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

A Presentation to the Brentwood Borough Board of School Directors
September 26, 2016
William Penn Foundation Grant

• Continue the Circuit Rider program to educate, develop, and support the engagement of strong school leader advocates-June 2017
• Provide regional meetings on the new basic education funding formula for school leaders across the state-November 2016
• Create an online repository of resources on education funding for school leaders and others-May 2017
• Develop case studies to highlight the positive ways that education dollars are used to benefit students and the community-12 by June 2018
• Provide annual policy briefings and media/advocacy trainings to school leader advocates-Spring 2017
• Establish a permanent Public Education Advocacy Council-May 2018
Basic Education Funding

- As the state has increased its commitment to basic education funding in the past two budgets by over $350 million in total, all directed to school districts through the new basic education funding formula, major positive steps have been taken towards achieving equity in funding all 500 school districts. However, continued additional state investment in BEF is critical to ensure all school districts have the necessary resources to educate their students.
Basic Education Funding

• Continued investment in education is critical just to ensure that school districts can continue their current operations, as mandated costs will continue to increase in 2017-2018, as healthcare, pension, special education, and charter school costs all are expected to rise. Additionally, lack of resolution regarding the $600 million owed to school districts for school construction reimbursements places additional burdens on school district budgets.
Basic Education Funding Formula

- Permanent implementation of the new basic education funding formula put Pennsylvania on the road to equity in education funding, but to ensure that progress can be made, the formula must be allowed to work without modification, until such a time that the Basic Education Funding Commission reconvenes and determines a change is necessary.

- The new formula, which will drive out over $350 million in 2016-2017, acknowledges the diversity in Pennsylvania’s 500 school districts and contains elements that recognize the unique challenges faced by each district.
Formula: Step 1

- Start with a student count—use 3 year average ADMs (2012-13, 2013-14, 2014-15) 1280.724
Poverty Weights

- Federal Census data replaces FRL data as the poverty indicator
- Measures residents not students
- Add a weight of 0.6 for each student in Acute Poverty (living below the poverty line) \(15.58\%\); \(117.733\)
- Add a weight of 0.3 for each student in Moderate Poverty (living between 100-184\% of the poverty line) \(22.72\%\); \(85.844\)
- Add a weight of 0.3 for each student in Concentrated Poverty (in districts with 30\% or more of students in Acute Poverty) N/A
• Add a weight of 0.6 for each student who is identified as an English Language Learner in PIMS 24.600
• Add a weight of 0.2 for each student from a school district who attends a charter school \(7.506\)

• Data comes from year end Child Accounting Reports
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD ADMs</td>
<td>1280.724</td>
</tr>
<tr>
<td>Acute Poverty Adjustment</td>
<td>117.733</td>
</tr>
<tr>
<td>Moderate Poverty Adjustment</td>
<td>85.844</td>
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<tr>
<td>Concentrated Poverty Adjustment</td>
<td>0</td>
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<tr>
<td>ELL Adjustment</td>
<td>24.600</td>
</tr>
<tr>
<td>Charter School Adjustment</td>
<td>7.506</td>
</tr>
<tr>
<td><strong>Total: 1516.407 new adjusted student count</strong></td>
<td></td>
</tr>
</tbody>
</table>
Formula: Step 2

STEP 2: District Adjustments

\[
\text{Weighted Student Headcount} + \text{Sparsity Size Adjustment} \times \text{Median Household Income Index} \times \text{Local Effort Capacity Index} = \text{Total District Share to Prorate}
\]
Sparsity Size Ratio

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

- Replaces Aid Ratio as the local wealth measure
- Uses Federal census data to determine median household income by school district
- Compares median district household income to state median household income ($52,548)
- If > 1, district median is below state median
- If < 1, district median is above state median

$52,455; 1.0126
Local Effort Capacity Index

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

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

- Add Local Effort Index and Local Capacity Index together 1.2100
Proration of New Dollars

- Multiply the district factors together to get the district’s total ADMs. District’s share of ADMs for all districts is used to prorate additional BEF funds.
  - 1516.407 \times 1.0126 \times 1.2100 = 1857.972
  - Additional BEF: $223,854
Working for a fair basic education funding formula that is sustainable and predictable

**Formula Review**

**STEP 1: Weighted Student Count**

\[
\text{Weighted Student Headcount} = \text{Total ADMs} + 0.6 \times \text{Students in Acute Poverty} + 0.3 \times \text{Students in Concentrated Acute Poverty} + 0.3 \times \text{Students with Limited English Proficiency} + 0.2 \times \text{District's Charter School Daily Membership}
\]

**STEP 2: District Adjustments**

\[
\text{Total District Share to Prorate} = \left( \text{Weighted Student Headcount} \times \frac{\text{Median Household Income Index}}{\text{Sparsity Size Adjustment}} \right) \times \text{Local Effort Capacity Index}
\]
Advocacy

• When speaking with a unified voice, school leaders are powerful advocates for education. Advocacy by school leaders across the state was directly responsible for the end to the 2015-2016 budget impasse, the increases in basic education funding, and the adoption and implementation of the new basic education funding formula.

• To ensure that the momentum achieved in education funding over the past several months does not wane, school leaders must continue their efforts to educate their legislators, parents, and community about their unique needs, challenges, and successes.
School Leader Advocates

• Be a voice for a statewide system of fair and equitable education funding within your school district and local community
• Be knowledgeable about the demographics, successes and challenges of your school district, region, and state
• Be willing to develop or continue to develop a relationship and rapport with your state legislators
• Be willing to engage your state legislators on education funding issues
• Be willing to engage your local media (via interviews, op-eds, letters to the editor, etc.)
School Leader Advocates

• Be willing to speak publically on issues involving education funding at the local or state level
• Be willing to attend and participate in policy briefings and media/advocacy trainings (either in person or remotely) offered by the education associations
• Be willing to encourage district staff, parents, community members, and others to become strong advocates for education funding
• Be willing to volunteer to be a voice on behalf of your district or region at a statewide event or in statewide media
Your Circuit Rider’s Contact Information

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