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HOUSE DEMOCRATIC POLICY COMMITTEE

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Education Funding

Barber National Institute – Erie, PA

March 23, 2015

AGENDA

- 4:00 p.m. Welcome and Opening Remarks
- 4:10 p.m. Panel of Local School District Superintendents:
- Jay Badams
Superintendent
Erie School District
 - Shane Murray
Superintendent
Iroquois School District
 - Rich Scaletta
Superintendent
General McLane School District
- 5:00 p.m. Dr. Pam Lenz
Circuit Rider
Pennsylvania Campaign for Fair Education Funding
- 5:30 p.m. Closing Remarks

House Democratic Policy Committee Hearing on Education Funding

March 23, 2015 | Erie City SD — Erie, PA

Dr. Jay D. Badams, Superintendent of Schools

Thank you for this opportunity to provide testimony on the potential impact of the Governor's proposed education budget.

It has been a privilege for me to serve the City of Erie as Superintendent of Schools since 2010, however my appointment has coincided with some of the greatest fiscal challenges our district has ever faced.

Today, I would like to provide some insight on how critical the Governor's proposed investments are by sharing some information about Erie's Public Schools and detailing some of the financial challenges we've faced over the last five years. I hope this information is helpful as you continue to consider the Governor's budget proposal and also debate charter school, pension, property tax, and funding formula reforms.

Erie City SD

Our 11,740 students are served by 18 public schools (12 elementary schools, two middle schools and four high schools) and 1,315 employees. Our current general fund budget is \$149.8 million and our tax millage rate is 16.6233.

As one of Pennsylvania's poorest cities, 80% of our students are classified as economically disadvantaged and, as one of Pennsylvania's largest refugee resettlement areas, our City's refugee population has increased nearly 800% since 2003 pushing the percentage of English Language Learners in our schools to 10%. Nearly 20% of our students currently receive special education services, well above the national average. Interestingly though, our instructional per pupil expenditure is the lowest in Erie County, despite this high percentage of students with special needs.

State Revenues

While recent campaign rhetoric pointed to "increases" in overall education funding, the net effect for school systems like ours was a significant *decrease* when mandated PSERS pension contributions (now at 25.4% of payroll) are factored in. For example, Erie City SD received \$2,188,465 less in state funding in 2013-2014 than it did in 2008-2009.

Combining this declining state revenue with rapidly rising charter school costs, increasing special education costs, pension contribution obligations that increase annually, and growing health care expenses, we're in danger of bankruptcy in the near future.

The Governor's 2015-16 budget proposal would increase Basic Education and Special Education Funding for Erie by \$5,577,470.

Cutting Our Way to a Balanced Budget... Every Year

For the past five years, we've been in a situation where we have had to cut our way to a balanced budget every single year. Some of the cuts, believe it or not, were easier when we had larger deficits — such as the \$26 million shortfall we faced in 2011-2012— and there

was room for us to trim programs, staff and other expenditures. But, as the years have gone on, that has been an increasingly painful process.

The refinancing options of our various debt instruments have been maxed out, we've closed three elementary schools, we've furloughed more than 200 staff and we've cut central administration in half. I've taken a five year pay freeze, our employees are paying significantly more for healthcare, and any salary increases we do approve are far below the CPI.

Despite these local efforts, we began this budget year with a projected \$7.4 million deficit for next school year:

- **Increases in Charter School Costs:** Next year we anticipate that our charter school costs will rise to approximately \$20 million. Charter schools now drain off nearly 1/3 of the district's basic education subsidy annually.
- **Pennsylvania School Employees Retirement System (PSERS) Pension Contributions:** An increase of \$2.9 million in mandated pension contributions (now at 25.4% of district payroll).
- **Increases in Health Insurance Costs:** The cost of health insurance for district employees continues to rise and is projected to cost \$500,000 more in 2015-2016.
- **General Increases in the Costs of Goods and Services:** General increases in the cost of goods and services the district purchases are projected to be \$500,000 in 2015-2016.

