

INVESTING IN A THOROUGH AND EFFICIENT SYSTEM OF EDUCATION: WHAT WILL IT TAKE AND HOW DO WE GET THERE

Pennsylvania Policy Perspectives Webinar Series
January 6, 2014





AGENDA

Sharon Ward, PA Budget and Policy Center

How're We Doing? Pennsylvania's education funding challenges.

Brett Schaeffer, Education Law Center of Pennsylvania

A rational system of education: The need for a school funding formula for Pennsylvania.

State Rep. Mike Sturla, PA House of Representatives

The Special Education Funding Commission, process, findings and next steps.

Q & A

EDUCATION IS CRITICAL TO PENNSYLVANIA'S SUCCESS





SCHOOL FUNDING QUESTIONS

Goal: state funding that fills local funding gaps for adequate, equitable system of education

How much does it cost?

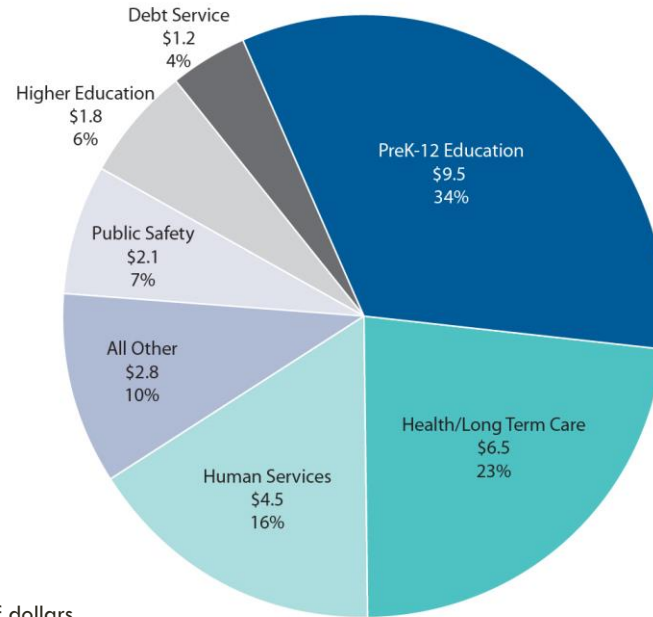
How are funds distributed?

How do we get there?



EDUCATION ONE-THIRD OF STATE BUDGET

- 34% of State General Fund spent for education, healthcare is next at 23%.

