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# Our Mission & Campaign Principles

Our mission is to ensure that Pennsylvania adopts and maintains an adequate and equitable system of funding public education by 2016. Every public school must have the resources necessary to enable every child to meet state academic standards, be prepared for post-secondary success, and become productive, knowledgeable, and engaged adults. Educating our children is a collective imperative that has positive social and economic benefits for the Commonwealth and its communities.



## Campaign principles

- **Accuracy is important**

The new system must be based on real costs necessary to meet state academic standards and must use accurate, reliable, verifiable, and current school and community data that addresses factors including poverty, English proficiency, school enrollment, and other objective measures that impact those costs.

- **Students and schools need stability**

The new system must be transparent, sustainable, equitable, and long-range — and supported with sufficient, stable, and broad-based resources. A new basic education funding system is the foundation for educating all children, including children with special needs who will require additional resources through the special education allocation.

- **Responsibility is shared**

The new system must operate based on shared fiscal responsibility among the local community, the state, individuals, and commercial taxpayers, recognizing the differing levels of local funding available and the relationship between

adequate financial support and student outcomes.

- **Accountability is required**

The new system must include strong accountability standards to ensure that schools invest efficiently and effectively to boost student achievement and help ensure post-secondary success. These standards also should allow and/or encourage schools to pursue and sustain operational cost-saving and cost-sharing options that are consistent with ongoing efforts to foster student achievement and success.

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# Circuit Riders for PA Schools



## Who Are Circuit Riders:

These five professional organizations have organized 7 former superintendents, 2 former Intermediate Unit Executive Directors and 2 present-serving school board members to work with their membership – the local educational leaders – in all 29 Intermediate Units.

We will provide information, resources, and strategies to help engage educational leaders in the efforts for fair, consistent, predictable, sustainable and equitable funding for public education.

We will be in contact through IU meetings, emails, twitter, and personal meetings and conversations. We are available to assist local leaders in whatever ways they may need to address the need for fair funding with their communities.

**Dr. Michael D. Thew (Circuit Rider for IU 8, LIU 12) @Mdthew [mthew@circuitriderforpaschools.org](mailto:mthew@circuitriderforpaschools.org)  
717-891-2316**

**Campaign For Fair Educational Funding:** <http://fairfundingpa.org/>

- Coalition of over 40 organizations - education organizations, advocacy, faith-based, charter schools, community organizations and business & industry organizations through funding from the William Penn Foundation are committed to a two-year process of developing a fair funding proposal
- Circuit Riders are the outreach from the five educational professional and advocacy organization to ensure educational leaders are informed, engaged and involved in the work of the CFEF

## Basic Education Funding Commission:

<http://basiceducationfundingcommission.pasenategop.com/>

Bi-partisan legislative commission authorized by Act 151 of 2014. Holding meetings throughout state (dates and locations below). Report due in June 2015.

## Some of the Reasons we need Fair Funding (that is consistent, sustainable, and adequate):

- o PA has not had a consistently applied basic ed funding formula since 1993-94
- o PA is one of only 3 states without a Funding Formula

- o PA school district budgets averaged 59.8% local funding and 33.5% state, 4.4 % federal (national average: 43.4% local, 44.1% state, 12.5% federal)
- o The General Assembly determines both the amount and method of distribution of educational funds
- o Over past 20 years, 30 factors have been used at various times to distribute Educational Funding
- o In 2013-14 budget, 21 schools shared \$30 million in additional state revenue (constituents of 37 lawmakers, 33 of which had leadership positions)
- o Only 7 states provide a smaller share of education funding than PA's 34.5%
- o Districts are required to develop and approve budget almost four months before knowing their state funding
- o The largest expenses in a district's budget have been created by the state (pension and charter), either one will consume Act 1 increases of over 300 school districts.
- o Special education was flat funded for six years while state laws increased the mandates and requirements (\$20 million in 2014-15 budget, which was modified at 11<sup>th</sup> hour by influence of special interest group)
- o Funding sources were suddenly and unexpectedly modified or eliminated in budget process
  - PlanCON reimbursement
  - Charter School reimbursement
  - Gambling revenues (offset local property taxes)
  - Act 1 cap calculations

***This is not about more money, although more money is needed to appropriately fund public education...this is about creating a process that provides funding that is:***

***Adequate                      Consistent                      Sustainable                      Predictable***  
***Non-political***

**Events or Items of Interest:**

- o Upcoming Commission Meetings
  - November 24-Lancaster (IU 13; 10am)
  - December 4-East Stroudsburg (10am) (they MAY change the location of this hearing)
  - December 10-Lancaster (10am)
- o Circuit Rider Twitter Chats: Last Tuesday of each month 8:00 p.m.  
#FairFunding

