



Pennsylvania Association of School Business Officials
Pennsylvania Association of School Administrators



COMMONWEALTH BUDGET SEMINAR*
March 2015

The new Governor presents his budget on March 3. PASBO and PASA will decipher the budget numbers and help you to determine how the budget will impact your district. The Department of Education budget will be examined, with a discussion on new PDE initiatives and related issues.

Dates (All days 9:00 – 11:45 AM)

March 19, 2015 – DoubleTree Pittsburgh-Cranberry (*formerly Four Points Sheraton Mars*)

March 20, 2015 – Holiday Inn Harrisburg/Hershey, Grantville

March 24, 2015 – Webcast

Speakers

Jay Himes, CAE, PASBO Executive Director

Jim Buckheit, PASA Executive Director

Hannah Barrick, PASBO Director of Advocacy

Jeff Ammerman, PASBO Director of Technical Assistance

General:

- Additional resources have been posted online including supplemental handouts, links to PDE spreadsheets, and a full-page color printout of the PowerPoint presentation. Access these documents at <http://archive.pasbo.org/webcast.asp?id=CBS2015> (Documents may be revised as new information is received.)
- Your evaluation of this program is important to us. The primary contact will receive an evaluation link via email. Please provide your feedback to ensure that PASBO programs are meeting your needs.
- The webcast is being recorded to provide access to those not able to participate and serve as a review tool. See order form in your handout. Check-out other webcast recording titles in the PASBO Store at http://www.pasbo.org/store_home.asp
- Please track your CEU credits for PASBO Professional Registration - *this program provide 2 PASBO CEUs.*

Hotel Information:

- Please turn off cell phone/pagers or put them on vibrate so that other workshop participants are not disrupted.
- If you are a CPA who requested CPE credit, pick up your CPE certificate before leaving the session - certificates will not be mailed and a fee will be charged if a replacement is needed.

Webcast Information:

- All participants must sign-in on a Webcast Attendance Form for attendance/credit tracking. Forms are at the back of the handout packet. There are two forms – each attendee need complete only ONE form as follows:
 - HOST LEA FORM – use for all attendees from the same school/organization as the Host registrant.
 - GUEST FORM – use for all Guest attendees from a school/organization different than the Host registrant.Host sites are asked to collect and submit information on every participant at your site. For credit to be given, Attendance Forms must be returned to PASBO by March 31.
- If you are disconnected at any time during the program, please repeat the logon procedure to reconnect. Submit questions at any time using the “Chat” function – type your question in the message box and click on “Enter.”
- If you are a CPA who needs CPE credit, you must return an Attendance Form and CPE Certificates will be mailed.

Thank you for your participation!



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Commonwealth Budget Seminar 2015

Jay Himes, CAE, Executive Director, PASBO
Jim Buckheit, Executive Director, PASA
Jeff Ammerman, Director of Technical Assistance, PASBO
Hannah Barrick, Director of Advocacy, PASBO

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2015-16 Budget Highlights

Overview

This budget rebuilds the middle class by investing in education to prepare students and workers for good-paying, 21st-century jobs, ensures government uses taxpayer dollars effectively and efficiently, cuts corporate taxes and improves our business climate, significantly reduces school district property taxes, and decreases the government's overall tax burden on hard-working, middle-class homeowners.

Jobs that Pay
Schools that Teach
Government that Works

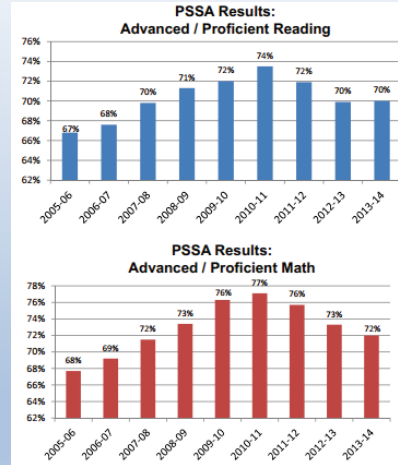
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Schools that Teach

Pennsylvania has seen what happens when the state fails to fulfill this fundamental responsibility. According to surveys conducted by the Pennsylvania Association of School Business Officials and the Pennsylvania Association of School Administrators, 93 percent of Pennsylvania school districts reported staff reductions in the last five years – totaling 23,000 education jobs lost through 2012 alone – and nearly three-quarters of school districts cut academic programs. As a result of state budget cuts, 91 percent of school districts have raised taxes. Meanwhile, student achievement levels have fallen.



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New website: Schoolsthatteach.com



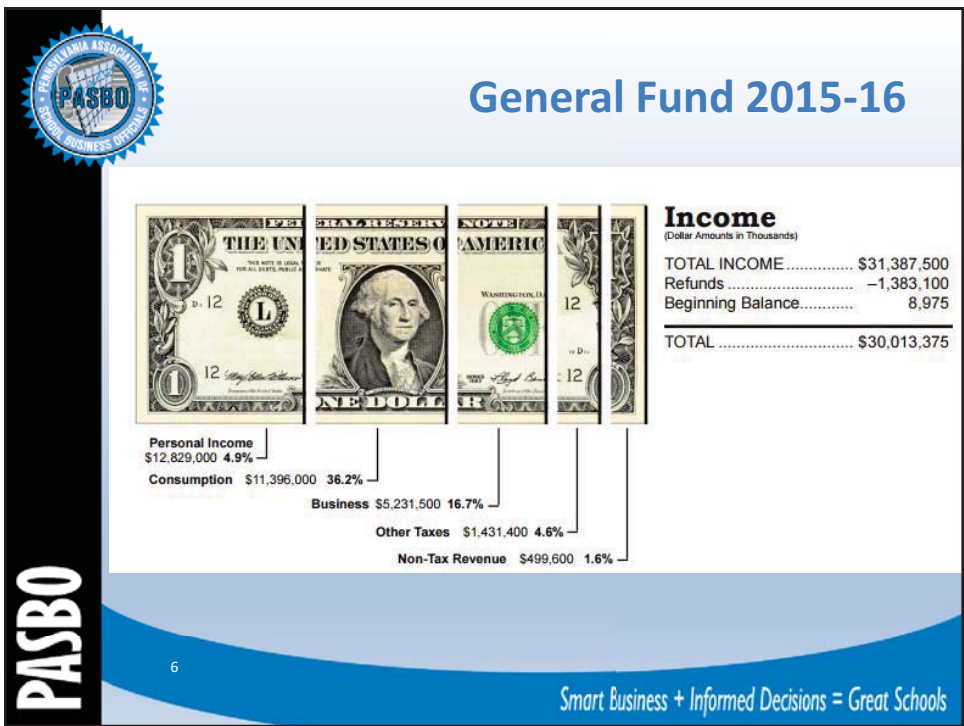
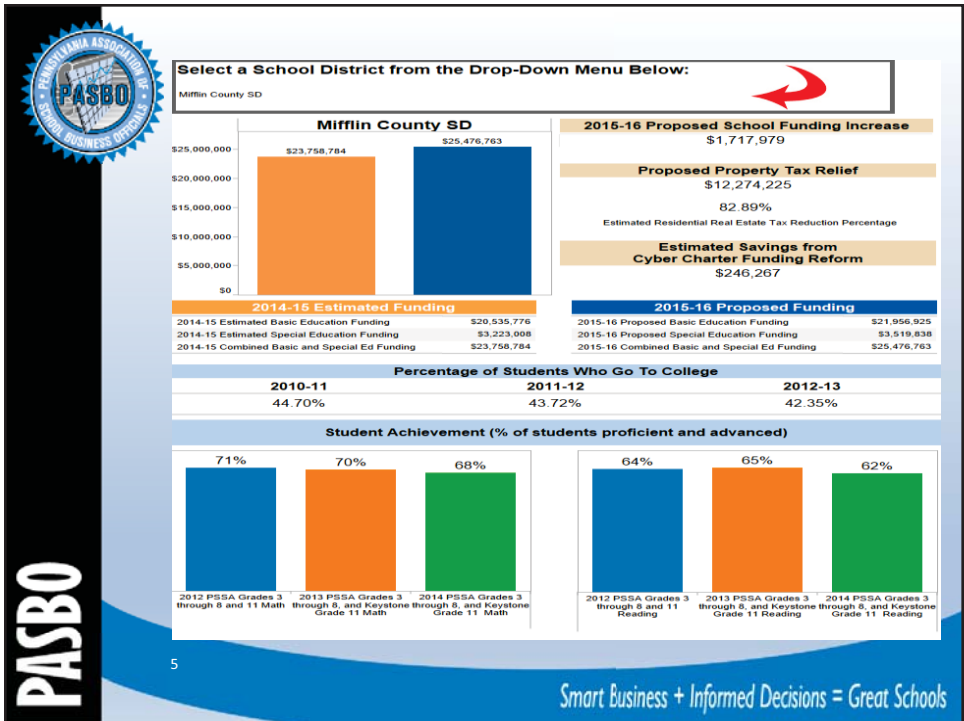
Providing all children with a quality public education is the cornerstone of Governor Tom Wolf's "Schools That Teach" strategy to prepare students for good jobs and rebuild the middle class.

Governor Wolf's 2015-2016 proposed budget restores cuts to basic education and increases the state's share of funding for public education to 50% for the first time in more than 40 years with a commitment to invest \$2 billion in public education over the next four years. The governor's budget also includes a historic \$3.8 billion in property tax relief and cuts property taxes by more than 50 percent for the average homeowner.