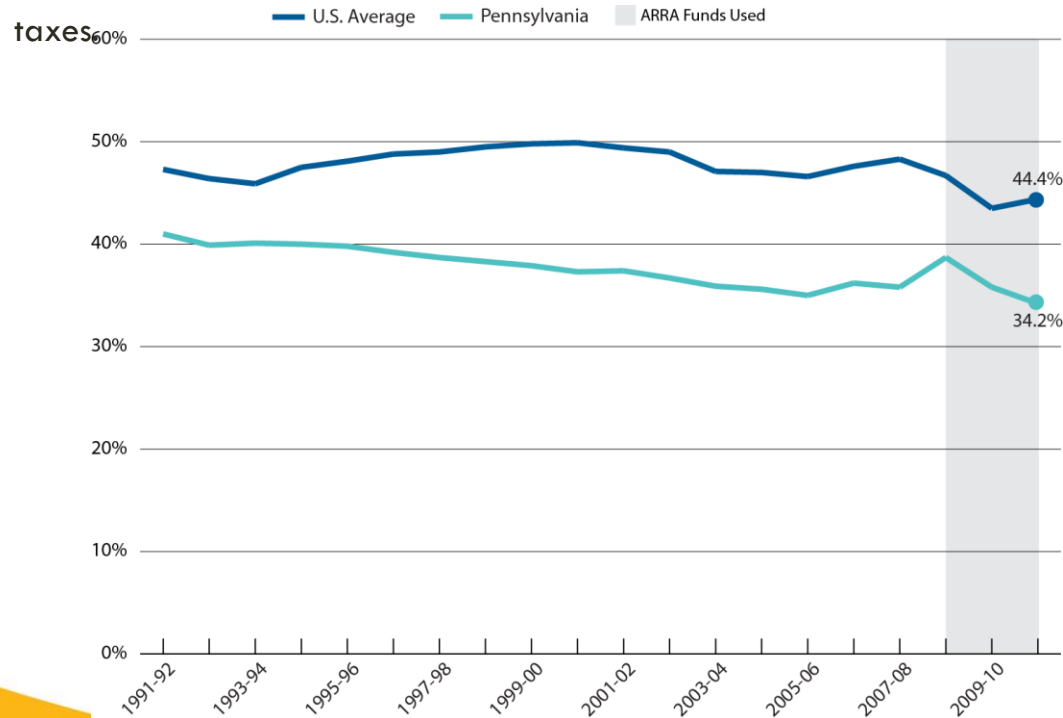


Billions of dollars



CHALLENGE ONE: STATE SHARE TOO SMALL

In FY 2011 PA ranked 47th in state share and 8th in reliance on local taxes

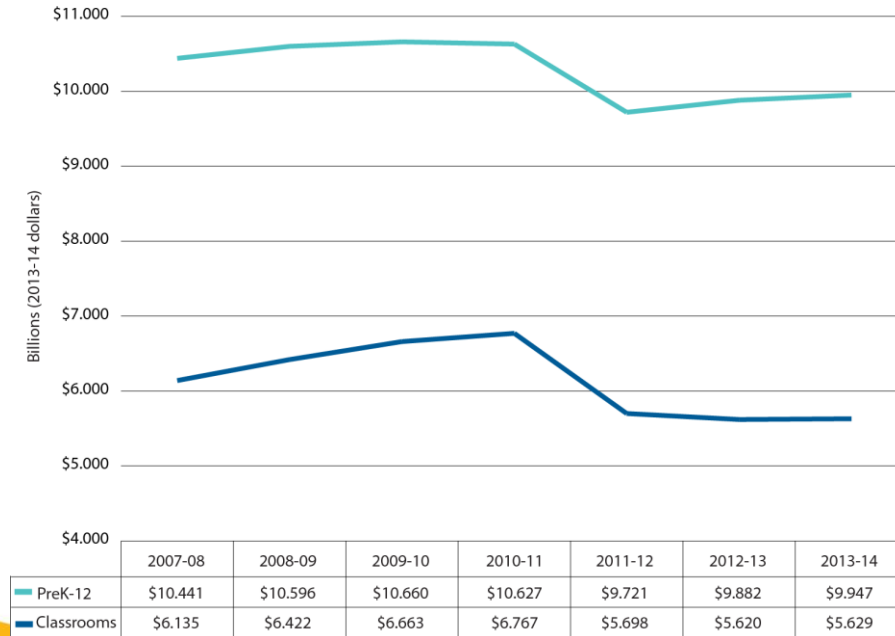




CHALLENGE TWO: ABANDONING THE FORMULA

(EDUCATION FUNDING 2007-08-2013-14, INFLATION ADJUSTED)

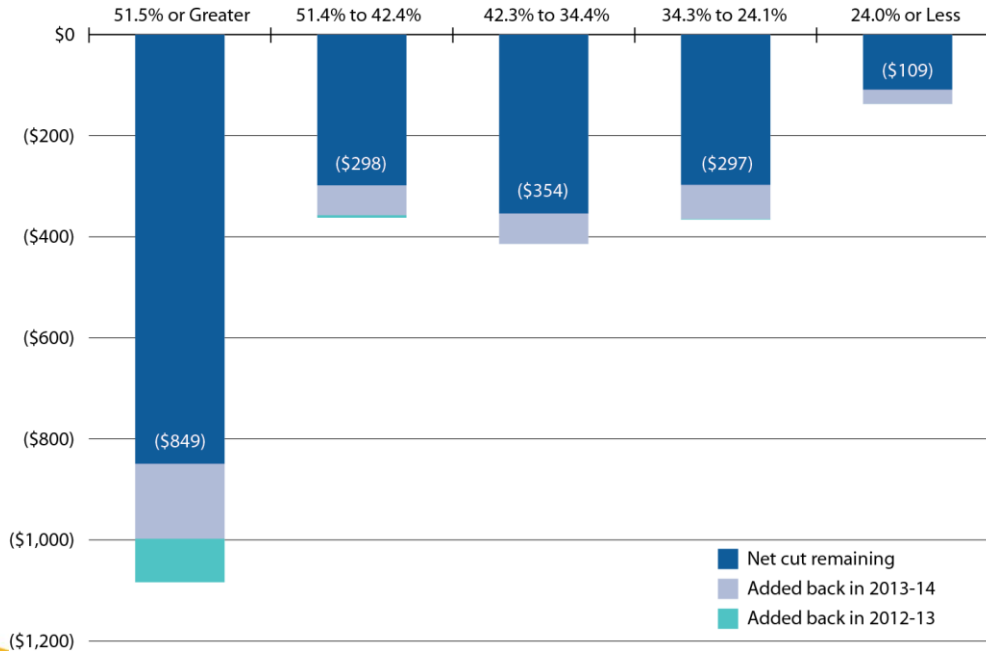
- After increasing throughout the decade, education funding reduced in 2011-12.