The simple reality we're all facing across the Commonwealth – and feeling even more acutely in urban school districts like ours — is that our costs are absolutely guaranteed to rise at a higher rate than our ability to raise revenue for those various expenses. Even the maximum allowable tax increase and potential referendum exceptions under Act 1 would fall short of even our net annual PSERS contribution increase.

After several successive years of reducing expenses to balance budgets, there is little left to cut. The Governor's proposed investments in public education come at a critical time

In responding to the Governor's call to action, Erie's Public Schools want to be the "schools that teach," to exemplify local "government that works," and to prepare the workforce of tomorrow for "jobs that pay."

Shifting the Burden

Unfortunately, property tax payers in the City of Erie — already stretched thin due to the City's own financial challenges — have been forced to bite off an even larger piece of the education funding pie.

And, considering the fact that 30% of all property in the City is deemed tax exempt (representing \$1.2 billion in assessed real estate value), the burden is even greater on the

individual homeowner in urban areas like ours.

Unfortunately, when more than 60% of our revenue comes from the state, increasing local taxes is the only other way we can increase our top line revenue to meet our expenditure obligations.

This recent shift underscores the importance of Governor Wolf's \$3.8 billion property tax reduction proposal that would take effect in 2016-2017. For Erie, this proposal would provide \$37.4 million in property tax relief and fully fund the homestead exclusions for residential property tax payers. For many senior citizens, this could alleviate their property tax burden altogether.

Charter Schools

My understanding of the charter school movement is that it stemmed from the theories of conservative economist Milton Friedman. Friedman advocated a "free market" approach to public education in which "the money follows the child." In the purest application of his theory, public funds would be able to be used for any kind of educational choice, including enrollment at private, religious, charter and cyber schools. In theory, the free market would ensure that parents would send their children to the best performing schools, schools would compete, and in the end, that competition would improve the entire American education system, stimulating innovation and efficiency. I argue that there is nothing "free" about the market in which Pennsylvania's Charter Law operates.

In Pennsylvania's implementation of this theory, each district pays its charter schools according to a tuition rate calculated for both regular and special education students. Despite Friedman's theory, chartering districts are rarely able to reduce expenses enough to offset the lost revenue until so many students have left multiple district schools that it becomes necessary to close schools and reconfigure. Three years ago, we closed three elementary schools. The main deregulation promised by free market theory and afforded Pennsylvania's charter schools is freedom from the chartering district's collective bargaining agreements. A debate for another day perhaps.

Our charter school tuition rates are currently \$8,718.38, and \$16,068.22 for regular and special education students respectively. With approximately 1,900 Erie students attending charter and cyber charter schools, our annual charter school costs are about \$20 million. While the district cuts its way each year to a balanced budget, I watch cyber charters spend our Pennsylvania and Erie tax dollars on television, billboard, radio and print advertising, including on the graphic "crawler" where I announce weather cancellations.

Without debating the relative educational merit of charter schools, the way we fund them represents a non-sustainable model for public education — essentially funding two separate systems from the same pot of money, and then forcing both systems to use that limited funding to pay their solicitors to fight over everything from initial applications to reconciling payments.

When charter schools here in Erie and throughout the Commonwealth are able to amass fund balances close to a year's worth of operating expenses, it's clear that something needs

to change. Current charter school law, already contains a provision which, if fully funded, provides up to a 40% tuition reimbursement for districts with more than 10% of their students enrolled in charter schools. For us that would mean \$8 million, enough to close our budget gap and leave a .36% fund balance.

Nevertheless, I am encouraged by Governor Wolf's proposals to fund a 10% tuition reimbursement, and to limit cyber charter tuition, which will result in a savings for our district of more than \$3 million.

The Date of Our Demise

Our pension contribution will continue to climb until it levels off somewhere over 30% of our \$67 million payroll. Our charter costs will continue to climb. Our high percentage of tax exempt real estate will continue to burden our commercial and residential property tax payers. Action on the Governor's budget is only a first step toward making important structural changes to the way we provide education for our Commonwealth's children. Absent those changes, we'll be in this situation until the day that we go bankrupt. We are projected by a five year budget study that was conducted by the Public Resource Advisory Group that we will not be able to cover our payroll obligations sometime in 2018 or 2019. This erosion of our public education system and inequitable funding for our students with the greatest needs will cause irreparable damage to students, cities like ours and our state's economy.

