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HOUSE DEMOCRATIC POLICY COMMITTEE

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HOUSE OF REPRESENTATIVES

COMMONWEALTH *of* PENNSYLVANIA

House Democratic Policy Committee Hearing

Education and Fair Funding

Wednesday, September 1, 2021 | 10:00a.m.

Representative Steve Samuelson

PANEL ONE

10:00am

Sean Brandon, Education Analyst
House Democratic Appropriations Committee

Q & A with Legislators

PANEL TWO

10:30a.m.

Dr. Joseph Roy, Superintendent
Bethlehem Area School District

Karen Beck-Pooley, Director
Bethlehem Area School District

Q & A with Legislators

PANEL THREE

11:00a.m.

Deborah Gordon Klehr, Executive Director
Education Law Center

Susan Spika, Executive Director
Education Voters PA

Sandra Miller, Advocacy Coordinator
Education Voters PA

Q & A with Legislators

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COMMONWEALTH *of* PENNSYLVANIA



Discussing the Issues of Equity and Adequacy in PA's Education Funding

House Appropriations Committee(D)

Matt Bradford, Chairman

Anne Baloga, Executive Director

www.HouseAppropriations.com

PA's State Constitution

Article III, Section 14

B. EDUCATION

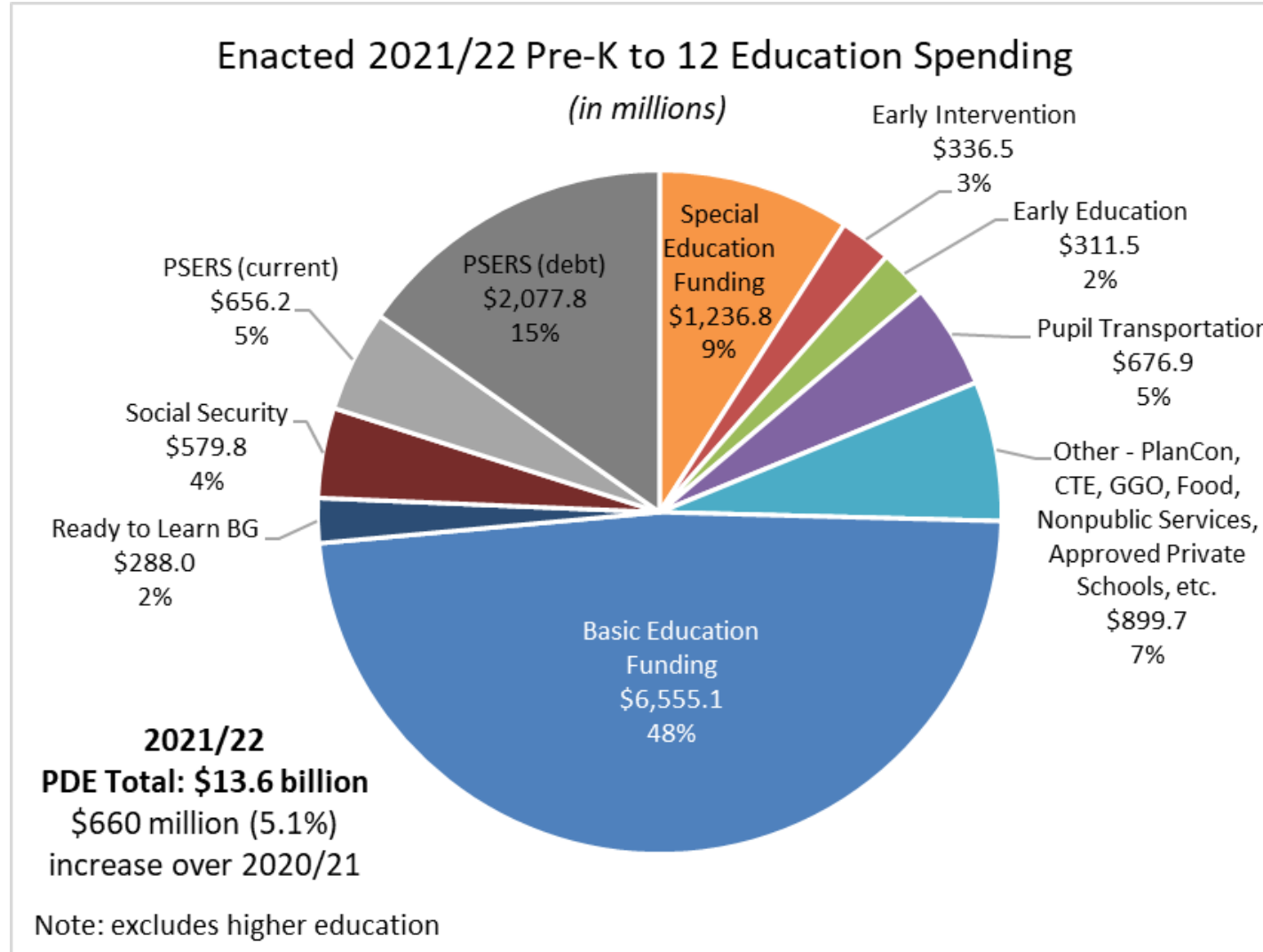
§ 14. Public school system.

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.

(May 16, 1967, P.L.1037, J.R.3)

Education Funding in PA

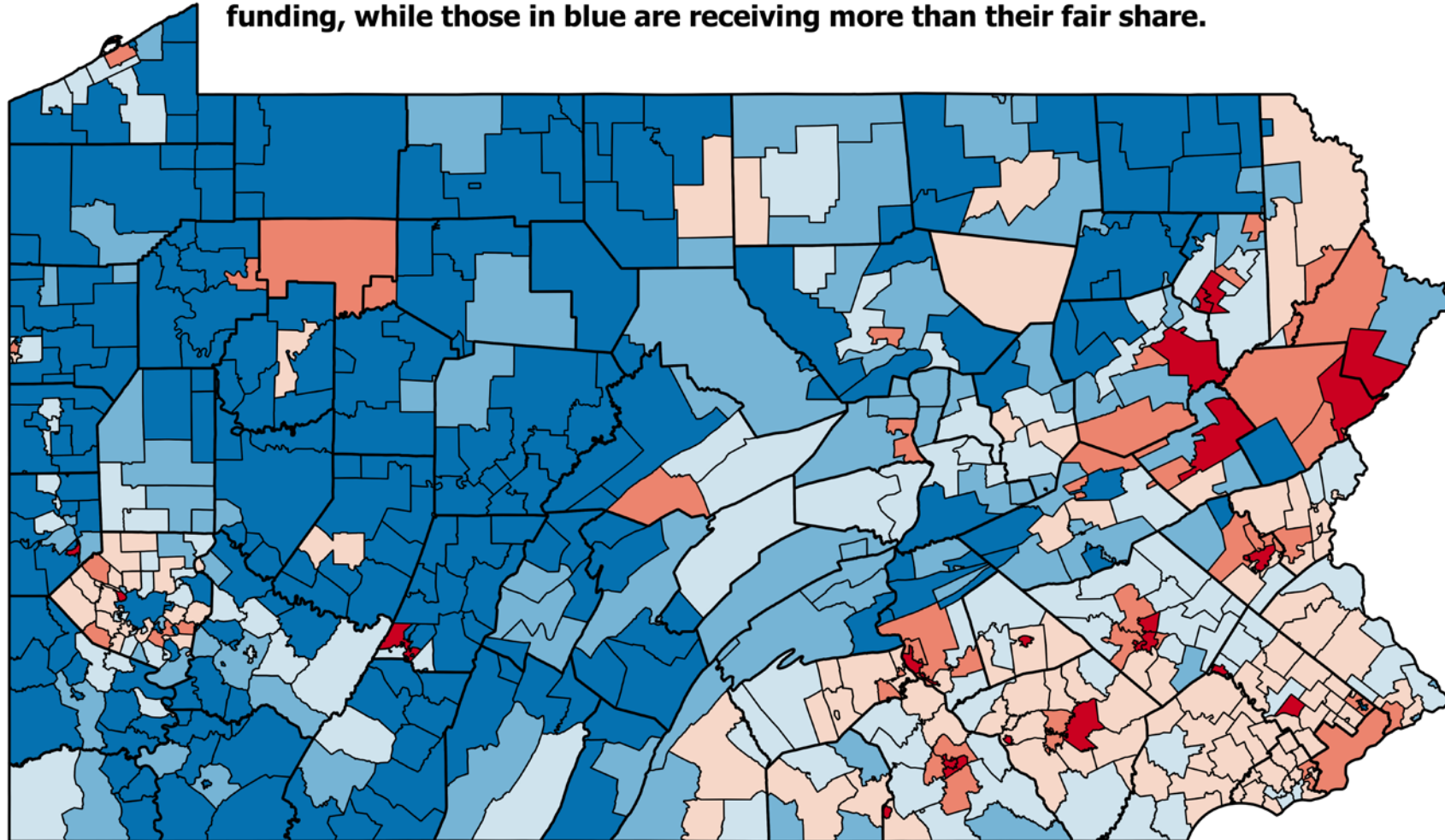
- Pre-K to 12 Education makes up about 1/3 of the state General Fund budget
- Within that 1/3, there are many funding streams:



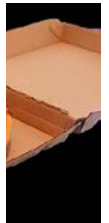
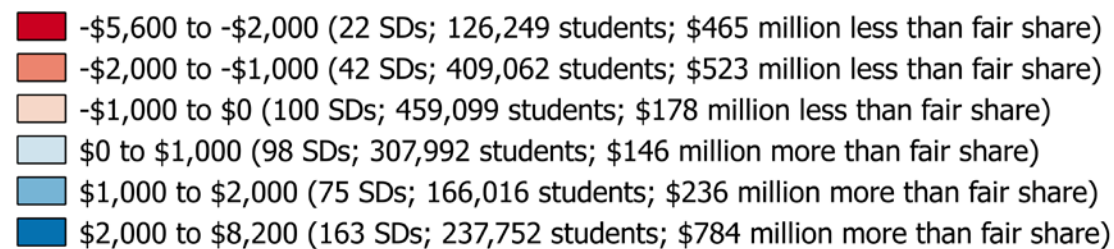
Fair Formula

(number of
+ student v

Impact of "Hold-harmed":
School districts shaded in red are getting less than their fair share of state funding, while those in blue are receiving more than their fair share.



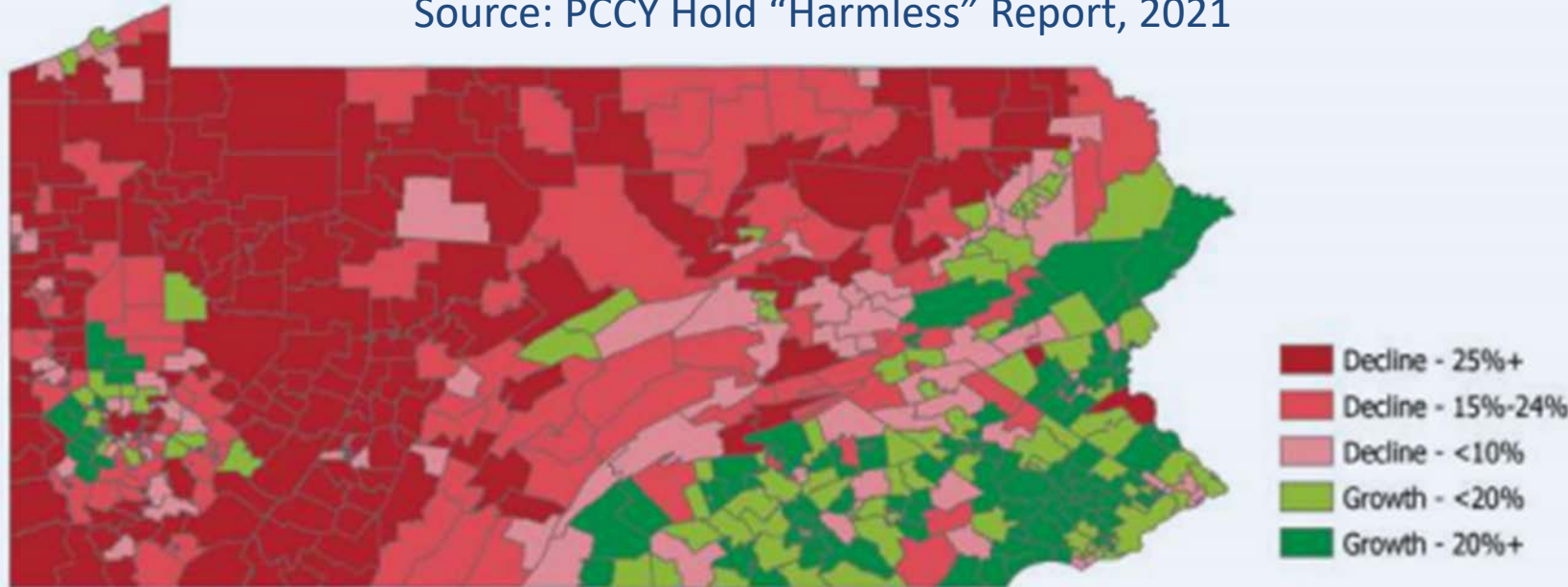
Per-student Inequity in 2021-22 Basic Education Funding



How did the inequity get so bad?

