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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1662 Session of  
2021

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INTRODUCED BY MULLINS, FLYNN, ZABEL, SANCHEZ, SCHLOSSBERG,  
CIRESI, KIRKLAND, HILL-EVANS, WEBSTER, PASHINSKI, MALAGARI,  
R. BROWN, McCLINTON, O'MARA, N. NELSON AND D. WILLIAMS,  
JUNE 17, 2021

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REFERRED TO COMMITTEE ON EDUCATION, JUNE 17, 2021

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AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," in preliminary provisions, further  
6 providing for Basic Education Funding Commission; and, in  
7 reimbursements by Commonwealth and between school districts,  
8 further providing for student-weighted basic education  
9 funding, providing for student-weighted basic education  
10 funding formula and for student weighted basic education  
11 funding formula for school years 2020-2021 and thereafter and  
12 further providing for payment of required contribution for  
13 public school employees' social security.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. Section 123(i) of the act of March 10, 1949  
17 (P.L.30, No.14), known as the Public School Code of 1949, is  
18 amended by adding a paragraph to read:

19 Section 123. Basic Education Funding Commission.--\* \* \*

20 (i) The commission shall have all of the following powers  
21 and duties:

22 \* \* \*

1 (8.1) Prior to recommending a basic education funding  
2 formula under this section, consider the potential consequences,  
3 including funding inequities by race, of a basic education  
4 funding formula that does not allocate all State basic education  
5 funding through the determined formula.

6 \* \* \*

7 Section 2. Section 2502.53 heading and (b) introductory  
8 paragraph of the act, amended June 5, 2020 (P.L.223, No.30), are  
9 amended to read:

10 Section 2502.53. Student-Weighted Basic Education Funding  
11 for School Years 2015-2016 through 2019-2020.--\* \* \*

12 (b) For the 2015-2016 school year and each school year  
13 [thereafter, except the 2019-2020 school year which shall be  
14 governed by subsection (b.1),] through the 2018-2019, the  
15 Commonwealth shall pay to each school district a basic education  
16 funding allocation which shall consist of the following:

17 \* \* \*

18 Section 3. The act is amended by adding sections to read:

19 Section 2502.55. Student-Weighted Basic Education Funding  
20 Formula.--(a) The General Assembly finds and declares that, in  
21 fulfillment of its duties to maintain and support a thorough and  
22 efficient system of public education to serve the needs of the  
23 Commonwealth under section 14 of Article III of the Constitution  
24 of Pennsylvania, the student-weighted basic education funding  
25 formula is the result of the work of the Basic Education Funding  
26 Commission established under section 123.

27 (b) Through the Student-Weighted Basic Education Funding  
28 Formula, the Commonwealth shall pay to each school district a  
29 basic education funding allocation to be calculated as follows:

30 (1) Multiply the school district's student-weighted average

1 daily membership by the median household income index and local  
2 effort capacity index.

3 (2) Multiply the product in paragraph (1) by the amount  
4 specified or calculated for a student-based allocation to school  
5 districts.

6 (3) Divide the product in paragraph (2) by the sum of the  
7 products in paragraph (1) for all school districts.

8 (c) For the purpose of this section:

9 (1) Student-weighted average daily membership for a school  
10 district shall be the sum of the following:

11 (i) The average of the school district's three most recent  
12 years' average daily membership.

13 (ii) The acute poverty average daily membership calculated  
14 as follows:

15 (A) Multiply the school district's acute poverty percentage  
16 by its average daily membership.

17 (B) Multiply the product in clause (A) by six-tenths (0.6).

18 (iii) The poverty average daily membership calculated as  
19 follows:

20 (A) Multiply the school district's poverty percentage by its  
21 average daily membership.

22 (B) Multiply the product in clause (A) by three-tenths  
23 (0.3).

24 (iv) The concentrated poverty average daily membership for  
25 qualifying school districts with an acute poverty percentage  
26 equal to or greater than thirty percent (30%), to be calculated  
27 as follows:

28 (A) Multiply the school district's acute poverty percentage  
29 by its average daily membership.

30 (B) Multiply the product in clause (A) by three-tenths

1 (0.3).

2 (v) The number of the school district's limited English-  
3 proficient students multiplied by six-tenths (0.6).

4 (vi) The average daily membership for the school district's  
5 students enrolled in charter schools and cyber charter schools  
6 multiplied by two-tenths (0.2).

7 (vii) The sparsity/size adjustment for qualifying school  
8 districts with a sparsity/size ratio greater than the  
9 sparsity/size ratio that represents the seventieth percentile  
10 sparsity/size ratio for all school districts calculated as  
11 follows:

12 (A) Divide the school district's sparsity/size ratio by the  
13 sparsity/size ratio that represents the seventieth percentile  
14 for all school districts.

15 (B) Subtract one (1) from the quotient in clause (A).

16 (C) Multiply the sum of subparagraphs (i), (ii), (iii),  
17 (iv), (v) and (vi) by the amount in clause (B).

18 (D) Multiply the product in clause (C) by seven-tenths  
19 (0.7).

