



Honorable Members of the Basic Education Funding Commission –

My name is Matthew Joseph, and I am the senior policy advisor for education funding at ExcelinEd, a nonprofit organization founded in 2008 to provide education policy solutions to states across the country. In my role, I advise state policymakers on how they can structure their school funding systems to maximize student outcomes.

### **Money Matters, But Policies Determine How Much**

For many years, the question of whether money matters in education has produced fiercely partisan answers. Some have argued that increased funding is necessary to improve inadequate student outcomes. Others have noted that, despite significant increases in school spending nationwide over several decades, student achievement has remained largely flat.<sup>1</sup> Now, with the use of more sophisticated research methods, school finance experts from across the ideological spectrum are reaching a consensus: Increased spending can improve student achievement, but state policies are needed to significantly increase the impact by encouraging the most effective use of the additional resources.

**Recent analyses show funding impact:** Kirabo Jackson and Claire Mackevicius looked at various studies and found that increased spending raised test scores by 0.032 of a standard deviation (SD).<sup>2</sup> Danielle Handel and Erik Hanushek also conducted a meta-analysis and found an impact of 0.056 SD.<sup>3</sup> Together, these analyses found that spending an additional \$4,000 per student—\$1,000 each year over four years—improved test scores by 0.044 SD, as shown in Table I.<sup>4</sup>

A full standard deviation moves a student from the 50<sup>th</sup> percentile on test scores up to the 84<sup>th</sup> percentile, a large improvement in achievement. An impact of 0.044 SD equals a change of less than 2 percentile points.<sup>5</sup>

**Extra boost for low-income students:** Notably, the impact is nearly double for low-income students.<sup>6</sup> “There is a consensus that a spending increase for low-income students tends to help,” said Chad Aldeman.<sup>7</sup>

**A large range of results:** However, these results may overestimate the impact of general spending increases because they are the *average* from various studies. Dr. Hanushek included studies with a “startling” range of results: -0.244 SD to 0.543 SD. Dr. Jackson concluded that the impact could be

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<sup>1</sup> See, e.g., Eric A. Hanushek, “The Failure of Input-Based Schooling Policies,” *The Economic Journal* (2003).

<sup>2</sup> See, e.g., C. Kirabo Jackson & Claire L. Mackevicius, [What Impacts Can We Expect from School Spending? Evidence from Evaluations in the U.S.](#) (2023).

<sup>3</sup> Danielle V. Handel & Eric A. Hanushek, “U.S. School Finance: Resources and Outcomes,” *National Bureau of Economic Research* (2023).

<sup>4</sup> Both studies examined spending increases for four years. Handel and Hanushek looked at a 10-percent increase in spending. In 2018, average spending per student in the United States was \$12,585; 10 percent is \$1,258, or \$5,032 over four years. See U.S. Department of Education, [Expenditures per Pupil for Elementary and Secondary Public Schools](#). Jackson and Claire Mackevicius looked at a spending increase of \$1,000 over four years, or \$4,000. Since Handel and Hanushek found an impact of 0.070 SD for spending \$5,032, the impact for \$4,000 can be estimated at 0.056 SD. Averaging that with Jackson and Mackevicius’ 0.032 SD yields 0.044 SD.

<sup>5</sup> See [Standard Normal Distribution \(Z\) Probabilities](#).

<sup>6</sup> See *supra*, Jackson & Mackevicius.

<sup>7</sup> Interview with Chad Aldeman, Edonomics Lab (Oct. 17, 2022).



anywhere from -0.004 to 0.067 SD. This means that the actual change in student achievement from a spending increase could be zero depending on the circumstances.

**Evidence-based investments produce much larger results:** Equally important, research has found that specific strategies can produce much larger changes at the same cost. For example, [Success for All](#), a whole school model using strong instruction and small group tutoring, improves student achievement by 0.243 SD. Reducing class size to 15 students can raise test scores by 0.20 SD. As shown below in Table I, the impact from these two interventions is more than five times that of the results found for a general funding increase. In other words, at least 80 percent of the potential impact of a funding increase is lost.<sup>8</sup>

**Table I: Impact of General Funding Increases vs. Evidence-Based Interventions**

Investment Type	Total Cost (2018 dollars)	Effect Size	Effect At \$4,000
General Funding Increase (Jackson & Mackevicius)	\$4,000	0.032	0.032
General Funding Increase (Handel & Hanushek)	\$5,032	0.070	0.056
<b>General Funding Increase Average</b>			<b>0.044</b>
Class Size Reduction To 15 Students	\$5,638	0.280	0.199
Success for All—Whole School Intervention	\$3,293	0.200	0.243
<b>Evidence-Based Intervention Average</b>			<b>0.221</b>

**Importance of state policy:** Considering these facts, a diversity of scholars has agreed that states need to focus on the policies that drive upward the impact of increased spending, ideally to the highest range of previous studies and closer to the results from evidence-based investments.

According to Dr. Jackson, “Importantly, we find that how the money is spent may be important. As such, to be most effective it is likely that spending increases should be coupled with systems that help ensure spending is allocated toward the most productive inputs.”<sup>9</sup>

Dr. Julien Lafortune, another funding expert, said, “The research does not say that spending will *always* translate into improved outcomes, nor that how money is spent does not matter. The effects identified in the research are averages; some types of spending are likely more important for outcomes than others, and some districts may allocate resources in more efficient ways.... Clearly, how dollars are spent matters.”<sup>10</sup>

Dr. Hanushek said, “The new evidence on spending impacts, like the historical evidence, does not indicate that spending does not matter. Nor does it indicate that spending cannot matter. It does indicate

<sup>8</sup> See *supra* note 4 for an explanation of the effect size for general funding increases. The impact of the evidence-based interventions is for specific locations, not statewide implementation for which there can be additional challenges that reduce the effect size. See Geoffrey D. Borman & Gina M. Hewes, [The Long-Term Effects and Cost-Effectiveness of Success for All](#) (2002). For comparison purposes, all spending figures are converted into 2018 dollars using the [implicit price deflator](#). The average impact for reading and math is used.