Map 2: Enrollment Change at Pennsylvania School Districts, 1991-92 to 2018-19

Source: PCCY Hold “Harmless” Report, 2021



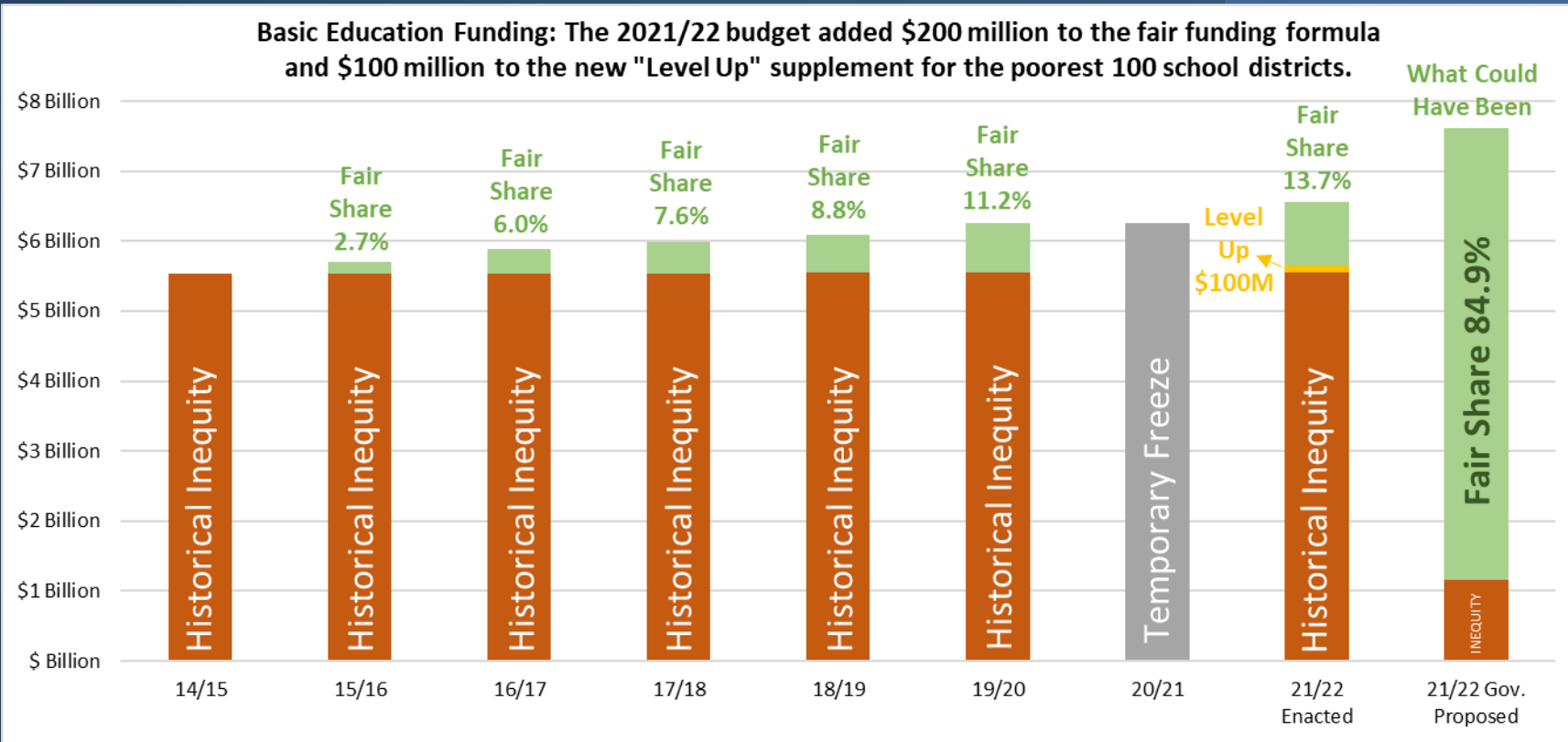
- Top reason: a practice called ‘hold harmless’ or ‘hold-harmed’ and enrollment shifts
- Other contributors:
 - Changing demographics
 - Guaranteed minimum increases built into some formulas
 - Some districts received special allocations

Section 2502.53. Student-Weighted Basic Education Funding.--
 (a) The General Assembly finds and declares that the student-weighted basic education funding formula is the result of the work of the Basic Education Funding Commission established pursuant to section 123.

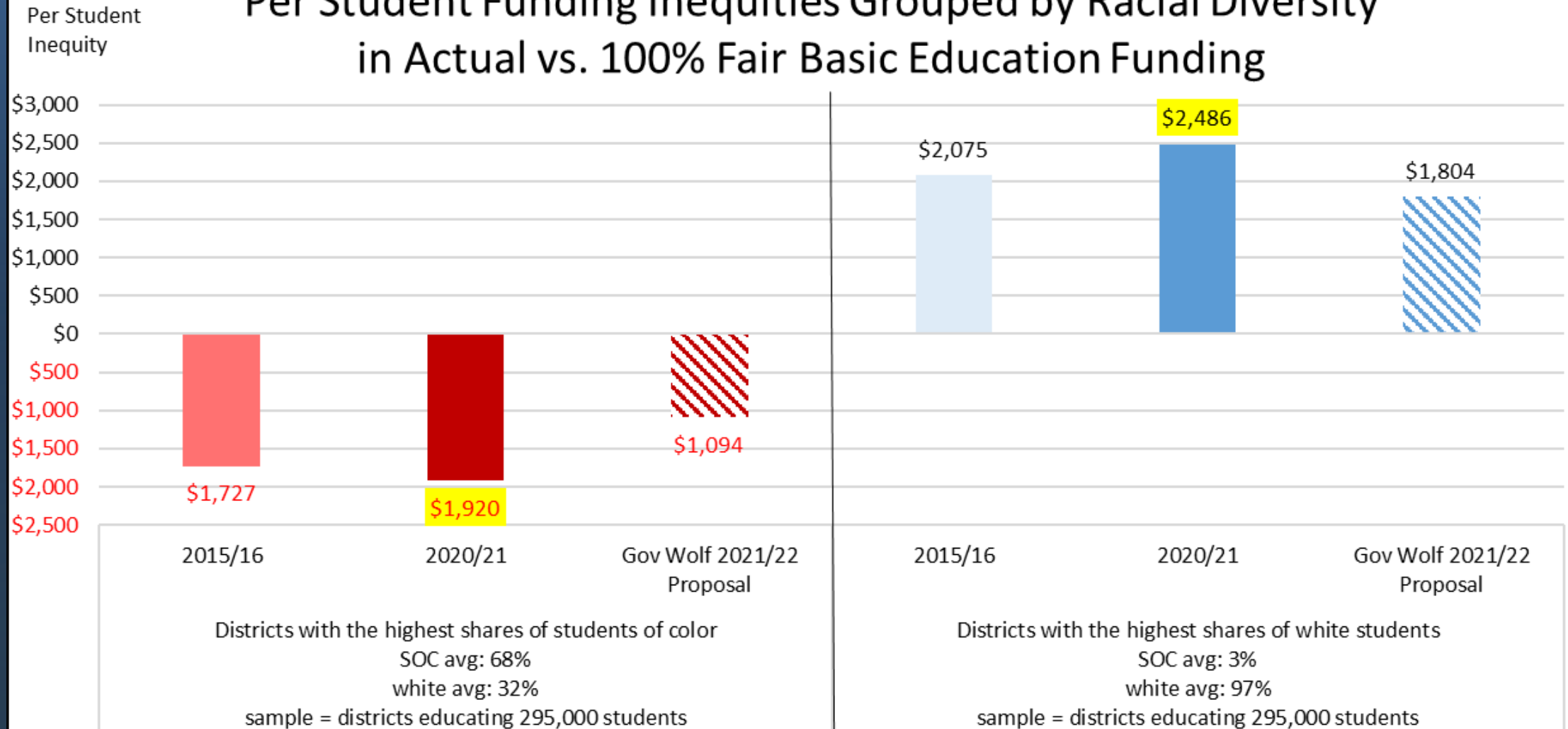
(b) For the 2015-2016 school year and each school year thereafter, except the 2019-2020 school year which shall be governed by subsection (b.1), the Commonwealth shall pay to each school district a basic education funding allocation which shall consist of the following: (Intro. par amended June 5, 2020, P.L.223, No.30)

(1) An amount equal to the school district's basic education funding allocation for the 2013-2014 school year.

(2) A student-based allocation to be calculated as follows:



Per Student Funding Inequities Grouped by Racial Diversity in Actual vs. 100% Fair Basic Education Funding



Note: SOC = students of color; the term students is being used interchangeably with average daily membership; analysis excludes Bryn Athyn SD (Montgomery)

Fair Formula (Basic Education Funding Commission formula used 2015/16 – present)

$$\begin{array}{c} \text{(number of students} \\ \text{+ student weights)} \end{array} \times \begin{array}{c} \text{district factors} \end{array} = \begin{array}{c} \text{school district's weighted} \\ \text{and adjusted student count} \end{array} \div \begin{array}{c} \text{statewide weighted and adjusted} \\ \text{student count} \end{array} = \begin{array}{c} \text{percentage (\% share of the amount} \\ \text{of funding the General Assembly} \\ \text{distributes through the formula} \end{array}$$



Adequacy Formula (enacted "Costing Out" formula used 2008/09 – 2010/11)

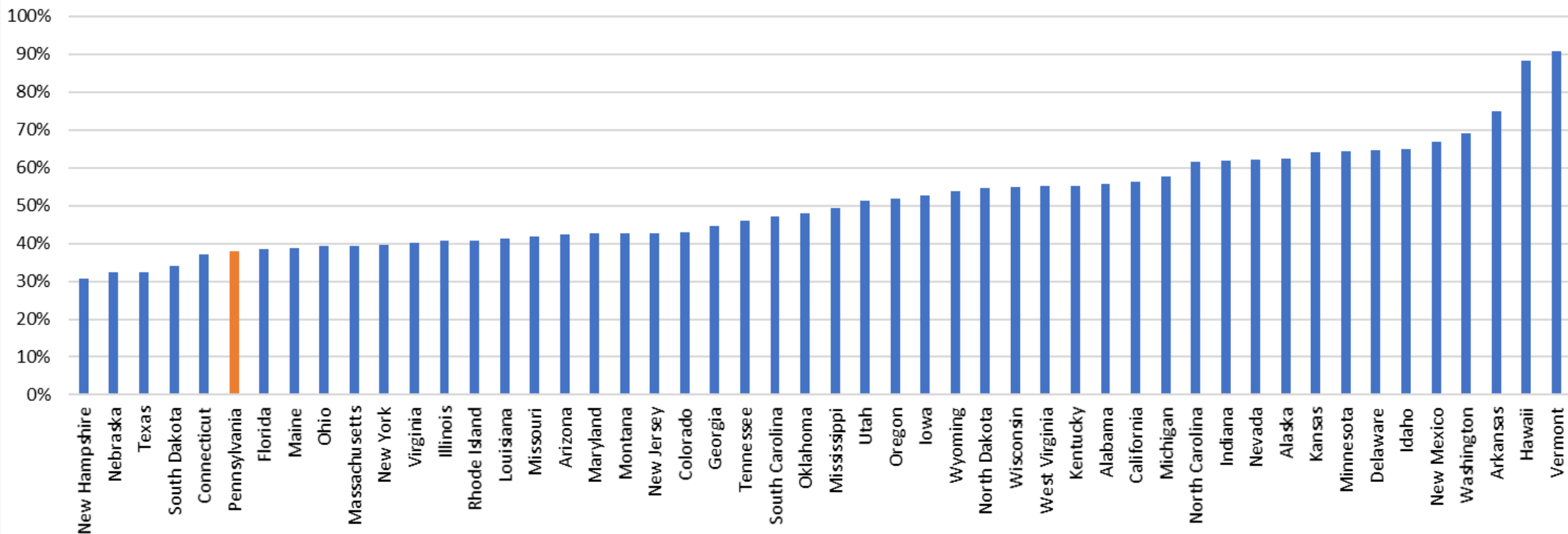
$$\begin{array}{c} \text{Base Cost} \\ \text{(\$8,003 in 2008 and} \\ \text{indexed to inflation)} \end{array} \times \begin{array}{c} \text{(number of students} \\ \text{+ student weights)} \end{array} = \begin{array}{c} \text{adequacy target} \\ \text{(-) minus} \\ \text{actual spending} \end{array} = \begin{array}{c} \text{dollar (\$) amount} \\ \text{representing} \\ \text{adequacy} \\ \text{shortfall} \end{array} \times \begin{array}{c} \text{district} \\ \text{factors} \end{array} = \begin{array}{c} \text{dollar (\$) amount} \\ \text{representing state share of} \\ \text{adequacy shortfall} \end{array}$$

Base = \$11,336 in 21/22

\$4.4 billion in 2006
\$4.6 billion in 2020 ←



PA's 38% state share of education funding is 6th worst in the nation.

