

**BASIC
EDUCATION
FUNDING
COMMISSION**

**REPORT
AND RECOMMENDATIONS**



JUNE 18, 2015

EXECUTIVE SUMMARY

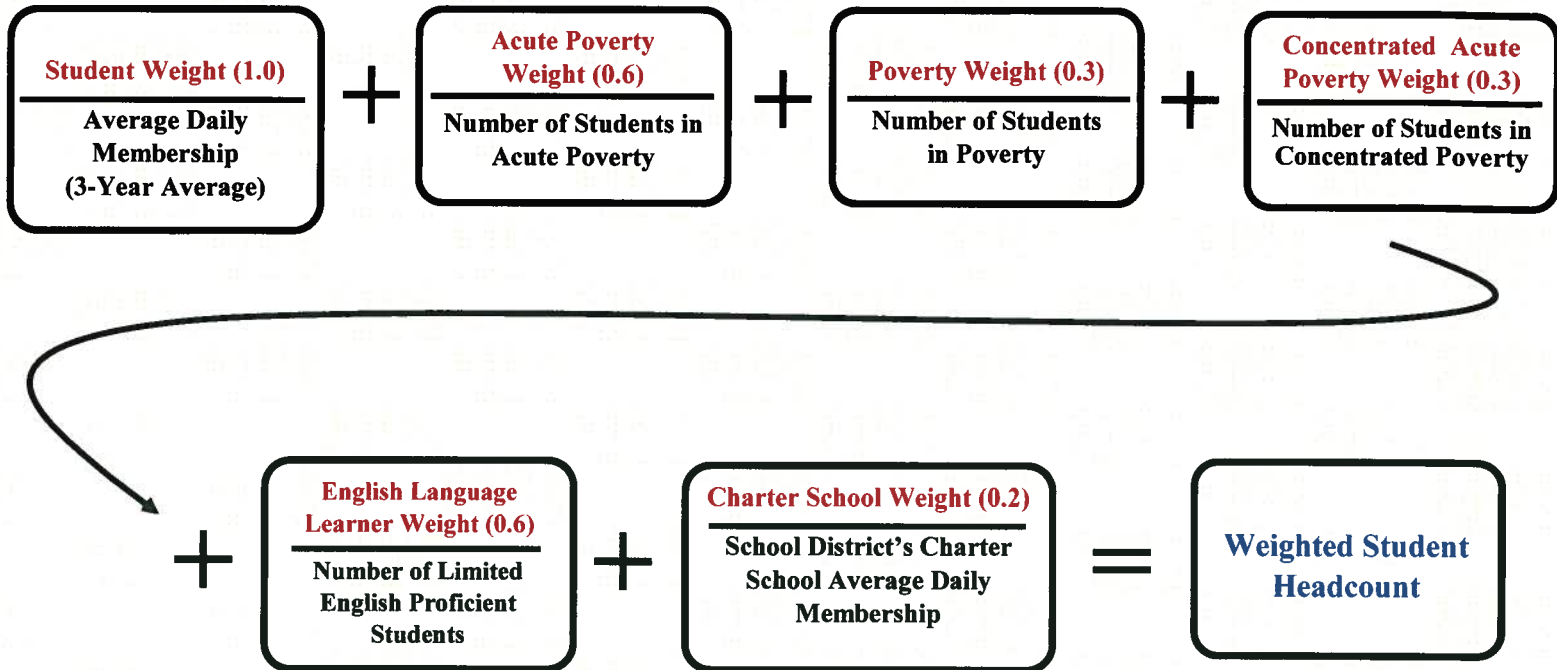
The Commonwealth of Pennsylvania has a strong history of providing quality public education in order to prepare students to be productive citizens and to fulfill their individual potential. Approximately 1,763,000 students attend Pennsylvania's public schools. Financial support for Pennsylvania public school districts comes from local, state and federal sources.

The Basic Education Funding Commission was established pursuant to Act 51 of 2014 (House Bill 1738, prime sponsored by Representative Bernie O'Neill) in order to examine the basic education funding formula. The Commission held 15 hearings across the Commonwealth in 2014 and 2015. The Commission received testimony from over 110 individuals including superintendents, academics, school board presidents, representatives of the business community, nonprofit groups, other states, and parents. The Commission also engaged the Independent Fiscal Office (IFO) to conduct a survey.