**Testimony to:  
Basic Education Funding Commission**

**September 30, 2014  
Clarion, PA**

**Presented by:  
Ronald Cowell, President  
The Education Policy and Leadership Center (EPLC)**

**Members of the Commission.**

**Good afternoon and thank you for the invitation to offer testimony today on K-12 school funding issues, with special emphasis on issues important to Pennsylvania's rural school districts, and the students they serve.**

**I am Ron Cowell, President of The Education Policy and Leadership Center (EPLC). EPLC is an independent, non-partisan, and not-for-profit organization based in Harrisburg with public policy and leadership development programs and activities throughout Pennsylvania. Our purpose is to improve the development and implementation of state-level education policy.**

**The challenge before the Commission is somewhat daunting on the one hand, because the issues are very important and you have a rare opportunity to make significant policy progress on behalf of Pennsylvania's public school students.**

**On the other hand, the potential elements of a funding formula are mostly known to state lawmakers for decades and are not unique to Pennsylvania. So this challenge is a lot less complicated than some like to imagine.**

There usually are three main variables that are multiplied to determine state funding going to a district. One, you count something, usually the students. Two, you consider the relative wealth of districts or their ability to pay their own way, because the ultimate purpose of the state funding is to level the playing field --- or the field of academic opportunity for students. And three, you insert a dollar figure that ideally has something to do with actual costs of districts and the calculated needs of students.

Beyond these three basic elements of a formula, state lawmakers in Pennsylvania for several decades have also given some extra support to school districts that have a high degree of population density or are characterized by population sparsity. While these considerations were to some degree the result of political power, there are undoubtedly very real extraordinary costs associated with delivering services to students in densely populated urban centers as well as in relatively small enrollment districts geographically spread over large land areas.

Just about everyone agrees that a formula needs to include a count of students. You will hear different views about when to count the students and about applying different weights for early education, other elementary grades, and high school. You will certainly hear substantial consensus that extra weighting or some other consideration needs to be given for students who are from economically poor households or who are English Language Learners (ELL). The debate will largely be about the amount of extra weighting and will to some degree be about whether the extra weighting is triggered by the presence of an individual student who is poor or ELL or by a certain concentration of students who are financially disadvantaged or are ELL.

Of course, these questions of extra support for economically disadvantaged students or English Language Learners are as important for many rural districts as they are for non-rural districts.

There are two additional groups of students for which some additional weighting should be considered, and which have not been previously mentioned. A new formula should take into account the extraordinary costs associated with career-technical education programs and also the extraordinary costs related to education for homeless children.

For decades we measured a district's relative wealth – we call it aid ratio – by considering the relative value of real property in a district as compared to the entire state. Wealthier districts have a lower aid ratio and poorer districts have a higher aid ratio. About thirty years ago we shifted to a calculation that ever since has calculated aid ratio based 60% on the relative value of real property and 40% on the relative value of personal income in the district.

Through these hearings and your other inquiries, you will hear opinions about whether that 60-40 balance remains appropriate or should be shifted to give additional consideration to the relative value of personal income. A careful analysis of the implications of the current balance or any proposed shift will be in order from a statewide perspective, but may be especially important to rural districts where there often is found relatively great wealth in value of real property accompanied by relatively low personal income.

The third critical element in a formula is the dollar figure. This is a critical variable because an insufficient dollar figure will inevitably mute the effectiveness of all the other formula elements that are considered.

I'll return to this dollar figure element in a moment, but first want to turn to one of the other major issues that the Commission has been asked to consider. That is the issue of "hold harmless."

"Hold harmless" is as much a political consideration as it is an element of school funding. In short, it is a funding formula tool that reflects a belief that a school

**district should not receive less funding from the state than it did the year before, no matter what the formula says the district is entitled to receive. One historical rationale for this has been that the Legislature would not want to suddenly reduce the state resources available to a district simply because it became wealthier for aid ratio purposes, or because it lost some students. In the case of either a lower aid ratio representing relative growth in wealth, or the loss of students, the district would normally be eligible for less state funding if all other things remained stable.**

**The other rationale --- the political consideration --- is that a member of the General Assembly doesn't want to go back home and explain why a district he or she represents is getting less state funding than the year before, especially if the overall statewide appropriations level has been increased.**

**First, consider the effect of hold harmless on the overall funding system. We in Pennsylvania have had a lot of experience with this over the past 40 years or more. While the application of "hold harmless" is practically assumed to be a given every year at budget time, consider how its application repeatedly for decades badly distorts the distribution of state dollars.**

**Think about the extreme hypothetical case. Assume the state appropriation is flat for two or more years. One district's enrollment decreases by 100%, or maybe 50%, or maybe just 25%, but "hold harmless" assures the district receives the same amount of state assistance --- year after year after year. But with flat funding for the state appropriation, the guarantee of no cuts means there is not additional funding available to increase support for any other district that may have become relatively poorer, or had an increase in student enrollment.**

**While the hypothetical is about an extreme case of 100% decrease in enrollment, or a severe drop in a single year, the general picture is the reality of Pennsylvania's K-12 funding policy for the past few decades. Especially in years when there is little or no increase in the state appropriation for funding districts, "hold harmless"**



protects the interests of districts getting wealthier or losing enrollment at a cost to other districts with growing enrollment or decline in relative wealth.