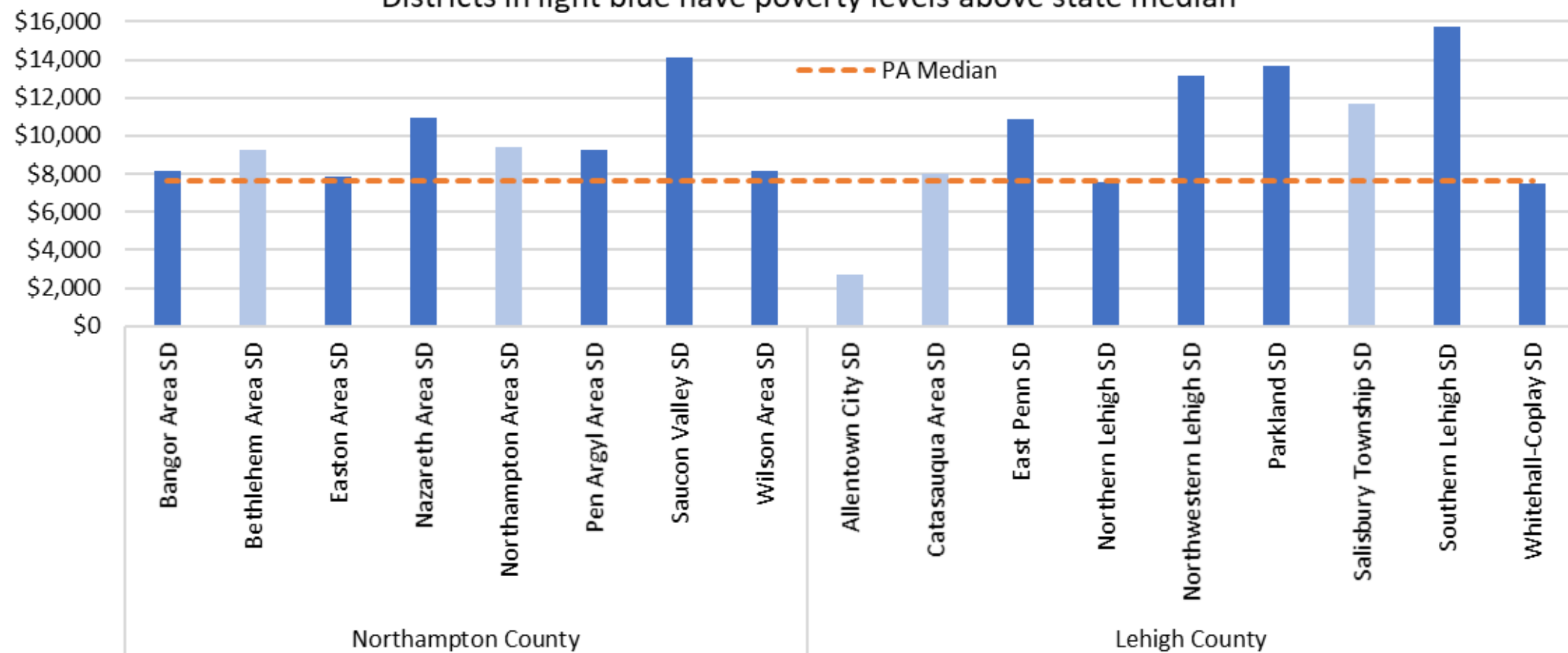


Source: HACD analysis of U.S. Census Bureau's 2019 Public Elementary-Secondary Education Finance Data

PA in 2019/20: 38% State, Local 56%, Fed 3%, Other 4%

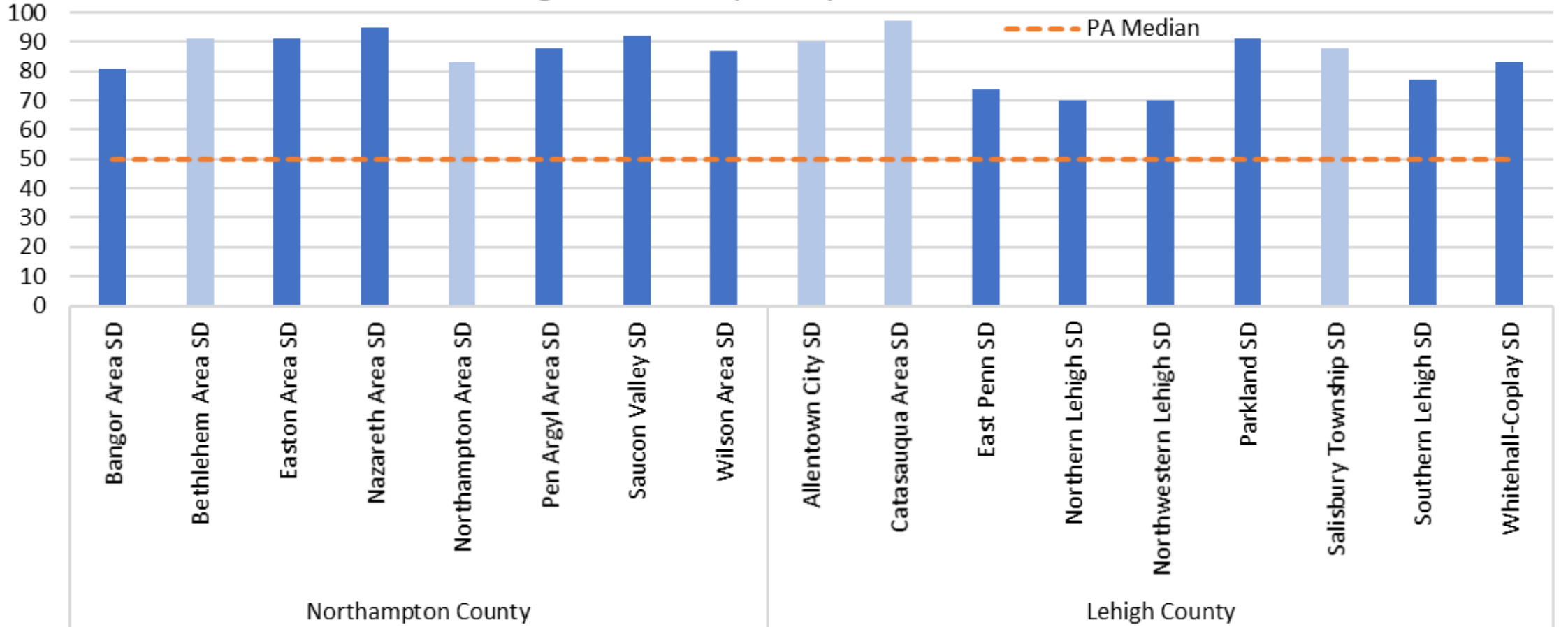
Local Tax Capacity Per Weighted Student

Districts in light blue have poverty levels above state median



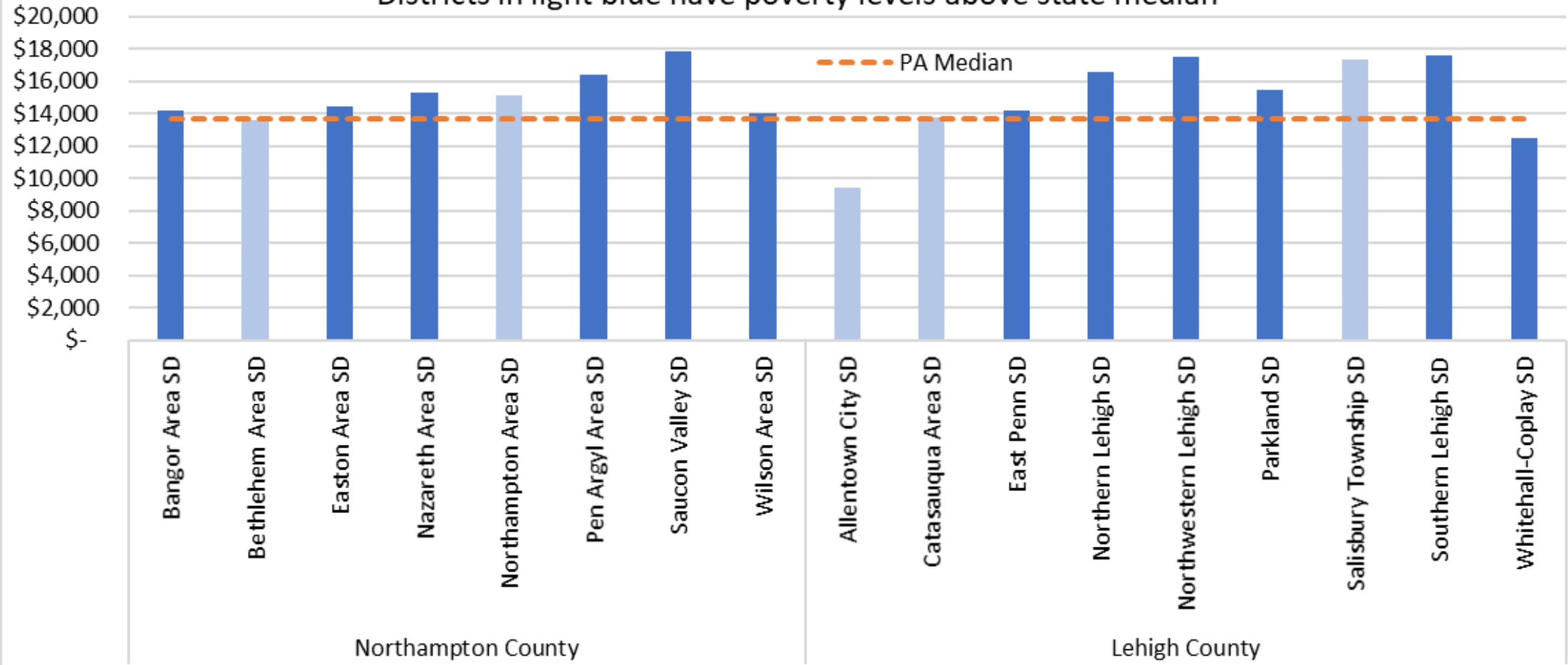
Percentile Local Tax Effort

Districts in light blue have poverty levels above state median



Current Expenditures per Weighted Student

Districts in light blue have poverty levels above state median

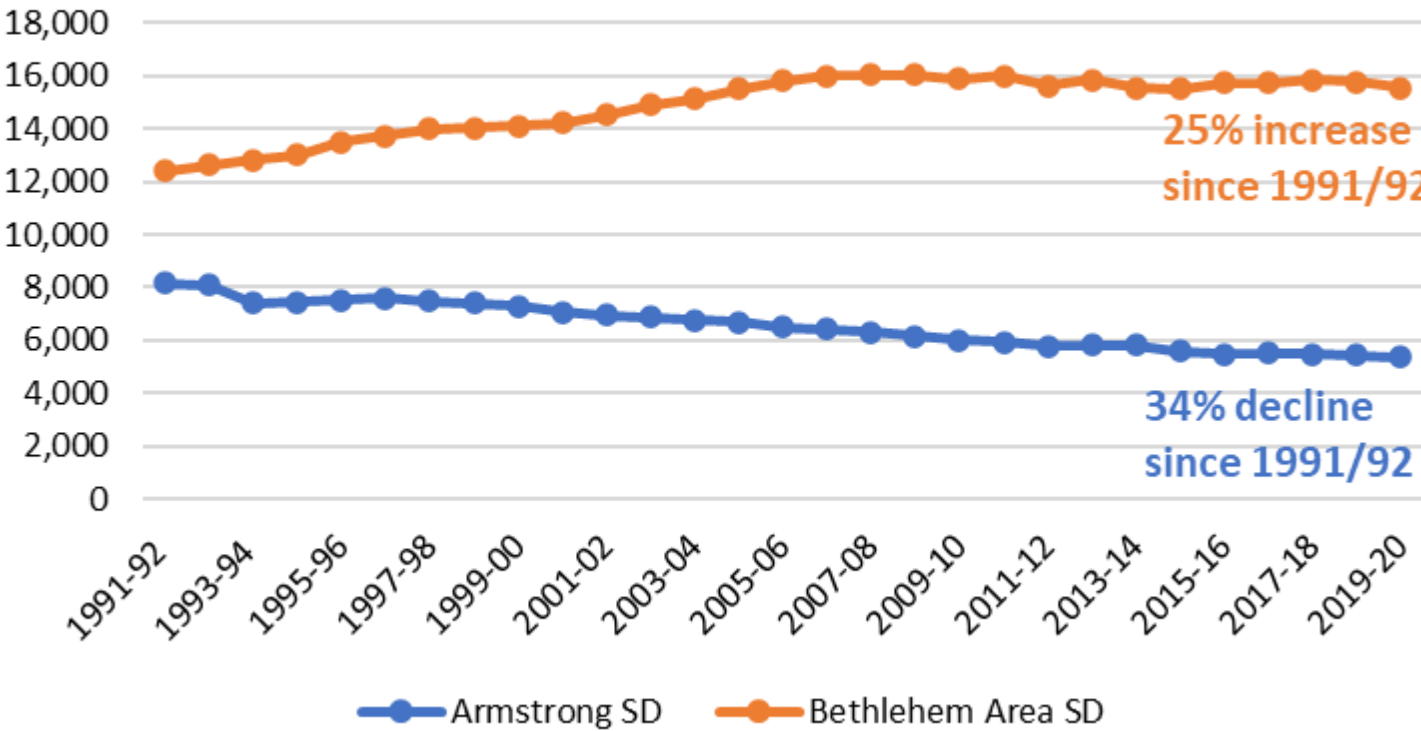


The wealthiest school districts in PA spend **\$6,922 or 62% more** per weighted student than the poorest districts.