Thank You

This is what makes your work so important. We appreciate your efforts to consider the Governor's budget proposal to ensure that school districts like ours receive adequate, fair and predictable state funding and to consider the broader education funding context, including the charter school law and pension reform.

As Superintendent of Schools, I share your commitment to finding a way to equip our schools with the resources they need to provide students with the quality education and opportunities they deserve but doing so in a way that eases the burden currently shouldered by local property taxpayers.

Thank you again for the opportunity to provide this testimony and for the important work you are engaged in. Please feel free to contact me at any time with questions. I can be reached at: jbadams@eriesd.org or at 814-874-6001.

Testimony for House Policy Committee
Shane S. Murray, Iroquois School District
March 23, 2015

I appreciate the opportunity to testify today in support of Governor Wolf's budget proposal and the need to develop a fair and consistent formula to fund public schools in Pennsylvania. Both you and I share an enormous responsibility of providing our State's most important resource, its young people, with a quality education while protecting the interest of our taxpayers. This responsibility becomes even more challenging when you take into account that people are emotionally involved with both their children and their money. Each election brings new voices and people to the table often with different priorities than those who held these positions before. Both at the State and Local level, the political tug of war over school spending, standards, and testing has weakened our public education system. Governor Wolf's budget places politics aside and commits to building a strong educational foundation.

Governor Wolf's proposal "Schools that Teach" is bold, and would provide the framework to build a more competitive Pennsylvania by enhancing the educational opportunities for all students no matter what district they reside in. His goal to provide every Pennsylvania student with a world-class education is laudable. However, both parties must work together to provide a dependable funding formula and consistent expectations in our educational outcomes. If we are going to bring a world-class education and the skills needed to succeed in the global economy of the 21st century to the students of Pennsylvania, we must set a direction and stay the course. Changing curriculum, standards and accountability measures every year, causes a lack of focus and quality.

Iroquois School District faces some unique challenges, which are much different from the other districts across Pennsylvania. Our district is the 10th smallest as measured by square miles in the state of Pennsylvania, taking up a total of 2.4 square miles. Additionally, almost all of this land is developed so there is little opportunity for growth. Our largest employer General Electric has cut back its local workforce, and we have had to rely very heavily on our local community in the form of property taxes to help meet the needs of our students. In fact, the residents of our district have the lowest personal income-rate while at the same time pay the highest school district taxes in Erie County.

Iroquois School District enrollments have remained pretty steady over the last ten years, however the financial circumstances of our community have changed greatly. Ten years ago around forty percent of our students were participants in the free and reduced lunch program. We began this year with over sixty percent of our students eligible for this program. Twenty years ago most of our students started their education at ISD and graduated. Last year only thirty-six percent of our students started and finished their education in our district.

During the early days of the Corbett administration, the Iroquois School District lost 1.2 million dollars of funding. Twenty-four positions were cut affecting both

Testimony for House Policy Committee
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March 23, 2015

professional and non-professional staff members. Our kindergarten was reduced from full to half day to save the newly established pre-k program. When data showed our kindergarten students were falling behind, the pre-k program was eliminated to re-establish a full-day kindergarten. This year seventy percent of our incoming kindergarten students arrived to school unprepared. The need for a quality pre-k program has never been more evident in our district or statewide. The Iroquois School District has done its best to meet the needs of our students with less staff and less safety nets, during a time when our student's needs have been increasing. Governor Wolf's "Schools that Teach" funding proposal would move our district in the right direction along with providing some much needed relief to our taxpayers.

