BASIC EDUCATION FUNDING COMMISSION

REPORT

AND RECOMMENDATIONS

JUNE 18, 2015

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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's 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 of implementation legislation.

ACT 51 AND THE CHARGE TO THE COMMISSION

Pursuant to Act 51 of 2014 (House Bill 1738), the General Assembly established a Basic Education Funding Commission, charged with the following duties and responsibilities:

The Commission shall:

1. Review and make recommendations related to basic education funding. *Section 123(b).* Review and make findings and recommendations related to basic education funding in this Commonwealth. *Section 123(i)(1).*

2. Develop a basic education funding formula and identify factors that may be used to determine the distribution of basic education funding among the school districts in this Commonwealth. *Section 123(h).* Review and consider basic education funding formulas and factors utilized throughout the United States. *Section 123(i)(5).* Consider the impact that factors identified by the Commission may have on the distribution of basic education funding among the school districts. *Section 123(i)(6).* Review the administration of State and regional basic education programs and services to determine if cost savings may be achieved and make recommendations to implement the savings. *Section 123(i)(7).* Consider the potential consequences of a formula that does not allocate to each district at least the same level or proportion of State basic education funding as the district received in the prior school year. *Section 123(i)(8).* The factors identified by the Commission may include all of the following:
    a. The market value/personal income ratio averaged for each of the three most recent years for each school district. *Section 123(h)(1).*
    b. The equalized millage rate averaged for each of the three most recent years for each school district. *Section 123(h)(2).*
    c. Geographic price differences identified for each school district. *Section 123(h)(3).*
    d. Whether a school district has experienced exceptionally high enrollment growth. *Section 123(h)(4).*
    e. Whether a school district has an exceptionally high level of local support. *Section 123(h)(5).*
    f. Whether a school district has a high level of its students in poverty as identified as eligible for free or reduced price meals under the National School Lunch Program. *Section 123(h)(6).*
    g. Whether a school district has students identified as limited English proficient. *Section 123(h)(7).*
    h. Whether the district has a scarce or dense population in relation to the district size. *Section 123(h)(8).*
    i. Other factors related to the distribution of basic education funding. *Section 123(h)(9).*

3. Receive input from interested parties, including, but not limited to, school districts and charter and cyber charter school operators. *Section 123(i)(3).*

4. Consider nationally accepted accounting and budgeting standards. *Section 123(i)(9).*

5. Issue a report of its findings and recommendations. *Section 123(i)(12).* Draft proposed regulations and proposed legislation based upon the Commission's findings. *Section 123(i)(11).*

6. Reconstitute the Commission every five years to meet and hold public hearings to review the operation of the basic education funding provisions of this section, and to make a further report to the General Assembly. *Section 123(k).*

Act 51 placed the following limitations on the work of the Commission:

- The basic education formula developed by the Commission shall not go into effect unless the formula is approved by an act of the General Assembly enacted after the effective date of this section. *Section 123(j).*

- The General Assembly, through the annual appropriation process, shall determine the level of state funding for basic education. *Section 123(l).*

MEMBERS OF THE BASIC EDUCATION FUNDING COMMISSION

Act 51 of 2014 defined the requirements for the composition and operation of the commission.

The Commission shall:

1. Consist of the following 15 members or their designees. *Section 123(c)(1)*:

    a. The chair and minority chair of the Education Committee of the Senate.

    b. The chair and minority chair of the Education Committee of the House.

    c. Two legislators from each of the four legislative caucuses.

    d. The Secretary of Education.

    e. The Deputy Secretary for Elementary and Secondary Education.

    f. An individual appointed by the Governor from within the Governor's administration.

2. Appoint a member to serve as the chair of the commission. *Section 123(c)(2)*.

Current Basic Education Funding Commission Members

Senate

Pat Browne (R-16 Lehigh) - Co-Chair
Jay Costa (D–43 Allegheny)
Andrew Dinniman (D-19 Chester)
Mike Folmer (R-48 Lebanon/Dauphin/York)
Lloyd Smucker (R-13 Lancaster)
Rob Teplitz (D-15 Dauphin/Perry)

House of Representatives

Mike Vereb (R-150 Montgomery) - Co-Chair
Mark Longietti (D-7 Mercer)
Donna Oberlander (R-63 Clarion/Armstrong)
James Roebuck, Jr. (D-203 Philadelphia)
Designee: Chris Wakeley,
Executive Director
Stan Saylor (R-94 York)
Designee: Bernie O'Neill (R– 29 Bucks)
Mike Sturla (D-96 Lancaster)

Governor Tom Wolf's Administration

Pedro Rivera, Secretary of Education
John Hanger, Secretary of Planning and Policy
Randy Albright, Secretary of the Budget

Original Basic Education Funding Commission Members

Senate

Pat Browne (R-16 Lehigh) - Co-Chair
Andrew Dinniman (D-19 Chester)
Mike Folmer (R-48 Lebanon/Dauphin/York)
Matt Smith (D–37 Allegheny)
Lloyd Smucker (R-13 Lancaster)
Rob Teplitz (D-15 Dauphin/Perry)

House of Representatives

Mike Vereb (R-150 Montgomery) - Co-Chair
Paul Clymer (R-145 Bucks)
Designee: Bernie O'Neill (R– 29 Bucks)
Mark Longietti (D-7 Mercer)
Donna Oberlander (R-63 Clarion/Armstrong)
James Roebuck, Jr. (D-203 Philadelphia)
Designee: Chris Wakeley,
Executive Director
Mike Sturla (D-96 Lancaster)

Governor Tom Corbett's Administration

Carolyn Dumaresq, Acting Secretary of Education
Rita Perez, Acting Deputy Secretary for Elementary & Secondary Education
Designee: Nichole Duffy, Deputy Secretary for the Office of Administration
Charles Zogby, Secretary of the Budget

HEARINGS OF THE COMMISSION

Act 51 established the requirements for the hearings of the Basic Education Funding Commission.

The Commission shall:

1. Hold its first meeting within 45 days of the effective date of this section. *Section 123(d).*

2. Hold meetings at the call of the chair. *Section 123(e).*

3. Hold public hearings in different regions of this Commonwealth. *Section 123(i)(4).*

4. Consult with and utilize experts to assist the Commission in carrying out its duties. *Section 123(i)(2).*

5. Receive input from interested parties, including, but not limited to, school districts and charter and cyber charter school operators. *Section 123(i)(3).*

Members were appointed to the Commission during July 2014. Subsequently, the Commission held the following hearings.[1]

August 20, 2014	North Office Building, State Capitol, Harrisburg, PA
September 9, 2014	Parkland School District, Allentown, PA
September 30, 2014	Clarion University, Clarion, PA
October 16, 2014	Perkiomen Valley School District, Collegeville, PA
October 21, 2014	Community College of Allegheny County, Oakdale, PA
November 6, 2014	North Office Building, State Capitol, Harrisburg, PA
November 18, 2014	Philadelphia City Hall, Philadelphia, PA
November 19, 2014	Philadelphia City Hall, Philadelphia, PA
November 24, 2014	Lancaster-Lebanon Intermediate Unit 13, Lancaster, PA
December 4, 2014	East Stroudsburg Area School District, East Stroudsburg, PA
December 10, 2014	McCaskey East High School, Lancaster, PA
January 29, 2015	Greenville Junior/Senior High School, Greenville, PA
February 5, 2015	Central Montco Technical High School, Plymouth Meeting, PA
March 12, 2015	North Office Building, State Capitol, Harrisburg, PA
April 27, 2015	University of Pittsburgh, Pittsburgh, PA

[1] Please see the Appendix for additional information.

TESTIMONY RECEIVED BY THE COMMISSION

The following witnesses testified before the Commission at its public hearings:

Thomas Allen, President, PA Association of Career and Technical Administrators, and Administrative Director, Eastern Center for Arts and Technology (Feb. 2)

Jay Badams, Ed.D., Superintendent, Erie School District (Jan. 29)

Bruce Baker, Ed.D., Professor of Education Theory, Policy, & Administration, Rutgers – The State University of New Jersey (Nov. 6)

Joseph Bard, Executive Director, PA Association of Rural and Small Schools (PARSS) (Sept. 30)

Joanne Barnett, Ph.D., CEO, PA Virtual Cyber Charter School (Feb. 2)

Brian Barnhart, Ed.D., Executive Director, Lancaster-Lebanon Intermediate Unit 13 (Nov. 24)

Aaron Bass, Chief of Staff, KIPP Philadelphia Charter School and KIPP West Philadelphia Preparatory Charter School (Nov. 19)

Daniel J. Bell, Ed.D., Superintendent, Hermitage School District (Jan. 29)

John Bell, Superintendent, Delaware Valley School District (Dec. 4)

Nate Benefield, Vice President, Policy Analysis, Commonwealth Foundation (Dec. 4)

Joan Benso, President & CEO, PA Partnerships for Children (Dec. 10)

Gina Brillhart, CFO & Assistant to the Executive Director, Lancaster-Lebanon Intermediate Unit 13 (Nov. 24)

Christine M. Borelli, Ed.D., CEO, Memphis Street Academy Charter School (Nov. 19)

Jim Buckheit, Executive Director, PA Association of School Administrators (PASA) (Aug. 20)

Lee Burket, Ed.D., Director, Bureau of Career and Technical Education, PA Department of Education (Feb. 2)

Michael Calla, Superintendent, Sharon City School District (Jan. 29)

Marilyn Carrion-Mejia, Principal, William McKinley Elementary School (Nov. 18)

Michael Churchill, Esq., Of Counsel, Public Interest Law Center of Philadelphia (Dec. 10)

Jason Corosanite, D.C., COO, String Theory Schools (Nov. 19)

Ron Cowell, J.D., President, Education Policy and Leadership Center (EPLC) (Sept. 30)

Michael Crossey, President, PA State Education Association (PSEA) (Dec. 10)

Jackie Cullen, Executive Director, PACTA (Feb. 2)

Tracey DePasquale, Associate Director, Lutheran Advocacy Ministry (March 12)

Curtis Dietrich, Ed.D., Superintendent, North Penn School District (Oct. 16)

Meg Dilger, Board President, Pocono Mountain School District (Dec. 4)

Mark DiRocco, Ph.D., Superintendent, Lewisburg Area School District (March 12)

Patrick Dowd, Ph.D., Executive Director, Allies for Children (Oct. 21)

Rob Dubow, CFO, Office of the Director of Finance, City of Philadelphia (Nov. 18)

Carolyn Dumaresq, Ed.D., Acting Secretary, Department of Education (Aug. 20)

Nichole Duffy, Deputy Secretary for Administration, Department of Education (Aug. 20)

Joan Duvall-Flynn, Ed.D., Chair of the Education Committee, PA NAACP (March 12)

Eric Elliott, Ph.D., Director of Research for School Funding and Finance, PSEA (Dec. 10)

William Farmer, Child Trauma Therapist and Member, Trauma Informed Education Coalition (March 12)

Brad Ferko, Ed.D., Superintendent, Sharpsville Area School District (Jan. 29)

Mark Ferrara, Superintendent, Greenville Area School District (Jan. 29)

Michael Faccinetto, Board President, Bethlehem Area School District (Sept. 9)

Alan D. Fegley, Ed.D., Superintendent, Phoenixville Area School District (Oct. 16)

Lori Gallagher, LPC, Gallagher Counseling (March 12)

Mike Gentile, CEO, Keystone Charter School (Jan. 29)

Carole Geary, Superintendent, Pleasant Valley School District (Dec. 4)

Mark Gleason, CEO, Philadelphia School Partnership (Nov. 18)

Thomas Gluck, Executive Director, PA Association of Intermediate Units (PAIU) (Nov. 24)

David Goodin, Ed.D., Superintendent, Spring-Ford Area School District (Oct. 16)

Scott Gordon, CEO, Mastery Charter Schools (Nov. 19)

Harold Grant, Pittsburgh Federation of Teachers (April 27)

William J. Green, J.D., Chairman, School Reform Commission (SRC) (Nov. 18)

Curtis Griffin, Ed.D., Superintendent, Hatboro-Horsham School District (Oct. 16)

Michael Griffith, School Finance Consultant, Education Commission of the States (ECS) (Oct. 16)

Otis Hackney, Principal, South Philadelphia High School (Nov. 18)

Dave Hardy, Boys' Latin of Philadelphia Charter School (Feb. 2)

Carey Harris, Executive Director, A+ Schools (April 27)

Amanda Hetrick, Superintendent, Forest Area School District (Sept. 30)

Jay Himes, Executive Director, PA Association of School Business Officials (PASBO) (Aug. 20 & Nov. 24)

Sandra Himes, Executive Director, Lehigh Career & Technical Institute (Feb. 2)

Linda Hippert, Ed.D., Executive Director, Allegheny Intermediate Unit (Oct. 21)

William R. Hite, Jr., Ed.D., Superintendent, School District of Philadelphia (Nov. 18)

Bill Hodge, Associate Superintendent, Chambersburg Area School District (March 12)

Joanne A. Jones, Ph.D., CEO, PA Virtual Charter School (Nov. 19)

Larry Jones, CEO, Richard Allen Preparatory Charter School (Nov. 19)

Ron Joseph, CEO, Pittsburgh School District (April 27)

Cheryl Kleiman, Esq., Education Law Center (ELC), Pittsburgh Office (Oct. 21)

John Kurelja, Ph.D., Superintendent, Troy Area School District (March 12)

Linda Lane, Ed.D., Superintendent, Pittsburgh Public Schools (Nov. 24 and April 27))

Sharon Laverdure, Superintendent, Pleasant Valley School District (Dec. 4)

Jesse Levin, Ph.D., Principal Research Scientist, American Institutes for Research (AIR) (Nov. 6)

Roberta Marcus, Board President, Parkland School District (Sept. 9)

Russ Mayo, Ed.D., Superintendent, Allentown School District (Sept. 9)

Jean McCleary, Superintendent, Union School District (Sept. 30)

Maureen McClure, Ph.D., Associate Professor, Administrative & Policy Studies, University of Pittsburgh, School of Education (Oct. 21)

Wayne McCullough, D.B.A., Chief Financial & Operations Officer, Southern York County School District (Nov. 24)

Carol Metzker, Coalition Against Human Trafficking (March 12)

David Mosenkis, Independent Consultant (Nov. 19)

W. Michael Nailor, President, PA School Librarians Association (Dec. 10)

Bill Nichols, Superintendent, Corry School District (Jan. 29)

John Nodecker, Superintendent, Manheim Township School District (Dec. 10)

The Honorable Michael A. Nutter, Mayor, City of Philadelphia (Nov. 18)

Patrick O'Toole, Ed.D., Superintendent, Upper St. Clair School District (Oct. 21)

David W. Patti, President & CEO, PA Business Council (Oct. 21)

James Paul, Senior Policy Analyst, Commonwealth Foundation (Dec. 4)

The Honorable William Peduto, Mayor, City of Pittsburgh (April 27)

Matt Przywara, CFO, School District of Lancaster (Dec. 10)

Thomas Ralston, Ed.D., Superintendent, Avonworth School District (Oct. 21)

Pedro A. Rivera, Superintendent, School District of Lancaster (Dec. 10)

Kristy Robinson, MSW, Program Training and Development, Laurel Life Services (March 12)

Clifford Rogers, Ed.D., Superintendent, Perkiomen Valley School District (Oct. 16)

Jeremy Resnick, Executive Director and Founder, Propel Schools Foundation (Jan. 29)

Marguerite Roza, Ph.D., Director, Edunomics Lab, and Research Associate Professor, Georgetown University (Sept. 9)

David Rubin, MD, MSCE, Assistant Professor of Pediatrics, Division of General Pediatrics, University of Pennsylvania Perelman SOM/CHOP (Nov. 18)

Jerome Sasala, Acting Superintendent, Austin Area School District (Jan. 29)

Janet Samuels, Ph.D., Superintendent, Norristown Area School District (Oct. 16)

Walter Slauch, Vice President, PACTA, and Administrative Director, Central Montco Technical High School (Feb. 2)

Tim Shrom, Ph.D., Business Manager, Solanco School District (March 12)

Jennifer Smallwood, Board President, Harrisburg City School District (March 12)

Michael Stahlman, Superintendent, Clarion Area School District (Sept. 30)

Matthew E. Stanski, CFO, School District of Philadelphia (Nov. 18)

The Honorable Todd Stephens, Representative, 151st Legislative District (Oct. 16)

John Swoyer, CEO, MaST Community Charter School (Nov. 19)

Neil D. Theobald, Ph.D., President, Temple University (Nov. 18)

Charles Thiemann, Board President, West Perry School Board (March 12)

Ford Thompson, Board President, Central Dauphin School Board (March 12)

James Thompson, Board Vice President, Harrisburg City School District (March 12)

John A. Toleno, Ed.D., Superintendent, Stroudsburg Area School District (Dec. 4)

David Warren, Executive Director, Lancaster County Career & Technical Institute (Feb. 2)

John L. Winn, Commissioner of Education of the State of Florida (Retired) (Nov. 6)

Christine Wagner-Deitch, IU 27, Director of Curriculum Services and Gifted Liaison (April 27)

Ira Weiss, Esq., Solicitor, Pittsburgh School District (April 27)

David Woods, Superintendent, Oxford Area School District (Oct. 16)

Mary Anne Wright, Ph.D., Superintendent, Northwestern Lehigh School District (Sept. 9)

Mr. W. Charles Young, Superintendent, Troy Area School District

David Zerbe, Ed.D., Superintendent, Methacton School District (Oct. 16)

TECHNICAL ASSISTANCE RECEIVED BY THE COMMISSION

Act 51 established requirements for the roles of the Department of Education and other bodies in the General Assembly to provide technical assistance to the Commission:

> **Role of Department of Education:** The department shall provide the commission with data, research and other information upon request by the commission. *Section 123(g)*
>
> **Role of Other Bodies in the General Assembly:** The General Assembly shall provide administrative support, meeting space and any other assistance required by the commission to carry out its duties under this section in cooperation with the department. *Section 123(g)*

Since the establishment of the Basic Education Funding Commission in June 2014, the department has played an integral role in supporting the work of the commission.

The Independent Fiscal Office served as a vital resource for technical expertise in working with large amounts of data provided by the school districts and charter schools that assisted the commission's deliberations on student factors for a funding formula.

The Independent Fiscal Office, the Pennsylvania Association of School Business Officials and the department assisted the commission in performing a survey of student factors to 100 school districts and 25 charter schools in April 2015. The survey included a broad cross-section of districts to ensure that the survey was representative of districts across the state. The survey results provided accurate data that the commission used in establishing weights in the new recommended formula.

FURTHER ACKNOWLEDGEMENTS

The Commission wishes to further acknowledge the contributions to its work of the following individuals and organizations:

Central Montco Technical High School

Clarion University

Community College of Allegheny County

East Stroudsburg High School South

Greenville Junior/Senior High School

House of Representatives: Lee Adkins, Sean Brandon, Bob Brownawell, Nichole Duffy, Miriam Fox, Mike Hillman, Brian Kadunc, Eileen Krick, Jeff Miller, Ryan McIlmoyle, Elizabeth Murphy, Karen Seivard, Judy Smith and Dave Transue

Independent Fiscal Office: Matt Knittle, Karen Maynard and Mark Ryan

Intermediate Unit #13

McCaskey East High School

Parkland School District

Pennsylvania Association of School Business Officials: Jeffrey Ammerman, Hannah Barrick and Jay Himes

Pennsylvania Department of Education: Angela Fitterer, Barbara Nelson and Debbie Reeves

Pennsylvania Office of the Budget: Anne Baloga, Natalie Sabadish, Sharon Ward

Perkiomen Valley High School

Philadelphia City Hall

University of Pittsburgh

Senate: Diane Acri, Kaitlin Brown, Tim Collins, Lorre Cooper, Liz Craig, Lisa Feliz, Anne Griffin, Tabitha Hummer, Tom Lebo, Casey Long, Mark Mekilo, Russ Miller, Matt Moyer, Kelly Phenicie, Jen Smeltz, Michaele Totino and Vicki Wilken

OVERVIEW OF BASIC EDUCATION FUNDING ISSUES [2]

Historical Basic Education Formula Funding in Pennsylvania

The Basic Education Funding subsidy is the single largest education funding stream in the Commonwealth's budget to support local school districts. Each fiscal year, during the annual budget process, the General Assembly enacts a new funding formula to distribute these state dollars among the Commonwealth's school districts. Presently, the state's basic education funding formula is contained in Article XXV (Reimbursements by Commonwealth and Between School Districts) of the Public School Code of 1949.

Pennsylvania Constitution of 1874 and 1968

Article III, Section 14 of the Pennsylvania Constitution has often been identified as the *locus* of the state's, and specifically the General Assembly's, responsibility to fund a system of public education. First adopted in the Constitution of 1874, the General Assembly was to "maintain and support a thorough and efficient system of public schools"[3] and it was later modified in the Constitution of 1968 to read as follows:

> *The General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth.* Article III, Section 14, PA Constitution of 1968.

The first iteration of this phrase, as it was contained in Article X of the PA Constitution of 1874, is thought to have been derived from a lecture delivered by Horace Mann.[4] Education advocates continue to point to this phrase as constitutionally guaranteeing a quality education to all of the Commonwealth's public school children.