More than fair share ≠ more than is needed

Average Daily Membership (ADM)



Bethlehem Area SD

- Fair Funding Formula
 - Receiving \$21.5 million or \$1,399 per student less than its fair share
- Updated Adequacy Formula
 - Adequacy shortfall of \$2,743 per student or \$43.2 million

Armstrong SD

- Fair Funding Formula
 - Receiving \$11 million or \$2,058 per student more than its fair share
- Updated Adequacy Formula
 - Adequacy shortfall of \$1,524 per student or \$8.3 million

Recap

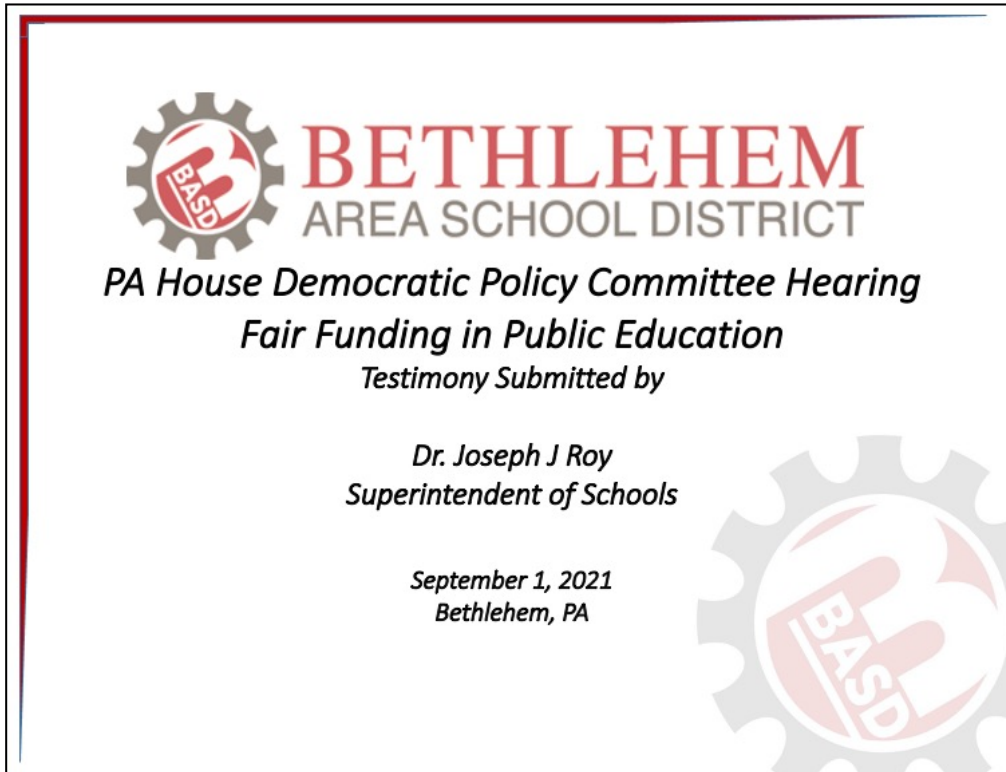
1. The existing pie is not divided equitably largely because of historical ‘hold-harmed’ practices.
2. The current funding platform does not set adequacy targets; it merely divides up the available resources.
3. We have an adequacy shortfall. The pie is too small – not enough state funding forces local communities to rely on vastly different local resources.

Our case is not about simply changing the way state funding is distributed. If you’re having a party with 100 guests, one pizza is not going to be enough, no matter how fairly you slice it. The pie needs to be bigger.” – Michael Churchill, Trib Live op-ed, July 24, 2021

Thank you!

For more information, please visit
www.HouseAppropriations.com

Sean Brandon – sbrandon@hacd.net



The Bethlehem Area School District is underfunded by nearly \$28 million annually, based on how Pennsylvania funds its own Fair Funding Formula.

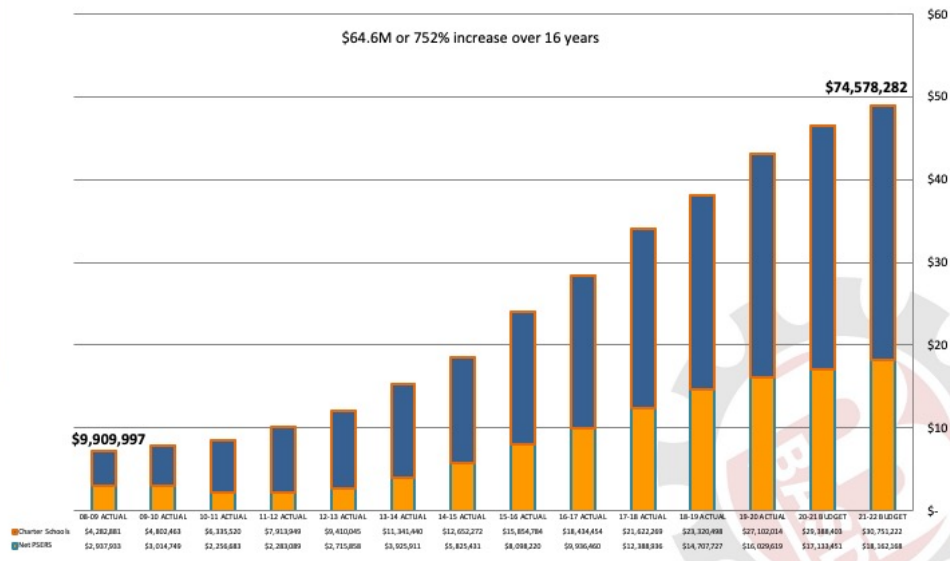
As a result, local property owners pay 67% of the district's budget with the state's paying only 26%.

The combination of insufficient state funding and increasing mandated costs causes a double whammy for district budgeting.

There is clear and unexplainable racial bias in how Pennsylvania funds its schools. Districts serving mostly students of color make up the vast majority of underfunded districts.

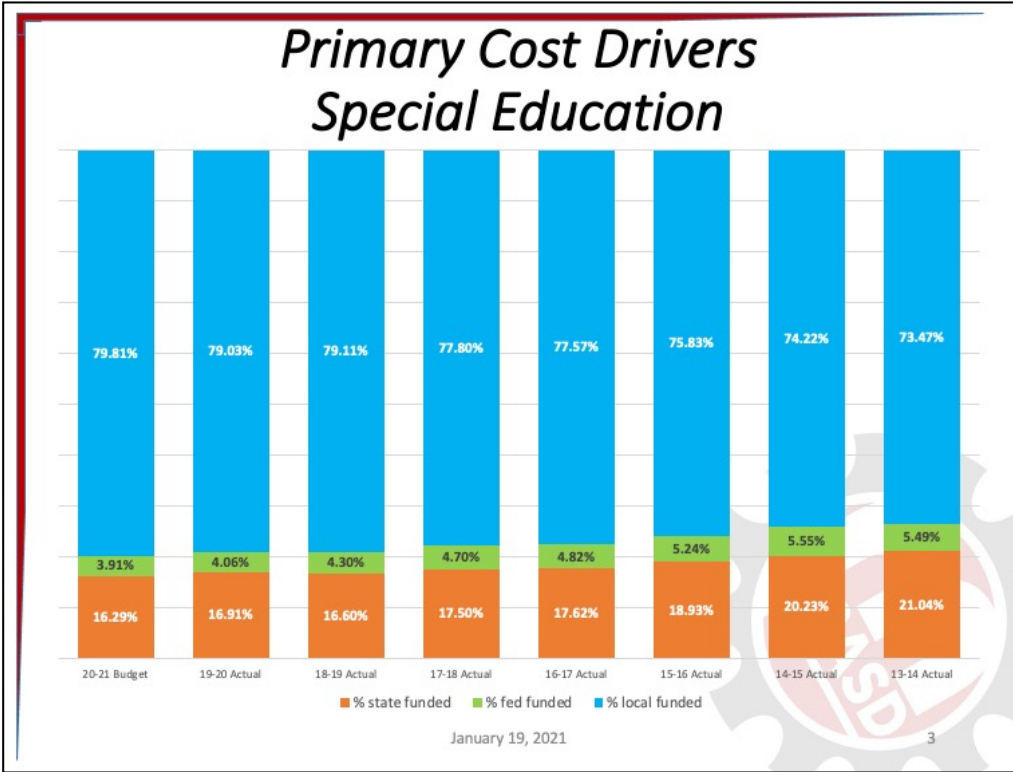
While districts serving mostly white students make up the vast majority of districts that receive more than their fair share under the Fair Funding Formula.

Primary Cost Drivers PSERS & Charter Schools

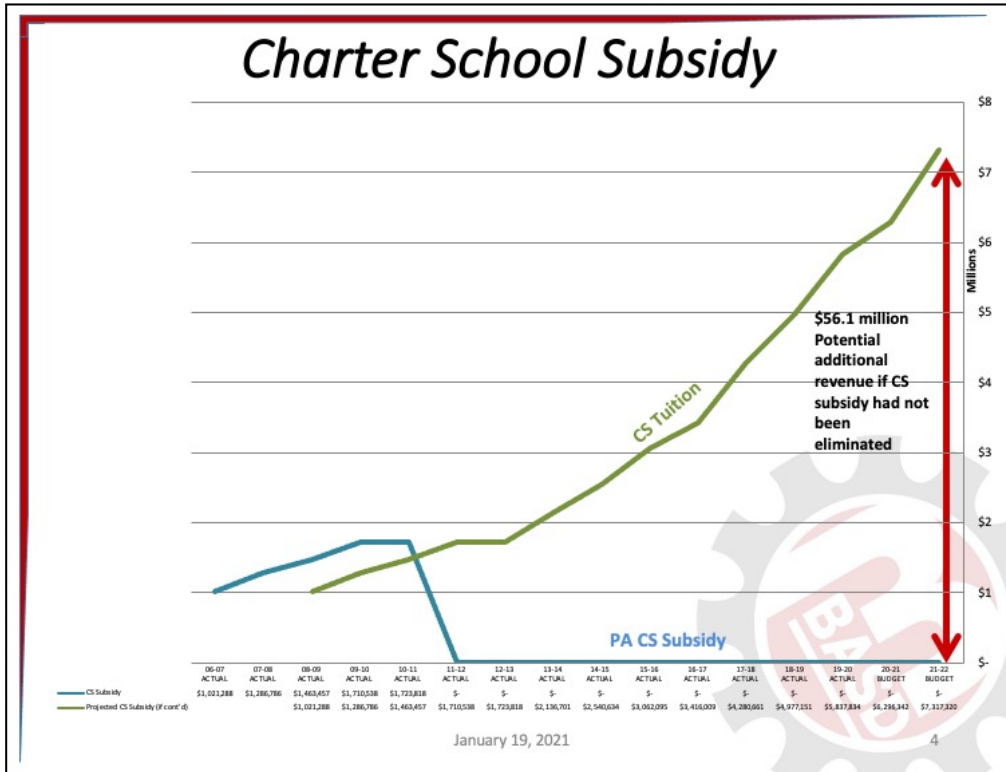


January 19, 2021

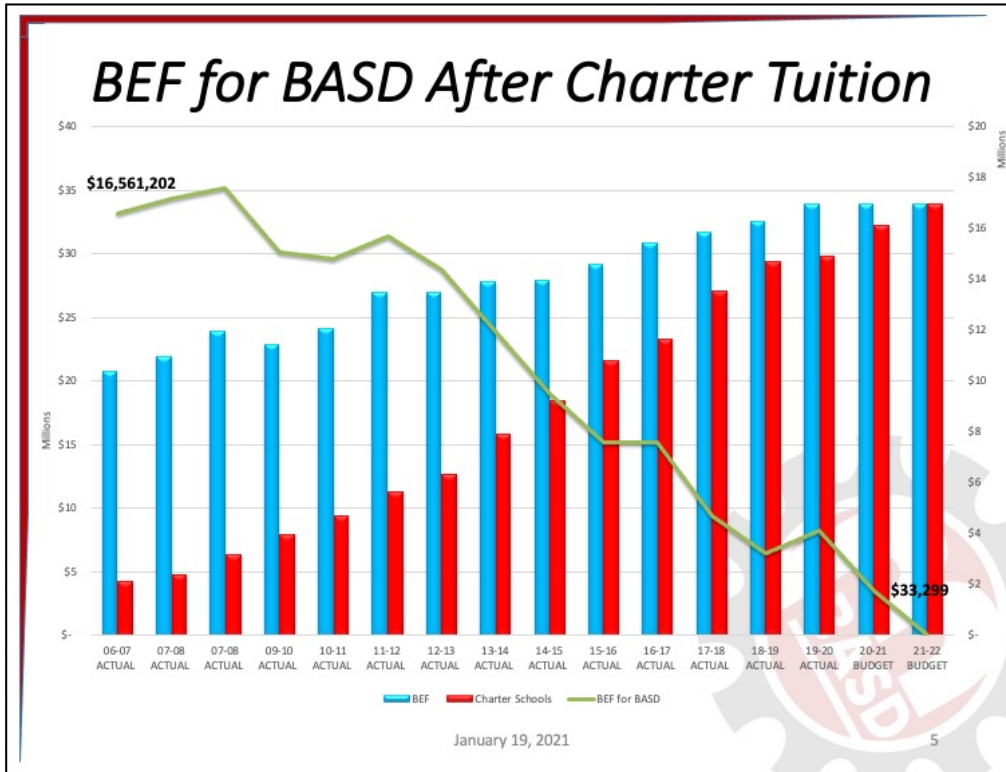
School district budgets must balance expenditures/costs with revenue. Any look at fair funding must also include a look at mandated costs that challenge school districts. This graph shows the explosive increase in mandated pension costs and charter school tuition costs that the Bethlehem Area School District faces. Combined with inadequate state funding, these cost drivers create pressure to cut programs and/or raise local property taxes.



