

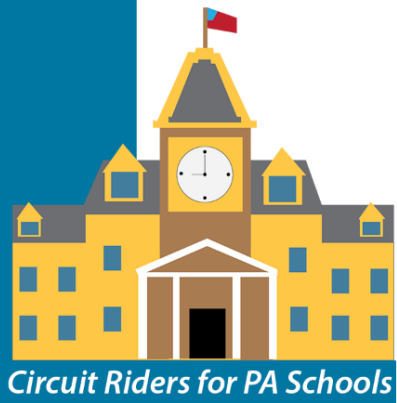


*Circuit Riders for PA Schools*

# **A Look at Basic Education Funding, the New Formula, and Advocacy**

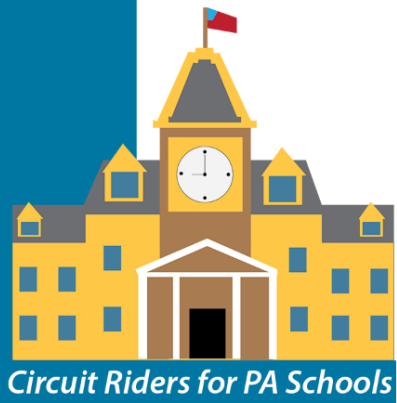
A Presentation to the  
Baldwin-Whitehall Board of School Directors  
February 8, 2017

*Working for a fair basic education funding formula that is sustainable and predictable*



## *Basic Education Funding*

- As the state has increased its commitment to basic education funding in the past two budgets by over \$350 million in total, all directed to school districts through the new basic education funding formula, major positive steps have been taken towards achieving equity in funding all 500 school districts.
- The new formula acknowledges the diversity in Pennsylvania's 500 school districts and contains elements that recognize the unique challenges faced by each district.



## *Basic Education Funding*

- Continued investment in education is critical just to ensure that school districts can continue their current operations, as mandated costs will continue to increase in 2017-2018, as healthcare, pension, special education, and charter school costs all are expected to rise.
- Permanent implementation of the new basic education funding formula put Pennsylvania on the road to equity in education funding, but to ensure that progress can be made, the formula must be allowed to work without modification, until such a time that the Basic Education Funding Commission reconvenes and determines a change is necessary.

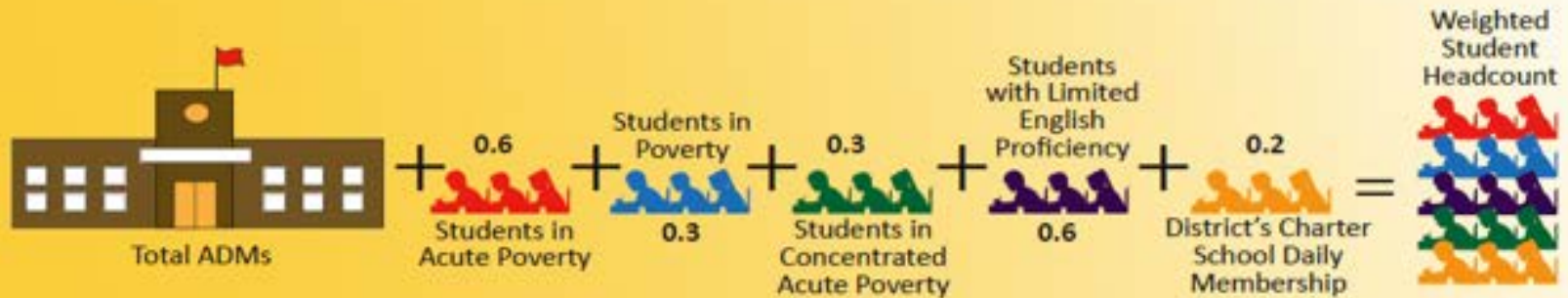


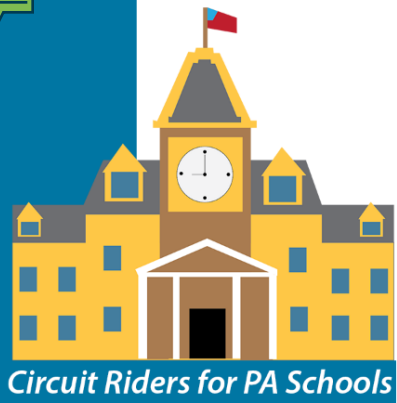
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## Formula: Step 1