Consider another long-term implication with the application of “hold harmless”. No matter how a district gets its state funding --- normal formula, a “one-time” boost, a political deal --- that total amount of funding usually becomes the district’s new base that will be fully protected in the future by the application of “hold harmless”.

The Legislature often has further exacerbated the effects of “hold harmless”. In years past, it has not been uncommon for the General Assembly to enact a distribution formula that guarantees every district not only what each received a year before, but also guarantees a 1% or even a 2% *increase*, no matter what the district might actually earn under the formula approved for the new year for distributing the state funds.

“Hold harmless”, like other artificial guarantees or limits the General Assembly may establish for the distribution of state funding, inevitably undermines the integrity and the intended effects of a formula that otherwise may be quite effective.

Now I also believe that the matter of “hold harmless” must be put in some larger context.

In state school funding circumstances that we have had in Pennsylvania for most of the past 20 years or longer, “hold harmless” has been a great conundrum for state lawmakers. For most of this time, we have seen no or very small annual increases in state funding for basic subsidy. It is precisely in these circumstances that the political demand for the application of “hold harmless” is the greatest. And it has been common for state lawmakers to acquiesce to this demand. As you know then, annually, the plan for the distribution of state funding starts with “every district will get what it received the prior year,” and the lawmakers then negotiate a formula or plan for the distribution of any increment in funding approved in the state budget.

**It has worked this way because state lawmakers have not been consistently committed to any rational formula that would take into account the needs of districts and their students. For decades now, with one brief exceptional period from 2008 to 2010, state lawmakers have failed to support any state basic education subsidy system that considers the real costs of districts or the real needs of students.**

**A rational formula would begin with the needs of students if each is to have the opportunity to accomplish the academic standards that state policy says is so important. Such a rational formula would recognize the nearly inevitable year-to-year increased costs incurred by a district because of inflation or other cost pressures. But state policy in Pennsylvania ignores the real increased costs being incurred by districts --- all of them, large and small, richer and poorer, rural and urban as well as suburban. And this has been the reality of state funding for districts for most of the past 25 years or longer. Appropriations have generally been made without consideration of the costs incurred by districts and the actual needs of students for programs and services. State appropriations to support districts and their students have been driven only by what lawmakers are willing to appropriate.**

**In this environment where one might argue almost all districts are underfunded to some degree by inadequate state appropriations, “hold harmless” becomes easier to defend by those who benefit and especially for those districts where it is a real economic necessity.**

**But hold harmless is a political need for far few legislators, and an economic need for far fewer districts, in circumstances where there are annual increases in state basic subsidy support that keep pace with the increase in real costs incurred by districts throughout the Commonwealth. So the real answer to the “hold harmless” conundrum is to provide a greater and more fair share of state support for basic**

education. When that is done, “hold harmless” will become what it was intended --- the rarely needed safety net for a few extraordinary situations each year.

The most reasonable way to assure that districts do not experience indefensible decreases in state funding year-to-year is not the application of the “hold harmless” protection, but instead a formula and appropriation that will assure the annual increases in state appropriations reflect the annual increases in costs incurred by the state’s 500 districts, and the real needs of students.

This Commission cannot seriously consider an appropriate K-12 funding formula without considering the effects of our current system. This is a system that transcends any single administration and any legislative session.

The major effect of our current system is that we have unconscionable gaps in academic opportunities for students, depending on where they live. These gaps exist despite our state policies that articulate the same high level of expectations for all students wherever they live, supported by a state system of assessments and accountability measures applied to all.

We live in a Commonwealth of 500 districts where far too many students do not have the academic opportunities presented by AP and honors courses, art and music programs, foreign language courses, and dual enrollment courses. Too often these same students do not have the benefit of appropriate class size, sufficient time with counselors, or the availability of academic support for those needing extra help or even prep for the SAT exam.

This is the result of a state funding system that has Pennsylvania ranked in the bottom five nationally for share of K-12 costs paid by the state; has us trailing all of our contiguous states for state dollars appropriated annually per student; and has us dependent on real property taxes for 43% of annual K-12 revenues compared to the national average of 28%.

