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PENNSYLVANIA BASIC EDUCATION
FUNDING COMMISSION HEARING
THURSDAY, MARCH 12, 2015

Good afternoon, ladies and gentlemen. My name is Ford Thompson and I am the President of the Board of School Directors for the Central Dauphin School District in Harrisburg, Pennsylvania. I would like to take this opportunity to thank the commission for allowing me to speak today.

The contents of my comments will address the economic factors relevant to the development of the new basic education funding formula as they pertain to the Central Dauphin School District. My purpose in commenting before you today is to relay factors unique to Central Dauphin. I hope that my testimony will serve as a means of assistance to you in your quest for information as you make this very important decision.

I'll begin with some background information on Central Dauphin School District.

Background. Our District is located in Harrisburg, Pennsylvania, and we are the 14th largest school district in the Commonwealth. The District encompasses 120 square miles. We have a population of over 90,000 residents, a student population of nearly 11,000 and a staff of almost 1,300. The District's budget is \$168 million dollars and is used to run 13

elementary schools and 6 secondary schools. Our market value/personal income aid ratio is .3726, placing us in the wealthiest third of Pennsylvania school districts. As you will see, this number is nowhere close to characterizing our district's students and their families.

Enrollment. Central Dauphin School District currently is experiencing a period of growth in student population. We expect to hit a 15 year high enrollment in the next fiscal year. As student populations fluctuated from year to year, our basic education subsidy has remained stagnant due to hold harmless provisions. We feel that part of the basic education subsidy must be hinged to a measurable growth or decline in student population.

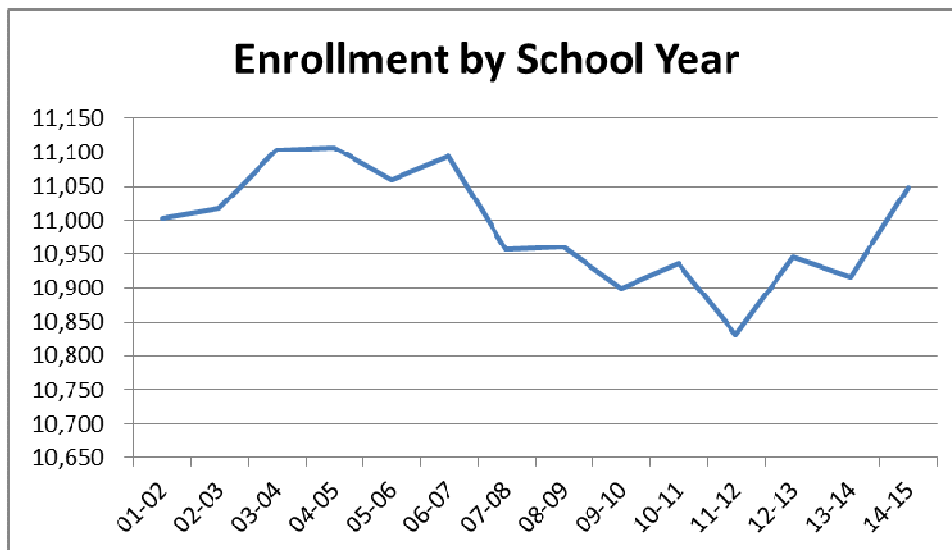


Exhibit 1: Central Dauphin and <http://www.education.state.pa.us/portal/server.pt/community/enrollment/7407>

It is apparent that when the student population expands more staff must be hired to educate those students. Conversely, when the student population contracts, districts are hampered in their ability to furlough staff for reasons other than a 'substantial' decline in student enrollment. The term 'substantial' has only been defined through case law, and not the public

school code. As a result, Central Dauphin School District sought one furlough during the last 25 years, and now due to a resurgence in population we have hired back nearly all of the furloughed staff.

If the commission deems student population as one of the factors for funding, it is extremely important that corresponding or companion legislation be passed that allow school districts more latitude to furlough teaching staff during periods of contraction. Without this tool, the unintended consequences could be dire.

Relative Wealth. Wealth is measured by the Pennsylvania Department of Education (PDE) in a variety of ways referred to as an aid ratio. Market Value Aid Ratio measures a district's wealth based on real property values. Personal Income Aid Ratio measures the wealth of a district's residents. The third measurement is called the Market Value/Personal Income Aid Ratio and is the blended rate of wealth which is used as the basis for most PDE documents and calculations.

Central Dauphin School District has more commercial real estate than almost any other school district in Pennsylvania. Our Market Value Aid Ratio is .3494. This places us in the wealthiest one-third of all districts **based on market value.** Central Dauphin's property has a market value of \$6.8 billion broken out as follows:

Residential	65.79%
Industrial	5.04%
Commercial	26.36%
Agriculture	1.12%
Other	1.69%

However, the market value calculation is only half of the story. Each year more of our students are considered to be economically disadvantaged. Currently 40.3% of Central Dauphin School District students receive free or reduced priced meals. This is a 55% increase since 2008.