<sup>9</sup> C. Kirabo Jackson, Rucker C. Johnson & Claudia Persico, “[The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms](#),” *The Quarterly Journal of Economics* (2016).

<sup>10</sup> Julien Lafortune, [Understanding the Effects of School Funding](#), Public Policy Institute of California (2022) (emphasis in original).



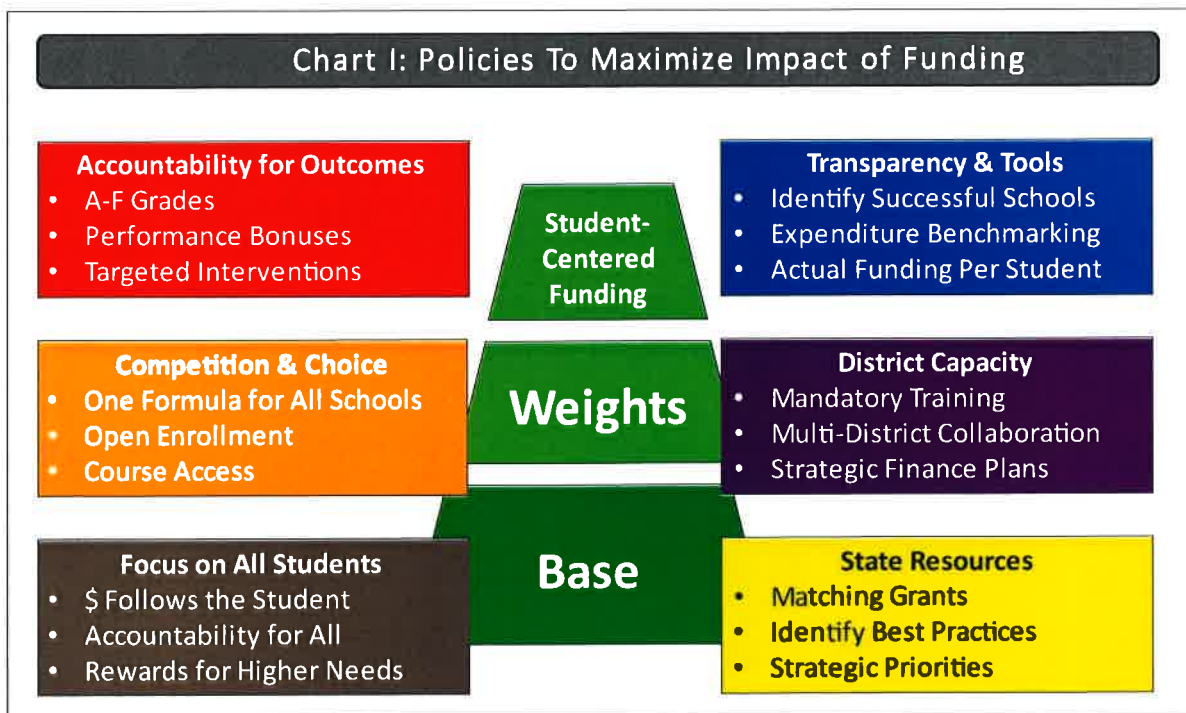
that simply adding more resources without addressing how the resources will be used provides little assurance that student achievement will improve.”<sup>11</sup>

**Policies That Maximize Funding Impact**

What are the policies states can consider to maximize the impact of funding increases? As shown in Chart I and described below, states can give schools greater flexibility on inputs and hold schools accountable for outcomes. They also can enable school leaders to identify and effectively implement the investments that work best for their specific circumstances. This [accompanying tool](#) allows policymakers to evaluate where their states are in adopting the policies.

*Student-Centered Funding*

**Student-centered funding formula:** To make the best use of available resources, school leaders need a simple and transparent student-centered funding formula, whereby schools are funded based on the number and characteristics of the students they serve. This often requires a state to collapse its many separate funding programs so that nearly all funding flows through a single formula.<sup>12</sup> Of note, Pennsylvania sends only about 25 percent of its K-12 funding to schools through the student-weighted distribution formula.



<sup>11</sup> See *supra*, Handel & Hanushek, "U.S. School Finance: Resources and Outcomes."

<sup>12</sup> See ExcelinEd, [Student-Centered State Funding](#) (2017).



**Substantial funding weights for students with greater needs:** As Dr. Lafortune stated: “Given the research showing that increased funding matters even more for low-income students, states need to direct resources to those students.”<sup>13</sup> This is typically done by using a funding “weight,” which is multiplied against a base amount per student in the student-centered funding formula. For example, nearly all states provide extra funding for low-income students, using an average weight of 1.22, or 22 percent above base, which produces an extra \$1,273 per low-income student.<sup>14</sup>

This is based on a 50-state survey ExcelinEd completed this year. Our survey shows that Pennsylvania’s low-income funding weight is 1.52, which is well above the national average, but the extra funding is \$269 per low-income student, which is well below average; this is because the weight only applies to a fraction of base funding districts receive.<sup>15</sup>

States also have funding weights for students with disabilities and English language learners.

