THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2501 Session of 2018

INTRODUCED BY RABB, STURLA, YOUNGBLOOD, SCHLOSSBERG, SCHWEYER, CHARLTON, HILL-EVANS, TAI, B. O'NEILL AND SIMS, JUNE 18, 2018

REFERRED TO COMMITTEE ON EDUCATION, JUNE 18, 2018

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 reimbursements by Commonwealth and
6   between school districts, further providing for student-
7   weighted basic education funding and providing for student-
8   weighted basic education funding formula.

9   The General Assembly of the Commonwealth of Pennsylvania

10 hereby enacts as follows:

11   Section 1. Section 2502.53 heading and (b) introductory

12 paragraph of the act of March 10, 1949 (P.L.30, No.14), known as

13 the Public School Code of 1949, are amended to read:

14   Section 2502.53. Student-Weighted Basic Education Funding

15 for school years 2015-2016 through 2016-2017.--* * *

16   (b) For the 2015-2016 school year [and each school year

17 thereafter] through the 2016-2017 school year, the Commonwealth

18 shall pay to each school district a basic education funding

19 allocation which shall consist of the following:

20   * * *

21   Section 2. The act is amended by adding a section to read:

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

(b) For the 2017-2018 school year and each school year
thereafter, the Commonwealth shall pay to each school district a
basic education funding allocation to be calculated as follows:

(1) Multiply the school district's student-weighted average
daily membership by the median household income index and local
effort capacity index.

(2) Multiply the product in paragraph (1) by the amount
appropriated for the allocation of basic education funding to
school districts.

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

(c) For the purpose of this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1   (D) Multiply the product in clause (C) by seven-tenths

2   (0.7).

3   (2) Local effort index for a school district shall be

4   calculated as follows:

5   (i) Determine the school district's local effort factor

6   calculated as follows:

7   (A) Multiply the school district's median household income

8   by its number of households.

9   (B) Divide the school district's local tax-related revenue

10   by the product in clause (A).

11   (C) Multiply the quotient in clause (B) by one thousand

12   (1,000).

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

14   of clause (C).

15   (ii) Determine the school district's excess spending factor,

16   to be calculated as follows:

17   (A) Divide the school district's current expenditures by the

18   sum of its average daily membership and the amounts in paragraph

19   (1)(ii), (iii), (iv), (v), (vi) and (vii).

20   (B) Divide the quotient in clause (A) by the Statewide

21   median of clause (A).

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

23   (iii) Multiply the school district's local effort factor by

24   the lesser of one (1) or the school district's excess spending

25   factor.

26   (3) Local capacity index for a qualifying school district

27   shall be calculated as follows:

28   (i) Divide the school district's local tax-related revenue

29   by the sum of its market value and personal income valuation.

30   (ii) Multiply the sum of the school district's market value

1 and personal income valuation by the Statewide median of

2 subparagraph (i).

3   (iii) Determine the school district's local capacity per

4 student by dividing the product in subparagraph (ii) by the sum

5 of its average daily membership and the amounts in paragraph (1)

6 (ii), (iii), (iv), (v), (vi) and (vii).

7   (iv) If the school district's local capacity per student is

8 less than the Statewide median of subparagraph (iii):

9   (A) Divide the school district's local capacity per student

10 by the Statewide median.

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

12   (4) Local effort capacity index for a school district shall

13 equal the sum of its local effort index and local capacity

14 index.

15   (5) The data used to calculate the factors and indexes in

16 this section shall be based on the most recent years for which

17 data is available as determined by the Department of Education

18 and be fixed as of the first day of June preceding the school

19 year in which the allocation occurs. Data fixed on the first day

20 of June shall be revised by the Department of Education if it is

21 subsequently found to be incorrect.

22   (d) For purposes of this section:

23   (1) "Acute poverty percentage" shall mean the number of

24 children six (6) to seventeen (17) years of age living in a

25 household where the ratio of income to poverty is less than one

26 hundred percent (100%) of the Federal poverty guidelines divided

27 by the total number of children six (6) to seventeen (17) years

28 of age as determined by the most recent five-year estimate of

29 the United States Census Bureau's American Community Survey.

30   (2) "Current expenditures" shall mean the General Fund

expenditures in functional classifications of instruction,

support services and operation of noninstructional services.

Beginning with the 2016-2017 school year, "current expenditures"

shall mean the General Fund expenditures in functional

classifications of instruction, support services and operation

of noninstructional services, minus General Fund revenues for

tuition from patrons.

(3) "Households" shall mean the number of households in each

school district as determined by the most recent five-year

estimate of the United States Census Bureau's American Community

Survey.

(4) "Local tax-related revenue" shall mean the sum of school

district revenues for State property tax reduction allocation,

taxes levied and assessed, delinquencies on taxes levied and

assessed, revenue from local government units and other local

revenues not specified elsewhere, as designated in the Manual of

Accounting and Financial Reporting for Pennsylvania Public

Schools. Beginning with the 2016-2017 school year, revenues

received by a school district from the sales and use tax and the

cigarette tax shall be included when determining a school

district's local tax-related revenue under this section.

(5) "Median household income" shall mean the median

household income for school districts and the State as

determined by the most recent five-year estimate of the United

States Census Bureau's American Community Survey.

(6) "Median household income index" shall mean a number

calculated as follows:

(i) Divide a school district's median household income by

the State median household income.

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

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

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

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

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

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

(9) "Sparsity ratio" shall mean a number calculated as follows:

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

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

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

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

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

(10) "Sparsity/size ratio" shall mean a number calculated by

1   adding the following amounts:

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

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

4   Section 3. This act shall take effect in 60 days.