

# Funding Basic Education in Pennsylvania

## A Status Report

### Winter 2011

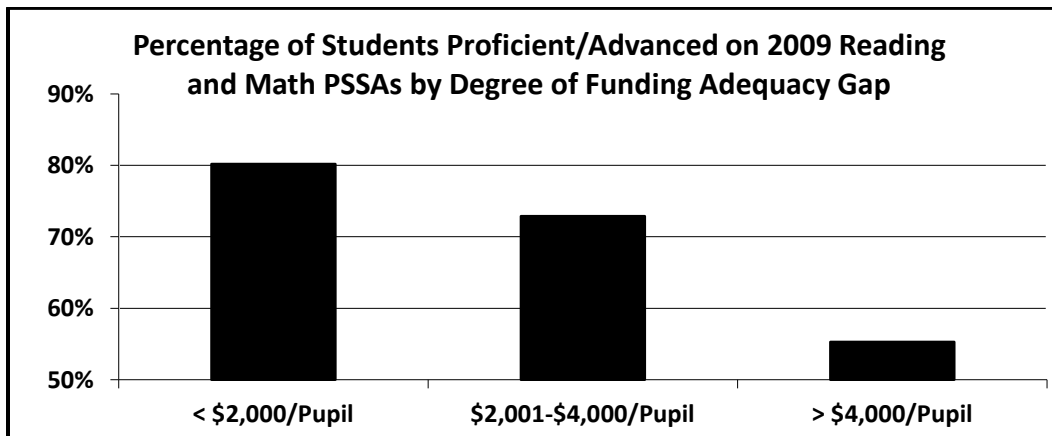
#### Education Investments are Paying Off

Pennsylvania students have received historic investments in their education over the past seven years, and the investments are showing real results. Our students have recently been recognized nationally for their improvement in reading and math at all grade levels since 2002 (*Center on Education Policy, August 2009*). Between 2003-04 and 2009-10, Pennsylvania students made great strides on the state’s reading and math PSSA tests (*Pennsylvania Department of Education, 2010*):

Subject Tested	Advanced/Proficient		Basic/Below Basic	
	2003-04 Statewide PSSA Results	2009-10 Statewide PSSA Results	2003-04 Statewide PSSA Results	2009-10 Statewide PSSA Results
Mathematics	57.6%	76.3%	42.4%	23.7%
Reading	65.6%	72.0%	34.6%	28.0%

#### More Progress Must be Made

But a quarter of our students have not yet reached state and national proficiency standards. In July of 2006, the General Assembly ordered a study of whether Pennsylvania’s school funding system was adequate and equitable. That study concluded that 94 percent of the state’s school districts lacked the financial resources to assure opportunities for all their students to achieve the state’s increasingly rigorous academic standards, and 92 percent of all public school students attended those schools (*APA Report to the State Board of Education, December 2007*). Districts with the smallest gaps between what they spend per pupil and the “adequacy amount” needed for all students to achieve state standards come closest to meeting their academic targets. Those with the largest “adequacy gaps” have the largest percentages of students below grade level.



Money pays for a quality curriculum and the books and materials that support it. It pays for high quality teachers and reasonable class sizes. It pays for guidance counselors who help students prepare for their futures by understanding their options and selecting the right courses. It pays for the unique needs of certain groups of students, including those with disabilities, those who are learning English, those who are gifted, and those impacted by poverty. It pays for professional development to improve the skills of current teachers and administrators. It pays for modern educational technology that helps students learn and helps prepare them

for college and the 21<sup>st</sup> century workplace. If we want our students to be successful in a competitive world, we must give them the best educational supports and tools that will enable their success.

For the past two years, the state has reduced its own support for K-12 education but has used temporary federal stimulus funds to help schools continue making progress. These federal funds are about to expire. Our students are poised to continue their progress, but they need support from our state's leaders to do so.

What follows is a brief discussion of the history of Pennsylvania school finance and where we stand today.

### **Our Historic School Funding Problem**

**B**etween 1991 and 2008 Pennsylvania did not have a functional school finance formula to distribute state funds to school districts either adequately or equitably. Hundreds of school districts lacked sufficient funding to provide all students with a quality education, and the state's public school funding system did not distribute money to schools on an efficient or predictable basis. Members of the General Assembly who voted on budgets during that time had no objective way of knowing which districts had adequate resources and which ones did not. Further, Pennsylvania's school districts were, and continue to be, highly dependent on the local wealth of their communities to support students' academic achievement due to insufficient state funding. As a result, children in low and moderate wealth districts have fewer opportunities and resources, despite the fact that many of these districts tax their residents heavily. This over-reliance on local property taxes creates inequities for both students and taxpayers across the Commonwealth.

