

Progress Toward a Sound School Funding System
Analysis of Proposals

Elements of a Sound School Funding Formula	2007-08 Funding System (also used in prior years)	2008-09 Budget Proposal (announced Feb. 5, 2008)
<p>➤ Adequacy of funding for students in each district to meet state achievement standards, graduate on time, and go on to higher education, a successful career, and active participation in civic and community life.</p>	<p>The state’s costing-out study found that 471 school districts do not have the resources needed to help all students meet state academic standards.</p>	<p>The proposal uses the costing-out study (excluding special education, which is treated separately) to set funding benchmarks for each school district, and sets a six-year phase-in plan, which if maintained over time, will greatly improve funding adequacy and better meet the needs of students and schools.</p>
<p>➤ Equity of funding between school districts – reducing the funding gap between districts having different levels of local wealth.</p>	<p>The costing-out study found that many high wealth districts can raise sufficient funds while making a low local tax effort, while many low wealth districts are forced to make a high tax effort but still unable to adequately fund their schools.</p>	<p>The proposal would make significant progress toward equity if fully implemented over time. State funding for under-funded districts would increase \$291 million in the first year and \$2.6 billion over six years. The phase-in plan prioritizes low-wealth, high tax effort districts.</p>
<p>➤ Accountability for providing and using resources to improve student achievement</p>	<p>The current system has established some good building blocks for accountability, but the system does not work effectively without adequate funding for schools.</p>	<p>The proposal makes the connection between state funding and accountability for using this funding to improve academic achievement for students and schools. *</p>
<p>➤ Efficiency of school administration in the provision and use of resources</p>	<p>Efficiency has not been a priority in Pennsylvania’s public education system.</p>	<p>Several other pending proposals and studies address efficiency and, if taken up with this proposal, would significantly improve efficiency in use of resources. **</p>
<p>➤ Predictability of funding from year to year</p>	<p>The system provides no real predictability from year-to-year.</p>	<p>The proposal makes state funding for public education relatively predictable for the first time, by identifying “adequacy” targets for each district and proposing a multi-year funding plan.</p>

* See accountability details on other side.

** See the report of the Task Force on School Cost Reduction, established in Special Session Act 1 of 2006, and the report on the Cost-Effectiveness of School District Consolidation, as authorized by Senate Resolution 208.

Accountability Measures

Strategies to ensure that new resources increase educational services for students

The governor's proposal includes the following measures to ensure that resources are being used for the **most effective strategies for boosting student achievement**.

- Any school district that receives a basic education funding increase that is more than the Act 1 inflation index (4.4 percent for 2008-09) is required to spend the portion of its increase above the index for **proven school improvement strategies**.
- These school districts can use the inflationary increase within the Act 1 index to offset increases in regular operating expenses. The remaining new state resources must be invested as follows:
 - At least 80 percent of the new resources must be invested to establish or expand any of the following:
 - **Extra time for learning:** Programs that increase the amount of student instructional time, such as tutoring, longer school days, longer school years, or intensive support for students who have Limited English Proficiency.
 - **New and more rigorous courses:** Adoption and implementation of a new curriculum or expanded course offerings that increase the number of students who graduate from high school prepared for college and high-skill careers.
 - **Teacher training:** Training for teachers and other staff in the delivery of a rigorous curriculum, in strategies for addressing the learning needs of students at risk of academic failure or needing remediation, and in strategies to ensure that students stay in school until graduation and successfully transition to postsecondary education or the workforce.
 - **Class size reduction:** Smaller classes so students get more individual attention.
 - **Early childhood education:** Pre-kindergarten or full-day kindergarten.
 - **Recruiting the most effective teachers and principals:** Incentives for the most effective highly qualified teachers and principals to work in a school identified for Improvement or Corrective Action.
 - **Performance contracts for superintendents and principals:** Incentives for the adoption of performance contracts by superintendents, assistant superintendents and principals.
 - Up to 10 percent of the new resources can be invested in maintaining the programs listed above if they already exist, and an additional 10 percent can be used for other proven programs or promising strategies that the school district wants to implement – or this amount can be invested in one-time costs that the school district faces, such as books, materials and other supplies.
- All school districts that receive a funding increase above the inflation index will be **required to submit plans** showing how they will use the new resources for the above purposes. The Department of Education will be able to review the plans and suggested recommend changes to school districts.
- **The strongest accountability** is reserved for **school districts that are identified for Warning, Improvement or Corrective Action or have at least one school identified for Improvement or Corrective Action**. If these districts receive an increase above the inflation index, the Department of Education must approve the school district's plan for investing these new taxpayer resources – a plan modeled on New York State's "Contracts for Excellence."