To meet legal obligations under the federal IDEA law, comply with state law and legal precedents and meet the increasing needs of our students, BASD’s special education costs continue to rise from a low of \$31.3 million in 2013-2014 to a current \$49.3 million in 2020-2021. At the same time, state and federal funding for district special education costs remained flat. As demonstrated in this graph, the state’s share of special education costs in BASD declined from 21% in 2012-2014 to a current 16.3% at the same time costs rose substantially as noted above.



From the advent of the charter school law in 1997 through the 202-2011 school year, the state reimbursed districts for a portion of their charter tuition costs, recognizing that overhead costs remain when a child departs a district for a charter. In 2011-2012, just as charter tuition costs began to skyrocket, the state eliminate the charter tuition reimbursement blowing a large hole in BASD’s budget.



Nearly the entirety of the Basic Education Subsidy BASD receives is consumed by a single expenditure line item – charter tuition.

Leaving a mere \$33,299 to serve the needs of 13,500 students in district schools.

More than Fair Share

| | | | | | | | | | | |
|-------------------------------|-----------------------|-----------------------|------------------------|---------------------------------|------------------------------------|---------------------------------|---|-------------------------------|-----------------------------------|----------------------------------|
| Pittsburgh SD \$78,614,936 | | | | Altoona Area SD \$14,790,563 | Connetquot Area SD \$15,086,388 | Pennock Area SD \$12,411,623 | Pleasant Valley Area SD \$12,278,603 | Butler Area SD \$7,411,467 | Armstrong Area SD \$10,958,197 | Warren County SD \$17,824,464 |
| Pottsville Area SD | Pennsylvanian SD | Forest Hills SD | Norwin SD | South Side Area SD | Albert Gallatin Area SD | Plum Borough SD | Kiski Area SD | McGuire SD | Jersey Shore Area SD | Warren County SD |
| Hempfield Area SD | Keystone Area SD | Hopewell Area SD | Ellwood City Area SD | Mohawk Area SD | Tunkhannock Area SD | Ringgold Area SD | Penn Cambria Area SD | Tiawhilla Area SD | Derry Area SD | General Area SD |
| Bethlehem Area SD | Southampton Area SD | Oil City Area SD | Mifflin County Area SD | Northampton Area SD | Northampton Area SD | Union City Area SD | Marion Center Area SD | Riverside Area SD | Tyrone Area SD | Philipsburg Area SD |
| Corry Area SD | Susquehanna Area SD | Shamokin Area SD | Harbor Creek Area SD | Bellefonte Area SD | Portage Area SD | Northampton Area SD | Mont Alto Area SD | Central Area SD | Hollidaysburg Area SD | Black Horse Area SD |
| Cambria Area SD | New Brighton Area SD | Coalbrookdale Area SD | South Buffalo Area SD | Slippery Rock Area SD | Fort Cherry Area SD | Cranberry Area SD | South Allegheny Area SD | Monte Carlo Area SD | Junius Area SD | Dubois Area SD |
| Hempfield Area SD | Seneca Area SD | Cone Area SD | Wilkes-Barre Area SD | North East Area SD | Canton Area SD | Union Deposit Area SD | Watts Area SD | Bald Eagle Area SD | Frazier Area SD | Northumberland Area SD |
| Conneaut Area SD | Troy Area SD | Centerville Area SD | Westmoreland Area SD | Lower Merion Area SD | West Chester Area SD | Lackawanna Area SD | Waynesburg Area SD | Freeport Area SD | Red Bank Area SD | Pottsville Area SD |
| United Area SD | Purchase Line Area SD | Brookville Area SD | Karns City Area SD | Youghiogheny Area SD | Laurel Area SD | Chestnut Area SD | Manhattan Area SD | Franklin Area SD | Franklin Area SD | Franklin Area SD |
| Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD | Clearfield Area SD |

More Students of Color

Fewer Students of Color

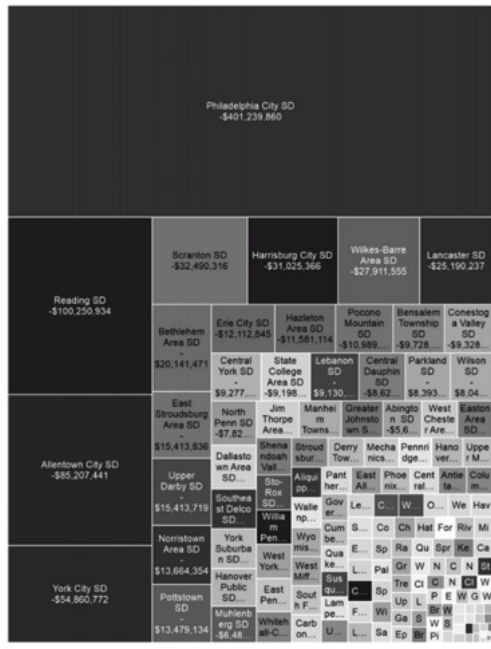
A Clear Racial Bias in PA School Funding

- Districts receiving more than their fair share of state funding as the Fair Funding Formula is currently funded have predominantly white student enrollment.
- Why is this?

• Source: Pottstown Area Health & Wellness Foundation



Less than Fair Share



More Students of Color [Dark Gray] Fewer Students of Color [Light Gray]

A Clear Racial Bias in PA School Funding

- District receiving less than their fair share as the Fair Funding Formula is currently implemented have more students of color than districts receiving more than their fair share of state funding.
- Why is this?

Source: Pottstown Area Health & Wellness Foundation



Fairly Funding Pennsylvania's Public Schools

Karen Beck Pooley

Director, Bethlehem Area School District
Steering Committee Member, Pennsylvanians for Fair Funding

Overview

- Why Money Matters
- Who Funds Public Schools
- The Consequences of that Breakdown
- Getting to Adequacy and Equity

M ♦ O ♦ N ♦ E ♦ Y

- “**More money is not the only thing** that...students need to be able to compete, but it is **surely one thing**”(Hochschild and Scovronick 53).
- The evidence shows that a 20% increase in per-student spending **boosts academic success** and results in significantly **higher earnings** and significantly **lower poverty** levels as adults (Hochschild and Scovronick 55; Rebell 194-195).



The American Dream
AND THE
Public Schools

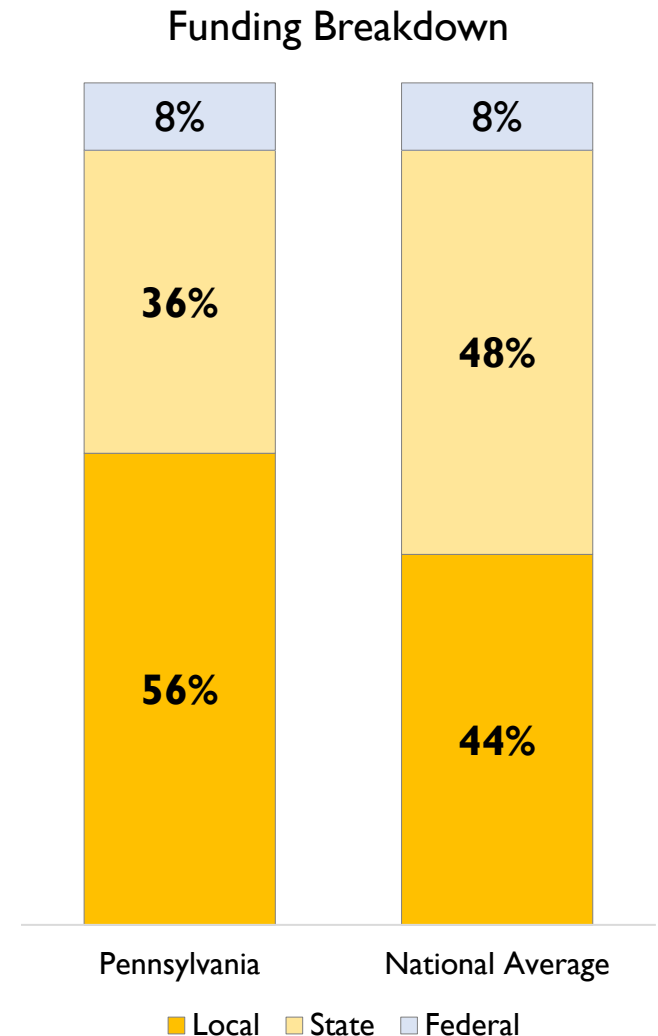
JENNIFER HOCHSCHILD • NATHAN SCOVRONICK

The Courts’
Consensus:
Money Does
Matter for
Educational
Opportunity

By
MICHAEL A. REBELL

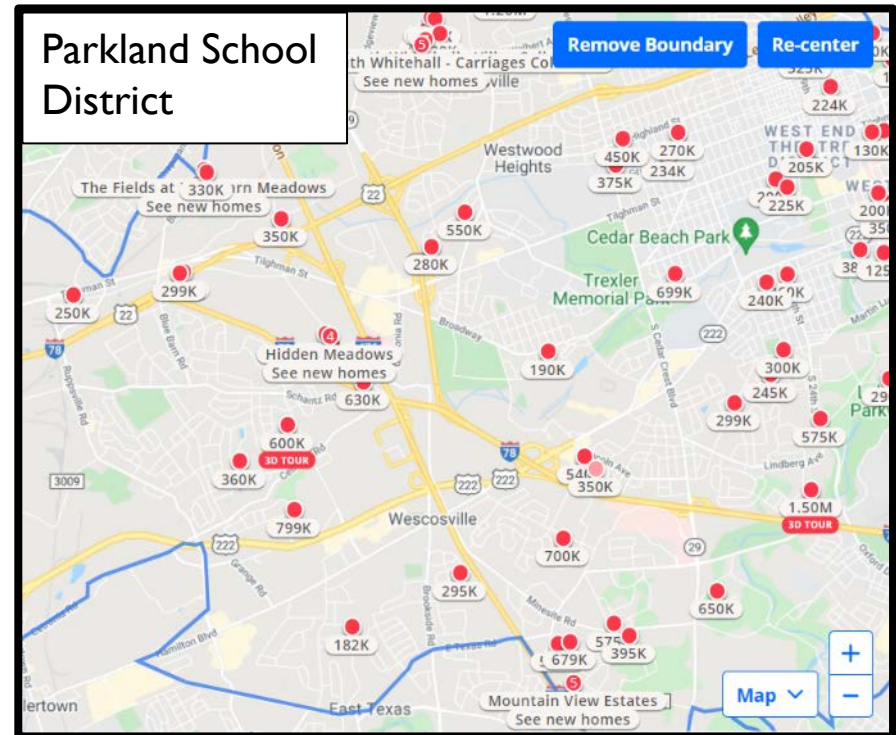
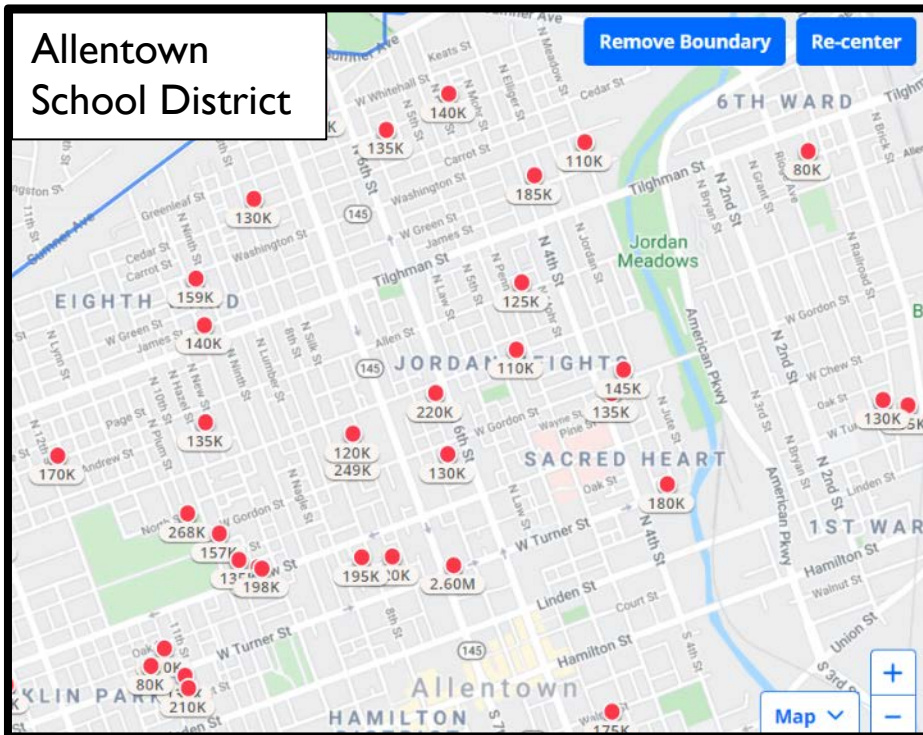
Who pays for public school...

- Across the country, **state dollars** account for **about half (48%)**, and **local dollars 44%** of all public school funding.
- In Pennsylvania, **local tax payers cover over half (56%)** and **state funds represent just one-third (36%)** of public school funding.



