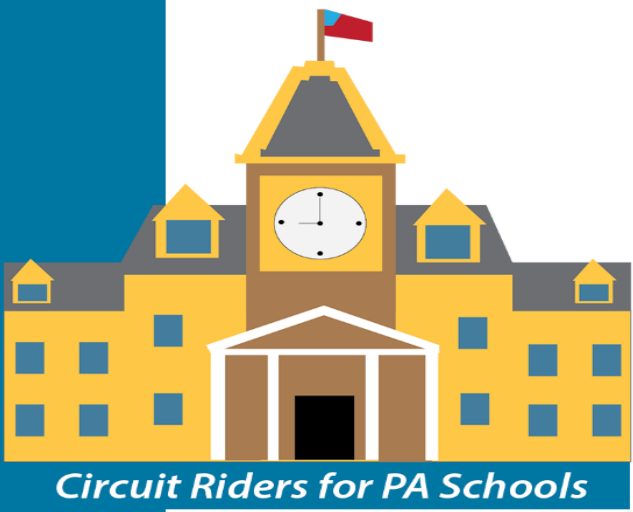
Each school district received BEF allocation in two pieces:

- Total allocation from 2012-2013 (approximately \$5.39 billion)
- New allocation over 13 supplements (approximately \$129.9 million)
 - All 500 school districts qualified for Student-Focused Funding Supplement (approximately \$99.5 million)
 - Average Daily Membership (ADM) times MV/PI Aid Ratio
 - 21 school districts qualified for other 12 supplements (approximately \$30.3 million)

