



Pennsylvania School Funding

The Good, The Bad & The Ugly



History

- **Constitutional Standard (Article III, Section 14)**
 - "The General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."
- **50 Percent Minimum (1965)**
 - The General Assembly enacted a law requiring the state to pay at least 50 percent of the total cost of public education. State funding did not always meet this requirement. The state's contribution peaked at 55 percent in 1974.
- **Equalized Subsidy for Basic Education (ESBE) (1983)**
 - The General Assembly enacted a new funding formula and also repealed the 50 percent funding guarantee. ESBE was intended to distribute funding based on the average actual cost to educate children, but the average cost was eventually ignored. In addition, the General Assembly started to distribute funding within a fixed range of annual increase. The wealthiest districts were guaranteed a minimum increase (whether they needed it or not) and the poorest districts were capped by a maximum increase (regardless of greater need).

History

➤ Declining State Share (1975 to 2006)

- During this period the state share of total spending fell almost every year, reaching a low of 36 percent in 2006. Only a few states contribute less. Many local school districts raised property taxes to make up the difference, but were still unable to generate enough funding to provide competitive schools. In addition, the use of hold-harmless funding and annual minimum increases acted as a subsidy for some communities to maintain artificially low property taxes.

➤ Costing-Out Funding (2006)

- The General Assembly commissioned a Costing-out Study in 2006. The State Board of Education performed the Study in 2007. The General Assembly incorporated the results of the Study into a new state funding system in 2008. The costing-out formula was in use up until the 2011-12 budget. Due to the budget cuts in 2011-12, the formula had little impact on the actual distribution or level of state funding.

History

➤ Property Tax Reform (2004)

- The General Assembly adopted Act 72 in 2004 and Act 1 in 2006, authorizing gambling in Pennsylvania and directing some of the resulting revenue for property tax rebates to eligible property owners. These laws do nothing to reduce property tax levels or to change the education funding system, but instead provide cash rebates to senior citizens and other eligible property owners.

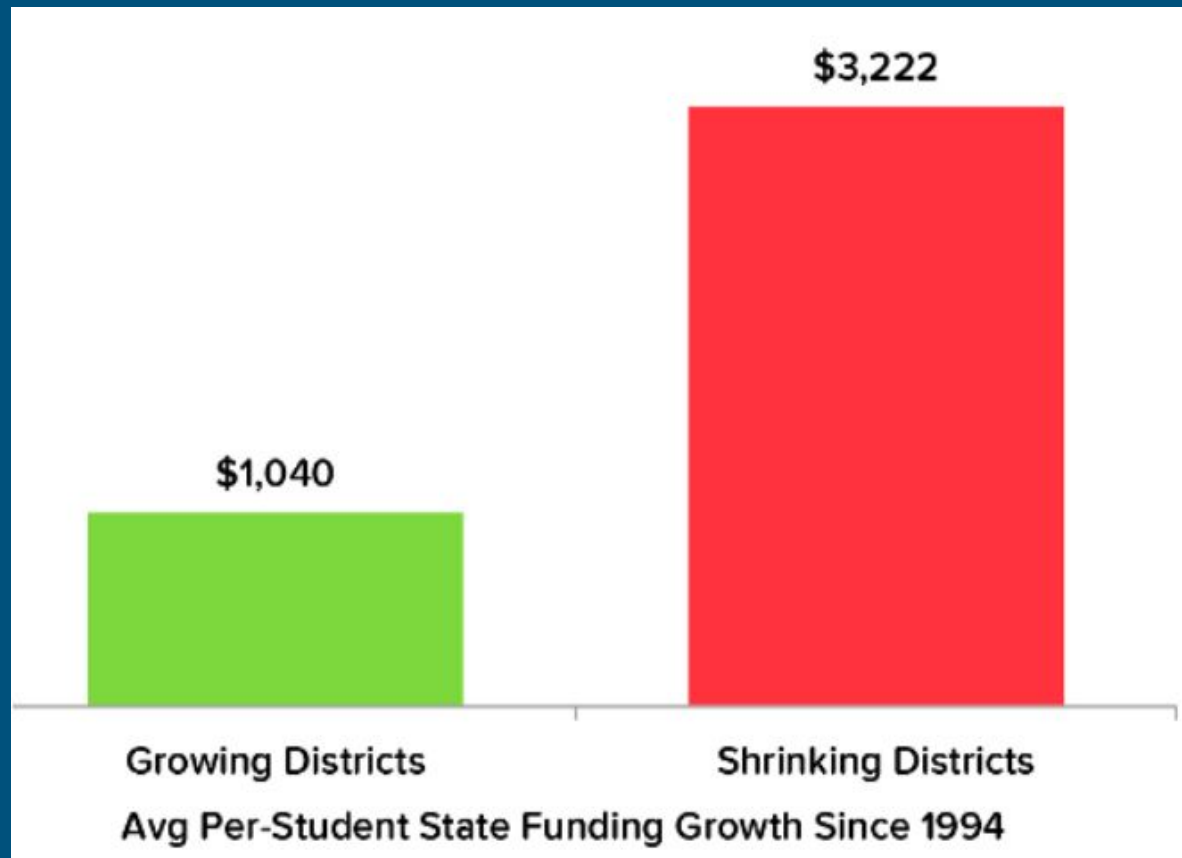
➤ Fair Funding Formula (2016)

