

**THE DEBATE
ABOUT 2013-2014
EDUCATION FUNDING IN
PENNSYLVANIA**

Presented by Ronald Cowell
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The Education Policy and Leadership Center

□ EPLC Mission

The Mission of EPLC is to encourage and support the development and implementation of effective state-level education policies in order to improve student learning in grades P-12, increase the effective operation of schools, and enhance educational opportunities for citizens of all ages.

□ EPLC Strategies

- **Strategy #1 - Information**

Link relevant and reliable research and other information to state-level education policymakers and others and provide assistance with policy analysis and policy development.

- **Strategy #2 – Leadership**

Develop awareness and capacity among policymakers, educators, parents and community leaders to serve as advocates and champions for significant education policy issues.

- **Strategy #3 – Public Advocacy**

Promote a public climate that expects and holds policymakers accountable to advocate, adopt and implement effective policies that advance significant education goals.

PUBLIC K-12 SPENDING

CURRENT EXPENDITURES PER STUDENT - 2009-10

	2009-10		1991-92	
	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>
	<u>Per Pupil Amounts for Current Spending</u>			
US	\$10,652	---	\$5,001	---
PA	\$12,729	11th	\$6,050	6th

Source: US Census Bureau and USDE – 2012

PUBLIC K-12 SPENDING

CURRENT EXPENDITURES PER STUDENT – 2009-10

Compared to contiguous states, spending in Pennsylvania was below average and ranked 4th in a group of seven states, exceeding Ohio, West Virginia and Delaware, but trailing, Maryland, New Jersey and New York.

Source: US Census Bureau – June 2012

STATE/LOCAL SHARES

for Elementary/Secondary Public Education Revenue

	<u>State Share</u>		<u>Local Share</u>	
	<u>PA</u>	<u>National</u>	<u>PA</u>	<u>National</u>
2009-10	35.8%	(43.5)	53.3%	(43.8)
2008-09	38.7%	(46.7)	54.2%	(43.8)
2007-08	35.8%	(48.3)	56.8%	(43.7)
2006-07	36.2%	(47.6)	56.5%	(43.9)
2005-06	35.0%	(46.6)	57.1%	(44.4)
2004-05	35.6%	(47.0)	56.2%	(43.9)
2003-04	35.9%	(47.1)	56.1%	(43.9)
2002-03	36.7%	(49.0)	55.8%	(42.7)
2001-02	37.4%	(49.4)	55.3%	(42.8)
2000-01	37.3%	(49.9)	56.3%	(43.0)
1999-00	37.9%	(49.8)	55.8%	(43.1)
1998-99	38.3%	(49.5)	55.8%	(43.6)
1997-98	38.7%	(49.0)	55.5%	(44.4)
1996-97	39.2%	(48.8)	55.4%	(44.8)
1995-96	39.8%	(48.1)	54.8%	(45.5)
1994-95	40.0%	(47.5)	54.8%	(46.0)
1993-94	40.1%	(45.9)	54.5%	(47.6)
1992-93	39.9%	(46.4)	54.2%	(47.0)
1991-92	41.0%	(47.3)	53.3%	(46.2)

EPLC - 2013

Source: US Census Bureau – June 2012

STATE/LOCAL SHARES

for Elementary/Secondary Public Education Revenue in 2009-2010

	State Share %	Local Share %
• Pennsylvania	35.8	53.3
• National	43.8	43.5
• Delaware	58.6	29.1
• Maryland	41.5	50.7
• New Jersey	36.4	54.2
• New York	41.0	50.0
• Ohio	44.1	45.1
• West Virginia	55.4	29.0

PA ranked 42nd in nation.

Source: US Census Bureau and USDE – 2012

1% in PA in 2009-2010 = approximately \$260 million

Public K-12 Revenue Per \$1,000 Personal Income

Source: US Census Bureau 2012

	<u>2009-10</u>		<u>1991-92</u>	
	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>
US - Total	\$49.82	---	\$48.87	---
PA - Total	\$52.90	16th	\$49.98	27 th
US Local	\$21.94	---	\$23.25	---
PA Local	\$28.07	8th	\$27.24	13 th
US State	\$21.67	---	\$22.43	---
PA State-	\$18.87	39th	\$20.25	36 th

Differences to 100% come from federal sources.