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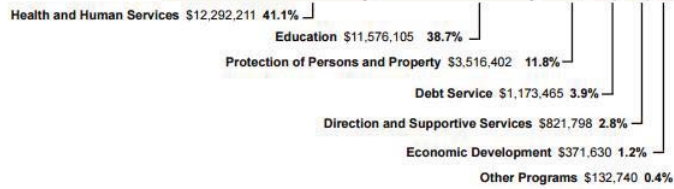


General Fund 2015-16

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$ 29,884,351
Budget Stabilization Reserve Fund	32,256
Plus Ending Surplus	96,768
TOTAL	\$ 30,013,375



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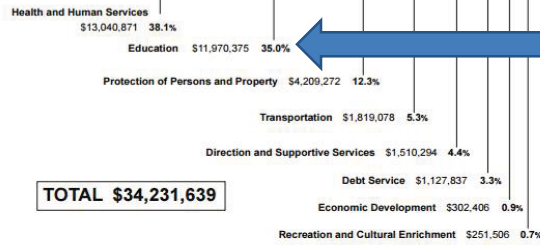
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Distribution of the Commonwealth Dollar

GENERAL FUND AND SPECIAL FUNDS

2014-15 Fiscal Year
(Dollar Amounts in Thousands)



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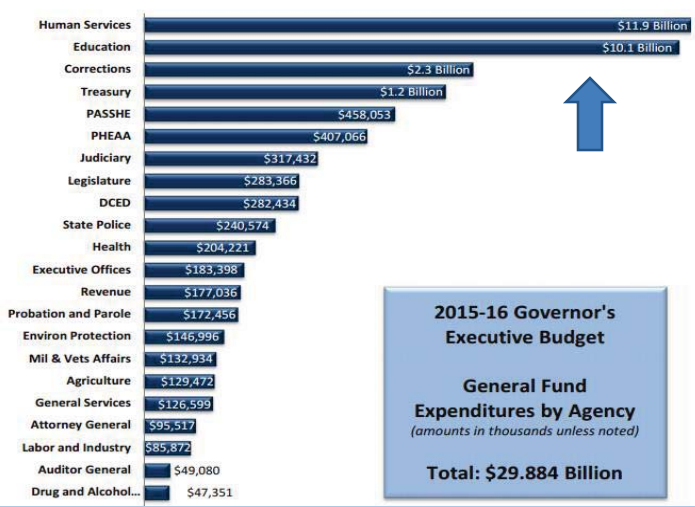
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General Fund Expenditures by Agency



2015-16 Governor's Executive Budget

General Fund Expenditures by Agency
(amounts in thousands unless noted)

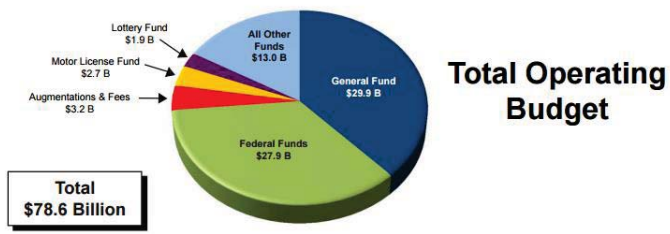
Total: \$29.884 Billion

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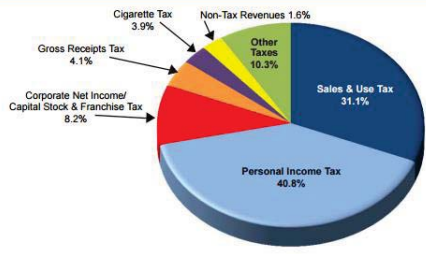


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2015-16 Budget Overview



General Fund Revenues



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2015-16 Budget Proposal

The Republican Goal in the Pennsylvania Budget Process: Protect Hard-Working Taxpayers by Controlled Spending

- To enact a fiscally responsible state spending plan without unnecessary new taxes or borrowing.
- To live within our means by following priorities.
- To drop ineffective programs. We cannot just automatically layer more spending on top of what we already spend.
- We cannot go back to growing government spending faster than the incomes of the people who must pay the government's bills. A 16 percent increase in spending is unsustainable.
- By enacting a fiscally responsible budget, we would be protecting Pennsylvania's hard-working citizens and job creators, our entrepreneurs and businesses.

It's About Priorities

- Jobs that pay, schools that teach, and government that works.
- Pension reform, liquor sales reform, business tax reform, property tax reform. These are all issues House Republican members have led on over the past years. The fact that the governor mentioned these issues is because of the work of House Republicans.
 - While we may not agree with the governor's initial proposals, these ARE discussions worth having as we go through the budget cycle.
 - But in doing so, we can't bankrupt Pennsylvania's citizens or job creators.
- We support programs with proven records of success that our constituents are partial to and expect.
- Before we head into new and lofty spending, we need to determine what level of spending we can sustain, and make sure the programs we are funding have proven results. Restoring the charter reimbursement line-item is an example.

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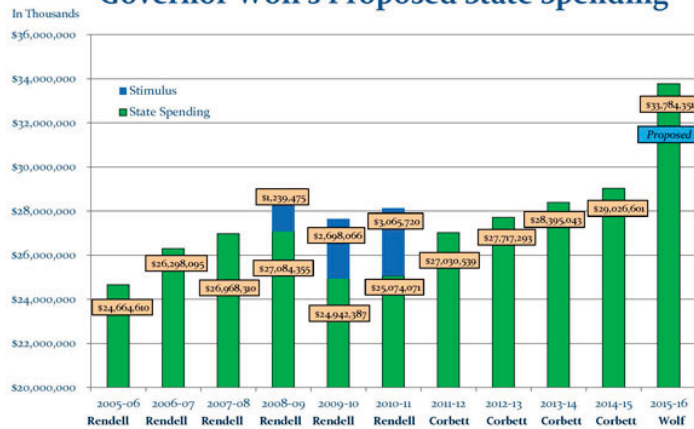
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SUMMARY OF GOVERNOR WOLF'S PROPOSED TAX INCREASES

In total, the proposal represents a \$33.8 billion budget. This represents a 16% year-over-year budget increase.

Governor Wolf's Proposed State Spending



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Source: House Republican Appropriations Committee

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Proposed Tax Increases

The governor's budget contains the following proposed tax increases:

Directly impacting the average taxpayer

Personal Income Tax hike: increased to 3.7% >> \$2.41 billion
Sales Tax hike to 6.6% and more items taxed >> \$1.55 billion
Cigarette tax hiked by \$1/pack >> \$.36 billion
Taxes on expanded selection of tobacco products >> \$.08 billion

>> [Read the list of new items that Wolf wants to expand sales tax to cover](#)

Directly impacting Pennsylvania businesses and job creators

Severance Tax (5% and \$.047/mcf) >> \$.17 billion
CNI Rate Reduction, Combined Reporting and NOL roll-back >> -\$.25 billion
Bank shares tax >> \$.34 billion

>>> Total Wolf Proposed Tax Increase = \$4.7 billion

<http://www.pahousegop.com/201516pabudgetstart.aspx>

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Details on proposed Personal Income Tax (PIT) increase

- The proposed increase would boost the personal income tax from 3.07% to 3.70%
- Gov. Wolf's proposed personal income tax would mean PA families would see a 21% increase in their personal income tax bills.
- The median household income in PA is \$52,000. A 21% increase in the personal income tax means a \$330 annual increase.

Details on proposed Sales Tax Increase

- The proposed sales tax hike raises the rate from 6.0% to 6.6%.
- The new sales tax proposal eliminates nearly all exemptions except for food, clothing, prescription drugs, and business-to-business transactions.
- Pennsylvania families will now have to pay sales tax on items like newspapers, diapers, day care expenses, textbooks, professional services, a haircut, nursing home care, and more.

Cigarette tax increase

The governor's proposal would add \$1 per pack on top of the current \$1.60 tax per pack (a 62% increase). The proposal would repeal the recently enacted increased cigarette tax in the City of Philadelphia. Other (new) tobacco products that would be taxed under this proposal: chewing tobacco, e-cigarettes, cigars and smokeless tobacco.

Natural Gas Severance Tax

5% tax at the well head plus \$.047 per MCF
Governor Wolf's creation of a new severance tax on natural gas drillers at national top effective rate of 7.5 percent. Note that the impact fee will not be fully rolled into the new tax.
- The natural gas industry has helped drive the state's unemployment to its lowest rate in nearly seven years and added billions to our economic activity. What impact would such a high tax rate have on job creation throughout the state?
In fiscal year 2016-17 and thereafter, \$225 million will be transferred to the Unconventional Gas Well Fund.

Bank Shares Tax Increase

The change increases the rate from .89% to 1.25%.

Corporate Tax Reform

Implements Mandatory Combined Reporting
Rolls back Net Operating Loss (NOL) deduction to \$3 million of 12.5% taxable income (2007)
Lowers the Corporate Net Income Tax (CNIT) rate
9.99% to 5.99% tax year 2016
5.99% to 5.49% tax year 2017
5.49% to 4.99% tax year 2018 and thereafter

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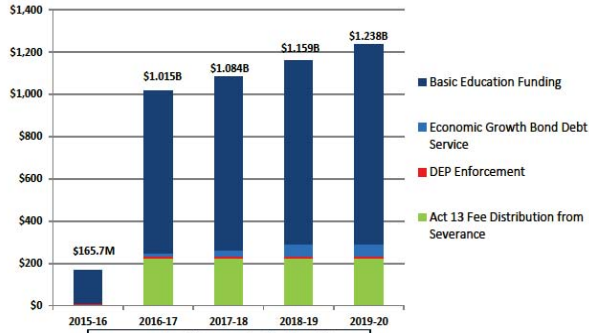


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GOVERNOR TOM WOLF
2015 - 2019 PENNSYLVANIA EXECUTIVE BUDGET

Severance Tax Revenues for Basic Education, Economic Growth and to Replace the Act 13 Impact Fees (Dollars in Millions)



In 2015-16, the full Act 13 Distribution will come from impact fees collected during 2015.