- Adopted by the Legislature the formula added new weights to certain district student populations, taking into account factors like poverty and percentage of English Language Learners, to guide the distribution of a portion of state education funding. But the formula, developed by the state legislature's Basic Education Funding Commission, only recommended how funding should be distributed, not how much funding is needed to ensure adequacy. Funding based off of 2014-15 baseline levels.

Hold Harmless

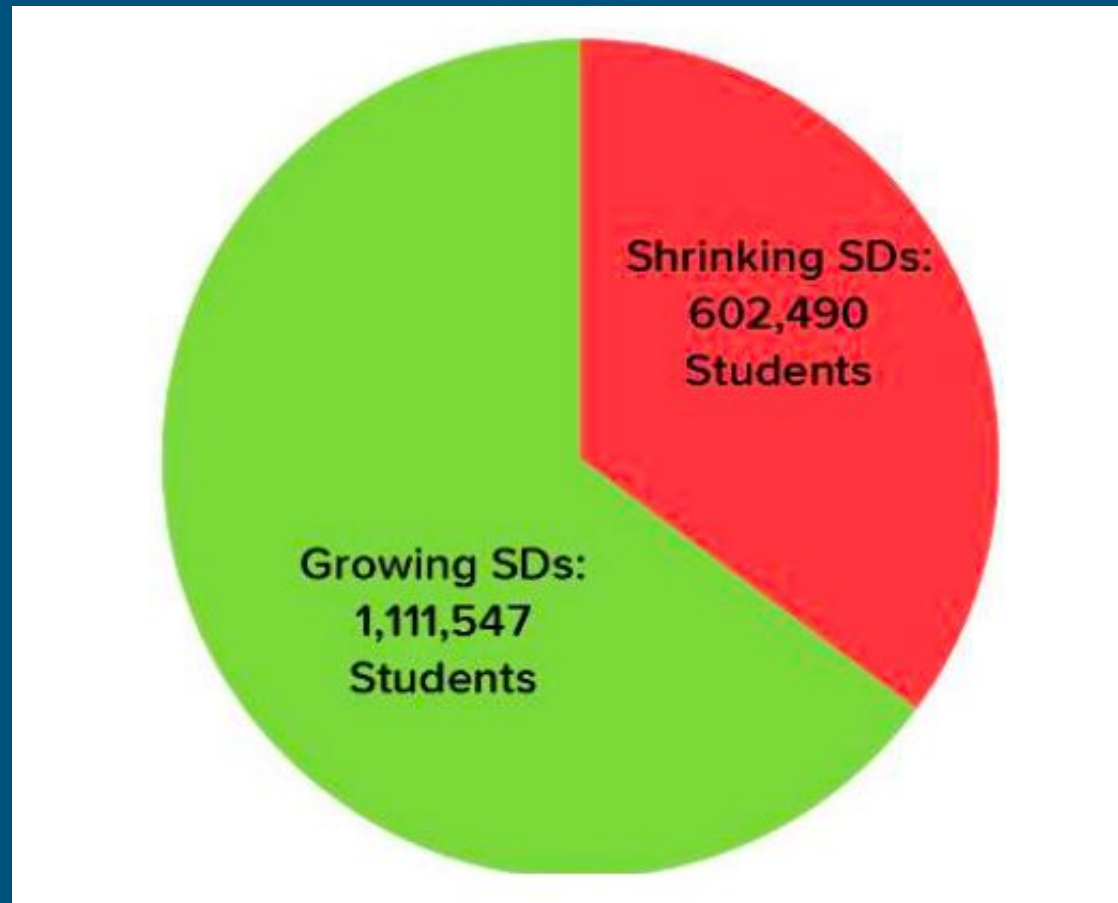
- In 1990 the state of Pennsylvania adopted a funding mechanism to ensure that no school district would receive less funding than it had the previous year. The mechanism, known as “hold harmless” was intended to prevent school districts with declining populations from falling into economic collapse.
- The school districts with declining enrollment have benefitted from the funding distortions caused by hold harmless. These districts have lost a total of 167,000 students since 1991-92 – a fifth of their student body – but they haven’t lost any money, instead receiving increased funding each year. They now have \$590 million tied to students they no longer educate.