Most states pay a larger percentage of overall public education costs than Pennsylvania. On average, other states contribute 48 percent of total education funding, but Pennsylvania contributes only 36 percent. This low state share means that Pennsylvania's local school districts must pay 57 percent of all public education costs, compared to the national average of 44 percent. As a result, Pennsylvania ranks 4<sup>th</sup> among the 50 states in our dependency on local taxes to support public education (*U.S. Bureau of the Census, 2010*). Fully 44% of all school revenues come from local property taxes in Pennsylvania, compared with just 28% nationally; the difference equates to \$4 billion in additional local taxes in Pennsylvania paid by property owners every year. This heavy reliance on the local tax base also causes huge inequities for students; current expenditures per pupil in Pennsylvania range from \$8,029 to \$20,253; the difference equates to almost \$306,000 per year in a classroom of 25 students.

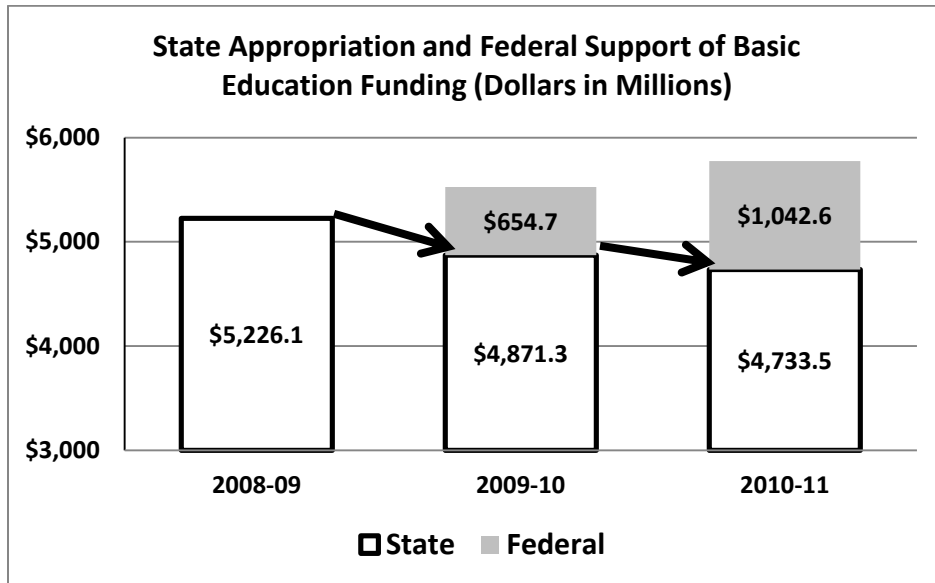
### **Plan for a Solution**

**I**n July 2006, the General Assembly called for an independent statewide Costing-Out Study to determine the resources needed to help all students achieve the state's academic standards. That study, completed in December 2007, concluded that Pennsylvania was under-funding K-12 education by more than \$4 billion and that the system then in place relied too heavily on local property taxes (*APA Report to the State Board of Education, December 2007*). In response to the study, the Commonwealth took historic action aimed at fixing the problems of the state's ineffective and unfair school finance system by establishing a rational basic education funding formula based on the Costing-Out Study and making a significant investment in that formula for 2008-09.

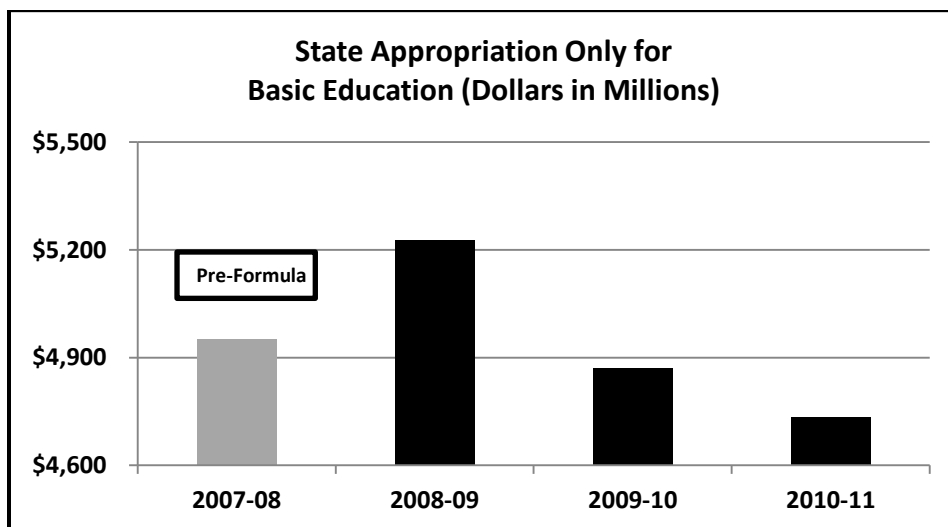
Legislation enacting the new funding system – Act 61 of 2008 – established a plan for the state to review and meet state adequacy funding targets by 2013-14. That plan would increase the state share of public education funding by about \$2.6 billion between 2008-09 and 2013-14. In 2009 and 2010, the General Assembly continued to use the formula to distribute funds to districts and used federal economic stimulus money to provide increased funding.