[2] Information for the section was taken from Bissett, J., & Hillman, A. (2013). The History of School Funding in Pennsylvania, 1682-2013.
[3] Atherton, M. (May 2014). How Pennsylvania Funds Public Schools: The Story of the State Share. Center on Regional Politics Issue Memo (2) 3.
[4] Ibid.

Act 580 of 1966 (SB 792)

Prior to Act 580 of 1966, school districts were reimbursed by the Commonwealth using a formula based upon "district teaching units," comprised of a legislatively determined number of pupils. Funding was calculated by multiplying for each district the number of district teaching units by a dollar amount fixed by the legislature multiplied by each district's standard reimbursement fraction. The passage of Act 580 of 1966 represented a considerable change in the method used to distribute these dollars. Act 580 included language to establish the goal for the "State's share of total reimbursable cost" for school districts at 50 percent. The formula for the 1966-1967 year also introduced new components to the formula, such as "Weighted Average Daily Membership (WADM)," "Actual Instructional Expense (AIE) per ADM," and "Aid Ratio. The reimbursement formula was calculated as follows:

District Aid Ratio X AIE per WADM (or $400, whichever is less) X WADM

To this amount, supplemental payments were made to school districts on account of poverty, density or sparsity, homebound instruction, and vocational education.

Act 31 of 1983 and the Implementation of ESBE

Act 31 ended the state's 50 percent reimbursement guarantee, which was last reached by the state in 1974-1975.[5] The act established into law the calculation for the Equalized Subsidy for Basic Education (ESBE). ESBE would go on to serve as the basis for school district instructional payments for ten years.

Under ESBE, school districts' base education subsidies were determined by a new Factor for Educational Expense (FEE) set by the General Assembly at $1,650 in Act 31. The formula was calculated as follows:

District Aid Ratio X FEE X WADM

[5] Ibid, 7.

Funding was also added on to this amount for school districts based on (1) poverty and (2) local tax effort, and population per square mile. Importantly, Act 31 included language to guarantee a minimum of a two percent increase, which held school districts harmless over their previous year's subsidy regardless of changing enrollment or local wealth.

Under Act 93 of 1984, the General Assembly continued ESBE and increased the FEE from $1,650 to $1,725, with the remainder of the formula carrying over from the previous year. Additionally, Act 93 guaranteed a minimum of a three percent increase for all school districts.

Act 31 of 1985 again continued the ESBE formula with the addition of a new supplement for small district assistance. Nichole Duffy, Deputy Secretary for Administration, PDE, testified before the commission that to qualify for the supplement, school districts needed an aid ratio of 0.500 or greater and an ADM of less than 1,500, which was multiplied by $50 to determine the supplement.[6] Furthermore, Act 31 not only included a minimum two percent increase for all school districts, as had been implemented in previous formulas, but also established a maximum 7.45 percent increase over the previous year's ESBE calculation for school districts.

Act 25 of 1991 added two further supplements to the formula for districts with low expenditures and low wealth, as well as a low expenditure poverty supplement. These supplements targeted those school districts that were perceived to be underfunded by the Commonwealth and lacked local revenue to offset the absence of additional state funding.

Act 85 of 1992 and Hold Harmless

The passage of Act 85 of 1992 serves as an important turning point in basic education funding from the Commonwealth, most significantly because there were no changes in the components of the formula and no additional funding added to the basic education funding line item. Act 85 froze the provisions of the ESBE formula, as well as the supplements.

Act 16 of 1993 included a distribution based on the previous year's ESBE formula, which had been frozen at the 1991-1992 level. Added to this distribution was a new supplement that

[6] Testimony at the Commission hearing on August 20, 2014.

consisted of payments based upon poverty, enrollment growth, and district aid ratio. By freezing the ESBE distribution in fiscal year 1992-1993, Bissett and Hillman note that the prior years of funding inequity would subsequently be built into any new formula.[7] According to Penn State University Professor William Hartman, 53 percent of the basic education funding subsidy for fiscal year 2013-2014 is based upon data for fiscal year 1990-1991, although more accurate student counts have been utilized to drive out new funding annually.[8]

With fiscal year 1994-1995, the basic education formula continued to distribute state dollars based on hold harmless funding for school districts with annual increases in the appropriation line item driven out through supplements targeted to different school districts. It is important to note that with each subsequent year, the supplements for the previous year were built into the hold harmless provision. This pattern would continue through fiscal year 2007-2008. Qualifying districts received a share of the funding determined by the General Assembly for each supplement. The following are some of these supplements, which changed annually, based upon qualifying factors for schools districts.

- *Base Supplement*: distributed to schools districts within qualifying tiers according to MV/PI aid ratio.
- *Poverty Supplement*: distributed to school districts based on either 1) a qualifying percentage of ADM in poverty based on TANF, AFDC or free and reduced lunch or 2) a prorated share of funding based on a qualifying aid ratio and personal income per ADM.
- *Small District Assistance*: distributed to school districts with an ADM of 1.500 or less; in some years, an aid ratio qualifier was also used.
- *Growth Supplement*: distributed to school districts with a qualifying percent increase in ADM.
- *Tax Effort Supplement*: distributed to school districts with a qualifying equalized millage.
- *Limited English Proficiency Supplement*: distributed to school districts with students enrolled in qualifying LEP programs and with a qualifying aid ratio.
- *Minimum 2 Percent Increase*

[7] Bissett and Hillman (2013): 35.
[8] Atherton (2014): 2.

Act 61 of 2008 (HB 1067)

A 2006 Costing Out Study authorized by the General Assembly identified an adequacy funding target for each school district. Act 61 established a weighted student funding formula incorporating factors for poverty, geographic cost differentials, English Language proficiency, special needs and tax effort. The General Assembly approved funding for three years of a proposed six year phase in of the new formula designed to address the adequacy gap.

Act 24 of 2011 (HB 1352)

Act 24 contained the Omnibus School Code amendment and the education-related provisions of the 2011-2012 fiscal year budget. The act included a basic education funding formula that includes a student focused supplement that includes the following components: a base amount, number of English language learners, concentration of free and reduced lunch students and changes to a school district's adjusted average daily membership.

Act 82 of 2012 (HB 1901)

Act 82 contained the Omnibus School Code amendment in the 2012-2013 fiscal year, which also contained the basic education funding formula. The formula provided that the Commonwealth would pay each school district an amount equal to the amount paid in the previous fiscal year. The basic education increase over the prior year was distributed to 16 distressed school districts in supplements for English Language Learners, Extraordinary Charter School Enrollment, Increasing Aid Ratio, and Small District Increasing Aid Ratio, among others.

Act 59 of 2013 (HB 1141)

Act 59 provided for the distribution of basic education dollars during the 2013-2014 budget process. The act provided that, in the 2013-2014 fiscal year, the Commonwealth would pay each school district an amount equal to the amount paid for the previous year (the hold harmless provision). Each school district also received a student focused funding supplement, calculated by multiplying a base amount of $108 by the school district's average daily membership for the

2012-2013 school year and the school district's market value/aid ratio in the 2013-2014 school year. An additional 12 supplements were driven out to a limited number of districts.

Act 126 of 2014 (HB 278)

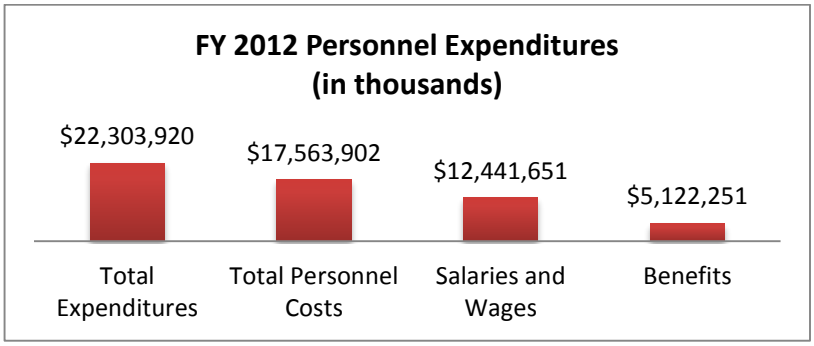
Act 126 included the basic education funding formula for the 2014-2015 fiscal year. The distribution of basic education dollars provided each school district the same amount of funds paid for the previous fiscal year.

PUBLIC SCHOOL EXPENDITURES

In fiscal year 2013-2014, per pupil expenditures based upon instructional expenses ranged from $5,911 to $15,830.

2013-14 Instructional Expenditures per Pupil			
Wilkinsburg Borough SD	$15,830	Saint Marys Area SD	$5,911
Lower Merion SD	$15,073	Juniata County SD	$6,183
Austin Area SD	$14,222	Mars Area SD	$6,236
Duquesne City SD	$13,634	Claysburg-Kimmel SD	$6,280
Chester-Upland SD	$13,365	Richland SD	$6,349
Jenkintown SD	$13,081	Chestnut Ridge SD	$6,355
Colonial SD	$12,896	Tyrone Area SD	$6,360
Radnor Township SD	$12,863	Bermudian Springs SD	$6,456
Morrisville Borough SD	$12,617	Canon-McMillan SD	$6,465
Pittsburgh SD	$12,530	Spring Cove SD	$6,486

In terms of total educational spending statewide, personnel costs, including salaries and benefits, comprise nearly 78%.[9] Marguerite Roza, Ph.D., Director, Edunomics Lab, & Associate Research Professor, Georgetown University, testified that in Pennsylvania personnel benefits, in particular, continue to consume an increasing share of expenditures, increasing from a 30% load on top of salaries in 2004 to 37% in 2008.[10]



It is clear that different school districts can achieve the same level of student outcome while spending different amounts per pupil, which, according to Dr. Roza, may suggest that some

[9] Public Education Finances: 2012. U.S. Census Bureau. Retrieved from http://www2.census.gov/govs/school/12f33pub.pdf.
[10] Testimony at the Commission hearing on September 8, 2014.

school districts are more "productive," while others are not leveraging their resources to achieve the greatest outcome for the dollars being spent.[11] However, in order to fully comprehend the relationship between funding and outcomes, the impact of individual student needs, due to living in poverty or being an English language learner, can drive district costs, and the effectiveness of these dollars. How funding can be used to address these inequities latent in the system must also be considered.

Average Daily Membership

Average daily membership (ADM) is a measurement of school district size over the course of an entire school year in relation to students. For the purposes of Commonwealth reimbursement, Section 2501 of the Public School Code provides that ADM is to be calculated according to the rules of procedure established by the Secretary of Education.

A PA Department of Education regulation found in § 329.3 of 22 Pa Code, computes ADM first by adding the number of resident students, for whom the district is financially responsible, in membership each day the school district is in session to produce the aggregate days membership, which is then divided by the actual days of instruction to determine the ADM.

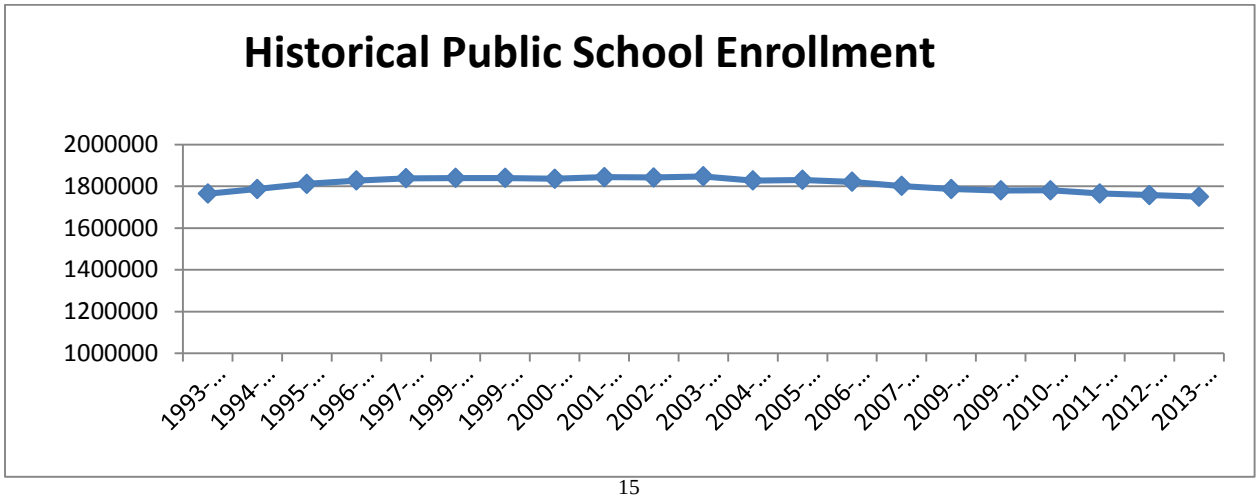
The weighted average daily membership (WADM) assigns to ADM a weight for different grade levels. Half-day kindergarten students receive a weight of 0.5. Full-day kindergarten students and elementary students are assigned a weight of 1.0, while secondary students receive a weight of 1.36.[12]

The Commission also heard from several testifiers that a balance must be struck between using accurate student counts in a future basic education funding formula so that funding dollars can follow the student and support those districts which have experienced increased enrollment while not disproportionally harming those school districts with decreased enrollments. Michael Crossey, President, PSEA, recommended that a new formula utilize ADM to account for those students that a school district is responsible for and further employ rolling averages of student

[11] Testimony at the Commission hearing on September 8, 2014.
[12] Section 2501 (10.1) of the Public School Code.

counts to avoid substantial changes in funding due to drastic swings in enrollment.[13] Joan Benso, President and CEO, PA Partnerships for Children, likewise recommended that a 5-year weighted ADM, with additional weight assigned to more recent years' ADM, to accommodate districts with enrollment growth while providing districts with declining enrollment time to adjust to their new enrollment realities.[14]

In the 2013-2014 school year, as of October 1st, 1,763,000, students were enrolled in Pennsylvania public schools, including school districts, charter schools, state juvenile correction institutions, and comprehensive career and technical centers. The largest school district (Philadelphia City SD) had an ADM of 203,229, while the smallest (Austin Area SD) had 188. The largest charter school (Pennsylvania Cyber CS) had an ADM of 10,763, which is more students than 484 school districts.



[15]

Historically, public school enrollment over the past twenty years has remained stable, with approximately the same number of students enrolled in 2013-2014 as were enrolled in 1993-1994.

While statewide public school enrollment has remained relatively stable over the past two decades, dramatic changes in enrollment have occurred at the school district level. Jim Buckheit,

[13] Testimony at the Commission hearing on December 10, 2014.
[14] Testimony at the Commission hearing on December 10, 2014.
[15] Testimony at the Commission hearing on August 20, 2014.

Executive Director, PASA, testified before the Commission that between 1993-94 and 2013-2014, 336 school districts, or approximately 67.3 percent, experienced a decline in student enrollment, while 162 school districts, or approximately 32.5 percent, experienced an increase in student enrollment.[16] The school district with the largest increase over the past twenty years, Central Bucks School District, is now the third largest school district by enrollment. The greatest district enrollment decrease, in the Philadelphia City School District, is due largely in part to charter and cyber charter school enrollment, which was 66,926 for the 2013-2014 school year. Pittsburgh School District also dramatically declined, making them the district with the second greatest decrease.[17]

[16] Testimony at the Commission hearing on August 20, 2014.
[17] Testimony at the Commission hearing on April 27, 2015.

Largest 20-Year Increases in Student ADM[18]

District	Increase
Central Bucks SD	+7,323
Allentown City SD	5,379
Reading SD	4,914
Spring-Ford Area SD	4,051
Downingtown Area SD	3,215
Perkiomen Valley SD	3,151
Parkland SD	3,032
Garnet Valley SD	2,849
Bethlehem Area SD	2,727
Upper Darby SD	2,568

Largest 20-Year Decreases in Student ADM[19]

District	Decrease
Pittsburgh SD	-12,086
Philadelphia SD	6,943
Harrisburg City SD	2,207
Warren County SD	2,140
Williamsport Area SD	2,017
Altoona Area SD	1,613
Armstrong SD	1,597
Connellsville Area SD	1,422
Punxsutawney SD	1,267
Penn Hills SD	1,223

These changes in enrollment, particularly for those districts experiencing the greatest swings, bring additional funding challenges. School districts that experience an increase in enrollment without a corresponding increase in basic education funding, must subsequently absorb increasing educational expenditures with local revenue. Several school districts that have experienced the largest enrollment increases noted that basic education funding has not followed increases in enrollment. Clifford Rogers, Ed.D., Superintendent, Perkiomen Valley School District, testified that state funding has not kept pace with the increase in enrollment the district has experienced, noting that while the district's enrollment has doubled over the past twenty years, state funding has gone from comprising 10 percent of the district's budget to 6.7 percent of the budget during the same period and state funding per pupil for the district has increased

[18] Does not include charter school enrollments.
[19] Does not include charter school enrollments.

only 6.9 percent, or $64.85.[20] Roberta Marcus, Board President, Parkland School District, testified that while the district has experienced the sixth largest increase in enrollment over the last twenty years, its share of state basic education funding has remained the same.[21] Patrick O'Toole, Superintendent, Upper St. Clair School District, testified that each year that the basic education funding formula is not directly tied to enrollment, the more inequitable state funding becomes.[22]

Conversely, the Commission heard concerns from several testifiers that relying simply on enrollment may unfairly penalize decreasing enrollment school districts. Linda Hippert, Executive Director, Ed.D., Allegheny Intermediate Unit, cautioned that simply looking at overall decreases in enrollment might not clearly communicate the shifts in population within a geographic area, which can be extremely challenging to individual districts.[23] Dr. Hippert further refuted the assumption that a decreasing enrollment would result in decreasing costs, unless such an enrollment decrease is prevalent at a grade level and in the same school building. Similarly, Linda Lane, Ed.D., Superintendent, Pittsburgh Public Schools, testified that the recent enrollment decreases experienced in the Pittsburgh Public Schools can mirror the challenges faced by small, rural schools with decreasing enrollment, noting that as enrollments have declined across the City of Pittsburgh, the decline in the K-12 population has eroded economies of scale within the district, leaving schools more costly to operate.[24]

ENGLISH LANGUAGE LEARNERS[25]

Students who have limited English proficiency and are identified English Language Learners (ELLs) present an additional financial responsibility for school districts. Language proficiency is critical to a student's academic success, and students often need specialized language instruction in order to benefit from the education program provided by their school districts.

[20] Testimony at the Commission hearing on October 16, 2014.
[21] Testimony at the Commission hearing on September 9, 2014.
[22] Testimony at the Commission hearing on October 21, 2014.
[23] Testimony at the Commission hearing on October 21, 2014.
[24] Testimony at the Commission hearing on November 24, 2014.
[25] Information from this section was taken from the PDE Basic Education Circular *Educating Students with Limited English Proficiency (LEP) and English Language Learners (ELL)* available from http://www.portal.state.pa.us/portal/server.pt/community/pa_codes/7501/educating_students_with_limited_english_proficiency_(lep)_and_english_language_learners_(ell)/507356

School districts are not only required to provide ELL students with instruction based upon the regular education curriculum, but they must also provide ELL students with language instruction to help them obtain English language proficiency (ELP). The provision of these additional resources often translates into a higher cost for school districts to educate ELL students.

Research has long investigated the amount of time it takes for ELL students to obtain complete proficiency, with estimates for academic proficiency often ranging between four and seven years, while oral proficiency may be obtained in as little as three to five years.[26] However, a number of variables can both positively and negatively affect this rate of acquisition, as research has indicated.[27] Among them, studies have shown that non-native speakers of English without formal academic training in their first language acquire proficiency at a slower rate than their peers, who have had at least some schooling in their native language.[28] Socioeconomic factors can also impact proficiency attainment, with research also suggesting that ELL students from high-poverty schools take longer to reach proficiency standards.[29]

Population

According to the PA Department of Education, approximately 47,567 students speaking 229 languages are identified as English Language Learners. This figure represents nearly 2.7% of the total public school enrollment for the 2013-2014 school year. Since 2000, the number of ELLs students, sometimes referred to as students with Limited English Proficiency (LEP), has increased by 67%.

[26] Gil, L., & Bardack, S. (May 2010). *Common Assumptions vs. the Evidence: English Language Learners in the United States, a Reference Guide*. English Language Learner Center, American institutes for Research, 4.
[27] Pedro Rivera, Superintendent, The School District of Lancaster, provided testimony at the Commission's December 10, 2014 hearing that children require 5-10 years to acquire a new language, a process which can be impacted by a student's literacy in his or her first language, vocabulary exposure within the home, and other prior experiences.
[28] Collier, V. P. (Fall 1995). *Acquiring a Second Language for School*. Directions in Language & Education, National Clearinghouse for Bilingual Education, 1(4). Collier's studies found that non-native speakers of English with no schooling in their first language take 7-10 years or more to reach age and grade-level norms of their native English-speaking peers, while students who have had 2-3 years of first language schooling in their home country before they come to the U.S. take at least 5-7 years to reach typical native-speaker performance.
[29] Hakuta, K., Butler, Y. G., & Witt, D. (Jan. 2000). *How Long Does It Take English Learners To Attain Proficiency?*. University of California, Linguisitc Minority Research Institute.

