

P. MICHAEL STURLA, CHAIRMAN
414 MAIN CAPITOL BUILDING
P.O. BOX 202096
HARRISBURG, PENNSYLVANIA 17120-2096
PHONE: (717) 787-3555
FAX: (717) 705-1923



HOUSE DEMOCRATIC POLICY COMMITTEE

www.pahouse.com/PolicyCommittee
Policy@pahouse.net
Twitter: @RepMikeSturla

House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING
Topic: Fair Education Funding
York City School District Administration Building – York, PA
March 7, 2018

AGENDA

- 2:00 p.m. Welcome and Opening Remarks
- 2:10 p.m. Panel One:
- Dr. Eric Holmes, Superintendent, School District of the City of York
 - Richard Snodgrass, Business Manager, School District of the City of York
 - Dr. Larry Redding, Acting Superintendent, York Suburban School District
- 2:30 p.m. *Questions from Committee Members*
- 2:50 p.m. Panel Two:
- Dolores McCracken, President, Pennsylvania State Education Association
 - John Callahan, Chief Advocacy Officer, Pennsylvania School Boards Association
- 3:10 p.m. *Questions from Committee Members*
- 3:30 p.m. Closing Remarks

Dr. Eric Holmes, Superintendent, School District of the City of York

On behalf of the Board of Directors, I would like to welcome everyone to the School District of the City of York. I would like to personally thank Representative Hill-Evans for choosing our district to host her committee hearing. The representative is a strong supporter of public education and we thank her for her tireless work on our behalf.

I appreciate this opportunity to provide my perspective on fair funding for education as it relates to the York City School District. I think it is important to share our district's demographic data as a precursor to my remarks which underscores the unique challenges facing our community:

- 24% of our students are English learners (statewide average for 2013-14 per NCES was 2.8%).
- 23% of students are identified as special needs (statewide average in 2015-16 was 15.9% per 12/01/15 Child Count; the average cost to educate a special education student is \$25,600).
- 55% of students live in acute poverty; with York having the highest rate of acute poverty in ALL 500 PA school districts.
- During the last school year, 86 percent of district students qualified for free and reduced lunch under federal guidelines.
- Nearly 370 district families in the school district self-reported as homeless.
- Our student population is transitory. We had 1383 new enrollments since August of 2017 and an equal number of student withdrawals.

Because so many of York's students face out of school and other challenges, a more intensive, context-specific approach to education is needed, thus, we require equity driven financial resources

Unlike my colleagues here today, 68% of my district budget of \$137,638,971 is funded by the state and 26% is funded through local property taxes. We are more dependent on state funds than most other districts and therefore, when the state education budget was drastically cut seven years ago, it had a devastating effect. Hundreds of teaching and support staff were furloughed and numerous vital programs and services were eliminated. This draconian budget cut enacted by the previous administration eventually led to our district being placed into financial recovery.

Since the district was placed in Financial Recovery, multiple steps have been taken to ameliorate the dire financial situation that had threatened the viability of its operations.

- The additional revenue provided by the Commonwealth has enabled the District to carry out the requirements of the Recovery Plan with a focus on sound fiscal management and academic achievement.
- The original plan in 2013 projected substantial annual deficits without corrective action
- Instead, the additional aid stabilized our finances, so we could tackle our major initiatives

- The combination of additional state aid and a reduction in charter school enrollment has enabled the district to build a fund balance and stabilize annual budgets
- This also allowed the Board of School Directors to avoid increasing taxes for the last four years during a time in which our tax base has been in decline; this is critical for a District like York with a substantial low-income population

Increases in the Basic Education Subsidy over the last three years has allowed this district to carry out various components of the Recovery Plan which have resulted in district wide increases in our PVAAS growth scores in English Language Arts and math. For the first time, the district exceeded the PA state standard for academic growth in math in grades 4-8 and met the PA state standards for growth in ELA in grades 4 through 8. At the high school, the district met the state standard for PA Academic Growth in Literature, and exceeded the state standard for PA Academic Growth in Algebra and Biology.

Some of the major initiatives undertaken by the district due to the increase in our Basic Education subsidy include the rewriting of our K-8 math and ELA curriculum, the purchase of curriculum materials and the hiring of instructional coaches; the implementation of a distributed leadership program for all staff and administrators which promotes site based management in all of our buildings;

We have also implemented K-8 reforms which include the creation of our Cornerstone Program, which is a Tier III intervention for students experiencing academic and behavioral issues. Looping in grades 1-6, where students remain with their teacher for two consecutive years, the reinstatement of Art, Music, physical education and foreign language as courses at our K-8 schools, and the extension of the school day for students by 40 minutes; The District also created an After School Tutoring program that services 800-1000 students each evening and provides them with dinner; We have hired also bilingual office staff for all of our buildings to address the 51% Spanish speaking population of our district;

Reform has also taken place at the high school level. The performing arts academy was reestablished and a new freshman academy was created. District wide, we have implemented a new philosophy of behavioral management which focuses on student incentives and proactive measures instead of punitive and reactive punishment. Positive Behavior Intervention Support, also known as PBIS is now practiced in all of our schools, the Board Discipline policy has been rewritten and additional staff resources, such as social workers, behavioral specialists, guidance counselors, and school police officers have been hired. The district created character education rooms in each school and a restorative practices program which has reduced the number of out of school suspensions. In an effort to meet the needs of 21st century learners through innovation, The District has opened a Science Technology Engineering Arts and Math Academy for students in grades 3-12 that will provide project based learning experiences through the use of the engineering design process for instruction.

So, with this progress in mind, we look forward to the future. Our goals are to increase our achievement scores in math and ELA and to continue the gains made over the last five years. We also want to continue the initiatives mentioned earlier which are components of our Financial

Recovery Plan. In order to meet these goals, we need to secure additional basic education funding.

York will need to pay competitively to retain good teachers who can move to suburban districts for higher salaries, and it is also likely that health care costs will continue to grow faster than inflation.

Since property tax growth, even at the full Act 1 index, is unlikely to match expenditure increases, driven mainly by personnel costs even at inflationary levels, consistent growth in state aid will be needed to maintain the progress we have made financially.

As mentioned earlier, the School District of the City of York experienced deep cuts in basic education funding during the previous administration. This unfortunate action impeded the district's ability to provide equitable opportunities to students relative to impactful learning materials and resources. While we have made meaningful progress during the last four years, we still have much to accomplish, and if we are to truly create a public education system in this commonwealth where ones zip code does not determine the quality of their educational experience, then a commitment needs to be made to increase funding at the state level for district's like York who receive the bulk of their funding from the state. Our children deserve nothing less. Thank you again for this opportunity to testify before this committee.

Public Hearing with Rep. Carol Hill-Evans
Wednesday, March 7

Dr. Larry R. Redding, Acting Superintendent
York Suburban School District

Since the funding formula for basic ed has been in place, the York Suburban School District has had increased funding each year. For the 2018-19 year, we are currently slated to receive an additional \$162,835 over 2017-18. The total subsidy is \$2,447,549 for 2018-19 and it was \$2,284,714 for 2017-18.

The major driving force for the increase to the York Suburban School District is the student weighting factors. Our 5 year Median Household income continues to decline (for 2018-19, the five year is down by \$1,111 to \$64,407), yet the state median household income is increasing, \$54,895 for 2018-19, up from \$53,599 for 2017-18.

Further evidence is our total Estimated Weighted Poverty ADM which has gone from 120.178 in 2017-18 to 162.397 for 2018-19. We have been saying for the last few years that our demographics were changing and that that was not being taken into consideration, now with the formula it is. This year was the first year since Act 1 has been in place that the District received an adjusted index.. Meaning our MV/PI aid ratio has now gone over the .4000 We were at .2480 in 2006-07 and are now at .4052 Further indication that our demographics are changing.

The last piece would be the Total Student Weighted ADM. Our student ADM for was 3,369.957 and we are now looking at a proposed number of 3,821.477.

During 2015-16 when the formula was not in place our BEF was \$1,914,229
It is now proposed to be \$2,447,549 an increase of \$533,320. Significantly higher than the increases we would see before the formula was in place.

I would also use this time to advocate for adjustments to the funding procedures used for Cyber and Charter School Tuition During the 2017-2018, the District budgeted \$1.3 million in tuition for students and our actual cost will exceed \$1.6 million. The formula to determine tuition is based on the cost to educate students in York Suburban, not the cyber school cost or the charter school cost.