**This unconscionable inequity of opportunity for students is reflected in the state data that report some economically poorer districts in our state spend less than \$10,000 per student for current expenditures while others spend well over \$20,000 per student per year. And the negative consequences of our system that puts so much dependency on local resources to support opportunities for students will be made worse by shifting state policy that is further limiting state funding to support school construction and major renovation.**

**This growing responsibility for funding basic education with local resources rather than state assistance has also been exacerbated by the shift of special education funding responsibility from the state to school districts since 1991. School districts today have more than \$1.5 billion per year in unreimbursed costs for special education, and this figure grows every year. While the success of the General Assembly to apply a new formula this year to the special education funding increment is to be applauded, the reality is that districts incurred special education cost increases of hundreds of millions of dollars during the 6-year period of no increase in state support, and the \$20 million increase in state funding this year, while most welcome, doesn't keep pace with the increased special ed costs for districts in one year alone.**

**I believe this commission cannot complete its work in a conscientious manner if you do not begin with the question "What are the needs of students?"**

**It is not in the interests of Pennsylvania's nearly two million school children to have a major project about a funding formula that does not consider the needs of students.**

**Our state standards represent relatively high expectations for all students, and appropriately so. The state tests and related accountability --- all tied back to our academic expectations for students --- are state policies. It is not unreasonable to**

**suggest state policymakers also have a responsibility to determine what are the needs of students if each is to have a reasonable opportunity to succeed.**

**If we are serious about students graduating ready to succeed in college, career and citizenship, isn't there a responsibility to determine what it takes to give every student a chance for success?**

**The third variable or element in a typical school funding formula --- after counting the students and considering the relative wealth of each school district --- needs to be a dollar figure that reflects the real cost of providing opportunity for all students. The dollar figure in the formula needs to reflect the needs of students rather than some arbitrary figure inserted by policymakers based on what they choose to appropriate.**

**I suggest the Commission inform itself about the academic opportunity gaps for students that exist among the state's 500 districts. Much of this information is already available using the existing data systems of the Commonwealth. Note the degree to which students in many rural school districts do not have the academic opportunities provided their peers in many other districts of the Commonwealth. Note the huge opportunity gaps that exist when comparing all 500 districts.**

**I suggest the Commission also inform itself in a reliable and comprehensive manner about what is the cost of educating a student to accomplish the state's academic proficiencies and whatever else is deemed vital to getting students ready for success in college, career and citizenship. This is the information that should drive your answer to the question of cost which needs to be reflected in the third variable of the formula.**

**However you approach this question, the needs of students must be the basis for your consideration of a K-12 funding formula. We had a legislatively mandated costing-out study in 2007, and some didn't like the findings of that study. That does**

not make the question go away. What are the needs of students, and what level of state support combined with reasonable local effort will assure sufficient resources to support opportunity for every student in every district?

A report of a committee of the Legislature has said "The problems imposed on state finances by the recent recession are not an excuse for inaction, but rather require that attention be paid to the creation of a long-term solution."

That was the report of the House Select Committee on Public Education Funding, made in September 2002, following 16 hearings the preceding twelve months with testimony from more than 150 witnesses.

That Select Committee went on to recommend a process for the development of what it called a *"comprehensive foundation budget for basic education."* Among its "Adequacy Recommendations" the Committee said the new system should *"Ensure that funding for all schools reflect the amounts required in schools determined each year to be successful in teaching their students mastery of State academic standards as promulgated by the State Board of Education."*

On the issue of hold harmless, the Report said, *"To the degree the foundation budget process develops a level of funding determined to be adequate for basic education, and the Commonwealth thereafter consistently meets its obligation to fund, there should no longer be a need for hold harmless accommodations."*

I understand that it is unlikely that the Governor and General Assembly will choose to accomplish a complete immediate fix to the challenges of the school funding system we have in Pennsylvania.

But this Commission can recommend a goal, a plan, and a commitment.

If all the Commission does is suggest recommendations for the distribution of whatever incremental funding the General Assembly chooses to appropriate in any given year, the impact will be a monumental disappointment for Pennsylvania's school children. And lawmakers will surely need to continue to use "hold harmless" as a political device and districts will depend upon it in lieu of a more rational funding system.

But you have a very special opportunity to be bold and to change a funding system that practically everyone agrees does not work in the interest of children.

The good news is that these problems can be fixed.

The good news is that practically all of the significant issues have been previously identified and considered here in Pennsylvania as well as around the nation.

What is in question is the matter of political will to act in a way that decisions are rooted in the best interests of students.

In other words, lawmakers will decide whether to perpetuate or to fix the very significant problem of academic opportunity gaps for Pennsylvania's students.