Per-Student State Funding Grew 3x More at Shrinking Districts



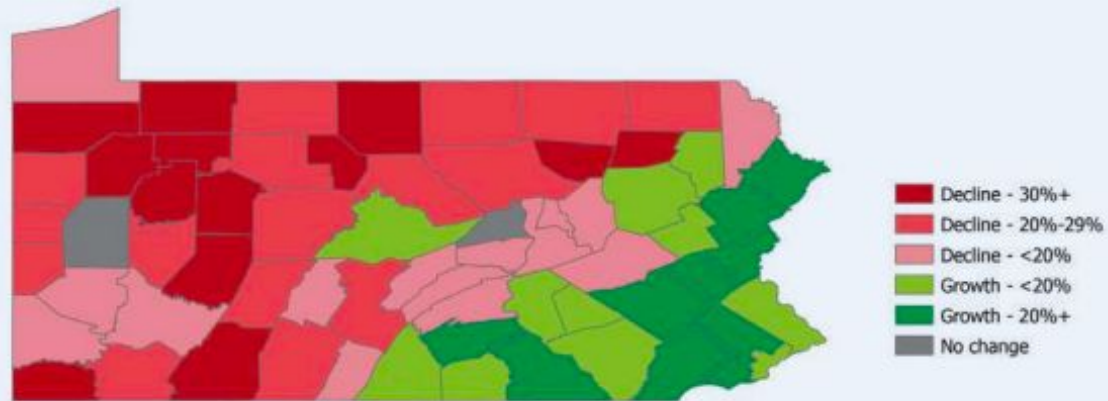
Source: PCCY Hold Harmless Report 2020

Over 60% of Pennsylvania students attend a growing school district.

