

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1821 Session of 2021

INTRODUCED BY STEPHENS, STURLA, HILL-EVANS, MOUL, ROZZI, SIMS, SANCHEZ, STAATS, CIRESI, WEBSTER, MALAGARI, GUZMAN AND GILLEN, AUGUST 31, 2021

REFERRED TO COMMITTEE ON EDUCATION, AUGUST 31, 2021

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, amended June 30, 2021 (P.L.158,
14 No.26), are amended to read:

15 Section 2502.53. Student-Weighted Basic Education Funding
16 for School Years 2015-2016 Through 2021-2022.--* * *

17 (b) For the 2015-2016 school year [and each school year
18 thereafter] through the 2021-2022 school year, except the 2019-
19 2020 school year which shall be governed by subsection (b.1),
20 the Commonwealth shall pay to each school district a basic

1 education funding allocation which shall consist of the
2 following:

3 * * *

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

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

13 (b) For the 2022-2023 school year and each school year
14 thereafter, the Commonwealth shall pay to each school district a
15 basic education funding allocation to be calculated as follows:

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

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

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

24 (c) For the purpose of this section:

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

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

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

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

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

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

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

8 (B) Multiply the product in clause (A) by three-tenths
9 (0.3).

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

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

16 (B) Multiply the product in clause (A) by three-tenths
17 (0.3).

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

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

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

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

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

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

4 (D) Multiply the product in clause (C) by seven-tenths
5 (0.7).

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

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

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

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

14 (C) Multiply the quotient in clause (B) by one thousand
15 (1,000).

16 (D) Divide the product in clause (C) by the Statewide median
17 of clause (C).

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

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

23 (B) Divide the quotient in clause (A) by the Statewide
24 median of clause (A).

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

26 (iii) Multiply the school district's local effort factor by
27 the lesser of one (1) or the school district's excess spending
28 factor.

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

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

3 (ii) Multiply the sum of the school district's market value
4 and personal income valuation by the Statewide median of
5 subparagraph (i).

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

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

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

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

15 (4) Local effort capacity index for a school district shall
16 equal the sum of its local effort index and local capacity
17 index.

18 (5) The data used to calculate the factors and indexes in
19 this section shall be based on the most recent years for which
20 data is available as determined by the Department of Education
21 and be fixed as of the first day of June preceding the school
22 year in which the allocation occurs. Data fixed on the first day
23 of June shall be revised by the Department of Education if it is
24 subsequently found to be incorrect.

25 (d) For purposes of this section:

26 (1) "Acute poverty percentage" shall mean the number of
27 children six (6) to seventeen (17) years of age living in a
28 household where the ratio of income to poverty is less than one
29 hundred percent (100%) of the Federal poverty guidelines divided
30 by the total number of children six (6) to seventeen (17) years

1 of age as determined by the most recent five-year estimate of
2 the United States Census Bureau's American Community Survey.

3 (2) "Current expenditures" shall mean the General Fund
4 expenditures in functional classifications of instruction,
5 support services and operation of noninstructional services.
6 Beginning with the 2022-2023 school year, "current expenditures"
7 shall mean the General Fund expenditures in functional
8 classifications of instruction, support services and operation
9 of noninstructional services, minus General Fund revenues for
10 tuition from patrons.

11 (3) "Households" shall mean the number of households in each
12 school district as determined by the most recent five-year
13 estimate of the United States Census Bureau's American Community
14 Survey.

15 (4) "Local tax-related revenue" shall mean the sum of school
16 district revenues for State property tax reduction allocation,
17 taxes levied and assessed, delinquencies on taxes levied and
18 assessed, revenue from local government units and other local
19 revenues not specified elsewhere, as designated in the Manual of
20 Accounting and Financial Reporting for Pennsylvania Public
21 Schools. Beginning with the 2022-2023 school year, revenues
22 received by a school district from the sales and use tax and the
23 cigarette tax shall be included when determining a school
24 district's local tax-related revenue under this section.

25 (5) "Median household income" shall mean the median
26 household income for school districts and the State as
27 determined by the most recent five-year estimate of the United
28 States Census Bureau's American Community Survey.

29 (6) "Median household income index" shall mean a number
30 calculated as follows:

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

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

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

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

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

17 (ii) Multiply the amount in subparagraph (i) by five-tenths
18 (0.5).

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

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

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

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

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

30 (iv) Multiply the quotient in subparagraph (iii) by five-

1 tenths (0.5).

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

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

4 adding the following amounts:

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

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

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