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Wolf's Jenga-like budget makes each piece key

Morning Call March 7, 2015 By [Steve Esack](#)



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Wolf's Jenga-like budget makes each piece key

Liquor Modernization = Pension Obligation Bond

PIT and Sales Tax Increases = \$3.8 Billion Property Tax Relief & \$426 million rent rebates

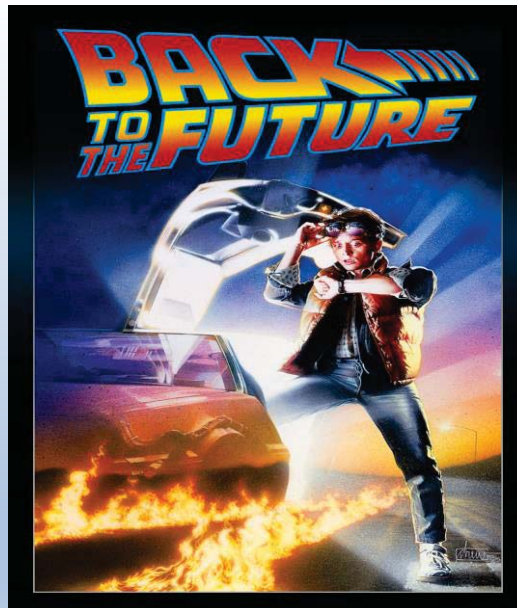
PIT and Sales Tax Increases = Elimination of State's \$1.5 - \$1.6 Billion Structural Deficit

Natural Gas Severance tax = PA Education Reinvestment Act

Cyber Charter & Charter School Reform = \$162 million School District Savings

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Basic Education Funding and Ready To Learn Block Grant

- Ready to Learn (RTL) Block Grant Eliminated and Rolled Into Basic Education Funding (BEF) Line Item
- Net Increase in Governor's Budget of \$410 Million in BEF after accounting for RTL Elimination
- Proposed Spreadsheets on PDE website show 2014-15 BEF as the Sum of BEF and RTL
- 2014-15 BEF is not increasing

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Basic Education Funding Components

- Restore the \$159 million cut to the Accountability Block Grant that happened in 2011-12
- Restore the \$47 million of Education Assistance Program (Tutoring) that happened in 2011-12
- Over 160 Districts receive EAP restoration
- Partial Charter School Reimbursement Restoration
- Just over 10% of 2013-14 Charter School costs reimbursed amounting to \$150 million
- Partial Restoration of Remaining BEF cuts amounting to \$54 million

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Restoration of BEF Methodology

- Subtract basic education funding allocation for the 2009-10 school year from basic education allocation for the 2013-14 school year
- If the difference in paragraph is less than zero multiply the difference by \$53,879,000
- Divide the product by the sum of the differences for all school districts where the difference is less than zero.

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Basic Education Increase Summary

- Average increase is 7.2%
- Median increase is 4.8%
- Two largest components of the increase are ABG Restoration (2.8% increase on average) and Charter School Reimbursement (2.6% increase on average)

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Biggest % increases in BEF

School District	County	2014-15 Estimated BEF	2015-16 Proposed BEF	BEF Dollar Increase	BEF % Increase
Woodland Hills SD	Allegheny	\$14,691,047	\$17,053,617	\$2,362,570	16.1%
Norristown Area SD	Montgomery	\$11,365,004	\$13,115,027	\$1,750,023	15.4%
Phoenixville Area SD	Chester	\$4,306,067	\$4,962,694	\$656,627	15.2%
West Chester Area SD	Chester	\$7,550,469	\$8,620,307	\$1,069,838	14.2%
Wilkinsburg Borough SD	Allegheny	\$7,354,733	\$8,395,807	\$1,041,074	14.2%
Chester-Upland SD	Delaware	\$60,866,107	\$69,457,855	\$8,591,748	14.1%
Philadelphia City SD	Philadelphia	\$1,017,774,640	\$1,159,691,716	\$141,917,076	13.9%
Penn Hills SD	Allegheny	\$16,192,193	\$18,434,620	\$2,242,427	13.8%
Bensalem Township SD	Bucks	\$11,567,403	\$13,164,900	\$1,597,497	13.8%
Coatesville Area SD	Chester	\$24,353,632	\$27,526,071	\$3,172,439	13.0%

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Why the biggest were the biggest

- The top 10 all had significant charter school expense
- Range of BEF increase among the top 10 for charter school alone was 6.6% to 13.2%

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Example: Woodland Hills

2015-16 Proposed BEF	2014-15 Estimated BEF*	Accountability Block Grant Restoration	ABG % of 14-15 BEF	Education Assistance Program	EAP % of 14-15 BEF	Charter School Reimb	Charter % of 14-15 BEF	Additional BEF Restoration	Additional % of 14-15 BEF	2013-14 Charter School Tuition Paid	% Increase in BEF
\$17,053,617	\$14,691,047	\$522,815	3.6%	\$381,958	2.6%	\$1,337,602	9.1%	\$120,195	0.8%	\$12,789,589	16.1%

*2014-15 BEF includes 2014-15 Ready to Learn Funds

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Smallest % increases in BEF

School District	County	2014-15 Estimated BEF	2015-16 Proposed BEF	BEF Dollar Increase	BEF % Increase
Bryn Athyn SD	Montgomery	\$34,533	\$34,741	\$208	0.6%
Montgomery Area SD	Lycoming	\$5,110,253	\$5,216,659	\$106,406	2.1%
Austin Area SD	Potter	\$1,447,703	\$1,479,039	\$31,336	2.2%
Westmont Hilltop SD	Cambria	\$3,964,999	\$4,057,134	\$92,135	2.3%
South Side Area SD	Beaver	\$10,214,632	\$10,455,401	\$240,769	2.4%
Jenkintown SD	Montgomery	\$815,796	\$836,395	\$20,599	2.5%
Brockway Area SD	Jefferson	\$6,968,939	\$7,146,805	\$177,866	2.6%
Windber Area SD	Somerset	\$8,597,451	\$8,820,475	\$223,024	2.6%
Redbank Valley SD	Clarion	\$8,536,190	\$8,757,876	\$221,686	2.6%
Frazier SD	Fayette	\$6,822,719	\$7,002,879	\$180,160	2.6%

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Why the smallest were the smallest

- All but 1 had no EAP money
- All had relatively low charter school expenses
- All below average on the other two components of the increase (ABG restoration and other BEF restoration)

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Example: Montgomery Area SD

2015-16 Proposed BEF	2014-15 Estimated BEF	Accountabil- ity Block Grant Restoration	ABG % of 14- 15 BEF	Education Assistance Program	EAP % of 14-15 BEF	Charter School Reimb	Charter School % of 14-15 BEF	Additional BEF Restoration	Additional BEF % of 14- 15 BEF	2013-14 Charter School Tuition Paid
\$5,216,659	\$5,110,253	\$81,721	1.6%	\$0	0.0%	\$0	0.0%	\$24,685	0.5%	\$0.00

*2014-15 BEF includes 2014-15 Ready to Learn Funds

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Special Education Funding (SEF)

- Increase of \$100 million (9.6%)
 - Third highest % increase over past 20 years
 - 11% increase 98-99 (\$64 million)
 - 10% increase in 01-02 (\$72 million)
- Total proposed appropriation is \$1.146 billion

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Proposed SEF Increase

- \$96 million into student-based formula
- \$1 million into SE Contingency Fund
- \$3 million to IUs
 - 35% distributed equally to all IUs
 - 65% distributed based on ADM of school districts in IU

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SEF Distribution

- \$115.8 million will be distributed to districts through the student-based formula in Act 126 of 2014
 - \$96 million **new** dollars for 2015-16
 - \$20 million dollars from **increase in 2014-15**
- \$1.026 billion will be distributed in same manner as in 2013-14 (hold harmless)

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SEF Formula

Act 126: Student-based formula recommended by Special Education Funding Commission

- Recognizes that not every district has a 16% special education population
- Directs additional resources to districts based on the number of special education students and the severity of special education needs of those students
- More special education students with higher cost needs=more resources

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SEF Cost Categories

- Three Cost Categories for special education students
 - Category 1: students costing <\$25,000
 - Category 2: students costing \$25,000-\$49,999
 - Category 3: students costing \$50,000 and up
- Data is reported annually to PDE by school districts through the Act 16 report

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SEF Category Weights

- Appropriate weights are applied to a district's total number of students in each cost category:
 - Category 1 Weight: 1.51
 - Category 2 Weight: 3.77
 - Category 3 Weight: 7.46
- Weights were determined based on a survey of 100 LEAs by the IFO

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SEF Adjustments

- Total district weighted student count is adjusted by 3 factors:
 - Sparsity/size multiplier
 - Equalized millage multiplier
 - Aid ratio
- Each district receives their pro rata share of the total to be distributed (\$115.8 million)

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SEF Distribution

- Dynamic formula, so the amount a district will receive in special education funding each year can fluctuate **up or down**
- A district could receive significantly more in special education funding than the prior year
- Conversely, a district **COULD** receive less special education funding than the prior year depending on the number of students and the categories they fall into