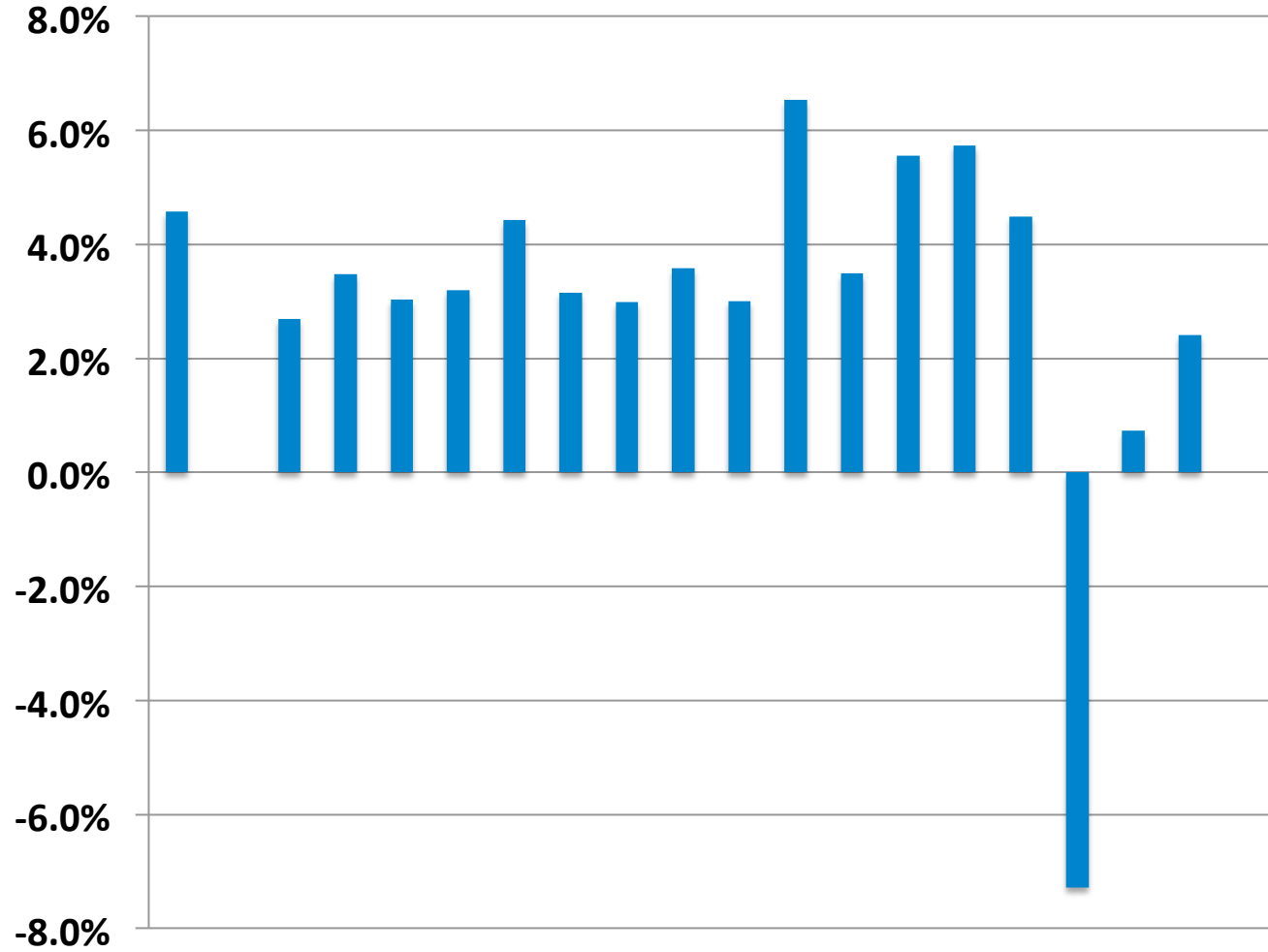


Pennsylvania School Funding

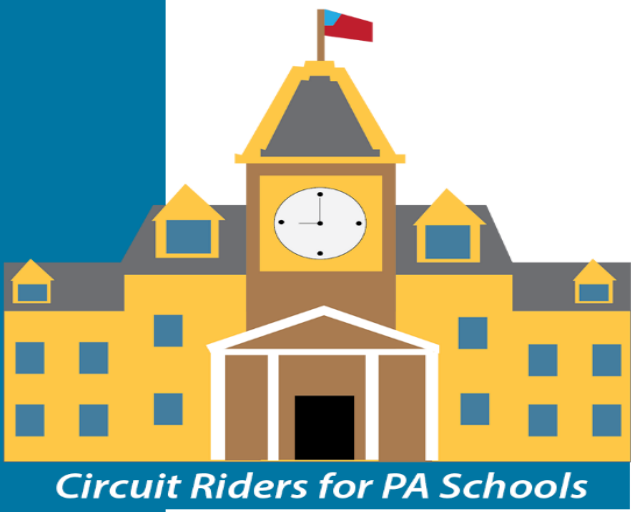
- Except for the 3-year period (2008-11) following the Costing-Out Study, PA has not used a consistently applied BEF funding formula since 1993-94.
- Each year through the annual budget process, the General Assembly determines both the amount and method (formula) for the distribution of Basic Education Funding. Over the past 20 years, 30 different factors have been used in one year or another to distribute funding.
- PA is one of only 3 states without a consistently applied school funding formula. The other 2 states are North Carolina and Delaware.



Basic Education Funding Year-to-Year Change 1994 to 2014

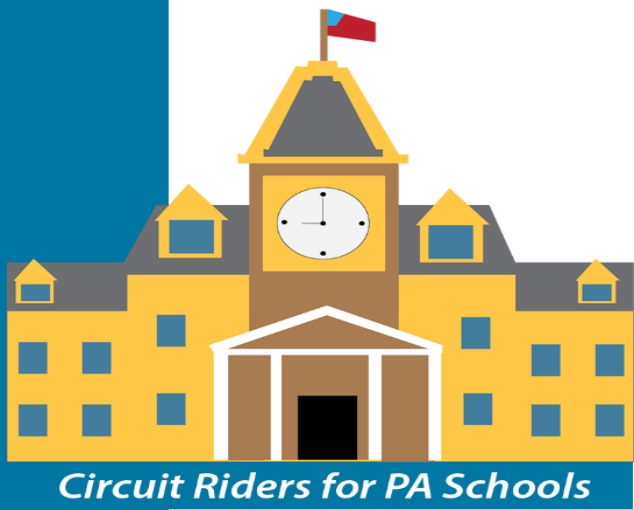


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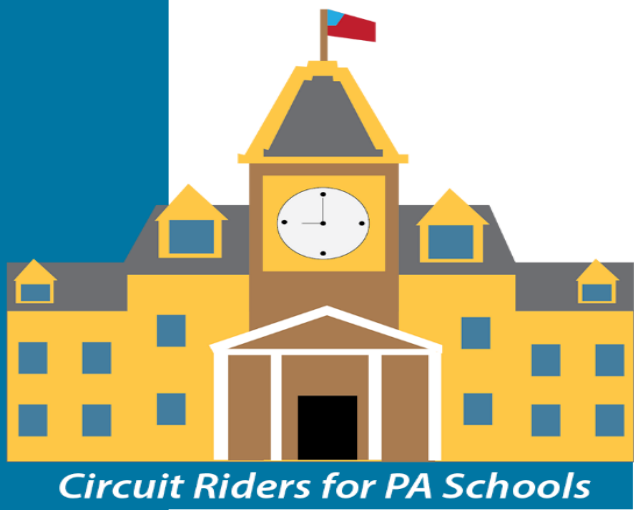
Pennsylvania School Funding