- Start with a student count-use 3 year average ADMs (2012-13, 2013-14, 2014-15) **4253.146**

### STEP 1: Weighted Student Count





## Poverty Weights



- Federal Census data replaces FRL data as the poverty indicator-Measures residents not students
- Add a weight of 0.6 for each student in Acute Poverty (living below the poverty line) **16.42%; 420.714**
- Add a weight of 0.3 for each student in Moderate Poverty (living between 100-184% of the poverty line) **8.61%; 110.303**
- Add a weight of 0.3 for each student in Concentrated Poverty (in districts with 30% or more of students in Acute Poverty) **0**



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## *ELL Weight*



- Add a weight of 0.6 for each student who is identified as an English Language Learner in PIMS **157.800**



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## *Charter School Weight*



- Add a weight of 0.2 for each student from a school district who attends a charter school **21.395**
- Data comes from year end Child Accounting Reports



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# Weighted Student Count

## Weighted Student Count



SD ADMs	4253.146
Acute Poverty Adjustment	420.714
Moderate Poverty Adjustment	110.303
Concentrated Poverty Adjustment	0
ELL Adjustment	157.800
Charter School Adjustment	21.395
<b>TOTAL</b>	<b>4963.358</b>





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## Formula: Step 2

### STEP 2: District Adjustments

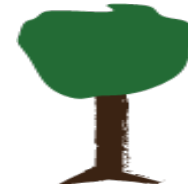


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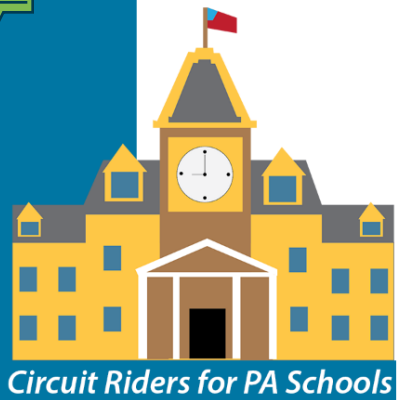
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## Sparsity Size Ratio



- Provides an adjustment ONLY for small AND rural districts that can't achieve economies of scale
- Measures ADMs/square mile compared to state average and total ADMs compared to state average
- Added to Weighted Student Count





## *Median Household Income Index*



- Replaces Aid Ratio as the local wealth measure
- Uses Federal census data to determine median household income by school district
- Compares median district household income to state median household income (\$53,115)
- If  $> 1$ , district median is below state median
- If  $< 1$ , district median is above state median
- **\$55,233; .9617**



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# Local Effort Capacity Index \$\$

- Local Effort Index
  - Replaces equalized mills as tax effort measure
  - School district's local tax-related revenue divided by the product of median household income and number of households compared to the state median
  - Index is adjusted down if a district's current expenditures are more per student than the state median
  - High spending districts get a reduction in their index to disincentivize taxing high to spend high
  - Low spending districts get no reduction applied to their index