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Example School District

- TOTAL weighted student count=1,232
 - Category 1: 607 students X 1.51 = 916.57
 - Category 2: 40 students X 3.77 = 150.8
 - Category 3: 22 students X 7.46 = 164.12
- MV/PI Aid Ratio = 0.5958 (3 yr avg)
- Equalized Mills = 24.1 (3 yr avg); multiplier = 1.0
- No sparsity/size adjustment
- Drives out \$317,343 in student-based dollars, total of \$1,691,323 in SEF
- This is \$300,000 **more** than estimated for 14-15

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Example School District

- TOTAL weighted student count=142
 - Category 1: 37 students X 1.51 = 55.87
 - Category 2: 11 students X 3.77 = 41.47
 - Category 3: 6 students X 7.46 = 44.76
- MV/PI Aid Ratio = 0.4840 (3 yr avg)
- Equalized Mills = 27.9 (3 yr avg); multiplier = 1.0
- No sparsity/size adjustment
- Drives out \$29,713 in student-based dollars, total of \$2,447,852 in SEF
- This is \$18,000 **less** than estimated for 14-15

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SEF Reporting

- PDE will be tracking and auditing large swings in number of students/category
- Accuracy in your Act 16 report is critical, as it will drive an increasingly large share of special education resources
- Know who is filling out your Act 16 report-now done through PIMS

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PlanCon

- PlanCon: level-funded at \$306 million
- Reinststitute moratorium on new projects beginning July 1, 2015
- Projects in the pipeline will continue to move forward

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Career & Technical Education

- \$85 million funding
- 1st increase since 2006-07
 - \$62 approved vocational program subsidy
 - \$15 million grant program to support public-private partnerships to train students for high-demand, high-growth occupations
 - \$5 million for CTE equipment grants
 - \$8 million for college & career counseling in middle and high schools

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Early Childhood Education

- Pre-K Counts \$100 million increase to \$197 million
- Head Start Supplemental Assistance \$20 million increase to \$59 million
- Increases enrollment by 75%
- Goal in establishing universal pre-K for 3-4 year olds

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Dual Enrollment

- Restore funding for Dual Enrollment programs
- \$9 million to be transferred from PHEAA

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Other Education Line Items

- Pupil Transportation: 0.4% increase to \$549 million
- School Food Services: level-funded at \$32.4 million
- Safe School Initiative: level-funded at \$8.5 million

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Cyber Charter Funding Reform

- School districts paid \$421 million to Cyber Charters in 2013-14
- Establish statewide tuition rate \$5,950
 - Based on high performing, high cost IU programs
 - 10% cost factor added
 - Rate will be adjusted annually to reflect inflation

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Cyber Charter Funding Reform

- For cyber charter special education students, flat rate is marked up based upon Cost Category of student.
 - Category 1: $\$5,950 + \$3,035 = \$8,985$
 - Category 2: $\$5,950 + \$16,482 = \$22,432$
 - Category 3: $\$5,950 + \$38,437 = \$44,387$
- Based on charter school Act 16 reporting

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Charter & Cyber Charter Reforms

- Eliminate pension “double-dip” permanently
- Annual reconciliation where charter and cyber charter schools must refund resident school districts if charter’s audited expenditures are less than its tuition revenue
- Combined savings to school districts – \$162 million

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Pension Costs

- Combined unfunded liability for PSERS & SERS is more than \$50 billion
- Full required payments not made for 15 years
- Proposal to “chart a path” to fully fund pension obligations

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Pension Reform

Three-part Strategy

- Reduce excessive investment management fees and reduce high-risk investment strategies
- Eliminate charter/cyber charter pension double-dip
- Guarantee all actuarially required employer contributions are paid in full

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Pension Reform

- Establish a restricted account to guarantee all future employer obligations are paid in full
- State payments for PSERS obligations guaranteed from annual General Fund tax receipts
- \$3 billion pension bond reduce unfunded liability by about \$8 billion
- Bond will be paid with increased profits from modernization of LCB system
- School districts will see reduction in their employer contribution in 2016-17 through allocation of \$80 million from increased LCB profits

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2015-16 Governor's Budget General Fund State Appropriations (amounts in thousands)						
Department / Appropriation	2014-15 Enacted Budget July 10, 2014	2014-15 Gov Proposed Supplementals March 3, 2015	2014-15 Enacted with Gov Proposed Supplementals	2015-16 Governor's Budget March 3, 2015	\$ Difference 2015-16 Gov vs. 2014-15	% Difference 2015-16 Gov vs. 2014-15
	State	State	State	State	State	State
Adult and Family Literacy	12,075		12,075	16,675	4,600	38.1%
Career and Technical Education	62,000		62,000	85,000	23,000	37.1%
Career and Technical Education Equipment Grants	3,000		3,000	5,000	2,000	66.7%
Authority Rentals and Sinking Fund Requirements	306,198		306,198	306,198	0	0.0%
Pupil Transportation	546,677		546,677	549,097	2,420	0.4%
Non-Public and Charter School Transportation	78,614		78,614	80,009	1,395	1.8%
Special Education	1,046,815		1,046,815	1,146,815	100,000	9.6%
Early Intervention	237,516		237,516	237,516	0	0.0%
Tuition for Orphans and Children Placed in Private Homes	48,506		48,506	48,506	0	0.0%
Payments in Lieu of Taxes	163		163	164	1	0.6%
Education of Migrant Laborers' Children	853		853	853	0	0.0%
PA Charter Schools for the Deaf and Blind	42,809		42,809	43,781	972	2.3%
Special Education - Approved Private Schools	95,347		95,347	97,672	2,325	2.4%
School Food Services	32,488		32,488	32,488	0	0.0%
School Employees' Social Security	500,772	15,000	515,772	524,428	8,656	1.7%
School Employees' Retirement***	1,157,853		1,157,853	1,750,000	592,147	51.1%

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Pension Reform Legislative Proposals

Senate

- Sen. Browne
 - 401(k)
 - Other reforms

House

- Rep. Kampf
 - HB 727 Defined Contribution plan - 4% employer contribution

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Accountability for BEF

- Develop a plan for spending increased dollars
- Submit plan to PDE by May 15, 2015
- Plan approved by PDE by June 15
- Describe the intended use of the funds
- Show how the funds will increase student success
- 14 eligible uses for portion of increase that exceeds the Act 1 index

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14 Prescribed Uses of Funding

1. High-quality early childhood programs, such as pre-kindergarten and full-day kindergarten
2. Additional instructional time for students by extending the school day and/or year
3. Summer learning programs
4. Professional development, curriculum, classroom materials and other strategies necessary to successfully implement high academic standards for all students and prepare students for college and careers
5. Smaller class size in the early elementary grades
6. Academic and other enrichment programs and courses, such as music, arts, world languages and library services
7. Community partnerships and wraparound programs that provide health and human services to students and their families, including trauma-informed education and positive behavioral support
8. Offering or partnering with an institution of higher education to make available advanced courses, including dual enrollment, that prepare students for college
9. Personalized help/interventions for struggling students
10. College and career counseling in middle and high schools
11. Career and technical education aligned with STEM and other high-demand and emerging occupations
12. Alternative school settings and programs
13. Hybrid/innovative learning options
14. Restoration of other cuts to programs and personnel that school districts were forced to make as a result of State budget cuts

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9 Benchmarks for Student Performance and Progress

- Percent of additional students proficient/advanced in reading by 3rd grade
- Percent of additional students graduating high school on track for college/career success
- Improvements in graduation/dropout rates
- Improvements in attendance/truancy rates
- Reducing achievement gaps
- Successful program completion for ELLs
- Rates of matriculation to college, job training programs
- Rates of retention/successful completion of college, job training programs
- Employment rates/wages for graduates

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IU/School District Savings Challenge

- Reduce costs of “administrative staff, back-office operations, transportation and other central office costs.”
- Focus on shared services and joint-purchasing
- Challenge school districts and IUS to achieve \$150 million in additional savings through shared services and other efficiency strategies

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BREAK-15 minutes

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2015-16 Governor's Budget General Fund State Appropriations (amounts in thousands)

Department / Appropriation	2014-15 Enacted Budget July 10, 2014	2014-15 Gov Proposed Supplementals March 3, 2015	2014-15 Enacted with Gov Proposed Supplementals	2015-16 Governor's Budget March 3, 2015	\$ Difference 2015-16 Gov vs. 2014-15	% Difference 2015-16 Gov vs. 2014-15
	State	State	State	State	State	State
Education						
General Government Operations	23,534		23,534	23,605	71	0.3%
Office of Safe Schools Advocate**	388		388	388	0	0.0%
Information and Technology Improvement	4,000		4,000	4,000	0	0.0%
PA Assessment	58,291		58,291	58,291	0	0.0%
State Library	1,957		1,957	1,965	8	0.4%
Youth Development Centers - Education	7,930		7,930	7,930	0	0.0%
Basic Education Funding*	5,526,129		5,526,129	6,130,079	603,950	10.9%
Transfer to Property Tax/Rent Relief Account	0		0	2,140,000	2,140,000	100.0%
Basic Education Formula Enhancements	3,950		3,950	0	(3,950)	-100.0%
Ready to Learn Block Grant	200,000		200,000	0	(200,000)	-100.0%
PA Accountability Grants	0		0	0	0	0.0%
Pre-K Counts	97,284		97,284	197,284	100,000	102.8%
Head Start Supplemental Assistance	39,178		39,178	59,178	20,000	51.0%

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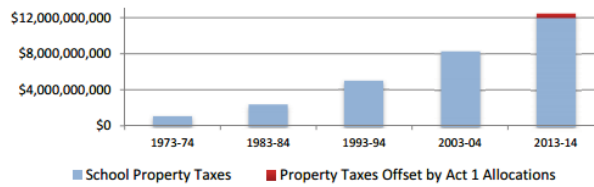
Making Property Tax Relief a Reality

Pennsylvanians have been debating **property tax** relief for decades, but the tax bills keep mounting. **The 2015-16 Budget enacts historic dollar-for-dollar tax relief to finally cut school property taxes by \$3.8 billion – more than a 50 percent average reduction in homeowner and farmstead property taxes.** This tax reduction will target greater relief to high-tax, high-poverty communities and will revitalize communities across the commonwealth – creating economic growth and transforming the fates of boroughs, villages, towns and cities.

