

## SUCCESSFUL SCHOOLS BILL for 2007

The Successful Schools Bill guarantees sufficient state funding to every school district so that with an equitable local tax rate it has the same resources and can educate its students to the same level of success as the 49 high performing districts which are currently meeting the state's 2011 PSSA standards in reading and math for all demographic groups.

This Bill is designed to build on what it actually costs to successfully educate students in Pennsylvania today. It is designed to meet the legislature's constitutional responsibility "to provide a thorough and efficient system of public education" by ending the plight of school districts unable to provide an adequate education simply because of a small local tax base insufficient to raise the necessary funds. It will narrow the huge disparity between the education resources available to our sons and daughters in rich and poor districts in Pennsylvania, a disparity greater than in all but seven other states.

The Bill increases state expenditures by \$3.4 billion or 20 percent. \$3.205 billion is for new educational spending and \$167 million goes to districts with high tax effort otherwise without increased funding. This new spending is the equivalent of a one percent increase in the personal income tax. In order for districts to absorb this increase and use it wisely the Bill phases the increase in over three years. It holds districts accountable to use the increased revenue for practices that have demonstrated success in improving student achievement such as reducing class size, increasing pre-K, and improved teacher training.

The Successful Schools Bill determines the Educational Cost in High Performing Districts in Pennsylvania.\* It also determines the special needs demographic composition of those districts of children in poverty, special education, and with limited English proficiency. This Educational Cost figure is the weighted average cost of educating a child in the successful schools. For each district the Successful School Educational Cost of educating its students has been calculated by applying the Educational Cost for High Performing Districts and adjusting it for each district's special needs, based on an increased cost factor of 35% for low income students, 100% for special education students, and 15% for limited English proficiency students. These weights are conservative and in the lower end of the ranges used in other states.

Because the purpose of this Bill is to assist districts with inadequate resources and not to take funding away from any district, the Successful School Budget (SSB) for each district is its Educational Cost or its current spending, whichever is higher. Using 2004-2005 figures, which are the latest available, the total cost of K through 12 educational spending by the districts should increase by \$3.3 billion, from \$16.6 billion to \$19.9 billion.

Based on the principle that all districts are held harmless and will not experience a reduction in state support, the Successful Schools Bill incorporates the funding previously received from the state (excluding transportation, rental and sinking fund payments totaling \$774 million which will separately continue). All \$3.3 billion in additional new spending of the Successful Schools Budgets is paid for by the state, except for adjustments necessary so that low tax effort districts do not pass on to state taxpayers the cost of that low effort. That reduces the additional cost to the state by \$128 million \*\*, leaving the state cost of ending the educational

disparities in this state at \$3.2 billion. That is equivalent to the revenue from a one percent increase in the personal income tax.

Under the Successful Schools Bill spending for an adequate educational performance will increase in 445 of the state's 501 school districts. At this level every school district would have the funds calculated as necessary to enable its students to learn at the 2011 PSSA standards of 72% proficient in reading, 67% proficient in math.

In addition, some assistance to the most highly taxed districts is also necessary to overcome the inequity of the current state spending. The Bill provides that any district taxing over the state median which is not otherwise receiving increased state assistance under the Bill will receive assistance sufficient, after taking into account proposed local property tax relief under Special Session Act 1, to reduce its local contribution to the equivalent of 20 mills. Under this provision, 17 districts will receive assistance totaling \$167 million for property tax relief. Only 39 high wealth districts would receive no additional support under the Successful Schools Bill.

In summary, the Successful School Bill provides \$3.2 billion in new state money for educational achievement and \$167 million for high tax effort relief. It would shift the funding for current expenditures less transportation as follows (\$ in billions):

|                           | Current Exp. | State Share  | Local Taxes   |
|---------------------------|--------------|--------------|---------------|
| Actual 2004-05            | \$16.6       | \$ 6.3 (38%) | \$10.3 (62%)  |
| Proposed SSB <sup>1</sup> | \$19.8       | \$ 9.7 (49%) | \$10.1 (51 %) |

Combined with Act 1, the Local Property Tax Relief Act passed last year, which will provide \$1 billion of State revenues from slots to replace Local taxes, the state share of educational costs will be 54% and the local share 47%.

<sup>1</sup> Assumes districts do not increase local support to 20 mill level, and includes high tax effort adjustment. Does not account for local property tax relief under SS Act 1 expected to reduce local taxes \$ 1 billion and increase state share by an equal amount.

\* The Educational Cost covers all costs except transportation, facilities acquisition and construction, and financing expenditures. Those other expenditures will continue to be partially reimbursed separately by the state.

\*\*The state will reduce its additional contribution to districts contributing support below the state median by the inverse of the aid ratio for any part of the state's increased funding which occurs because of a local contribution effort equivalent to less than 20 mills.