Even though ELL populations are growing throughout the state,[30] school districts with a greater concentration of ELL students appear to be larger, urban centers.

School Districts with Highest Concentration of ELLs

York City SD	22.43%
Reading SD	18.18%
Lancaster SD	16.2%
Kennett Consolidated	13.62%
Lebanon SD	12.09%
Hazelton Area	11.79%
Harrisburg City SD	11.49%
Norristown Area SD	11.25%
Allentown City SD	10.74%
Erie City SD	9.39%

While these higher concentrations of ELL students in urban districts, which may already face additional challenges due to poverty and greater student achievement gaps, should be noted, further consideration must also be given to the cost of educating ELL students in school districts with smaller ELL populations. These school districts with a limited number of ELLs students may also experience high costs because there are not enough students to create an ELL classroom. Similarly, in school districts with ELL students speaking multiple languages, additional certified instructors may also be required to accommodate the needs of each student.

English as a Second Language (ESL) Programs and LEA Services

Each LEA must have a written plan for the implementation of an ESL program that contains a description of the instructional models used by the LEA, the process for identifying ELLs, criteria for students to exit the program, and the monitoring system for students who have left the program.

[30] According to data from the School Performance Profile, nearly 350 school districts report less than one percent of their students are enrolled in English as a second language programs.

Jay Himes, Executive Director, PA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS , testified that English language instruction for ELL students can consist of smaller classrooms with low student-teacher ratios.[31] School districts may also need additional qualified staff when a student who speaks a new language moves into the district. Pedro Rivera, Superintendent[32], testified that in the School District of Lancaster, which serves ELL students comprising 16% of the student population, the district spends $8 million annually for ELL services, equating to over 75 full-time teachers. Curtis Dietrich, Ed.D., Superintendent, North Penn School District, testified the growth in ELL students in the districts necessitates an annual budget of more than $2.7 million to provide specially certified teachers for ELL instruction.[33]

Exit Criteria

In order for students to exit an ESL program, they must meet PDE's required exit criteria. These criteria are used to assess a student's English proficiency in academic reading and writing, in addition to oral fluency.

As students obtain English language proficiency and transition out of an ESL program, they will no longer be identified as ELL. Joan Benso, President and CEO, PA Partnerships for Children, testified that it is important to remember, when considering additional funding for students identified as ELL, that a formula weight for ELL would not apply for a student's full academic career, once a student has attained English language proficiency.[34]

[31] Testimony at the Commission hearing on December 10, 2014.
[32] Mr. Rivera became Secretary of Education in 2015 and joined the BEFC as a member.
[33] Testimony at the Commission hearing on October 16, 2014.
[34] Testimony at the Commission hearing on December 10, 2014.

SMALL SCHOOL DISTRICTS AND POPULATION SPARSITY

Schools districts with small enrollments and low population density can face challenges not experienced by their larger, population-dense peers. Many of these school districts are located in rural areas that experience high levels of poverty, low property values and personal income, and declining enrollments, which impact their ability to raise revenue locally and necessitating additional support from the state.

Jay Himes, Executive Director, PA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS , testified to the commission that less than 50 percent of school districts located in rural areas enroll approximately 25 percent of the state's students, while 53 percent of school districts located in urban and suburban areas enrolled approximately 75 percent of the state's students. In the 2013-2014 school year, 12 of the state's 500 school districts enrolled fewer than 500 students, the majority of which are located in rural counties.

Smallest School Districts by Average Daily Membership

District	**County**	**2013-2014 ADM**
Austin Area SD	Potter	188
Salisbury-Elk Lick SD	Somerset	287
Harmony Area SD	Clearfield	314
Shanksville-Stonycreek SD	Somerset	372
Galeton Area SD	Potter	374
Turkeyfoot Valley Area SD	Somerset	407
Forbes Road SD	Fulton	407
Midland Borough SD	Beaver	436
Oswayo Valley SD	Potter	465
Shade-Central City SD	Somerset	500
Williamsburg Community SD	Blair	517
Commodore Perry SD	Mercer	517
Fannett-Metal SD	Franklin	538
Jamestown Area SD	Mercer	542
Forest Area SD	Forest	551
Northern Potter SD	Potter	562
Avella Area SD	Washington	565
Southeastern Greene SD	Greene	608
North Clarion County SD	Clarion	613
Johnsonburg Area SD	Elk	629
Union SD	Clarion	634
Jenkintown SD	Montgomery	641
Sullivan County SD	Sullivan	652
Cameron County SD	Cameron	664

Largest School Districts (by Square Miles)

School District	County	Total Square Miles
Keystone Central SD	Clinton, Centre, and Potter	970.8
Warren County SD	Warren	774.4
Forest Area SD	Forest	503.9
Southern Tioga SD	Tioga, Lycoming	485.9
Sullivan County SD	Sullivan	452.4
Armstrong SD	Armstrong, Clarion, and Indiana	443.7
Wayne Highlands SD	Wayne	425.1
Penncrest SD	Crawford, Venango	408.3
Cameron County SD	Cameron	398.6
Jersey Shore Area SD	Lycoming, Clinton	390.8

Noteably, three of the districts with the smallest ADM in the charts above, Cameron County S.D., Forest S.D. and Sullivan County SD serve and entire county.[35] These districts are also among the largest school districts in the commonwealth geographically.

Rural Challenges and Higher Costs

The Commission heard from numerous testifiers that conditions in rural and small schools have an impact on their ability to keep education costs lower than their larger urban and suburban counterparts. Ron Cowell, President, Education Policy and Leadership Center, testified that there are very real, extraordinary costs associated with delivering services to students in densely populated urban centers as well as in relatively small enrollment districts geographically spread over large land areas.[36] Many of these challenges stem from the remoteness of the schools, the distance and time needed to travel, and imposing geographic features. Jerome Sasala, Superintendent, Austin Area School District, testified that, connected to the issue of remoteness, transportation presents a unique problem in a sparsely populated area, noting that consolidation with a neighboring district could potentially add 45 minutes to district transportation routes.[37] Amanda Hetrick, Superintendent, Forest Area School District, also testified that district vehicles travel 2,669 miles each day transporting students, with the average student riding a bus 45 minutes to 1.5 hours each way, services which comprise approximately 12 percent of the

[35] Presently, nine of the state's 67 counties are served by a single school district.
[36] Testimony at the Commission hearing on September 30, 2014.
[37] Testimony at the Commission hearing on January 29, 2015.

district's total budget.[38] Many of these school districts which are spread out over a large land mass elect to operate several smaller schools within the district in order to reduce transportation time. However, as testimony from the PASBO Benchmarking Committee suggested, rural school districts are compelled to organize their schools in this manner based on the extent of their geography, though this structuring may not always be the most cost effective.[39]

Mr. Sasala also expressed concern with adopting a formula that is based on the number of students because costs are the same for the district whether a teacher has a class of 15 students as opposed to 22.[40] Rural and small schools not only face challenges due to lower enrollments, but, as Michael Crossey, President, PA State Education Association, testified, these districts also find difficulty in attracting the right personnel to these areas.[41]

Economies of Scale

One issue raised in the testimony before the Commission was the challenges caused by an absence of a positive economy of scale in rural and small schools, which has likewise been noted in relevant literature. Baker and Levin note that districts operating in rural and remote areas have smaller enrollment and correspondingly lower student density that put upward pressure on per-pupil costs.[42] Specifically, when studying economies of scale in education, they found that per-pupil costs tend to be flat as district enrollment surpasses 2,000 students, while below this enrollment, costs tend to increase, dramatically so as enrollment dips below 500.[43]

Joseph Bard, Executive Director, PA Association of Rural and Small Schools, substantiated these findings with his testimony that the issue of funding rural schools presents a stark picture because of the lack of a positive economy of scale, noting that a physics teacher will need to be on staff, regardless of whether student enrollment is 15 or 60.[44]

Accounting for Small and Rural Schools in the Basic Education Funding Formula

[38] Testimony at the Commission hearing on September 30, 2014.
[39] Testimony at the Commission hearing on December 10, 2014.
[40] Testimony at the Commission hearing on January 29, 2015.
[41] Testimony at the Commission hearing on December 10, 2014.
[42] Baker and Levin (2014): 48.
[43] Ibid: 68.
[44] Testimony at the Commission hearing on September 30, 2014.

The Commission received testimony from many testifiers that recommended that a factor be included in the basic education funding formula to recognize the unique needs of small and rural schools. In past basic education funding formulas, a factor or supplement was often included to target small districts based on their average daily membership (ADM) and aid ratio. Mr. Bard testified that these supplements, for which school districts needed enrollment of less than 1,500 students and an aid ratio greater than 0.500, were problematic due to these hard and fast rules of eligibility.[45] Joan Benso, President and CEO, PA Partnerships for Children, testified that population sparseness would be a better measure to reflect these needs than the small district size measure that was used in previous formulas.[46] Mr. Crossey noted that the Special Education Funding Commission, created by Act 3 of 2013, designed a small district/sparsity ratio to adjust special education calculations to reflect these needs, and he urged the Commission to use the same mechanism in a basic education funding formula.[47] Wayne McCullough, D.B.A., Chief Financial and Operations Officer, Southern York County School District, and Jay Himes, Executive Director, PA Association of School Business Officials, proffered that the factor used in Act 126 of 2014, which measures a school district's size and population per square mile to adjust the ADM of approximately 150 small, rural schools, is preferable because it utilizes data that is known, reliable and verifiable.[48] They also recommended that an adjustment be made to the sparsity/size ratio to weight each ratio equally.

HOLD HARMLESS

Hold harmless, or the practice of guaranteeing that a school district receives no less than the same amount of state basic education dollars that it received in the prior fiscal year, has been a considerable factor in the distribution of basic education dollars in Pennsylvania. Hold harmless provisions were included in various iterations in past state funding formulas, as with Act No. 31, P.L. 104, of 1983, which ensured that no district receive less than a two percent increase in subsidy, regardless of changes in school district enrollment or need.[49] The practice continued by

[45] Testimony at the Commission hearing on September 30, 2014.
[46] Testimony at the Commission hearing on December 10, 2014.
[47] Testimony at the Commission hearing on December 10. 2014.
[48] Testimony at the Commission hearing on December 10, 2014.
[49] Bissett, J. & Hillman, R. (2013). The History of School Funding in Pennsylvania (1682-2013), 29.

freezing Equalized Subsidy for Basic Education in the 1992-1993 fiscal year at 1991-1992 levels with any new funding driven out through supplements that would ultimately be built into school districts' baseline funding amounts in subsequent fiscal years.

The debate surrounding hold harmless, and whether or not the provision should continue to be accommodated in a subsequent funding formula, can be separated into two perspectives highlighting the challenges of 1) districts with growing enrollments and 2) districts with decreasing enrollments.

Challenges of Increasing Enrollment Districts

Criticism of the practice has focused on the notion that hold harmless benefits school districts with shrinking enrollments by funding students no longer being served by a school district and, conversely, harming growing enrollment districts by precluding the distribution of these same dollars to new student populations. Ron Cowell testified that when the state basic education appropriation increases only slightly or remains flat, hold harmless protects the interests of districts becoming wealthier or losing enrollment at a cost to school districts with growing enrollment or declining wealth.[50] Representative Todd Stephens further testified that removing the hold harmless provision would allow the state to allocate funds to school districts to more accurately reflect the needs of their student population.[51] Curtis Dietrich, Superintendent, Ed.D., North Penn School District, testified that as a result of hold harmless, growing school districts have not received the funding they should have received, while districts with declining enrollment did not feel the effects of a formula tied to total number of students.[52]

According to the testimony of Nathan Benefield, Vice President of Policy Analysis, Commonwealth Foundation, hold harmless has created such a gap between increasing-enrollment and decreasing-enrollment districts that school districts with declining enrollment received more than three times the state funding per student compared to growing districts, according to 2012-2013 data.[53] David Woods, Superintendent of the Oxford Area School

[50] Testimony at the Commission hearing on September 30, 2014.
[51] Testimony at the Commission hearing on October 16, 2014.
[52] Testimony at the Commission hearing on October 16, 2014.
[53] Testimony at the Commission hearing on December 4, 2014.

District, submitted testimony to the commission arguing that the continuance of a hold harmless provision in the distribution of special education dollars also needs to be addressed to keep pace with the needs of school districts' special education populations.[54] Clifford Rogers, Ph.D., Superintendent, Perkiomen Valley School District, testified that continuing the hold harmless will result in either additional burdens on the local taxpayers or cuts to educational programs and reduction of students services.[55]

The negative impact of the hold harmless provision may even extend to the school districts that it attempts to protect. Marguerite Roza, Ph.D.,Director of the Edunomics Lab and Associate Research Professor, Georgetown University, testified that the practice of "grandfathering" funding levels into a school finance formula inhibits districts from being nimble and adapting to changing conditions and thus should be discontinued.[56] As a result, by continuing a practice of hold harmless, school districts that would otherwise experience revenue decline may potentially be discouraged from making budgetary adjustments to reflect existing realities.

[54] Testimony at the Commission hearing on October 16, 2014.
[55] Testimony at the Commission hearing on October 16, 2014.
[56] Testimony at the Commission hearing on September 9, 2014.

Challenges of Small and Decreasing Enrollment Districts

Proponents of maintaining the hold harmless provision in a future education funding formula have argued that its elimination would have a devastating impact on small and rural schools that have experienced decreases in enrollment. Linda Hippert, Ed.D., Executive Director of the Allegheny Intermediate Unit, testified that the elimination of the "hold harmless" clause would be extremely detrimental to school districts with the potential of exacerbating the already dire financial status of many districts.[57] The commission heard testimony that the rural school districts present a unique funding situation because they lack positive economies of scale, while declining enrollment does not necessarily correspond to decreasing costs. John Callahan, Senior Director of Government Affairs, PA School Boards Association, testified that arguments to change funding because of enrollment decreases only work in a situation where funding has been adequate and infrastructure has not been developed.[58] Michael Stahlman, Superintendent, Clarion Area School District, testified of the importance of rural school districts not losing funding year to year because of fixed costs.[59]

Jean McCleary testified that for small and rural schools, hold harmless allows these schools to financially stabilize despite declining enrollments.[60] Joseph Bard, Executive Director, PA Association of Rural and Small Schools, testified that hold harmless has provided districts an amount of predictability to an otherwise unpredictable situation, with regard to state funding.[61] William Clark, Superintendent, Warren County School District, presented the Commission with testimony that the district would need to fill the gap of lost funding through staffing and program cuts, should "hold harmless" be removed from the formula.[62]

Carole Geary, Superintendent, Pleasant Valley School District, testified to the importance of foundation supplements added to the district's BEF base in 2006-07 and 2007-08 and asked the commission to commit to a hold harmless pledge.[63] John Bell, Superintendent, Delaware Valley

[57] Testimony at the Commission hearing on October 21, 2014.
[58] Testimony at the Commission hearing on December 4, 2014.
[59] Testimony at the Commission hearing on September 30, 2014.
[60] Testimony at the Commission hearing on September 30, 2014.
[61] Testimony at the Commission hearing on September 30, 2014.
[62] Testimony received by the Commission, January 29, 2015.
[63] Testimony at the Commission hearing on December 4, 2014.

School District, similarly testified that the failure to factor in previous educational formula supplements into a new formula would be devastating, and likewise he urged the commission to commit to a hold harmless pledge.

David Patti, President and CEO, PA Business Council, testified that the practice of hold harmless should be phased-out to allow school districts to more easily transition to a new funding formula.[64] Similarly, Neil Theobald, Ph.D., President, Temple University, testified that his experience suggests that school districts are able to "shrink gracefully" if they are given a five-year schedule of spending level attainment.[65] Practices that aim to ease reductions in funding have sometimes been classified as "declining enrollment provisions," such as allowing districts to use several years of enrollment figures to determine student counts or establishing a maximum amount for a decline in state funding.[66] According to a recent survey of state hold harmless practices, 22 states utilize a "decreasing enrollment provision" to ease the lower level of state funding from one year to the next due to a decrease in enrollment.[67]

LOCAL WEALTH AND TAX EFFORT

Local tax effort and wealth are critical factors impacting the ability of school districts to raise local revenue.

Aid Ratio

Presently, Pennsylvania uses aid ratio to convey the relative wealth demographics of school districts. The term *aid ratio* refers to three numerical values: market value aid ratio (MV AR); personal income aid ratio (PI AR); and market value/personal income aid ratio (MV/PI AR).[68] These ratios are used in the calculations for various state education subsidies. MV AR is used in

[64] Testimony at the Commission hearing on October, 21, 2014.
[65] Testimony at the Commission hearing on November 18, 2014.
[66] Atherton, M. J., & Rubado. (December 2014). Hold Harmless Education Finance Policies in the U.S.: A Survey. Center on Regional Politics, 2.
[67] Ibid, 2-3. These states include Alaska, Alabama, California, Colorado, Florida, Idaho, Kansas, Kentucky, Montana, North Carolina, New Jersey, Nevada, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Vermont, Wisconsin, and Wyoming.
[68] Aid Ratio and MV/PI aid ratio are calculated according to Section 2501(14) and (14.1) of the Public School Code.

the calculation for Pupil Transportation Subsidy and Authority Rentals and Sinking Fund Requirements. MV/PI AR is used in basic education funding, special education, accountability block grants, as well as in the calculation for the Act 1 adjusted index.

MV AR, PI AR, and MV/PI AR are inverse ratios, meaning wealthier school districts have smaller ratios, and in the calculation of each ratio, values are compared to state totals. MV AR measures the sales value of taxable real estate as certified by the State Tax Equalization Board per school district WADM, according to the following calculation:

$$1 - \left(\frac{\text{School District Market Value} \,/\, \text{SD WADM}}{\text{State Total Market Value} \,/\, \text{State Total WADM}} * 0.5 \right)$$

PI AR measures personal income, excluding out-of-state income, which is reported on PA-40 income tax forms and certified by the Department of Revenue, per school district WADM:

$$1 - \left(\frac{\text{School District Personal Income} \,/\, \text{SD WADM}}{\text{State Total Personal Income} \,/\, \text{State Total WADM}} * 0.5 \right)$$

The calculation for MV/PI AR combines both of these ratios, with MV AR weighted at 60 percent and PI AR weighted at 40 percent:

$$(0.6 * \text{MV AR}) + (0.4 * \text{PI AR})$$

MV/PI AR values ranges from 0.1500, the artificially established minimum, and 1.0000. For 2014-2015, school district aid ratios ranged from 0.1500 to 0.8959 (Reading SD); 20 school districts were assigned an aid ratio of 0.1500. The statewide average MV/PI AR for school districts was 0.5538 and the media was 0.5865. 75 percent of school districts had a MV/PI AR of 0.6682 or below.

Concerns with MV/PI AR Calculation

While MV/PI AR has historically been used as a measure of local wealth in distributing state education funding, concerns have been raised over the validity of this measure and its continued use in state basic education subsidy.

One particularly point of concern addressed during the Commission's hearings was whether the weighting of 60 percent weight for real property values and 40 percent weight for personal income remains an appropriate balance. The emphasis on real property values in the MV/PI AR calculation might have a potential negative effect upon rural school districts, in which high property values are often met with low personal income. Joseph Bard, Executive Director, PA Association of Rural and Small Schools testified that in rural districts, such as the Forest Area SD, where vacation homes boost total market value, the combined aid ratio is not an accurate picture of district wealth.[69] Amanda Hetrick, Superintendent, Forest Area SD, testified that the current formula for MV/PI AR is not an accurate representation of the district's wealth, due to low property values, a problem which is further exacerbated by ascribing market value a higher weight than personal income.[70] Michael Faccinetto, Board President, Bethlehem Area SD, testified that MV/PI AR alone does not accurately convey the wealth of the district, because its student population is more economically disadvantaged than that of school districts with comparable aid ratios.[71]

Furthermore, several testifiers suggested that the current MV/PI AR cannot accurately function as long as a minimum aid ratio is set for school districts. John Callahan, Senior Director of Government Affairs, PA School Boards Association, testified that this aid ratio floor provides some school districts with funding that would not be realized if it were set at the actual number.[72] Mr. Bard also echoed that the artificial aid ratio allows wealthier districts to realize more state money.[73]

ACT 1 AND SCHOOL DISTRICT BUDGET PROCESS CONCERNS

Limitations: Act 1 Index and Referendum Exceptions

The index established by Act 1 of Special Session of 2006 determines the maximum tax rate increases a school district can levy without seeking voter approval through the referendum process or obtaining a referendum exception from PDE. While Act 1 originally contained ten

[69] Testimony at the Commission hearing on September 30, 2014.
[70] Testimony at the Commission hearing on September 30, 2014.
[71] Testimony at the Commission hearing on September 8, 2014.
[72] Testimony at the Commission hearing on December 4, 2014.
[73] Testimony at the Commission hearing on September 30, 2014.

allowable referendum exceptions, the number of these exceptions has since been reduced to three: pension costs, special education costs, and principal and interest on debt. For example, for 2014-2015, 164 school districts obtained approval for referendum exceptions; however, of these, only 81 school districts had an approved amount to cover the proposed real estate tax increase contained in their preliminary budgets, while 83 school districts needed to reduce the real estate tax rate approved by PDE or submit a question for a voter referendum.