CHALLENGE THREE: POOR DISTRICTS FARTHER BEHIND

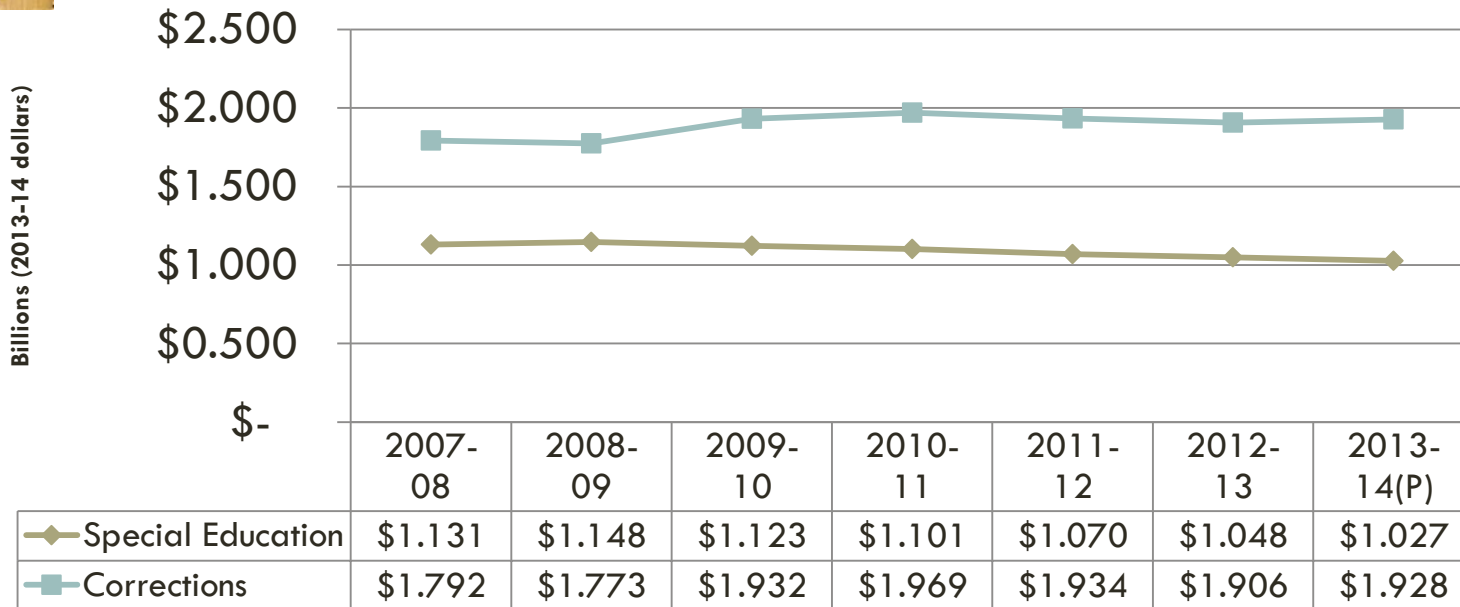


- Greatest cuts in the poorest quintile, smallest in wealthiest quintile.



