

Basic Education Funding Commission Final Report

Pedro Rivera, Secretary of Education

Sharon Ward, Governor's Budget Office

June 19, 2015



Commission Charge and Membership

- Act 51 of 2014 established the Basic Education Funding Commission
 - Bipartisan, 15 member commission
 - Charge:
 - Develop a basic education funding formula
 - Consider factors to use to distribute funding to school districts
 - Receive testimony and issue a report
 - Recommend a formula for adoption by the General Assembly
 - Reconvene in five years to review formula and report back to General Assembly



COMMISSION MEMBERS*

Senate

Pat Browne (R-16)
Co-chair

Andrew Dinniman (D-19)
Mike Folmer (R-48)
Matt Smith (D-37)
Lloyd Smucker (R-13)
Rob Teplitz (D-15)

House

Mike Vereb (R-150)
Co-chair

Stan Saylor (R-94)
Mark Longietti (D-7)
Donna Oberlander (R-105)
James Roebuck (D-203)
Mike Sturla (D-96)

Wolf Administration

Randy Albright
Secretary of the Budget

John Hanger
Secretary of Policy and Planning

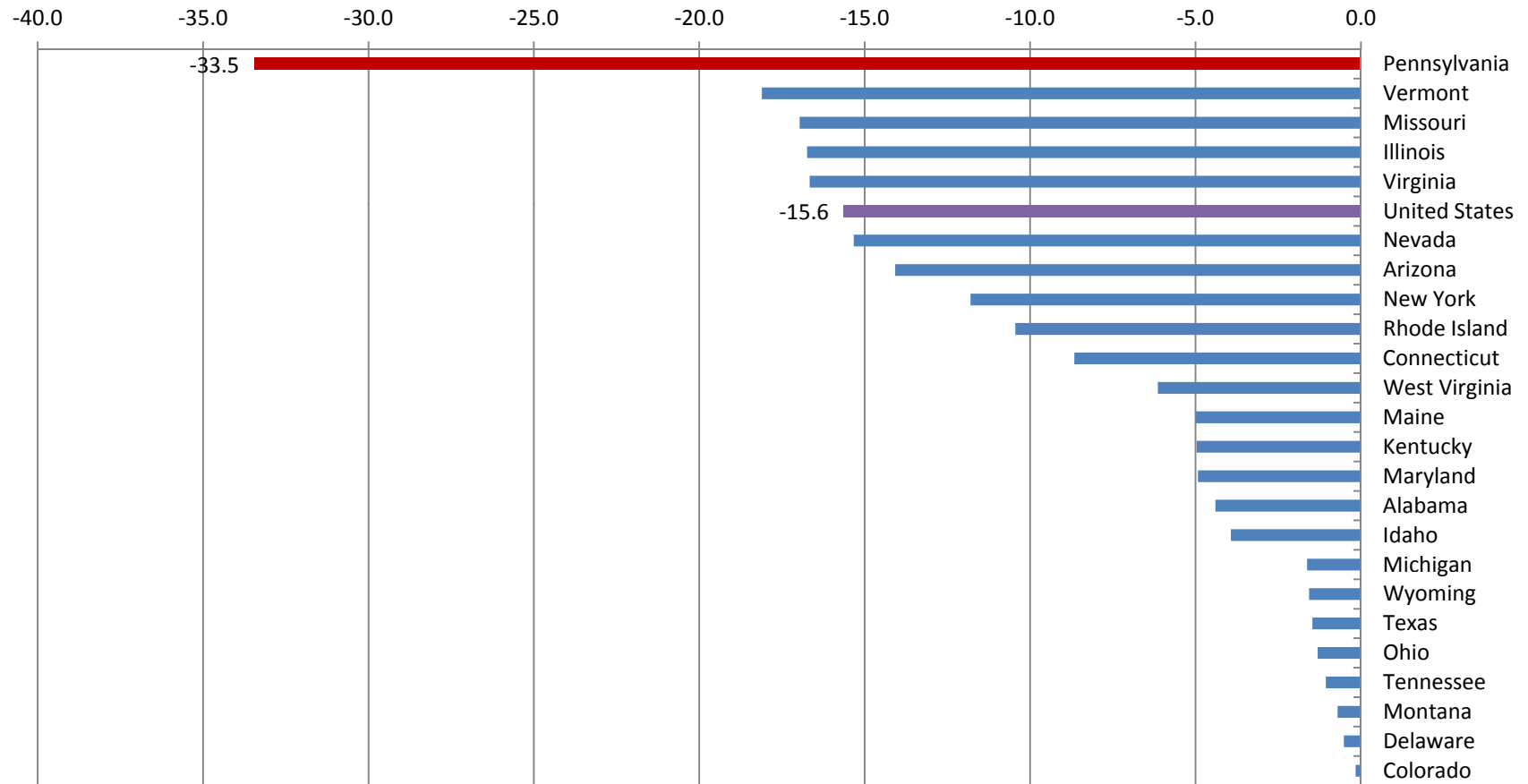
Pedro Rivera
Secretary of Education

* Charles Zogby, Carolyn Dumaresq, Nichole Duffy served for the Corbett Administration



THE MOST INEQUITABLE FUNDING SYSTEM IN THE NATION

Percent Difference in State and Local Spending Between High and Low Poverty Districts (2011-12)



RESULTS SUMMARY

- Fair, predictable, transparent funding formula
 - Counts students
 - Directs resources to students with greater needs: poverty, English language proficiency
 - Addresses higher costs for small geographically dispersed school districts
 - Better reflects local wealth, local tax burden
 - Creates a more equitable funding system



MEETS NEEDS OF ALL SCHOOL DISTRICTS

- ✓ Every district receives an increase
- ✓ Targets dollars to least wealthy school districts
- ✓ Student count helps growing school districts



Basic Education Funding Commission Formula

