

# Pennsylvania's New Fair Funding Formula

*The General Assembly has taken an important first step toward fixing Pennsylvania's school funding crisis: It adopted a permanent funding formula that will truly benefit every student.*

*This balanced formula, recommended by the bipartisan Basic Education Funding Commission (BEFC), removes politics from state school funding decisions, directing money to school districts based on objective factors, such as student enrollment, the needs of the student population, and school district wealth and capacity to raise local revenues.*

*Its enactment demonstrates what can be achieved when both parties work together for Pennsylvania's students.*

*However, the formula is only as good as the funding put behind it. Sufficient resources this budget year and in years to come will ensure that all students – no matter where they live – can succeed in school and meet the state's academic standards.*

## How the Formula Works

Student Count. The formula starts with the number of students in each school district. Since it is difficult to predict how many students may be in a district throughout any given year, this is based on the average daily membership of students over the last three years.

Student-Based Factors. Because research shows that children facing certain challenges require greater support, the formula would apply extra funding weights based on certain student factors, to account for the degree to which each factor drives up the cost of educating a student:

- Poverty, based on three measures: (1) students living in poverty [at 100-184% of the federal poverty level]; (2) students living in acute poverty [0-99% of the federal poverty level]; (3) students living in concentrated poverty [those in districts with 30% or more living in acute poverty]
- English language learners, based on the number of limited English proficient students

A weight is also applied for students enrolled in charter schools because school districts must pass on funding to charter schools for each child enrolled, but are unable to reduce their costs by an equal amount (e.g., schools may have the same costs of heating a building even when some students transfer to charter schools). This charter school factor is based on the average daily membership of students attending charter schools in that district.

School District-Based Factors. The formula also includes three school district-based factors that reflect student and community differences throughout Pennsylvania's school districts.

- Sparsity-Size Adjustment, which accounts for the unique cost differences incurred by small rural school districts.
- Median Household Income Index, which is based on a school district's median household income compared to the statewide median household income.
- Local Effort Capacity Index, which calculates a school district's ability to generate local tax-related revenue compared to the statewide median. This is measured by the Local Effort (the extent to which a district is carrying its burden by raising local revenues) and by the Local Capacity (the ability of a school district to generate local revenue, as estimated by personal income and property market value in the district).

All these factors are applied to the student count to determine how much funding should be allocated to each school district.

### **Formula Background**

In June 2015, the BEFC unanimously approved recommendations for an equitable new school funding formula to help Pennsylvania begin the transition to fair and predictable funding.

Made up of representatives from the Governor's Office, Department of Education, and both parties in the state House and Senate, the Commission was convened in 2014 to examine school funding in Pennsylvania, determine any inequities, and offer recommendations on how to correct any disparities across school districts.

The Campaign and its members testified before the Commission at its many hearings and worked individually with members of the House and Senate before and after the recommendations were announced, to educate lawmakers about how a permanent funding formula truly benefits every student.