Governor Wolf's insistence that most of these proposed new dollars reach the classroom, with a focus on evidence-based programs that are tied with accountability benchmarks will provide transparency and communicate fiduciary responsibility throughout the commonwealth. If this funding comes through, our district will spend these funds on our priorities. First, we will use this funding to re-establish a school-operated quality pre-k program. We will then focus on hiring additional teachers to lower our elementary class sizes and our special education teachers' caseloads. Next, we would rebuild our high school library program so as to encourage reading for enjoyment, but also to support our classroom teachers with materials and programs that would enhance their classroom instruction.

My only reservation with Governor Wolf's proposal is the four percent cap that he would place on district's undesignated fund balances. In my certified professional opinion, I believe that this language will cause School Districts to become more dependent on the state for their survival. If recent and past history has taught us anything, it is that school funding and state budgets are complex problems that are not easy to solve nor are their outcomes easy to predict. If districts cannot adequately prepare for the proverbial "rainy day", what happens when it is raining in Harrisburg and the districts don't have local resources to bail them out? I understand the concern that district's may hoard taxpayer dollars but I believe eight percent would provide the security districts need while protecting the rights of the taxpayers. Since sales tax income can vary with the economy, it makes sense to allow the districts to have a little more protection moving forward.

Sara Hoover from "Newsworks" wrote last week that "Superintendents may get whiplash from trying to keep up with what Harrisburg wants to do with proposed state funding." She is correct that constant conflicting messages from Harrisburg is making my life as a Superintendent increasingly more difficult, but it is the constant mixed messages on funding, curriculum and accountability that is sadly preventing Pennsylvania from plotting a course to educational excellence. Governor Wolf's plan is a strong and deliberate first step towards proving the consistency needed in

Testimony for House Policy Committee
Shane S. Murray, Iroquois School District
March 23, 2015

funding and philosophy to actually turn the noble vision of preparing all students for college and career readiness into reality.

Iroquois School District *At A Glance...*

District Size: 2.4 Square Miles (Wesleyville Borough, Lawrence Park Twp)

- ✓ The Iroquois School District is the 10th smallest district when measured by square miles.
- ✓ Our October 1st, 2014 enrollment was 1,218
- ✓ Our October 1st, 2010 enrollment was 1,292

District Financial Picture

District Budget for 2014/2015:

Total budgeted expenditures	\$ 18,207,075	
Unassigned Fund Balance	\$ 1,342,182	7.4%

Revenue Sources:

Local	\$ 5,560,098	31%
State	\$ 11,917,463	66%
Federal	\$ 388,969	3%

Facts:

- ✓ The Iroquois School District currently has the 16th highest aid ratio in Pennsylvania.
- ✓ The Iroquois School District has the highest tax rate in Erie County.
- ✓ The Iroquois School District has the lowest personal income rating in Erie County.
- ✓ General Electric, our largest employer, has downsized its labor force over the

