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New school funding complexities

By Colin McNickle

Pennsylvania’s fiscal 2018-19 budget provides \$6 billion in basic public education funding. But the computation regimen raises significant hurdles for the commonwealth’s 500 school districts that beg for a simpler methodology, say researchers at the Allegheny Institute for Public Policy.

It was three years ago, in June 2015, that the Basic Education Commission released its final report on how to distribute the subsidies. It recommended a student-weighted formula. The Legislature amended the commission’s recommendation in Act 35 of 2016 so that only additional appropriations above the 2014-15 basic education funding level would be subject to the new formula.

Bear in mind, too, that basic education funding is about half the total amount of state grants and subsidies for K-12 education.

Technically known as the “student-weighted average daily membership (ADM),” the complicated calculation is based on each district’s three-year average enrollment; poverty level; the number of students for whom English is a second language; charter school enrollment and the rural nature of a respective district (“sparsity”). Also factored in are the median household income index and local taxes.

Each district’s value is compared to the state as a whole to determine each district’s portion of the appropriations that exceed the 2014-15 basic education funding – the last allocation using a “hold harmless” provision that assured districts would not see a decline in funding even if enrollment fell.

All that said, one thing is certain:

“The resources required for record-keeping and data-gathering for each of the 500 districts necessary to carry out the calculations for the incredibly complicated formula scheme are enormous and subject to significant data limitations and reliability,” say Eric Montarti, a senior policy analyst, and Jake Haulk, president of the Pittsburgh think tank (*in Policy Brief Vol. 18, No. 27*).

The researchers say that since multiple factors with various weights are in the formula, it is not as simple as assuming that districts with the greatest gains or losses in enrollment will see the largest or smallest additional funding.

To wit, based on the changes in enrollment from 2015-16 through 2018-19, South Fayette ranked first in Allegheny County (with an enrollment increase of 7 percent) and Wilkesburg ranked 43rd (with an enrollment decrease of 9 percent).

But in ordering the districts in percentage terms of how much their share of total distribution from the new money changed, South Fayette ranks just fifth -- its money per ADM rose from \$51 to \$193, or 278 percent -- while Wilkesburg ranks 20th -- its new money per ADM rose from \$127 to \$476, or 274 percent, but a much larger dollar increase per ADM than South Fayette -- despite falling enrollment.

“Clearly, the formula’s set of determining factors and their weights are designed to prevent changes in enrollment from being the deciding factor in changes to funding allocations,” Montarti and Haulk say.

Such complexities and counterintuitive results could lead to more school funding angst.

“The statistical difficulties and anomalous results will become ever more problematic and subject to criticism as the amount of funding to be allocated rises over time,” Montarti and Haulk caution. “It should be possible to design a simpler, straightforward way of allocating funds.”

Colin McNickle is a senior fellow and media specialist at the Allegheny Institute for Public Policy (cmcnickle@alleghenyinstitute.org).

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