I will be happy to respond to any questions or requests for additional information today or during the remaining work of the Commission.

Thank you.

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*For Additional Information, please contact Ron Cowell at:*

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# EXECUTIVE DIRECTOR'S MESSAGE

## The Cost of Doing Nothing

BY JAY HIMES, CAE

The continued PASBO/PASA survey reports have documented the multi-year program and personnel cuts that schools have endured in order to balance budgets made extremely difficult by soaring pension expenditures. I continue to believe that we must reverse the failed strategy of cutting our way to success.

I want to sincerely thank you for providing us the real time information we need to document the cuts in course offerings, increases in class size, reductions in extracurricular activities, the increasing contracting out of non-instructional services and the continued practice of not filling vacant positions. All of this at the same time property taxes go higher for most school district taxpayers. Your help provides us not only the documentation we need to show the results of continuing to be only one of three states in the country without a funding formula but also to identify the cumulative impact of the post stimulus school finance picture.

Our surveys with your help do a great job in showing the current state of school district finance. We have not speculated about the "what if" scenarios into the future. Into that void steps a recent study by two names that are very familiar to most PASBO members—Dr. William Hartman at Penn State University and Dr. Timothy Shrom, PASBO Past President and business manager at Solanco School District.

The research vividly shows the disastrous results of a stand pat, status quo, lack of any state response to the on-going financial crisis in school districts across the state. If nothing changes at least at the state level, then schools have no choice to continue with continued cuts in programs, more personnel reductions, higher property taxes and larger steps towards exhausting fund balances. The cost of doing nothing is significant, worsening the financial decline of schools across the state.

To what extent? The Hartman and Shrom research, "Forecasting Fiscal Futures of Pennsylvania School Districts, Where Law and Current Policy Are Taking our Public Schools" looks at two major revenue items—Basic Education Funding (BEF) and total local revenues, including obviously property taxes. Using historical actual data, future growth of these revenues are projected to FY 2017-18. Local revenues are projected to grow at 3% per year and BEF at 2% per year.

On the expenditure side major, but not all expenditures, are also projected to 2017-18 using actual AFR data as the base. The expenditures in the study are PSERS, net district cost (total pension expenditures less state reimbursement), charter tuition payments using the average statewide increase in the lowest of the last four years (10.7%), salary growth of 1% per year and health care & other benefits at a 6% per year increase.

The result? As the chart below shows using only these revenues and expenses more than half of all districts are shown with expenditures in excess of their state BEF and all local revenues until 2017-18 when the deficit districts drop to 44% of all districts. In the meantime for the current fiscal year three quarters of districts statewide will show a shortfall while in FY 2015-16 and 2016-17 shortfall are projected for about 60% of the districts. In the chart, for the current fiscal year, about three-quarters of the districts are projected to show a combined shortfall of \$278 million. The other twenty five percent of districts across the state managed to project revenues over expenses of \$64 million.

The remedy? Unfortunately this research suggests that we must change the equation and just not marginally. Schools can continue to cut expenditures but how much larger can class sizes grow? How many more wage freezes can be negotiated or staff furloughed? How much longer will fund balances provide the resources to close budget gaps? How much higher will property taxes have to go within the limits of the continuing low Act 1 Index?

To break this cycle of school fiscal decline we need a new state commitment to meeting the cost of public education. A new commitment also needs a fair funding formula that will be predictable and sustainable. It is a matter of urgency. Given the projected fiscal decline of schools, we shouldn't wait.

Will it happen? Of course no crystal ball can predict how a new Governor will work with the Basic Education Funding to move a fair formula forward. Tom Wolf says he wants to "to restore funding and rebuild a world-class education system." Specifically he says his plans are for "instituting a fair funding formula reforming Pennsylvania's charter school sector."

So, if a new Governor and if the Basic Education Funding Commission and if the Campaign for Fair Education Funding march in the same direction it certainly can happen. The scenario presents a more than golden opportunity. School leaders cannot sit and watch. Active and involved engagement with our circuit riders to take a leadership role is critical. Of course there are concerns about hold harmless and other facets of change but there should be more concern about the continued cost of doing nothing on schools, students and communities.