School Rankings

SchoolDigger.com 2014 Rankings

District	266/459	+ 126
High School	306/580	+124
Elementary	672/1,415	+317

Pittsburgh Business Times Ranking

Honor Roll

2009-2010	291
2012-2013	348

Pittsburgh Business Times Rankings Overachiever

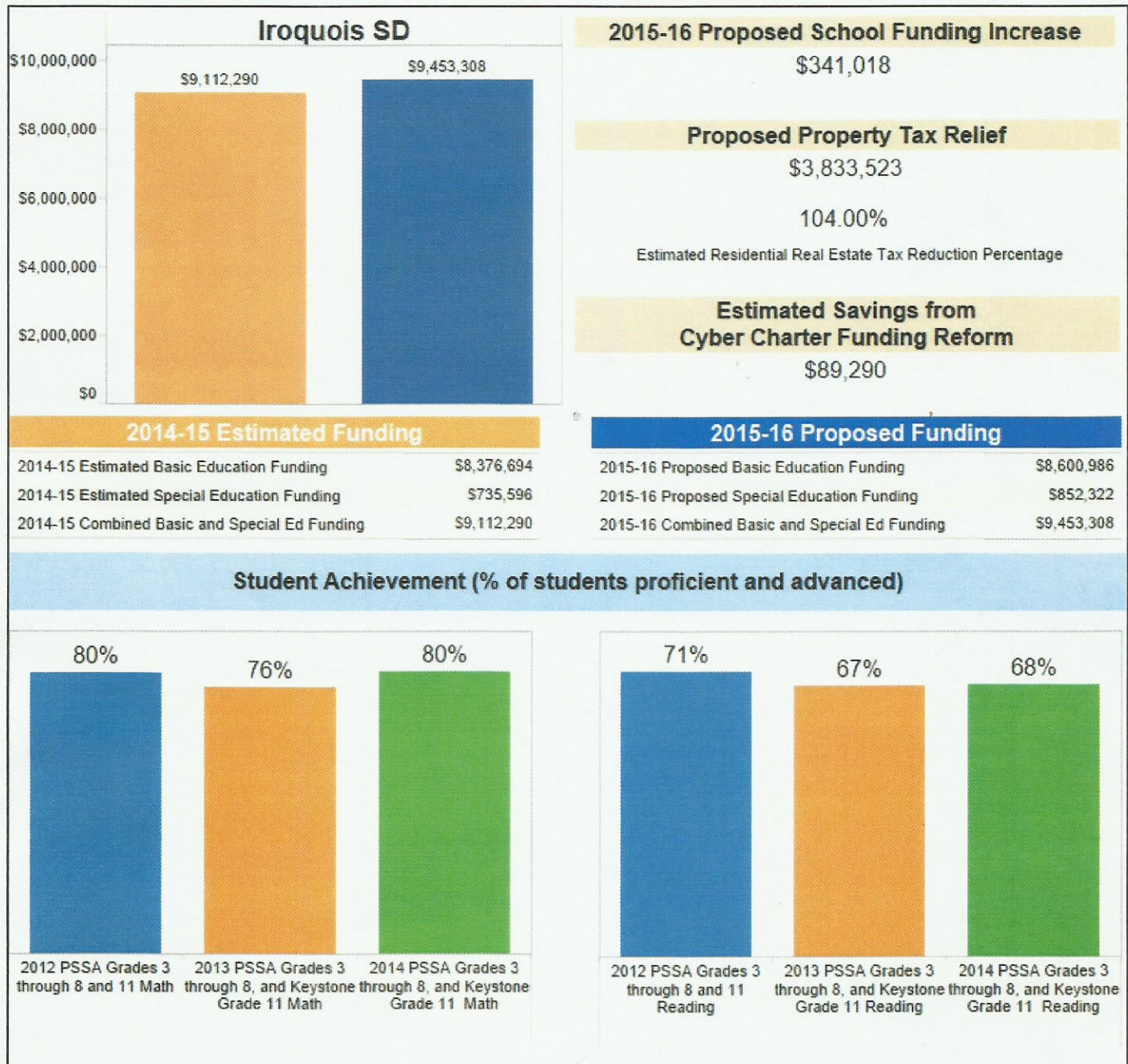
2009-2010	138
2012-2013	53

2014 SPP Scores

Iroquois Elementary School	84.3
Iroquois High School	65.8

SCHOOLS THAT TEACH PROPOSAL

Iroquois SD



Testimony for House Policy Committee
Richard Scaletta, General McLane School District
March 23, 2015

Good afternoon. Thank you for this opportunity to testify to the House Democratic Policy Committee. My name is Rick Scaletta and I am presently the superintendent of the General McLane School District which serves three townships (Washington, McKean and Franklin) and two boroughs (Edinboro and McKean). The district spreads over 117 square miles and we have 2176 students in four buildings.

Before I specifically address the Governor's proposed budget for next year, I'd like to make some general statements about state budgeting. I do not envy your challenge in putting together a state budget. Character education expert, Thomas Lickona, has pointed out that choosing between something that is good and something that is bad is simple: choosing the good is obviously the right way to go. But, choosing between two things that are both good is far more difficult. That is what you must do when putting together a budget. When funding is limited and not every good thing can be funded, the natural tendency is to try to find the "bad" things to not fund. I have observed the legislature struggle with what not to fund because whatever is not funded is assumed to be a bad program or unneeded program. Every program is good and needed to someone.

