

**Testimony of
Joan Benso, President and CEO
Pennsylvania Partnerships for Children
School Funding
House Democratic Policy Committee
January 7, 2014**

Good afternoon. I'm Joan Benso, president and CEO of Pennsylvania Partnerships for Children (PPC), a statewide, independent, non-partisan and non-profit child advocacy organization committed to improving the education, health and well-being of children in the commonwealth. Thank you for the opportunity to testify before the House Democratic Policy Committee today on public education funding in Pennsylvania.

When it comes to public education in Pennsylvania, the state has core responsibilities in four areas: standards; supports for students and schools; accountability; and financing. We're making significant headway in the first three areas. Pennsylvania is about to establish rigorous academic standards with the Pennsylvania Core Standards and aligned assessments. The Department of Education has developed tools to help educators as they work with students, and we recently adopted a new federal accountability system through the School Performance Profiles, which many people feel are a more accurate measurement of how schools are performing.

The issue of financing, however, remains unresolved. With new academic expectations for students, it is even more important that the commonwealth finally fix its school funding system and distribute adequate resources through it so all students can achieve to our academic standards. This will require a strong state-local partnership.

Today, many Pennsylvania school districts can be categorized as "haves" or "have-nots." Some students live in districts with all the financial resources required to provide them with the best instructional strategies and state-of-the-art equipment, others do not. Our goal must be to level the playing field. To do this, additional state resources are needed so all schools are adequately equipped to help students achieve. Pennsylvania needs basic and special education funding formulas that support students and provide adequate resources that are driven out to districts in a way that ensures adequacy and equity across the commonwealth, so every student in every district can reach proficiency.

Most states do a better job than Pennsylvania in adequately and equitably distributing resources to school districts. They have funding formulas that use accurate student data, account for differences among school districts and children's needs, and direct funding accordingly.¹ I think it's fair to say that Pennsylvania lacks a true funding formula to fairly distribute funding to schools and, to make matters worse, whatever methods we do use to distribute funding tend to change from year to year. There is no predictability for school districts, students and the taxpayers that support them locally.

State appropriations for basic and special education typically build off the prior year's funding with adjustments that fail to address each district's demographics, unique student characteristics and what it

truly costs to assure every child achieves to our state academic standards. Further complicating matters is the reality that the school funding debate is often driven by the goals of either providing a small amount of new resources to all school districts or reducing the local property tax burden for public education. Both of these goals miss the simple truth that we should be focused on providing adequate and equitable funding for students through a rational and predictable system so that every student can achieve proficiency of our academic standards.

A child's likelihood of attending a school district with adequate resources is driven by his or her zip code. State basic education funding increases, however, are driven by other, often more political factors. The distribution method used for school districts in this fiscal year further exacerbates inequities between school districts. More than other recent years, this year's basic education funding relies on a patchwork system of supplements for new dollars to resolve some specific legislative concerns with local funding levels or financial problems in certain school districts.

Public education is a shared federal, state and local partnership. In Pennsylvania, however, the state contributes a low share of elementary and secondary education costs – currently just 36 percent (compared with the national average of 44 percent). The federal government covers 11 percent, which leaves 53 percent to the local communities.¹¹ Such an over-reliance on local funding is unfair to both students and local property owners. It results in children from lower wealth districts having fewer resources and opportunities than students from higher wealth districts -- yet taxpayers in the lower wealth districts typically have a higher tax effort than their wealthier peers. To help remedy this, state funds should be distributed, in part, to help close the gap between the base amount and local communities' ability to tax residents and the formula should include a measure of local tax effort as part of its calculation method. The commonwealth should look at funding strategies that do not rely heavily on local property taxes as a funding source for schools.

PPC strongly believes that four core principles should be applied to any basic education funding formula to ensure school districts have the resources necessary to educate every child to our state's academic standards:

Adequacy

A new funding formula must provide adequate resources to school districts. The state should determine the base amount of funding required to educate a student to proficiency of the commonwealth's academic standards. This base per-student funding amount should be determined through a research-based approach and conducted by an independent and trusted source, such as the Independent Fiscal Office or a university. The base amount should be used for every student enrolled and appropriated to each school district based on accurate student enrollment counts that are provided to the Department of Education (PDE) each fall.

To adequately reflect student needs, resources must be awarded above the base per-student funding amount to address individual student needs, such as for gifted students, students living in poverty and English language learners. These weights should be established using research-based evidence. As an example, the Costing Out Study of 2007 proposed:

- An additional weight for gifted students (using highest weights for the smallest districts, with a minimum of 0.20 and a maximum of 0.66);
- An additional weight for children in poverty (0.43); and

- An additional weight for English language learners (using highest weights for the smallest districts, with a minimum of 1.48 and a maximum of 2.43).

Equity

The new funding formula must equitably distribute resources to districts. The formula should be applied to the entire basic education subsidy. Historically, the state has used a “hold harmless” provision to ensure no school district will get less state funding than they did in the previous year. PPC believes that once an equitable school funding formula is adopted, the hold harmless provision should be phased out so that all state funding is distributed in a way that more accurately reflects local student needs.

The measure of local tax effort and community wealth also must be addressed in a basic education funding formula. The funding of public education is a state and local partnership, with some support from the federal government. This partnership must account for the reality that some school districts lack a sufficient tax base to adequately support the public education needs of their students. Additionally, there are school districts, driven by local taxpayer resistance, that haven’t raised taxes over the years and have contributed to their lack of adequate education funding. Efforts to increase the local share of school funding have been further complicated by Act 1 of the Special Session of 2006, which set an annual index limiting how much a district could raise property taxes. As we move forward to consider a new school funding formula, we may need to consider additional exceptions to Act 1 or other remedies for districts that have had historic weak tax efforts but now make attempts to provide their fair share.