$$\begin{array}{|c|} \hline \text{School District 3-} \\ \text{year Average ADM} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Poverty Weight} \\ \hline \text{0.6 for deep poverty} \\ \hline \text{0.3 for moderate poverty} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Poverty} \\ \text{Concentration} \\ \text{Weight} \\ \hline \text{0.3 for deep poverty} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{ELL} \\ \text{Weight} \\ \hline \text{0.6} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Charter} \\ \text{School} \\ \text{Weight} \\ \hline \text{0.2} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Sparsity/Size} \\ \text{Adjustment} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted Student} \\ \text{Count} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted Student} \\ \text{Count} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Median} \\ \text{Household} \\ \text{Income Index} \\ \hline \text{(wealth measure)} \\ \hline \end{array} \times \left(\begin{array}{|c|} \hline \text{Local Effort Index} \\ \hline \text{(adjusted for expenditures)} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Local} \\ \text{Capacity} \\ \text{Index} \\ \hline \end{array} \right) = \begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted and Adjusted} \\ \text{Student Count} \\ \hline \end{array}$$

$$\left(\begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted and Adjusted} \\ \text{Student Count} \\ \hline \end{array} \right) \div \begin{array}{|c|} \hline \text{Statewide} \\ \text{Weighted and} \\ \text{Adjusted Student} \\ \text{Count} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{BEF Dollar} \\ \text{Allocation} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{School District} \\ \text{Dollar} \\ \text{Allocation} \\ \hline \end{array}$$



START BY COUNTING STUDENTS

BASE STUDENT COUNT:
3 Year Average ADM

- Average of prior three year Average Daily Membership (ADM)
- Smooths impact of year to year changes