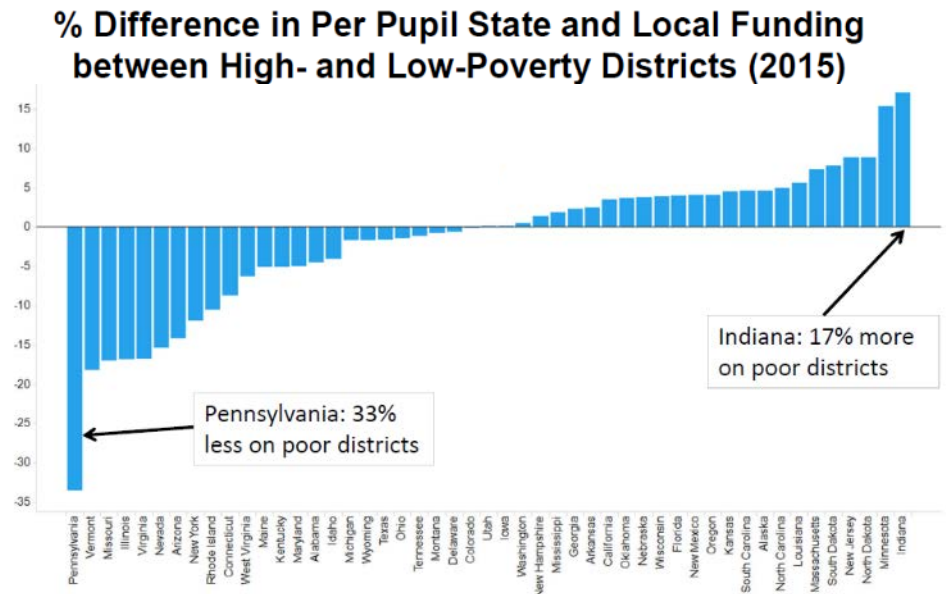
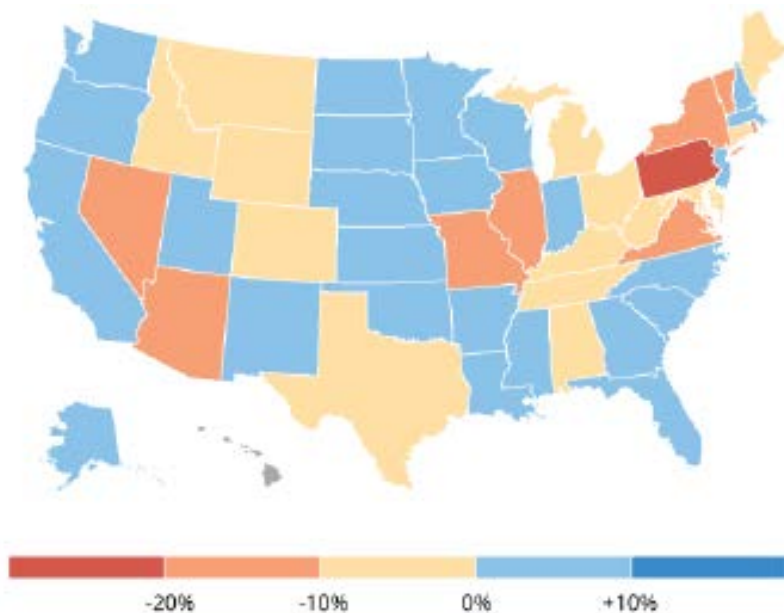
...and the Consequences

- With localities covering more of the cost, **disparities between communities become disparities between schools.**



...and the Consequences

- In fact, **Pennsylvania's poorest school districts spend 33% less per student** than its richest ones, **the largest funding gap** of any state in the nation.



The Local Harm

- “Disparities not only look bad on paper, they feel bad in life” (Hochschild and Scovronick 57).

“Quite possibly, the nation’s most fiscally disadvantaged local public school districts of significant size lie to the north and west of Philadelphia, in the districts of Reading and Allentown.”

— BRUCE D. BAKER, 2014 REPORT FOR THE CENTER FOR AMERICAN PROGRESS

“The narrative cannot be that our kids get educated with less. Because the question then becomes why? Why should these kids get less?”

Allentown Superintendent Thomas Parker

A TALE OF TWO SCHOOL DISTRICTS

A look at economic data in Allentown and Parkland shows how a school district’s tax base makes all the difference in generating local revenue.

| Allentown | | Parkland |
|-------------------|--------------------------|-------------------|
| 17,000 | Student enrollment | 10,000 |
| \$36,807 | Median household income | \$82,236 |
| \$126,000 | Average house assessment | \$226,989 |
| 19.7 mills | Property tax rate | 15.5 mills |
| \$4,889 | Per pupil local revenue | \$13,878 |

*Includes property and Earned Income Tax revenue

Source: State and local data

| | Allentown | Salisbury |
|---------------------|------------|-------------|
| Exp. per pupil | \$14,854 | \$22,841 |
| Property tax | 21.3 mills | 18.54 mills |
| Econ. disadvantaged | 83% | 38% |
| ESL | 15% | 4% |
| Graduation rate | 72% | 95% |
| Dropout rate | 4.2% | 0.74% |
| White | 10% | 69% |
| Black | 15% | 4% |
| Hispanic | 71% | 14% |

Where to go from here?

Adequacy:



Equity:



Getting to Adequate

- Since the 1970s, almost **all states** have faced “**litigation over equitable education**” (Rebell 186; “Good School, Rich School”).

William Penn School District et al. v. Pennsylvania Department of Education et al.

“Trial is coming soon, and the **General Assembly** will no longer be able to continue ignoring their constitutional responsibility for public education.”

Michael Churchill, Public Interest Law Center Attorney



Thorough and Efficient? A video short on Pennsylvania's Education Funding Lawsuit

**THE
PUBLIC
INTEREST
LAW CENTER**



**PUBLIC
EDUCATION**

Positives with few Negatives

- **Court intervention** has meant **increased spending and reduced disparities** between rich and poor districts in state after state (Hochschild and Scovronick 68).
- “There is **no dispute**” that this has also **led to “significant increases in student achievement”** (Rebell 194; see also “Good School, Rich School”).
- And there has been “**no evidence that children in affluent districts in any state have been harmed** educationally when the finance system has been reformed,” especially when overall revenue increases (Hochschild and Scovronick 69-70).

The Atlantic

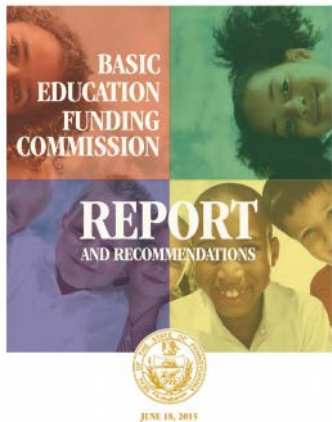
Good School, Rich School; Bad School, Poor School

The inequality at the heart of America's education system

By Alana Semuels

Getting to Equitable

- Pennsylvania already has a tool for equitably funding public schools: the **Fair Funding Formula** that considers students' and districts' needs.
- This was unanimously approved by the bipartisan Basic Education Funding Commission in 2015, **passed with only four “No” votes**, and signed into law in 2016.



Details for House RCS No. 1418

[Wednesday May. 25, 2016](#)

1:52PM

[House Bill 1552](#) PN 3373

CONCUR

Summary

| | | |
|---|------|-----|
| Y | YEAS | 188 |
| N | NAYS | 3 |
| E | LVE | 11 |
| X | N/V | 0 |

TOTAL 202

Details for Senate RCS No. 518

[Wednesday May. 18, 2016](#)

[House Bill 1552](#) PN 3373

FINAL PASSAGE

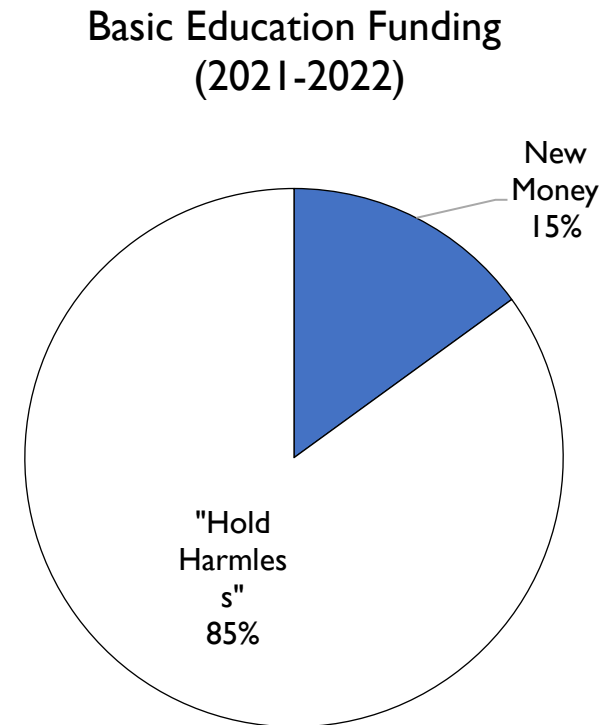
Summary

| | | |
|---|------|----|
| Y | YEAS | 49 |
| N | NAYS | 1 |
| X | N/V | 0 |

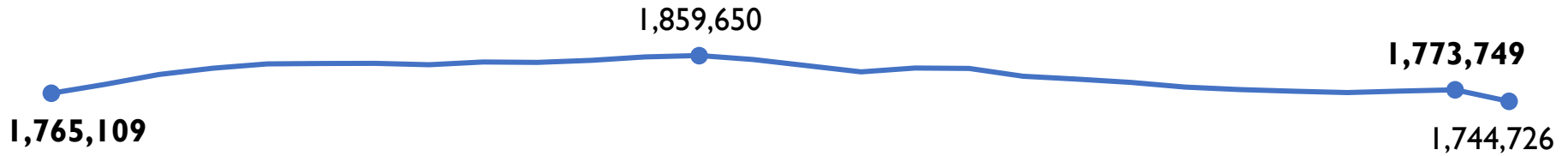
TOTAL 50

The problem...

- Unfortunately, only a tiny fraction of all Basic Education Funding – **only new money** – is allocated through the formula.
- Most is instead distributed according to “**hold harmless**,” an approach begun in the early 1990s to ensure no district receives less one year than they did the last.
- So **30-year-old enrollment data still dictates** how most state funding gets split.



Total Public School Enrollment in Pennsylvania, 1993-2021



Statewide, total public school **enrollment remained almost unchanged** between the 1993-1994 and 2019-2020 school years, increasing by just 0.5%, or 8,640 students.

1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-2000
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21

But at the District Level...

- But the Commission noted the “**dramatic changes**” occurring **at the district level**, with roughly two-thirds of districts shrinking and one-third growing.

Change in Enrollment by School District, 1993-1994 to 2018-2019



As a result, growing districts and those with growing needs **receive over \$1 billion less**, collectively, than the fair funding formula suggests they should.

For these districts, “hold harmless” means **“held harmed.”**

Who does this hurt?

- Underfunded districts currently educate...

51

% of all
students

78

% of all
Black
students

82

% of all
Hispanic
students

- Significantly underfunded districts currently educate...

51

% of all
Black
students

52

% of all
Hispanic
students

Who does this hurt?

- **Taxpayers are also “held harmed,” paying 1.5 times as much** in the most underfunded districts as in the most overfunded ones.
- On a \$185,000 house (roughly the average value statewide), homeowners would pay just over **\$3,000** in real estate taxes **in the most overfunded districts** compared to nearly **\$5,000 in the most underfunded ones.**



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Pittsburgh, PA 15219
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Testimony of Deborah Gordon Klehr
House Democratic Policy Committee
September 1, 2021

Thank you for the opportunity to testify today on the need for adequate and equitable education funding. I am the Executive Director of the [Education Law Center](https://www.elc-pa.org), a statewide nonprofit legal advocacy organization that works to ensure all children in Pennsylvania have access to quality public education, with a focus on underserved students—students of color, students in poverty, multilingual learners, students in the foster care or juvenile justice system, LGBTQ youth, students experiencing homelessness, and students at the intersection of these identities. We are a proud member of PA Schools Work, a coalition of organizations from across Pennsylvania representing teachers and other educators; urban, suburban and rural communities; and parents and other community members working together to advocate for PA public schools, their students, and the communities they serve.

I'm grateful you are holding today's hearing and for the opportunity to share our vision for a successful education funding system. To serve all children our system must achieve both adequacy and equity. Simply put we must *both* grow the pie and distribute the funds to the school districts and students with the greatest need.

All children across the Commonwealth are entitled to a quality education regardless of the wealth of their community, race, or ZIP code.

But in Pennsylvania, not every child receives the basic resources they need. In Pennsylvania, we have created a school funding system where the students who need the most get the least, because of where they live.

Our school funding system severely shortchanges students in low-wealth school districts across the state and this disproportionately impacts our Black and Brown students: 50% of PA's Black students and 40% of Latinx students attend schools in our lowest quintile wealth districts.

And this isn't a few schools falling through the cracks; 86% of our students attend schools which are underfunded. It is most schools—rural, urban, suburban, all across Pennsylvania.

The inequity and deprivation in schools is driven by the low share of funding coming from the state. PA currently ranks 45th in state contribution to education – contributing 38%, whereas the national median is 47%. This means that local wealth determines whether or not students get what they need: from the quality, training, and experience level of teachers; to the number of counselors, nurses, librarians, and reading specialists; to computers and STEM labs; art and music; smaller class sizes, and extra help for students who need it.

Black and Latinx students are concentrated in PA's low-wealth schools, and they are being shortchanged. They get dramatically fewer resources and educational opportunities because of where they live and have less access to rigorous coursework. The absence of opportunity results in lower graduation rates and fewer students entering and remaining in college to earn their college degrees.

[Ensuring that all of Pennsylvania's children have equal access to a quality public education.](https://www.elc-pa.org)

Generations of Black and Brown students have attended underfunded schools and been deprived of educational opportunities, narrowing and limiting their futures.

This two-tiered system of the haves and have-nots is unacceptable for our children and for our state.