Please consider increasing the grant funding targeted to the Office for Safe Schools. Funding for School Resource Officers and improved safety and security measures are greatly needed.



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

**Public Hearing Regarding
*School Funding***

**Presented to the
House Democratic Policy Committee
York, PA**

March 7, 2018

**By
Dolores McCracken, PSEA President**

Good Morning, Chairman Sturla, Representative Hill-Evans and members of the House Democratic Policy Committee. I am Dolores McCracken, President of the Pennsylvania State Education Association (PSEA). On behalf of our 181,000 members, thank you for inviting me to share our perspective on the importance of fair and equitable funding for public education in Pennsylvania.

Adequate, predictable, and fair funding for our schools is essential to prepare our students for success. Without it, the proven, evidence-based programs that are the foundation for student learning and opportunity – programs like early childhood education; a safe and secure learning environment; the opportunity for individualized learning through tutoring or smaller class sizes; a well-rounded curriculum of arts, music, and extracurricular activities; and the guidance and support necessary from preK-12 to help our students be ready for their future –are at risk of elimination.

Every school in every community across our Commonwealth should be able to deliver a comprehensive program of instruction and supports to our students. But this is not achievable without adequate and fair funding. This statement is not just speculation; it is rooted in the harsh reality faced by too many of our students and the educators across this Commonwealth as a result of the draconian cuts in funding imposed by the previous Administration. These funding cuts were applied with no real regard for impact on differing students or differing communities. The result? Lost educational opportunities for many of our most struggling students and the exacerbation of longstanding educational and economic disparities throughout our communities.

Thankfully though, Pennsylvania is under new leadership. Governor Wolf has made investments in our public schools his top priority. And he has achieved much of what he set out to do with your steadfast support. Working with you and your colleagues, he has succeeded in increasing school funding and helped restore many of the critical programs that had been lost.

Of course, the adequacy and fairness of state funding to schools isn't just determined by the *amount* of funding allocated. It is also directly linked to *how* that money is distributed. Governor Wolf did not just focus on securing additional monies for our schools; he also enacted an objective funding formula. This formula was the result of the extensive work conducted by the bipartisan, bicameral Basic Education Funding Commission. We would be remiss if we did not recognize and thank those legislators, including Chairman Sturla, for their diligence and support of public education throughout that process.

While PSEA believes that the formula should continue to be supported as the strongest pathway for moving toward a predictable and fair funding system, we recognize that challenges persist – challenges that are imperative to thoroughly understand and resolve. Given that the new funding formula only applies to basic education monies allocated after 2014-2015, it essentially locks into place whatever disparities existed in how basic education monies were allocated prior to 2014. For example, among some districts with similar levels of household income, those with higher percentages of minority students tended to receive smaller amounts of state aid per student. This heretofore unacknowledged dimension of inequity is embedded in the system and requires remedy.

York City School District is as clear an example as any that funding investments targeted for critical, evidence-based programs is a start. A wonderful start—but a start nonetheless. In the past two years, the district has been able to restore programs like art, music and physical education, while adding social workers and behavioral specialists. However, districts like York City that are dependent on state revenue and locked in to current inequities will always face a degree of uncertainty. They will always be one bad state budget away from disaster.

Yet, even if Pennsylvania had a funding formula with no challenges to resolve, a funding formula is only as good as the amount of money invested in it. If sufficient monies are not invested in our schools through the funding formula, we will never resolve distribution issues that pit school districts against each other in seeking greater basic education funding from the commonwealth. Addressing equity issues are crucial; but addressing equity issues by themselves are not enough. This requires an even greater commitment by the collective toward substantial and sustainable state investments in basic education.

PSEA members know first-hand that public education is a worthy and wise investment. We know this intuitively with the work we do each day with students – the future of the Commonwealth – to help them learn and grow. Our members who teach and nurture students every day are optimistic that PA schools are truly headed for a better future. Governor Wolf has embraced this understanding and continues to push for essential investments in education and the economy in a fiscally responsible manner. PSEA fully supports his efforts and appreciates his leadership.

House Democratic Policy Committee



Wednesday, March 7 at 2 p.m. in York

Public Hearing with Rep. Carol Hill-Evans on Fair Education
Funding at Hannah Penn K-8 School, Auditorium, 415 East
Boundary Avenue, York, PA 17401.

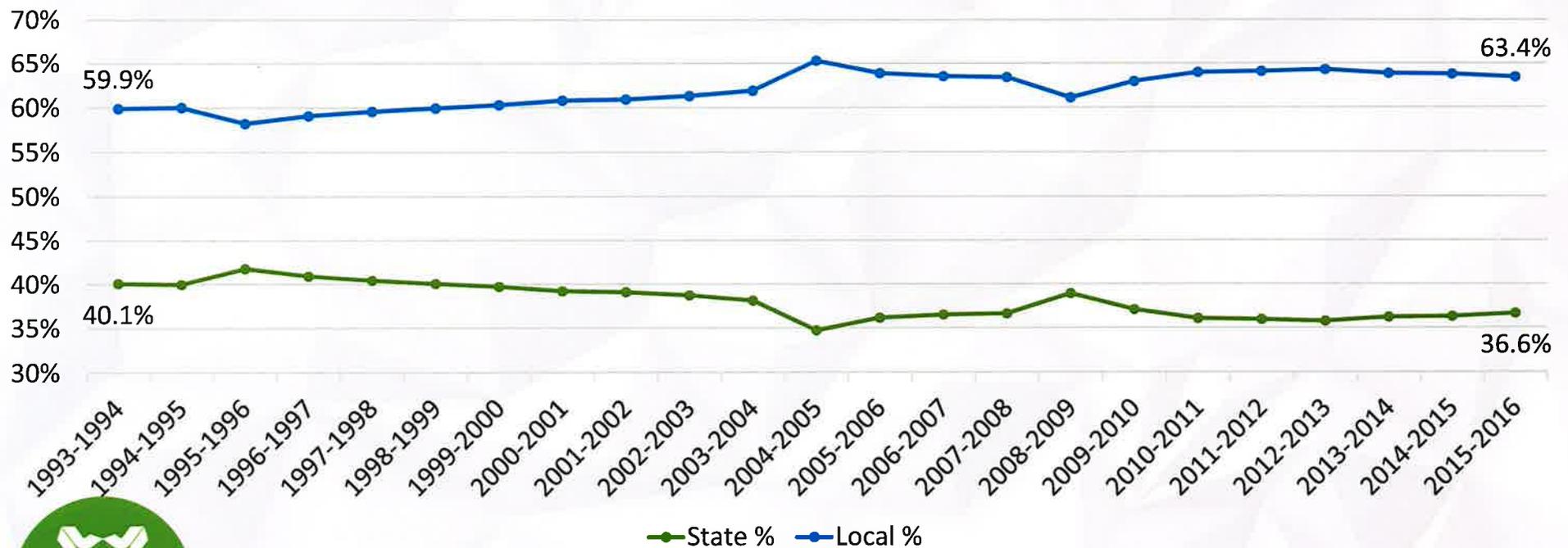
Thank You

- New formula based on Student attendance --- a huge step!
- Review of Formula factors – two years away
- To understand the impact of the new formula – review revenue sources, tax base and expenditure pressures!