CONSIDER STUDENT FACTORS

School District 3-year Average ADM	+	<table border="1"> <tr> <td>Poverty Weight</td> </tr> <tr> <td>0.6 for deep poverty</td> </tr> <tr> <td>0.3 for moderate poverty</td> </tr> </table>	Poverty Weight	0.6 for deep poverty	0.3 for moderate poverty	+	<table border="1"> <tr> <td>Poverty Concentration Weight</td> </tr> <tr> <td>0.3 for deep poverty</td> </tr> </table>	Poverty Concentration Weight	0.3 for deep poverty	+	<table border="1"> <tr> <td>ELL Weight</td> </tr> <tr> <td>0.6</td> </tr> </table>	ELL Weight	0.6	+	<table border="1"> <tr> <td>Charter School Weight</td> </tr> <tr> <td>0.2</td> </tr> </table>	Charter School Weight	0.2	+	Sparsity/Size Adjustment	=	School District's Weighted Student Count
Poverty Weight																					
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0.6																					
Charter School Weight																					
0.2																					

- Formula based on student needs and conditions that require additional resources
 - Poverty
 - Concentrated poverty
 - English language proficiency
 - Charter school enrollment



DETERMINE WEIGHTED STUDENT COUNT

Student factors and weights:	<u>Weight</u>
Deep poverty: 0-99% of Federal Poverty Level (FPL)	0.6
Moderate poverty: 100% - 184% of FPL	0.3
Concentrated Poverty: more than 30% of students in deep poverty	0.3
English Language Learners:	0.6
Charter school students:	0.2
Add sparsity/size adjustment	0.7
Total: School District Student Weighted ADM	



Sparsity ADM

0.70

- Responds to unique needs of small geographically dispersed school districts unable to achieve economies of scale
- Adjustment similar to that included in Special Education Funding Formula (Act 126)
- School district examples;
 - Greenwood SD, Perry County
 - Wyalusing Area, Bradford County
 - Weatherly Area, Carbon County
 - South Side Area, Beaver County



MAXIMUM STUDENT WEIGHT

Poverty Weight	+	Poverty Concentration Weight	+	ELL Weight	+	Charter School Weight	=	Maximum Student Weight
0.6		0.3		0.6		0.2		1.7



ADJUST FOR DISTRICT FACTORS

$$\begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted} \\ \text{Student Count} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Median Household} \\ \text{Income Index} \\ \hline \text{(wealth measure)} \\ \hline \end{array} \times \left(\begin{array}{|c|} \hline \text{Local Effort Index} \\ \hline \text{(adjusted for expenditures)} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Local} \\ \text{Capacity} \\ \text{Index} \\ \hline \end{array} \right) = \begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted and Adjusted} \\ \text{Student Count} \\ \hline \end{array}$$

- Resources available to students should not be determined by zip code of residence.
- Formula has new measure of local wealth
- Two measures of local funding:
 - Local effort
 - Local capacity



DISTRICT WEALTH

Median Household Income Index (MHII)

- Replaces aid ratio as measure of local wealth
- Looks at the income of residents of the school district compared to the state median of \$52,548
 - Uses U.S. Census Data
 - More accurate measure of local wealth



LOCAL EFFORT FACTOR

$$\begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted} \\ \text{Student Count} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Median Household} \\ \text{Income Index} \\ \hline \text{(w ealth measure)} \\ \hline \end{array} \times \left(\begin{array}{|c|} \hline \text{Local Effort Index} \\ \hline \text{(adjusted for expenditures)} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Local} \\ \text{Capacity} \\ \text{Index} \\ \hline \end{array} \right) = \begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted and Adjusted} \\ \text{Student Count} \\ \hline \end{array}$$



- Looks at how much tax - related revenue is raised in the district by median household.
- Broad measure of local revenue includes all taxes: real estate, income, Act 511; revenue from local governments, Act 1 property tax relief allocation.
 - Highest Pocono Mountain : 124.53
 - Lowest: Blacklick Valley: 20.40
- Compares tax-related revenue (per household) raised in the district to state median.
 - Higher tax effort districts get an addition, lower tax effort districts get a discount
- Make an adjustment if current expenditures per student are greater than the state median of \$10,760.