	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Surplus or (Shortfall)</b>	\$262,486,376	(\$32,558,660)	(\$213,927,371)	(\$115,721,028)	(\$76,669,051)	\$37,373,916
<b>\$ Negative</b>	(\$169,321,839)	(\$156,026,131)	(\$278,012,409)	(\$208,380,659)	(\$196,348,124)	(\$151,716,632)
<b>\$ Positive</b>	\$431,808,216	\$123,467,471	\$64,085,038	\$92,659,630	\$119,679,073	\$189,090,548
<b># Negative Districts</b>	178	279	376	312	291	228
<b># Positive Districts</b>	322	221	124	188	209	272



# Where We Are Heading If Nothing Changes

BY DR. WILLIAM T. HARTMAN AND DR. TIMOTHY J. SHROM

As described by Jay Himes' article on the previous page, our study projected the fiscal impact on all 500 Pennsylvania school districts through 2017-18 if the current conditions continue. The assumptions underlying the projections are conservative and, if anything, the results may be understated. The projections were done for each district and a statewide summary of the 5 Year Changes is shown in the table below.

<b>Local Revenues + BEF v. Expenditures</b>	
<b>5 YEAR TOTAL INCREASES</b>	
<b>REVENUES</b>	<b>5 Year Totals</b>
Total Local Revenues	\$2,389,884,079
BEF (2%)	\$468,016,002
Total Revenues	\$2,857,900,080
<b>EXPENDITURES</b>	
Net PSERS	\$974,303,988
Salaries	\$502,409,311
Charter Tuition (10.7%)	\$840,154,870
Health Care & Other	\$942,534,106
Major Expenditures	\$3,259,402,275
<b>SURPLUS OR (SHORTFALL)</b>	
\$ Negative	(\$990,483,955)
\$ Positive	\$588,981,760
# Negative	297
# Positive	203

5. Without structural changes in PA school finance system many districts will continue to erode programs to meet balanced budget requirement

- ♦ Moving toward two school systems in PA - one rich and one poor
- ♦ Widening differences in district spending per student
- ♦ Disparate student program impact - program cuts v. additional programs
- ♦ Adding new programs or responding to new unfunded mandates will be very difficult for poorer districts

For the full report, go to: <http://www.cla.temple.edu/corp/files/2014/10/PA-Schools-Fiscal-Futures-presentation-version-10-03-2014-FINAL.pdf>

Dr. Hartman is a Professor of Education at Penn State University and Dr. Shrom is the Business Manager at Solanco School District.

The big picture shows that districts would be doing their share; property taxes are projected at the average growth of the past three years, which is close to the lower current and estimated future Act 1 maximum increases. The total local taxes would increase by \$2.4 billion, state BEF at a 2% annual growth would reach almost \$500 million, for a total revenue increase of almost \$2.9 billion.

However, the 5 Year increases of the big four expenditure items are projected to be almost \$3.3 billion leaving an accumulated shortfall of \$400 million. Two of the larger expenditure items, PSERS ((\$1 billion) and Charter School Tuition (\$840 million) are mandatory and must be paid before raising salaries, providing health care, or meeting other district needs. The pain is not equally spread. An estimated 56% of districts are projected to have continual shortfalls every year; 37% will likely see ongoing annual surpluses; and the remainder will be somewhere in between. Several overall conclusions can be drawn from the study.

1. The fiscal crisis is not over
  - ♦ Future cost growth in major expenditure areas is expected to be greater than the prior five years
2. Districts have very limited options to balance their budgets by themselves
  - ♦ Property tax revenues are close to maximum, EIT recovering, but smaller source
  - ♦ Most of the expenditures are mandatory or necessary
3. BEF increases alone cannot resolve fiscal shortfalls
4. Policy and legislative changes at state level in mandated programs and expenditures will be necessary to mitigate district shortfalls

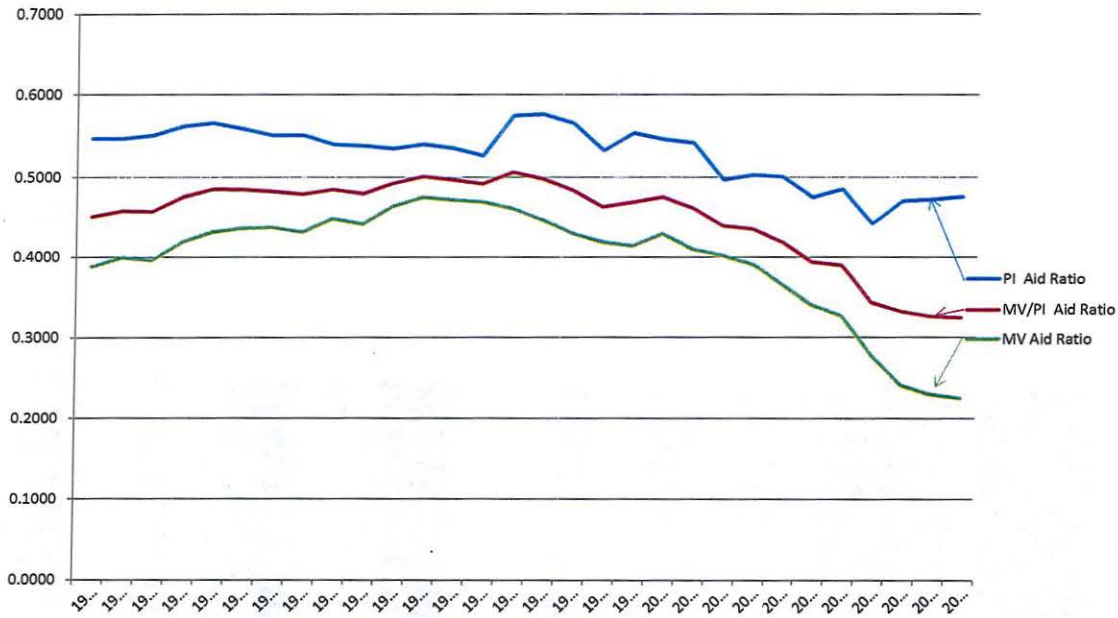
Gettysburg Area School District  
 Aid Ratio Data  
 Updated 12/13/12