So, how do we choose between two things that are good? We have to have priorities based on the organization's core values and written purpose. We have to be clear about the purpose of government and its priorities. The U.S. Constitution defines "promoting the general welfare" as a governmental function. It is sometimes also stated as promoting the common good. Funding education adequately and boldly as the Governor has proposed, clearly supports the general welfare. Peter Greene of the Huffington Post wrote an interesting article entitled, "'School Choice' and Disenfranchising the Public." Greene points out that, "Our public school system is set up to serve the public. All the public. It is not set up to serve just parents or just students." Greene goes on to draw an analogy to our highways. "Everybody benefits from a system of roadways in this country — even people who don't drive cars — because it allows a hundred other systems of service and commerce to function well."

Public education is the cog of the wheel of our economy. With the appropriate resources and collaboration, we **can** provide the workforce we need to be successful in the 21st century. I can tell you that the level of cooperation among the public school districts in northwest Pennsylvania toward this purpose is high and we have all made a commitment to a career driven education system.

Now to budget specifics. Overall, the Governor's budget would give my district a 3.31% increase. Last year our increase was just 2%. We are very grateful for this proposed increase and hope that it will remain in the adopted budget. Even with this generous increase, we still have a discrepancy between our total revenue increase of 2.6% from our 14-15 approved budget and a 5.1% projected increase of expenditures over our 2014-2015 budget. There are reasons for our revenue/expenditure discrepancy and we have no control of most of them.

The big rock, of course, is the pension increase. Even with the state's reimbursement, it is an increase of \$303,692.00 for our district. As you know, we have been seeing increases like this the past four years and will continue to see increases in the years to come. This is simply not sustainable for districts. Something has to be done to lower the amount districts (and the state) have to contribute to keep the pension system solvent.

I understand that the Governor has a plan to better manage the pension fund but I have not seen details of that. Having just met the Governor last week, I can see he is a very intelligent man and I am hopeful that his plan leads to lower contribution rates in very short time. If that does not happen, school districts will continue to struggle.

The pension situation is quite complicated. It needs our best financial minds to solve the problem. With all due respect to our legislators, the pension system needs to be run by these brightest minds and it needs to be removed from political control. If the pension systems remains captive to the political system, the tough

Testimony for House Policy Committee
Richard Scaletta, General McLane School District
March 23, 2015

decisions that need to be made can never be made. I don't blame that on the legislators – it is a reality of the political system.

The scene for the pension crisis was set in the early nineties under the Ridge administration when the system was fattened in return for charter schools. Ironically, charter schools are now one of the uncontrolled costs that is eating at school district funding and the second area I wish to address.

Our increase for all salaries in our district next year comes to 1.5% or \$219,281.00. Our projected increase in charter school tuition is 26.2%, or \$132,700. A 1.5% increase in salaries is going to serve over 2100 students but the charter school increase only serves around 45 students. Tell me how that makes sense.

In 2013-2014, the taxpayers of General McLane paid \$435,858.64 for students to attend charter schools. Three of our General McLane schools scored in the 90's on the school performance profile that year and one in the 80s. The highest score for a cyber charter attended by our students was 63.4 with the others in the 40s and 50s. The proponents of the charter system insist that it is about choice: parents should have a choice as to what school their child attends. What about GM taxpayers? Shouldn't they have a choice? Shouldn't they have a say as to whether they want to support low performing school systems while they've already provided one of excellence?

(See charts below.)

I love what the Governor has proposed for payment to Cyber Charter Schools. Looking at actual costs of the three highest performing Intermediate Unit cyber schools, he added 10% for administrative costs and proposes paying \$5950 per student. This is a step in the right direction.

I'm also a big fan of SB 128 being put forth by Senator Sean Wiley. SB 128 would subject the provision of cyber education to competitive bidding like we do for so many other things. Twice, former auditor General Jack Wagner has issued reports clearly showing that cyber charters are overpaid. Cyber charter schools have millions in reserve, spend millions of tax dollars on advertising and have had loose accountability which has led to multiple charter school leaders across the state being indicted for illegal financial practices.