- At **34.5 percent**, PA is 43rd of the 50 states in the state share of total cost of its PK-12 schools (2010-11)
- Neighboring States:
 - Maryland 41.0%
 - Ohio 43.2%
 - New York 40.1%
 - New Jersey 37.3%
 - Delaware 58.6%
 - West Virginia 55.8%



Basic Education Funding Commission

- Legislative commission authorized by Act 51 of 2014
- Made up of 12 legislators and 3 administration officials
- Charged to review and make recommendations on the development of a new BEF formula and identify the factors to be used to determine the distribution of BEF among school districts
- Consider the impact of eliminating hold harmless
- Conducting hearings throughout the state
- Commission must issue a report and recommendations by June 10, 2015

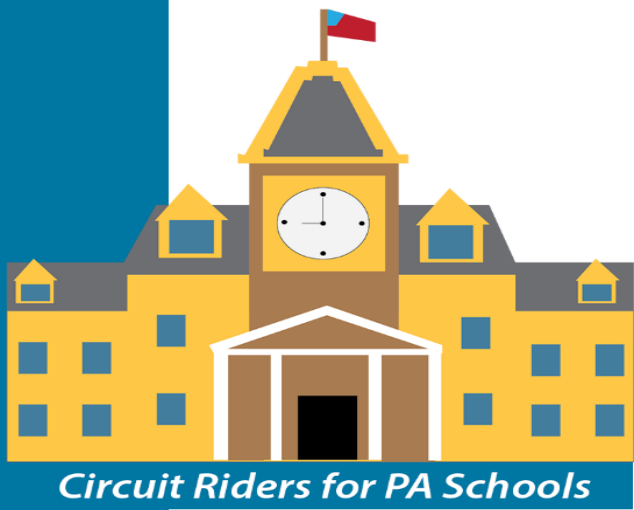


Campaign for Fair Education Funding

- Made up of a group of 50+ diverse organizations from across the Commonwealth
- Working towards the common goal of ensuring Pennsylvania adopts a sustainable, predictable, adequate, and equitable funding formula by 2016



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



Campaign for Fair Education Funding Members

A+ Schools

Action United

AFL-CIO of PA

Allegheny Conference on
Community Development

Allies for Children

American Federation of
Teachers-PA

Building One PA

Congregations United for
Neighborhood Action (CUNA)

Cross-City

Education Law Center

Education Matters in the
Cumberland Valley

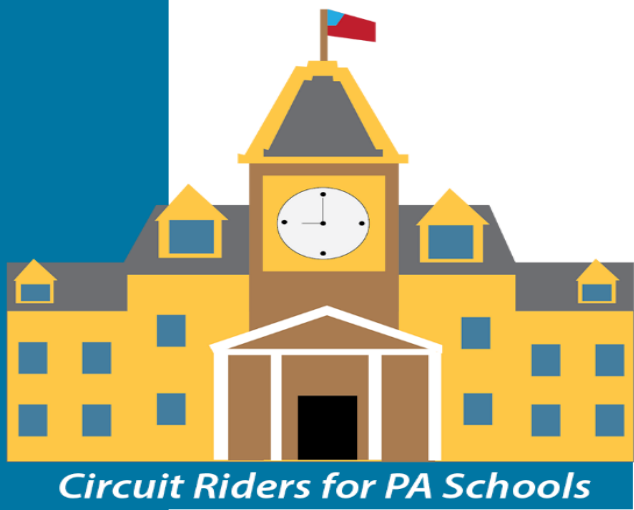
Education Policy and Leadership
Center

Education Voters-PA

Greater Philadelphia Chamber of
Commerce

Greater Pittsburgh Chamber of
Commerce

Jewish Social Policy Action
Network (JSPAN)