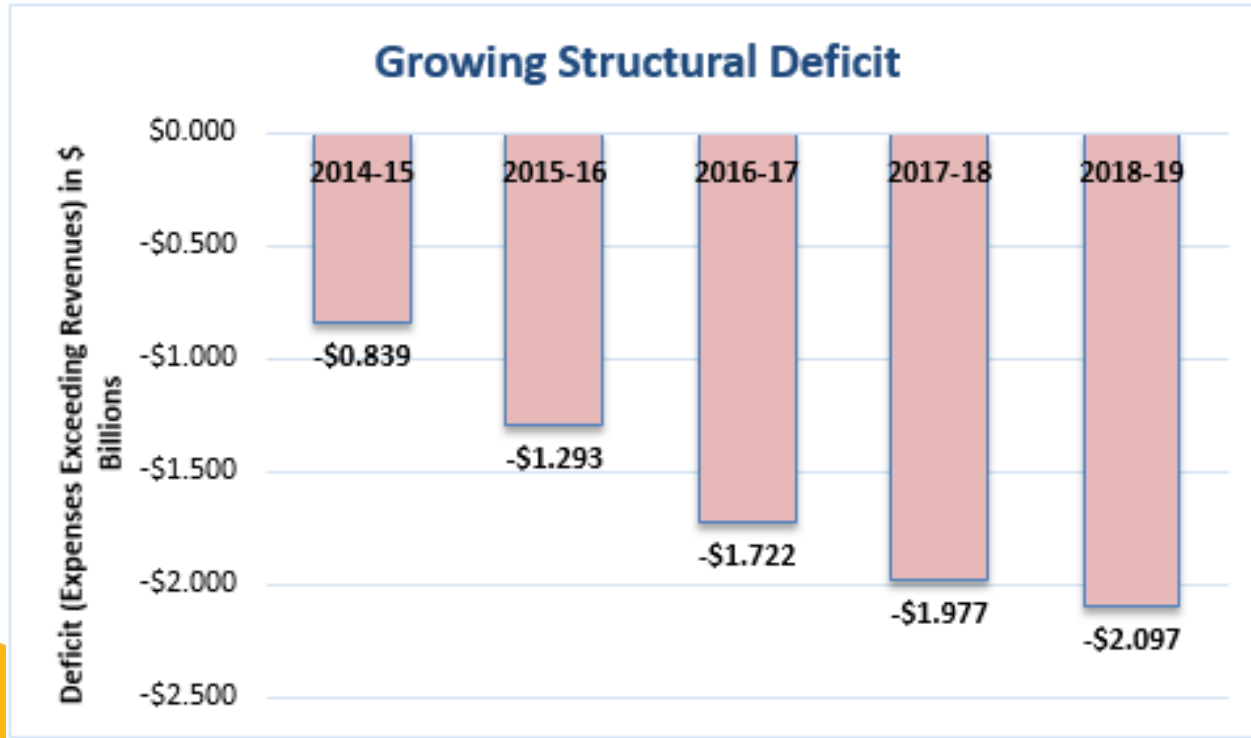


FLAT FUNDING FOR SPECIAL EDUCATION





CHALLENGE FOUR: ONGOING BUDGET SHORTFALLS

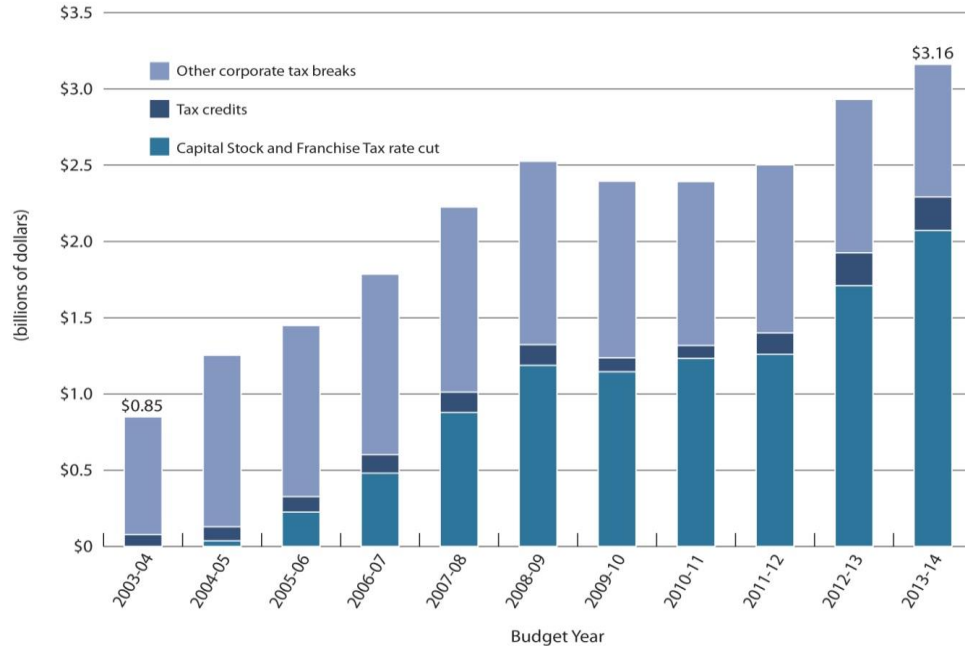


Source: Pennsylvania Independent Fiscal Office



TAX CUTS EQUAL 30% OF EDUCATION SPENDING

Costs of Business Tax Cuts Soar



Source: Pennsylvania Governor's Executive Budget (various years) and Pennsylvania Budget and Policy Center calculations.

BRETT SCHAEFFER
EDUCATION LAW CENTER





THE EDUCATION LAW CENTER

The Education Law Center has long been a leading statewide advocate for more adequate and equitable school funding and is the only statewide legal advocacy group whose mission is to ensure that all of Pennsylvania's children have access to quality public schools, including poor children, children of color, children with disabilities, children in the foster care system, English Language learners, and other vulnerable children.



THE IMPORTANCE OF FAIR SCHOOL FUNDING

- Pennsylvania is one of only three states that does not use a funding formula to calculate and distribute education dollars.



WHY DOES A FORMULA MATTER?

- A good funding formula uses a cost-based approach, recognizing that different students in different communities require different levels of state investment to meet state academic standards and be prepared for college and the workforce.
- When these cost differences are ignored, or not accurately accounted for, state officials and taxpayers have little information about whether the state is spending enough money or whether the right amount of money is getting to each school district.



FUNDING FORMULA EXAMPLE:

Base Cost x Total Student Enrollment

x 1.1 for higher costs of operating a small school district

x 1.1 for districts located in a region with a high local cost of living

+ # of ELL students x Base Cost x 2.0

