

Opening

Good Morning, I would like to thank the commission for providing me this opportunity to address my concerns on the funding of public education in the Commonwealth of Pennsylvania. I am Curtis Griffin, Superintendent of Schools for the Hatboro-Horsham School District. I have been with the Hatboro-Horsham School District for thirteen years. This is my 35th year in education. I have worked in school districts across the Commonwealth as teacher, principal, assistant superintendent and superintendent. Public school districts in Pennsylvania are very diverse in size, student population, economic conditions, poverty levels, educational priorities and educational expectations. Establishing a public education funding formula that is fair, adequate, equitable, predictable and sustainable to address the needs of all school districts is an overwhelming challenge and is one of the most important tasks of our state government.

I am confident we all will agree that a strong, effective public education system is essential to the future success of Pennsylvania. If changes are not implemented to public education funding, our schools' ability to provide high quality education for all students will be severely diminished.

Today I will focus on several specific concerns with the current public education school funding and the impact on the Hatboro-Horsham School District and community.

Information about Hatboro-Horsham School District

Hatboro-Horsham School District is a high performing suburban school district with approximately 4,800 students located in Montgomery County. Our district serves the communities of Hatboro and Horsham. Currently, the Hatboro-Horsham School is in a strong financial position. Based on our exceptional financial management of our resources, Moody's recently upgraded the school district's bond rating to AA1. Our Board, Administration and staff have worked very diligently over the past 10 years to address financial challenges, limit tax increases, reallocate resources, eliminate ineffective programs, resolve labor conflicts, enhance instruction, implement new technologies, improve academic performance, and implement cost savings and cost reduction strategies. In August 2014, in the Center for American Progress annual report on "Return on Educational Investment", which examines educational productivity, acknowledged the Hatboro-Horsham School District for our educational performance in relation to cost per student spending. Recently, Newsweek ranked Hatboro-Horsham High School 343 in the nation out of 14,000 high schools.

The Hatboro-Horsham School District Board of School Directors has never applied for an exception to the Act 1 prescribed budget increase allowance. During the past 12 years our budget to budget increase and our average annual tax increase has been the second lowest in Montgomery County. During the past 6 years our school district has made adjustments in our staffing, educational programs and services to address significant increases in costs for PDE initiatives, Health Care increases, Special Education increases, Transportation increases and PSERS increases while receiving minimal funding increases from the state. We have reduced our professional staff by 32 FTE, reduced administrative staff, increased class size, reduced the number of electives, eliminated reimbursement for AP exams, reduced guidance services, reduced professional development opportunities, adjusted health care plans, delayed capital projects, increased the length of transportation runs, initiated outsourcing services and introduced other cost saving measures.

Similar to the majority of suburban school districts, the primary burden for funding the Hatboro-Horsham School District falls on the local taxpayer. Approximately 82% percent of funding for the Hatboro-Horsham School District was from Local Revenues and 16% from State Revenues.

Unfortunately, with great reluctance and reservation, even with the implementation of cost reductions and cost saving strategies, the Board of School Directors needed to increase taxes on our local residents. From the 2007-2008 budget year to 2014-15 we needed to increase our millage rate from 22.8 to 26.38. The current millage rate of 26.358 equates to \$2,635.80 in taxes for every \$100,000.00 in assessed value. Within our district, 63% of the taxable parcels are residential and 37% of the parcels are commercial/industrial parcels. A deeper analysis of tax revenues indicates 47% of the local tax revenues are generated from the commercial/industrial parcels.

State and School District Funding Data

In 2013-14 the Hatboro-Horsham School District received \$4,420,424 in basic education funding which calculated to an estimated \$918 in basic education funding per average daily membership which ranked 470th in Basic Education Funding in the Commonwealth.