According to Dr. Hanushek, “Funding should always differentiate for students who have higher needs, and this includes funding weights for low-income students.”<sup>16</sup>

**Schools receive funding generated by their students:** In a student-centered funding formula, funding flows to districts which, in turn, distribute resources to schools. Without additional requirements, districts could use the additional money they receive for higher-need students on, for example, general operating expenses. To ensure that supplemental funds benefit low-income and other higher-need students, states need to require that each individual school receives the funding generated by the students attending that school building.<sup>17</sup>

**Competency-based funding:** Finally, states can delink funding from traditional seat-time measures, which essentially promote student attendance instead of learning. Instead, states can remove barriers and create incentives so that students have the time and individualized support needed to become fully competent before moving on to more content.<sup>18</sup>

#### *Accountability for Outcomes*

**A-F school grades:** Policymakers can drive improved use of resources by holding district and school leaders accountable for student outcomes. This includes using A-F school grading so that parents are informed each year in clear terms how their children’s schools are doing on rigorous outcomes.<sup>19</sup> The A-F grade for each school also needs to reflect how well the school is doing with low-income and other higher-need students. If a school is persistently poorly performing, either overall or with student subgroups, the state can provide support and direction with increasing intensity.<sup>20</sup> The strength of

<sup>13</sup> Interview with Dr. Julien Lafortune (Oct. 7, 2023).

<sup>14</sup> See ExcelinEd, [Supplemental Funding for Low-Income Students](#) (2023).

<sup>15</sup> See ExcelinEd, [Supplemental Funding for Low-Income Students](#) (2023). The survey examined supplemental funding for the 2022-23 school year. It did not include any changes made for the 2023-24 school year.

<sup>16</sup> Interview with Eric Hanushek (Mar. 8, 2023).

<sup>17</sup> Florida has this requirement. See [Equity in School-Level Funding Act](#), Florida Statutes Ch. 1011.69.

<sup>18</sup> See ExcelinEd, [Moving Beyond Seat Time](#) (2018).

<sup>19</sup> See ExcelinEd, [A-F School Grading](#).

<sup>20</sup> See ExcelinEd, [School Interventions](#) (2016).



Pennsylvania's school accountability system has ebbed and flowed over the years, previously producing a strong summative rating that has been morphed into the Future Ready Index.

**Performance-based funding:** States can further ensure that resources produce results by linking a meaningful portion of funding to student outcomes. For each student who enters college prepared or who secures a decent paying job, the state can provide a bonus. When schools succeed with students who are low-income or have higher needs, the performance bonuses need to be significantly higher. The impact of the funding is guaranteed, as it only goes out to schools if there are improved outcomes.<sup>21</sup>

#### *Evidence-Based Practices*

**Matching grants:** Rather than mandate specific interventions, states can provide seed funding for an array of evidence-based strategies that address unmet priorities. Seed funding lets districts voluntarily participate but requires them to pay for a portion of the cost. States can also make it easy for schools to identify evidence-based best practices and how best to implement them.<sup>22</sup>

**Financial transparency:** States can help schools identify comparable schools that are producing better outcomes with the same or fewer resources, helping them to learn what these other schools are doing. A transparent financial reporting system can enable schools to compare themselves on key expenditures and examine the cost-effectiveness of specific programs.<sup>23</sup>

#### **Conclusion**

New analyses by researchers across the ideological spectrum have found that increasing overall funding for schools can improve student achievement, particularly for low-income students. However, the growing consensus is that strategic state policies are needed to substantially increase *the size of the impact* of additional funding. These policies include student-centered funding that directs new resources to students who have the greatest needs, accountability for student outcomes, incentivizing proven strategies, competition, and enabling schools to learn from one another.

An [accompanying tool](#) allows policymakers to assess where their respective states are in adopting policies that maximize the impact of school funding.

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<sup>21</sup> See ExcelinEd, [Rewarding Success for All Students](#) (2021). In Texas, for a student who graduates college, career or military ready, a district receives \$3,000. If that student is economically disadvantaged, the district receives an additional \$2,000; for a student with disabilities, the district receives another \$2,000.

<sup>22</sup> Tennessee did this with some of its federal stimulus funding. See ExcelinEd, [Leveraging Federal Stimulus Funds](#) (2021).

<sup>23</sup> See ExcelinEd, [School Level Financial Transparency Act](#) (2017).

Ladies and gentlemen of the PA Basic Education Funding Commission,

Thank you for the opportunity to address this crucial issue today. My name is David A. Burkett, and I am the Superintendent of the Everett Area School District located in Bedford County. Since 2015, I have served on the Executive Board of the Pennsylvania Association of Rural & Small Schools (PARSS). This past April, I was appointed as the PARSS Secretary. I stand before you to emphasize the pressing need for fair and equitable funding for public education in Pennsylvania. Our state's future depends on the quality of education we provide to our children. It is our fiduciary duty to ensure that every student has equal access to the opportunities that education affords.

Since I am a history educator, I would like to share a very brief history of PARSS. Since 1983, it has remained the mission of PARSS to advocate and *"promote equal opportunity for quality education for all students in every school and community in Pennsylvania."* In the early 1980's, a new funding formula was created called Equalized Subsidy for Basic Education (ESBE formula). Even then, the state did not fully fund the ESBE formula and only funded it at 80%. As tends to always be the case, this meant poor school districts lost funds proportionally to the wealthier school districts, due to low aid ratios. Because of this inequity, PARSS filed the first Equity Law Suit against PA Governor Robert Casey in 1991 on behalf of its collective membership of 214 school districts. In 1999, a decision was handed down on that first lawsuit by the Commonwealth Court of PA that stated equitable funding for school districts was a non-justiciable issue. Even so, PARSS continued to carry the torch for fair and equitable school funding. By November of 2014, PARSS, as the lone Educational Organization, with six school districts, seven parents and the NAACP, organized as plaintiffs and filed a second PA School Funding Lawsuit. After almost a decade of oral arguments, legal motions, briefs and continuances, a Landmark decision was handed down on February 7, 2023, by Honorable President Judge Renee Cohen Jubelirer stating that *"It is now the obligation of the Legislature, executive branch, and educators to make the constitutional promise [of a thorough and efficient education system] a reality in this commonwealth."*

