



EPLC Policy Forum Comments on the 2013-14 State Budget Proposal

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Executive Director
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EPLC Policy Forum



BASIC EDUCATION FUNDING (BEF)

- The Quick
- \$90 Million Increase
- 1.7%
- This is the single largest PDE line item and the largest state subsidy to school districts. It has trailed significantly behind inflation and 2/3rds of the 500 school districts have a 5% or less total increase in the last five years 2007-08 to current year.



Special Education Funding (SEF)

- The Quick
- Flat funded again.
- Fifth year in a row.
- The Dirty
- Special education is the most mandate driven program for schools escalating costs.
- Special Ed instructional costs have grown at 8.6% per year from 2001-02 to 2010-11.
- All districts will actually loose .5% of current year SEF to provide additional contingency funding.



Accountability Block Grants

- The Quick
- Flat funded again.
- The Dirty
- 64% reduction from the recent appropriation of \$275,000 in 2007-08



School Construction Reimbursement

- The Quick
- Flat funded
- The Dirty
- The state has reneged on its funding obligation to schools with building projects.
- 160+ completed projects with debt service obligations and no state assistance.

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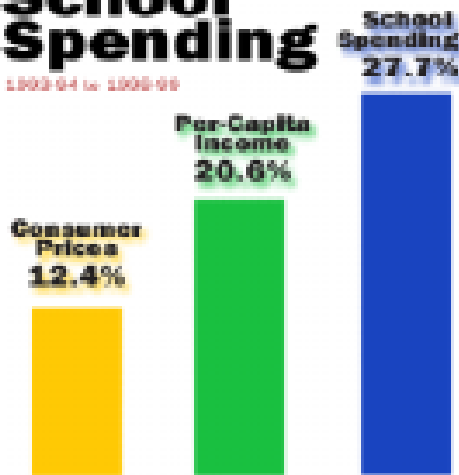
Developed by the
Pennsylvania Economy
League

In association with:

- PA School Boards Association
- Penn State University
College of Education
- PA Association of School
Business Officials
- PA Association of School
Administrators

Growth of School Spending

1993-94 to 1998-99



Consumer Price Index (CPI) rose 12.4 percent and per capita personal income in Pennsylvania rose by 20.6 percent. The accompanying chart contrasts the percentage increases of these three measures of spending.

¹ http://www.pdeinfo.state.pa.us/depart_edu/site/default.asp

⁴ <http://www.pde.state.pa.us/charter.html>

² <http://www.pde.psu.edu/>

⁶ All figures are provided by PDE for fiscal year 1998-1999 unless otherwise noted.

Finances

Figure 1 Growth of school spending

Public education in Pennsylvania requires significant financial resources. Local school districts spend about \$15 billion each year to educate the Commonwealth's 1.8 million public school pupils. These funds are used to pay teachers and other employees, buy books, heat school buildings, transport children, and carry out various other responsibilities. And costs are rising, going up by \$3.2 billion or 27.7 percent between the 1993-94 and 1998-99 school years.⁶ During the same period the rate of inflation as measured by the



Basic Education Funding

CPI Inflation Calculator

\$

in

Has the same buying power as:

in

[About this calculator](#)
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- If the 2008-09 BEF kept pace with inflation the 2012-13 line item would be \$5,573,744,630. This year's BEF is \$5,393,502,431 or a shortfall of about \$180 million.



Special Education Funding (SEF)

CPI Inflation Calculator

\$

in

Has the same buying power as:

in

[About this calculator](#)

