

Commonwealth of Pennsylvania The State Board of Education Costing-Out Study

The General Assembly passed and Governor Rendell signed Act 114 in July 2006, directing the State Board of Education to provide for a comprehensive, statewide, costing-out study to determine the basic cost per student necessary to provide all students with a quality education that allows them to meet state academic standards and assessments.

The study will also evaluate both the adequacy and equity of existing educational funding to determine if financial resources are being distributed in a way to provide all children – regardless of socioeconomic status or geographic location – with an equal opportunity to succeed in school and to meet state academic performance requirements. The study will identify other possible areas of funding necessary to meet the needs of schools and students facing challenges such as poverty, limited English proficiency, and disabilities, as well as issues affecting rural and urban school populations.

Following a review of proposals submitted in response to an RFP, the Board in December selected Augenblick, Palaich and Associates Inc. (APA), a private, school finance consulting firm, to conduct the costing-out study and awarded the firm a \$644,127 contract. The company has performed school finance studies in Connecticut, Delaware, Colorado, Missouri, Kansas, Maryland, and several other states, as well as in Allentown.

A preliminary report is due in May, with the final report scheduled to be delivered in November.

The study was undertaken both to determine the spending level necessary to assure all students can achieve the state's standards and to address the issue of equity. During the 2004-05 school year, school district expenditures per student statewide averaged \$10,850, but from district to district average spending varied significantly from a low of \$7,929 to a high of \$20,221 per student.

Act 114 requires that multiple methods be used to arrive at the appropriate per pupil funding level. APA will use four:

- Successful school district approach (determination of a base cost from current spending by successful districts)
- Professional judgment approach (determination of the resources identified as necessary by panels of Pennsylvania educators, with adjustments for district size and special needs students)
- Evidence-based approach (academic research and responses to it by Pennsylvania educators and other citizens)
- Cost function approach (statistical analysis of spending and performance data)

The professional judgment panels will involve about 80 Pennsylvania educators, and the evidence-based approach will involve another 100 educators, school board members, and business people. In addition, the consultants will be meeting with about 120 parents, board members, and business people in more open-ended discussions this spring.

The State Board has insisted on two fundamental principles:

- The study must be independent of Board member influence or political interests
- The study must be as transparent as possible, consistent with the consultants' need to conduct rigorous, independent research; information about the study will continue to be available on the State Board's website at

http://www.pde.state.pa.us/stateboard_ed/site/default.asp

The study is taking place with oversight by a special committee of the State Board.

Costing-Out Committee

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