With \$3.8 billion in property tax relief effective in the 2016-17 school year, homeowners in many communities will receive the maximum reduction in their property tax bills allowed by the Pennsylvania Constitution, and the remaining funds will be used to reduce the property tax millage rate for both homeowners and businesses. These dramatic property tax cuts will encourage homeownership and business growth, protect senior citizens, and provide a lifeline to older, struggling towns and cities and to fast-growing and suburban communities alike. A total of **270,000 senior households** – nearly 30 percent – will have their school property taxes eliminated through this \$3.8 billion initiative.

In addition, renters having \$50,000 or less in household income will receive a **rent rebate, capped at \$500.**

School Property Taxes Have Skyrocketed



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Property Tax Relief

Personal Income Tax (PIT) Reserved for Property Tax and Rent Relief

(Dollar Amounts in Millions)

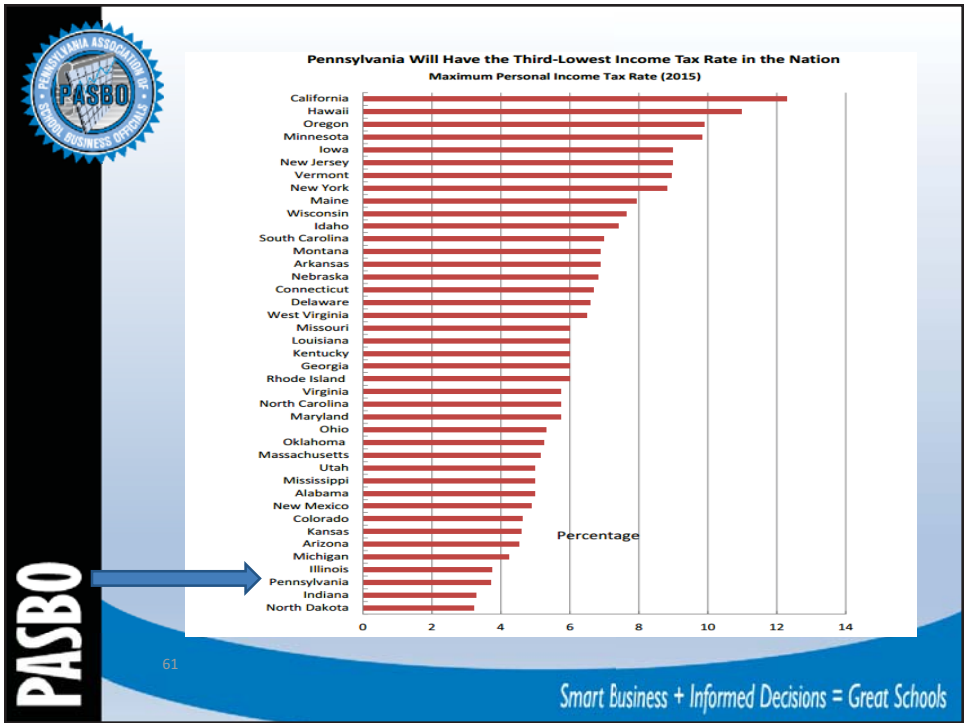
	2015-16	2016-17	2017-18	2018-19	2019-20
Beginning Balance	-	\$2,140	\$3,070	\$3,070	\$3,070
PIT Restricted Revenue	\$2,140	4,596	3,666	3,631	3,631
Total Funds Available	\$2,140	\$6,736	\$6,736	\$6,701	\$6,701
Transfer to Property Tax Relief Fund	-	(3,666)	(3,666)	(3,631)	(3,631)
Ending Balance	\$2,140	\$3,070	\$3,070	\$3,070	\$3,070

“Reduce the average homeowner’s property tax by 50%...”

...many senior citizens will see their property taxes eliminated altogether.”

- Updated homestead/farmstead relief data;
- Current H/F data and calculation (whichever is higher)
- New cap

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Side-by-Side Comparison of the Personal Income Tax and Sales Tax Provisions of the Wolf Budget Proposal, HB and SB 76 (the Property Tax Elimination Bills), and HB 2425 (the School Property Tax Reduction or "Reed Bill")

	Wolf Budget Proposal 2015-16	Property Tax Independence Act: HB 76 (Cox - R); SB 76 (Argall - R)*	HB 2425: School Property Tax Reduction and Local Options Act (Reed - R)
Description	Proposes to raise state personal income and state sales tax to reduce local property taxes	Proposes to eliminate school property taxes by raising state personal income and sales taxes	Proposes to raise state personal income, sales and use taxes to reduce local property and/or income taxes
Personal Income Tax (PIT) Rate Change	Increases from 3.07% to 3.7%	Increases from 3.07% to 4.34%	Increases from 3.07% to 3.7%
Sales Tax Rate Change	Increases from 6% to 6.6%	Increases from 6% to 7%	Increases from 6% to 7%
Sales Tax Base Expansion	Yes, 42 services including some high-end services; not food or clothing	Yes, including most food, clothing, and personal services. (There are slight differences in how each bill expands the base).	No
Co-Sponsors	Not Applicable	HB76: 48 Republicans, 13 Democrats SB 76: 12 Republicans, 13 Democrats	7 Republicans, 0 Democrats
Voting History	Not Applicable	(HB 76 was voted on as amendment 3448 to HB 1189) Republicans: 47 Yes and 60 No Democrats: 12 Yes and 78 No	Not Applicable

[HB 76](http://www.legis.state.pa.us/CFDOCS/legis/PN/Public/bsCheck.cfm?txtType=PDF&sessYr=2013&sessInd=0&billBody=H&billType=8&billNbr=00716&item=1162), proposed in the 2013-14 legislative session, can be found online at:
<http://www.legis.state.pa.us/CFDOCS/legis/PN/Public/bsCheck.cfm?txtType=PDF&sessYr=2013&sessInd=0&billBody=H&billType=8&billNbr=00716&item=1162>
[SB 76](http://www.legis.state.pa.us/CFDOCS/legis/PN/Public/bsCheck.cfm?txtType=PDF&sessYr=2013&sessInd=0&billBody=H&billType=8&billNbr=00768&item=2385), proposed in the 2013-14 legislative session, can be found online at:
<http://www.legis.state.pa.us/CFDOCS/legis/PN/Public/bsCheck.cfm?txtType=PDF&sessYr=2013&sessInd=0&billBody=H&billType=8&billNbr=00768&item=2385>
[HB 2425](http://www.legis.state.pa.us/CFDOCS/legis/PN/Public/bsCheck.cfm?txtType=PDF&sessYr=2013&sessInd=0&billBody=H&billType=8&billNbr=2425&item=3947), proposed in the 2013-14 legislative session, can be found online at:
<http://www.legis.state.pa.us/CFDOCS/legis/PN/Public/bsCheck.cfm?txtType=PDF&sessYr=2013&sessInd=0&billBody=H&billType=8&billNbr=2425&item=3947>
 *Unless otherwise noted, HB 76 and SB 76 have the same provisions on the items listed.



Property Tax Relief

- 114 SDs get more than 100% residential property tax reduction
- 83 SDs get less than 25%
- Median is 53%

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Homestead/Farmstead Formula Components

- Property Tax Reduction Index
 - Array the following data and assign a numerical ranking
- Personal Income/03-04 ADM
- 04-05 MV-PI Aid Ratio
- 02-03 Equalized Mills
- 02-03 School Tax Ratio
 - School taxes/personal income

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Formula Components

- Personal Income/03-04 ADM
 - Lowest product gets highest rank i.e. 501
 - Highest product get lowest rank i.e. 1
- Example:
 - PI of \$100 million ADM of 2,000 = 50,000
 - PI of \$100 million ADM of 2,500 = 40,000
 - PI of \$200 million ADM of 2,000 = 100,000

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Formula Components

- The poorer school districts and school districts with higher local taxes get higher ranking.
- A higher rank means that school districts will get more funding.
- The four numerical rankings for each school district are added and the sum is divided by 1000 to produce its Property Tax Reduction Index.