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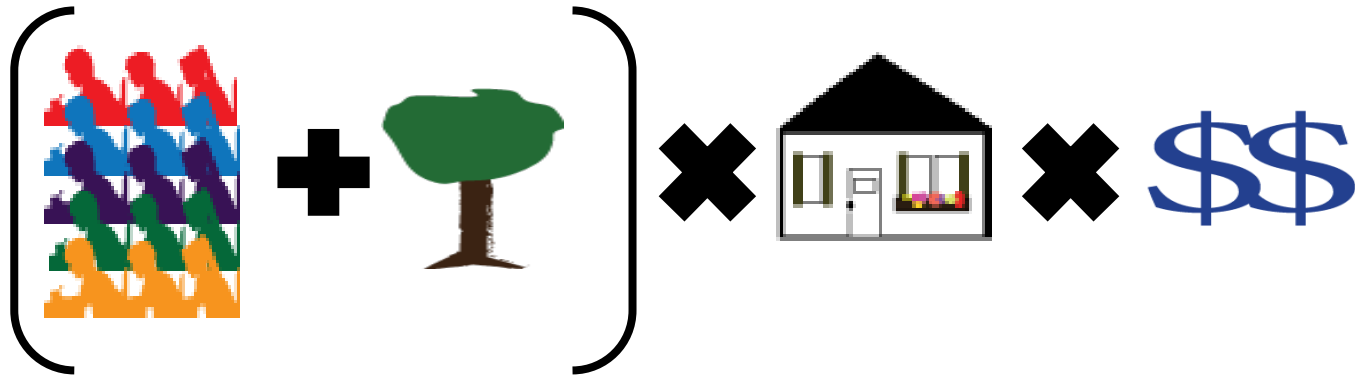
# Local Effort Capacity Index \$\$

- Local Capacity Index
  - Local Capacity is the district's ability to generate local tax-related revenue per student
  - Compares a school district's PI and MV to the state median of local tax-related revenue divided by the sum of PI and MV
  - Adjusts only those districts with a local tax capacity per ADM that is less than the state median
- Add Local Effort Index and Local Capacity Index together **.8800**



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# Proration of New Dollars



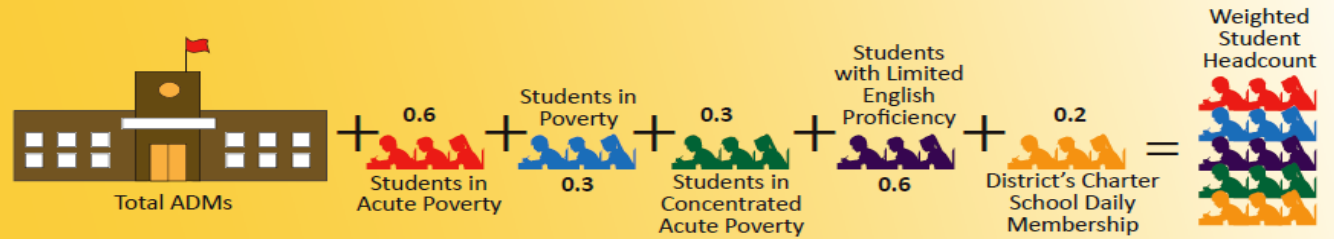
- Multiply the district factors together to get the district's total ADMs. District's share of ADMs for all districts is used to prorate additional BEF funds.
- **4963.358 x .9617 x .8800 = 4200.470**
- **Additional BEF: \$506,084**



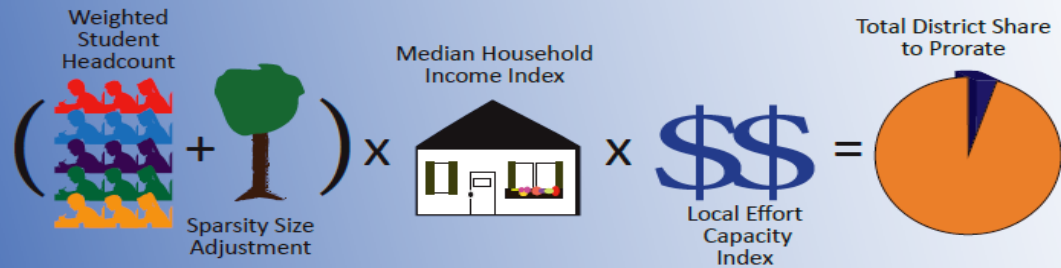
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# Formula Review