+ # of students with disabilities x Base Cost x 1.5

+ # of students in poverty x Base Cost x 0.5



ANYTOWN SCHOOL DISTRICT

Base Cost = \$10,000 X 1,000 students in the Anytown School District = \$10 million

X 1.1 for small districts = \$11 million

X 1.1 for districts with high cost of living = \$12.1 million

+ 50 ELLs X \$10,000 X 2.0 = \$1 million

+ 100 IEPs X \$10,000 X 1.5 = \$1.5 million

+ 250 Poor X \$10,000 X 0.5 = \$1.25 million

Adequacy target = \$15.85 million



MEETING THE TARGET

Anytown SD example: \$15.85 million Adequacy Target
 - \$11 million Anytown SD Current Spending
 = \$4.85 million gap

- Current funding falls \$4.85 million short of the district's adequacy target of \$15.85 million – a \$4,850 annual gap in per student spending.
- In order to close the funding gap, the state will contribute an additional \$3.79 million and the district will contribute an additional \$1.06 million, based on a mandated minimum state contribution of 50% and local factors such as poverty and property tax rates.
- The annual state funding increase would be \$631,667 if the state increase contribution is phased in over six consecutive years.



PA'S SCHOOL FUNDING FORMULA

- Pennsylvania had a formula in 2008 that was similar to the example shown. The formula was enacted into law as Act 61.
- It was based on a cost study and used different student and districts factors, or weights, to distribute education funding.
- It was abandoned in 2011, and amended out of use in 2012.



QUESTIONS TO ASK ABOUT 2014-15 BUDGET

- How much funding is going to public school classrooms?
- How is that funding distributed?
- How are cost factors being used?
- How are state and local share of education funding calculated?
- What commitment is being made to close adequacy funding gaps in the state's struggling school districts?