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Formula Components

- The Property Tax Reduction Index is then multiplied by the district ADM.
- That figure is multiplied by a dollar value that will drive out all of the funds available for property tax reduction.
- Formula at \$750 million or above
- < \$750 million pro rated

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Formula Components

- Minimums and maximums fluctuate with funding levels
 - See PDE Q and A #9
 - \$500 million = ~ 7.4% and ~ 31%
 - \$750 million = 10% and 40%
 - One billion = 12.5% and 50%

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Property Tax Reduction Calculation

School District	County	2012-13 Total ADM	2012 PI per ADM	Rank High to Low	2014-15 MV/PI Aid Ratio	Rank Low to High	2012-13 Equalized Mills	Rank Low to High	2012-13 School Tax Ratio	Rank Low to High	Property Tax Reduction Index New	Property Tax Reduction Index Act 1	Property Tax Reduction Index for Formula	
West York Area SD	York	3,304,052	\$154,114	231	0.5180	171	20.8	373	6.44%	458	1.233	1.012	1.233	
York City SD	York	7,636,198	\$55,709	498	0.8504	497	33.4	495	7.96%	485	1.975	1.897	1.975	
York Suburban SD	York	2,981,474	\$234,970	66	0.3600	68	22.8	420	5.63%	406	0.960	0.741	0.960	
				Sum of Ranks	960									Higher of Act 1 and New Index
				PTR Index is Sum of Ranks Divided by 1000	0.960									
				Max 2K; Min 4										
				Sum of Ranks	4									
									Index x ADM	2862.215 #	Times plugged	\$1,929.84	20.00%	
				Total										

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Example for Harrisburg SD

Harrisburg

2. Slide bar (tap on a mobile device) to select your property's approximate assessed value: \$65050

3. Slide the ball (tap on a mobile device) to select your household's approximate income: \$90325

4. Calculations are below:

School district:	Harrisburg	
	Current	Proposed
Assessed property value:	\$65050	\$65050
Millage rate*:	27.92	11.31
Homestead tax credit:	\$435	\$734
Property taxes:	\$1381	\$1
Household income**:	\$90325	\$90325
Income tax rates:	3.07%	3.7%
Income tax:	\$2772	\$3342
Sales tax:	6%	6.6%
Estimated sales tax***	\$1045.74	\$1150.31
Total tax:	\$4153	\$3343

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Bottom 25

Mars Area SD	Butler	15.20%
New Hope-Solebury SD	Bucks	15.80%
Bryn Athyn SD	Montgomery	15.87%
Peters Township SD	Washington	15.91%
Upper Merion Area SD	Montgomery	15.99%
Tredyffrin-Easttown SD	Chester	16.07%
Radnor Township SD	Delaware	16.23%
Avonworth SD	Allegheny	16.27%
Lower Merion SD	Montgomery	16.27%
Quaker Valley SD	Allegheny	16.29%
Ligonier Valley SD	Westmoreland	16.41%
Fox Chapel Area SD	Allegheny	16.47%
Marple Newtown SD	Delaware	16.67%
Cumberland Valley SD	Cumberland	16.68%
Great Valley SD	Chester	16.75%
North Allegheny SD	Allegheny	16.79%
State College Area SD	Centre	16.80%
Rose Tree Media SD	Delaware	16.85%
Upper Saint Clair SD	Allegheny	16.89%
Southern Lehigh SD	Lehigh	16.94%
Unionville-Chadds Ford SD	Chester	17.05%
Wyomissing Area SD	Berks	17.07%
West Chester Area SD	Chester	17.10%
Mt Lebanon SD	Allegheny	17.15%

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Top 25

Carmichaels Area SD	Greene	150.32%
Kane Area SD	Mckean	151.21%
Chester-Upland SD	Delaware	152.29%
Harrisburg City SD	Dauphin	155.16%
Otto-Eldred SD	Mckean	156.74%
Mount Union Area SD	Huntingdon	158.19%
Southern Fulton SD	Fulton	159.27%
Titusville Area SD	Venango	160.96%
Union City Area SD	Erie	161.19%
Corry Area SD	Erie	166.12%
Union SD	Clarion	166.49%
Midland Borough SD	Beaver	168.59%
Farrell Area SD	Mercer	170.88%
Purchase Line SD	Indiana	171.22%
Troy Area SD	Bradford	174.06%
Port Allegany SD	Mckean	178.05%
Harmony Area SD	Clearfield	178.36%
Elk Lake SD	Susquehanna	179.95%
Smethport Area SD	Mckean	183.71%
Northern Tioga SD	Tioga	185.73%
Southeastern Greene SD	Greene	187.00%
Northeast Bradford SD	Bradford	192.06%
Oswayo Valley SD	Potter	201.68%
Northern Potter SD	Potter	211.25%
West Greene SD	Greene	306.89%

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Please Select a School District from the Drop-Down Menu Below:
 Aliquippa SD

Net Impact of Governor Wolf's Plan to Resident Taxpayers:

\$1,443,603

New Sales Tax & New Personal Income Tax Paid by Resident Taxpayers:

\$2,970,794

Property Tax/Rent Relief Returned to Resident Taxpayers Under Gov. Wolf's Plan:

\$4,414,396



Current Slots Money for Property Tax Relief: \$748,623

*The Wolf proposed property tax relief listed above does not include property tax relief already received from current Slots money.

<http://www.taxpayerthatpay.com/>

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Compare School Districts by County with Drop-Down Menu Below:
 Cumberland

Big Spring SD	(\$3,849,873)
Camp Hill SD	(\$1,951,591)
Carlisle Area SD	(\$5,005,658)
Cumberland Valley SD	(\$26,193,645)
East Pennsboro Area SD	(\$4,878,840)
Mechanicsburg Area SD	(\$8,236,078)
Shippensburg Area SD	(\$2,755,368)
South Middleton SD	(\$3,893,363)

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Compare School Districts by County with Drop-Down Menu Below:

Lancaster

Cocalico SD	(\$3,247,355)
Columbia Borough SD	\$2,686,336
Conestoga Valley SD	(\$7,266,892)
Donegal SD	(\$1,307,435)
Eastern Lancaster County SD	(\$8,824,352)
Elizabethtown Area SD	(\$5,492,772)
Ephrata Area SD	(\$5,918,362)
Hempfield SD	(\$13,540,500)
Lampeter-Strasburg SD	(\$4,993,286)
Lancaster SD	\$11,460,752
Manheim Central SD	(\$6,597,347)
Manheim Township SD	(\$14,393,927)
Penn Manor SD	(\$9,850,578)
Pequea Valley SD	(\$5,086,256)
Solanco SD	(\$5,973,428)
Warwick SD	(\$7,802,010)

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Compare School Districts by County with Drop-Down Menu Below:

York

Central York SD	(\$6,016,804)
Dallastown Area SD	(\$8,487,233)
Dover Area SD	(\$498,339)
Eastern York SD	(\$4,246,929)
Hanover Public SD	(\$1,273,689)
Northeastern York SD	\$865,091
Northern York County SD	(\$5,823,905)
Red Lion Area SD	(\$852,054)
South Eastern SD	(\$1,904,962)
South Western SD	(\$5,775,516)
Southern York County SD	(\$4,800,108)
Spring Grove Area SD	(\$5,302,712)
West Shore SD	(\$23,485,273)
West York Area SD	(\$2,325,592)
York City SD	\$20,483,891
York Suburban SD	(\$5,848,316)

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Fund Balance Restriction

- Section 303 –Additional limits on future property tax increases
- (a) Restrictions—Notwithstanding section 688(a) of the Public School Code, no school district may approve an increase in real property taxes unless the school district has adopted a budget that includes an estimated ending unassigned fund balance equal to or less than 4% of its total budgeted expenditures.

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Making Work Pay: Increasing the Minimum Wage

- The 2015-16 Budget proposes to raise Pennsylvania's minimum wage from \$7.25 to \$10.10 and tie it to inflation to maintain its purchasing power over time.
- This change would benefit nearly 1.3 million Pennsylvania residents.
- Six hundred economists, seven of them Nobel Prize winners in economics, have signed a letter of support for raising the minimum wage to \$10.10 by 2016.

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Impact on Schools

- Review current agreements/levels of pay with in-house employees
- Review terms of agreement with contractor if you outsourced employees
- Most likely to affect food service, aides, and custodial positions

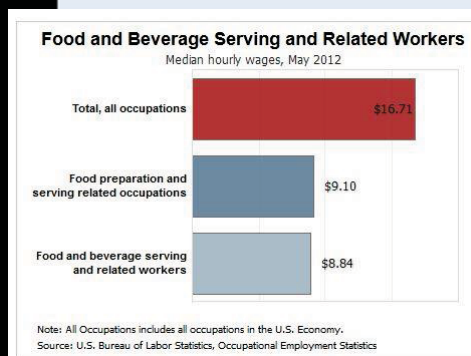
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Food Service Wages



- The median hourly wage for food and beverage serving and related workers was \$8.84 in May 2012. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$7.76 per hour, and the top 10 percent earned more than \$11.63 per hour.

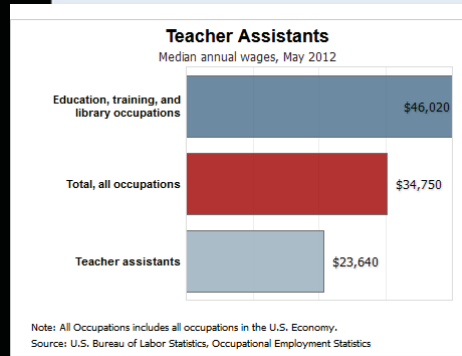
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Teacher Aides Wages



- The median annual wage for teacher assistants was \$23,640 in May 2012. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$17,180, and the top 10 percent earned more than \$36,680.

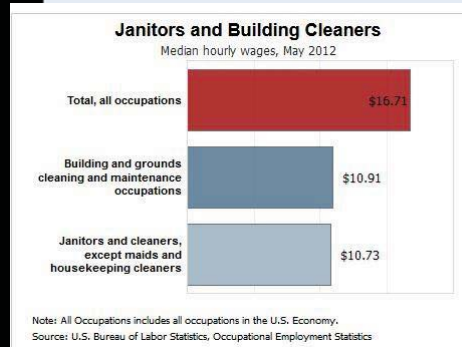
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Custodial Wages



- The median hourly wage for janitors and building cleaners was \$10.73 in May 2012. The median wage is the wage at which half the workers in an occupation earned more than the amount and half earned less. The lowest 10 percent earned less than \$8.08 per hour, and the top 10 percent earned more than \$18.17 per hour. In May 2012, the median hourly wages for janitors and building cleaners in elementary and secondary schools was \$13.05 per hour.