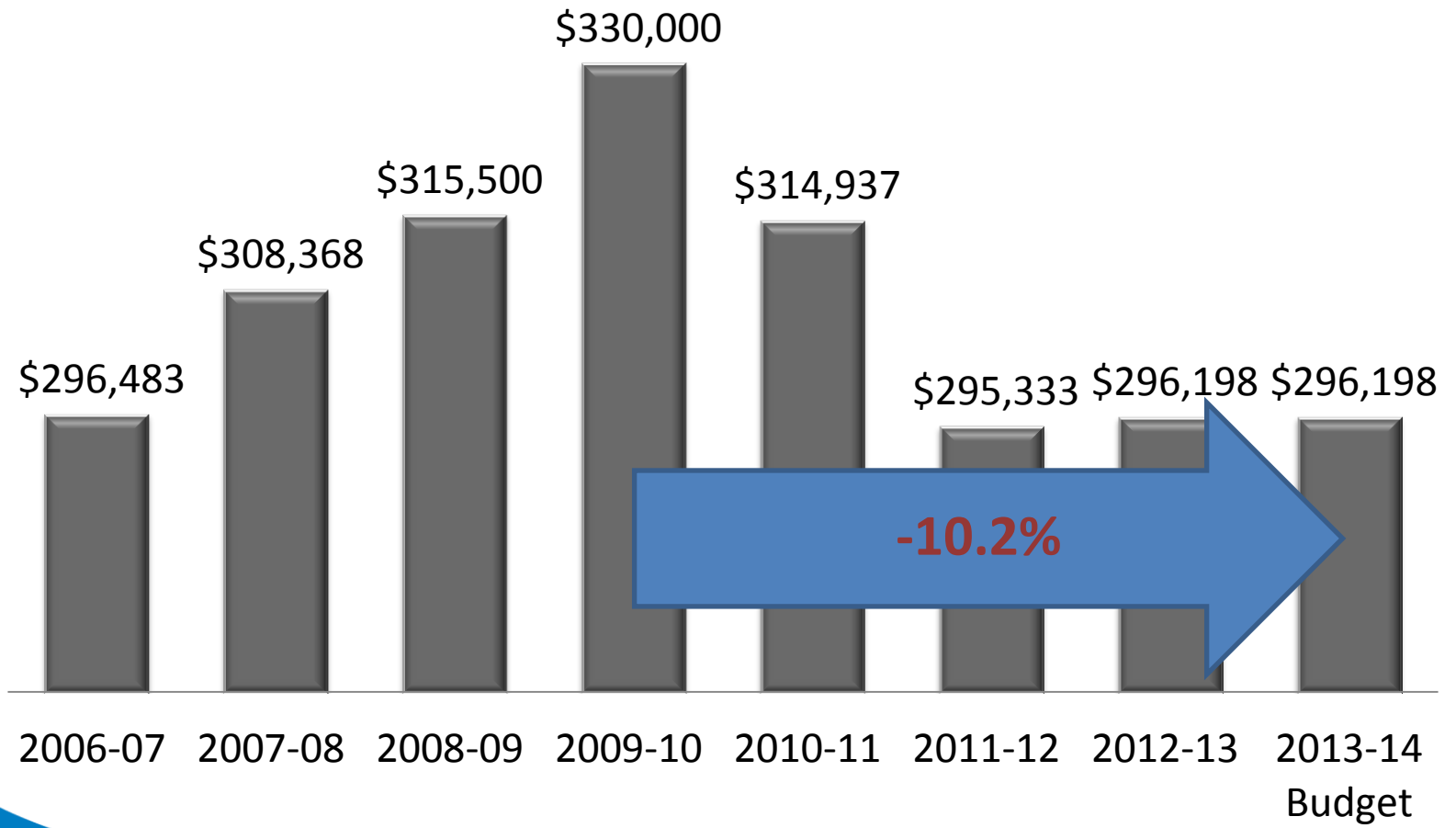
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- If the SEF appropriation in 2008-09 of \$947 million had kept pace with inflation the line item would be more than \$1 billion. The 2012-13 line item is \$63 million below inflation.



Authority Rentals and Sinking Fund Requirements (PlanCon)

(amounts in thousands)