Campaign for Fair Education Funding Members

Keystone State Education Coalition

League of Women Voters of PA

Lutheran Advocacy Ministry in PA

NAACP of PA

PA Association of Elementary and
Secondary School Principals (PAESSP)

PA Association of Intermediate
Units (PAIU)

PA Association of Rural and Small
Schools (PARSS)

PA Association of School
Administrators (PASA)

PA Association of School
Business Officials (PASBO)

PA Association of School Nurses
and Practitioners

PA Budget and Policy Center

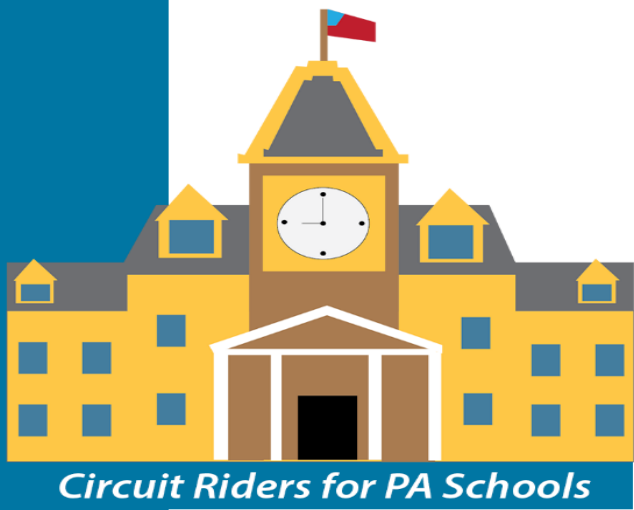
PA Business Council

PA Chamber of Business and
Industry

PA Coalition of Public Charter
Schools

PA Council of Churches

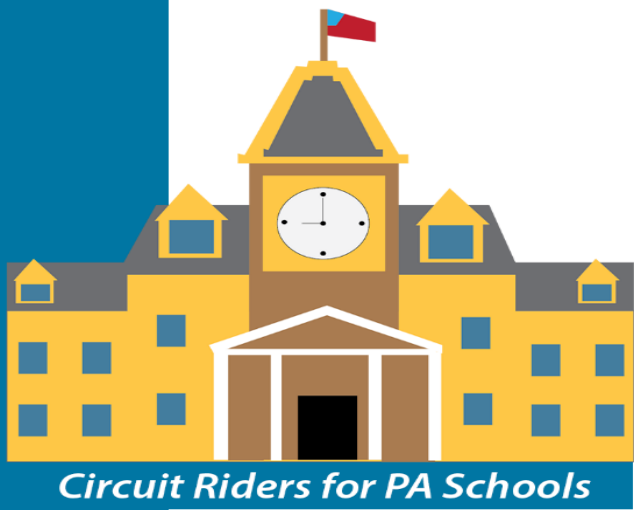
PA Immigration and Citizenship
Coalition (PICC)



Campaign for Fair Education Funding Members

PA Interfaith Impact Network (PINN)
PA League of Urban Schools (PLUS)
PA Municipal League
PA Partnerships for Children
PA PTA
PA School Boards Association (PSBA)
PA School Librarians Association
PA State Education Association (PSEA)
PennCan
Philadelphia
Philadelphia AFL-CIO
Philadelphia Federation of Teachers
Philadelphia School Partnership

Pittsburgh Federation of Teachers
POWER (Philadelphians Organized
to Witness, Empower, and
Rebuild)
Public Citizens for Children and
Youth (PCCY)
Public Interest Law Center of
Philadelphia (PILCOP)
United Way of
and Southern New Jersey
Urban League of Philadelphia
Urban League of Pittsburgh