Data indicates that while school districts have the ability to balance their local budgets through the total amount of approved referendum exceptions, the actual use of referendum exceptions has been substantially less than approved:

Amount of Referendum Exceptions[74]				**Number of School Districts**		
Budget Year	**Approved**	**Used**	**Percent**	**Approved**	**Used**	**Percent**
2008-2009	$143,189,572	$41,093,962	28.7%	102	66	64.7%
2009-2010	$84,853,037	$13,072,387	15.4%	61	18	29.5%
2010-2011	$192,420,114	$67,647,774	35.2%	133	84	63.2%
2011-2012	$265,830,906	$95,538,548	35.9%	228	135	59.2%
2012-2013	$159,942,625	$48,174,306	30.1%	197	105	53.3%
2013-2014	$121,708,954	$30,484,314	25.0%	171	93	54.4%

If school districts do not utilize the referendum option or the referendum exceptions permissible under Act 1, their annual property tax increase is limited to the school district's adjusted index. The base index is the average of the Statewide Average Weekly Wage (SAWW), which measures earning across the state and industry sectors, as determined by the Pennsylvania Department of Labor and Industry, and the Employment Cost Index for Elementary and Secondary Education (ECI), a national measure calculated by the Bureau of Labor Statistics within the United States Department of Labor to track employment costs within the education sector. For school districts with a MV/PI AR above 0.4000, the value of their index is adjusted upward by multiplying the base index by the sum of 0.75 and their MV/PI AR.

[74] Data obtained from PDE: http://www.portal.state.pa.us/portal/server.pt/community/referendum_exceptions/7456/report_on_referendum_exceptions/510336

History of the Act 1 Index

	SAWW	ECI	INDEX
2006-2007	4.2%	3.5%	3.9%
2007-2008	2.8%	4.0%	3.4%
2008-2009	4.3%	4.5%	4.4%
2009-2010	4.6%	3.6%	4.1%
2010-2011	2.7%	3.0%	2.9%
2011-2012	0.9%	1.9%	1.4%
2012-2013	2.1%	1.3%	1.7%
2013-2014	2.0%	1.4%	1.7%
2014-2015	2.6%	1.6%	2.1%
2015-2016	2.4%	1.4%	1.9%

School districts testifying before the Commission consistently emphasized the negative impact of the Act 1 index limitation on their ability to raise revenue locally. Michael Stahlman, Superintendent, Clarion Area School District, testified that the limitations set by the Act 1 index, combined with increasing mandated costs, will require the district to deplete its fund balance within two years.[75] Thomas Ralston, Ed.D., Superintendent, Avonworth School District, noted that despite the school district raising taxes seven of the last nine years to accommodate its growing student population, with taxes being raised to the maximum allowable limit under Act 1 in the last three years, the district continues to struggle to meet its fiscal demands.[76]

SS Act 1 Budget Timeline

Special Session Act 1 of 2006 establishes the timeline for the local school district budget process. By September 1st, PDE annually publishes the index in the *PA Bulletin* and must notify school districts of their adjusted base index by September 30th. One-hundred and ten days prior to the primary election, school districts must either make their preliminary budgets available for public inspection or adopt a resolution indicating that the rate of any tax will not be increased by more than the index. Ninety days prior to the primary election, school districts must adopt their preliminary budget, unless they adopted the aforementioned resolution. Seventy-five days prior to the election is the deadline for school districts seeking approval from PDE for a referendum exception, and school districts must submit any referendum question seeking voter approval of a

[75] Testimony at the Commission hearing on September 30, 2014.
[76] Testimony at the Commission hearing on October 21, 2014.

tax rate increase in excess of index to the county board of elections, no later than 60 days before the election. PDE issues its ruling on referendum exceptions 55 days before the election. School districts must adopt their proposed final budgets by May 31st, and their final budgets must be adopted by June 30th annually, the deadline for the General Assembly and the Governor to enact the state's budget for the subsequent fiscal year.

School districts across the state testified that the current preliminary budget process created under Act 1, which was designed to accommodate the exception and referendum processes, the final budget process which requires school districts to complete their budget before knowing what resources they will receive from the state, increases the complexity and uncertainty of the local budget process. Curtis Griffin, Superintendent, Hatboro-Horsham School District, testified that the timing of this funding information, combined with the uncertainty for the funding level, has significantly impacted the operation of his district.[77]

POVERTY

Various studies have shown that children living in poverty often begin their educational careers behind their non-impoverished peers and thus require additional supports and services in order for them to meet the same academic standards. While some of these children may have access to early childhood education programs targeted toward low-income families, such as Pre-K Counts and Head Start Programs, many still require supplemental services during their elementary and secondary careers.

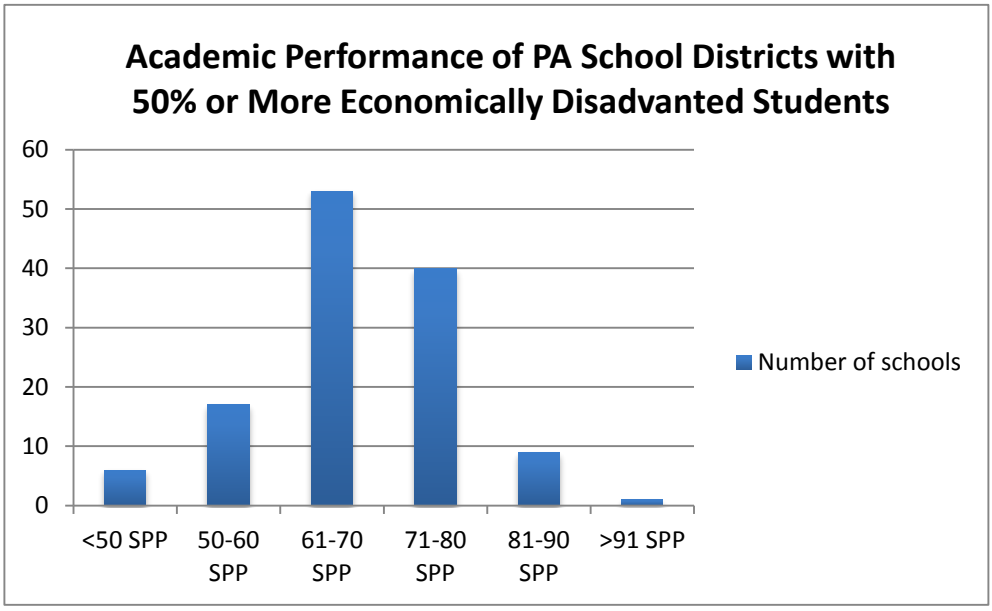
Studies have also demonstrated a correlation between socioeconomic status and vocabulary accumulation, suggesting that children from working-class and impoverished families are exposed to far fewer words than their peers whose parents have obtained a college education and earn a higher income.[78] Children in poverty are also more likely to be exposed to a fragile home life. Pedro Rivera[79], Superintendent, The School District of Lancaster, testified that students

[77] Testimony at the Commission hearing on October 16, 2014.
[78] One analysis revealed that children from professional families heard an average of 2,153 words per hour, while children in working class families heard an average of 1,251 words per hour and children in welfare-recipient families heard an average of 616 words per hour, meaning that by age four, a child from a welfare-recipient family may have heard 32 million fewer words than a classmate from a professional family (Hart and Risley: 2003).
[79] Mr. Rivera became Secretary of Education in 2015 and joined the BEFC as a member.

living in poverty are three times more likely to live in a crowded home, five times more likely to be evicted from their home, twice as likely to move, and are more likely to have a parent incarcerated.[80]

Concentration of Poverty

For decades research has shown that a community's socioeconomic status (SES) has impact on the academic achievement of the students in that community, beginning with the 1966 Coleman Study, which concluded that a school's socioeconomic background is a strong determinant in its students' outcomes. Likewise, research continues to indicate that students from low-SES families and communities learn more slowly than their peers from higher-SES backgrounds.[81] In terms of academic achievement, research has identified 50 percent low-income students as the dividing line, [82] while studies have shown that poverty concentration has consistently related to lower performance on measurable educational outcomes.[83]



[80] Testimony at the Commission hearing on December 10, 2014.
[81] Morgan, P. L., Farkas, G., Hillemeier, M. M., & Maczuga, S. (2009). Risk factors for learning-related behavior problems at 24 months of age: Population-based estimates. *Journal of Abnormal Child Psychology, 37*, 401-413.
[82] Kahlenberg, R. D. (2003) *All Together Now: Creating Middle-Class Schools through Public School Choice*, Washington D.C.: Brooking Institute. Another study found that when half the student population is low-income, all students' achievement will be depressed; student achievement becomes "seriously" depressed when the percentage of students in poverty exceeds 75 percent. Michael Puma et al. (April 1997). *Prospects: Final Report on Student Outcomes*. Cambridge, MA: Abt Associates.
[83] Lippman, L., Burns, S., & McArthur, E. (June 1996). Urban Schools: The Challenge of Location and Poverty. U.S. Department of Education, Office of Educational Research and Improvement (NCES 96-184). Retrieved from http://nces.ed.gov/pubs/96184all.pdf.

Joan Benso, President and CEO, PA Partnerships for Children, testified that within Pennsylvania, data similarly points to substantive differences in student achievement in districts with higher concentrations of poverty, noting that in districts with fewer than 25 percent of children in poverty, 86 percent of students are proficient in 3rd grade reading, while only 52 percent of students are proficient in districts with 50 percent or more students in poverty.[84] Ms. Benso pointed to several examples:

- Lancaster County -- 86 percent of 3rd graders are proficient in reading in Hempfield and Warwick school districts, where less than 1 in 4 children are in poverty, compared to the Lancaster City and Columbia Borough school districts, where fewer than 62 percent of 3rd graders are proficient in reading and almost 2 in 3 children are in poverty.
- Montgomery County -- 93 percent of 3rd graders are proficient in reading in both Perkiomen Valley and Upper Dublin school districts, where fewer than 10 percent of resident children live in poverty. In the Pottstown School District, (where 54 percent of resident children live in poverty), less than 60 percent of 8th graders are proficient in reading.
- Lehigh County -- 89 percent of 8th graders are proficient in reading in Parkland and Salisbury Township school districts, where less than 1 in 6 children live in poverty. In Allentown City School District, where more than 4 in 5 resident children are in poverty, only 52 percent of 8th graders are proficient in reading.

Statewide Free and Reduced Price Eligibility

The data element most frequently employed to demonstrate student poverty is National School Lunch Program (NSLP) eligibility. Children from families with incomes at or below 130% of the federal poverty level ($25,727 for a family of three in 2014-2015), children in families receiving Temporary Assistance for Needy Families (TANF), and children in families receiving Supplemental Nutrition Assistance Program (SNAP) benefits are eligible for free meals.

[84] Testimony at the Commission hearing on December 10, 2014.

Children in families whose income is between 130% and 185% of the federal poverty level ($36,612 for a family of three in 2014-2015) are eligible for reduced price meals. According to October 2014 data obtained from PDE's Division of Food and Nutrition, in Pennsylvania 777,570 students were eligible for free lunches and 72,721 were eligible for reduced lunches. Over the past decade, the total of number of students eligible for either free or reduced price lunches has increased by over 31%, while the overall percentage of students eligible for the program, as a percentage of total enrollment, has increased from 34.84% to 48.11%.

State Totals – Free and Reduced Price Eligible[85]

Year	Total Enrollment	Free Eligible	Reduced Eligible	% Free Enrollment	% Reduced Enrollment	% Free and Reduced Enrollment
2014-2015	1,767,332	777,570	72,721	43.99%	4.12%	48.11%
2013-2014	1,788,694	676,627	100,559	37.83%	5.62%	43.45%
2012-2013	1,817,431	673,428	107,028	37.05 %	5.89%	42.94%
2011-2012	1,810,187	622,250	114,172	34.37%	6.31%	40.68%
2010-2011	1,809,697	600,489	112,896	33.18%	6.24%	39.42%
2009-2010	1,811,265	572,459	130,678	31.61%	7.21%	38.82%
2008-2009	1,829,708	536,293	131,754	29.31%	7.20%	36.51%
2007-2008	1,834,024	520,198	128,439	28.36%	7.00%	35.37%
2006-2007	1,861,242	522,691	129,378	28.08%	6.95%	35.03%
2005-2006	1,857,099	517,198	129,742	27.85%	6.99%	34.84%

While participation in NSLP is perhaps the most frequently used indicator by states to identify low-income students in education funding formulas,[86] concerns were raised during the course of the Commission's hearings regarding the validity of using this measure in a future basic education funding formula due to recent changes to the federal program in the way that school districts report NSLP participation. Under the Community Eligibility Program, school districts that have 40 percent of their student population eligible for free or reduced price lunches are able to offer free lunches to all their students, and, as a result, these districts are no longer collecting income data to determine whether a student would otherwise be eligible.

Alternative Data

One alternative measure to free and reduced price lunch eligibility as a poverty indicator is federal census data measuring poverty in the general populace broken down by age range (5-17). This data is produced annually based on estimates between census years and would provide an estimate of the total number of students living in poverty in a school district's attendance area, as opposed the number of students enrolled in the school district.

Jay Himes and Wayne McCullough noted in their testimony before the Commission that compared to free and reduced price lunch data, which establish 185 percent of poverty line as the

[85] Data obtained from PDE: http://www.education.state.pa.us/portal/server.pt/community/national_school_lunch/7487

[86] According to testimony presented by Jay Himes and Wayne McCullough, PASBO Benchmarking Committee, Pennsylvania began using the number of students eligible for free and reduced price lunch in its funding formula in 2007-2008.

threshold for identification, the census data measures only those individuals at the poverty line, which would reduce the number of eligible students and mean that only those students living in acute poverty, i.e. those with the greatest educational struggles as a result of their economic background, would be targeted for additional resources.[87]

Another alternative data element used to identify low-income students is the "economically disadvantaged" measure developed by the PA Department of Education, reported annually by LEAs through the PA Information Management System (PIMS). To determine if a student is economically disadvantaged, LEAs may use poverty data sources, such as TANF cases, census poor, Medicaid, children living in institutions for the neglected or delinquent, or those supported in foster homes.

TRAUMA

When students are exposed to traumatic events and come from traumatic backgrounds, additional interventions within the school setting may be necessary in order to address these students' particular needs. These interventions, such as counseling, behavioral therapy, or placement in alternative classrooms, can also bring with them additional costs for school districts as they attempt to address the impact of trauma on students' ability to learn.

Child and Adolescent Exposure to Trauma

According to testimony before the Commission, childhood exposure to trauma can compromise behavioral and emotional development that may, in turn, result in behavior and academic issues, which in turn can impede the learning ability of students with this type of exposure. Joan Duvall-Flynn, Ed.D., NAACP - PA, testified that trauma's impact on behavior may be displayed as aggression, withdrawal, inability to sleep, over-reactiveness, and impulsiveness, among others.[88] William Farmer, Trauma Informed Education Coalition, testified that many of symptoms of trauma may be misdiagnosed simply as behavioral problems and teachers and administrators may resort to punitive measures to address these behaviors without addressing the core traumatic issue.[89] Carol Metzker, Coalition Against Human Trafficking, testified that early

[87] Testimony at the Commission hearing on November 24, 2014.
[88] Testimony at the Commission hearing on March 12, 2015.
[89] Testimony at the Commission hearing on March 12, 2015.

identification of trauma victims while they are still participating in the K-12 education system is critical to reducing the number of hours these individuals may ultimately spend in rehabilitation, recovery, and completion of education and vocational training.[90]

Trauma's Impact on Educational Outcomes

According to the National Child Traumatic Stress Network, child traumatic stress occurs when children or adolescents are exposed to traumatic events or situations, and when this exposure overwhelms their ability to cope with what they have experienced.[91] Findings from a 2009 study conducted by the U.S. Department of Justice, entitled *Children's Exposure to Violence: A Comprehensive National Survey*, revealed that more than 60 percent of children surveyed were exposed to violence within the prior year, either directly or indirectly, whether as witness to a violent act, by learning of a violent act against a family member, neighbor, or close friend, or from a threat against their home or school, while almost 40 percent of American children were direct victims of two or more violent acts, and one in ten were victims of violence five or more times.[92] Traumatic exposure can, perhaps, be even more broadly expanded to include as many as 14 subcategories denoting exposure, including life-threatening illness, serious accident, disaster, school violence, terrorism, kidnapping, neglect or maltreatment, sexual abuse, physical abuse, emotional abuse, domestic violence, community violence, war or political violence, bereavement, sexual assault, or separation.

School Initiatives to Address Trauma and Problematic Student Behaviors

There are many approaches and interventions used to by school districts and other school entities to address the learning needs of students who have been exposed to trauma and exhibit problematic behaviors that limit their ability to succeed in a regular education classroom. These methods can include school-wide positive behavioral supports (SWPBS), bullying prevention, the Student Assistance Program (SAP), emotional support classrooms, access to school social

[90] Testimony at the Commission hearing on March 12, 2015.
[91] National Child Traumatic Stress Network, "Defining Trauma and Child Traumatic Stress." Retrieved March 13, 2015 from http://www.nctsn.org/content/defining-trauma-and-child-traumatic-stress.
[92] Finkelhor, D., Turner, H., Ormrod, R., Hamby, S., and Kracke, K. 2009. *Children's Exposure to Violence: A Comprehensive National Survey*. Bulletin. Washington, DC: U.S. Department of Justice, Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention. Retrieved March 13, 2015 from https://www.ncjrs.gov/pdffiles1/ojjdp/227744.pdf.

workers and behavior specialists, and placement in alternative education classrooms or schools. Dr. Duvall-Flynn, also testified that schools should also endeavor to provide access to art and music classes, as these disciplines can be therapeutic and effective in relieving trauma.[93] However, Lori Gallagher, LPC, Gallagher Consulting, testified that some of these interventions can often have limited efficacy in addressing the needs of students who have been exposed to trauma due to behavioral coaches and counselors lacking a sufficient therapeutic background.[94]

One model that has demonstrated promising results for students exhibiting extreme behaviors related to trauma is the trauma-therapeutic model, which utilizes a holistic approach to provide both classroom interventions and family support. This approach has been implemented, for example, in therapeutic classrooms in the Eastern York School District, which serve students with the goal of transitioning back to the regular education classroom. Kristy Robinson, MSW, Program Training and Development, Laurel Life Services, testified that this program employed in the Eastern York School District not only help to guide families to community services and resources and allows students to continue with the school district's curricula and lesson plans without a special education identification, but the program also has resulted in substantive school district savings, when compared with the cost of placing a student in an alternative setting outside of the school district.[95] Bill Hodge, Associate Superintendent, Chambersburg Area School District, also testified that the use of a therapeutic learning model has successfully addressed the needs of students with extreme behaviors related to trauma through the use of therapists within the classroom and the home, while helping the school district avoid increased costs for special education services.[96]

CAREER AND TECHNICAL EDUCATION

CTE in the Commonwealth has been structured with dual purpose of providing students with academic skills to foster "college-readiness" and developing their technical and workplace skills to help identify a career path for postsecondary work. CTE's mission of exposing students to relevant training and skills so that they become a part of Pennsylvania's sustainable workforce,

[93] Testimony at the Commission hearing on March 12, 2015.
[94] Testimony at the Commission hearing on March 12, 2015.
[95] Testimony at the Commission hearing on March 12, 2015.
[96] Testimony at the Commission hearing on March 12, 2015.

while it simultaneously assumes that a majority of students may need to pursue additional education and training beyond the secondary classroom. CTE programs offer students a broad range of programming opportunities that are often based upon the demands of local business and industry and are designed to deliver training in industry-grade technology and techniques.

In the Commonwealth, students can access CTE either within a school district or within a school operating jointly among several school districts. Since CTE often costs more than regular, basic education, the consortium approach to CTE is a primary method of delivery, according to the testimony of Jackie Cullen, Executive Director, PACTA. This consortium approach allows CTEs to offer a greater number and variety of courses than might otherwise be available through a school district operating its own independent CTE program.

Presently, 135 high schools and 86 AVTSs are operating in the Commonwealth. Thirry-four postsecondary and seventy-five adult schools are also providing career and technical education. According to the testimony of Lee Burket, Ed.D., Director of the Bureau of Career and Technical Education within PDE, 64,780 students are enrolled in secondary CTE programs provided within high schools and CTCs, 85,455 postsecondary students are enrolled in CTE, while 14,835 students are enrolled in adult CTE programs.[97]

[97] Testimony at the Commission hearing on February 5, 2015.

CTC Funding and Challenges

Funding for CTCs is derived from three primary sources: federal Carl D. Perkins funding; state Career and Technical Education Subsidy; and member school districts. Ms. Cullen testified that the Commonwealth's CTCs, on average, received approximately 5 percent of their revenue from federal sources, 10 percent from state funding, and 85 percent from member school district tuition payments.[98]

The Commission heard testimony from several CTC administrative directors that the current process of local funding of CTCs has dis-incentivized enrollments in CTCs on the part of school districts and thus has resulted in increasing costs for school districts continuing to enroll students in these programs, while leaving the programs themselves under-enrolled.