For over forty years, the genuine focus of PARSS and fair public-school funding has been inseparable. Fair funding is what birthed the PARSS organization, and we are vested in the continual call for fair and equitable funding. Allocating the same base dollar amount per student to every school district regardless of their zip code, only exacerbates this recurring inequity. According to data by Penn State University's Dr. Matthew Kelly, 172 PARSS school districts are underfunded at least \$1,000 per student and 115 PARSS school districts have an inadequacy of at least \$3,000 per student. This is proof that just within the PARSS membership schools there is an inequity of the funding received. As an organization, PARSS is delivering a consistent message to the Legislature and advocating for the following:

1. Create serious adequacy targets for what schools need in order to provide students with a comprehensive, effective, and contemporary education. Regardless of student need or zip code, please provide them with resources to succeed in life, and meet these goals.
2. Develop a fair and equitable allocation of the "state share" to attain these targets, so each school district along with reasonable local tax efforts, can maintain adequate school funding. Representing low-wealth schools, PARSS knows all too well our districts cannot tax their way to sufficient funding. This is the state's responsibility.
3. There is an overdue need to address funding for Special Education, pre-Kindergarten programs and outdated facilities. Judge Jubelirer's opinion clearly stated the Constitution requires adequate funding for ALL aspects of public education; including early childhood education, special needs students and school facilities. All of these educational system funding components must be addressed.
4. Now is the time. We cannot wait another forty years. This is not a problem to be kicked down the road. There must be a sense of urgency to fix the problem of unfair and inequitable funding of public schools. We all need to work together to create a clear vision for the future of our children and rebuild the PA public education system. Without a vision, the people will perish.

As the Superintendent of a rural and small school district, we can specifically look at the Everett Area School District for examples of the disparities that currently exist in Pennsylvania's public education system. The Everett Area School District, like many others, faces significant challenges, due to inequitable funding. Despite our commitment to providing a quality education, the Everett Area School District grapples with limited resources, outdated textbooks, and inadequate infrastructure.

Understandably, these disparities are not unique to Everett Area School District and similar stories are echoed across our state. These disparities are manifested in various ways:

1. **Teacher Salaries:**

Rural districts often have difficulty attracting and retaining highly qualified educators due to lower salary scales. This directly impacts the quality of instruction students receive.

**Example:** *Although our starting salary is at or near the recommended base salary of \$45,000; last month Everett hired a teacher, from another small rural school district, whose starting salary was at \$32,000. Additionally, because the current teacher applicant pool is so shallow; we, as a school district, have five teachers currently hired on emergency certificates.*

2. **Curriculum and Technology:**

Outdated textbooks and limited access to technology hinder the educational experience in many rural districts. Students should have access to the latest resources to compete in our technology-driven world.

**Example:** *For the 2023-24 school term, we purchased a new Math curriculum K-12. This was the first core curriculum purchase made at the district in over a decade. Purchasing new curriculum has been delayed over the years, due to reallocating our resources to other obligations.*

3. **Extracurricular Activities:**

Funding disparities can result in limited extracurricular activities, denying students opportunities for personal growth, leadership development, and community engagement.

**Example:** *While I was the Superintendent at Fannett-Metal School District, all junior high sports were eliminated, due to the severe funding cuts handed down under Governor Corbett in 2011. They had to be and still are, funded solely through a local booster organization.*

4. **Facility Maintenance:**

Aging infrastructure, in rural districts, requires costly repairs and upgrades. Neglecting these issues can endanger the safety and well-being of students and staff.

**Example:** *At Everett Area School District, our one elementary building was built in 1959 and the central elementary building was built in 1978. A lot of the HVAC equipment in these facilities is original to the building(s). Repairs to these buildings have been pushed off, due to reallocating our resources in other areas of need.*

5. **Special Education Services:**

Many rural districts struggle to provide adequate special education services, further disadvantaging students with unique learning needs.

**Example:** *Coupled with the high cost of Special Education is tuition paid to cyber charter schools for educating this population of students. We currently spend an average tuition rate of \$23,750 per special needs student in cyber charter schools.*

Now, let's consider the broader implications of these disparities. Inequitable funding not only hinders individual students potential but also affects our state's overall economic and social well-being. When we fail to provide equitable education, we perpetuate cycles of poverty and limit economic innovation or mobility.

My father always challenged me to never share or present concerns without bringing forth ideas or solutions to assist in correcting the problem. In doing so, I would like to offer and share the following ideas as potential

pathways to help us invest in public education and as an overall investment to Pennsylvania's future. Here are some steps we can take to address these issues:

1. **Fair Funding Formula**: Fully implement the fair funding formula to ensure that resources are distributed based on student need and district capacity.

*A cookie cutter approach is not fair and equitable; equity (fairness and just) vs. equality (same for all).*

2. **Teacher Recruitment and Retention**: Develop salary enhancements and professional opportunities to incentivize, attract, and retain qualified educators in rural districts.

*Everett currently has five emergency certified teachers that have been hired, within the last two years.*

3. **Technology and Curriculum Grants**: To level the playing field, allocate additional resources to rural districts for technology upgrades and curriculum development.

*What good is technology if our students are unable to use it at home, due to not being able to afford internet or absolutely no internet access.*

4. **Extracurricular Support**: Through grants, support extracurricular programs to enhance the overall educational experience for students.

*These extracurricular supports would be similar to after school or summer school learning opportunity grants.*

5. **Infrastructure Investment**: To ensure safe and conducive learning environments, establish a fund to address critical infrastructure needs in rural districts.

*Plan Con 2.0 should be established and facility funding made available for dilapidating buildings. Personally, I would advocate for a required local funding match by school districts to move this effort forward.*

6. **Special Education Support**: To ensure all students have access to the education they deserve, provide appropriate resources for comprehensive Special Education services.

*As was originally implemented with cyber-charter funding, I would advocate for full funding of any and all special needs students by the state.*

In conclusion, we cannot ignore the harsh realities faced by districts like Everett Area, nor can we overlook the invaluable contributions of rural education to our state's prosperity. It is our moral duty and it is economically imperative these funding disparities be rectified to provide every child in Pennsylvania an excellent and equitable education. We cannot let another generation of children pass by until we get this right.