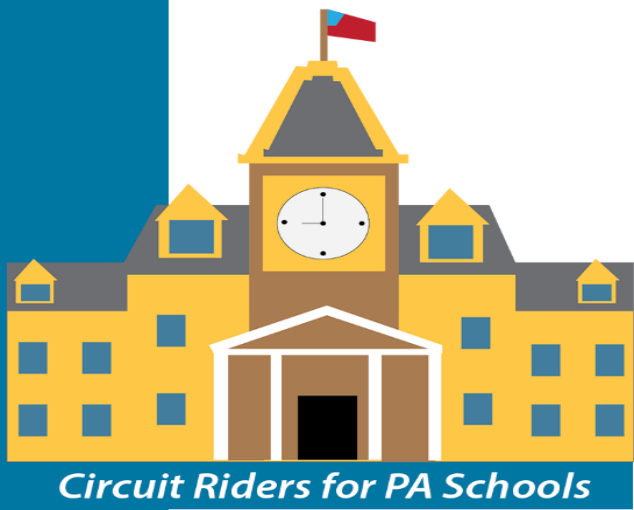
Campaign for Fair Education Funding

Accuracy is important

The new system must be based on real costs necessary to meet state academic standards and must use accurate, reliable, verifiable, and current school and community data that addresses factors including poverty, English proficiency, school enrollment, and other objective measures that impact those costs.



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



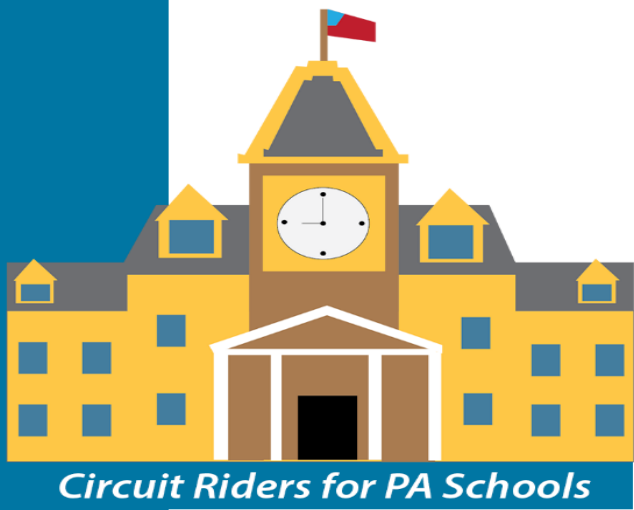
Campaign for Fair Education Funding

Students and schools need stability

The new system must be transparent, sustainable, equitable, and long-range — and supported with sufficient, stable, and broad-based resources. A new basic education funding system is the foundation for educating all children, including children with special needs who will require additional resources through the special education allocation.



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



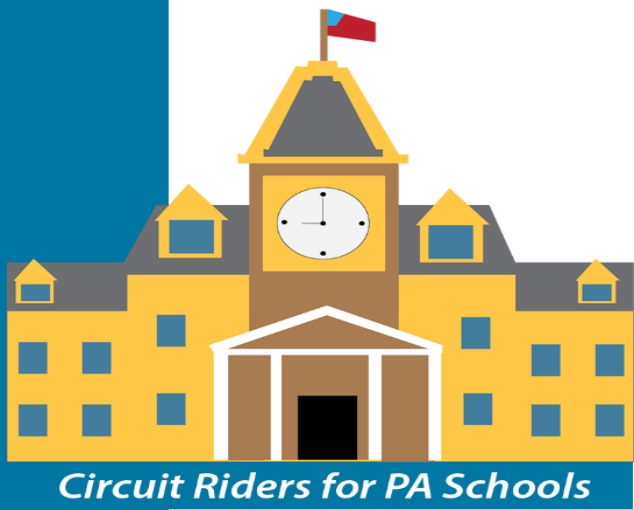
Campaign for Fair Education Funding

Responsibility is shared

The new system must operate based on shared fiscal responsibility among the local community, the state, individuals, and commercial taxpayers, recognizing the differing levels of local funding available and the relationship between adequate financial support and student outcomes.



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



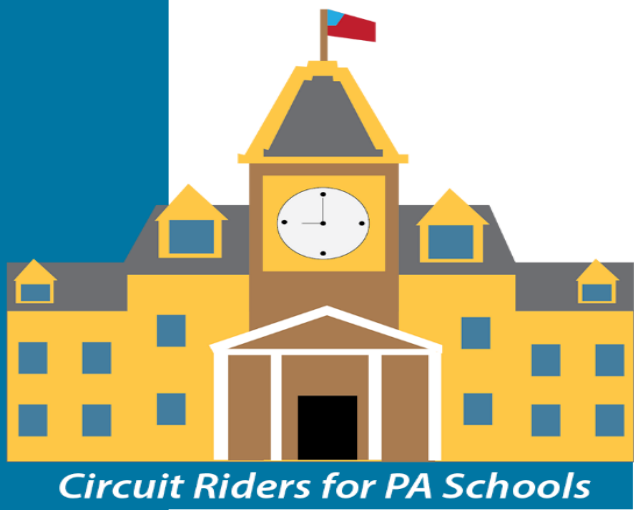
Campaign for Fair Education Funding

Accountability is required

The new system must include strong accountability standards to ensure that schools invest efficiently and effectively to boost student achievement and help ensure post-secondary success. These standards also should allow and/or encourage schools to pursue and sustain operational cost-saving and cost-sharing options that are consistent with ongoing efforts to foster student achievement and success.