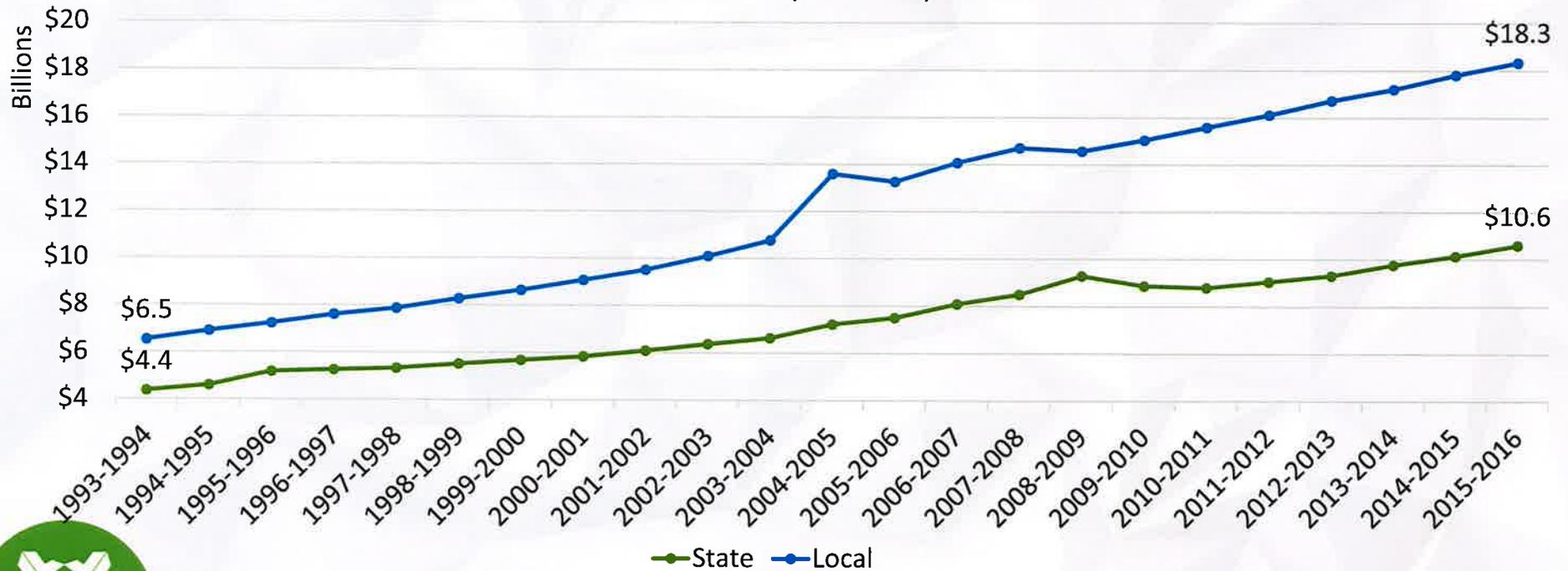
Education Revenue Sources

Shares of Education Revenue (Percentages) Since 1993-94



Education Revenue Sources

Shares of Education Revenue (in Dollars) Since 1993-94

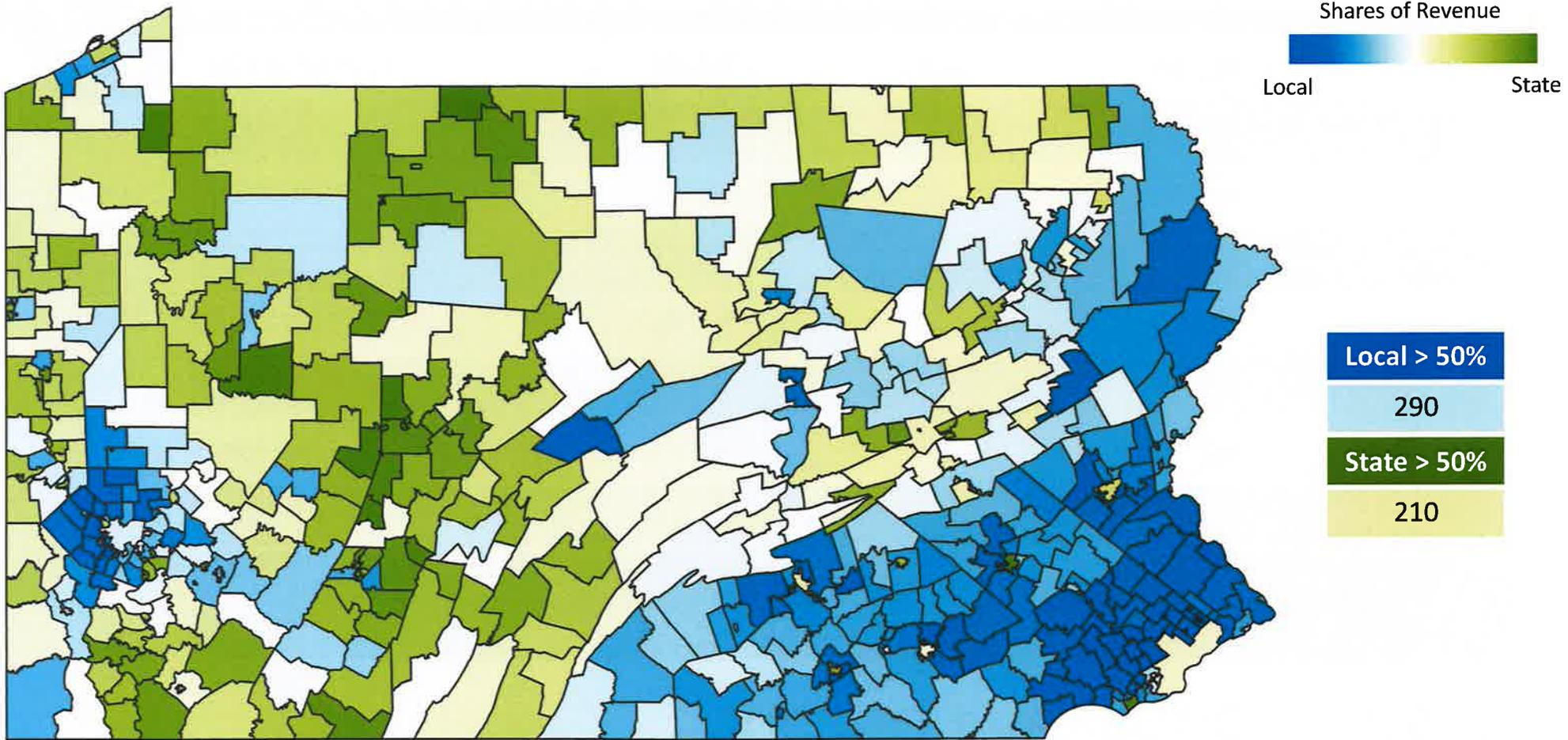


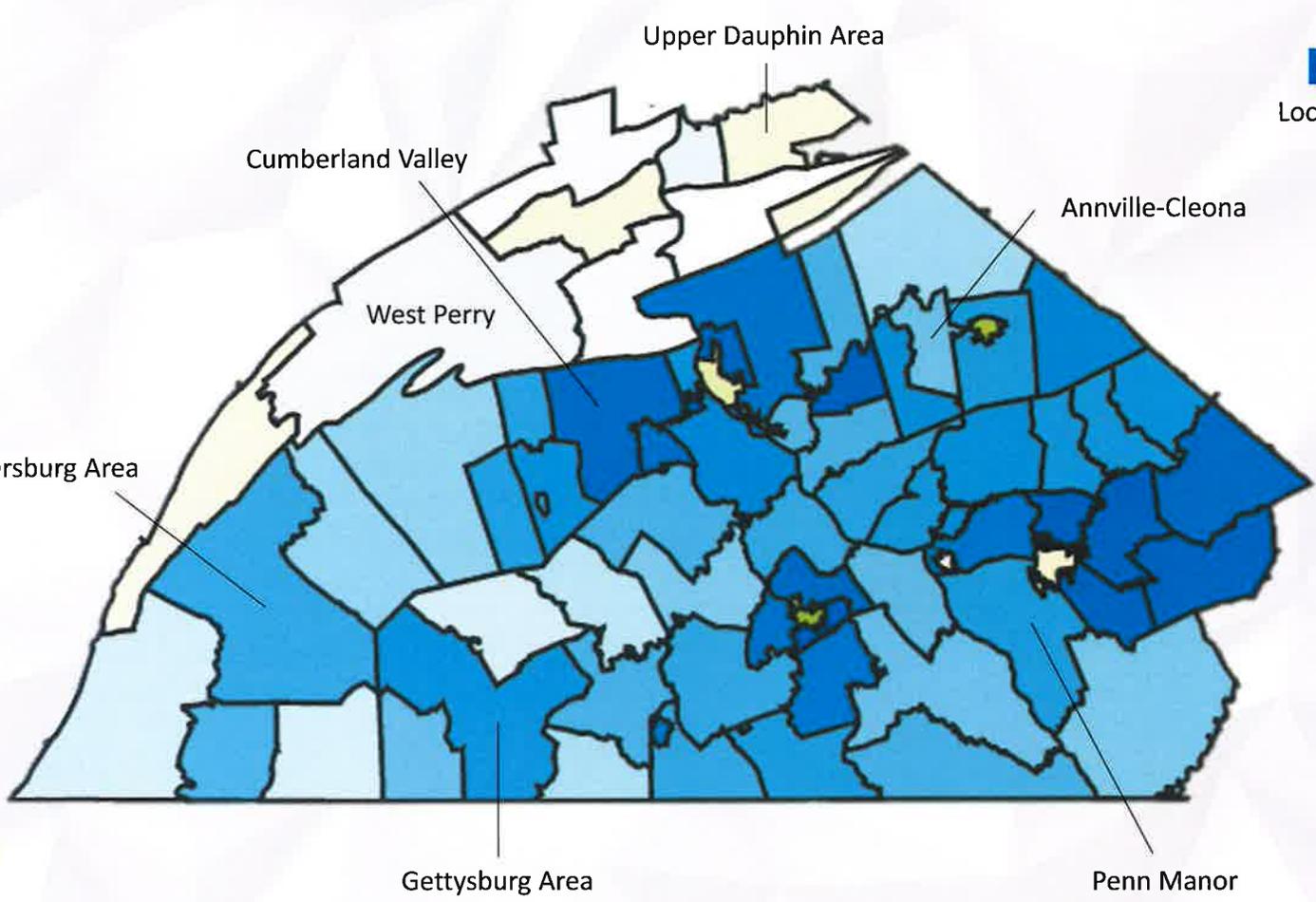
Education Revenue Sources

	Percent of Revenue from State Sources	Rank	Percent of Revenue from Local Sources	Rank