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Local Revenues Down

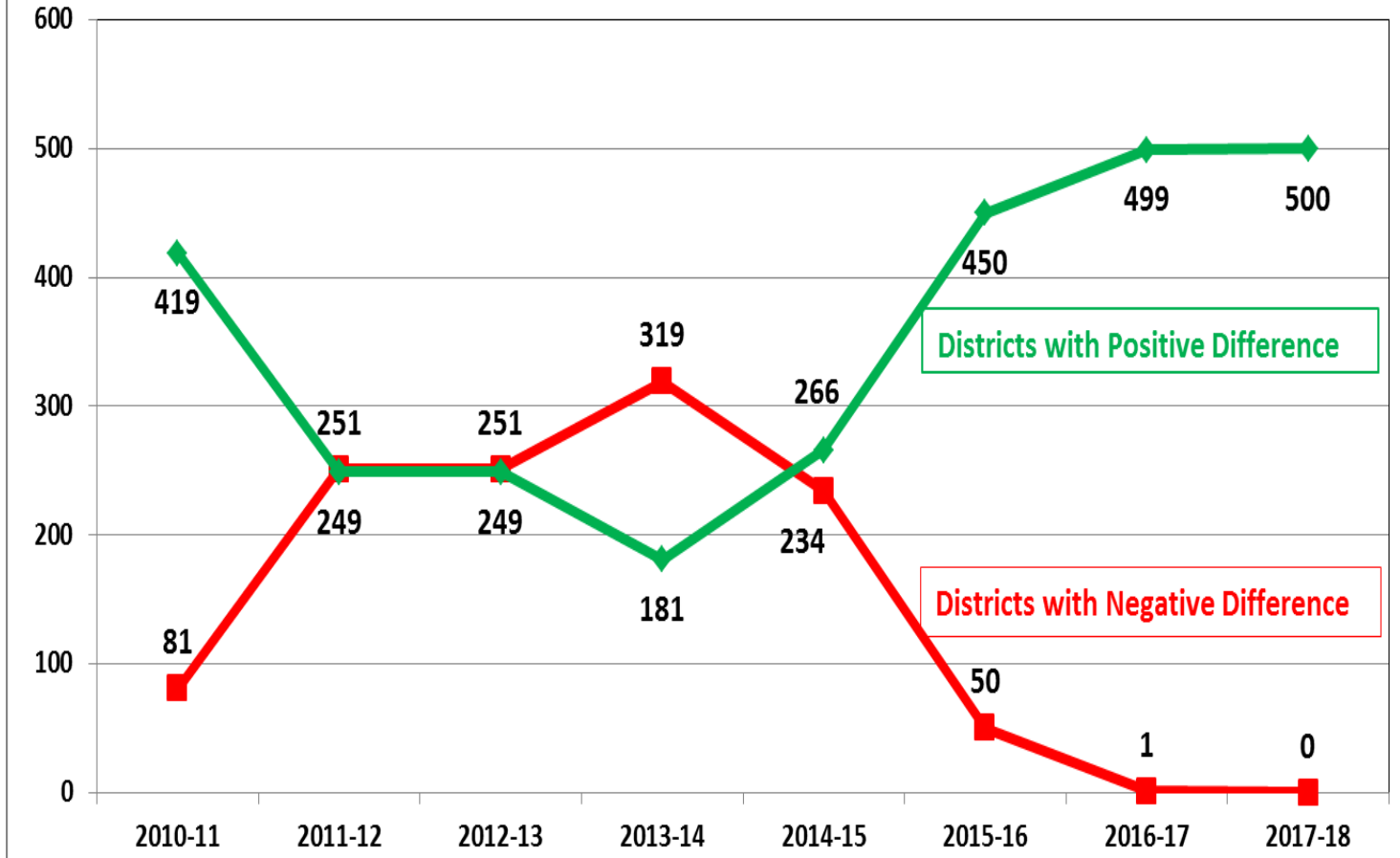
	2006-07	2010-11	Change
Realty Transfer Tax	\$252,959,384	\$141,063,808	-44.23%
All Other Taxes	\$316,591,682	\$324,669,874	2.55%
Interest Earnings	\$352,819,959	\$37,414,533	-89.40%
Delinquent Taxes	\$543,801,389	\$605,505,719	11.35%
Earned Income Tax	\$1,027,397,069	\$1,125,028,357	9.50%
Real Estate Tax	\$10,014,529,839	\$11,158,272,835	11.42%
Total Local Revenue	\$13,126,776,975	\$14,154,890,449	7.83%

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Annual Number of Districts Not Able to Fund PSERS Increase with Maximum Act 1 Increase





PENSION REFORM ESTIMATED SAVINGS USING PSERS 12/2012 SALARY PROJECTIONS

Year ending June	Estimated Payroll (thousands)	Current PSERS Rates	Current Total Employer Contributions (thousands)	Proposed PSERS Rates	Proposed Total Employer Contributions (thousands)	Savings (thousands)
2013	14,297,000	12.36	1,767,109	12.36	1,767,109	0
2014	13,720,000	16.93	2,322,796	14.68	2,014,096	308,700
2015	14,081,432	21.31	3,000,753	17.43	2,454,394	546,359
2016	14,451,877	25.80	3,728,584	20.68	2,988,648	739,936
2017	14,856,092	28.30	4,204,274	24.43	3,629,343	574,931



Reduction in Force

Year	Total School Employees in PA	Change from Previous Yr.	% Change
2008	274,776	2,576	0.95%
2009	278,574	3,798	1.38%
2010	279,856	1,282	0.46%
2011	269,318	(10,538)	-3.77%

Source: U.S. Department of Labor, Bureau of Labor Statistics
 Quarterly Census of Employment and Wages
 Series Id: ENU42000103611110
 State: Pennsylvania
 Area: Pennsylvania -- Statewide
 Industry: NAICS 611110 Elementary and Secondary Schools

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What Happens Now?

- More program and personnel cuts
- More districts utilize fund balance if they still have it
- More districts head towards financial distress