LOCAL CAPACITY FACTOR

$$\begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted} \\ \text{Student Count} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Median Household} \\ \text{Income Index} \\ \text{(wealth measure)} \\ \hline \end{array} \times \left(\begin{array}{|c|} \hline \text{Local Effort Index} \\ \text{(adjusted for expenditures)} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Local} \\ \text{Capacity} \\ \text{Index} \\ \hline \end{array} \right) = \begin{array}{|c|} \hline \text{School District's} \\ \text{Weighted and Adjusted} \\ \text{Student Count} \\ \hline \end{array}$$



- School districts with limited local wealth have trouble raising funds even at higher millage rates.
- Formula includes a new measure of capacity of district taxpayers to support schools.
- Weighted student amount is adjusted if district is unable to raise local revenue equal to the statewide median per student amount.



FINAL STEP: FUNDING DISTRIBUTION

$$\left(\frac{\text{School District's Weighted and Adjusted Student Count}}{\text{Statewide Weighted and Adjusted Student Count}} \right) \times \text{Total BEF Dollar Allocation} = \text{School District Dollar Allocation}$$



- Determine school district final student weighted/adjusted ADM as share of statewide total.
- Apply that share to new BEF dollar allocation.



EXAMPLE: DERRY TOWNSHIP

District:
Derry Township SD

School District 3-year Average ADM	+	Poverty Weight	+	Poverty Concentration Weight	+	ELL Weight	+	Charter School Weight	+	Sparsity/Size Adjustment	=	School District's Weighted Student Count
3,535		245		0		30		9		0		3,819

School District's Weighted Student Count	X	Median Household Income Index	X	(Local Effort Index	+	Local Capacity Index)	=	School District's Weighted and Adjusted Student Count
3,819		0.822			1.20		0.00			3,765

(School District's Weighted and Adjusted Student Count	÷	Statewide Weighted and Adjusted Student Count)	X	BEF Dollar Allocation	=	School District Dollar Allocation
	3,765		2,721,426			\$400,000,000		\$553,420



EXAMPLE: HARRISBURG

Harrisburg City SD

School District 3-year Average ADM	+	Poverty Weight	+	Poverty Concentration Weight	+	ELL Weight	+	Charter School Weight	+	Sparsity/Size Adjustment	=	School District's Weighted Student Count
7,000		2,471		947		445		161		0		11,024

School District's Weighted Student Count	X	Median Household Income Index	X	(Local Effort Index + Local Capacity Index)	=	School District's Weighted and Adjusted Student Count
11,024		1.536		(1.49 + 0.50)		33,693

(School District's Weighted and Adjusted Student Count)	÷	Statewide Weighted and Adjusted Student	X	Total BEF Dollar Allocation	=	School District Dollar Allocation
(33,693)		2,721,426		\$400,000,000		\$4,952,292



EXAMPLE: LAKEVIEW SD

District:
Lakeview SD

School District 3-year Average ADM	+	Poverty Weight	+	Poverty Concentration Weight	+	ELL Weight	+	Charter School Weight	+	Sparsity/Size Adjustment	=	School District's Weighted Student Count
1,238		273		0		0		6		139.445		1,657