20 (2) Local effort index for a school district shall be  
21 calculated as follows:

22 (i) Determine the school district's local effort factor  
23 calculated as follows:

24 (A) Multiply the school district's median household income  
25 by its number of households.

26 (B) Divide the school district's local tax-related revenue  
27 by the product in clause (A).

28 (C) Multiply the quotient in clause (B) by one thousand  
29 (1,000).

30 (D) Divide the product in clause (C) by the Statewide median

1 of clause (C).

2 (ii) Determine the school district's excess spending factor,  
3 to be calculated as follows:

4 (A) Divide the school district's current expenditures by the  
5 sum of its average daily membership and the amounts in paragraph  
6 (1)(ii), (iii), (iv), (v), (vi) and (vii).

7 (B) Divide the quotient in clause (A) by the Statewide  
8 median of clause (A).

9 (C) Divide one (1) by the quotient in clause (B).

10 (iii) Multiply the school district's local effort factor by  
11 the lesser of one (1) or the school district's excess spending  
12 factor.

13 (3) Local capacity index for a qualifying school district  
14 shall be calculated as follows:

15 (i) Divide the school district's local tax-related revenue  
16 by the sum of its market value and personal income valuation.

17 (ii) Multiply the sum of the school district's market value  
18 and personal income valuation by the Statewide median of  
19 subparagraph (i).

20 (iii) Determine the school district's local capacity per  
21 student by dividing the product in subparagraph (ii) by the sum  
22 of its average daily membership and the amounts in paragraph (1)  
23 (ii), (iii), (iv), (v), (vi) and (vii).

24 (iv) If the school district's local capacity per student is  
25 less than the Statewide median of subparagraph (iii):

26 (A) Divide the school district's local capacity per student  
27 by the Statewide median.

28 (B) Subtract the quotient in clause (A) from one (1).

29 (4) Local effort capacity index for a school district shall  
30 equal the sum of its local effort index and local capacity

1 index.

2 (5) The data used to calculate the factors and indexes in  
3 this section shall be based on the most recent years for which  
4 data is available as determined by the Department of Education  
5 and be fixed as of the first day of June preceding the school  
6 year in which the allocation occurs. Data fixed on the first day  
7 of June shall be revised by the Department of Education if it is  
8 subsequently found to be incorrect.

9 (d) For purposes of this section:

10 (1) "Acute poverty percentage" shall mean the number of  
11 children six (6) to seventeen (17) years of age living in a  
12 household where the ratio of income to poverty is less than one  
13 hundred percent (100%) of the Federal poverty guidelines divided  
14 by the total number of children six (6) to seventeen (17) years  
15 of age as determined by the most recent five-year estimate of  
16 the United States Census Bureau's American Community Survey.

17 (1.1) "Current expenditures" shall mean the General Fund  
18 expenditures in functional classifications of instruction,  
19 support services and operation of noninstructional services.  
20 Beginning with the 2016-2017 school year, "current expenditures"  
21 shall mean the General Fund expenditures in functional  
22 classifications of instruction, support services and operation  
23 of noninstructional services, minus General Fund revenues for  
24 tuition from patrons.

25 (2) "Households" shall mean the number of households in each  
26 school district as determined by the most recent five-year  
27 estimate of the United States Census Bureau's American Community  
28 Survey.

29 (3) "Local tax-related revenue" shall mean the sum of school  
30 district revenues for State property tax reduction allocation,

1 taxes levied and assessed, delinquencies on taxes levied and  
2 assessed, revenue from local government units and other local  
3 revenues not specified elsewhere, as designated in the Manual of  
4 Accounting and Financial Reporting for Pennsylvania Public  
5 Schools. Beginning with the 2016-2017 school year, revenues  
6 received by a school district from the sales and use tax and the  
7 cigarette tax shall be included when determining a school  
8 district's local tax-related revenue under this section.

9 (4) "Median household income" shall mean the median  
10 household income for school districts and the State as  
11 determined by the most recent five-year estimate of the United  
12 States Census Bureau's American Community Survey.

13 (5) "Median household income index" shall mean a number  
14 calculated as follows:

15 (i) Divide a school district's median household income by  
16 the State median household income.

17 (ii) Divide one (1) by the quotient in subparagraph (i).

18 (6) "Poverty percentage" shall mean the number of children  
19 six (6) to seventeen (17) years of age living in a household  
20 where the ratio of income to poverty is between one hundred  
21 percent (100%) and one hundred eighty-four percent (184%) of the  
22 Federal poverty guidelines divided by the total number of  
23 children six (6) to seventeen (17) years of age as determined by  
24 the most recent five-year estimate of the United States Census  
25 Bureau's American Community Survey.

26 (7) "Size ratio" shall mean a number calculated as follows:

27 (i) Divide the average of a school district's three (3) most  
28 recent years' average daily membership by the Statewide average  
29 of the three (3) most recent years' average daily membership for  
30 all school districts.

1 (ii) Multiply the amount in subparagraph (i) by five-tenths  
2 (0.5).