National Average	47.1%	-	44.6%	-
Delaware	57.8%	15 th	35.2%	31 st
West Virginia	57.1%	16 th	32.4%	37 th
Maryland	43.3%	32 nd	51.1%	14 th
Ohio	43.3%	32 nd	49.6%	15 th
New Jersey	40.4%	37 th	55.5%	5 th
New York	40.8%	36 th	54.7%	9 th
Pennsylvania	36.9%	47 th	56.5%	3 rd

U.S. Census Bureau, Public Education Finances 2015

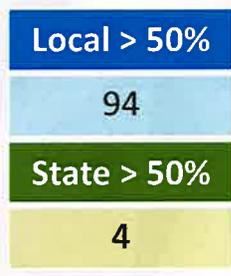
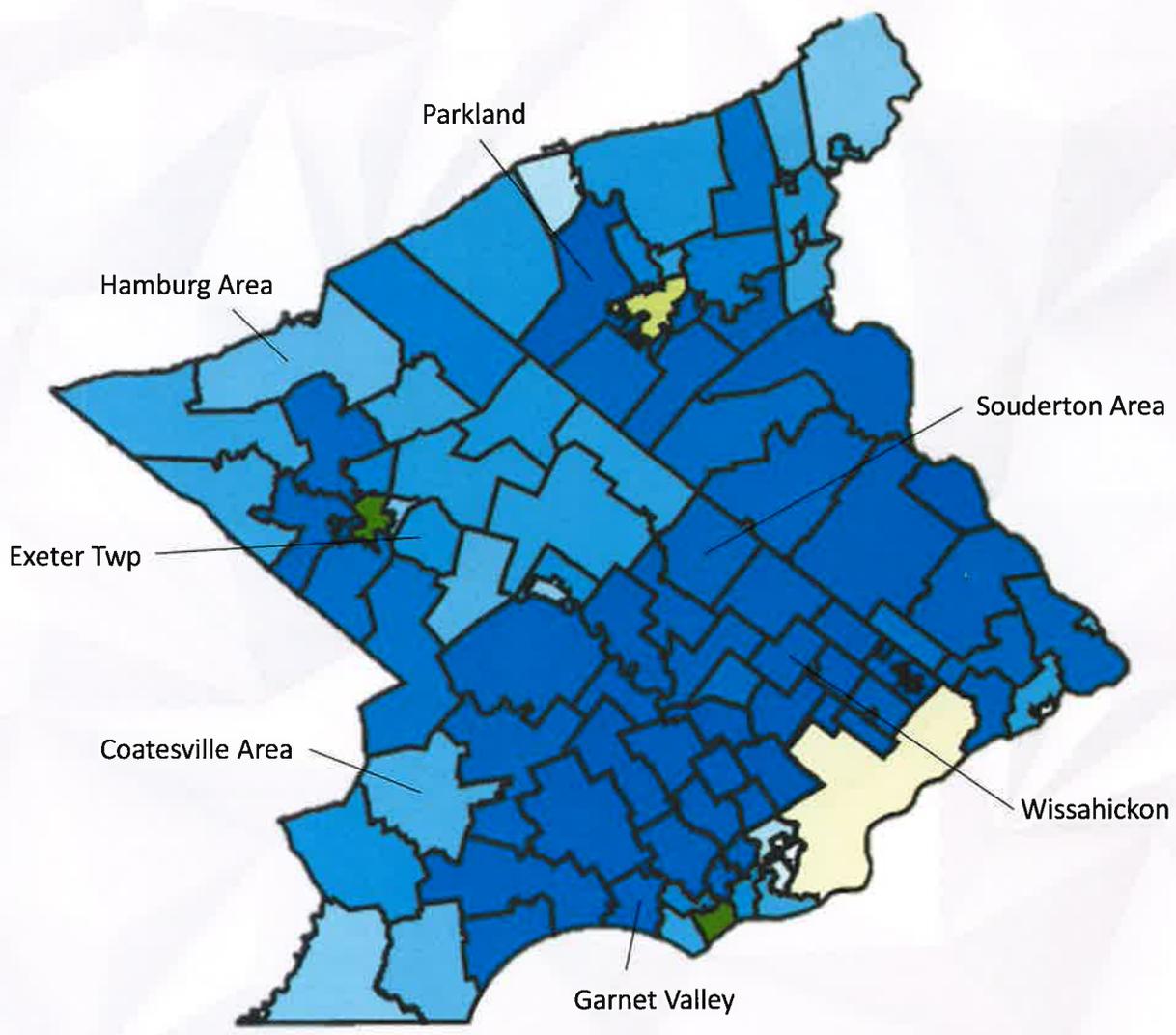