The IFO survey sought input from 125 schools in order to determine their cost for various factors. This information was used to assist in determining weights for the Commission's recommended student factors, such as English Language Learners and children in poverty. These factors are an integral piece of an equitable funding formula.

The Commission recommends that the General Assembly adopt a new formula for distributing state funding in the basic education funding appropriation. The allocation of basic education funding needs to allow for accountability, transparency and predictability. The main objective of the new funding formula is to equitably distribute state resources according to various student and school district factors. The new formula will include factors reflecting student and community differences such as poverty, local effort and capacity, and rural and small district conditions. Furthermore, in accordance with Act 51, the Basic Education Funding Commission will continue its work by assisting in the drafting implementation legislation.

Weighted Basic Education Student Headcount Equation



Final Funding Distribution Number Equation



Recommendations

- **School Consolidation** – The General Assembly should consider capitalizing a fund within the Department of Education to incentivize and support voluntary consolidations. The Commission recognizes that consolidation in some cases will provide a platform to achieve administrative savings and or afford students greater learning opportunities. The Commission also recognizes that the cost of studying the impact of consolidation and differences in school districts' tax and debt situations can serve as an impediment to consolidation that may be reconcilable with some level of additional financial support.
- **Hold Harmless** – The hold harmless provision in basic education funding ensures no school district will receive less basic education funding than it received in the previous year. The Commission in its deliberations recognizes the hold harmless clause prevents the entire annual appropriation for basic education funding from being distributed based on current school district or student factors. The Commission also recognizes eliminating the hold harmless clause would have a significant negative impact on many school districts across the Commonwealth that would be unable to make operational adjustments or generate revenue from other sources to make up for the loss of basic education funding. As an example, eliminating the hold harmless clause after more than 20 years of practice would result in 320 school districts receiving approximately \$1 billion less in basic education funding.

The Commission recommends that any new funding driven out through the formula approved in this report should not be subject to hold harmless. Other possible solutions presented to the Commission included:

1. Provide for all basic education funding appropriated in excess of the base year amount to be distributed annually through the Commission's recommended formula.
 2. Provide for the deduction of a set percentage of a school district's basic education funding increase, if its allocation of funding is greater than the amount it would receive when the entire basic education funding appropriation is distributed using the Commission's recommended formula. The deducted funding would then be redistributed on a pro rata basis.
 3. Provide for a set proportion of the basic education funding appropriation to be distributed under the Commission's recommended formula over a set period of time. For example, 10 percent per year over 10 years.
- **School Crossing Guards** – The General Assembly should consider including reimbursement for costs related to school crossing guards in the pupil transportation subsidy formula. Providing crossing guards at busy intersections to assist students walking to school accomplishes the same objective as school busing, which is to ensure students are able to safely travel to and from school.

- **Homeless and Foster Care Student Information** – The Department of Education should consider modifying the existing data collection regimen related to Homeless Students and Students in Foster Care. The Commission recognizes that students living in homelessness and foster care may be more costly to educate and the application of weights to these factors based on reliable data may be merited.
- **Trauma** – The Department of Education should consider devising protocols and measures to identify students in trauma. The Commission recognizes that students in trauma may be more costly to educate and the application of weights to this factor based on reliable data may be merited.
- **Transiency** – The Department of Education should consider devising protocols and measures to identify transient students. The Commission recognizes that transient students may be more costly to educate and the application of weights to this factor based on reliable data may be merited.
- **Gifted Students** – The Department of Education should consider how to quantify the additional cost to school districts for gifted students. The Commission recognizes that gifted students may be more costly to educate and the application of weights to this factor based on reliable data may be merited.
- **Career and Technical Education** – The General Assembly should consider including additional costs relating to career and technical education in order to incentivize and support these programs. The Commission recognizes that students participating in career and technical education programs may be more costly to educate and the application of weights to this factor based on reliable data may be merited.

**The Full Basic Education Funding Commission Report Can
Be Viewed and Downloaded at the Following Links:**

- **basiceducationfundingcommission.pasenategop.com**
- **www.pasenategop.com**
- **www.pasenate.com**
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