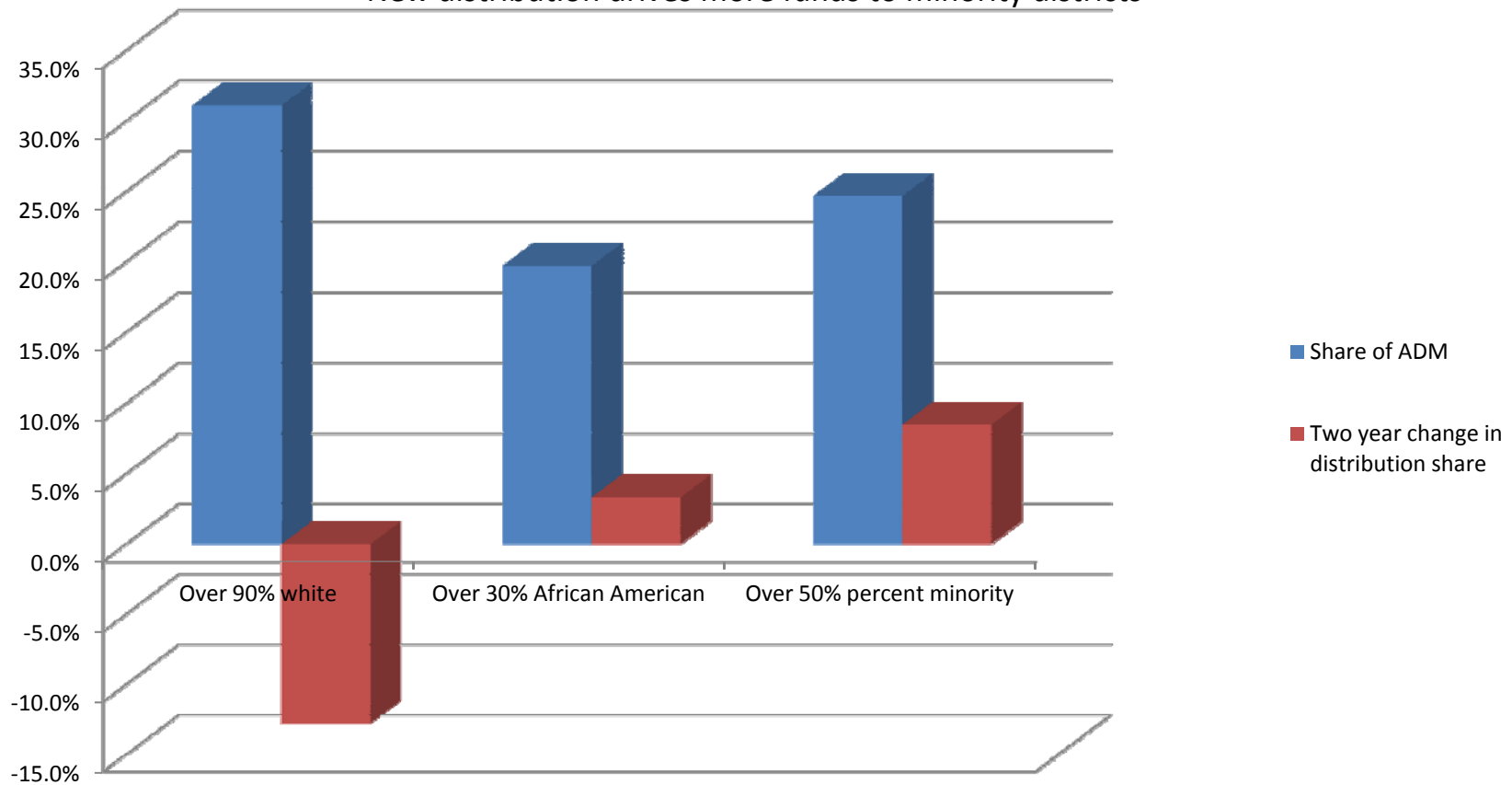
School District's Weighted Student Count	X	Median Household Income Index	X	(Local Effort Index + Local Capacity Index)	=	School District's Weighted and Adjusted Student Count
1,657		1.079		(0.58 + 0.27)		1,520

(School District's Weighted and Adjusted Student Count)	÷	Statewide Weighted and Adjusted Student	X	BEF Dollar Allocation	=	School District Dollar Allocation
(1,520)		2,721,426		\$400,000,000		\$223,388