Shares of Revenue
Local State

Local > 50%
62
State > 50%
9

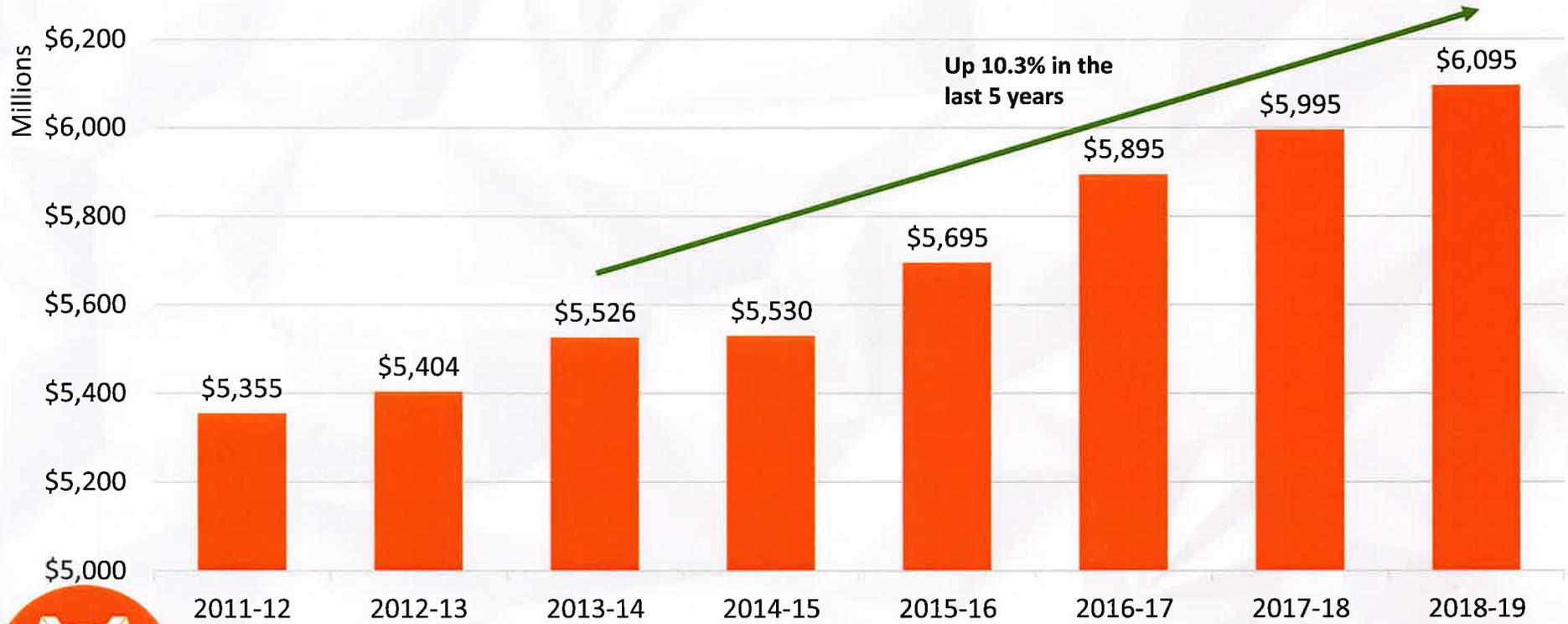


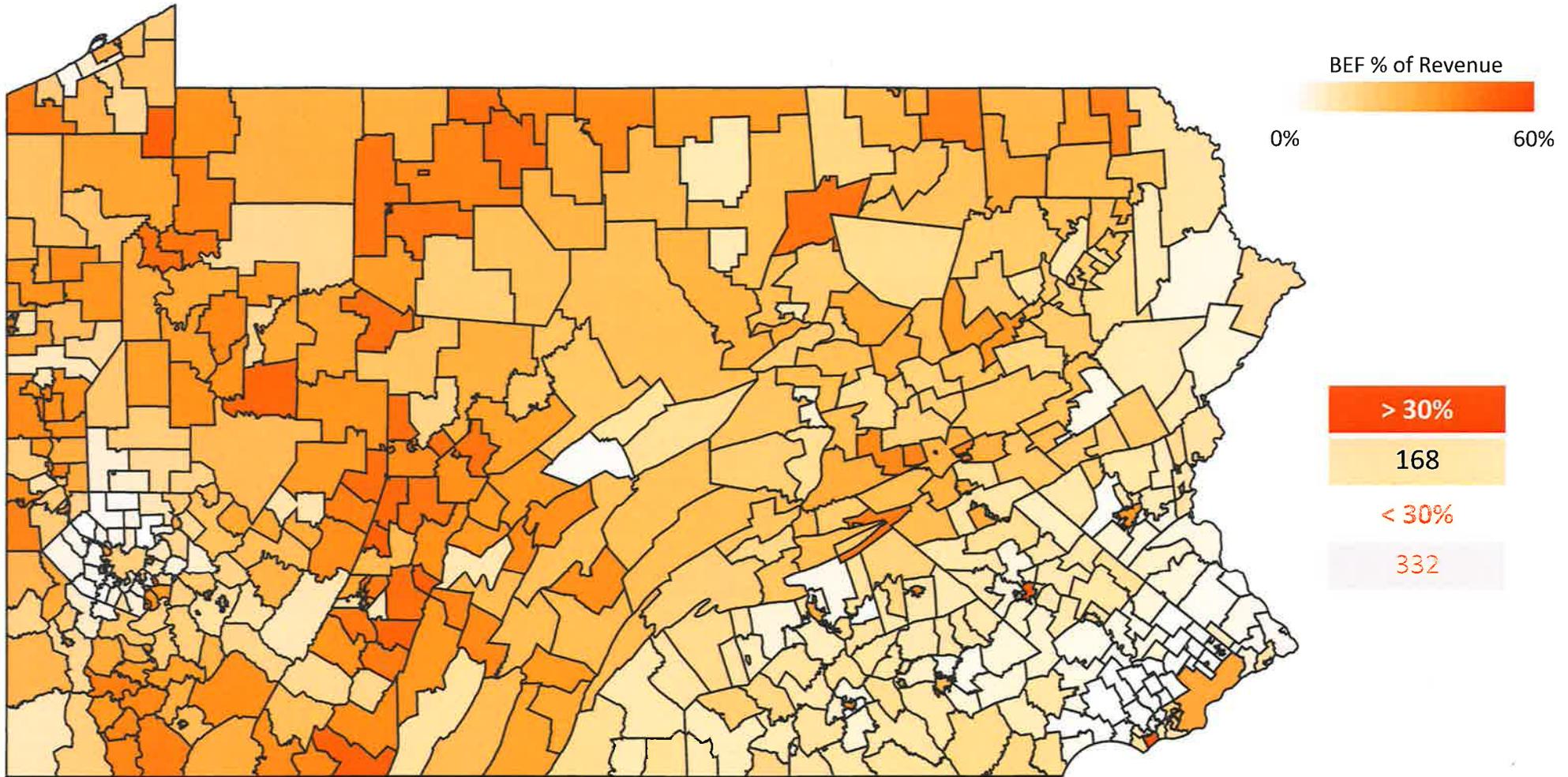
Basic Education Funding

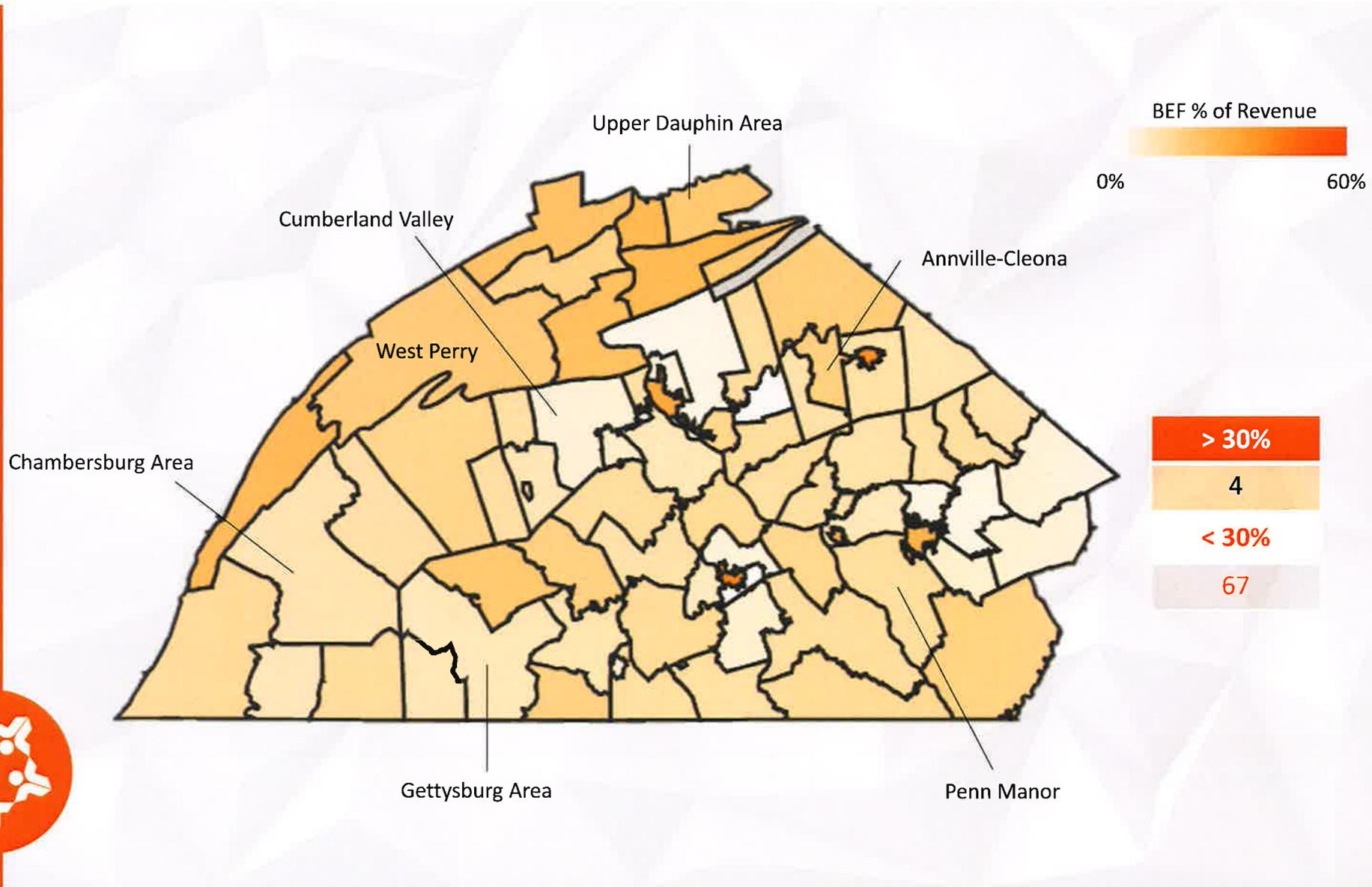
- BEF is largest line item in state budget.
 - \$6,095,079,000.
 - 18.5% of budget.
- 2018-19 Budget Proposal:
 - Increase of \$100 million over last year (1.67%).
 - Nearly \$539 million through BEF Formula.
- Formula factors not set until June.