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STATE REPRESENTATIVE MIKE STURLA

Special Education Funding
Commission



SPECIAL EDUCATION FUNDING FORMULA COMMISSION

Established under Act 3 of 2013 to address the inequitable and often underfunded system of special education in PA.

Commission members: bipartisan group of lawmakers.

The problem: PA has an antiquated state funding formula, which assumes that a blanket 16% of students (which is the statewide average) require special education programs regardless of the actual number.

Hearings across the state, testimony from teachers, parents, school administrators and education experts.

The report is available at www.pahouse.com/Sturla.



ENROLLMENT

Pennsylvania Special Education Enrollment	1991-92	2001-02	2011-12
Special education students: Total Number	207,385	228,164	268,446
% of All Students	12.2%	12.9%	15.2%
Total number of all public education students	1.70 million	1.77 million	1.76 million

268,466 students

15.2% of students

One of every 6.5 students

Enrollment has grown *and* changed



STUDENT DISABILITIES

63% of PA students who receive special education services have either a speech-language impairment or a specific learning disability.

15% have an intellectual disability or autism. As science and health care have progressed over the years, students are being identified for different kinds of disabilities.



TYPE OF DISABILITY

Disabilities	Percent of all Special Education Students		
	1991-92	2001-02	2011-12
Autism	0.2%	1.3%	7.8%
Emotional disturbance	6.5%	7.0%	8.8%
Intellectual disability (mental retardation)	11.5%	9.1%	7.1%
Multiple disabilities	0.2%	0.8%	1.1%
Orthopedic impairment	0.6%	0.4%	0.3%
Other health impairment (affecting strength, vitality, alertness)	0.0%	1.1%	10.2%
Specific learning disability	30.1%	41.8%	47.9%
Speech or language impairment	20.0%	11.9%	15.1%



FINDINGS

- 62% of students inside regular classroom 80% of the day or more
- Wide variation in share of students with identified disabilities: average 15.2%, ranges from <10% to 26% or more
- Average number of students per LEA is 506, Reading: 3169, Pittsburgh: 4890, Philadelphia 20,784
- Average expenditure is \$13,028 per child, but ranges from <\$7000 to \$25,000 or more
- State spends \$1 billion annually, 60% of costs paid locally



SPECIAL EDUCATION FUNDING FORMULA

Before 1991 state used “excess cost” system, paid additional cost over per student average

1991 moved to “census formula” assumes 15% of students have mild disabilities, 1% severe disabilities

After 2008, formula abandoned



FINAL RECOMMENDATIONS

- Alter the overall structure of special education funding
 - Formula will use 3 cost categories and corresponding weights
 - Category 1 = 1.51 (students < \$25,000 cost)
 - Category 2 = 3.77 (students => \$25,000 and < \$50,000)
 - Category 3 = 7.46 (students => \$50,000)
 - Weighted student counts will be adjusted for relative district wealth and geographic density
 - Formula will use real student counts, not an assumed 16%
 - Special Education funding will be its own line-item in the budget to ensure transparency and accountability



FINAL RECOMMENDATIONS (CONTINUED)

- Charter schools will still be paid on a per student basis by districts, with the same formula being applied
- Ensure an increase for Approved Private Schools
- Contingency Fund will become Extraordinary Cost Fund
 - Limited number of LEA's will receive funds to help with high cost students
 - Applications will be accepted for student costs exceeding \$75,000
- Improved data collection
- Encourage inclusion through competitive grant programs



ISSUES CONSIDERED WITHOUT RECOMMENDATION

- Options to account for cost of living differences across the state
- Practice of hold harmless and minimum increases
- Transportation costs
- Long term cost projections
- Other programs for students with special needs – gifted and Section 504
- Student transience



QUESTIONS?

Learn More

Pennsylvania Budget and Policy Center: www.pennbpc.org

Education Law Center: www.elc-pa.org

State Representative Mike Sturla: www.pahouse.com/Sturla/



UPCOMING WEBINARS

- Exaggerating the Employment Impacts of Shale Drilling: How and Why – **January 10, 2014, 2PM**