Glossary	
MV	Market Value
PI	Personal Income
AR	Aid Ratio
WADM	Weighted Average Daily Membership

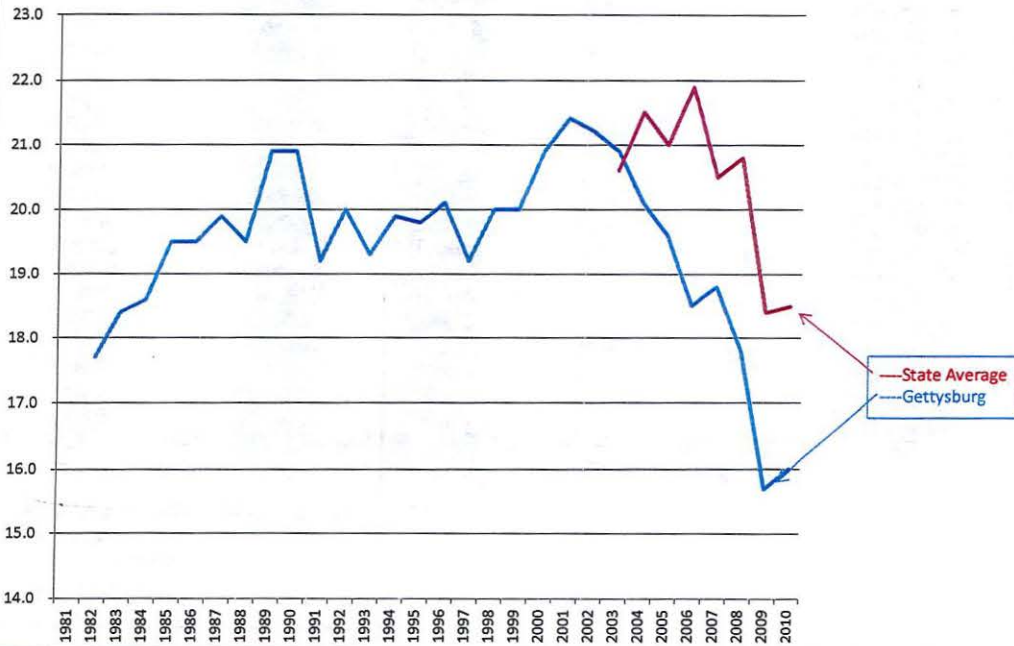
Payable Year	MV/PI Data Year	MV/PI Aid Ratio	MV/PI Rank	MV Aid Ratio	MV Rank	PI Aid Ratio	PI Rank	Equalized Mills (1)	Eq Mill Ave.	Eq Mill Rank	MV	PI	WADM Year	WADM	GASD MV/WADM	State MV/WADM	GASD PI/WADM	State PI/WADM
1983-84	1981	0.4510		0.3871		0.5470					273,798,800	137,495,015	1981-82	4,003.969	68,381	55,782	34,339	37,899
1984-85	1982	0.4582		0.3990		0.5469		17.7			315,081,000	146,847,634	1982-83	3,993.818	78,892	65,637	36,773	40,579
1985-86	1983	0.4576		0.3957		0.5507		18.4			323,409,700	151,220,171	1983-84	3,902.869	82,865	68,541	38,740	43,119
1986-87	1984	0.4759		0.4188		0.5618		18.6			365,157,700	165,628,357	1984-85	3,916.564	93,234	80,184	42,276	48,243
1987-88	1985	0.4853		0.4317		0.5657		19.5			374,967,700	175,703,017	1985-86	3,913.064	95,825	84,242	44,866	51,656
1988-89	1986	0.4850		0.4363		0.5584		19.5			420,191,800	194,200,772	1986-87	3,859.957	108,859	96,554	50,311	56,957
1989-90	1987	0.4825		0.4373		0.5505		19.9			436,261,600	205,398,709	1987-88	3,823.328	114,105	101,385	53,722	59,753
1990-91	1988	0.4792		0.4315		0.5508		19.5			500,037,300	224,642,655	1988-89	3,746.390	133,471	117,379	59,962	66,729
1991-92	1989	0.4846		0.4481		0.5396		20.9			516,659,700	241,619,812	1989-90	3,794.152	136,172	123,352	63,682	69,149
1992-93	1990	0.4797		0.4413		0.5377		20.9			602,188,600	249,981,826	1990-91	3,810.195	158,046	141,419	65,608	70,958
1993-94	1991	0.4921		0.4640		0.5344		19.2			605,450,500	267,350,175	1991-92	3,911.094	154,803	144,403	68,356	73,397
1994-95	1992	0.5008		0.4753		0.5393		20.0			661,013,600	280,281,534	1992-93	3,982.623	165,974	158,133	70,376	76,368
1995-96	1993	0.4969		0.4719		0.5346		19.3			679,001,800	290,520,544	1993-94	4,055.072	167,455	158,529	71,643	76,960
1996-97	1994	0.4917		0.4693		0.5255		19.9			753,325,800	315,103,721	1994-95	4,199.240	179,395	169,015	75,038	79,061
1997-98	1995	0.5063		0.4611		0.5744		19.8			772,673,600	300,071,710	1995-96	4,244.834	182,026	168,857	70,691	83,032