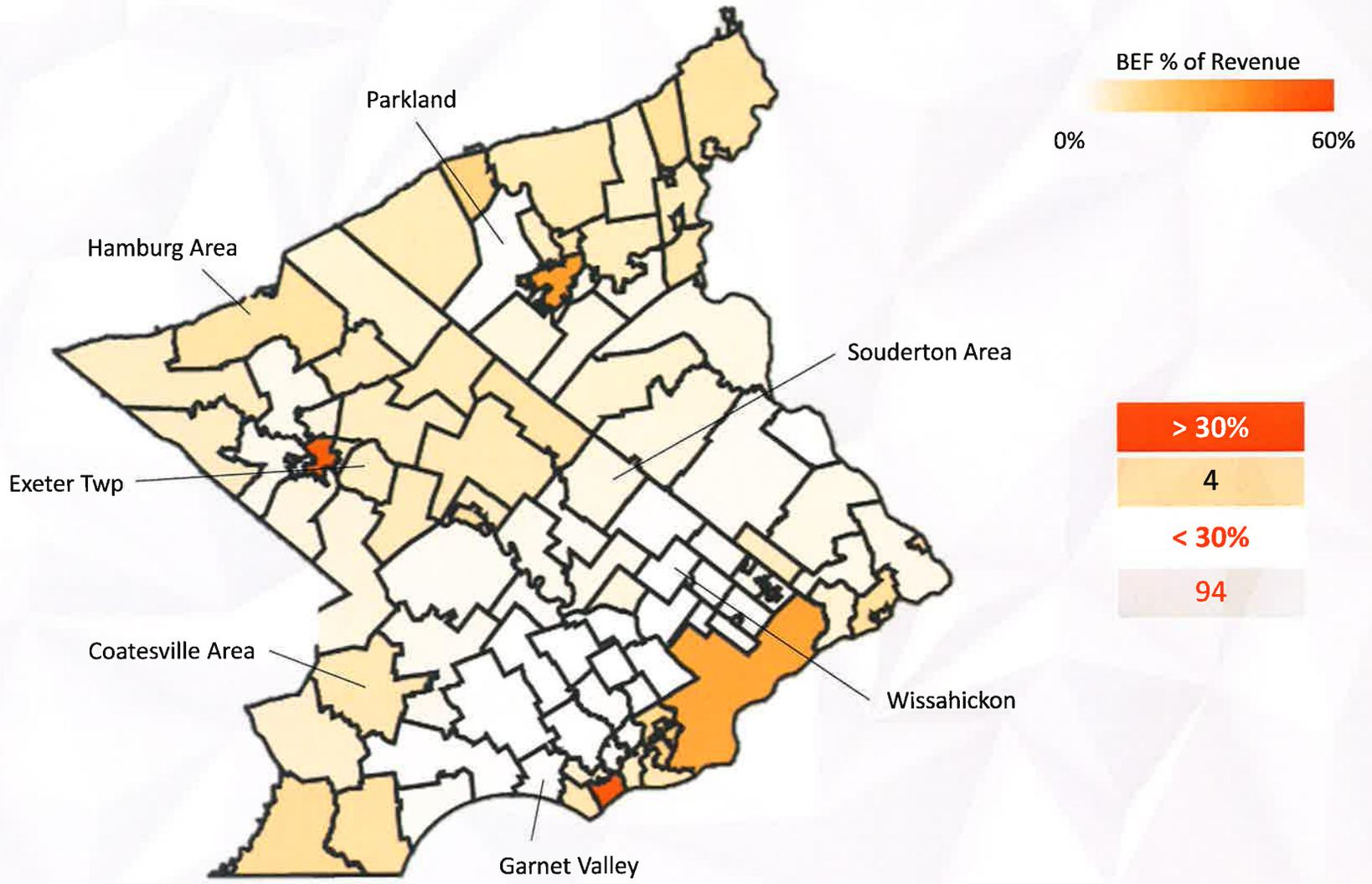
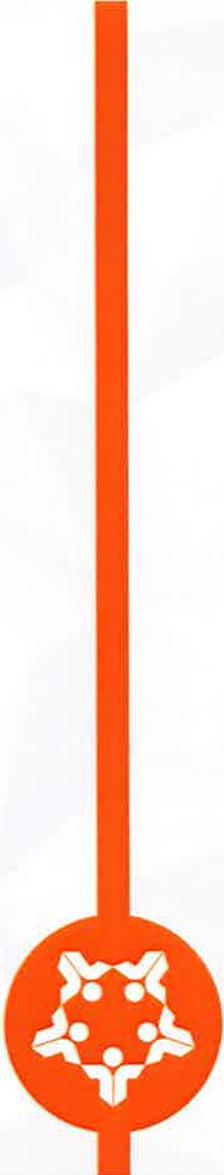


BEF Funding Recent History







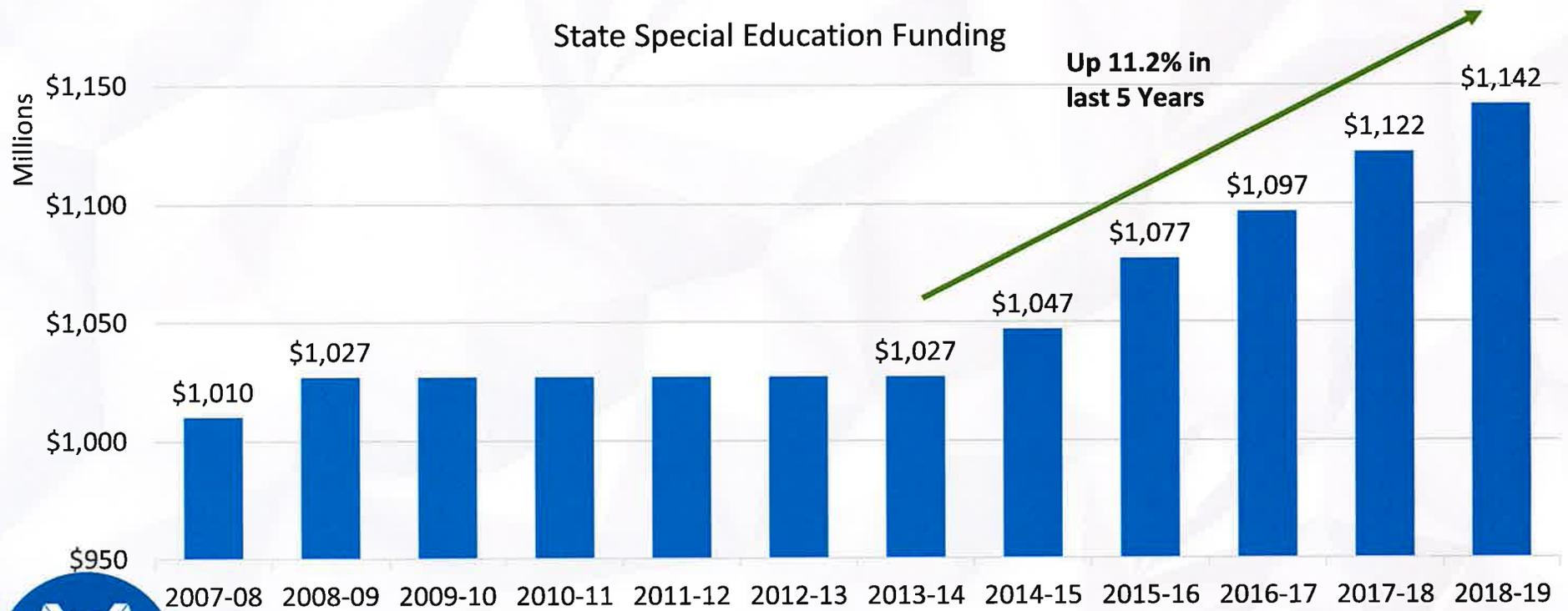


Special Education

- Increasing costs have become a major cost driver. Between 2007-08 and 2015-16:
 - Special education expenditures up 54.1%.
 - State special education funding up 6.6%.
 - Special education enrollment up 2%.
 - Overall public school enrollment -3.7%.
- 2018-19 Budget Proposal:
 - Increase of \$20 million over last year (1.8%).
 - \$107.5 million through SEF Formula.
 - \$11.6 million increase in Early Intervention.

