

Testimony for BEFC Hearing

Amanda Hetrick, Superintendent of Forest Area School District

September 30, 2014

Good Morning. My name is Amanda Hetrick and I am beginning my third year as Superintendent of the Forest Area School District. I have been invited to speak to you this morning about the importance of a fair and equitable funding formula for the schools of Pennsylvania. I have spent 25 years working in education with 17 of those years being in an administrative capacity. All of my experience has been in rural Pennsylvania school districts in Crawford, Warren and Forest Counties. My grandfather was born in Neilltown in Forest County, so I consider myself to be vested both personally and professionally in the success of the Forest Area Schools.

Forest Area School District is comprised of all of Forest County and small portions of Venango and Elk Counties and is considered part of the Appalachian Region. The district is just over 500 square miles with a student population of approximately 475. The Allegheny National Forest, which occupies 50% of our district's area, divides our attendance area right down the center and creates significant transportation and communication issues. It is only within the past ten years that we have had reliable Internet at our schools and many of our students' homes have only dial-up access or no access at all. Forest County has around 7,000 residents with about 2,000 of those being inmates of the state prison located in Marienville. Our population swells in the summer months and during the hunting and fishing seasons since over 75 % of our dwellings are seasonal residences.

We serve our students in two PreK-12 school buildings located almost 30 miles apart. Our student demographics reflect 21% special education, 5% homeless, 62% economically disadvantaged, 22% census poor and 29% in child poverty. The median income of our families is \$36,000 per year as compared to a state average of \$51,000 per year. The Forest County per capita income is \$14,325 ranking us 67 of the 67 counties in the state.

Despite these challenges, we have one of the highest graduation rates in the state and we had a class of third graders who all ranked proficient in reading and advanced in mathematics this year. I could tell you many more wonderful things to illustrate that our results demonstrate that we are good financial stewards of public money. However, unless fair and adequate funding is provided for our district, we will be financially distressed within two years.

We have an annual expenditure budget of \$11,608,501. Federal revenues represent 7% of our total budget. Last year we raised \$6,190,798 through our local tax effort. We raised local taxes to the maximum index allowed under PA state law and received a referendum exception due to the increase in pension costs. We are not permitted by Act 1 to raise taxes any more, nor could

our local population bear that burden since they are now supporting 55% of our district budget despite the fact that according to the USDA 2012 statistics, Forest County is more poverty stricken than any other county except Philadelphia.

For Forest Area School District, the three primary budgetary drivers have been pensions, charter and cyber-charter schools and health care. Of these pensions and charters fall under state control.

Charter schools and cyber charter schools have a significant impact on our bottom line. I understand that in theory the money should follow the child since we are losing the expense of educating that child, but in reality, because there are 1-3 students at each grade level whose parents choose an alternative to Forest Area School District, we can't eliminate a teacher or a bus route, so our expenses stay the same and \$600,000 per year leaves the district. In addition, we must transport most of those children to their charter school which in some cases amounts to 90 miles per day round trip.

For the past two years, our pension increases have been \$171,203 and \$153,910. Act 1 has limited us to no more than a two mil increase. Two mils of taxes raises about \$148,000 in our district which has not been enough money either year to even pay our pension increase.

As you know, our state revenue including Basic Education Funding and other reimbursements are largely determined by an aid ratio formula. The current formula for aid ratio does not work well for Forest Area School District since our market value is very high while the personal income is very low in Forest County. Since the market value is more heavily weighted than the personal income it exacerbates the problem even further. While bordering districts have calculated ratios of .5 or greater, Forest Area School District has a .2 ratio for market value.

Transportation reimbursements are one category that is based upon market value. Each day, our buses and vans travel 2,669 miles to transport students to and from school. Students ride the bus an average of 45 minutes to 1.5 hours each way. Some of our students are putting in a ten hour day from the time they leave home in the morning until they arrive at home in the afternoon. Transportation costs are 12% of our total district budget for which we receive about 50% in reimbursements paid on our total costs of loaded miles. We cannot afford to lose transportation reimbursements, so they must be considered in the funding process.

We have been cutting programs and using fund balance to break even the past several years. Our calculations show that if nothing is done Forest Area School District will be bankrupt by the end of the 2016-2017 school year. I know that we are not alone in this situation, so I would strongly advocate for a predictable, reliable and sustainable funding solution to be found sooner rather than later.

This solution cannot be based solely on enrollment since declining enrollment is a common problem for rural schools and the hold harmless funding situation which has existed for a number of years has enabled most of us to succeed financially to this point. The formulas which seem to me to be the most fair are similar to that adopted by Florida which allots a base amount per student and then includes weights for vocational students, special education students, and English language learners. To that, I would add a poverty factor as well since I believe that would serve our neediest students no matter where they reside. Mandate relief, reinstatement of charter school reimbursements, and some resolution to the pension situation would also help significantly. I am happy to participate in the process of creating solutions, because I know that we need to maintain a strong system of public education in Pennsylvania.

Commission members, we seek your support today on behalf of our schools and communities. Please act on behalf of your stakeholders in rural PA and develop a means to fund schools equitably recognizing the challenges of rural schools as well as those of our urban counterparts. I appreciate the efforts you make for us in Harrisburg and am very grateful for the opportunity to address you today.

Attachments:

Market Value Aid Ratios for Forest County and Nearby Regions

Assessing Adequacy in Education: A Summary of Key Findings from Pennsylvania and Philadelphia (pp. 4-8)

Florida Education Finance Program (pp. 24-25)

Funding, Formulas and Fairness: What Pennsylvania Can Learn from Other States Funding Formulas (pp. 4-9)