The future of our society and this state depends upon it.

Thank you.



# **Chartiers-Houston School District Testimony in Fair Funding Commission Report**

**October 12, 2023**

## **Community Demographics and Data**

The Chartiers-Houston School District is located in Washington County, Pennsylvania and is comprised of two communities. These communities are the Houston Borough and Chartiers-Township. The School District was formed in 1955. The District covers 25.02 square miles and consists of two buildings: A Junior Senior High School and an Elementary School. According to Census data, the total population of both communities is over 10,370 people. The median household income for the District is \$79,059 though the median household income is lower in Houston Borough than it is in Chartiers Township. The median home value for the District is \$175,800. The Chartiers Township poverty rate is 5.65 while the poverty rate for Houston Borough is 17.2%.

In the Township, 88% of the population owns a single unit home with 90% of those being occupied. In the Borough, 67% of the population live in single unit homes and those have an 84% occupancy rate. The Median Age for the District is 44.65. The Ethnic make-up of the District is 92% White, with the next highest ethnic groups being African-American at 3% and Multi-Racial at 3%. English is the spoken language spoken by 93% of the population. As far as educational rate, 95% of the population has a high school education or higher while 26% of the population has attained a Bachelors degree or higher.

Despite these figures, 37.33 percent of the students attending school qualify for Free and Reduced meals. That is a total of 461 students at both schools. This increase could represent a changing population trend or a changing income trend in the economy.

## **Student Enrollment**

As of September 30<sup>th</sup>, 2023, the student enrollment consists of 1,228 students K-12. This is broken down into 695 students at the elementary school and 533 students at the Junior/Senior high school. In July, the student enrollment was 1,199 students K-12 with 677 students at the Elementary school and 522 students at the Junior/Senior School. At the end of the previous school year, the enrollment was at 677 students at the Elementary School and 498 students at the Junior Senior High School. Overall, we had an increase of 53 students.

## **School Budget**

From a financial perspective, the District is in good shape. The District has a 94% tax collection rate. Our current Millage rate is 13.471. One mill brings in \$850,000. The anticipated revenue for the current school year is \$23,682,607. From a funding source percentage, roughly 61% of the budget is from local taxes, 38% is from the state and 1 % is from federal sources. The overwhelming burden of funding the District is on local taxes. Our revenue is supplemented by \$8,586,200 in an unreserved fund balance available for appropriations. These two revenue sources provide us with a total of \$32,268,807 that we can use towards current know expenditures. The fund balance represents 4.63% of our budget. The anticipated expenditures for the current school year are \$25,612,178. Our average annual cost per a regular education student is \$14,202 per student and our average annual cost for a special needs student is \$26,174.

## Deadlines

State law mandates that we pass a school budget by July 1<sup>st</sup> of each year, even though the state budget may not be passed by then. The budget is a best guess effort arrived at through the current and anticipated increases in expenditures. If there are significant changes to the budget due to student enrollment, facility needs, or other unforeseen circumstances, the District has to absorb that increase. Over the past several years, the District has seen increases in the following areas:

Personnel Costs- the biggest expenditure in any school district budget due to salaries, health insurance and PSERS. These increases, if the student population is stable, can be anticipated. For the Chartiers-Houston School District, over the last three years, the personnel costs have increased as follows:

School Year	Cost	Dollar Change
2020-2021	\$13,082,325	-
2021-2022	\$13,879,482	\$797, 157
2022-2023	\$15,330,088	\$1,450,616
2023-2024	\$15,793,062	\$462,974

The total dollar increase for the past three years in personnel costs is \$2,710,747. At a millage rate of \$850,000, that cost reflects a little over a 3.18 millage increase.

## Health Insurance and PSERS

Overall, though the PSERS rate has decreased slightly from 35.26% to 34%, the District's contribution rate has increased due to increases in salaries along the salary scale. PSERS contributions make up roughly 10% of our personnel budget. Meanwhile, the cost of health insurance skyrocketed to a 14% increase which in dollar amounts is \$300,000. It is anticipated the health insurance will continue to increase by 10% or more over the next several years. Because the health contribution rate of the employees is agreed upon in collective bargaining agreements, this contribution rate is fixed and cannot be increased in the current contract period unilaterally to offset increased costs. In the current teacher contract, for example, the health contribution rate is 1% of their salary for the base premium contribution of the EPO. This is an increase of .5% from the past four years. In 2019-2020, the contribution was ½ of 1% of the salary. Any increase in health insurance contributions must be negotiated in a new collective bargaining agreement.

## Salary Scale and Bump Step

The Chartiers-Houston has an 18-step salary scale. Though the first step with a Bachelors degree is the lowest in Washington County at the current salary of \$38,850, the top of the scale is \$96, 721. Between years 17 and 18, teachers hit a bump step. This bump step is \$43,332 for a teacher with a Bachelors degree up to \$43,285 for a teacher with a Doctorate. For the current year, 3 teachers hit the bump step which comprises \$129,996 of the total budget. Furthermore, 42 teachers (47% of the faculty) are on

Step 18 of the contract this year, and over the next 2 years, 10 more teachers will hit the top step and go through the jump step. In previous years, the bump step cost in 21-22 was \$160,856 for 4 teachers and in 22-23, the bump step cost was \$209,060 for 5 teachers.

**Technology Costs**

Over the last several years since the COVID 19 Pandemic enveloped the Nation, the District has invested significant cost in technology, moving toward a 1:1 student device ratio for all students in grades K-12. The District has provided 1,576 devices to students and staff. Though grant monies may have been used to purchase the equipment initially, District revenue will be used to absorb, maintain, and continue technology use for students. The Chartiers-Houston School District contracts with CCL Protech Industries to provide technology devices to staff and students. CCL also updates technology infrastructure to improve connectivity, security, and bandwidth as integrating technology into daily instruction and practice has become the standard operating procedure. These costs also come out of our local budget. The District has assumed an ongoing expense of \$30,000 a year to CCL to operate a student tech office, where students can come to get laptops fixed and has an ongoing cost of \$50,000 to purchase student devices. Faculty devices have also been replaced to keep up with current software programs. For this year, the cost to replace all faculty devices came to \$137,200. All of these were not expenses the District had ten years ago.