COVID-19 has laid bare the vast inequities that have long plagued the Commonwealth, in large part due to how the state funds public education. Differences in levels of school funding resulted in stark disparities in how districts were able to respond and support students when COVID-19 first closed school buildings in March 2020 and how districts are able to open this school year.

Overnight COVID-19 placed new demands on school districts to build new systems for educating students, and this hit poorer districts hardest. There were schools in low-wealth districts that had relied on sharing a single cart of 30 computers for an entire 9th grade of students, where a swift transition to remote learning was delayed, and those students paid a price for pre-existing deficiencies in access to technology. The return to in-person learning was almost impossible last year in school districts with older buildings, antiquated ventilation systems, and larger class sizes. The result: wide disparities in learning. In September 2020, 72% of Black students and 61% of Hispanic students in PA attended school in all-virtual environments compared to 24% of white students in the state. By June of 2021, Pennsylvania ranked second highest in the nation in racial disparities between full time in-person learning and virtual learning.

Over the years, the Commonwealth has acknowledged such inequities but not taken the steps needed to meet the goals of adequate and equitable school funding. There have been movements in the right direction in the past -- the 2007 Costing Out Study, the adoption and implementation of adequacy targets in state law through Act 114 of 2006, and adoption of a new funding formula in 2016 that targeted funding based on the needs of students. The path to a fully funded system is there, and we would like to work with you to get on that path to adequately and equitably fund our schools so that all our children have the resources they need to be college and career ready.

The legislature must be committed to the goals of both adequacy and equity through robust, predictable long-term funding to meet the needs of students based on concrete adequacy targets. The legislature needs to both grow the pie — adequacy, and distribute it in a fair way — equity. Without an adequate state contribution, there aren't enough resources in low-wealth districts to achieve equity across the state.

We can start with identifying the resource needs, building on the 2007 Costing Out study which identified adequacy targets. One analysis — which updated that study — concluded that we have a funding gap of at least \$4.6 billion and that fully 428 of the 500 school districts have an adequacy gap — with 277 districts having a significant gap of \$2,000 per student or more.

And the \$4.6 billion is a conservative estimate. Since the original Costing Out Study, the Commonwealth has adopted more rigorous standards for students.

As other states have done, Pennsylvania must not only recognize the needs of students living in poverty, and multilingual learners, but commit to providing adequate resources to their schools. Addressing both adequacy and equity remains the benchmark for a thorough and efficient school funding system that meets the needs of all students.

Ensuring that all of Pennsylvania's children have equal access to a quality public education.

To achieve adequacy will require the state to make a significant multi-year funding commitment — with recurring annual increases. This will create predictability — enabling school districts to plan.

Some people will say that \$4.6 billion in new funding is unattainable, but that number represents about 16% of school district current expenditures. It is achievable over multiple years and will reap benefits for generations to come.

We know that this level of investment will work — as evidenced by the successful performance and postsecondary outcomes of students in Pennsylvania’s highest wealth and highest spending districts — including students living in poverty in well-funded districts.

But the problem will not be solved unless we address deeply entrenched inequities where the children who need the most receive the least. We must commit to equitably distribute funds to the school districts and students that need the greatest resources to succeed.

Years of over reliance on local wealth has created gross disparities— Pennsylvania spends an average of \$4,800 less per pupil on students in poor districts than on students in rich districts and this gap continues to widen.

While we support the current Fair Funding formula — using weights related to student and district demographic factors and evidence about the higher needs of low income and low-wealth districts — we know that a formula is only as good as the dollars sent through it. We need significantly more new dollars allocated to basic education funding. At the rate the legislature has allocated new dollars, it will take many decades or more for the most underfunded districts to reach adequate funding. The adoption of the Level Up supplement to accelerate dollars through the formula to the districts that are the farthest behind, is an important but small step to incrementally move in the direction of equity. More investments are needed.

In his budget address this year, Governor Wolf proposed \$1.1 billion in new funding driven out through the formula, a bold plan that would infuse critical new dollars into many underfunded districts. But even if the plan is implemented next year, a funding gap of more than \$3 billion per year would remain. Our students need the state to step up to support them in a real and sustained way. There’s no one-year fix to this problem.

The state has funding in its rainy day fund, and there’s adequate funding in our state coffers to make significant progress towards fixing the problem. We should not delay.

While the districts did receive federal dollars through COVID relief funds, clearly this isn’t a systemic solution. It’s temporary, one-time funding to respond to the deep educational needs created by the COVID-19 pandemic. Districts have been cautioned by the Legislature that these funds should be appropriately expended “for one-time purposes that can be aligned with the one-time federal dollars,” which limits the ways that districts can responsibly spend the money or risk falling off a fiscal cliff when the federal funds are depleted, as occurred in 2011 with the ARRA funding. The federal investment, while necessary and welcome in this crisis, does not fix the long-term problems that come from Pennsylvania’s failure to create a system of public school funding that prepares all our students for success; to graduate college- and career-ready; to participate meaningfully in a competitive economy and fully in democracy as a critical thinker regardless of ZIP code, poverty level, or race.

Ensuring that all of Pennsylvania’s children have equal access to a quality public education.

Districts do not have what they need to support the students they serve. And so our students do not have what they need. And, the growth in mandated costs, totaling almost a billion dollars in the last two years, has consumed most new state basic education dollars.

The need to reform cyber charter and charter special education funding has never been greater, for financial reasons, but most importantly, for the students.

Cyber charter academic performance is abysmal. State lawmakers have repeatedly said, throughout the pandemic, that there is no substitute for in-person learning. We agree.

The charter school special education funding system does not provide sufficient resources for students with significant disabilities, while overpaying for lower-cost services. The evidence is clear that charters are not a real choice for students with significant needs.

Finally, any discussion of fair funding must include special education. Each year schools are identifying and serving more students while our lawmakers provide new annual funding that might have been appropriate for 2001 but ignores the realities of 2021.

Between 2009 and 2019, Pennsylvania increased [state special education funding](#) by \$110 million, or about 11%. Yet during that time, total special education costs to local school districts increased by \$2 billion – or 66%. This growing reliance on local funding to provide needed services for students with disabilities is unsustainable.

In the last decade, local districts have taken on more and more financial responsibility to cover increased costs as Pennsylvania's share of special education funding declined:

- Between 2008–09 and 2018–19, local districts' share of special education costs grew from 62% to 73%.
- In the same period, the share of costs covered by state special education funding fell from 32% to 22%.
- This year's \$50 million increase in special education funding was as large as any in recent history, but not enough to reverse the decline in the state share, because special education costs are growing annually by 5 times that amount. And we had a year where state funding levels were frozen.

The Legislature needs to increase the state share of special education funding.

Over the course of time, the demands of the workplace have changed the definition of what it means to graduate and thrive in life. We must educate Pennsylvania's students to meet the demands of today. They must have the resources and educational opportunities they need in our schools to learn -- a rigorous school curriculum, quality teachers, sufficient staffing to master reading and math, and access to job skills and technology. Our children are counting on you. We, as adults, cannot let them down.

Thank you.

Testimony of Susan Spicka and Sandra Miller
House Democratic Policy Committee
September 1, 2021

Thank you for the opportunity to testify today about the need for adequate and equitable education funding in the commonwealth. I am the executive director and Sandra Miller is the advocacy coordinator of [Education Voters of Pennsylvania](#). We are a statewide nonprofit, nonpartisan policy and advocacy organization that advocates for sound education policy and mobilizes the public will to ensure that support for a quality public education and an opportunity to learn for all children is a top priority for key decision makers.

In their testimony, the Education Law Center has clearly laid out some key problems in Pennsylvania's funding system for public K-12 schools.

1. State funding is inadequate. Eighty-six percent of Pennsylvania school districts lack the necessary resources to provide students with the resources they need to meet state standards. An additional \$4.6 billion is needed.
2. State funding is inequitable. The poorest school districts, which educate large numbers of students in poverty and Black and Hispanic students, spend \$4800 less per student than the wealthiest districts.
3. Some districts are so inadequately funded that it would take decades of small, incremental investments through the Basic Education Funding formula shared among all 500 districts to have a meaningful impact on increasing the resources available to students in these schools.

What would be best for students is for the legislature to commit to providing the funding they need and deserve and lay out a plan to invest \$4.6 billion through the BEF formula over a period of a few years.

If, however, the legislature will continue to make small, incremental investments in Basic Education Funding, then we most strongly urge you to use a Level Up supplement in addition to making investments in all 500 school districts.

The Level Up supplement is a mechanism that effectively targets funding that flows through the Basic Education Funding formula to the 100 school districts that have the fewest resources available to meet their students' needs. These are districts that are poor and districts where students cannot continue to wait for decades while incremental increases in funding to trickle into their schools.

Level Up

Earlier this year the legislature enacted a \$100 million Level Up supplement in the 2021-2022 state budget. I would like to give a brief background of the Level Up supplement.

Every child in Pennsylvania deserves robust course choices, class sizes that allow for personalized support, enough school counselors and nurses, and a safe learning environment so they can thrive and succeed in school today and live productive, fulfilling lives after graduation.

But we don't provide students in every community with the support they need to reach their potential.

Pennsylvania ranks 44th in the nation for state share of funding for K-12 education. When the state share of funding is low, communities must rely on local wealth – property taxes – to fund their schools. Communities with a robust local tax base can raise sufficient funding to meet students’ needs. Other communities simply cannot raise enough money at the local level, even with a very high local tax effort.

Pennsylvania’s Basic Education Funding formula effectively directs more dollars to districts with higher levels of need. But only a small percentage of education spending is distributed using the formula. Students in districts with the greatest needs are deeply shortchanged. It’s not a level playing field.

Pennsylvania has one of the most inequitable school funding systems in America. The wealthiest school districts spend, on average, \$4,800 more per student than the poorest, and that gap has grown steadily wider.

At the current rate of increase in state educational spending, it will take decades or more for the most underfunded districts to reach adequate funding.

The Level Up supplement is a very efficient way to immediately begin to address the needs of the state’s most underfunded districts, which have been ignored for too long.

The Level Up Methodology

We identified the 100 districts (bottom 20%) with the fewest resources relative to their student needs: The methodology calculates a “weighted student” count for every school district, using student weights employed in the state’s Basic Education Funding formula (BEF) and Special Education Funding formula (SEF) to measure the additional needs of students in each school district and create a weighted student count.

Both the BEF and SEF formulas distribute funding to each school district based on multiple factors, including poverty, English learners, charter school enrollment, and special education population. These “weights” are multipliers, based on research showing that underserved student populations require greater support, increasing the costs of educating them.

The weighted student count is used for each district to calculate a more meaningful measure of spending per pupil: Each school district’s current expenditures (e.g., spending on school programs) is divided by the weighted student count, thus measuring “current expenditures per weighted student.”

The 100 districts with the lowest amount of funding available per weighted student are the districts with the fewest resources available to meet their students’ needs.

The 2021-2022 identified districts include rural, suburban, and urban districts in every region. While this list includes 20% of Pennsylvania’s school districts, those districts serve:

- 65% of Pennsylvania’s Black students
- 58% of Pennsylvania’s Latinx students
- 58% of Pennsylvania’s students in poverty
- 64% of Pennsylvania’s English learners
- 35% of Pennsylvania’s students with disabilities
- 32% of Pennsylvania’s total student population

And Level Up funding is added to school districts' base funding, so districts can count on it year in and year out to pay for recurring costs, including hiring teachers and building programs that will stay.

With small, incremental increases in funding, what impact did including a Level Up supplement have on accelerating funding to districts where students have the greatest unmet needs?

This presentation includes a sneak peek at information from a soon-to-be-released report from the Pennsylvania Budget and Policy Center that answers this question.

The Level Up supplement increases funding for just 100 districts and drives more dollars to districts that educate the poorest students and to districts that educate a higher percentage of Black and Hispanic students than simply running funding through the BEF formula to all 500 districts.

You can see that 84% of the Level Up supplement was allocated to the poorest quartile of school districts vs. just 50% of funding if money had been run through BEF to all 500 districts. And 11% of funding run through BEF to all 500 districts would be allocated to districts that educate the wealthiest quartile of students in the state versus 0% of Level Up funding.

We also see that 65% of Level Up funding was distributed to the districts that educate the highest percentage of Black and Hispanic students versus just 42% of BEF that would have been allocated to 500 districts. Seventeen percent of BEF would have been distributed to quartile of districts that educate the fewest Black and Hispanic students versus just 3% of Level Up funding.

When we look at adequacy, we see that Pennsylvania's poorest school districts are the farthest away from having adequate funding, with 57% of the adequacy shortfall being borne by this 25% of districts. The quartile with the highest concentration of Black students account for 47% of the statewide adequacy shortfall and the quartile with the highest concentration of Hispanic students accounts for 56% of the statewide adequacy shortfall.

When \$100 million was run through Level Up, 99 cents of each dollar helped reduce adequacy shortfalls in school districts.

The analysis from PBPC, which will be released in a formal report soon, clearly demonstrates that using the Basic Education Funding formula to allocate a supplement of state funding to the 100 districts on the Level Up list is an efficient and effective way to accelerate funding to districts that educate students who have been most shortchanged and who cannot wait any longer for additional resources to help them succeed.

What would be best for students is for the legislature to grow the pie—to increase Basic Education Funding by \$4.6 billion and to distribute this funding through the BEF formula.

But if funding increases will continue to be small and incremental, including a Level Up supplement in addition to an increase in BEF for all school districts will help accelerate funding to districts where students have the least and need the most.