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Basic Education Funding Commission

- Legislative commission authorized by Act 51 of 2014
- Made up of 12 legislators and 3 administration officials
- Must issue a report and recommendations for a new basic education funding formula by June 10, 2015



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Basic Education Funding Commission

Commission Members:

- | | |
|------------------------------------------------|---------------------------------------|
| Sen. Patrick Browne (Lehigh) Co-Chair | Rep. Mike Vereb (Montgomery) Co-Chair |
| Sen. Lloyd Smucker (Lancaster) | Rep. Bernie O'Neill (Bucks) |
| Sen. Mike Folmer (Lebanon) | Rep. Donna Oberlander (Clarion) |
| Sen. Andrew Dinniman (Chester) | Rep. Jim Roebuck (Philadelphia) |
| Sen. Matt Smith (Allegheny) | Rep. Mike Sturla (Lancaster) |
| Sen. Rob Teplitz (Dauphin) | Rep. Mark Longietti (Mercer) |
| Pedro Rivera, Acting Secretary of Education | |
| Randy Albright, Budget Secretary | |
| John Hanger, Secretary for Planning and Policy | |

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Basic Education Funding Commission

Commission Charges:

- Review and make recommendations on the development of a new BEF formula and identify the factors to be used to determine the distribution of BEF among school districts
- Consider the impact of eliminating hold harmless



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Basic Education Funding Commission

Factors to Consider:

- MV/PI aid ratio (averaged over 3 years)
- Equalized millage rates (averaged over 3 years)
- Geographic price differences
- Exceptionally high enrollment growth
- Exceptionally high local support
- High level of students in poverty (measured by FRL)
- Students with limited English proficiency
- Scarce or dense populations relative to district size
- Other relevant factors

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Basic Education Funding Commission

Hearing Topics:

- Rural school districts and impact of hold harmless
- Level of local support for education
- District tax capacity
- How other states distribute education funds
- What factors increase the cost of education
- Growing school districts
- Impact of charter schools on district budgets
- Impact of inadequate education funding on state's financial future
- Impact of vocational-technical education on district budgets
- Impact of Clean and Green & tax exempt properties

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Campaign for Fair Education Funding Formula Proposal



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Cost of Proposal

Total state budget impact of adequacy & equity:

Adequacy Amount:	\$ 15.17 billion
<i>State Share: \$ 9.047 billion</i>	
<i>Local Share: \$ 6.123 billion</i>	
State Share of Adequacy Amount:	\$ 9.047 billion
Charter Component:	\$ 0.229 billion
<u>Minimum Increase:</u>	<u>\$ 0.048 billion</u>
Proposed BEF:	\$ 9.326 billion

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Impact

Proposed BEF:	\$ 9.326 billion
<u>2014-15 BEF+Ready to Learn:</u>	<u>\$ 5.715 billion</u>
Proposed Increase:	\$ 3.611 billion

Campaign proposes 6 – 8 year “phase in”

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PASBO Basic Education Funding Formula Proposal

- Developed with the PASBO Benchmarking Committee
- Presented to the Basic Education Funding Commission

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What We Avoid:

- Using indicators and measures that may have outlived their reliability
- That continue to be used because “that’s the way we have always done it”
- Trying to address all localized situations and circumstances in hopes of creating the “perfect formula”
- Adding complexity when simplicity works

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The PASBO Proposal:

- Does NOT use Aid Ratio
- Does NOT use Equalized Mills
- Does NOT establish a base cost
- Does NOT apportion state and local costs
- Does NOT differentiate between elementary and secondary education costs (WADMs)
- Does NOT use free/reduced lunch to measure poverty
- Avoids cliffs that draw arbitrary eligibility lines
- Applies only to new money

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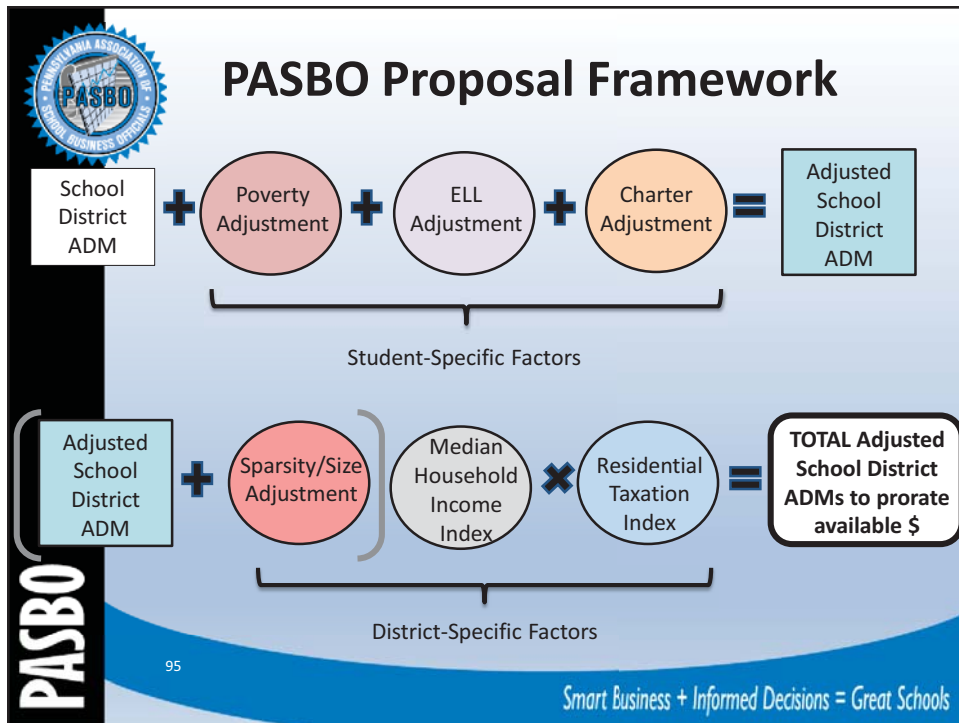
Data Selection

- Known
- Reliable
- Verifiable

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Poverty Adjustment

- Current measures:
 - Free/Reduced Lunch
 - Economically Disadvantaged Students
- Proposed measures:
 - Census Poverty

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Other Student-Specific Adjustments

- English Language Learners
 - Approximately 50,000 ELLs
 - Data reported through PIMS
- Charter School Enrollment
 - Approximately 130,000 charter students
 - Data reported to PDE

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Sparsity/Size Adjustment

- Adjust for inability to achieve economies of scale in small/sparsely populated districts
- Use sparsity/size ratio used in Act 126
 - SD ADMs and SD ADMs/square mile
 - Modify to weight each component equally
 - Provide adjustment to SDs above the 70th percentile
 - A small district that is compact may not qualify. A large district in sq. miles with a lot of students may not qualify. You need to be a smaller district in student count AND a larger district in geographic terms

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Aid Ratio May Be A Flawed Measure of Wealth

- Real estate market values drive Aid Ratios (60%)
- There are no standards for assessment practices so assessment practices vary from county to county
- The variation in the age of county assessments is tremendous—no reassessment in some counties for five decades
- Aid ratio does not measure tax effort
- The components of the aid ratio—market values and personal income—are not tax bases for schools; the school tax base is assessed value and earned income

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Aid Ratio Decrease—Ten Year Change

SD	County	2004-05 AR	2014-15 AR	Change	ADM Change
West Greene SD	Greene	0.4976	0.3060	-0.1916	-10%
Oswayo Valley SD	Potter	0.7755	0.6117	-0.1638	-11%
Galeton Area SD	Potter	0.5834	0.4287	-0.1547	1%
Shanksville-Stonycreek SD	Somerset	0.4635	0.3090	-0.1545	-1%
Wayne Highlands SD	Wayne	0.4877	0.3400	-0.1477	-10%
Rockwood Area SD	Somerset	0.4634	0.3180	-0.1454	-6%
Austin Area SD	Potter	0.6719	0.5294	-0.1425	-16%
Danville Area SD	Montour	0.5064	0.3758	-0.1306	-12%
Northern Potter SD	Potter	0.7317	0.6028	-0.1289	-13%
Avella Area SD	Washington	0.7001	0.5744	-0.1257	-13%
Forest City Regional SD	Susquehanna	0.6185	0.4929	-0.1256	-12%
Elk Lake SD	Susquehanna	0.7405	0.6154	-0.1251	-9%
McGuffey SD	Washington	0.6622	0.5378	-0.1244	-10%
Mountain View SD	Susquehanna	0.6412	0.5189	-0.1223	-13%
Pittsburgh SD	Allegheny	0.5304	0.4134	-0.1170	-6%

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Aid Ratio Increase—Ten Year Change