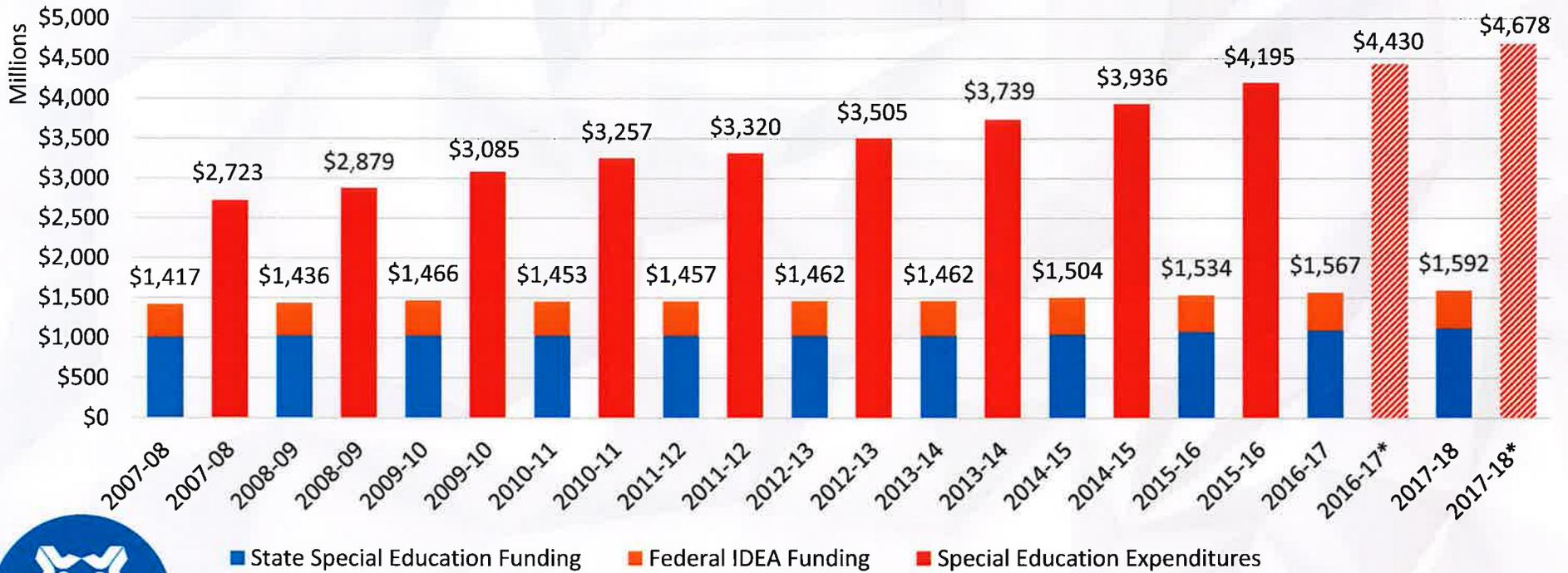


Special Education



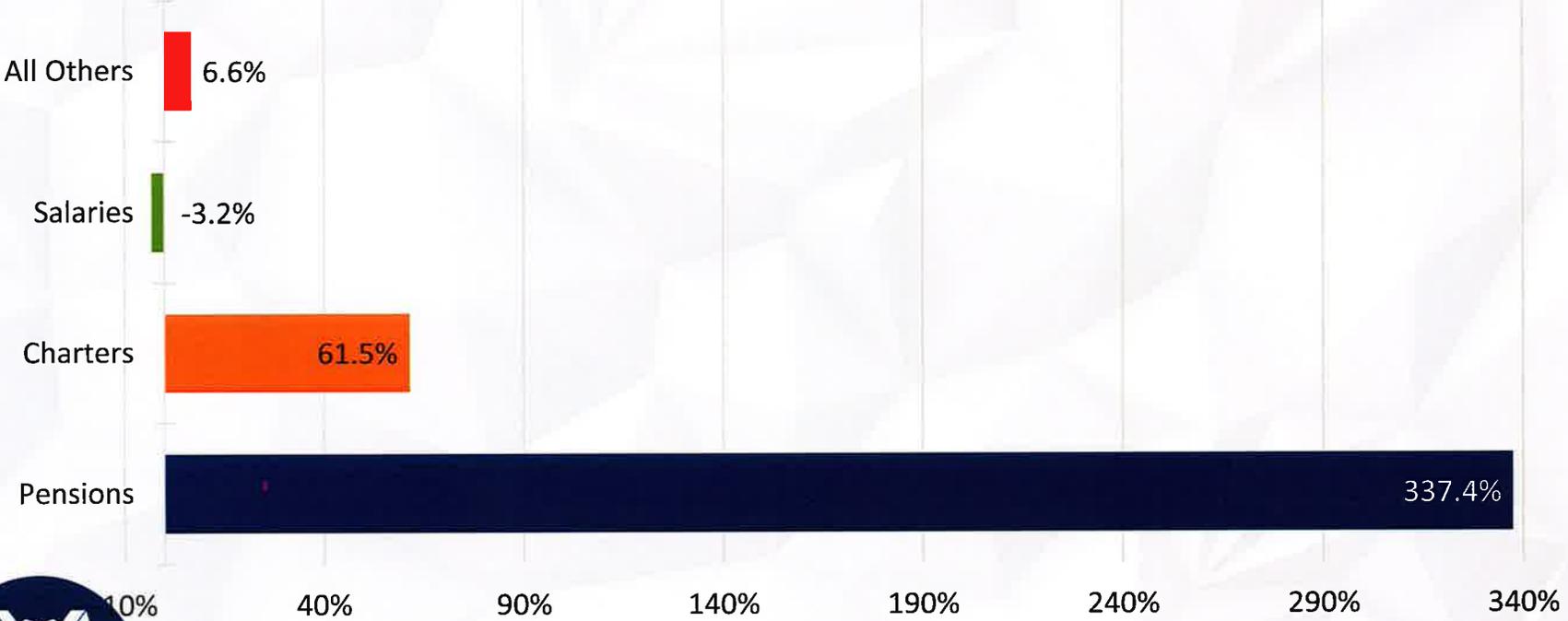
Special Education

IDEA & State Special Education Funding vs Special Education Expenditures

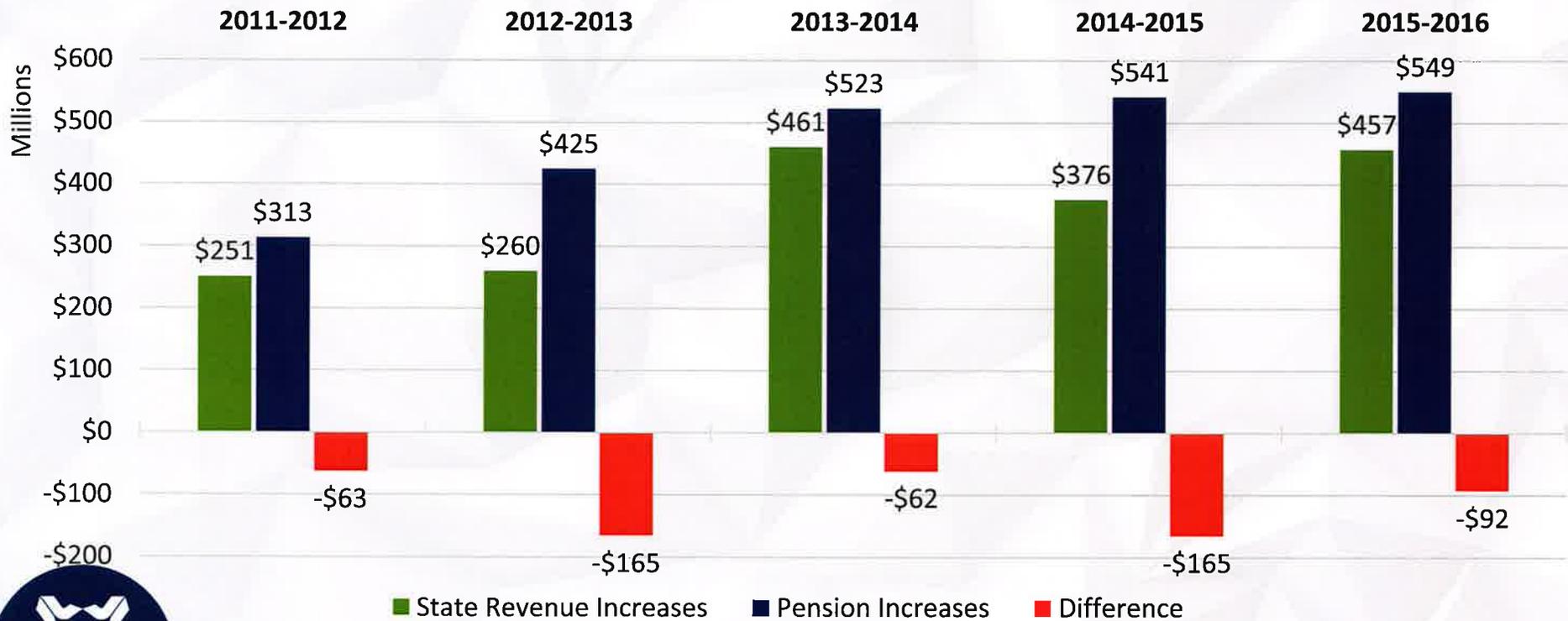


Pensions

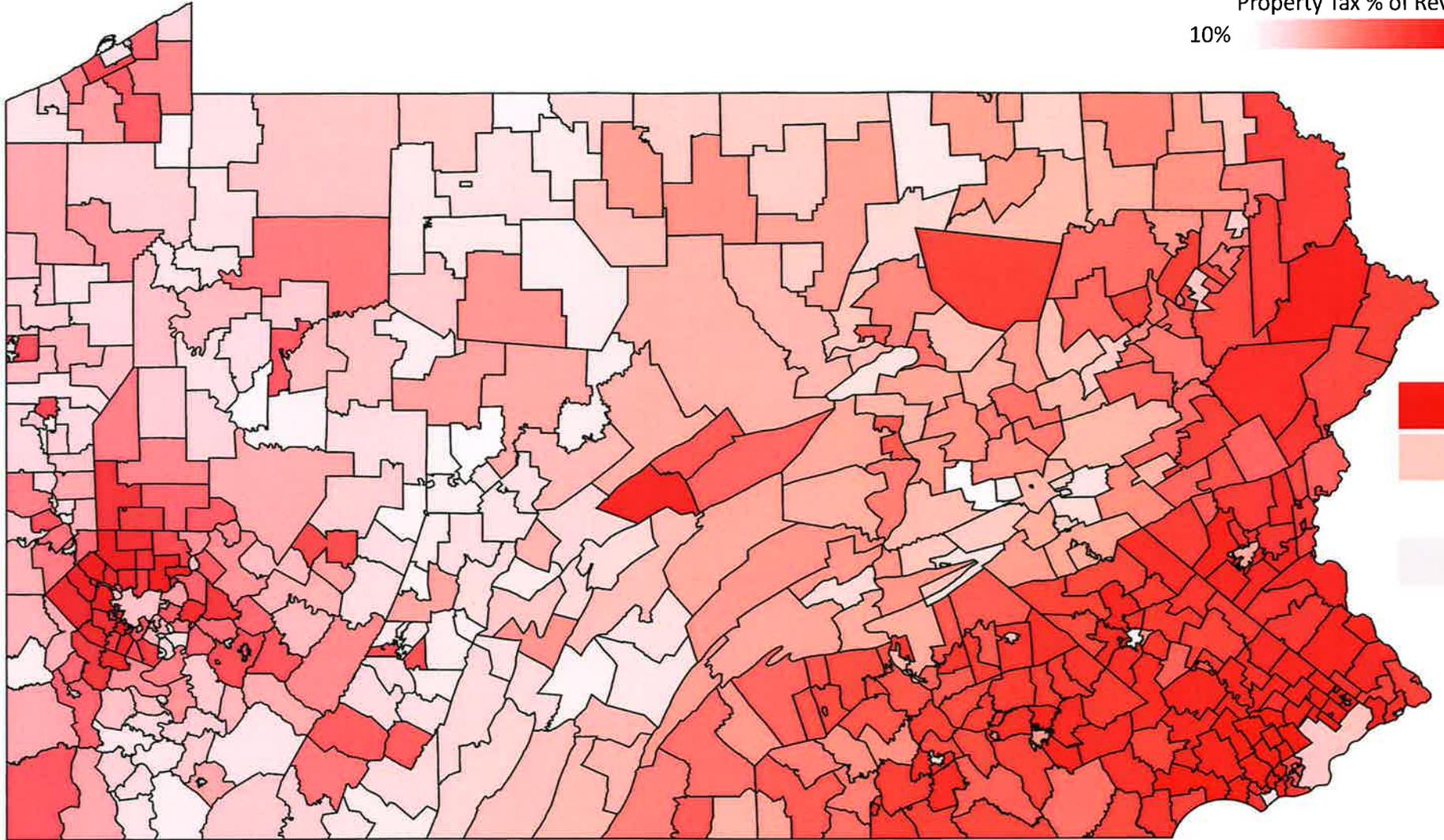
Growth in Selected Expenditures Since 2010-11



Pension Increases vs State Revenue Increases