1998-99	1996	0.4978		0.4461		0.5757		20.1			842,675,700	316,854,121	1996-97	4,284.810	196,665	177,500	73,948	87,130
1999-00	1997	0.4836		0.4295		0.5649		19.2			866,427,000	331,445,890	1997-98	4,235.693	204,553	179,274	78,250	89,914
2000-01	1998	0.4635		0.4182		0.5315		20.0			929,975,100	364,590,479	1998-99	4,222.184	220,259	189,269	86,351	92,148
2001-02	1999	0.4691		0.4133		0.5530		20.0			948,282,700	369,960,323	1999-00	4,178.384	226,949	193,404	88,541	99,024
2002-03	2000	0.4754		0.4290		0.5451		20.9			991,455,100	396,460,365	2000-01	4,172.831	237,597	208,019	95,009	104,417
2003-04	2001	0.4618		0.4092		0.5409		21.4			1,039,148,700	395,046,412	2001-02	4,144.977	250,700	212,149	95,307	103,788
2004-05	2002	0.4391	380	0.4013		0.4962		21.2			1,121,593,500	426,182,725	2002-03	4,094.890	273,900	228,736	104,076	103,281
2005-06	2003	0.4352	386	0.3905		0.5023		20.9	20.6	215	1,175,117,300	433,260,355	2003-04	4,139.682	283,866	232,861	104,660	105,125
2006-07	2004	0.4190	397	0.3652		0.4999		20.1	21.5	277	1,319,144,500	457,400,344	2004-05	4,073.393	323,844	255,072	112,289	112,245
2007-08	2005	0.3937	409	0.3401		0.4743		19.6	21.0	269	1,376,083,400	484,263,154	2005-06	4,019.569	342,346	259,355	120,476	114,585
2008-09	2006	0.3895	418	0.3264		0.4844		18.5	21.9	360	1,597,293,300	501,511,181	2006-07	4,021.990	397,140	294,776	124,692	120,899
2009-10	2007	0.3436	437	0.2785		0.4413		18.8	20.5	292	1,709,846,000	597,979,170	2007-08	3,915.715	436,662	302,579	152,712	136,666
2010-11	2008	0.3325	441	0.2409		0.4701		17.8	20.8	359	1,956,655,700	565,232,899	2008-09	3,779.305	517,728	340,994	149,560	141,097
2011-12	2009	0.3260	444	0.2289		0.4718		15.7	18.4	346	1,984,922,900	526,209,509	2009-10	3,701.944	536,183	347,646	142,144	134,551
2012-13	2010	0.3245	447	0.2242	456	0.4751	376	16.0	18.5	336	2,164,992,569	557,006,580	2010-11	3,711.038	583,392	366,765	150,094	138,676
2013-14	2011	0.3042	451	0.1971	462	0.4652	385	15.2	17.9	344	2,191,828,888.0	574,779,450.0	2011-12	3,584.654	611,447	371,686	160,344	145,197

(1) From Voc Ed Subsidy Reports

**Aid Ratio Trend**



**Equalized Mills**



4/16/09  
 7/20/09  
 8/23/10  
 7/11/11  
 12/13/12  
 web 11/26/13