SD	County	2004-05 AR	2014-15 AR	Change	ADM Change
Camp Hill SD	Cumberland	0.2373	0.4361	0.1988	16.63%
South Fayette Township SD	Allegheny	0.3805	0.5580	0.1775	51.89%
Springfield SD	Delaware	0.1742	0.3306	0.1564	16.84%
Mid Valley SD	Lackawanna	0.3587	0.5145	0.1558	14.12%
Central York SD	York	0.3388	0.4906	0.1518	27.81%
Saint Clair Area SD	Schuylkill	0.5256	0.6720	0.1464	8.54%
Cornell SD	Allegheny	0.4122	0.5575	0.1453	-8.16%
Fairview SD	Erie	0.2966	0.4288	0.1322	2.87%
Conestoga Valley SD	Lancaster	0.2552	0.3839	0.1287	14.58%
Muhlenberg SD	Berks	0.4488	0.5728	0.1240	17.86%
West Mifflin Area SD	Allegheny	0.5195	0.6431	0.1236	-17.53%
Shenandoah Valley SD	Schuylkill	0.7032	0.8221	0.1189	15.69%
Wilson SD	Berks	0.3380	0.4546	0.1166	16.91%
York Suburban SD	York	0.2446	0.3600	0.1154	8.01%
Clarion Area SD	Clarion	0.4247	0.5362	0.1115	-7.87%

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Reassessments and Market Value

- Market value is supposed to be a current measure of the taxable real estate value in a District
- One would expect that when a reassessment takes place, that the new assessed value would be close to the market value statistic calculated by TED
- In some instances, these numbers differ greatly

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Examples of Recently Reassessed Counties

County	Reassessment		Assessed Value	% Difference
	Year	Market Value		
Allegheny County	2013	62,481,101,686	73,859,149,475	18.21%
Bedford County	2013	2,611,528,074	3,132,985,279	19.97%
Erie County	2013	12,044,516,708	13,796,137,585	14.54%
Lebanon County	2013	8,428,411,275	9,781,574,254	16.05%
Lehigh County	2013	25,603,564,488	28,442,834,300	11.09%
Philadelphia County	2014	43,297,731,691	97,545,981,948	125.29%

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Disconnect: Market Value and Personal Income

School District	County	MV / PI Aid Ratio	MV Aid Ratio	PI Aid Ratio	PI Aid Ratio Less MV Aid Ratio
Wallenpaupack Area SD	Wayne	0.3451	0.1000	0.7129	0.6129
Western Wayne SD	Wayne	0.3529	0.1210	0.7009	0.5799
Wayne Highlands SD	Wayne	0.3400	0.1113	0.6834	0.5721
Shanksville-Stonycreek SD	Somerset	0.3090	0.1000	0.6225	0.5225
West Greene SD	Greene	0.3060	0.1000	0.6150	0.5150
Rockwood Area SD	Somerset	0.3180	0.1150	0.6225	0.5075
Sullivan County SD	Sullivan	0.2892	0.1000	0.5730	0.4730
Jim Thorpe Area SD	Carbon	0.4301	0.2473	0.7045	0.4572
Forest Area SD	Forest	0.3846	0.2065	0.6518	0.4453
Galeton Area SD	Potter	0.4287	0.2544	0.6903	0.4359

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Disconnect: Market Value and Personal Income

School District	County	MV / PI Aid Ratio	MV Aid Ratio	PI Aid Ratio	PI Aid Ratio Less MV Aid Ratio
Hampton Township SD	Allegheny	0.4391	0.5475	0.2767	-0.2708
North Allegheny SD	Allegheny	0.3324	0.4475	0.1598	-0.2877
Peters Township SD	Washington	0.3568	0.4721	0.1842	-0.2879
Westmont Hilltop SD	Cambria	0.4993	0.6166	0.3236	-0.2930
Chartiers Valley SD	Allegheny	0.3656	0.4877	0.1826	-0.3051
Pine-Richland SD	Allegheny	0.4228	0.5491	0.2337	-0.3154
Avonworth SD	Allegheny	0.3377	0.4761	0.1304	-0.3457
Wyomissing Area SD	Berks	0.3100	0.4501	0.1000	-0.3501
Mt Lebanon SD	Allegheny	0.3815	0.5329	0.1547	-0.3782
Upper Saint Clair SD	Allegheny	0.3826	0.5710	0.1000	-0.4710

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Aid Ratio/Income Disparity

SD	County	Aid Ratio	Median Household Income	State Rank	PASBO Indicator	State Rank
Pittsburgh	Allegheny	0.4134	\$37,933	96	1.39	446
Forest County	Forest	0.3846	\$37,289	81	1.41	454
Oswayo Valley	Potter	0.6117	\$39,143	291	1.35	428
Galeton	Potter	0.4287	\$38,109	105	1.38	445
Rockwood	Somerset	0.3180	\$45,219	50	1.16	327
Sullivan County	Sullivan	0.2892	\$38,981	40	1.35	433

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Step 1: Count Students

- Begin with the ADM of each school district
- Could use a weighted ADM that considered changing ADM over 5 years.
 - Example:
 - 0.52 multiplied by the 2012-13 ADM
 - 0.26 multiplied by the 2011-12 ADM
 - 0.13 multiplied by the 2010-11 ADM
 - 0.06 multiplied by the 2009-10 ADM
 - 0.03 multiplied by the 2008-09 ADM

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Step 2: Make Adjustments for Student Factors

- Poverty
 - Measure using Federal census data, which counts the number of individuals ages 5-17 living in poverty.
 - Weight students living below 100% poverty at 0.75
 - Weight students living at 101-185% poverty at 0.25

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Step 2: Make Adjustments for Student Factors

- English Language Learners
 - Measure using PIMS data reported to PDE annually.
 - Using an average across all states, weight the total number of ELL students in each school district by 0.3.

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Step 2: Make Adjustments for Student Factors

- Charter School Enrollment
 - Measure using charter ADMs per district
 - To replace the eliminated charter reimbursement, apply a weight of 0.3 to the total charter ADM count.

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Step 3: Make Adjustment for Sparsity/Size

- Provide additional ADMs to small, rural school districts that can't benefit from economies of scale.
 - Use modified formula from Act 126
 - **Sparsity Ratio**-measures district ADM/square mile compared to state average
 - **Size Ratio**-measures district 3 year average ADM compared to state average
 - Weight size ratio and sparsity ratio 50/50
 - Provide adjustment for those districts with a ratio above the 70th percentile

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Step 4: Make Adjustment for Local Wealth

- Measure local wealth with **Median Household Income Index**
 - Use Federal census data to determine median household income by school district
 - Compare median district household income to state median household income (\$52,667), setting the median at 1.0
 - > 1 = district median is below state median
 - < 1 = district median is above state median

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Step 5: Make Adjustment for Tax Effort

- Measure tax effort with **Residential Taxation Index**
 - Use STEB data to estimate the amount of residential property taxes (deduct property tax reduction \$)
 - Combine residential property tax and other non-business taxes to determine non-business tax per household
 - Take average non-business tax per household as a percentage of district median household income, expressed as mills
 - Use a multiplier of 1.0 for school districts at or above the 50th percentile. For districts below 50th percentile, use multiplier of % of the applicable threshold.
 - Set a floor of 0.5

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What to Budget?

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Questions/Comments?

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COMMONWEALTH BUDGET SEMINAR

March 2015

Webcast Recording Order Form

The new Governor presented his budget on March 3 and PASBO and PASA will decipher the budget numbers and help you to determine how the budget will impact your district. The Department of Education budget will be examined, with a discussion on PDE initiatives and related issues.

A recording of the webcast program will be available for download approximately two weeks after program date. Whether you use it as a review or share it with fellow employees unable to attend the live webcast, the information is at your fingertips!

Fill out and send your order form to PASBO today!

Name: _____ Title: _____

School Entity/Employer: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Ext. _____ Fax: _____

Email: _____

If you are tax exempt, enter your tax ID here: _____

(If tax ID is not provided, add 6% sales tax to your order below)

Attendee Early Bird Discount Offer – April 7 deadline!	
---------------------------------------------------------------	--

<p>Hotel/Webcast Attendee by April 7* <i>(*Available to paid attendees only)</i></p> <p>Online Access @ \$10 Plus sales tax if applicable \$ _____</p> <p style="text-align: right;">Total Amount Due \$ _____</p>	<p>Non-Attendee or after April 7</p> <p>PASBO Member Online Access @ \$40 Non-member Online Access @ \$65 Plus sales tax if applicable \$ _____</p> <p style="text-align: right;">Total Amount Due \$ _____</p>
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METHOD OF PAYMENT (Select one – Payment required with order)

- Check Made Payable to PASBO Credit Card

Account Number: _____ Expiration: _____

Cardholder's Name: _____

Signature: _____

Check out other available webcast recordings at http://www.pasbo.org/store_home.asp



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Webcast Date: 3/24/15 Webcast Title: Commonwealth Budget Seminar 2015

Paid Host Registrant: _____ Host Site (School/organization): _____

You must sign-in on the form below (including the Host registrant if watching the program) to be counted as attending. If you are requesting PASBO CEU or Accountant CPE Credit, you must check the appropriate column and provide your email address.

By completing below, I certify that I participated in the entire live webcast presentation.

PRINT NAME CLEARLY	TITLE	SCHOOL/ORGANIZATION	EMAIL (Required for Credit)	CEU Credit	CPE Credit

Please return this form by ONE of the following methods no later than 7 days following the program date. CPE Certificates will be mailed.
Mail to PASBO, PO Box 6993, Harrisburg, PA 17112
Scan and email to krogers@pasbo.org
Fax to 717-540-1796 (Cover sheet is not required)



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Attendee Name: _____ Title: _____

School Entity: _____

I am a PASBO member and contact information is on file *(You do not need to complete the contact information section)*

Employer: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Phone: (_____) _____ Fax: (_____) _____

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Participant's Signature _____ Date _____

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Mail to PASBO, PO Box 6993, Harrisburg, PA 17112

Scan and email to krogers@pasbo.org

Fax to 717-540-1796 *(Cover sheet is not required)*

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	HOST	GUEST	HOST	GUEST
Webcast	\$80	\$65	\$120	\$95