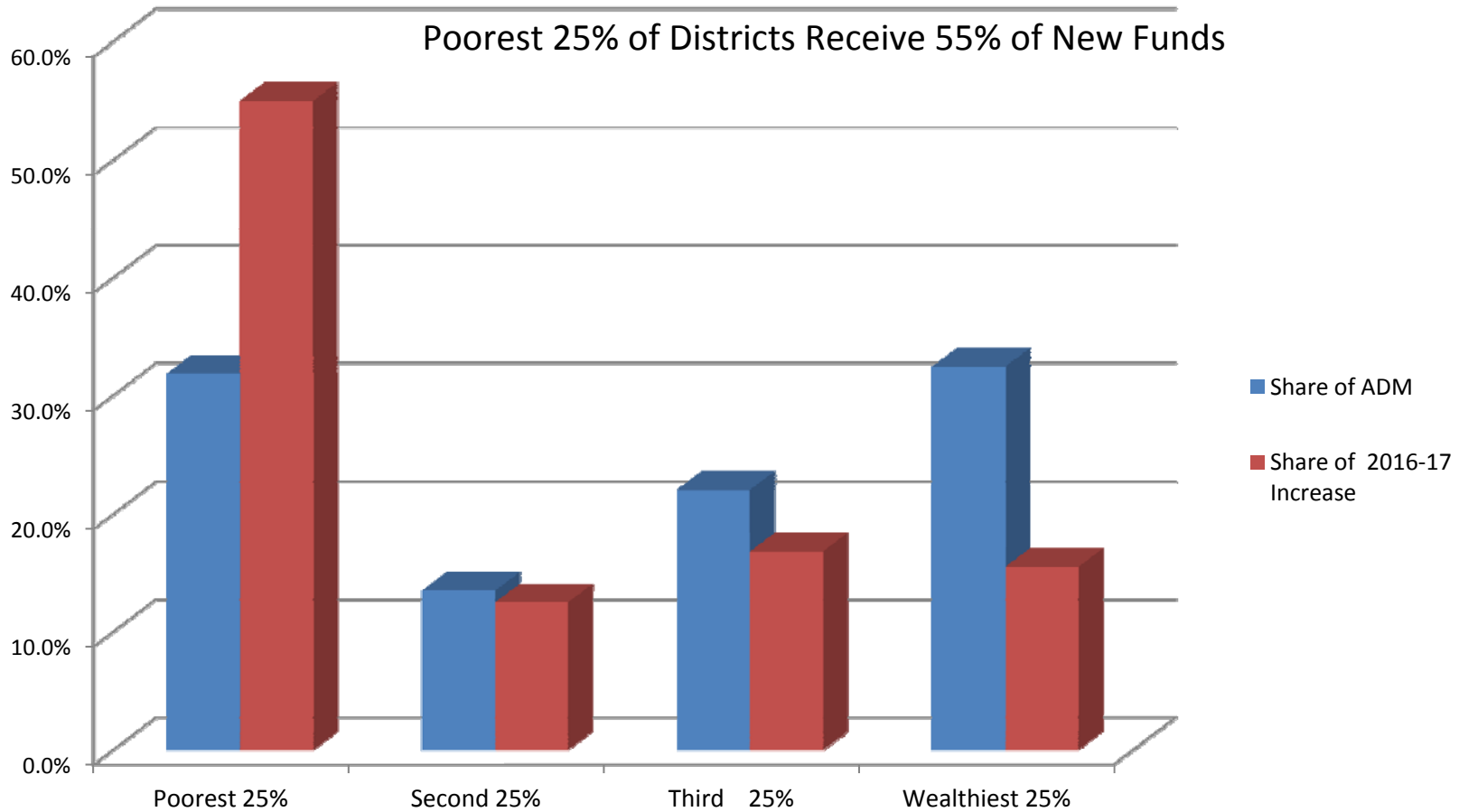


REDUCING RACIAL DISPARITIES

New distribution drives more funds to minority districts



REDUCING FUNDING INEQUITIES



KEY DECISIONS

- How much funding is allocated?
- When does formula take effect?
- Formula must be approved by General Assembly and signed by Governor



GOVERNOR WOLF'S PLAN

- \$410 million in 2015-16
 - Additional funding for all school districts
- Restoring cuts to most at - risk students
 - \$561 dollars per student in bottom 20%
 - Three times as much in bottom 20% as middle groups
 - Nine times in bottom 20% as much as the top 20%