| Category | 2013-14 | 2007-08 | Difference |
|--------------------------------------|------------------|-----------------|-------------------|
| | Estimated | Actuals | Difference |
| Millage | | | |
| Rate | 25.816 | 22.8 | 3.558 |
| Basic Ed Subsidy | | | |
| \$ Amount Rec'd | \$4,419,766.00 | \$4,186,295.00 | \$233,471.00 |
| Basic Ed Expenditures (1200) | | | |
| \$ Amount Spent | \$38,532,645.89 | \$36,063,936.00 | \$2,468,709.89 |
| Special Ed Subsidy | | | |
| \$ Amount Rec'd | \$2,272,721.00 | \$2,216,647.00 | \$56,074.00 |
| Special Ed Expenditures | | | |
| \$ Amount Spent | \$10,943,493.12 | \$9,184,493.00 | \$1,759,000.12 |
| Health Care Cost | | | |
| \$ Amount Budgeted | \$10,232,809.00 | \$8,272,748.00 | \$1,960,061.00 |
| Transportation Cost | | | |
| \$ Amount Spent | \$5,202,535.00 | \$4,444,426.00 | \$758,109.00 |
| Transportation Subsidy | | | |
| \$ Amount Rec'd | \$707,555.00 | \$730,409.00 | -\$22,854.00 |
| PSERS Cost | | | |
| \$ Amount Spent | \$6,869,835.00 | \$2,917,361.00 | \$3,952,474.00 |
| PSERS Subsidy | | | |
| \$ Amount Rec'd | \$3,434,917.50 | \$1,458,680.50 | \$1,976,237.00 |
| | | | |
| PSERS Cost to District | \$3,434,917.50 | \$1,458,680.50 | \$1,976,237.00 |

School District Cost Increases \$10,898,354.01

PA Subsidy \$2,242,928.00

Additional Local Revenues \$8,655,426.01

Education Funding Concerns

I recognize the financial position of the Hatboro-Horsham School District is currently very strong, and is in a better condition than many of the school districts in the Commonwealth. However, as the legislature seeks to develop a new funding formula for public education, I am hopeful our legislators will develop an appreciation for the financial challenges suburban school districts face today and the escalating issues we will face in the future. As the superintendent of a suburban school district with educational operational costs continuing to increase, ongoing unfunded PDE initiatives, increased social responsibilities being added to the mission of schools, changing population demographics, and an increasing special education population our financial future is bleak. We cannot continue to increase the burden of public education funding on the local taxpayer. I find that the current public school funding is inadequate, inequitable, unfair, unpredictable and unsustainable.

Unpredictable: The unpredictability of the current process for state funding is extremely ineffective creating challenges for planning and operating a school district. The current basic education funding process is arbitrary to the will of the Governor and the budget process. Our Board of School Directors has the responsibility to adopt a balanced budget by June 30th. Each year, as we prepare our budget, we are faced with a pressing unanswered question, "what funding will we receive from the state"? Major decisions regarding staffing, supplies, course offerings, scheduling, educational programs and services hinge on the level of state funding the district will receive. The timing of funding information and the uncertainty of the funding level has a major impact on the operation of our district. I encourage the legislature to develop a funding solution that will be aligned with the school district budget timeline and provide for a level of guaranteed funding that will allow for long-range budget forecasting and operational planning.

Inadequate: The current public education funding structure is very inadequate. For the 2013-14 school year the Hatboro-Horsham School District received approximately \$918.00 in basic education funding per student. This dollar amount does not begin to address the cost to a student's education in any school district in the state.

Inequitable and Unfair: We cannot continue to rely on locally raised property taxes to fund our schools. The discrepancies in state funding by district is completely out of balance. The average state subsidy in 2011-12 per ADM is \$3,200.00 with the maximum state subsidy per ADM of \$12,000.00. Analysis of the percent of state funding contribution to a school district's total budget ranged from a low 9.9% to a high of 77.9%. Clearly the numbers indicate the current funding structure is not equitable. If Hatboro-Horsham School District had received the average ADM in 2011-12 we would have received a total of \$15,414,400.00, the Hatboro-Horsham School District received \$4,311,851.00, the difference would have been an increase of \$11,102,549.00.

Unsustainable: Unless the funding formula is changed, as the cost of education continues to increase we will not be able to maintain the current quality of education our district provides. As an organization we have made significant reductions to all areas of budget. Moving forward, future reductions will require modifications to our instructional program that I believe will have an impact on the quality of the education our students receive.

Thank you for the opportunity to provide testimony on this extremely important matter.