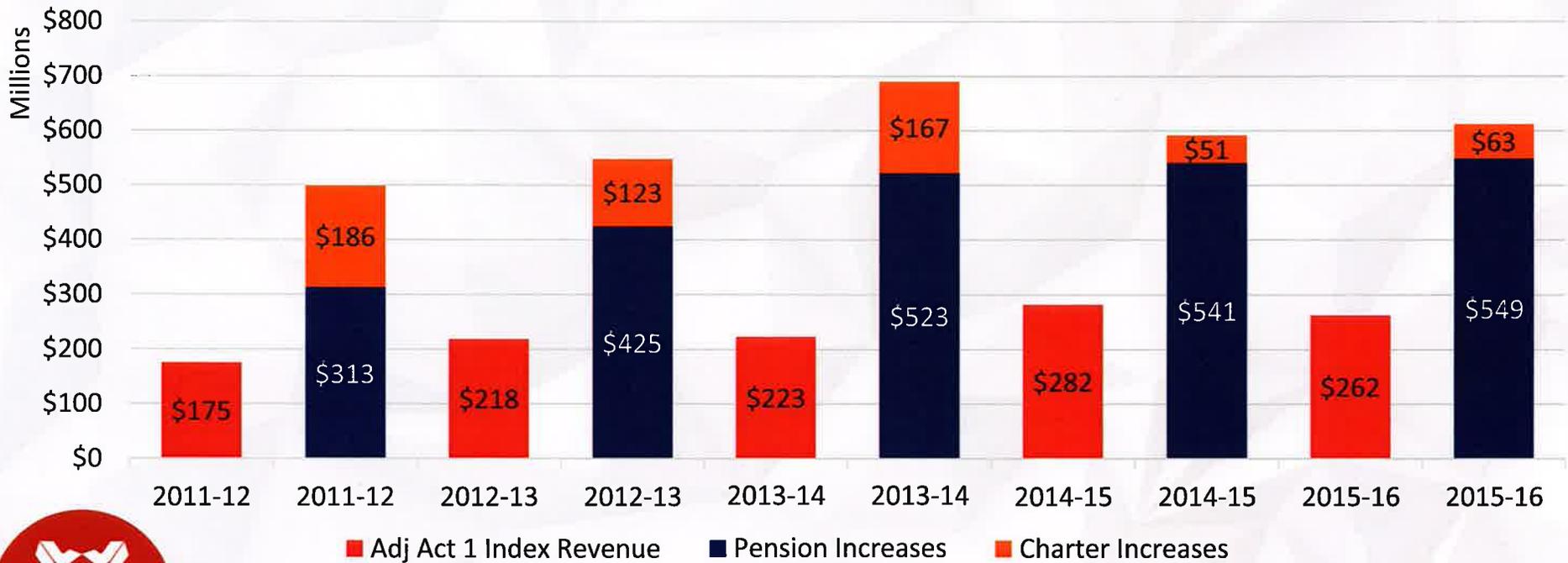


Property Tax % of Revenue
10%  80%



Local Impacts – Property Tax

Act 1 Revenue Increases vs Pension and Charter Increases



House Democratic Policy Committee



Wednesday, March 7 at 2 p.m. in York

Public Hearing with Rep. Carol Hill-Evans on Fair Education
Funding at Hannah Penn K-8 School, Auditorium, 415 East
Boundary Avenue, York, PA 17401.