Predictability

Just as districts need the assurance of adequate and equitable resources, they need to be confident those resources can be solidly depended upon from year to year. Districts cannot, and should not, be subjected to drastic, unpredictable peaks and valleys in state funding from one fiscal year to the next that are not driven by changes in student enrollment or other student characteristics. Simply put, the goal of determining an adequate amount of funding is rendered meaningless without the predictability that funding will actually be there.

Accountability

As the commonwealth finally begins to provide the necessary financial resources, school districts should be expected to show how they are improving student outcomes, appropriating financial resources locally and being responsible stewards of taxpayer funds.

Our goal must be to provide every Pennsylvania child with the education he or she needs to achieve our state’s rigorous academic standards. Nothing short of this should be acceptable to any of us. However, we all realize that an effort to develop a new school funding formula based on the above principles and secure the necessary financial commitment is likely to take a number of years to fully implement. As we move down this pathway, it may be worthwhile to consider if there are some additional interim ingredients to help ensure all of our children have an equal opportunity to succeed academically. One area for consideration is early learning. Research demonstrates that children who enter school ready to learn and have strong opportunities in the early grades succeed academically.

One additional concept for consideration would be to incentivize creating, maintaining or expanding full-day kindergarten for students at-risk of education failure. Florida and Georgia are examples of states that include weights within their school funding formulas to incentivize full-day kindergarten. Pennsylvania could do the same and have the weights apply to at-risk students (English language learners, special education students, and children living in poverty) who research demonstrates benefit the most full-day kindergarten. These incentives could be reduced over time as a school funding formula is fully implemented and every district has the necessary resources to provide full-day kindergarten to every child.

As you heard from the national panel today, high quality pre-kindergarten is a key ingredient in school readiness and later school success. While Pennsylvania has made some important headway in this area over the last decade, we live in a state where only 1 in 6 children has access to publicly funded pre-k. Other states have included pre-k in their school funding formulas and made this important opportunity available to all their children. Pennsylvania must take steps to generate the public resources required to ensure access. However, as we move forward, it is critically important to remember that we have created great efficiencies in pre-k delivery in Pennsylvania by using a mixed service delivery system of school districts, child care providers, Head Start programs and private nursery schools. While considering pre-k as an element of a school funding formula, we need to take steps to ensure the funds would be available to all entities that are currently eligible for our Pre-K Counts program.

Past attempts to improve the distribution of basic education dollars ignored the need to tackle special education. Fortunately, House and Senate members over the last few years recognized the need to improve the distribution of state special education funds and created the Special Education Funding Commission to perform an intensive examination of our special education funding and make recommendations on how it could be improved. PPC is pleased with the first steps made by the Special Education Funding Commission in 2013. We congratulate all of the commission members and their staff for their work to develop a comprehensive proposal, but today we want to recognize the work of Chairman Sturla, Chairman Roebuck and Rep. Longietti. Thank you for never giving up on the creation of this commission. It was a long road, but this report will help move the conversation forward.

The commission report is a strong start to improving our special education funding system. The commission recommendations include many of the elements that PPC would like to see included in a new special education funding formula. For example, the recommendations include both student and local education agency (LEA) factors that reflect the cost of providing special needs students the educational services they require. We concur with the recommendation that the special education subsidy remain a separate line-item in the state budget. It affords the commonwealth the opportunity for greater transparency and accountability for special education investments.

Additionally, PPC has long supported the concepts of a student enrollment count and three weights that are reflective of the difference in costs to support children with varying degrees of disabilities. The commission recommends the creation of three cost categories with weights of the following: 1.51 for students who cost less than \$25,000 per year; 3.77 for students who cost between \$25,000 and \$49,999 per year; and 7.46 for students who cost \$50,000 or more per year. We look forward to learning more about the information used to create the weights assigned to each category. It is critical for this information be transparent and easily understood by all stakeholders.

Additionally, as noted in our comments on a basic education formula, we believe that measures of local tax effort and the relative wealth of a school district are essential to any basic or special education funding

formula. There are two things we believe are missing from the Special Education Commission report: the establishment of a base cost for educating a child receiving special education services and a recommendation for the total additional sum of money needed to meet the special education needs of every Pennsylvania student.

While we understand that Act 3 of 2013 left the decision of how much funding is needed in the hands of the General Assembly, we fear that if we fail to establish a goal for the overall level of the special education state subsidy, we will never know if the state is meeting its responsibility. Anecdotally, we've been told that six years of stagnant special education funding is forcing school districts to transfer financial resources from regular education programs in order to maintain the mandated level of services for special needs children. In other words, the current state of school funding system has placed special and regular education students in a competition for resources. This is a grave injustice for our students.

Resources alone don't guarantee student success, but adequate resources are an essential component – along with rigorous standards, support for students and schools, and common-sense accountability – in fulfilling our vision of every child achieving our academic standards.

Thank you. I look forward to your questions.

ⁱ Education Law Center; *Funding, Formulas and Fairness: What Pennsylvania Can Learn From Other States' Education Funding Formulas*; Feb. 2013

ⁱⁱ *Ibid*, Appendix C, pg. 12