**Current Status of School Finance**

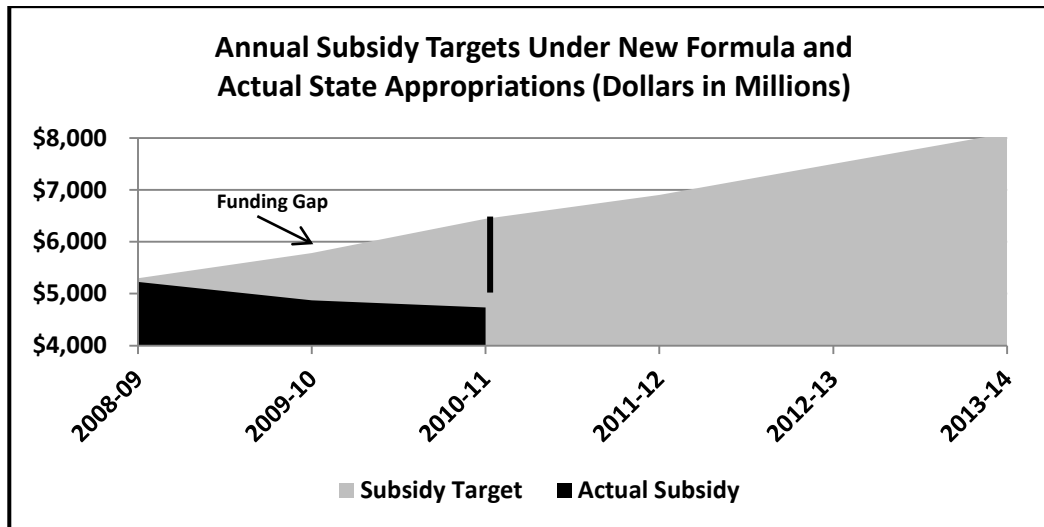
Federal stimulus funds and federal education jobs funds that were designated for use by states to support their school funding formulas in 2009-10 and 2010-11 have allowed Pennsylvania to provide overall increases to the schools – and thus support the continued improvement in student achievement. Governor Corbett has asked the General Assembly to appropriate the \$387.8 million in education jobs funds, but the legislature has not yet acted on that request; the chart below assumes the Governor’s request will be approved. All these federal funds will expire in June 2011.



State funds appropriated to support the school funding formula actually are lower than they were three years ago – before the formula was enacted – the first such reduction in state history. (These calculations include rescissions made by Governors Rendell (August 2010) and Corbett (January 2011).) Since 2007-08, the state contribution to basic education funding has decreased by \$217 million or 4.4 percent. Since the first year of the formula (2008-09), it has decreased by 9.4 percent. During that same two-year period, the Act 1 index (the inflation rate recognized by the Commonwealth for the cost of providing education) increased 7.1 percent, while local school district revenues were flat or declining as a result of the national recession.



When the General Assembly adopted the new school funding formula in 2008, it included a six-year plan to increase state funding \$2.6 billion by 2013-14. So far, there has actually been a net decrease of \$217 million. In the third year of formula implementation, state appropriations lag behind the six-year implementation schedule by \$1.709 billion.



### Conclusion

All children in Pennsylvania deserve a quality education, regardless of the community in which they live. As a result of the new formula and temporary federal funding support, thousands of Pennsylvania’s children are benefiting from programs aimed at increasing student achievement – the key to ensuring Pennsylvania’s future economic success. Districts are spending the new state money on reforms that research shows will achieve results for students – if those reforms are sustained. These include:

- Tutoring and increased instructional time for over 560,000 students.
- Advanced courses and more rigorous programs for almost 407,000 students.
- Pre-K, full-day kindergarten, and smaller class sizes in the early grades for over 24,000 students.

To ensure every student has a fair opportunity to succeed, schools need adequate resources. We look to the General Assembly and the Governor to get Pennsylvania back on track to fair, equitable, and adequate funding of public schools in every community of the Commonwealth.

*Prepared by the Pennsylvania School Funding Campaign, an unprecedented coalition of more than 30 statewide and regional education and advocacy organizations representing hundreds of thousands of parents, students, educators, school board members, administrators, and other concerned citizens advocating for adequate and equitable funding of Pennsylvania’s public schools. For additional information, please go to [www.paschoolfunding.org](http://www.paschoolfunding.org) or contact The Education Policy and Leadership Center (EPLC) at 717-260-9900.*

February 2011