It is time we address the gross overpayment of cyber charter schools.

Finally, I know the Governor has had the courage to propose a system to move away from school district dependence on property taxes. I understand the need for this and think he has crafted a system with increased income and sales tax that will help property owners with little or no income.

When considering this shift, though, I would ask one thing: give consideration to stability for school district budgets. I will use the recent recession as an example.

When the recession hit, many districts had already negotiated and approved collective bargaining agreements based on a strong economy. In many cases, those contracts extended into the worst three years of the recession. Districts were criticized for giving raises that were not commensurate with the economy of the time but that is the nature of collective bargaining. A contract is negotiated based on economic conditions and then you are stuck with it. It is my assumption that during a recession or economic downturn, income and sales will drop, dropping the amount of tax collected. That puts a district in a very bad position. Salaries, health care and pension rates would likely still rise but half a district's income would be down. How would (could) the state keep funding education to meet its debts if income was vacillating due to economic conditions? It would seem that it would take tying salary increases to a cost index. That would be very difficult to do. I know, because I tried it.

So, in summary, I fully support the Governor's commitment to public education and his recognition of its importance in our economy. In the process of moving forward, I would ask that heavy consideration be given to the pension system, charter school reimbursement and the changes to property tax collection.

Testimony for House Policy Committee
Richard Scaletta, General McLane School District
March 23, 2015

General McLane Schools

School	SPP score
Edinboro Elementary	94.7
McKean Elementary	94.7
James W. Parker Middle School	83.2
General McLane High School	90.6

Charter Schools attended by GM students in 2013-2014:

Charter School	El Students	Middle School Students	High School Students	SPP Score	Cost to GM Taxpayers
Agora Cyber	2	2	2	42.4	\$44,985
PA Cyber	7	5	15	55.5	\$206,748
Commonwealth Connections Cyber	1	2	2	52.2	\$33,792
PA Virtual Cyber	0	1	1	63.4	\$24,672
PA Leadership Charter	1	0	1	59.3	\$16,728
Montessori	3	1	0	78.5	\$29,677
Perseus House	0	1	4	40.9	\$62,424
Erie Rise Academy	2	0	0	61.5	\$16,828

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The Status of Education Finance in Pennsylvania

House Democratic Policy Committee Hearing

March 23, 2015

Dr. Pamela A. Lenz

Campaign for Fair Education Funding: Circuit Rider

I've been asked to speak about the educational situation across the commonwealth at today's House Democratic Policy Committee Hearing. There is no doubt that these informational statistics can be dry and cause eyes to rapidly glaze. As what we are truly here for today is our children, I ask that you take a moment to picture a child or grandchild, and relate the following information to their educational futures.

In September and October of 2014 the Pennsylvania Association of School Administrators and Pennsylvania Association of School Business Officials conducted a survey of school district budgets throughout the commonwealth. Of the 500 school districts in Pennsylvania, 321, or 64%, participated in the survey. These districts educate about 70 percent of Pennsylvania's public school students and represent 63 of Pennsylvania's 67 counties. The main findings indicated project cuts, reductions, and local tax hikes were implemented in final spending plans for 2014-2015, with 99% of responding school districts anticipating that 2015-2016 will bring more of the same or possibly worsening fiscal conditions.

The major findings of the survey address mandated costs, shifting tax burdens, reduced instructional and extracurricular programs, increased class size, delayed

purchases, delayed school construction projects and student transportation cuts.

Respondent school districts across the state reported sharp reductions to academic programs. Nearly three-quarters of districts reported at least one academic program cut or reduction since the 2010-2011 school year, with the 2014-2015 school year experiencing the elimination or reduction of at least 223 categories of programs. In 2014-2015:

- 18% of responding districts cut field trips
- 14% of responding districts cut summer programming
- 9% of responding districts cut foreign languages
- 7% of responding districts cut music/theatre
- 5% of responding districts cut business education
- 5% of responding districts cut visual arts, and
- 5% of responding districts cut pre-Kindergarten

It is important to note these numbers only reflect cuts and reductions made in this school year, and that districts have been cutting and reducing programming in response to decreased funding since 2008. It's also interesting to note that during the same time period there have been reductions in student test scores across the state.