**Expenditures versus BEF amounts**

In addition to the expenses identified, the District has such expenses as daily maintenance, capital repairs, text book and resources purchases, student field trips, transportation and other sundry costs that must be paid in order to maintain the facilities, educate students and provide all students with a Free and Appropriate Public Education.

The BEF contribution from the state has not kept pace with the District expenditures. For the last two years, this discrepancy is as follows:

School Year	District Increase Cost	BEF Increase Subsidy	Difference in Cost Absorbed by District
(2021-2022)- (2022-2023)	\$1,485,717	\$246,201	\$1,239,516
(2022-2023)- (2023-2024)	\$1,671,000	\$69,508	\$1,601,492

**Critical Issues Impacting School Districts Ability to Provide a rigorous and challenging education for all students**

1. **Salary:** Below is a table with information about Faculty Salaries in Washington County. As teachers are the largest personnel group in any school district, and it is teachers who provide daily instruction, this chart delineates the salary information regarding competitive first steps, tops of scales and number of steps in the contract for teachers in the 15 Districts in Washington County.

School	Step 1	Top of Scale Bachelors	Top of Scale Doctorate	Number of Steps in Scale
Avella	\$43,250	\$76,165	\$79,115	20
Bentworth	\$40,250	\$88,253	\$89,253	18
Bethlehem Center	\$41,700	\$77,375	\$79,575	17
Brownsville	\$39,420	\$78,466	\$79,617	18
Burgettstown	\$44,225	\$80,885	\$86,021	21
California	\$40,324	\$79,403	\$80,003	18
Canon-Macmillan	\$45,354	\$95,481	\$97,550	18
Chaleroi	\$39,000	\$85,050	\$87,825	17
<b>Chartiers-Houston</b>	<b>\$38,850</b>	<b>\$94,409</b>	<b>\$96,721</b>	<b>18</b>
Fort Cherry	\$43,916	\$83,280	\$85,379	20
McGuffey	\$44,972	\$78,434	\$81,512	18
Peters Township	\$52,900	\$109,724	\$114,314	18 (17A, 17B)
Ringgold	\$42,000	\$81,508	\$83,508	18
Trinity	\$48,000	\$95,117	\$98,717	18
Washington	\$45,860	\$78,360	\$82,360	19

This scale is included to show the competitiveness of the job market. Looking at the first step, Chartiers-Houston has the lowest first step in the county. With only 5,000 to 6,000 new teachers entering the field annually, (as compared with 20,000 in years past, the job market is competitive. New teachers will look for the highest salary possible. This means that often teachers who are hired at one salary by a District can continue to interview at other Districts for a higher salary. This means that a teacher who accepts a job at a lower paying District can then accept a job at a higher paying District and leave the lower paying District without a teacher. At Chartiers-Houston, we were unable to fill positions by the start of school in August due to new teachers who had been hired earlier in the summer accepting a position at a higher paying school district.

The other consequence to this is that when there is a need to create a new position, a lower salary step makes it difficult to recruit those candidates. The demands on public education to increase STEAM courses, offer alternative pathways and provide mental health services results in the need to hire more staff or to contract with different agencies to provide services to students.

The answer is not to provide a legislative initiative to raise the starting salary step for all teachers in all school districts if there is not a commiserate funding solution to pay for the difference on a regular basis from the Commonwealth. Any jump in a first step of a salary scale, whether it is subsidized by the State or continues to be the sole purview of the local district will result in similar increases across the steps for veteran teachers. It is unrealistic to assume that an increase in the first step will not have a ripple effect of having to increase the entire salary scale across the whole step structure. This is the same of those hourly employees if the state increases the minimum wage. This will result in wage increases across the groups without commiserate compensation from the Commonwealth.

## **2. Facility Costs**

Many school facilities across the Commonwealth are older and need more funds to maintain their buildings and grounds in order to provide a safe secure learning environment for all students. Unexpected repairs emerge that were not originally in the budget. For example, the District has a hill that is beginning to slide due to water coming up through the ground from what we believe is mine runoff. This water is causing the land to bulge and move. Currently, the District authorized \$10,515.00 for soil testing in the slope to determine the extent of the instability and water intrusion into the hill. This was not in the original budget, nor will be the repair work to stabilize the hill as a result. At this point, we don't know what the cost would be. This does not take into account projects like parking lot paving, roof repair, HVAC replacement or any new construction.

## **3. Charter School Costs**

Charter school costs continue to grow unabated. There is little support from the legislature to rein in these costs or to increase accountability on the part of these Charters.

School Year	Charter School Cost
2020-2021	\$525,670
2021-2022	\$630,600
2022-2023	\$649,060

The increase in Charter School Costs for Charters Houston over three years increased by \$123,390. That cost is absorbed by the school district. And yet, often these schools do not provide as thorough and rigorous education that public schools do and are not held to the same level of scrutiny and performance.

## **4. State Mandates**

Too often, legislators come up with ideas or regulations that are done without considering the impact of the cost of such regulations on local districts. To illustrate that, at Charters Houston, we have had an increase in enrollment. This increase in enrollment here, plus the enrollment at the private Christian School Central Christian Academy, has increased the caseload for our school nurses. As a small district, we have one current certified school nurse. (At the elementary school, there is an LPN) The current student caseload for the certified school nurse is 1517. The Pennsylvania School Code sets the maximum

limit for student caseloads at 1500. Because an LPN cannot carry the student caseload, the District is looking to find a contracted service with a certified school nurse to meet the needs of the students in distributing medication, applying first aide, and helping more severe students with bodily functions. There is no reason that an LPN could not assume this part of this caseload, other than the PA School Code doesn't allow for it. This inflexibility creates an extra financial burden on the District.