State CTE Budget

The 2014-2015 Fiscal Year budget included a $62 million appropriation for CTE. According to the testimony of Dr. Burket, the state's CTE appropriation is a major component of Pennsylvania's maintenance of effort in order for the state to continue receiving federal vocational education funding.[99] This state funding is important for subsidizing school districts, CTCs, AVTSs, and charter schools operating approved secondary career and technical education programs.

GIFTED EDUCATION

The Commission heard testimony relating to gifted education. Christine Wagner-Deitch, representing the Gifted Liaisons of PA Intermediate Units, testified "there are common misconceptions that gifted education is funded through IDEA dollars and that it is a funded mandate. As district funds are stretched tighter than ever, fulfilling Chapter 16 requirements of screening, identification and service delivery options, become more challenging."[100] Ms. Wagner-Deitch stated that a continuum of services must be developed to effectively meet the

[98] Testimony at the Commission hearing on February 5, 2015.
[99] Testimony at the Commission hearing on February 5, 2015.
[100] Testimony at Commission hearing on April 27, 2015.

needs of gifted learners and align to chapter 16 regulations. Because districts must make difficult decisions regarding which programs to fund, the gifted programs are the ones being cut and these learners are being left behind. The commission was urged to delineate funding for gifted education in the new formula.

INTERMEDIATE UNITS

Intermediate units were created by the General Assembly under Article XIX-A of the Public School Code as an important part of the structure and governance of the Commonwealth's public school system. The IU's began operating in July 1, 1971, and the state's school districts are arranged into 29 intermediate units. Intermediate units were conceived as regional educational agencies with the purpose of providing specialized cost-efficient services and programs to school entities.

Educational and Instructional Services

IUs provide a broad range of educational and instructional services to school districts and students. These services include instruction for students with disabilities, professional development, and teacher and principal training in data and technology. Thomas Gluck, Executive Director, PA Association of Intermediate Units, testified that IUs have created new online instructional opportunities for students, developed programs for students needing alternative educational settings, and provide high-quality early childhood education programs.[101]

Brian Barnhart, Ed.D., Executive Director of the Lancaster-Lebanon Intermediate Unit, testified that, as school districts now compete with cyber charter schools, the Lancaster-Lebanon Intermediate Unit has partnered with the Capital Area Intermediate Unit to create a cyber education program that now enrolls over 670 students at half the cost per student of a cyber charter school option.[102] Linda Hippert, Ed.D., Executive Director, Allegheny Intermediate Unit, testified that Allegheny Intermediate Unit, the largest intermediate unit, also services the county's five career and technical centers and operates three schools for exceptional children requiring special education services.[103]

Operational Services

[101] Testimony at the Commission hearing on November 24, 2014.
[102] Testimony at the Commission hearing on December 10, 2014.
[103] Testimony at the Commission hearing on October 21, 2014.

IUs also offer a variety of operational services to help school districts and other educational entities realize cost savings and efficiencies. Mr. Gluck testified that IUs help taxpayer dollars reach the classroom through the operation of health insurance, energy, transportation, and other purchasing consortia to deliver rate below those that can be secured by individual school districts and schools.[104] IUs also offer administrative services and technical assistance to streamline business office and payroll operations.

IUs receive funding from local, state, and federal sources. Locally, IUs generate revenue from school districts, charter schools, and non-publics from fees for the services they provide. This type of funding varies across IUs depending on the services each offers.

Designed with the ability to draw together resources from entire region, intermediate units can help school districts achieve economies of scale to control costs. Dr. Barnhart testified that by participating in collaborative programs, such as joint purchasing, energy procurement, and insurance pools, the IUs school districts achieve an economy of scale and maximize their spending.[105]

While participation in IU services may provide school districts with long-term, cost-saving benefits, school districts neither are required to take advantage of these services nor are they always able to do so, especially when the move to new cost-structuring or educational models requires upfront investments in training, staff, materials, or other resources Mr. Barnhart testified that some school districts are unable to participate in IU services, particularly when an initial financial investment is required, as in the case of virtual and cyber education, as well as hybrid learning.[106] As a result, when school districts lack the resources or opportunity to take advantage of these cost saving measures, they must continue to pay higher costs toward the same or similar resources.

SCHOOL FINANCE SYSTEMS IN OTHER STATES

[104] Testimony at the Commission hearing on November 24, 2014.
[105] Testimony at the Commission hearing on December 10, 2014.
[106] Testimony at the Commission hearing on December 10, 2014.

While no two states employ the same finance systems, a comparative analysis of the variety of formulas utilized across the fifty states reveals common factors that can be useful to the Commission's development of a new basic education funding formula as charged by Act 51.

Types of Funding Formulas

According to Baker and Levin, there has been little change in the types of funding formulas used by states to distribute funding to districts over the past several years. For several decades, states have been adjusting their funding formulas to promote equity among districts, and since the 1980s, states have been moving toward implementing funding formulas with adjustments for various student needs, geographic price differences, and district size.[107] Despite the differences in the individual elements in their formulas, there have been many efforts to inventory and categorize all 50 state education funding formulas, which have, in turn, revealed important similarities.[108] The following represents an overview of these categories, as presented to the Commission by the Education Commission of the States.

Foundation Programs (33 states)

The foundation model is based upon the calculation of foundation amount needed for a regular education student to meet state academic standards. This amount is multiplied by a weighted student count, with regular education students generally assigned a weight of 1.0, while students with extra needs, such as low-income students or ELL students, are assigned additional weight. This category of formula allows for easy adjustment to meet state and school district educational needs and economic circumstances, while leaving school districts with more autonomy than other types of formulas.

The foundation model is comprised of the following elements:

- Determination of a foundation amount
- Calculation of the number of students with weights for different student needs

[107] Understanding State School Funding. The Progress of Education Reform, 1(3).
[108] Baker and Levin (2014). Verstegen (2011).

- Determination of state and local share based upon available state funds and state policy decisions
- Additions for categorical funding outside of the main formula (capital, food service, transportation, retirement)

Resource Allocation Systems (6 states)

A resource allocation funding model provide funding to school districts based upon a determination of the number of employees (teachers, librarians, principles) per student. The model can offer a clear picture of the amount of resources that a school district receives from the state, while states can utilize this system to mandate a number of teachers, for example, employed by a school district or the salary in each employee category. This model, as a result, can be viewed as a top-down approach to funding.

The resource allocation system, generally, utilizes the following elements:

- Identification of education components (teachers, staff, supplies, technology)
- Determination of cost for each component
- Calculation of resources received by each school
- Determination of state and local share based upon available state funds and state policy decisions
- Additions for categorical funding outside of the main formula (capital, food service, transportation, retirement)

Combination (5 states)

Some states utilize a combination model approach to school funding. These states have begun to move away from the resource allocation model to provide school districts flexibility in salaries provided to each position and the type of each position.

Other (5 states)

Funding for school districts in these states falls outside of these broad categories, varying even among them.

Student Counts

While its methodology may vary from state to state, a critical element that is included in almost every state education funding formula is a determination used to count actual students. According to 50 state inventory of student enrollment count mechanisms by the Colorado Children's Campaign, the various methods of calculating student counts for the purposes of funding have important consequences for student retention throughout the academic year and accurate compensation of school districts for those students.[109] The following represents an overview of the most commonly utilized methods:

Single Day Count – 13 states use a system which counts students enrolled or in attendance on a single day during the academic year. An advantage to this system is that it is relatively easy to implement and administer. However, this system does not incentivize school districts to retain students or enroll new or transient students after the count date. This system may also leave districts over- or underfunded, as enrollments change.

Multiple Day Count – Seven states employ a system that counts student enrollment or attendance on a single day multiple times throughout the year. The state then provides funding according to the average of these dates or according to a percentage on each count. This method can encourage retention by school districts and is more accurate than the single day count method, while still being easy to administer. Conversely, this method puts pressure on school districts to ensure that students are enrolled or in attendance for only those specific days each year.

Average Daily Attendance – Seven states base their student count on an average of the number of students in attendance during the academic year. This method would exclude absent students from a school district's daily count, which would in turn lower the school district's average

[109] Colorado Children's Campaign (August 2010). Student Enrollment Count Mechanisms for School Funding: A Survey of State Policies. Information pertaining to student counts was also obtained from ECS. Education Commission of the States (June 2012). Understanding State School Funding. The Progress of Education Reform, 1(3).

accordingly. The average daily attendance method most accurately funds students attending school and incentivizes school districts to retain students and improve attendance. However, this count method may result in additional administrative costs in order to obtain ongoing counts and update data systems.

Average Daily Membership – Sixteen states use a method based on an average of the count conducted every day during the academic year of the number of students enrolled. Unlike the average daily attendance count, this method would include absent students. This method can potentially provide an accurate student count. However, this method takes into account enrolled students, not those students actually attending school daily.

Counting Periods – Six states[110] base student counts on information collected during longer or multiple periods during the academic year. This method is more accurate than a single day count, but does not reflect shifting populations as accurately as the average daily membership or average daily attendance methods.

Formula Factors

Student Factors

Within the funding formula, many states have attempted to drive out additional support to students needing additional resources in order to foster an equitable distribution of resources. These identifiable student needs are recognized within the formula through the use of student factors. Each student factor is assigned weight or multiplier so that school districts with these populations of students receive corresponding support. Thirty-seven states use at least one student factor in their state education funding formulas, with many states utilizing multiple factors.[111]

Poverty

[110] Colorado Children's Campaign identifies five states.
[111] Education Law Center (February 2013). Funding, Formulas, and Fairness: What Pennsylvania Can Learn from Other States' Education Funding Formulas.

More than half of states presently recognize that students coming from low-income families require additional supports and services. Michael Griffith, School Finance Consultant, Education Commission of the States (ECS), testified that 35 states provide some form of "at-risk" funding, with 25 states providing this funding within the state funding formula.[112] Twenty-four of these states assigned at-risk students an additional weight, which varied from 1.8 in Georgia to 0.0915 in New Mexico. Michael Griffith further stated that of the 35 states providing this type of funding, 23 states used Free and Reduced Price Lunch data to identify students for at-risk funding, with five states using this data as one of multiple measures. Patrick Dowd, Ph.D., Executive Director, Allies for Children, testified that some states use census data to determine counts, while others, such as Texas, have included students participating in pregnancy and parenting courses or students from single-parent households.[113]

English Language Learners

In addition to a poverty-based student factor, most states direct additional funding to students with Limited English Proficiency (LEP). An inventory of state funding formulas reveals that 42 states provide funding for ELL students.[114] Michael Griffith testified that an analysis of a 2012 American Institutes Research report demonstrated that this additional funding ranged from 10 percent in Texas to 99 percent in Maryland, with average additional funding equal to 38.7 percent. Mr. Griffith noted an important difference between additional funding for students in poverty and funding for ELL students, namely that students can and should be transitioning out of ELL designation. He also noted that some states have considered limiting the number of years that a school district could receive ELL funding for a student, while others, such as California and Texas, provided additional funding to school districts that transitioned students from the ELL designation.

[112] Testimony at the Commission hearing on October 16, 2014. According to the Education Law Center's *Funding, Formulas, and Fairness* Report, 30 states use a factor for low-income students. In 2011, 37 states reported including an adjustment for being low-income or at-risk (Baker and Levin, 46).
[113] Testimony at the Commission hearing on October 21, 2014.
[114] Testimony at the Commission hearing on October 16, 2014. Baker and Levin (2014): 46.

District Factors

Many state funding formulas include adjustments for certain factors that take into consideration the diversity of school districts across their states and challenges that impact their ability to provide educational services. These school district-based factors can account for a variety of concerns, such as the size or geography of school districts or economic concerns, such a local tax effort. 46 states, including Delaware, Maryland, New Jersey, New York, and West Virginia, include at least one district factor in their funding formulas.[115]

Sparsity/Small Schools

District size is factor often included in state funding formulas that recognizes the challenges of providing educational services in districts that lack economies of scale. According to Baker and Levin, this factor recognizes that "smaller districts in remote rural areas do not benefit from the economies of scale enjoyed by their larger counterparts in cities, suburbs and towns as lower per-pupil costs due to economies of scale […] tend to emerge when fixed costs […] are spread out over larger numbers of students."[116] Baker and Levin calculate that 32 states make formula adjustments for challenges related to the absence of economies of scale: 25 states for the operation of small schools and 15 states for school districts in area with low density student populations.

Tax Effort

Another element accounted for in states' funding formulas is local wealth and the ability of local school districts to raise enough revenue locally to support educational programs. 29 states, including Delaware, Maryland, New York, and West Virginia, include a tax effort factor in their formulas.[117]

Models in Practice

[115] Education Law Center (2013): 6.
[116] Baker and Levin (2014): 48.
[117] Education Law Center (2013): 6.

Florida

Florida adopted the Florida Education Finance Program (FEFP) in 1973 to allocate funding for K-12 public school operations. The funding is based on actual student enrollment that is determined through surveys meticulously conducted four times throughout the calendar year to calculate the number of students enrolled in one of seven programs, including basic education programs, programs for exceptional student education, programs for students with limited English proficiency, and career education programs.[118] Each program is assigned a cost factor reflecting the relative cost of serving students in each of the programs that adds weight to individual student enrollments. The weighted enrollment is then multiplied by a base student allocation and by a geographic index that incorporates a wage index and a local price level index to produce a base-funding amount for both state and local sources.

Florida's formula further adds numerous supplements to this base amount, including a declining enrollment supplement, a sparsity supplement, a safe schools allocation, a reading instruction allocation, funding for student transportation, and a minimum guarantee among others. From this totaled amount, the state then subtracts the required local effort amount that each district must provide in order to participate in FEFP. School districts in 2012-13 received 40.10 percent of their financial support from state sources, 47.20 percent from local sources and 12.70 percent from federal sources. John Winn, Retired Florida Commissioner of Education, further testified that, outside of this central formula, the state has adopted policies related to funding that provide districts and teachers with performance incentives that recognize high and improved student outcomes.[119]

Rhode Island

In 2010 Rhode Island began implementing a new weighted student funding formula, after a period utilizing a "hold harmless" provision.[120] The formula uses three basic components: 1) a

[118] See Florida House of Representatives, *Florida Education Finance Program Education Fact Sheet* (2010-2011).
[119] Testimony at the Commission hearing on October 16, 2014.
[120] See Rhode Island Department of Education, *Funding Formula Frequently Asked Questions (FAQs)* (April 2011) at http://www.ride.ri.gov/Portals/0/Uploads/Documents/Funding-and-Finance-Wise-Investments/Funding-Sources/State-Education-Aid-Funding-Formula/FAQ-Updated-42011.pdf.

core instruction amount based upon New England average educational expenditure data derived from the National Center for Education Statistics (NCES); 2) a "student success factor" that accounts for economically disadvantaged students that provides an additional 40 percent of the core instruction amount to students eligible for Free and Reduced Price Lunch; and 3) a state share ratio that factors in community property values adjusted for median family income. The state is currently in the process of navigating away from a system that is dependent on "hold harmless" funding by transitioning to the new system over ten years.[121]

Hawaii

Hawaii utilizes a system that relies on a statewide student weighted formula determined by a "Committee on Weights" that was established by the state legislature in 2004 and continues to meet annually to investigate potential changes to the formula. In its initial recommendations to the State Board of Education, the committee, comprised of principals, teachers, and parents, recommended that additional weight be added for student characteristics such as English for Second Language Learners, economically disadvantaged, and special education.[122] The Hawaiian model is most distinguishable from other states in that all school funding emanates from the General Fund and is distributed from the state to Hawaii's single, statewide school district.[123] Nathan Benefield, Vice President of Policy Analysis, Commonwealth Foundation, testified that Hawaii's centralized school system, in contrast to Pennsylvania's 500 school districts, likely contributed to a smooth transition to a weighted student-funding model that did not initially result in more or less funds being available to schools.[124]

[121] Testimony at the Commission hearing on October 16, 2014 by Michael Griffith, School Finance Consultant, Education Commission of the States.
[122] See Committee on Weights for the Weighted Student Formula, *Recommendations to the Hawaii State Board of Education* (January 2005) at http://reach.k12.hi.us/empowerment/wsf/committeeonweights/cow1/CmteRecToBoe0501.pdf.
[123] Hawaii is the only state that reports the use of full state funding (Baker and Levin, 2014: 46).
[124] Testimony at the Commission hearing on December 4, 2014.

FACTORS OF A FAIR FUNDING FORMULA

Student-Based Factors

Student Count – average of most recent 3-years of Average Daily Membership (ADM) = 1.0

Poverty – based on 5-year U.S. Census Bureau American Community Survey

- Percent of ADM in acute poverty (0-99%) = 0.6
- Percent of ADM in poverty (100-184%) = 0.3
- Percent of ADM in concentrated poverty (30% or more living in acute poverty) = 0.3

English Language Learners – number of limited English proficient students = 0.6

Charter School Enrollment – the charter school average daily membership = 0.2

School District-Based Factors

Sparsity-Size Adjustment

- Measures a school district's sparsity and size relative to the other 500 school districts and makes an adjustment to the weighted student count for small rural school districts.

Median Household Income Index

- Measures a school district's median household income compared to the statewide median household income.

Local Effort Capacity Index

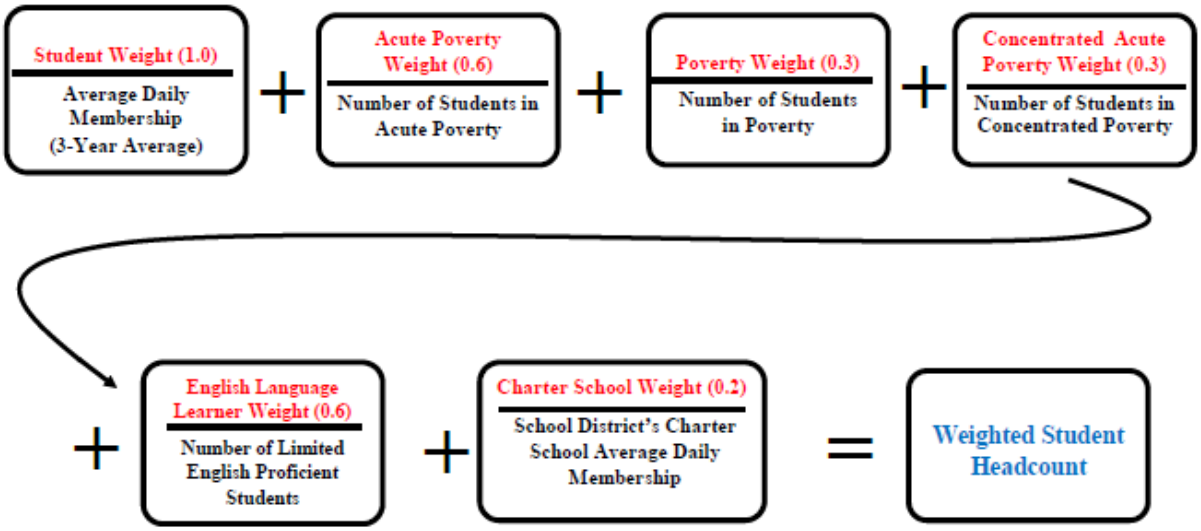
- Local Effort – Measures a school district's local effort based on local tax-related revenue and its median household income compared to the statewide median and makes an adjustment for excess spending based on a school district's current expenditures per total student-weighted ADM.

- Local Capacity – Measures a school district's ability to generate local tax-related revenue based on personal income and market value compared to the statewide median local tax-related revenue per total student-weighted ADM.

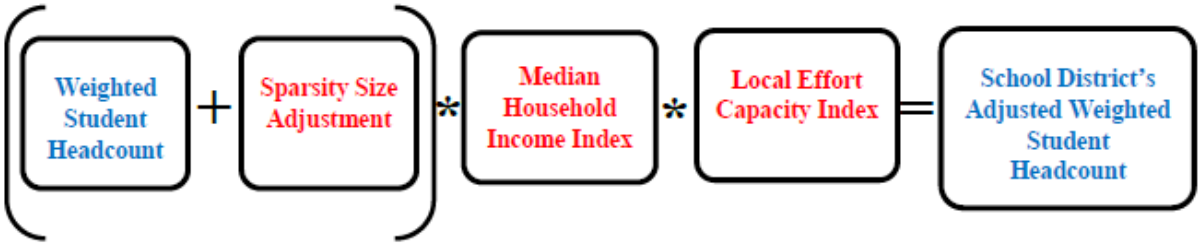
Formula Application

- Multiply the sum of the student-based factors and the sparsity-size adjustment by the median household income index and the local effort capacity index. Each school district receives a pro rata share of the funding allocation.

Weighted Basic Education Student Headcount Equation



Funding Distribution Number Equation



Final School District Distribution Equation

OTHER 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 to be 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 regiment 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.