Hand-in-hand with the reduction and elimination of programs, districts participating in the survey also responded to questions regarding their professional and support staffs. Since 2010-2011, 93% of responding school districts reported undergoing staff reductions. Ninety (90) percent eliminated or did not fill vacant positions, 50% furloughed staff and 46% used a combination of both furloughing staff, abolishing

positions and leaving vacant positions unfilled. Perhaps most significantly, 85% of respondent districts reported reducing staff positions through furloughs and/or vacancies multiple times since 2010-2011. Paradoxically, districts located in communities with high poverty experienced staff reductions at far greater rates than did other districts.

School districts have also made substantial increases in class sizes in response to budgetary pressures. Since 2010-2011, 57% of school districts have increased class size at one or more grade levels (51% elementary, 36% middle school and 35% high school).

Districts continue to make significant cuts and reductions to extra-curricular programs as well, with many beginning to implement or raise participation fees. Fifty-three (53) percent of responding districts reported cuts or reductions to at least one area of extra-curricular programming since 2010-2011. In the current school year, 21% of districts cut or reduced extra-curricular programs with 11% cutting athletics, 7% eliminating academic clubs, 7% cutting art and music programs, 11% doing away with summer or extended-day programs and 4% jettisoning national student organizations.

Again, as in the other areas, high-poverty schools districts experienced cuts at far higher rates than did other schools. One example is that 22% of high poverty districts cut summer or extended day programs. This is double the rate of all districts.

Regarding items not directly associated with children and instruction, It is no secret that every school district across the state is facing greatly increased pension costs that saw mandated employer contributions increase by about \$800 million in 2014-2015. On top of this increase, 93% of respondent districts saw average increases of 6%

in health care costs, 91% of districts experienced average increases of 7% in the cost of mandated special education services and 85% experienced 11% increases in mandated tuition payments to charter and cyber charter schools.

To compensate for these increased expenses, local funding—largely in the form of property tax increases—has increased 16% since 2008-2009. These increases amount to more than \$1.6 billion in additional local funding for public schools among respondent school districts. Since 2010-2011, 91% of respondent districts have raised property taxes with 74% doing so in 2014-2015, the highest rate since 2010-2011.

The burden of local funding increases fell most heavily on Pennsylvania's poorest communities. These communities reported increasing local taxes up to three times the level of increased funding support provided by the state. This stands in contrast to the least impoverished districts where the percentage increase in state funding actually outpaced the growth in local revenues. The disproportionate impact on high-poverty communities across the state forced these districts to cut programs, services and staff more broadly and deeply than other districts.

In other areas, the state's 2012 to 2014 moratorium on planned construction impacted one-third of survey respondents directly by delaying or cancelling construction projects. Additionally, nearly half of respondent districts reported delaying or cancelling at least one major purchase or service during the 2014-2015 school year, while 37% of districts responded they cancelled or combined bus transportation routes, reduced bus fleets or reduced or eliminated after-school activity buses.

On the federal level, the National Center for Education Statistics recently

reported that Pennsylvania has the “starkest spending gap between rich and poor school districts” in the nation. The results of the Center’s most current analysis of the National Assessment of Educational Progress also indicated that Pennsylvania students scored above the national average in reading, math, writing, and science, although achievement on statewide assessments decreased.

Pennsylvania is currently one of three states that does not have a basic education funding formula, a circumstance that has resulted in many of the aforementioned inequities and also an uncertain budget process that does not best serve the young people of our commonwealth. To date, funding proposals have been advanced by the Campaign for Fair Education Funding and Governor Wolf, with the Basic Education Funding Commission slated to recommend a formula by June 2015. Through working together to combine the best ideas from proposals that have or will be crafted, the creation of an equitable, adequate and predictable funding formula – one designed to ensure every child has access to a quality education – is a goal for Pennsylvania’s future that is assuredly within reach.