3 (iii) Subtract the amount in subparagraph (ii) from one (1).

4 (8) "Sparsity ratio" shall mean a number calculated as  
5 follows:

6 (i) Divide the average of a school district's three (3) most  
7 recent years' average daily membership by its total square miles  
8 as reported in the latest decennial census as reported by the  
9 United States Census Bureau.

10 (ii) Divide the State total average daily membership by the  
11 State total square miles.

12 (iii) Divide the quotient in subparagraph (i) by the  
13 quotient in subparagraph (ii).

14 (iv) Multiply the quotient in subparagraph (iii) by five-  
15 tenths (0.5).

16 (v) Subtract the product in subparagraph (iv) from one (1).

17 (9) "Sparsity/size ratio" shall mean a number calculated by  
18 adding the following amounts:

19 (i) The sparsity ratio multiplied by four-tenths (0.4).

20 (ii) The size ratio multiplied by six-tenths (0.6).

21 Section 2502.56. Student Weighted Basic Education Funding  
22 Formula for School Years 2020-2021 and Thereafter.--(a) For the  
23 2020-2021 school year and each school year thereafter, the  
24 Commonwealth shall pay to each school district a basic education  
25 funding allocation which shall consist of the following:

26 (1) An amount equal to the school district's basic education  
27 funding allocation for the 2013-2014 school year. The following  
28 shall apply:

29 (i) Payments made under section 2502.54 shall be deemed to  
30 be part of the school district's allocation amount under

1 paragraph (1).

2 (ii) The amount of educational access program funding  
3 received in the 2017-2018 fiscal year by a school district  
4 identified for financial watch status under section 694-A shall  
5 be deemed to be a part of the school district's allocation  
6 amount under paragraph (1).

7 (2) A catch-up amount for qualifying school districts  
8 calculated as follows:

9 (i) Subtract the amount appropriated for basic education  
10 funding for school year 2020-2021 from the amount appropriated  
11 for basic education funding for the current school year.

12 (ii) Multiply seventy-five hundredths (0.75) by the  
13 difference determined in subparagraph (i).

14 (iii) For each qualifying school district, multiply the  
15 product in section 2502.55(b) (1) by the product of subparagraph  
16 (ii).

17 (iv) Divide the product in subparagraph (iii) by the sum of  
18 the products in section 2502.55(b) (1) for all qualifying school  
19 districts.

20 (3) All remaining funding shall be distributed according to  
21 the student-student based allocation determined by section  
22 2502.55(b).

23 (b) For the purposes of this section, the process for  
24 determining a qualifying school district shall be as follows:

25 (1) For each school district, multiply the product in  
26 section 2502.55(b) (1) by the total amount allocated to all  
27 school districts in paragraph (a) (1).

28 (2) For each school district, divide the product in  
29 subparagraph (i) by the sum of the products in section  
30 2502.55(b) (1) for all school districts.

1 (3) For each school district, subtract the quotient in  
2 subparagraph (ii) from the school district's allocation in  
3 paragraph (a)(1).

4 (4) For each school district, divide the difference in (iii)  
5 by the school district's average daily membership.

6 (5) A qualifying school district shall have a quotient under  
7 paragraph (4) of less than or equal to \$200.

8 Section 4. Section 2599.7(b), (c) and (d) of the act,  
9 amended June 5, 2020 (P.L.223, No.30), are amended to read:

10 Section 2599.7. Payment of Required Contribution for Public  
11 School Employes' Social Security.--\* \* \*

12 (b) For the fiscal year beginning July 1, 2019, through  
13 fiscal year 2020-2021, payment of the amounts calculated under  
14 24 Pa.C.S. § 8329 for school districts shall be made from the  
15 appropriation for basic education funding.

16 (c) For the fiscal year beginning July 1, 2019, through  
17 fiscal year 2020-2021, if insufficient funds are available for  
18 payment of the amounts calculated under 24 Pa.C.S. § 8329 for  
19 school districts, the Department of Education shall notify the  
20 Governor, the chairperson and minority chairperson of the  
21 Appropriations Committee of the Senate and the chairperson and  
22 minority chairperson of the Appropriations Committee of the  
23 House of Representatives of the amount of the insufficiency. An  
24 amount equal to the insufficiency may only be paid to school  
25 districts from a supplemental appropriation in the general  
26 appropriations act.

27 (d) For the fiscal year beginning July 1, 2019, through  
28 fiscal year 2020-2021, if the amount calculated for payments to  
29 school districts under 24 Pa.C.S. § 8329 exceeds the amount  
30 necessary, the Department of Education shall notify the

1 Governor, the chairperson and minority chairperson of the  
2 Appropriations Committee of the Senate and the chairperson and  
3 minority chairperson of the Appropriations Committee of the  
4 House of Representatives of the amount of the excess. An amount  
5 equal to the excess shall be distributed to school districts as  
6 a supplemental payment calculated under the formula contained in  
7 section 2502.53.

8 \* \* \*

9 Section 5. This act shall take effect immediately.