

Funding Formula Disaster

The term funding formula may not mean much to many people but this innocuous term has an unbelievable impact on your property taxes particularly in Palmyra Area School District and many of the Dauphin County school districts as well.

The term, funding formula, refers to the method used by the state to allocate funds from the Commonwealth Department of Education to the 500 school districts in the state. There is a separate basic education funding formula and there is one for special education. This article examines the basic education funding formula only to more clearly illustrate the concern.

Palmyra Area School District [property taxes](#) generate in excess of \$25 Million per year. The total [budget projected for 2019-2020](#) is in excess of \$54 Million. The balance for the funding comes from numerous sources but the state funding for basic education is in excess of \$6.6 Million.

The basic education funding formula used in Pennsylvania today is comprised of two parts, the “hold harmless” funding formula and the revised funding formula which was created out of Act 51 of 2014 ([Basic Education Funding Commission](#)).

The results of the commission were incorporated into [Act 35 of 2016](#) which provides for all new funds to be allocated based upon a new methodology.

“The Basic Education Funding (BEF) Formula accounts for district based factors including the wealth of the district, the district’s current tax effort, and the ability of the district to raise revenue. It also includes student-based factors like:

- Number of children in the district who live in poverty,
- Number of children enrolled in charter schools, and
- Number of children who are English language learners.
- The BEF Formula was created and unanimously adopted by the bipartisan Basic Education Funding Commission in June 2015. Having a formula in place will assure school districts that new funding will be distributed equitably and investments in education will no longer be determined by the influence of one legislator over another.” (source Act 51 of 2014, Act 35 of 2016 and the Governor’s office)

The important operative word in the bill though is the term “new funds”. This means that there is a hold harmless provision in the bill that prevents any school district from receiving less than they would have under the old funding formula which was developed in the 1970’s. While I was not in office at the time the bill was passed, it is obvious that Act 35 of 2016 would never have become law without that hold harmless provision.

Act 35 will eventually correct the inequity under the old funding formula but in the interim the Act accentuates that some school districts are “over-funded” by the state and some are “under-funded” by the state. Palmyra is one of the school districts underfunded.

Palmyra is underfunded in the 2018-2019 year by \$1.1 Million. In Lebanon County and Dauphin County approximately 50% of each county's school districts are over and underfunded with Harrisburg City and Lancaster City being the most underfunded in each county.

The funding formula which produces this \$6.6 million from the state for the Basic Education Funding though shorts Palmyra Area School District by over \$1.1 Million which must be made up by additional cost controls at the school and increases in property taxes. That is where the inequity sets in.

Efforts to streamline the funding formula to have the new law become effective more quickly and thereby reduce the underfunded school districts financial losses are gathering steam in Harrisburg. I am a supporter of that reform.

It is anticipated that it will take upwards of 20 years for the new law to be fully incorporated in the state funding formula. In that time, over \$20 Million in higher property taxes will have likely been paid by our residents and other school districts would have been subsidized by that amount.

My property tax bill is partially dealing with the problems of the funding formula; however, only by shortening the time frame for full adoption of the new funding formula of Act 35 of 2016 will our area get the relief that is justified.

I will keep you posted as we work for a more equitable relief. Incidentally, most of the overfunded school districts are in the northern counties and in the western part of the state.

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ANNVILLE-CLEONA SD	LEBANON	\$4,731,482	\$3,796,075	(\$935,407)	-20%
CORNWALL-LEBANON SD	LEBANON	\$10,384,437	\$9,381,624	(\$1,002,813)	-10%
EASTERN LEBANON COUNTY SD	LEBANON	\$5,113,071	\$5,674,794	\$561,723	11%
LEBANON SD	LEBANON	\$29,718,915	\$42,270,875	\$12,551,960	42%
NORTHERN LEBANON SD	LEBANON	\$7,760,367	\$4,807,398	(\$2,952,969)	-38%
PALMYRA AREA SD	LEBANON	\$6,615,439	\$7,768,019	\$1,152,580	17%

CENTRAL DAUPHIN SD	DAUPHIN	\$18,269,511	\$25,634,284	\$7,364,773	40%
DERRY TOWNSHIP SD	DAUPHIN	\$2,833,658	\$7,374,917	\$4,541,259	160%
HALIFAX AREA SD	DAUPHIN	\$5,619,569	\$2,351,212	(\$3,268,357)	-58%
HARRISBURG CITY SD	DAUPHIN	\$52,434,948	\$91,845,811	\$39,410,863	75%
LOWER DAUPHIN SD	DAUPHIN	\$9,688,927	\$5,970,014	(\$3,718,913)	-38%
MIDDLETOWN AREA SD	DAUPHIN	\$8,144,235	\$8,141,439	(\$2,796)	0%
MILLERSBURG AREA SD	DAUPHIN	\$4,036,236	\$1,861,455	(\$2,174,781)	-54%
STEELTON-HIGHSPIRE SD	DAUPHIN	\$8,438,782	\$9,140,080	\$701,298	8%
SUSQUEHANNA TOWNSHIP SD	DAUPHIN	\$3,921,355	\$5,530,338	\$1,608,983	41%
UPPER DAUPHIN AREA SD	DAUPHIN	\$5,924,749	\$4,582,650	(\$1,342,099)	-23%