## **Summary**

It is my view as Superintendent that the adjustment in the Fair Funding Formula needs to account for these things:

- Competitive salary and benefits to attract the best teaching candidates and maintain them.
- Aging facilities and unexpected costs that must be absorbed by the local community.
- Charter School Funding Reform
- Technology costs must be supported and sustained in order to prepare students for the STEAM focused career field.
- Unreasonable and unfunded state mandates

Communities with limited property tax bases cannot sustain the funding needed to maintain a competitive and high-quality school system. A declining spiral occurs where older and aging communities cannot afford to pay staff competitive wages, update programs and maintain facilities. Eventually people move out of these communities and the community population declines. In some cases, the tax burden grows on that community in order to maintain a high-quality school system. Often, these school districts must cut back on programs and cut back on services. They must hold off on repairs and building maintenance. Parents who may have at one time moved into that community, decide not to so because of the higher tax burden and the lack of academic or extra-curricular offerings that were once there. As schools get ranked, this lack of offerings impacts their overall rating, which further disincentivizes people from moving into the communities. Those students who remain in those districts often do not receive the same exposure to programs, classes, and services that other students attending wealthier districts will. In the larger picture then, the entire state workforce and ultimately state economy is negatively impacted. Fair school funding needs to be an essential component of the state budget for all students, as schools are the main engines of college and career preparation. To do any less is to sabotage our economic and civic future.

## **Brownsville Area School District**

**1,500 Students**

Insights on why small rural public schools in Pennsylvania are inadequately funded by the state, focusing on special education costs, charter school costs, and outside cyber school costs.

Key points:

### **Special Education Costs: (30% student population)**

Small rural schools often have a higher percentage of students with special needs compared to larger schools due to a lack of nearby specialized facilities.

The cost of providing quality special education services is significantly higher, including hiring trained staff, therapists, and purchasing specialized materials.

State funding formulas do not adequately account for these higher special education costs in rural schools, leading to a funding gap.

***BASD Cost: \$6, 500,000***

***State Subsidy: \$1,752,342***

### **Charter School Costs:**

In Pennsylvania, charter schools receive funding from the same pool of money as traditional public schools, but they often do not have the same level of accountability and transparency.

Procedures, checks and balances, and transparency issues with new local Charter.

When we applied as a County, PDE did not approve

Many small rural schools have seen an increasing number of students enrolling in charter schools, diverting funds away from the traditional public school system.

This shift in enrollment leads to a reduction in per-pupil funding for rural schools, making it challenging to maintain necessary programs and services.

***BASD Cost: \$1, 908,806***

### **Outside Cyber School Costs:**

In recent years, there has been a rise in students opting for cyber charter schools, which receive funding from the same pool as traditional schools.

Small rural schools may lack the infrastructure to offer online education, forcing them to outsource to these cyber schools, which can be costly.

This diverts funds from traditional schools, negatively impacting their ability to provide a well-rounded education.

***BASD Cost: Regular Education Student \$10,000***

***Special Ed Student \$30,000***

**Rural School Funding Disparities:**

Rural schools often struggle with declining enrollments and a shrinking tax base, which makes it difficult to raise local revenue to offset state funding shortfalls.

The state's funding formula doesn't adequately address the unique challenges faced by small rural schools, failing to allocate sufficient funds to meet their needs.

As a result, rural schools often must make difficult choices, such as cutting essential programs, reducing staff, or increasing class sizes, all of which negatively affect the quality of education.

***Basic Education Funding: \$14,053,750 Equals: \$9,370/student***

**Inadequate State Investment:**

Pennsylvania ranks among the lowest states in terms of the percentage of funding provided by the state compared to local sources, placing a significant burden on local property taxes.

The state's failure to invest adequately in education disproportionately affects rural districts, which cannot generate the same revenue as urban districts through local taxes.

This lack of state investment perpetuates funding disparities and inadequacies in rural schools.

***BASD Real Estate Revenue: \$5,700,000***

***Budget of: \$30,000,000***

**Budget Timelines:**

Districts are required to submit a budget by June 30<sup>th</sup> without knowing State funding numbers. State Budget not approved until the school year is started.



**Donald W. Martin**  
**Intermediate Unit 1**  
**Testimony – PA Fair Funding Hearing (10-12-2023)**

Thank you for this invitation to present on the Fair Funding Formula Hearing this morning. My name is Donald Martin, and I am the Executive Director of Intermediate Unit 1. Our Educational Service Agency services 25 school districts, five Career-Technical Centers, one Charter School, and a multitude of non-public and parochial schools in Fayette, Greene, and Washington Counties.

Let me begin by pointing out that Fayette and Greene Counties are two of the poorest out of the 67 counties in the commonwealth of Pennsylvania. While several schools across Pennsylvania have legitimate concerns relative to funding, the communities in these two counties have several fiscal issues in addition to school funding. Since there is a limited amount of time to discuss school fiscal issues today, I will focus on key discussion points from the lens of an educational service agency.

**Shared Services**

According to 2021-2022 final Average Daily Membership data, out of the 25 school districts in IU1, seven schools have 1,000 or less students, 11 were reported having between 1,000-2,000 students, and eight have 2,500 or above. Many of these schools are within 10 miles or less from one another. We need to find a way to provide districts in this region incentives to provide **coordinated** shared services in the areas of Advanced Placement and College in the High School courses, career-based education programs, even general education programs.

**Staffing**

In the current situation, districts in IU1 have a vast teacher/student ratio. Some elementary schools may have 30 students per class, while others may have 20. In providing true equity to districts (and not depending upon local tax dollars), the new funding formula should address funding necessary for equitable class sizes.