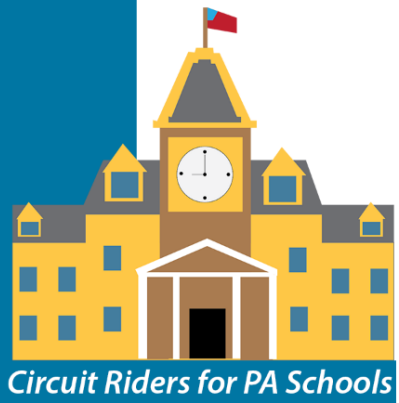
## STEP 1: Weighted Student Count



## STEP 2: District Adjustments



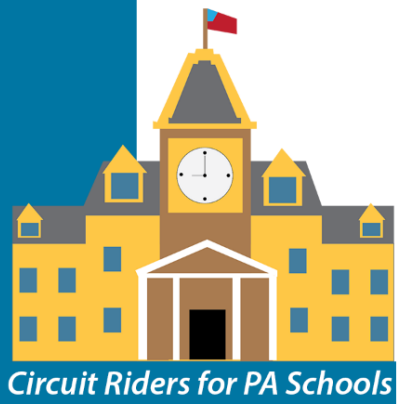
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## *PASA-PASBO Report on School District Budgets*

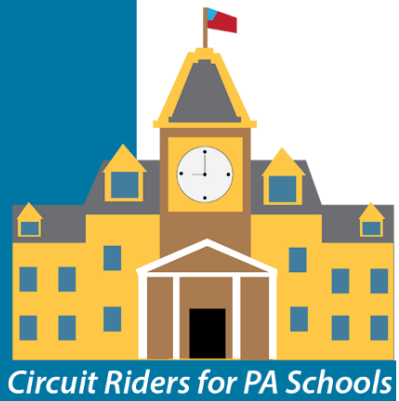
- 72% participation rate
- Increases in mandated expenses
  - Pensions-100%
  - Healthcare-83%
  - Special education-83%
  - Charters-70%
    - Cyber-69%
    - Brick and Mortar-37%





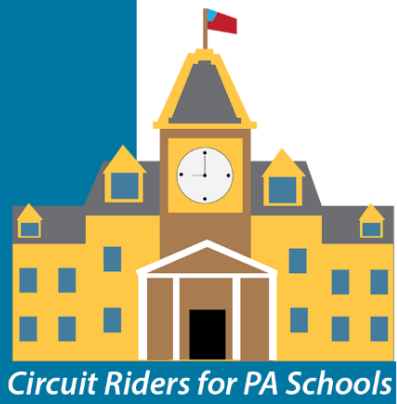
## *PASA-PASBO Report on School District Budgets*

- 86% waiting for PlanCon reimbursement
- 77% increased property taxes
- 24% reduced proposed property tax increases due to BEF increases
- Majority of school districts that increased property taxes raised to or above the Act 1 Index
- 80% used fund balance
- 33% reduced staff



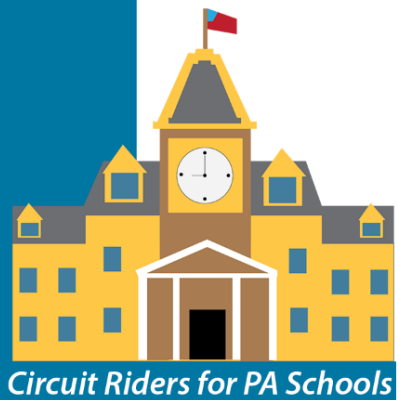
## *PASA-PASBO Report on School District Budgets*

- 37% increased class sizes
- 37% reduced academic program offerings
- 70% anticipate property tax increases for 2017-18
- School district financial conditions for 2017-18
  - Better-6%
  - Same-57%
  - Worse 36%



# Advocacy

- When speaking with a unified voice, school leaders are powerful advocates for education. Advocacy by school leaders across the state was directly responsible for the end to the 2015-2016 budget impasse, the increases in basic education funding, and the adoption and implementation of the new basic education funding formula.
- To ensure that the momentum achieved in education funding over the past months does not wane, school leaders must continue their efforts to educate their legislators, parents, and community about their unique needs, challenges, and successes.



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