



Pennsylvania's "Costing-Out" Study

The 2006-07 state budget that was adopted July 2, 2006 appropriated funding for a statewide costing-out study to determine "the basic cost per pupil to provide an education that will permit students to meet the state's academic standards and assessments," taking into account both the adequacy and equity of state and local funding. In December 2006, the State Board of Education contracted Augenblick, Palaich and Associates, Inc. (APA), an experienced consultant, to conduct the study.

Status:

APA was contracted in December, and the study is now underway. The final report is expected to be released by the end of November.

The Goal:

The goal of costing out studies is to determine the base cost (sometimes referred to as a foundation level) of educating a student who has no special needs, attending a district with no special circumstances, to meet state requirements. Additionally, costing-out studies determine the variations on this foundation level required by particular factors impacting school districts (i.e. size, location) and their students (i.e. special education, poverty and limited English proficiency).

What will be studied:

The analysis will cover Pennsylvania's kindergarten through grade 12 public education system. Specifically, the study must:

- Determine the educational resources and related expenditures needed to provide a quality education (including an examination of exemplary school districts that are high-performing and low-spending, as well as a review of school district tax efforts, including both local and state support);
- Examine the potential use of geographic cost-of-education indexing in the Commonwealth;
- Investigate additional funding that may be necessary to meet needs unique to schools and students including: poverty; limited English proficiency; students with disabilities; scarcity and density of population; issues related to the rural, urban or suburban nature of the school district; and, gifted students;
- Address the cost impact of student population growth and decline;
- Address the effect of student transportation costs on school district expenditures, and;
- Address the effect of other variables, such as school district size, that impact educational expenditures.

(continued)

Oversight:

- Four State Board members will provide oversight and guidance to the consultant chosen to conduct the costing-out study; including monthly conference calls and meetings at the project's inception, mid-way and end points.
- The Board will convene a stakeholder group consisting of educators and interested parties to provide input at the beginning of the project; recommendations from the group will be for informational purposes only.

Methodologies:

The study will include the following four methodologies in its evaluation:

- The successful school district approach, APA will infer the base cost of education by analyzing the budgets of districts that are identified as "successful" based upon a particular criteria, such as meeting the goals of the Pennsylvania Accountability System. This method will examine schools that are identified as high performing and low spending, as well as schools that have made significant progress in closing achievement gaps.
- The professional judgment method will focus on identifying the resources - not dollars - that schools need to be successful. This will be accomplished by convening panels of education professionals to discuss what resources hypothetical Pennsylvania schools and districts need to help their students attain proficiency on state standards. Ten professional judgment panels are being planned for March, April, and May; each panel requires eight members, including teachers, principals, school business officials, superintendents, and others. These panels will meet for 1-2 days in different locations across the state.
- The evidence-based approach will create hypothetical schools using current education research and conduct a web-based inquiry asking Pennsylvania educators and citizens to react to these models.
- The highly statistical cost-function approach (also known as the "black box" approach) analyzes performance, spending and efficiency.

Reporting to the Public:

- An interim report is expected around May and a final costing-out report is due in November. The release of each report will be coupled with a presentation to the full State Board of Education.
- Six regional public briefings will be conducted upon release of the final report, as well as a briefing for the House and Senate Education Committees. The information gleaned from this analysis will be important in informing discussions about education funding in Pennsylvania.