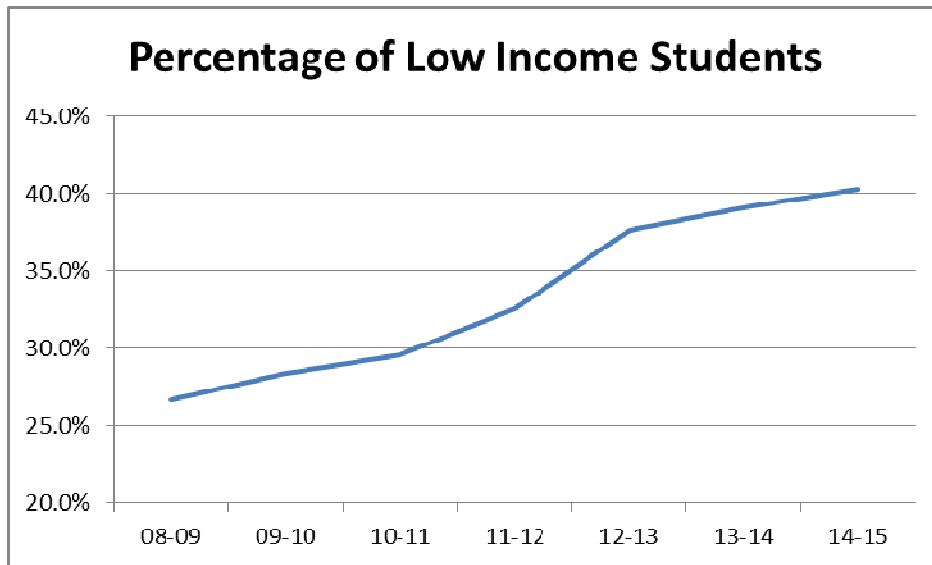


Exhibit 2: http://www.education.state.pa.us/portal/server.pt/community/data_and_statistics/7202/loan_cancellation_low_income_schools/811106

When analyzing the relative wealth of Central Dauphin's residents, one finds that the overall wealth has declined 18% since 2008. The district's Personal Income Aid Ratio is now .4075, placing us in the middle third of all public schools. As you may know, under the Act 1 budget rules, school districts are considered in the greatest need when they have a combined aid ratio of .400. What makes Central Dauphin unique is that our real estate makes us wealthy, but our community is not.

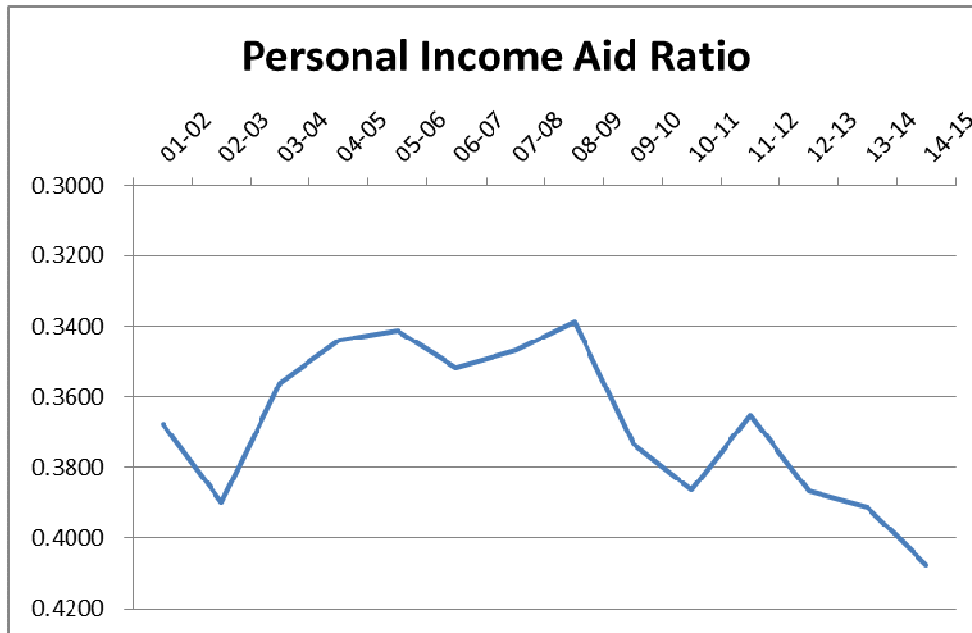


Exhibit 3: http://www.education.state.pa.us/portal/server.pt/gateway/PTARGS_6_2_55070_7672_518507_43/

We feel that the personal income aid ratio, NOT the market value/personal income aid ratio, is an important fact for the commission to consider including in the calculation.

There is general agreement in most educational circles that School Performance Profile (SPP) scores have an almost one-to-one correlation to poverty. What is so staggering about this correlation is that it is nearly a perfect negative correlation. This means that the higher the poverty rate at the school, the lower the SPP score. The relationship between these two numbers is opposite nearly 100% of the time, with the possible exception of very small schools.

This makes separating the wealth of students' families from wealth derived of property even more important. Economically disadvantaged kids need more resources to succeed in the classroom. These students arrive at our door with less background knowledge, less vocabulary, less language skills, and access to less technology. Often times they are hungry and have

other basic needs that are unmet. These concerns need to be addressed before we can begin the education process, and all of this costs money.

The juxtaposition of the market value of the district's commercial heavy real property against the much lower personal income of its residents causes Central Dauphin to appear wealthier than it is. Insofar as the basic education subsidy is concerned, more weight must be given to the personal income portion of the aid ratio.

Conclusion. In conclusion, Central Dauphin School District recommends the commission take student population and the personal income levels of residents into account as it tackles a fair funding formula for public school districts. These are the most important measures to ensure districts have the means necessary to protect the students' educational equity. I would be happy to entertain any questions you may have. Thank you.