APPENDIX – PUBLIC HEARINGS AND TESTIMONY

AUGUST 20, 2014 – Harrisburg	Senate Hearing Room #1, North Office Building, State Capitol Complex
PRESENTERS:	**AFFILIATION**:
Carolyn Dumaresq, Ed.D., Acting Secretary	PA Department of Education
Nichole Duffy, Deputy Secretary	PA Department of Education
Jay Himes, Executive Director	PA Assoc. School Business Officials (PASBO)
Jim Buckheit, Executive Director	PA Association of School Administrators (PASA)

SEPTEMBER 9, 2014 – Allentown BEFC member host: Co-chair Pat Browne	Parkland School District
PRESENTERS:	**AFFILIATION**:
Marguerite Roza, Ph.D., Director & Research Associate Professor, Edunomics Lab	Georgetown University
Mary Anne Wright, Ph.D., Superintendent	Northwestern Lehigh School District
Russ Mayo, Ed.D., Superintendent	Allentown School District
Michel Faccinetto, President	Bethlehem Area School Board
Roberta Marcus, President	Parkland School Board

SEPTEMBER 30, 2014 – Clarion BEFC member host: Rep. Oberlander	Clarion University of Pennsylvania
PRESENTERS:	**AFFILIATION**:
Joseph Bard, Executive Director	PA Association of Rural and Small Schools
Michael Stahlman, Superintendent	Clarion Area School District
Jean McCleary, Superintendent	Union School District
Amanda Hetrick, Superintendent	Forest Area School District
Ron Cowell, J.D., President	Education Policy and Leadership Center (EPLC)

OCTOBER 16, 2014 – Collegeville BEFC member host: Co-chair Mike Vereb	Perkiomen Valley High School
PRESENTERS:	**AFFILIATION:**
Janet Samuels, Ph.D., Superintendent	Norristown Area School District
Clifford Rogers, Ed.D,. Superintendent	Perkiomen Valley School District
David Goodin, Ed.D., Superintendent	Spring-Ford Area School District
David Zerbe, Ed.D., Superintendent	Methacton School District
David Woods, Superintendent	Oxford Area School District
Alan D. Fegley, Ed.D., Superintendent	Phoenixville Area School District
Curtis Griffin, Ed.D, Superintendent	Hatboro-Horsham School District
Curtis Dietrich, Ed.D., Superintendent	North Penn School District
Mike Griffith, School Finance Consultant	Education Commission of the States (ECS)

OCTOBER 21, 2014 – Oakdale BEFC member host: Senator Matt Smith	Community College of Allegheny County
PRESENTERS:	**AFFILIATION:**
Thomas Ralston, Ed.D., Superintendent	Avonworth School District
Patrick O'Toole, Ed.D., Superintendent	Upper St. Clair School District
Linda Hippert, Ed.D., Executive Director	Allegheny Intermediate Unit
Maureen McClure, Ph.D., Assoc. Professor Administrative & Policy Studies	University of Pittsburgh School of Education
Patrick Dowd, Ph.D., Executive Director	Allies for Children
David W. Patti, Pres./CEO	Pennsylvania Business Council
Cheryl Kleiman, Esquire	Education Law Center, Pittsburgh Office

NOVEMBER 6, 2014 – Harrisburg	Senate Hearing Room #1, North Office Bldg., State Capitol Complex
PRESENTERS:	**AFFILIATION**:
John L. Winn, Commissioner (retired)	Education of the State of Florida
Jesse Levin, Ph.D., Principal Research Scientist	American Institutes for Research (AIR)
Bruce Baker, Ed.D, Prof. of Education Theory Policy & Administration, Graduate School Of Education	Rutgers – the State University of New Jersey

NOVEMBER 18, 2014 – Philadelphia BEFC member host: Rep. Roebuck, Jr.	Philadelphia City Hall
PRESENTERS:	**AFFILIATION:**
The Honorable Michael A. Nutter, Mayor	City of Philadelphia
William J. Green, J.D., Chairman	School Reform Commission (SRC)
William R. Hite, Jr., Ed.D., Superintendent	School District of Philadelphia
Marilyn Carrion-Mejia, Principal	William McKinley Elementary School
Otis Hackney, Principal	South Philadelphia High School
Matthew E. Stanski, CFO	School District of Philadelphia
Rob Dubow, CFO, Office of the Director of Finance	City of Philadelphia
Mark Gleason, CEO	Philadelphia School Partnership
Neil D. Theobald, Ph.D., President	Temple University
David Rubin, MD, MSCE Assistant Professor of Pediatrics, Division of General Pediatrics	University of Pennsylvania Perelman SOM/CHOP

NOVEMBER 19, 2014 – Philadelphia BEFC member host: Rep. Roebuck, Jr.	Philadelphia City Hall
PRESENTERS:	**AFFILIATION:**
Larry Jones, CEO	Richard Allen Preparatory Charter School
Joanne A. Jones, Ph.D., CEO	PA Virtual Charter School
John Swoyer, CEO	MaST Community Charter School
Aaron Bass, COS	KIPP Philadelphia Charter School and KIPP West Philadelphia Preparatory Charter School
Christine M. Borelli Ed.D., CEO	Memphis Street Academy Charter School
Dr. Jason Corosanite, D.C., COO	String Theory Schools
David Mosenkis	

NOVEMBER 24, 2014 – Lancaster BEFC member host: Senator Lloyd Smucker	Intermediate Unit #13
PRESENTERS:	**AFFILIATION:**
Linda Lane, Ed.D., Superintendent	Pittsburgh Public Schools
Wayne McCullough, D.B.A., CFOO	Southern York County School District
Jay Himes, Executive Director	PA Association of School Business (PASBO)
Tom Gluck, Executive Director	PA Association of Intermediate Units (PAIU)
Brian Barnhart, Ed.D., Executive Director	Lancaster-Lebanon Intermediate Unit 13
Gina Brillhart, CFO & Assistant to Executive Director	Lancaster-Lebanon Intermediate 3
PA Assoc of School Business Officials (PASBO)	

DECEMBER 4, 2014 – East Stroudsburg	East Stroudsburg High School SOUTH
PRESENTERS:	**AFFILIATION:**
Nate Benefield, Vice President of Policy Analysis	Commonwealth Foundation
Rich Frerichs, Ed.D., President	Pennsylvania School Boards Association
John Callahan, Senior Director Of Government Affairs	Pennsylvania School Boards Association
John Bell, Superintendent	Delaware Valley School District
Carole Geary, Superintendent	Pleasant Valley School District
Sharon Laverdure, Superintendent	East Stroudsburg Area School District

Meg Dilger, President	Pocono Mountain School Board
John A. Toleno, Ed.D., Superintendent	Stroudsburg Area School District

DECEMBER 10, 2014 – Lancaster BEFC member host: Rep. Mike Sturla	McCaskey East High School
PRESENTERS:	**AFFILIATION:**
Pedro A. Rivera, Superintendent	Lancaster School District
John Nodecker, Superintendent	Manheim Township School District
Matt Przywara, CFO	Lancaster School District
Joan Benso, President & CEO	PA Partnerships for Children
Eric Elliott, Ph.D., Director of Research For School Funding & Finance	PA State Education Association
W. Michael Nailor, President	PA School Librarians Association
Michael Churchill, Esq., Of Counsel	Public Interest Law Center of Philadelphia
Michael J. Crossey, President	PA State Education Association

JANUARY 29, 2015 – Greenville BEFC member host: Rep. Mark Longietti	Greenville Junior/Senior High School
PRESENTERS:	**AFFILIATION:**
Mark Ferrara, Superintendent	Greenville Area School District
Michael Calla, Superintendent	Sharon City School District
Daniel J. Bell, Ed.D., Superintendent	Hermitage Area School District
Brad Ferko, Ed.D., Superintendent	Sharpsville Area School District
Jerome Sasala, Acting Superintendent	Austin Area School District
Jeremy Resnick, Executive Director & Founder	Propel Schools Foundation
Mike Gentile, CEO	Keystone Charter School
Jay Badams, Ed.D., Superintendent	Erie School District
Bill Nichols, Superintendent	Corry School District

FEBRUARY 5, 2015 – Plymouth Meeting BEFC member host: Co-chair Mike Vereb	Central Montco Technical High School
PRESENTERS:	**AFFILIATION:**
Lee Burket, Ed.D., Director Bureau of Career & Technical Education	PA Department of Education
Jackie Cullen, Executive Director	PA Assoc. of Career/Technical Administrators

	(PACTA)
Thomas Allen, President & Administrative Director	Eastern Center for Arts &Technology
Walter Slauch, Vice President & Administrative Director	Central Montco Technical High School
Sandra Himes, Executive Director	Lehigh Career & Technical Institute
David Warren, Executive Director	Lancaster County Career & Technical Center
Joanne Barnett, Ph.D., CEO	PA Virtual Cyber Charter School
Dave Hardy	Boys' Latin of Philadelphia Charter School

MARCH 12, 2015 – Harrisburg BEFC member host: Senator Rob Teplitz	Senate Hearing Room #1, North Office Building, State Capitol Complex
PRESENTERS:	**AFFILIATION:**
Jennifer Smallwood, President	Harrisburg School Board
James Thompson, Vice President	Harrisburg School Board
Ford Thompson, President	Central Dauphin School Board
Charles Thiemann, President	West Perry School Board
Tim Shrom, Ph.D., Business Manager	Solanco School District
Dr. Thomas Newcome, Superintendent	Octorara Area School District
John Kurelja, Ph.D., Superintendent	Warrior Run School District
Mark DiRocco, Ph.D., Superintendent	Lewisburg Area School District
W. Charles Young, Superintendent	Troy Area School District
Joan Duvall-Flynn, Ed.D.	NAACP – PA
Carol Metzler	Coalition Against Human Trafficking
William Farmer, Child Trauma Therapist & Member	Trauma Informed Education Coalition
Tracey DePasquale, Associate Director	Lutheran Advocacy Ministry in PA
Kristy Robinson, MSW, Program Training and Development	Laurel Life Services
Bill Hodge, Associate Superintendent	Chambersburg Area School District
Lori Gallagher, LPC	Gallagher Counseling

April 27, 2015 – Pittsburgh BEFC member host: Senator Matt Smith	**University of Pittsburgh**
PRESENTERS:	**AFFILIATION**:
The Honorable William Peduto	Mayor of Pittsburgh
Ira Weiss, Solicitor	Pittsburgh School District
Ron Joseph, COO	Pittsburgh School District
Harold Grant, Parliamentarian/Staff Rep	Pittsburgh Federation of Teachers
Carey Harris, Executive Director	A+ Schools
Christine Wagner-Deitch, Director of Curriculum Services and Gifted Liaison	IU 27

APPENDIX – INDEPDENT FISCAL OFFICE SURVEY

Basic Education Funding Commission Survey Results

May 26, 2015

This document provides summary tabulations from the Basic Education Funding Commission (BEFC) survey sent to 100 school districts and 25 charter schools in April 2015. The statistics reflect all responses submitted by recipients of the survey. An appendix contains additional comments submitted by certain school districts as well as a map of surveyed districts.

For the purpose of the survey and summary tabulations, school districts and charter schools were separated into four groups based on their School Performance Profile (SPP) score: (1) high performance (SPP $\geq$ 90), (2) good (80-89.9), (3) proficient (70-79.9) and (4) low performance (< 70) schools. The BEFC used the survey to solicit information regarding the relationship between a school district's additional costs to educate certain students and performance, as measured by the SPP score.

The table on the next page provides cross tabulations for all school districts across the four SPP groups based on the share of economically disadvantaged (ED) students, share of English language learners (ELLs), regular instructional expense per Average Daily Membership (ADM or number of students enrolled) and taxable income per ADM. The tabulations are weighted by the number of ADM, and the individual cells sum to 100 percent. The data show that the 83 high-performing districts comprised 23.5 percent of total ADM for school year 2012-13, while the 91 low-performing districts comprised 29.2 percent of total ADM.

These summary tabulations for all school districts provide context for the school districts included in the survey as well as the survey results. When weighted by the number of ADM, the data reveal the following trends across the four SPP groups:

ED Student Concentration The high-performance group (SPP $\geq$ 90) has a much lower concentration of ED students. For that group, 95 percent (22.3 / 23.5) of students attended a school district where less than 30 percent of students were ED. By contrast, no students in the low-performance group (SPP < 70) attended a school district where less than 30 percent of the students were ED. Rather, the vast majority (92 percent or 26.9 / 29.2) attended a district where more than 50 percent of students were ED.

ELL Student Concentration Similar results hold for the concentration of ELL students. The top three groups have much lower concentrations of ELL students than the low-performance group.

Taxable Income per ADM This characteristic may capture intangibles that are positively correlated with SPP scores. The data show that the high-performance group has a much higher taxable income per ADM compared to the low-performance group.

Regular Instructional Cost per ADM This measure excludes expenses related to debt, special education and administrative costs. In general, it only reflects classroom costs. The data suggest a weaker correlation between instructional spending per ADM and SPP scores as compared to the other characteristics. For example, roughly 28 percent (6.5 / 23.5) of students in the high-performance group

attended a school district where this metric fell below $5,500. For the low-performance group, the comparable figure is 20 percent (5.8 / 29.2).

Selected School District Characteristics by SPP Score[1]

	School Performance Profile (SPP) Score				
	≥ 90.0%	80-89.9%	70-79.9%	< 70.0%	Total
Number of School Districts	**83**	**151**	**174**	**91**	**499**
Share of All Students (ADM)	**23.5%**	**25.7%**	**21.6%**	**29.2%**	**100.0%**
ED Student Concentration					
< 30.0%	22.3	12.1	2.4	0.0	36.8
30.0 - 49.9%	1.2	12.4	14.2	2.3	30.2
≥ 50.0%	0.0	1.2	5.0	26.9	33.0
Total	**23.5**	**25.7**	**21.6**	**29.2**	**100.0**
ELL Student Concentration					
< 1.0%	11.1	15.2	14.9	6.9	48.1
1.0% - 4.99%	12.0	9.1	4.4	3.9	29.4
≥ 5.0%	0.4	1.4	2.3	18.4	22.4
Total	**23.5**	**25.7**	**21.6**	**29.2**	**100.0**
Taxable Income per ADM					
< $125,000	0.1	2.5	5.4	22.9	30.9
$125,000 - $199,999	5.2	16.0	14.7	4.2	40.1
≥ $200,000	18.2	7.2	1.5	2.0	29.0
Total	**23.5**	**25.7**	**21.6**	**29.2**	**100.0**
Reg. Educ. Inst. Costs per ADM[2]					
< $5,500	6.5	14.3	9.5	5.8	36.1
$5,500 - $7,499	14.6	10.1	11.7	21.6	58.1
≥ $7,500	2.3	1.3	0.4	1.8	5.8
Total	**23.5**	**25.7**	**21.6**	**29.2**	**100.0**

[1] All tabulations are weighted by the school district's share of total Average Daily Membership (ADM).
[2] Denotes for Regular Educational Instructional Costs per ADM.

Survey Sample and Response Rate

In April 2015, the BEFC survey was sent to 100 school districts and 25 charter schools. Through May 14, 2015, the BEFC received 80 completed school district surveys (80.0 percent response rate) and 14 charter school surveys (56.0 percent). Because larger districts and charters had higher response rates, responding school districts comprise 89.0 percent of students from those surveyed, and responding charters comprise 77.1 percent of students from those surveyed.

Per instructions from the BEFC, the survey sample is representative of school districts across the four SPP groups, and is geographically diverse. The sample was constructed to oversample "good school districts" with an SPP score between 80 and 90 that also had ED, ELL, taxable income per ADM and instructional cost per ADM characteristics that were representative of statewide median values. (For additional detail regarding the survey selection methodology, see the survey selection memo to the BEFC dated February 2, 2015.) As shown in the table, the survey sample also includes a disproportionate number of school districts with high ED concentrations.

Surveyed and Responding School Districts and Charter Schools

	School Performance Profile (SPP) Score				
	≥ 90.0%	**80-89.9%**	**70-79.9%**	**<70.0%**	**Total**
All School Districts	83	151	174	91	499
Surveyed Districts	13	57	20	10	100
Sample Rate	**15.7%**	**37.7%**	**11.5%**	**11.0%**	**20.0%**
Responding Districts	12	44	16	8	80
Response Rate	**92.3%**	**77.2%**	**80.0%**	**80.0%**	**80.0%**

	School District ED Concentration[1]			
	< 30.0%	**30.0-49.9%**	**≥ 50.0%**	**Total**
All School Districts	157	232	110	499
Surveyed Districts	14	48	38	100
Sample Rate	**8.9%**	**20.7%**	**34.5%**	**20.0%**
Responding Districts	13	36	31	80
Response Rate	**92.9%**	**75.0%**	**81.6%**	**80.0%**

Charter Schools	**Total**
All Charter Schools	176
Surveyed Charter Schools	25
Sample Rate	**14.2%**
Responding Charter Schools	14
Response Rate	**56.0%**

[1] Denotes an economically disadvantaged student.

Survey Reponses: Parts II and III

The BEFC survey contains ten general questions. The tables that follow tabulate the responses across the four SPP groups. The first four questions that seek information regarding cost multipliers also provide separate tabulations based on school district ED student concentration.

Question 1(a): If your average base cost equals 1.0, provide your best estimate of the cost multiplier for a typical ED student who is not also an ELL. (Respondents were given a drop-down menu of choices including: 1.00 – 1.19, 1.20 – 1.39, 1.40 – 1.59, 1.60 – 1.79 and 1.80 – 2.00.)

Economically Disadvantaged (ED) Multiplier

	1.00-1.19	1.20-1.39	1.40-1.59	1.60-1.79	1.80-2.00	No Response
School Districts						
≥ 90.0%	7	3	2	0	0	0
80.0% - 89.9%	18	9	9	3	5	0
70.0% - 79.9%	6	4	4	1	1	0
< 70.0%	4	2	1	0	1	0
All School Districts	**35**	**18**	**16**	**4**	**7**	**0**
Charter Schools	**5**	**3**	**1**	**1**	**1**	**3**

	Median Value[1]	Average Value[1]	Weighted Average Value[2]
School District SPP Scores			
≥ 90.0%	1.10	1.22	1.19
80.0% - 89.9%	1.30	1.35	1.36
70.0% - 79.9%	1.30	1.34	1.40
< 70.0%	1.20	1.30	1.29
All School Districts	**1.30**	**1.33**	**1.30**
School District ED Concentration			
< 30.0%	1.10	1.21	1.18
30.0 - 49.9%	1.30	1.33	1.33
≥ 50.0%	1.30	1.37	1.31
All School Districts	**1.30**	**1.33**	**1.30**
Charter Schools	**1.30**	**1.32**	**1.30**

[1] Calculated using the midpoint of the ED multiplier range.
[2] Calculated using number of ED students as the weight and the midpoint of the ED multiplier range.

Question 1(b): If the funding level indicated in 1(a) was impacted by the reallocation of state and federal funds, what weight was represented prior to the reallocation? (Respondents were given a drop-down menu of choices including: 1.00 – 1.19, 1.20 – 1.39, 1.40 – 1.59, 1.60 – 1.79 and 1.80 – 2.00.)

Economically Disadvantaged (ED) Alternate Mulitplier[1]

	1.00-1.19	1.20-1.39	1.40-1.59	1.60-1.79	1.80-2.00	No Response
School Districts						
≥ 90.0%	9	0	3	0	0	0
80.0% - 89.9%	17	11	10	3	3	0
70.0% - 79.9%	8	3	4	0	1	0
< 70.0%	4	0	3	0	1	0
All School Districts	**38**	**14**	**20**	**3**	**5**	**0**
Charter Schools	**6**	**3**	**1**	**1**	**1**	**3**

	Median Value[2]	Average Value[2]	Weighted Average Value[2,3]
School Districts			
≥ 90.0%	1.10	1.20	1.18
80.0% - 89.9%	1.30	1.34	1.33
70.0% - 79.9%	1.20	1.29	1.32
< 70.0%	1.30	1.35	1.45
All School Districts	**1.30**	**1.31**	**1.41**
School District ED Concentration			
< 30%	1.10	1.19	1.17
30.0 - 49.9%	1.30	1.33	1.30
≥ 50.0%	1.30	1.33	1.44
All School Districts	**1.30**	**1.31**	**1.41**
Charter Schools	**1.10**	**1.30**	**1.27**

[1] For respondents that did not answer this question, it was assumed that the multiplier was the same as question 1(a).
[2] Calculated using the midpoint of the alternate ED multiplier range.
[3] Calculated using number of ED students as the weight.

Question 2: If your average base cost equals 1.0, provide your best estimate of the cost multiplier for a typical ELL student who is not also ED. (Respondents were not given a drop-down menu of choices.)

English Language Learner (ELL) Multiplier

	1.00-1.19	1.20-1.39	1.40-1.59	1.60-1.79	1.80-2.00	> 2.00	No ELL Students or No Response[1]
School Districts							
≥ 90.0%	2	2	2	4	1	0	1
80.0% - 89.9%	6	5	5	5	7	4	12
70.0% - 79.9%	3	1	3	2	1	0	6
<70.0%	0	1	2	1	2	0	2
All School Districts	**11**	**9**	**12**	**12**	**11**	**4**	**21**
Charter Schools	**3**	**0**	**0**	**2**	**1**	**0**	**8**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	1.47	1.48	1.51
80.0% - 89.9%	1.55	1.72	1.53
70.0% - 79.9%	1.50	1.45	1.51
< 70.0%	1.58	1.62	1.56
All School Districts	**1.50**	**1.62**	**1.56**
School District ELL Concentration			
< 1.00%	1.56	1.72	1.62
1.00 - 4.99%	1.51	1.51	1.52
≥ 5.00%	1.50	1.58	1.56
All School Districts	**1.50**	**1.62**	**1.56**
Charter Schools	**1.38**	**1.44**	**1.68**

[1] Some respondents reported 1.00 as the ELL multiplier. The tabulations assume that a reported value of 1.00 simply reflects the default value contained in the survey when it was sent out, and all responses of 1.00 were considered to be a "No Response."

