



**Testimony of the
Pennsylvania State Education Association (PSEA)**

Basic Education Funding Formula

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Good morning Chairman Browne, Chairman Vereb and the members of the Basic Education Funding Commission. My name is Mike Crossey and I am the President of the Pennsylvania State Education Association (PSEA). For more than 34 years, I was also a teacher in the Keystone Oaks School District. On behalf of PSEA's 180,000 members I would like to thank you for allowing me the opportunity to discuss PSEA's thoughts around a basic education funding formula – one of the most important public policy issues facing our commonwealth.

Before I get into PSEA's specific recommendations for a formula, I want to express PSEA's gratitude for your collective efforts and those of your respective staff members to prioritize this commission and work through some thorny issues to push for a fair system of basic education funding. This is no easy task and each of you should be commended for your efforts to date.

Testimony before this Commission has identified fundamental problems in our school funding system: the need for distributions based on factors that affect district costs; the need to use current, reliable data when measuring those factors; consistent application of such a formula over time; and the disparity between how much education policy goals cost and state funding. We need to turn the page from framing the problem and start talking about the specifics in a solution. In other words, we need to figure out how to design a fair funding formula for the distribution of basic education subsidy dollars that will accurately account for certain student and school district characteristics and be used consistently year-to-year. I believe all of us share that important goal.

As a general principle, PSEA maintains a formula needs to be simple. Simplicity offers a number of benefits. First, it makes clear how differences in district circumstances affect the distribution of state aid, and consequently reduces suspicion that some districts aren't receiving a fair share of scarce resources. Second, simplicity helps protect against a formula being revised in the future. The more components that are included, the easier it is to make tweaks or add new factors to respond to specific district situations or requests. Third, simplicity breeds understanding. Easy understanding by policymakers, educators, parents and taxpayers can help garner support for the long-term use of a formula.

PSEA agrees with our colleagues within the Campaign for Fair Education Funding that a formula needs to use data that is accurate, reliable, verifiable, and as current as possible for both student and district factors. We must do our best to account for key factors that can challenge a child's

ability to meet academic standards and reflect the shared partnership in financially supporting public schools without overloading the Department of Education and education professionals with excessive demands for data.

With these thoughts in mind, PSEA concurs with most of the recommendations of the Pennsylvania Association of School Business Officials (PASBO) in their testimony on November 24th, but offer a few suggestions of our own. A formula must do the following:

1. Count the students – This is the most basic of formula functions and one that our current distribution method has used sporadically for over two decades. We should use average daily membership (ADM) to account for the number of children that districts are financially responsible for – including those enrolled in charter schools. An accurate student count also would allow a formula to respond to expanding and contracting student enrollment. To avoid jarring, unwarranted changes in funding streams, however, we recommend using rolling averages of pupil counts where appropriate. This technique is utilized in the special education funding formula.
2. Augment counts for poverty and English language learners – Research has demonstrated that children who live in poverty often begin their educational careers behind and/or face challenges that make it harder for them to achieve success. Despite the good work that you and your colleagues have done providing some of these children with access to early intervention and high-quality early learning programs, they often still require greater educational supports when they enter elementary school and throughout their educational careers. The additional needs of English language learners (ELL) are obvious. Schools must immediately respond to the needs of students who walk in their doors and don't understand English. This means finding and hiring the appropriate staff to help students who speak other languages. A formula needs to recognize these unique needs. Pennsylvania has recognized poverty and ELL in the past. We already have data on English language learners in the commonwealth. However, due to the changes with the national school lunch/breakfast program and the community eligibility factor, we must find a new poverty measure that is accurate, reliable, verifiable and current. We agree with PASBO's recommendation on the use of federal census data, within continuing updates, for a poverty measure.

3. Account for poverty concentration – Research has also demonstrated that education costs associated with poverty are compounded the more severe the poverty and the larger the number of students in a district living in poverty. This is a reality for many of our urban school districts and further complicates the provision of educational services. This requires educators to implement new programs, offer tutoring and extended learning opportunities. The formula should include a district factor for poverty concentration to reflect these difficulties.
4. Assist school districts with their charter school expenses – A formula should assist school districts with the cost for students to attend charter and cyber charter schools. Movement of students to charter schools “strands” much of the costs districts have already incurred for those students, while adding a new cost in the form of tuition to the charters. The loss of state aid for payments to charters was sudden and for some districts catastrophic. For example, both Chester-Upland and York City were placed in Financial Recovery Status largely because the elimination of charter school reimbursement generated losses in revenue of 9.6% and 4.0% respectively. Philadelphia experienced a loss equal to 3.6% of its revenues. A formula must recognize that charter payments don’t always results in cost savings as charter school enrollment continues to increase and assume a larger share of school district budgets.
5. Recognize the challenges of small and sparse school districts – Small school districts and those that cover very large areas that don’t have a dense population cannot achieve the economies of scale in providing educational services. It can also be hard to attract the right personnel in these areas. The Special Education Funding Commission recognized the unique challenges these districts face and designed a small district/scarcity ratio to adjust its calculations. PSEA would urge you to use the same mechanism in a basic education funding formula.
6. Account for household wealth and the tax effort of local communities – Historically, Pennsylvania has used the market value/personal income aid ratio as a measure of a district’s relative ability to cover its share of costs from local sources, and thus to establish an equitable state share. The state has used equalized mills as a measure of the district’s relative willingness to cover its share of costs from local sources. In its testimony, PASBO raised long-standing concerns about the accuracy of these measures.

We share these concerns, and hope they can be addressed. Ideally, the aid ratio and equalized mills should use the same bases or basis, and work in concert to provide an accurate picture of a district's willingness and ability to cover its share of costs. PSEA is already on record in support of moving both of these measures toward an income basis, as outlined in PASBO's testimony, since local taxes are paid from income rather than property value. Furthermore, doing so would allow policymakers to more effectively link basic education funding to their concerns with tax fairness for homeowners.

Finally, I understand that this Commission is not charged with looking at adequacy in funding, just the formula for distribution. Again, I appreciate your focus and commitment, but I would be remiss if I did not speak to the issue of adequacy. Providing our children with all the opportunities they need to achieve state standards and assume their roles as productive, educated citizens is expensive for the reasons I've outlined. While we may not be able to provide all those opportunities immediately, we must maintain that as a goal driving school funding policy, and seek to reach adequate funding levels as soon as possible. PSEA believes that returning each district's Basic Education Funding (as augmented by federal funds) and Reimbursement for Payments to Charter Schools to the level attained in 2010-11 would be an important first step towards a basic education funding system that is both fair and sufficient to allow schools to successfully fulfill *their* charge.

Thank you for the opportunity to present PSEA's recommendations for a formula. I will be happy to answer any of your questions and look forward to working with all of you in the weeks and months ahead to develop and advance a basic education funding formula that meets the needs of students and schools.