State Funding Appropriated Per Student

Source: US Census Bureau June 2012

	2009-10		1997-98		1991-92	
	State \$ per pupil	Rank	State \$ per pupil	Rank	State \$ per pupil	Rank
US	5,352	---	3,473	---	2,661	---
PA	5,570	23	3,186	32	2,775	18
DE	8,437	6	5,311	4	4,137	4
MD	6,537	14	3,026	34	2,516	22
NJ	6,615	13	4,196	8	4,060	5
NY	8,568	5	3,855	16	3,290	9
OH	5,982	17	2,999	35	2,228	33
WV	5,953	19	4,485	6	3,603	6

RESULT: 2009-10 Burden on Local Property Taxes

	<u>Total K-12 State- wide Revenues</u>	<u>Local K-12 Property Taxes</u>	<u>% from Prop Taxes</u>
US	\$593,682,531	\$169,448,965	28.54%
PA	\$26,432,628	\$ 11,258,860	42.59%

in 000's

Source: US Census Bureau – 2012

14.04% Difference = \$3.713 billion/year

RESULT: INEQUITY FOR STUDENTS ACROSS PA

Great Inequity for Students Among 500 Districts

In 2008-09, current spending per pupil in Pennsylvania school districts ranged
from \$8,759 (Valley View) **to \$22,484** (Lower Merion)

This means, in an average classroom of 25 students, a
gap of \$343,125 per classroom per year.

**Inequitable and Inadequate Resources in a NCLB and Standards-Based Environment with
Equal Expectations for All Students**

BASIC SUBSIDY PROGRESS

2007-2010

- **Successful completion of the Pennsylvania Costing-Out Study in November 2007.**
- **Major School Funding Proposal made by Governor Rendell in February 2008.**
- **\$275 million Basic Subsidy increase and new formula and statutory language enacted in July 2008.**
- **2009-10 and 2010-2011 State Budgets Continued Implementation of 6-Year Reform Plan with Basic Subsidy increases of \$300 million and \$250 million.**

2009-10 Education Budget

- **First time cut in state funding for Basic Ed Subsidy (\$354 million)**
- **But... \$300 million net increase for Basic Ed Subsidy to school districts**
- **Cuts to other education and education-related line items**
- **Use of \$654 million federal stimulus funds for Basic Ed Subsidy**

2010-11 Education Budget

- **Initially, \$250 million increase in state funding for Basic Ed Subsidy.**
- **With numerous cuts to other education and education-related line items.**
- **With continued use of \$654 million federal stimulus funds for Basic Ed Subsidy.**
- **But... Rendell cut \$50 million in August 2010.**
- **And... Corbett cut \$337 million January 2011, but replaced with \$387 million federal funds.**
- **Dependency on federal \$ grows to \$1.04 billion.**

Pennsylvania's 2011-12 Basic Education Budget

- **State Funding to Districts cut by nearly \$900 million.**
- **Included \$150 million cut to Accountability Block Grants and elimination of \$225 million Reimbursement to Districts for part of Charter School Costs**
- **Largest cuts to poorest districts**
- **More limits on local tax increases.**
- **With Consequences for students (see PASA/PASBO Survey of Districts).**

Pennsylvania's 2012-13 Basic Education Budget

- **No increase in basic subsidy.**
- **No increase for special education.**
- **1.8% increase for career-technical ed.**
- **\$49 million for financially distressed districts.**
- **Districts continue with most of the nearly \$900 million cut from 2010 level maintained.**

Meanwhile:

- **\$300 million increase in school employee retirement system payments by districts.**

2013-2014 Education Budget

Early Education – Small, but important, increases for early intervention, Pre-K Counts, and Head Start Supplemental.

K-12 Basic Subsidy – \$90 Million increase (1.7%), but no recognition of need/obligation to restore nearly \$900 million cut.

K-12 Special Education – Flat funded for 6th year.

Accountability Block Grant – Level funded at \$100 million.

Career Technical – Level funded at \$62 million.

PSERS Pension – Appropriation more than \$100 million less than required by current law. Linked to pension “reform”.

Passport for Learning Block Grant – new \$200 million (*1st year of 4 years is 2014-2015*) based on sale of state liquor stores.

Higher Education – Level funded for all sectors and PHEAA (\$200 million less than in 2010-2011)

Libraries, Adult Literacy – No increase.