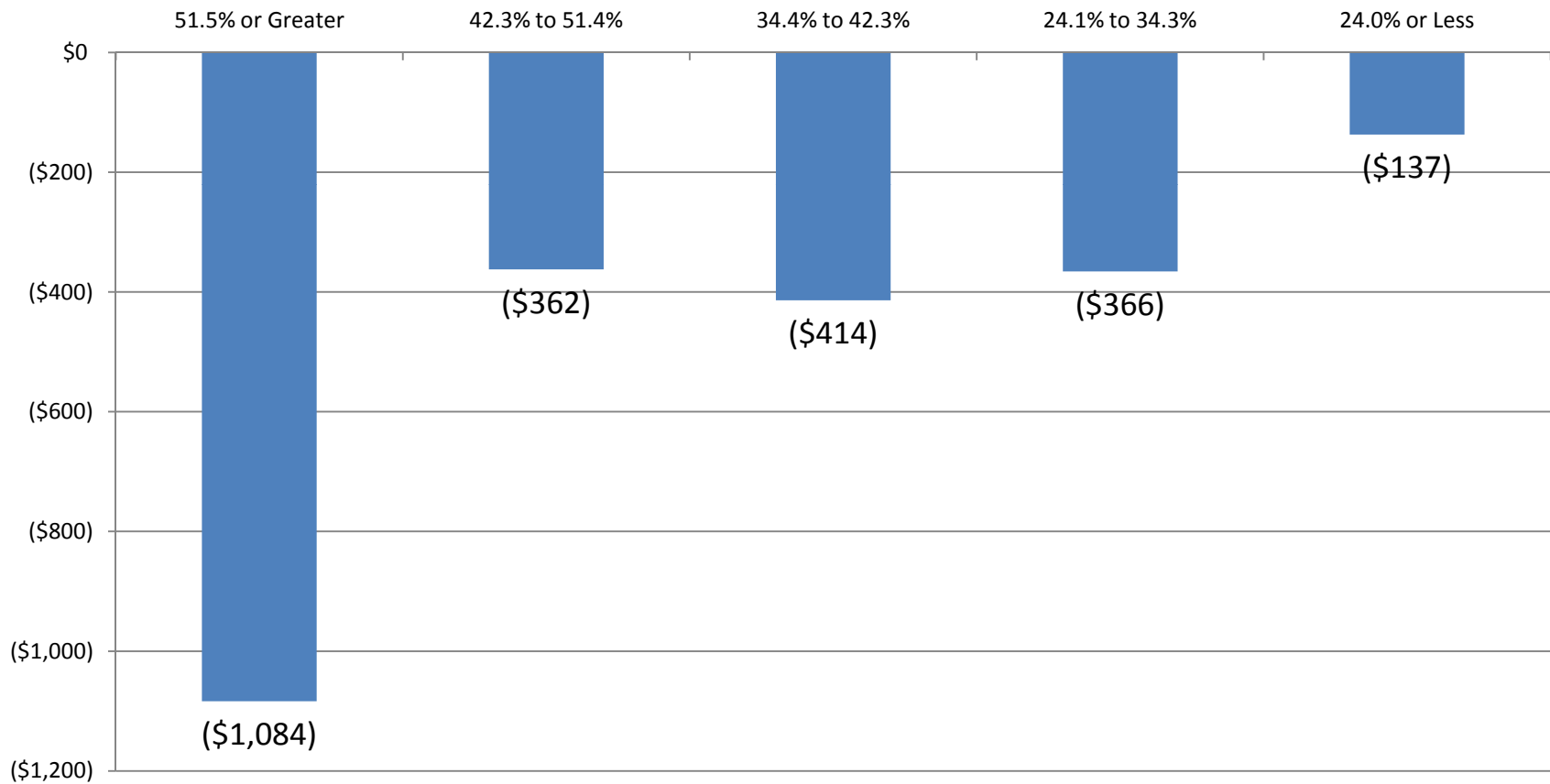
ACCOUNTABILITY FOR NEW FUNDS

- Each school district has submitted a funding accountability plan.
 - Details on how funds will be used
 - Details on how progress will be measured
- 2015-16 Budget asks for \$150 million in school district “smart” savings from efficiencies.