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable

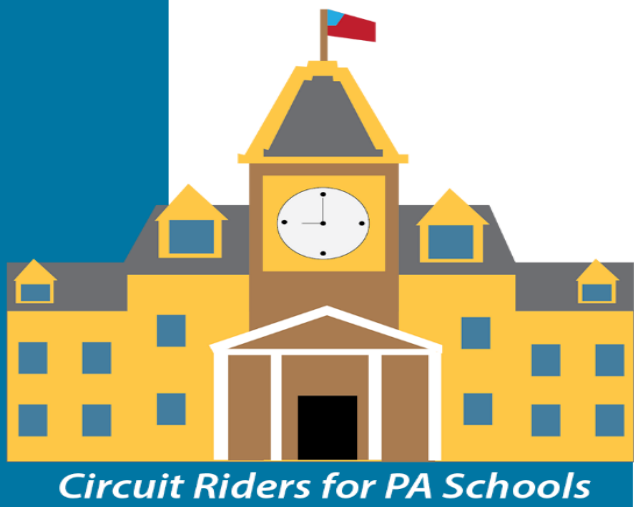


Campaign for Fair Education Funding

- Build grassroots support across PA for a fair funding formula
- Work with and serve as a resource to the Basic Education Funding Commission as they develop a new funding formula
- Work with the General Assembly to ensure a fair basic education funding formula is implemented in 2016