**ESL**

IU1 has two districts that lead the state in English Language Learners (ELL). These districts are expected to educate ELL students immediately, yet may not see

reimbursements until a year later, dependent upon the student's continuation of participation in that district. The new formula needs to address English/Language Learners independently, perhaps with incentives to provide shared services. At the very least, districts that have an influx of ELL should be able to receive funding immediately to assist in balancing the current year's district budget.

### **Technology/Facilities**

Many of the districts in IU1 struggle with upgrading facilities because that is a burden on taxpayers. I believe there should be incentives provided to districts that have schools in need of facility/technology upgrades using a depreciation time-frame. Schools should be rewarded for the upkeep of our older facilities and infrastructure. In our current system, it oftentimes is less expensive for districts to build new structures as opposed to maintaining the ones it already has.

### **Accountability**

In education, our schools have been under tremendous pressure to produce adequate assessment scores in the areas of mathematics, reading, and science. While this is invaluable data to assist districts in making curricular decisions, this shouldn't be the key focus area. We should be focusing as a state on collecting and analyzing post graduate data to ensure that districts are producing students who have become productive citizens in society.

Testimony of Brian J. Polito, Superintendent of Erie's Public Schools to the  
Basic Education Funding Commission

Oct. 12, 2023

Senator Phillips-Hill, Representative Sturla, and members of the Basic Education Funding  
Commission:

Hello, and thank you for the opportunity to speak to you today on the need for a more just and equitable funding system for our schools. I'm speaking today specifically on behalf of the 10,000 students of Erie's Public Schools, their families, and the teachers, administrators and staff who are accomplishing great things every day in spite of living, working and learning in one of the most needy and severely underfunded districts in our Commonwealth, but this challenge isn't ours alone. If we are to secure our children's future and the health and prosperity of our communities, we must do better. That is our charge. That is our moral and ethical obligation.

I have the unique perspective of having served as the chief financial officer and, now, the superintendent of the largest district in northwest Pennsylvania. Throughout my tenure, I have worked for school districts that have benefitted from Pennsylvania's inequitable school funding formula and a district - Erie's Public Schools, my current district - that has been significantly harmed by it.

The vast majority of districts in our region have seen a sizeable reduction in enrollment over the last three decades. Under the hold-harmless funding approach that ensures districts cannot receive less funding even as enrollment drops, these districts have, over time, seen an increase in their per pupil state subsidy. At the same time, due to declining enrollment, they have been able to reduce staff through attrition, offsetting the need for tax increases. Such was the case in one of the districts I worked for, where I was able to count on eliminating at least two positions per year.

In addition to keeping real estate taxes artificially low in this way, the hold-harmless policy has given these districts the means to expand programming, pay off long-term debt, and complete renovation projects using excess cash.

The playing field is more than uneven. It is unjust, and we must act.

I was blissfully unaware of the severe and lasting damage our current funding system was causing many school districts until I arrived in Erie in 2015. Unlike most districts in the region, Erie's Public Schools saw an increase in students during the period of time that the funding formula was not tied to enrollment. The result? State funding has not kept pace with district growth, to the disproportionate detriment of staff, students and our community as a whole.

When I arrived in Erie, the state of the district was shocking. Schools had been shuttered, positions eliminated, programs cut. Virtually all building maintenance had been eliminated. Buildings had fallen into a state of complete disrepair. At my first Erie School Board meeting, parents spoke about buckets in classrooms catching rain from a leaky roof in one of our elementary schools. Despite all these cost-cutting measures, the district was still facing multimillion-dollar budget deficits, was behind on bills and mere months away from not being able to meet payroll.

Thanks to tremendous grassroots advocacy throughout our community and with the help of our local and state legislators, Erie's Public Schools received a \$14 million lifeline from the state in 2017 in the form of a Basic Education Funding subsidy adjustment. That adjustment, along with Level Up funding, has helped us to stabilize and start to rebuild our district. But it's not enough: Based on the 2022-23 Level Up calculation, Erie remains the seventh poorest district in the state.

It comes down to this: How do we fix an inequitable and unjust funding system so our students like ours can learn on a level playing field and communities like ours can grow and thrive?

We know it can't happen overnight. But there is a blueprint.

In 2010, the Pennsylvania Public School Employees' Retirement System faced a \$45 billion unfunded liability resulting from an increase in retirement benefits and a decade of underfunding. In response, lawmakers passed Act 120, creating a multiyear plan to reduce retirement benefits and begin making full employer payments to both PSERS and the Pennsylvania State Employees' Retirement System. Thanks to that effort, PSERS is on track to be fully funded by 2036. Yes, it's a problem that will take twenty-six years to solve. And yes, solving it did not come without pain and difficulty.

But here is what matters: Thirteen years ago, legislators did what they needed to do to address what seemed to be an intractable problem and we are now in a much better, much more secure position because of their commitment. Because they did the right thing.

The current fair funding formula rightly takes into account student enrollment while also recognizing that some students in some districts require more resources than others, and that not all communities have the same ability to locally fund education through property taxes. But, as you know, only 25 percent of the \$7.9 billion basic education funding allocation is being distributed using the fair funding formula.

A recent [report prepared by the House Appropriations Committee](#) examined what would happen if hold harmless was eliminated and the entire 2020-21 basic education funding allocation was distributed using the fair funding formula. The report found that eliminating hold harmless would shift \$1.2 billion in state funding from the 353 school districts receiving more than their fair share to the 147 school districts (that educate 55 percent of PA's students) receiving less than their fair share.

It is clear that the only way to tackle this inequity is to funnel more BEF dollars through the fair funding formula and eliminate the \$5.8 billion in basic education funding that is being distributed under hold harmless. And we can do that in the same way lawmakers addressed the PSERS funding gap: gradually, with a dedicated plan. But we have to start now. My students and my community are depending on it.

Sincerely,



Brian J. Polito, CPA  
Superintendent, Erie's Public Schools