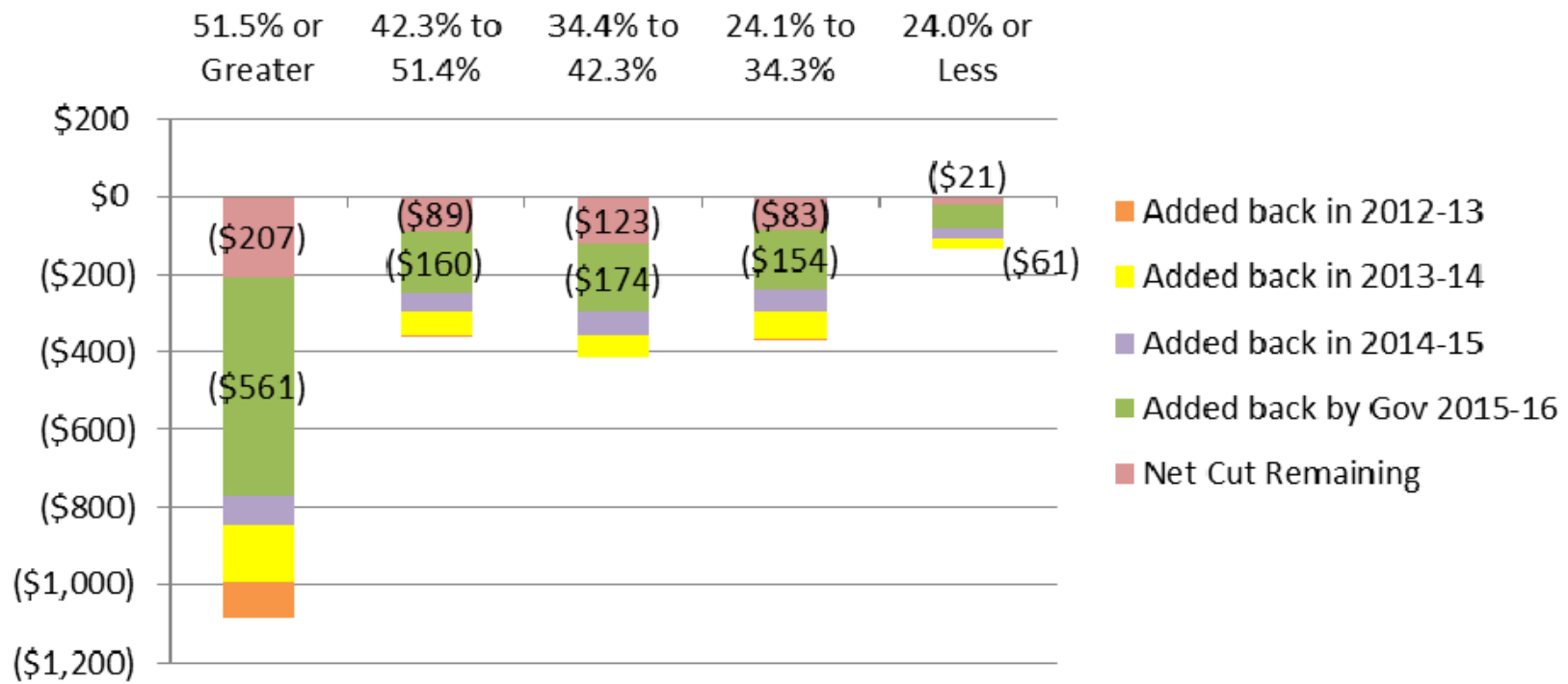


STEP ONE: RESTORE SCHOOL DISTRICT BASE

2011-12 Per Student Cuts by Poverty Concentration



2015-16 EXECUTIVE BUDGET LEVELS THE FIELD FOR POOREST DISTRICTS



STEP TWO: SECURE RESOURCES

- Administration commitment:
 - \$410 million in 2015-16
 - \$400 million in 2016-17
 - Severance tax will cement funding commitment
 - Movement toward sufficient student funding
 - Restore cuts will create a new foundation upon which formula is built



FOR MORE INFORMATION

Pennsylvania Department of Education

<http://www.education.pa.gov>

Basic Education Funding Commission

<http://basiceducationfundingcommission.pasenategop.com>