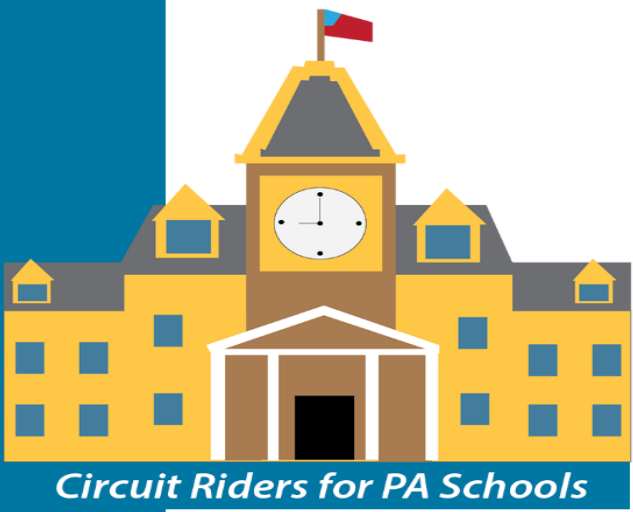


Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable

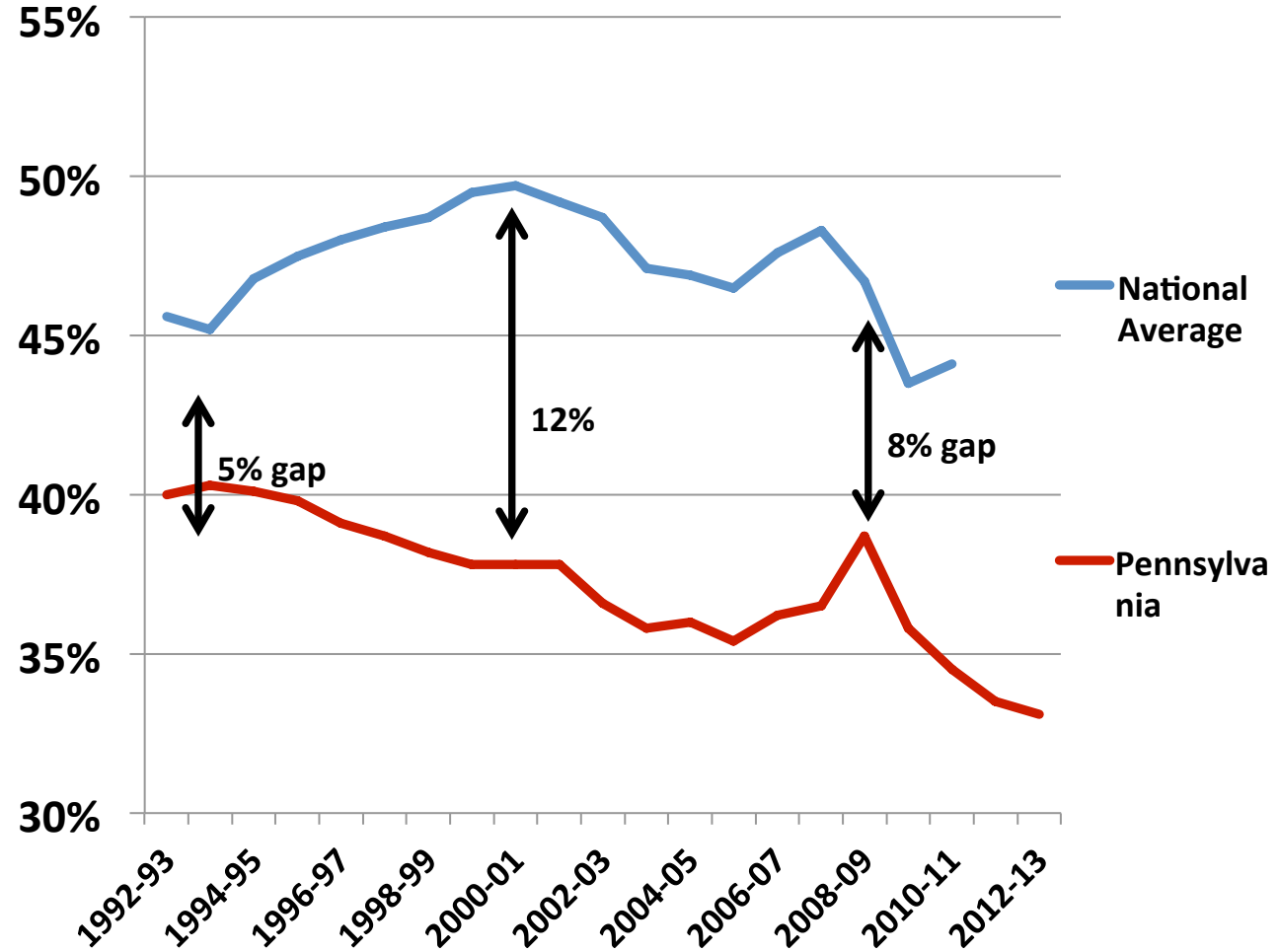


What does the future hold?

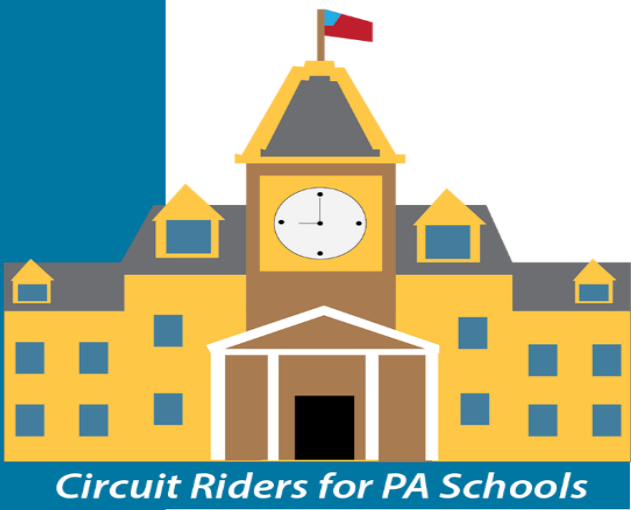
- Under existing conditions and fiscal policies almost 50% of PA districts will be without sufficient revenues to cover mandatory and necessary costs in 2017-18.
- While some annual improvements over time will lower annual PSERS increases, the reductions will be largely counterbalanced by rising charter school and health care costs.
- Basic education funding increases alone cannot resolve fiscal shortfalls. A structural change in the PA school finance system is needed.
- There continues to be new unfunded mandates and programs that deplete local and state funds.