\$90 Million for Basic Subsidy

- **A step forward, but districts will still have nearly \$800 million less than Sept. 2010.**
- **Some suggested this increase was contingent on pension reform.**
- **\$96 per ADM x aid ratio.**
- **No consideration of poverty, ESL.**
- **No suggestion of responsibility or commitment to address restoration of massive cut of 2011.**

Special Education Funding

- **Governor proposes no increase (\$1.026 billion).**
- **After flat state funding for 5 years already.**
- **Increased costs total responsibility of districts.**
- **With shift of \$10 million to contingency, all districts will get a slight decrease.**
- **Shift of more than \$1.5 billion annually of responsibility from state to districts since 1991.**

Charter School Reimbursements

- **Not mentioned in Governor's Budget Message.**
- **Paid for by school districts of residence.**
- **Growing expense for school districts - more than \$750 million annual cost to districts.**
- **No district reimbursement from state since 2011 when \$223 million funding was eliminated.**
- **Charters feeling effects of state cuts to districts.**
- **Debate about aligning district payments with charter school costs (pensions, special ed, cybers).**
- **Issues of accountability for student achievement and use of taxpayer funds.**

PSERS PAYMENTS

- **Major increasing cost to state and districts.**
- **Governor has proposed reforms that would affect future new employees, and also affect future pension earnings of current employees.**
- **The PSERS appropriation proposed by Governor is more than \$100 million less than is required by current law.**
- **Questions about legislative approval?**
- **Questions about potential savings in 2013-14?**
- **Questions about what districts can plan to receive from state?**

Passport for Learning Block Grant

- **\$1 billion for education block grant from selling liquor stores.**
- **\$200 million available in first year.**
- **The 1st year for funds is 2014-15, *not* 2013-14.**
- **Questions about Legislative approval.**
- **All grant objectives are activities that can be supported by districts now, if only they hadn't been cut \$900 million per year.**
- **What happens after 4th year of funding (another fiscal cliff)?**

Distressed Districts

- **No mention made in the Budget Message.**
- **Growing list of financially distressed**
- **Is state making problem worse?**
- **What is the breaking point?**

Property Tax Reform

- **No mention in Budget message.**
- **Legislature keeps talking/promising.**
- **Imposed caps on district increases.**
- **Relatively high school property taxes.**
- **County assessment systems part of problem.**
- **But underlying cause is insufficient level of state support to school districts.**

State Support for Higher Education – 2011-2012

Per \$1000 of Personal Income:

National - \$ 6.17

Pennsylvania - \$3.39 – Ranked 46th

(Behind NH, CO, MA, VT)

(DE \$5.67; MD \$5.39; NJ \$4.28; NY \$4.78; OH \$4.63; WV \$8.65)

Per Capita:

National - \$233.03

Pennsylvania - \$143.36 – Ranked 46th

(Behind only NH, AZ, CO, VT)

(DE \$235; MD \$274; NJ \$226; NY \$239; OH \$174; WV \$289)

Cuts in Past Several Years to Education-Related Items

- **K-12 Basic Education and Other Supports**
- **Higher Education**
- **Early Education**
- **State Library**
- **Public Library Subsidy**
- **State Museum**
- **Museum Assistance Grants**
- **Grants to Arts Organizations**
- **Adult Literacy Programs**

□ Impacts of Cuts

- **On Public Education System (P-16)?**
 - **On Equal Opportunities?**
 - **On an Educated Citizenry?**
 - **On an Educated Workforce?**
- **On the well-being of communities and the Commonwealth?**

“I (we) Don’t Have the Money”

- **The argument of some state officials defending cuts.**
- **Nothing inevitable about state funding to districts (cuts or increases).**
- **Policies and Priorities.**
- **While \$900 million was cut in 2011.....**
 - **No Tax Increases pledges**
 - **More than \$700 million surplus**
 - **Failed to tax Marcellus Shale**
 - **Significant cuts for some businesses**

Pennsylvania School Funding Campaign

*An Opportunity to Learn
and Education Justice Campaign*

A Moral Imperative – An Economic Necessity

www.paschoolfunding.org

Contact Information

Ron Cowell
717-260-9900
cowell@eplc.org

The Education Policy and Leadership Center
800 North Third Street, Suite 408
Harrisburg, PA 17102
www.eplc.org

Education Policy Information Clearinghouse
www.eplc.org/clearinghouse.html