

Testimony for the Basic Education Funding Commission Hearing

September 30, 2014

Dr. Michael L. Stahlman, Superintendent of Clarion Area School District

Clarion Area School District Data:

- Enrollment for 2014-15 is at 776 students -- an increase of 15 over 2013-14, but a drop of 65 over the past 5 years and 149 over the past 10 years.
- Special Education population: approximately 22%
- Economically Disadvantaged: growing with just over 40% at the elementary school and about 28% district-wide
- Estimated expenditures for the 2014-15 budget total \$12.5 million.
- State Revenues 35%
- Local Revenues 63%
- Federal Revenues 2%

Transportation:

- The formula to determine transportation reimbursement works well for Clarion Area.
- Do not blend into another formula or take dollars away as this will leave a gap in funding in yet another area.

Hold Harmless:

- Essentially disappeared after 2008-09 when our BEF from the state fell by 11.2% for 2009-10.
- Although we are now back to 2008-09 funding levels or a little higher, our mandated costs have also increased dramatically.
- *It is extremely important that we not lose funding year to year.*
- Fixed costs in a rural district cannot be met with inadequate state funding and increases in unfunded mandates.
- Tax increases under the Act 1 Index cannot keep pace with increases in mandated expenses.
- Educational programming must be reduced to make up the gaps created by insufficient state funding of education and increases in mandated costs.

Increasing Costs:

- Pension Costs:
 - Increased from a quarter million dollars in 2009-10 to more than \$ 1.1 million in 2014-15.
 - Increased taxes on our local tax payers to the index in each year generating only about \$400,000.
 - This leaves the district \$700,000 a year short, requiring reductions in our educational programs, spending from our fund balance, or in our case both.
- Special Education Costs:
 - State funding in special education has remained relatively flat over the past 7 years.
 - Costs have increased from \$950,000 to \$1.35 million over the past 5 years.
- Cyber/Charter School Costs
 - Cyber/charter school expenses have increased from \$34,000 to \$112,000 over the past 5 years.

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What does the lack of adequate state funding mean to Clarion Area School District?

- Continued reliance on our fund balance and cuts in educational programming paint a very bleak picture for the future of our students.
- Continued increases in pension contributions and limitations to raise taxes under Act 1 will entirely deplete the fund balance of Clarion Area School District in 18 months to 2 years.
- Closed 2012-13 with a fund balance of \$2.3 million and a \$12.5 million dollar budget.
- Expended over \$400,000 in 2013-14 leaving a fund balance of \$1.9 million.
- Expecting to spend nearly \$600,000 from the fund balance in 2014-15 leaving \$1.3 million.

We have:

- Reduced and combined transportation routes;
- Increased class size;
- Reduced support staff;
- Eliminated athletic and co-curricular positions; and
- Reduced spending in every area possible to have minimal impact on our students.

We must now consider further cuts such as:

- Athletic program cuts that will eliminate opportunities for our students;
- Education program curtailments such as music, art, industrial art, elementary physical education, library, elementary guidance counseling, and/or foreign languages -- essentially all non-mandated programs that benefit our students greatly.

“...school districts across the state have eliminated or reduced hundreds of academic and extra-curricular programs, increased class sizes, sharply reduced teaching and other staff, and curtailed transportation services. In most cases, these reductions occur alongside annual increases in local property taxes—creating harmful tension between public schools and the communities they serve. Left unchecked, this cycle will impact the Commonwealth’s economic health and standard of living for decades to come.” (page 11) from PASA-PASBO June 2014 report titled *Continued Cuts: The Fourth Annual PASA-PASBO Report on School District Budgets*

What is needed to have a successful Basic Education Funding Formula?

- The funding MUST be predictable, reliable, and sustainable.
- Do not combine or blend line items into a new formula (particularly transportation).
- Consider mandate relief:
 - Pension reform
 - Allow furloughs for financial reasons
 - Charter school funding -- should not exceed per student the amount the state contributes to the public school district.
 - Act 1 limitations -- eliminate or modify to allow districts to raise the required revenues to operate.