State Share of PK-12 Education Funding PA & National Average



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



Pennsylvania School Funding

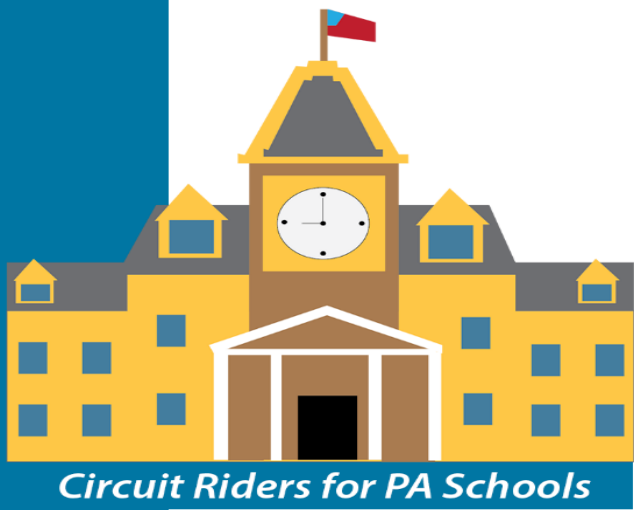
Wide Funding Disparities
2012-13

Lowest Resourced SD - \$9,803 per student

Highest Resourced SD - \$26,808 per student

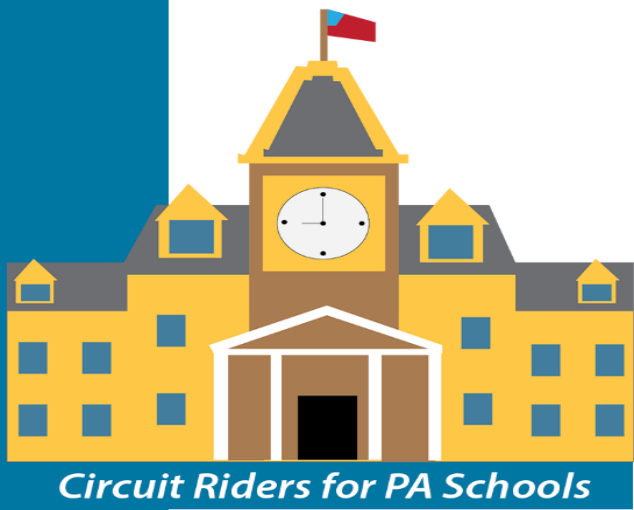
Difference \$17,005 per student

Average Elementary class of 25 students = \$425,125 difference



Pennsylvania School Funding

- It doesn't have to be this way...
- Other states have addressed similar problems and adopted and implemented sustainable solutions.
- They include:
 - Maryland – Thornton Commission
 - Wyoming – School Funding Lawsuit
 - North Dakota – Governor's Commission



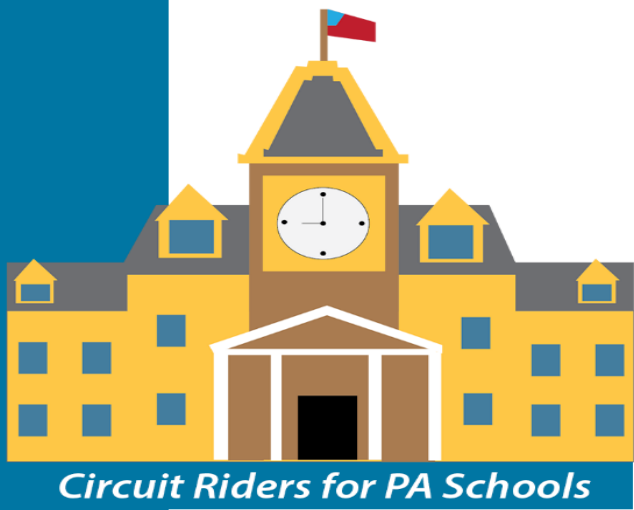
Join the Campaign!

- Make a commitment to help shape a new funding system for Pennsylvania schools.
- Schools need an equitable, adequate, fair, predictable, and accountable state funding formula

<http://fairfundingpa.org>



Working for a new basic education funding formula that is sustainable, predictable, adequate and equitable



What You Can Do in the Short Term

- Begin discussions at the board and community level on the need for fair education funding
- Use the resources your “circuit rider” can provide to facilitate those discussions
- Provide a board member contact to serve as a liaison for information from the Campaign for Fair Education Funding
- Write Letters to the Editor explaining the need for fair education funding using specifics in your district
- Join the Campaign for Fair Education Funding by signing up on the website