[1] Excludes respondents with no ELL students.

[2] Calculated using number of ELL students as the weight.

Question 3: If your average base cost equals 1.0, provide your best estimate of the cost multiplier for a typical ED student who is also homeless. Your answer may be the same as question 1, or somewhat higher. (Respondents were not given a drop-down menu of choices, but a few districts used the ranges provided in questions 1a and 1b. In those cases, the midpoint of the range was used.)

Homeless Student Multiplier

	1.00-1.19	1.20-1.39	1.40-1.59	1.60-1.79	1.80-2.00	> 2.00	No Response
School Districts							
≥ 90.0%	4	3	4	0	0	0	1
80.0% - 89.9%	16	6	7	5	4	4	2
70.0% - 79.9%	5	1	3	5	1	0	1
< 70.0%	4	0	2	0	2	0	0
All School Districts	**29**	**10**	**16**	**10**	**7**	**4**	**4**
Charter Schools	**5**	**3**	**1**	**0**	**2**	**0**	**3**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	1.30	1.32	1.29
80.0% - 89.9%	1.55	1.56	1.48
70.0% - 79.9%	1.50	1.45	1.50
< 70.0%	1.28	1.42	1.51
All School Districts	**1.33**	**1.44**	**1.49**
School District ED Concentration			
< 30%	1.30	1.41	1.40
30.0 - 49.9%	1.25	1.41	1.40
≥ 50.0%	1.50	1.48	1.51
All School Districts	**1.33**	**1.44**	**1.49**
Charter Schools	**1.30**	**1.36**	**1.36**

[1] Excludes respondents who did not answer question.
[2] Calculated using number of ED students as the weight. Using ADM as the weight does not impact the results.

Question 4: If your average base cost equals 1.0, provide your best estimate of the cost multiplier for a typical ED student who is also in foster care. Your answer may be the same as question 1, or somewhat higher. (Respondents were not given a drop-down menu of choices, but a few districts used the ranges provided in questions 1a and 1b. In those cases, the midpoint of the range was used.)

Student in Foster Care Multiplier

	1.00-1.19	1.20-1.39	1.40-1.59	1.60-1.79	1.80-2.00	> 2.00	No Response
School Districts							
≥ 90.0%	5	3	2	0	1	0	1
80.0% - 89.9%	17	7	8	4	3	3	2
70.0% - 79.9%	6	2	4	3	1	0	0
< 70.0%	3	1	3	0	1	0	0
All School Districts	**31**	**13**	**17**	**7**	**6**	**3**	**3**
Charter Schools	**5**	**3**	**1**	**0**	**2**	**0**	**3**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	1.30	1.30	1.25
80.0% - 89.9%	1.30	1.44	1.42
70.0% - 79.9%	1.43	1.40	1.46
< 70.0%	1.38	1.39	1.49
All School Districts	**1.30**	**1.41**	**1.47**
School District ED Concentration			
< 30%	1.25	1.29	1.25
30.0 - 49.9%	1.30	1.43	1.40
≥ 50.0%	1.48	1.43	1.49
All School Districts	**1.30**	**1.41**	**1.47**
Charter Schools	**1.30**	**1.36**	**1.36**

[1] Excludes respondents who did not answer question.
[2] Calculated using number of ED students as the weight. Using ADM as the weight does not impact the results.

Question 5: If your average base cost equals 1.0, provide your best estimate of the cost multiplier for a typical student who is gifted. Expenses for gifted students include those listed under Accounting Code 1243, but could include other expenses as well. (Respondents were not given a drop-down menu of choices, but a few districts used the ranges provided in questions 1a and 1b. In those cases, the midpoint of the range was used.)

Gifted Student Multiplier

	1.00-1.19	1.20-1.39	1.40-1.59	1.60-1.79	1.80-2.00	> 2.00	No Response
School Districts							
≥ 90.0%	3	7	1	0	0	0	1
80.0% - 89.9%	14	21	5	3	0	0	1
70.0% - 79.9%	6	5	2	2	0	1	0
< 70.0%	6	1	0	1	0	0	0
All School Districts	**29**	**34**	**8**	**6**	**0**	**1**	**2**
Charter Schools	**10**	**0**	**1**	**1**	**0**	**0**	**2**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	1.20	1.20	1.17
80.0% - 89.9%	1.23	1.26	1.27
70.0% - 79.9%	1.21	1.31	1.28
< 70.0%	1.10	1.19	1.15
All School Districts	**1.21**	**1.26**	**1.19**
School District ED Concentration			
< 30%	1.22	1.24	1.21
30.0 - 49.9%	1.23	1.25	1.26
≥ 50.0%	1.14	1.26	1.17
All School Districts	**1.21**	**1.26**	**1.19**
Charter Schools	**1.05**	**1.13**	**1.23**

[1] Excludes respondents who did not answer question.
[2] Calculated using ADM as the weight.

Question 6 (school districts only): Student departures to charter schools may imply additional costs or savings for certain school districts. For example, if 10 percent of your student base departs to a charter school, then the average cost to educate students that remain might increase by a small percentage due to smaller class size or other technical factors. If your average base cost equals 1.0, provide a rough approximation of the cost multiplier to apply to the average student cost if such a hypothetical scenario occurred proportionally across all grades. Be sure to factor in the additional charter school tuition cost. For example, a response of 1.02 would imply that the average cost to educate remaining students would increase by 2 percent. It is also possible that the cost multiplier could be 1.0, or possibly less than 1.0. (Respondents were not given a drop-down menu of choices, but a few districts used the choices provided in questions 1a and 1b. In those cases, the midpoint of the range was used.)

Note: This question attempts to quantify the increase in the base cost to educate remaining students due to students who depart for charter schools. The base cost may increase due to (1) stranded costs (e.g., the same number of teachers are needed, since class sizes cannot be reduced, hence the cost is spread over fewer students) and (2) charter school tuition costs for students who leave the district (increases the instructional costs to be spread over the same number of students). A response of 1.15 implies that the base cost to educate remaining students increases by 15 percent under the hypothetical scenario where 10 percent of students depart.

Student Departure Multiplier

	<1.00	1.00-1.04	1.05-1.09	1.10-1.19	1.20-1.29	1.30-1.39	1.40+	No Response
School Districts								
≥ 90.0%	0	4	1	1	4	0	1	1
80.0% - 89.9%	2	18	10	8	2	0	4	0
70.0% - 79.9%	0	3	5	3	1	2	2	0
< 70.0%	0	0	2	4	0	1	1	0
All School Districts	**2**	**25**	**18**	**16**	**7**	**3**	**8**	**1**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	1.10	1.19	1.19
80.0% - 89.9%	1.05	1.15	1.14
70.0% - 79.9%	1.09	1.25	1.18
< 70.0%	1.10	1.17	1.12
All School Districts	**1.07**	**1.18**	**1.14**

[1] Excludes respondents who did not answer question.
[2] Calculated using ADM as the weight.

Question 7 (Question 6 for charter schools): Student transition and unexpected enrollments may imply additional costs related to assessment testing, remediation and other factors. Provide your best dollar estimate of the additional costs for a new student who enrolls mid-year (e.g., $300 per new student). If possible, provide your best estimate for the share of new students that enroll during the school year, relative to those present to start the school year. (Respondents were not given a drop-down menu of choices.)

Transition Costs per New Student

	$0	$1-$249	$250-$499	$500-$999	$1,000 - $1,999	$2,000+	No Response
School Districts							
≥ 90.0%	2	3	5	1	0	0	1
80.0% - 89.9%	3	14	11	8	1	2	5
70.0% - 79.9%	2	4	3	4	2	0	1
< 70.0%	0	2	2	0	1	1	2
All School Districts	**7**	**23**	**21**	**13**	**4**	**3**	**9**
Charter Schools	**6**	**0**	**1**	**1**	**0**	**0**	**6**

	Median Value[1]	Average Value[1]	Weighted Average Value (New Students)[1,2]	Weighted Average Value (ADM)[1,3]
School Districts				
≥ 90.0%	$250	$286	$276	$255
80.0% - 89.9%	300	644	359	465
70.0% - 79.9%	250	417[4]	507[4]	595[4]
< 70.0%	300[5]	427[5]	294[5]	441[5]
All School Districts	**250**	**577**	**480**	**515**
Charter Schools	**N.A.[6]**	**N.A.[6]**	**N.A.[6]**	**N.A.[6]**

[1] Excludes respondents who did not answer question.
[2] Calculated using number of new students during the year as the weight.
[3] Calculated using ADM as the weight.
[4] Excludes a single district reporting transition costs of $1,800 per student and a very large new student base. If this district is included, the average value increases from $417 to $523, the weighted average value by the count of new students increases from $507 to $934 and the weighted average value by ADM increases from $595 to $659.
[5] Excludes a single district reporting transition costs of $3,500 per student. If this district is included, the median value increases from $300 to $380, the average value increases from $427 to $939, the weighted average value by the count of new students increases from $294 to $510 and the weighted average value by ADM increases from $441 to $571.
[6] Charter school data are excluded because there were too few schools responding to this question to yield a valid result.

Share of New Students Arriving During School Year

	<5.0%	5.0% - 7.4%	7.5% - 9.9%	10.0%- 19.9%	20.0%- 29.9%	30.0%+	No Response
School Districts							
≥ 90.0%	6	2	2	1	0	0	1
80.0% - 89.9%	19	12	2	6	0	1	4
70.0% - 79.9%	5	3	2	3	0	3	0
< 70.0%	2	1	0	2	2	0	1
All School Districts	**32**	**18**	**6**	**12**	**2**	**4**	**6**
Charter Schools	**5**	**1**	**2**	**1**	**0**	**1**	**4**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	3.0%	4.3%	4.6%
80.0% - 89.9%	5.0	6.0	6.2
70.0% - 79.9%	7.5	10.4[3]	10.1[3]
< 70.0%	10.0	10.8	4.6
All School Districts	**5.0**	**8.4**	**5.9**
Charter Schools	**4.0**	**6.3[4]**	**3.6[4]**

[1] Excludes respondents who did not answer question.
[2] Calculated using ADM as the weight.
[3] Excludes one school district that reported a very high percentage of transitioning students. If this district is included, the average value increases from 10.4 percent to 16.0 percent and the weighted average value increases from 10.1 percent to 14.3 percent.
[4] Excludes one charter school that is a very large cyber charter school with a relatively large student transition percentage. If this charter school is included, the average value increases from 6.3 percent to 11.6 percent and the weighted average value increases from 3.6 percent to 29.3 percent.

Part III (contains seven sub-questions): Please attempt to quantify how intensively the following practices, programs or activities were used by your school district/charter school for the 2012-13 school year and the approximate share of students who participated in the programs or activities (if applicable). Use a scale that ranges from 0-3 (0 denotes N/A; 1 denotes minimal use; 2 denotes moderate use; and 3 denotes extensive use).

Note: While many districts were able to provide the percentage of students participating, some districts indicated that they were rough approximations. The percentage of students participating is not included in these results, but can be provided upon request.

Q1: Pre-School and/or K4 Programs for Students Without a Known Disability

	N/A (0)	Minimal Use (1)	Moderate Use (2)	Extensive Use (3)
School Districts				
≥ 90.0%	11	1	0	0
80.0% - 89.9%	30	4	1	9
70.0% - 79.9%	9	2	1	4
< 70.0%	0	2	3	3
All School Districts	**50**	**9**	**5**	**16**
Charter Schools	**11**	**0**	**0**	**3**

	Median Value	Average Value	Weighted Average Value[1]
School Districts			
≥ 90.0%	0.00	0.08	0.17
80.0% - 89.9%	0.00	0.75	0.64
70.0% - 79.9%	0.00	1.00	0.52
< 70.0%	2.00	2.13	1.44
All School Districts	**0.00**	**0.84**	**1.00**
Charter Schools	**0.00**	**0.64**	**0.29**

[1] Calculated using ADM as the weight.

Q2: Monitoring of Individual Student Achievement

	N/A (0)	Minimal Use (1)	Moderate Use (2)	Extensive Use (3)
School Districts				
≥ 90.0%	0	0	2	10
80.0% - 89.9%	0	3	7	34
70.0% - 79.9%	0	1	1	14
< 70.0%	0	1	0	7
All School Districts	**0**	**5**	**10**	**65**
Charter Schools	**0**	**0**	**2**	**12**

	Median Value	Average Value	Weighted Average Value[1]
School Districts			
≥ 90.0%	3.00	2.83	2.81
80.0% - 89.9%	3.00	2.70	2.79
70.0% - 79.9%	3.00	2.81	2.85
< 70.0%	3.00	2.75	1.67
All School Districts	**3.00**	**2.75**	**2.19**
Charter Schools	**3.00**	**2.86**	**2.98**

[1] Calculated using ADM as the weight.

Q3: Parent and Community Involvement

	N/A (0)	Minimal Use (1)	Moderate Use (2)	Extensive Use (3)
School Districts				
≥ 90.0%	0	1	6	5
80.0% - 89.9%	1	7	26	10
70.0% - 79.9%	0	4	6	6
< 70.0%	0	3	4	1
All School Districts	**1**	**15**	**42**	**22**
Charter Schools	**0**	**0**	**3**	**11**

	Median Value	Average Value	Weighted Average Value[1]
School Districts			
≥ 90.0%	2.00	2.33	2.30
80.0% - 89.9%	2.00	2.02	2.12
70.0% - 79.9%	2.00	2.13	2.29
< 70.0%	2.00	1.75	1.25
All School Districts	**2.00**	**2.06**	**1.69**
Charter Schools	**3.00**	**2.79**	**2.95**

[1] Calculated using ADM as the weight.

Q4: Student Participation in After-School Activities

	N/A (0)	Minimal Use (1)	Moderate Use (2)	Extensive Use (3)
School Districts				
≥ 90.0%	0	1	6	5
80.0% - 89.9%	1	3	18	22
70.0% - 79.9%	0	1	6	9
< 70.0%	0	3	3	2
All School Districts	**1**	**8**	**33**	**38**
Charter Schools	**2**	**2**	**4**	**6**

	Median Value	Average Value	Weighted Average Value[1]
School Districts			
≥ 90.0%	2.00	2.33	2.45
80.0% - 89.9%	2.50	2.39	2.39
70.0% - 79.9%	3.00	2.50	2.30
< 70.0%	2.00	1.88	1.38
All School Districts	**2.00**	**2.35**	**1.84**
Charter Schools	**2.00**	**2.00**	**1.30**

[1] Calculated using ADM as the weight.

Q5: Student Participation in School-Sponsored Tutoring

	N/A (0)	Minimal Use (1)	Moderate Use (2)	Extensive Use (3)
School Districts				
≥ 90.0%	1	4	6	1
80.0% - 89.9%	3	12	23	6
70.0% - 79.9%	3	5	4	4
< 70.0%	1	4	2	1
All School Districts	**8**	**25**	**35**	**12**
Charter Schools	**5**	**4**	**4**	**1**

	Median Value	Average Value	Weighted Average Value[1]
School Districts			
≥ 90.0%	2.00	1.58	1.77
80.0% - 89.9%	2.00	1.73	1.78
70.0% - 79.9%	1.50	1.56	1.31
< 70.0%	1.00	1.38	1.13
All School Districts	**2.00**	**1.64**	**1.39**
Charter Schools	**1.00**	**1.07**	**1.83**

[1] Calculated using ADM as the weight.

Q6: Aide/Para-Professional Work in the Classroom to Assist Teachers

	N/A (0)	Minimal Use (1)	Moderate Use (2)	Extensive Use (3)
School Districts				
≥ 90.0%	0	2	5	5
80.0% - 89.9%	2	7	17	18
70.0% - 79.9%	1	1	5	9
< 70.0%	0	3	2	3
All School Districts	**3**	**13**	**29**	**35**
Charter Schools	**2**	**2**	**2**	**8**

	Median Value	Average Value	Weighted Average Value[1]
School Districts			
≥ 90.0%	2.00	2.25	2.32
80.0% - 89.9%	2.00	2.16	2.22
70.0% - 79.9%	3.00	2.38	1.93
< 70.0%	2.00	1.88	1.28
All School Districts	**2.00**	**2.19**	**1.70**
Charter Schools	**3.00**	**2.14**	**1.67**

[1] Calculated using ADM as the weight.

Q7: Other best practices your district uses to assist ED or ELL students.

Many districts and charter schools listed different items for this question. The table below contains a list of practices noted by districts and charter schools on best practices they use to assist ED or ELL students. The numbers after certain responses indicate that multiple surveys noted the same practice.

Other Best Practices Used to Assist ED or ELL Students Noted by Survey Respondents

School Districts - SPP 90.0%+	School Districts - SPP <70.0%
Full Day Kindergarten (2) Extended Day Kindergarten (3) Individualized English Language Learner Plans Classroom Support, Interpreter Services, Interventions	School-Wide Positive Behavior Support School-Wide Title I Backpack Program-Weekend Food for ED Students ELL Summer School Program Co-Teaching Student Assistance Program Licensed Social Worker - Elementary Level Extended School Year ELL - Interpretation Services for Student and Families Differentiated Instruction Alternative Education Newcomer Academy for Newly Arrived Students School Based Mental Health Services Newcomer Center Fast Forward (Auditory Processing Deficit Program) Success for All, Saturday School, Summer School ESOL Certified Teachers and Facilitators Bi-Lingual Parent Liaisons Outreach Workers Homeless Liaison Evening Parent Literacy Classes Programs for Immigrant Families Summer School
School Districts - SPP 80.0 - 89.9%	
RTII Ed Title Funds District (2) Speech and Language Therapist/One-to-One Aide Assist. Differentiated Learning, Learning Centers Differentiated Instruction High School "Newcomer" Program Response to Instruction & Intervention - Regular Education NSLP Breakfast Program Student Conferencing Alternative Ed Computer-Aided Instruction Backpack Program-Weekend Food for ED Students Full Day Kindergarten Homebound Instruction If Needed Remediation Program at Junior/Senior High School Level ESL Tutor Summer Lunch Program, Extended School Year SAP	
School Districts - SPP 70.0 - 79.9%	**Charter Schools**
Integration of Technology (2) Full -Time ELL Teacher Small Group Instruction Elementary Instructional Coaches Writing Workshops, Questioning Techniques Tier 3 Intervention High School 21st Century Learning Program for ELLs Professional Learning Communities (Data Meetings) Student Assistance Programs Tiered Interventions RRR Initiative	Two Highly Qualified Teachers in Every Classroom Student Have Same Teachers & Administrator for 4 Years One-to-One Laptop Translations Family and Community Outreach ELL Professional Development for Teachers Pull-Out Small Groups and Push-In Services for ELL

Question 8: If your district/school operates a school-based community center(s) for after school group activities, social support, public information or other purposes, provide your best estimate of the annual cost to operate the center(s) on a per student basis. (Respondents were not given a drop-down menu of choices.)

Note: Since so few surveyed districts and charter schools had community centers, only a tabulation of the cost per student for the community centers was completed. Additional detail can be provided upon request.

Community Center Costs per Student

	$1-$99	$100-$199	$200-$299	$300-$999	$1,000-$1,999	$2,000+	No Response
School Districts							
≥ 90.0%	0	1	0	0	0	0	11
80.0% - 89.9%	0	1	0	0	0	0	43
70.0% - 79.9%	0	1	0	1	0	0	14
< 70.0%	1	0	0	1	1	0	5
All School Districts	**1**	**3**	**0**	**2**	**1**	**0**	**73**
Charter Schools	**1**	**0**	**0**	**1**	**3**	**0**	**9**

Question 9: If your school district employs crossing guards to ensure the safe passage of students to and from school, please provide the annual cost to provide those services. If crossing guard services are provided by a municipal government, please provide the municipal government cost, if possible. Do not include any costs related to special events or after school activities. (Respondents were not given a drop-down menu of choices.)

Note: In some cases, the school district covers all costs, while in other cases the municipality shares the costs of the crossing guards with the districts. In a few cases, the municipality paid for the crossing guards in full. Overall, roughly one-third of the cost of crossing guards is paid for by the municipality and two-thirds by the district. The table reflects total crossing guard expenses.