I would also like to briefly address the issue of district expenditures to charter schools.

In addition to looking at increasing state funding for schools, Education Voters of PA most strongly encourages policymakers to enact charter school funding reforms that will align tuition payment rates to

charter schools with actual costs. In 2020-2021, school districts will spend an estimated \$2.8 billion on tuition payments for students who attend charter schools.

The proposal in House Bill 72 would set a generous flat rate of \$9500 for regular education cyber charter school tuition and do what the legislature itself recommended years ago—apply the special education funding formula to charter schools. These two fixes would save school districts nearly \$400 million annually, reducing the pressure on districts to raise property taxes and leaving districts more funding to invest in educating students in their districts.

Thank you for inviting Education Voters of PA to testify today. We are happy to answer any questions you have today and to be a resource for you moving forward.

House Democratic Policy Committee

September 1, 2021



EDUCATION VOTERS
of Pennsylvania

The Vision



Every child in Pennsylvania **deserves robust course choices**, class sizes that allow for personalized support, enough school counselors and nurses, and a **safe learning environment so they can thrive and succeed** in school today and live productive, fulfilling lives after graduation.



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The Problem?



- **Pennsylvania ranks 45th** in the nation for state share of funding for K-12 education.
- At least **\$4.6 billion of additional funding** is needed to meet the needs of all students
- **Only 11% of overall spending** is distributed through the weighted BEF formula; students in districts with the greatest needs are deeply shortchanged.
- Low-wealth communities cannot raise enough money at the local level, even with a very high local tax effort.



The Consequences

- Thousands of students must attend schools that **lack the resources** needed to ensure that they can succeed.
- An **entire generation of children is at risk of not being prepared** for the challenges and demands of tomorrow.
- Students of color, students living in poverty, students with disabilities, and English learners **are disproportionately affected.**



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The Solution: **Level Up**

- A Level Up supplement fund will accelerate the path to adequacy and equity for the **20% of districts** that have the fewest resources to meet their students' needs.
- The allocation will be distributed through the weighted BEF formula to just the **100 identified districts** and that allocation would become part of their base BEF.
- This funding would be **separate** from and **additional** to the regular BEF funding districts receive.



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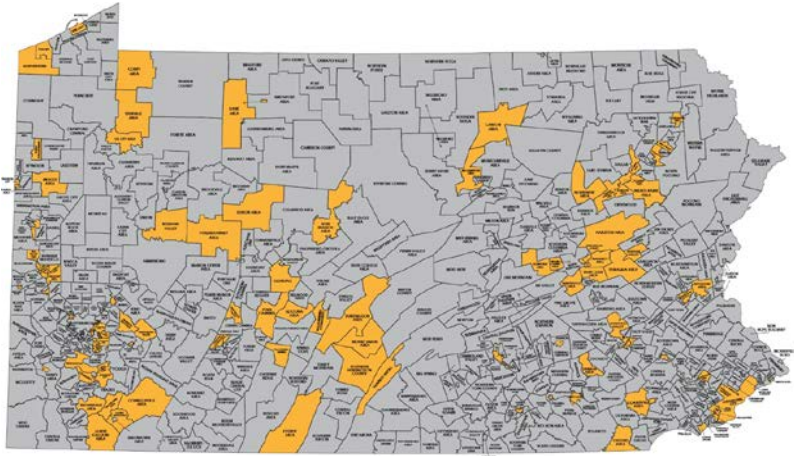
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The Methodology

- We identified the 100 districts (bottom 20%) with the fewest resources relative to their student needs.
- We used student weights from the BEF and SEF formulas to measure the additional needs of students in each school district and create a weighted student count.
- The 100 districts with the lowest amount of funding available per weighted student over the last five years are the districts with the fewest resources available to meet their students' needs.



The 100 Districts



Rural, suburban and urban districts in every region, serving:

- **65%** of Pennsylvania's Black students
- **58%** of Pennsylvania's Latinx students
- **58%** of Pennsylvania's students in poverty
- **64%** of Pennsylvania's English learners
- **35%** of Pennsylvania's students with disabilities
- **32%** of Pennsylvania's total student population



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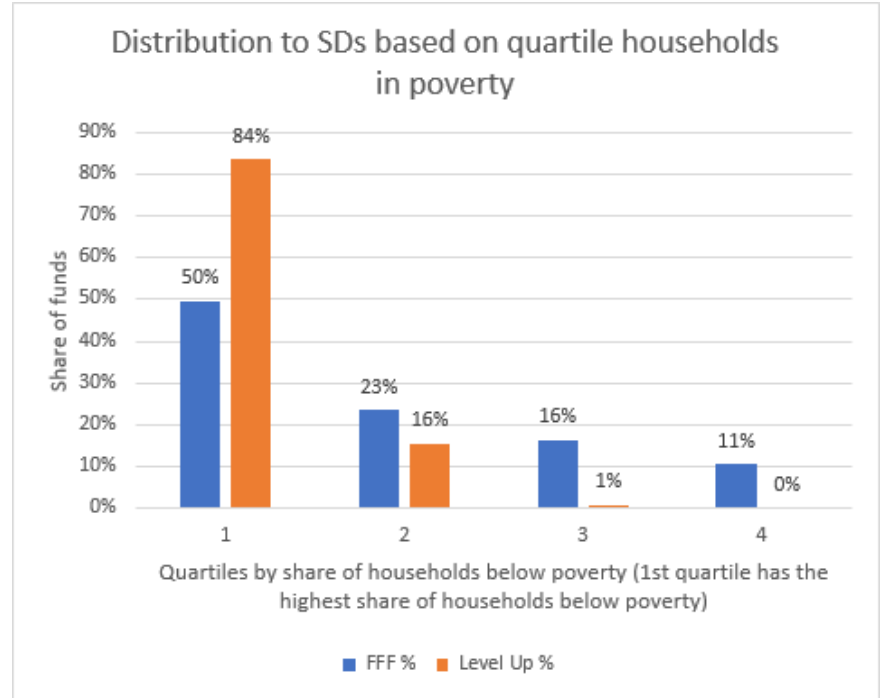
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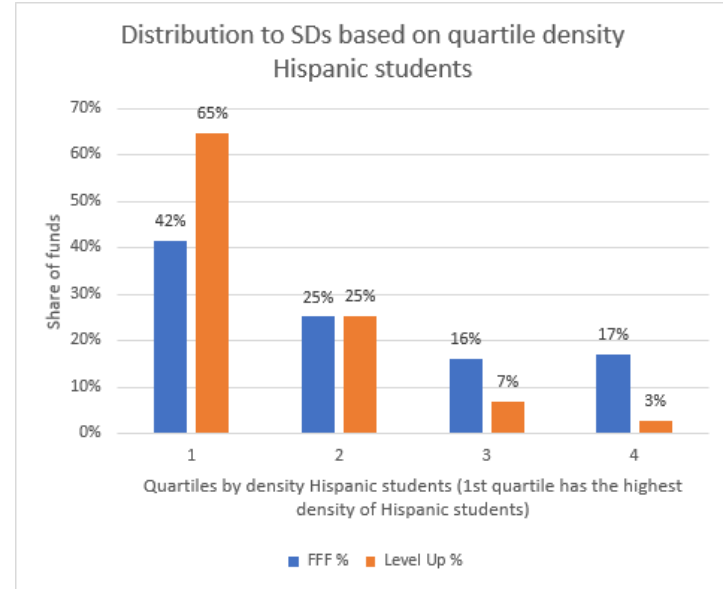
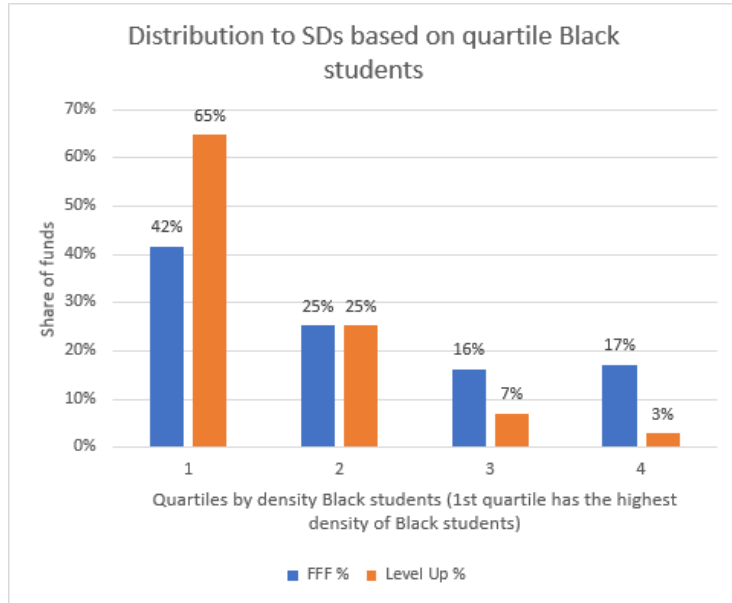
Level Up and Equity

The Level Up supplement concentrates funding that runs through BEF to districts that have the highest percentage of students living in poverty.



Source: “Level Up: Addressing Inequity and Inadequacy in Pennsylvania’s School Funding,” Pennsylvania Budget and Policy Center, forthcoming

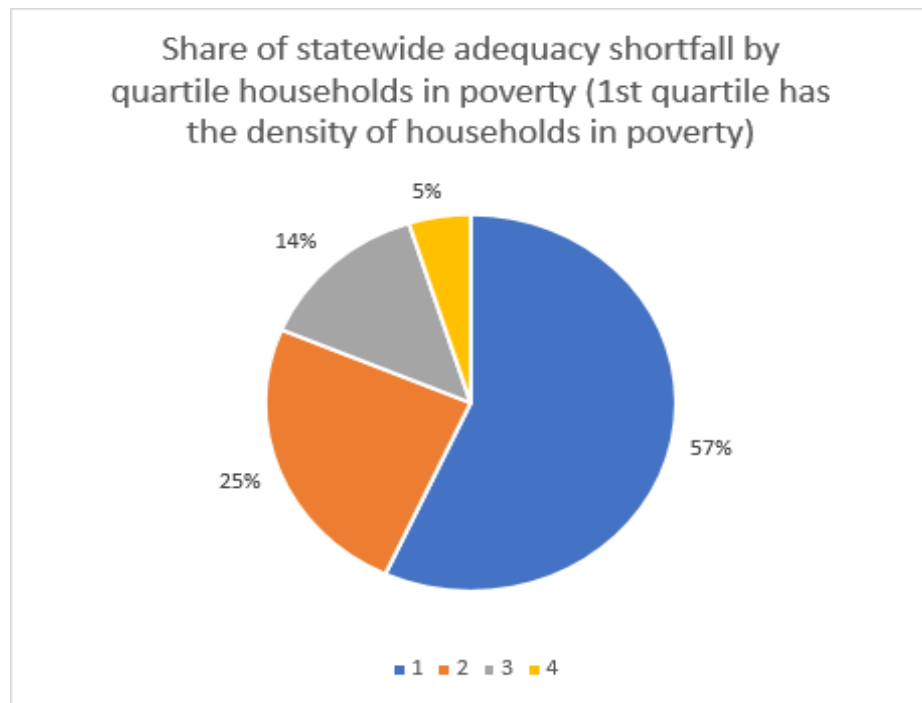
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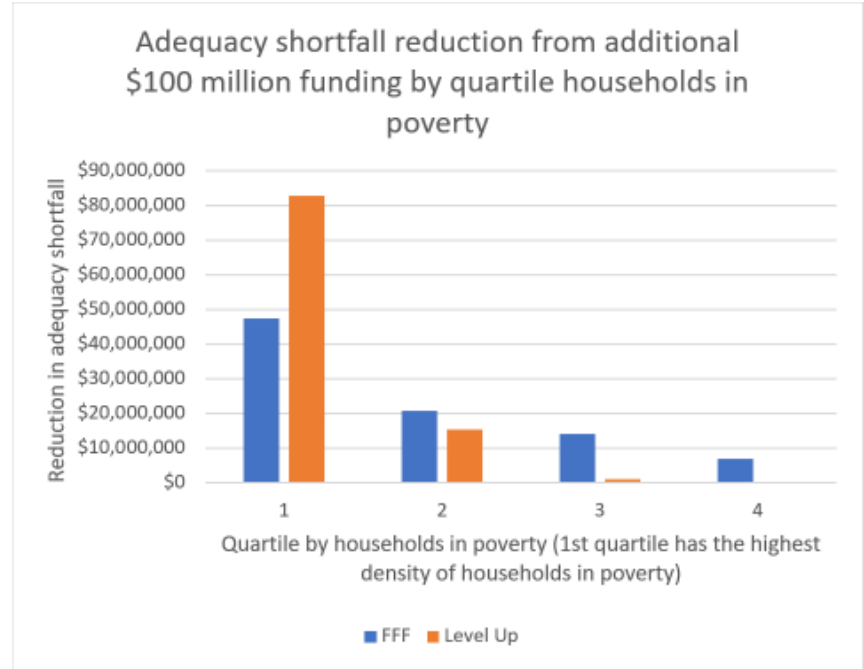
Adequacy

- This chart shows the share of statewide adequacy shortfall after the estimated 2021-2022 BEF distribution.
- Pennsylvania's poorest districts are the farthest away from being adequately funded by the state.
- A pie chart using quartiles of Black and Hispanic charts would be almost identical.



Level Up and Adequacy

- The \$100 million Level Up supplement effectively reduced the adequacy shortfall in the poorest districts by \$80 million.



Thank you!

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