Total Crossing Guard Expenses Paid by District/Charter School and Municipality

	$1-$24,999	$25,000 - $49,999	$50,000 - $99,999	$100,000 - $149,999	$150,000+	No Response
School Districts						
≥ 90.0%	7	3	0	1	0	1
80.0% - 89.9%	12	8	4	4	0	16
70.0% - 79.9%	5	0	2	1	1	7
< 70.0%	0	0	0	0	5	3
All School Districts	**24**	**11**	**6**	**6**	**6**	**27**
Charter Schools	**2**	**0**	**0**	**0**	**0**	**12**

Crossing Guard Expenses per ADM (for Districts with Crossing Guards)

	$0.01-$4.99	$5.00-$9.99	$10.00-$19.99	$20.00-$49.99	$50+	No Response
School Districts						
≥ 90.0%	6	3	2	0	0	1
80.0% - 89.9%	6	10	5	6	1	16
70.0% - 79.9%	2	3	1	2	1	7
< 70.0%	0	0	2	3	0	3
All School Districts	**14**	**16**	**10**	**11**	**2**	**27**
Charter Schools	**2**	**0**	**0**	**0**	**0**	**14**

	Median Value[1]	Average Value[1]	Weighted Average Value[1,2]
School Districts			
≥ 90.0%	$4.4	$5.1	$5.1
80.0% - 89.9%	7.3	15.8	11.8
70.0% - 79.9%	9.2	19.5	27.2
< 70.0%	21.9	24.3	22.3
All School Districts	**7.4**	**15.0**	**14.6**
Charter Schools	**16.9**	**16.9**	**15.6**

[1] Includes only districts and charter schools that reported non-zero crossing guard expenses (paid for by the district, charter school or municipality).
[2] Calculated using ADM as the weight.

Appendix: Comments Received From Survey Respondents

Allentown City SD

Many new students enroll each year directly into the charter schools without ever enrolling in district schools and this additional expense distorts the numbers presented above. Unlike other urban areas in Pennsylvania, Allentown's total school age population has been increasing for years. For 2012-13 the increased cost to cover new charter school students was over $400,000 with $3 million the following year and $7 million this year to pay tuition for students that were already included in the district budget. The districts mobility rate beyond the district is 20.6% but we do not have an exact estimate of transfers in.

Avon Grove SD

For 2012-13, the District had a large portion of its population at charter schools, approximately 760. Based on the $5,295 base cost above, it is costing the district more to have the students in the charter schools. We believe total expenses would be reduced if charter school students returned to the district. For Homeless, we are considering the additional cost of transportation if a student is in a facility outside of our district.

Bentworth SD

Please know the numbers provided represent broad "estimates" only. This specific data would take many, many hours to compile. In addition, the broad question topics present a wide range of possibilities to determine an "average" cost calculation.

Conewago Valley SD

The questions are very subjective. I made best estimates.

East Stroudsburg Area SD

It is extremely difficult to go back to 2012-13 to provide data for Part III. *[Part III was the questions concerning best practices.]*

Ephrata Area SD

Answered N/A to question 7 since we do not track expenses for mid-year enrollments. *[Question 7 was the question concerning student turnover.]*

Hanover Area SD

Basic Ed Funding Formula and Special Ed Funding Formula updates are long-overdue. Thank you for the efforts of the Committee members on our behalf!

Hempfield SD

KtO grant provides minimal pre-school program; Budget cuts mean we have far less aides working in classrooms unless special ed, regular ed gets by with less!

Lampeter-Strasburg SD

Our Title I expenses are included in the 1100 total expenditures. This money is used to provide reading and math tutoring.

Lancaster SD

Thank you for the opportunity to participate. Let me know if you have any questions.

Mahanoy Area SD
Many of our programs had to be cut due to decreased funding. Afterschool programs can only be run if grants are available.

Milton Area SD
The school district looks forward to additional state education subsidy to support the academic needs of the students of our community. Rural school districts with a declining tax base and loss of industry and high risk students and families (with limited access in the community) Our goal is to function as a community school but due to diminishing resources we are unable to provide adequate high quality services to our students and families.

North Penn SD
The district shares the costs of crossing guards with the municipality. The crossing guards are employees of the municipality.

North Star SD
Thank you for the opportunity to participate in this vital survey. If I can provide additional information, please contact me.

Northeastern York SD
If school district had additional funds, the SD would hire additional reading specialists, ELL and gifted teachers in order to meet the needs of these student populations.

Northern Bedford County SD
We do not have a separate community center. However, our school facility itself is heavily used by the community for various events and activities.

Philadelphia City SD
The following assumptions were made in completing this survey.

Part II – SDP [School District of Philadelphia] utilized actual expenditures and student counts to estimate the cost multiplier to complete this survey. However, this is by no means an indication that the funds, inclusive of the multiplier, was sufficient to provide the support necessary for these students as the average base cost is lower than needed. Furthermore, the School District of Philadelphia has a majority ED population; as a result, SDP created a proxy for non-ED cost derived from removing the ED population.

Part II, Question 6. SDP modeled a 10% decline in student population which results in a factor of 1.08. This model does assume some savings to the District owing to student departure, but there are certain costs that the District will not be able to immediately shed despite student departure to charter schools. Of course as the number and percentage of students who depart the District increases, the factor rises. For example, when 30% of District students transfer to charter schools the multiplier increases to approximately 1.3. At this point, similar to what has happened in the recent past, the District would be required to close schools to find efficiencies. However, it is unclear when this tipping point might be. Furthermore, as a reminder, this factor is related to the cost to the District and not the system.

Part III, Question 1. The percentage of students served is a reflection of what the District can afford, not the demand for Pre-K services in the City.
Part III, Question 2. The District assesses students across all grades through a series of formative assessments; however, the use of the information provided through these formative and summative assessment is variable. The percentage provided, therefore, is a rough estimate of the percentage of students who are assessed and teachers who use the information to modify programming and instruction.
Part III, Question 7. The District has a new comer center for ELL students, however owing to limited funding there were only 5 centers across the District serving a small amount of students which resulted in less than 1% of the entire District population being served. If we are looking at ELL students alone, the percentage would be close to 2% of ELL students are served through this model.
Part III, Question 9. The City provides all of the District's crossing guards. We are still working to get this amount.

Other Notes
SY12-13 Funding. As these are FY12-13 expenditures, it should not be assumed that these are the resources currently available in SDP schools. Since SY12-13, among other services to schools, SDP has decreased its counseling services, increased class sizes, decreased support services, e.g., assistant principals, school based teacher leaders, coaches, etc., and distributes the services of 179 nurses across over 213 schools and 6 alternative education programs.

Base Amount: Currently, owing to the low base amount, the District must create combined classes in grades 1-3, i.e., in some schools our 1st grade and 2nd grade students must share the same teachers, our 2nd and 3rd grade students must share the same teachers, we would not consider this as providing adequate resources to support our students. Similarly, the District currently utilize grant resources to provide for Kindergarten programming as state and local policy does not require the provision of kindergarten education; SDP would like to provide universal kindergarten with general operating funds and, as a result, we need the base funding to increase. Furthermore, the District has yet to be able to fully staff our high schools in a manner that would truly facilitate the least restrictive learning environment for students with individualized learning plans.

Other Factors
-- School Size. The District support schools that range in size from approximately 250 students to nearly 3,000 students. Owing to the small size, it may be difficult for schools to adequately roster students to ensure that they have sufficient programming to meet state standards. As a result, the District supplements many of these schools' resources. We would recommend that the Commission consider a school size factor in addition to student demographic factors.
-- Density of Poverty. In addition to considering the count of students in each school, it is also important to consider the density of ED students within a school as there are likely other services that a school would need to provide, e.g., social emotional services.
-- Level of ELL support. Similar to the consideration that is given to special education students, the level of need of ELL students should also be considered. Students who are just learning English will need additional support compared to a student who is ready to exit the program.

Portage Area SD
Charter School Expense in the last 10 years has gone from a very minimal cost to now consuming 2% of

our annual budget. Almost all students who return from Charter Schools to our district are woefully behind on their academics, causing a huge cost in time and, therefore, additional expenditures.

Sharon City SD

Some questions appear to be open to interpretation. We answered the questions as best we could based on our interpretation. Other issues to consider: Unfunded mandates, costs associated with implementation of new requirements like Educator Effectiveness and child abuse training having to deal with students coming to school not prepared (Kindergarteners not being potty trained or having never held a pencil or a crayon). Please provide schools an ample opportunity to implement any changes. It is very hard to operate when the rules keep changing.

Souderton Area SD

We would respectfully request that the BEFC's funding formula recommendation be based on data that are currently being collected by the Department of Education. Much of the data requested in this survey are not currently being reported. Thank you for the opportunity to participate.

Upper Darby SD

The Upper Darby School District faced mounting budget cuts prior to and during the 2012-2013 school year. The Upper Darby School District was forced to cut over $8.4 million in personnel, other supports, programming, and after school activities for students.

Wayne Highlands SD

Wayne Highlands is a high performing, extremely rural, large geographic (435 square miles) district serving a large % of ED students. Our success is possible with support through PTO's and general widespread community support. Our schools are community hubs, where our students and parents are safe. Adherence to things like dress codes, discipline, Rachel's Challenge are all part of our culture of education performance and general safety. The funding of Cyber Charter schools is a tremendous burden on our district. Of approximately 90 students enrolled in charter schools 88 are enrolled in cyber charters. 90 students spread over 13 grades and six schools does not provide opportunity to cut costs, therefore the burden of funding the tuition costs for the cyber charters is a local budget necessity. Equitable Cyber Charter school funding and realistic tuition cost calculations for cyber charters must be addressed.

West York Area SD

Section II # 7 since transportation and Special Ed are excluded this would be for a consumable only. Note Section III #3 this reflects elementary and middle school and the percentage is based on participation of that area for students, parents become less involved as the child enters High School. Note in section III #4 Used sports and clubs this is only middle and high school % based on that population. Section III #6 This is Elementary and Middle School and does not include Special Ed Aides since special education is a separate subsidy.

Windber Area SD

This survey was hard to follow and poorly put together. I gave my best estimates based on my Act 16 data and other budgetary knowledge.

Wyalusing Area SD

Cost estimates do not include fixed costs of facilities, technology, buildings/grounds, utilities, etc.

York City SD

Survey answered based upon what actually happens. With 87% ED there are not the financial resources to provide the additional services needed.

York Suburban SD

We appreciate that districts have been asked to participate with supporting data to help with this important process. The numbers adjusted under your first chart are because we could not verify with any reports that we have on file here in the District. We do have reports that support the numbers supplied. The scenario presented with the charter school change in enrollment for us is not a realistic one in our opinion and we have been asked to make some arbitrary decisions that are not practical and would require further examination as well as input from the community and the Board. As far as the chart under Part III, number #2 and #3 answers are for all six of our buildings, number #4 and #5 answers pertain to our High School and Middle School only and number #7 is our four elementary buildings.

PRELIMINARY

Selection of School Districts for the Basic Education Funding Commission Survey

February 23, 2015

To inform their deliberations, the Basic Education Funding Commission requested that the Department of Education and Independent Fiscal Office (IFO) survey 100 school districts to help identify the best practices used by districts to achieve academic success. The Commission requested that the survey include a broad cross-section of districts to ensure that the survey is representative of districts across the state. To that end, the IFO proposes to include four groups of districts based on the state school performance profile (SPP) score. The SPP score is a function of academic achievement on standardized assessments (PSSA/Keystone Exams and SAT/ACT scores), year-over-year academic growth, graduation rates, promotion and attendance rates, and other miscellaneous factors. The four district groups are as follows (proposed number of districts included in the survey in parentheses):

(1) High-Performance Districts - scored 90.0% or higher (10 districts, plus 3 high ELL districts).
(2) Good Districts - scored between 80.0% and 89.9% (50 districts, plus 7 high ELL districts).
(3) Proficient Districts - scored between 70.0% and 79.9% (20 districts).
(4) Low-Performance Districts - scored below 70.0% (10 districts).

Various factors may affect a school district's SPP score. For this survey, three criteria were used to select districts in groups 1, 2 and 3:

- Actual Instructional Expenditures (AIE) less Special Education Expenditures per Average Daily Membership (ADM) - This metric is referred to as the Adjusted AIE per ADM. Districts that have a higher Adjusted AIE per ADM might have higher SPP scores. The metric excludes expenditures related to debt.
- Share of Economically Disadvantaged (ED) Students - A higher share of ED students might imply additional student needs and costs.
- Personal Taxable Income (PTI) per ADM - A measure of school district wealth. Wealthier districts might have higher SPP scores due to greater parental involvement and a home environment that is more conducive to academic success.

For group 4, districts were ranked by size, and the 10 largest districts were selected. It is noted that the share of English Language Learner (ELL) students in a district could also affect SPP scores. However, that metric was not included in the above criteria because it was not possible to select representative districts using four different criteria. Instead, a special selection was made for high ELL districts in groups 1 and 2. Those criteria are discussed on the subsequent pages.

The Commission did not want the survey to include districts that are not representative of the majority of districts across the state. For example, a number of districts are much wealthier than the statewide average. Therefore, only districts that are reasonably close to statewide median values for Adjusted AIE per ADM (median value of $7,511 for FY 2012-13), PTI per ADM ($149,675) and share of ED students (38.5%) are included in the survey. These three criteria may range above or below statewide median values by 10 to 15 percent in order to generate the target number of districts for inclusion in the survey. In

this manner, most outlier districts are excluded from the survey. An exception is certain high-performance districts in group 1 where significant variation is allowed (see next page). The map included at the end of this document displays the location of selected districts.

High-Performance School Districts

For high-performance school districts, it was necessary to allow significant variation from statewide median values. If significant variation is not allowed, then only a few districts meet the specified criteria.

- 10 school districts selected based on the following criteria (shaded green):
  - SPP score greater than or equal to 90.0%;
  - Adjusted AIE per ADM less than double the statewide median;
  - PTI per ADM less than double the statewide median; and
  - Share of ED students greater than 10%.
  - Rank districts that meet those criteria by SPP score and select top 10 districts.

10 High-Performance School Districts		
Perkiomen Valley SD	York Suburban SD	Souderton Area SD
Spring-Ford Area SD	Moon Area SD	State College Area SD
Derry Township SD	North Penn SD	Boyertown Area SD
Lampeter-Strasburg SD		

- 3 additional high ELL school districts selected based on the following criteria (shaded light green):
- Meet all "high-performance school district" criteria listed above, but were not included in top 10 districts.
- Rank districts that meet those criteria by share of ELL students and select top 3 districts.

3 Additional High-Performance School Districts		
Kennett Consolidated SD	Hempfield SD	Manheim Township SD

Good School Districts

- 50 school districts selected based on the following criteria (shaded red):
  - SPP score between 80.0% and 89.9%;
  - Adjusted AIE per ADM less than the statewide median plus 15%;
  - PTI per ADM less than the statewide median plus 15%; and
  - Share of ED students greater than the statewide median less 10%.

50 Good School Districts

Mifflinburg Area SD	Millville Area SD	Newport SD	Northeastern York SD
Tamaqua Area SD	Oxford Area SD	Wyalusing Area SD	Crawford Central SD
Ridgway Area SD	Conewago Valley SD	Saint Clair Area SD	Donegal SD
Penncrest SD	West York Area SD	Muhlenberg SD	Line Mountain SD
Hamburg Area SD	Yough SD	Northwestern SD	Dubois Area SD
Belle Vernon Area SD	Fort LeBoeuf SD	Northern Bedford County SD	Jersey Shore Area SD
Wilson Area SD	Windber Area SD	Portage Area SD	Schuylkill Haven Area SD
North East SD	Whitehall-Coplay SD	Altoona Area SD	Corry Area SD
Central Cambria SD	Lakeview SD	Port Allegany SD	Shippensburg Area SD
Chambersburg Area SD	Blue Ridge SD	Bentworth SD	Lehighton Area SD
Wayne Highlands SD	Jim Thorpe Area SD	Apollo-Ridge SD	Milton Area SD
Kiski Area SD	Ellwood City Area SD	North Clarion County SD	Mid Valley SD
Bradford Area SD	Southmoreland SD		

- 7 additional high ELL school districts selected based on the following criteria (shaded pink):
  - SPP score between 80.0% and 89.9%;
  - Meet two out of the three remaining "good school district" criteria:
    - Adjusted AIE per ADM less than the statewide median plus 15%;
    - PTI per ADM less than the statewide median plus 15%; or
    - Share of ED students greater than the statewide median less 10%.
  - Rank districts that meet those criteria by share of ELL students and select top 7 districts.

7 Additional Good School Districts

Avon Grove SD	Cornwall-Lebanon SD	Stroudsburg Area SD
Central Dauphin SD	Ephrata Area SD	Carlisle Area SD
Bermudian Springs SD		

Proficient School Districts

- 20 school districts selected based on the following criteria (shaded blue):
  - SPP score between 70.0% and 79.9%;
  - Adjusted AIE per ADM less than the statewide median plus 15%; and
  - PTI per ADM less than the statewide median plus 15%.
  - Rank districts that meet those criteria by share of ED students and select top 20 districts.

20 Proficient School Districts			
Sharon City SD	Mount Union Area SD	Susquehanna Community SD	Clearfield Area SD
East Allegheny SD	Titusville Area SD	Wyoming Valley West SD	North Star SD
Midland Borough SD	Uniontown Area SD	Forest City Regional SD	New Brighton Area SD
Panther Valley SD	Mahanoy Area SD	Upper Darby SD	Shikellamy SD
Pottstown SD	Hanover Area SD	Girard SD	East Stroudsburg Area SD

Rather than selection based on the highest share of ED students, other possible options include (1) same as above, but select the bottom 20 districts based on share of ED students (to draw a distinct contrast with "Good School Districts"), (2) rank districts by size without regard to share of ED students or (3) perform a random selection.

Low-Performance School Districts

- 10 school districts selected based on the following criteria (shaded yellow):
  - SPP score below 70.0%.
  - Rank districts by ADM and select the 10 largest districts
  -

10 Low-Performance School Districts		
Philadelphia City SD	Erie City SD	Scranton SD
Pittsburgh SD	Lancaster SD	Wilkes-Barre Area SD
Allentown City SD	Hazleton Area SD	York City SD
Reading SD		

Proposed Selection of Charter Schools

The charter schools available for selection must have had a 2012-13 SPP score posted to the Pennsylvania Department of Education's website. A school may not have posted SPP scores because (1) they are a relatively new charter school and did not have enough data to have an SPP score for 2012-13 or (2) there was a technical reason they did not have a published SPP score.

The proposed charter school sample is as follows:

AUN	School District	County	Cyber?	Total Enrollment 2012-13	2012-13 SPP Score
102020001	City CHS	Allegheny		622	81.2
102023030	Manchester Academic CS	Allegheny		249	73.4
103020003	Propel CS-McKeesport	Allegheny		394	82.8
103020004	Propel CS-Montour	Allegheny		416	80.4
110143060	Centre Learning Community CS	Centre		103	78.9
103023090	Urban League of Greater Pittsburgh CS	Allegheny		214	85.5
103028246	Urban Pathways K-5 College CS	Allegheny		215	52.8
105250004	Montessori Regional CS	Erie		337	89.8
114514135	Sankofa Freedom Academy CS	Philadelphia		591	60.6
115220002	Commonwealth Connections Academy CS	Dauphin	Yes	6,667	54.6
115223050	Sylvan Heights Science CS	Dauphin		218	77.5
124153320	Collegium CS	Chester		2,043	86.2
122093140	School Lane CS	Bucks		645	82.3
123460001	Pennsylvania Virtual CS	Montgomery	Yes	3,198	67.9
123463370	Souderton CS Collaborative	Montgomery		197	93.2
126510001	Russell Byers CS	Philadelphia		481	76.3
126510011	Discovery Charter School	Philadelphia		721	66.3
126510021	Folk Arts-Cultural Treasures CS	Philadelphia		477	88.0

126513150	MAST Community Charter School	Philadelphia	1,306	90.0
126513250	Young Scholars CS	Philadelphia	250	88.6
126519433	Mastery CS-Mann Campus	Philadelphia	530	74.7
127040002	Lincoln Park Performing Arts CS	Beaver	609	76.0
139481451	Lehigh Valley Dual Language CS	Northampton	358	78.6
160028259	Propel CS-Braddock Hills	Allegheny	552	62.5
172510793	KIPP West Philadelphia Preparatory CS	Philadelphia	335	72.8

A comparison of the proposed sample to all charter schools:

	All Charters	Sample Charters	Sample Share
Schools by 12-13 SPP %			
90%+	3	2	66.7%
80.0% - 89.9%	26	9	34.6%
70.0% - 79.9%	36	8	22.2%
<70.0%	96	6	6.3%
Total	**161**	**25**	**15.5%**
Total Enrollment	117,458	21,728	18.5%
Cyber Schools	14	2	14.3%
Enrollment in Cyber	34,579	9,865	28.5%
Percent ED	62.5%	54.1%	
Percent ELL	2.7%	1.6%	
School County			
Philadelphia	84	8	9.5%
Allegheny	18	7	38.9%
Chester	8	1	12.5%

Lehigh	5	0	0.0%
Beaver	4	1	25.0%
Erie	4	1	25.0%
York	4	0	0.0%
Bucks	3	1	33.3%
Centre	3	1	33.3%
Dauphin	3	2	66.7%
Delaware	3	0	0.0%
Northampton	3	1	33.3%
Adams	2	0	0.0%
Huntingdon	2	0	0.0%
Lackawanna	2	0	0.0%
Monroe	2	0	0.0%
Montgomery	2	2	100.0%
Bedford	1	0	0.0%
Berks	1	0	0.0%
Clinton	1	0	0.0%
Lancaster	1	0	0.0%
Luzerne	1	0	0.0%
Mercer	1	0	0.0%
Schuylkill	1	0	0.0%
Warren	1	0	0.0%
Westmoreland	1	0	0.0%