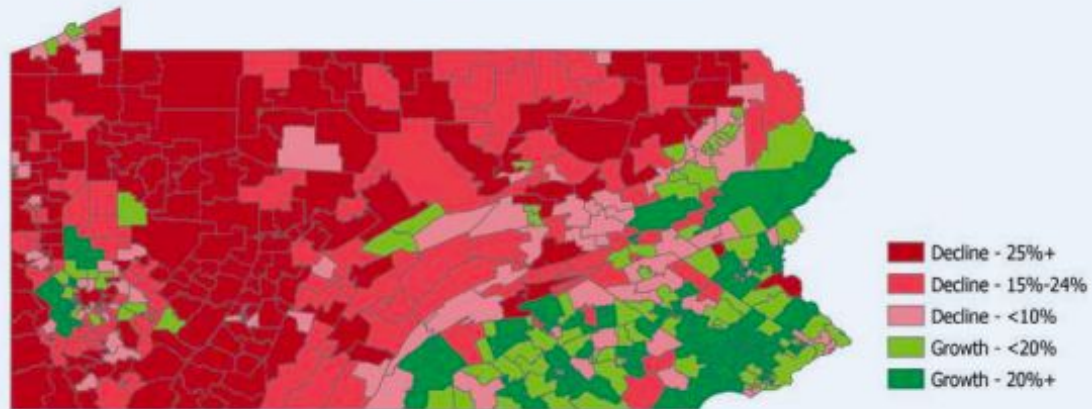


Source: PCCY Hold Harmless Report 2020

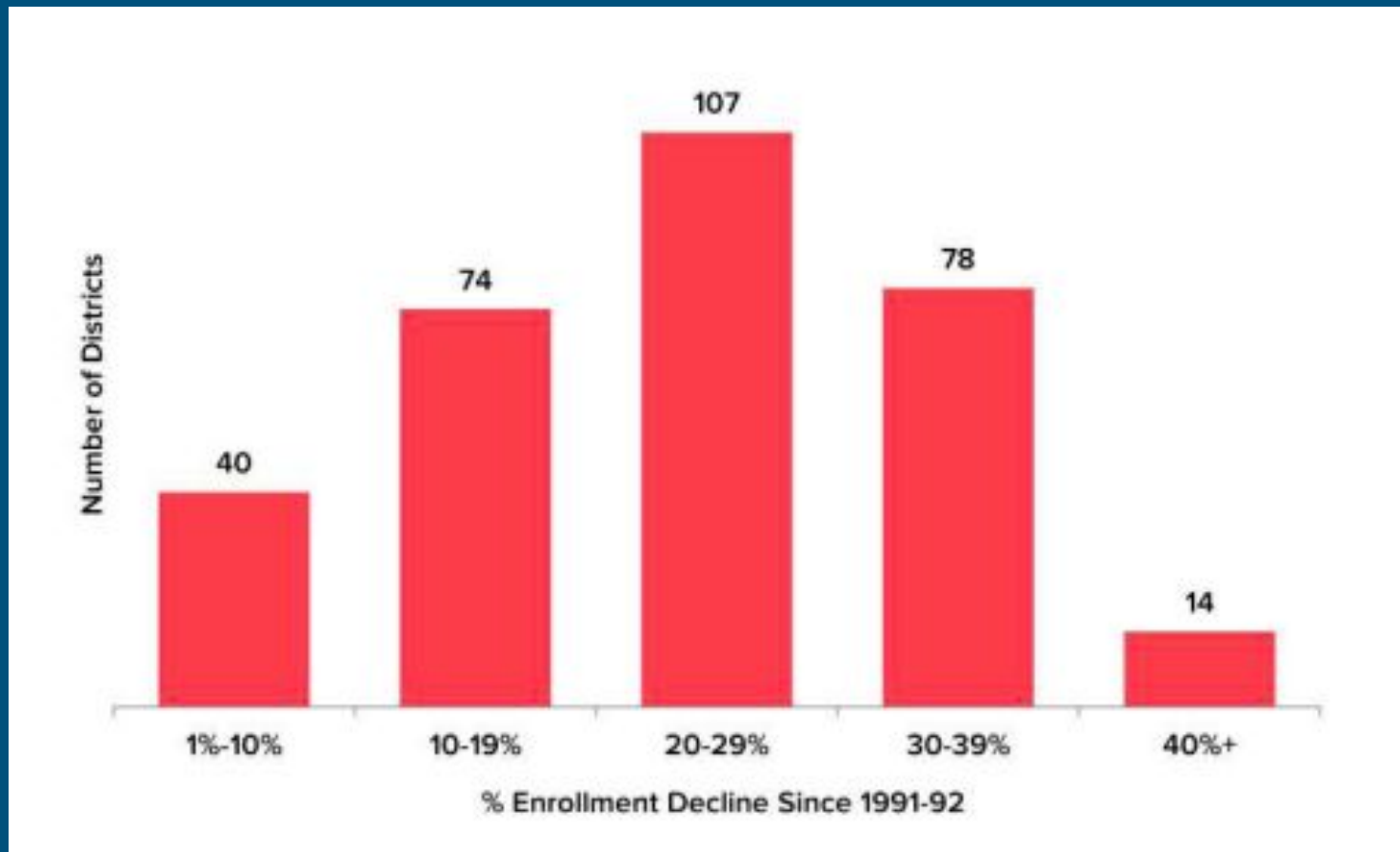
Map 1: Public School Enrollment Change in Pennsylvania by County, 1991-92 to 2018-19



Map 2: Enrollment Change at Pennsylvania School Districts, 1991-92 to 2018-19

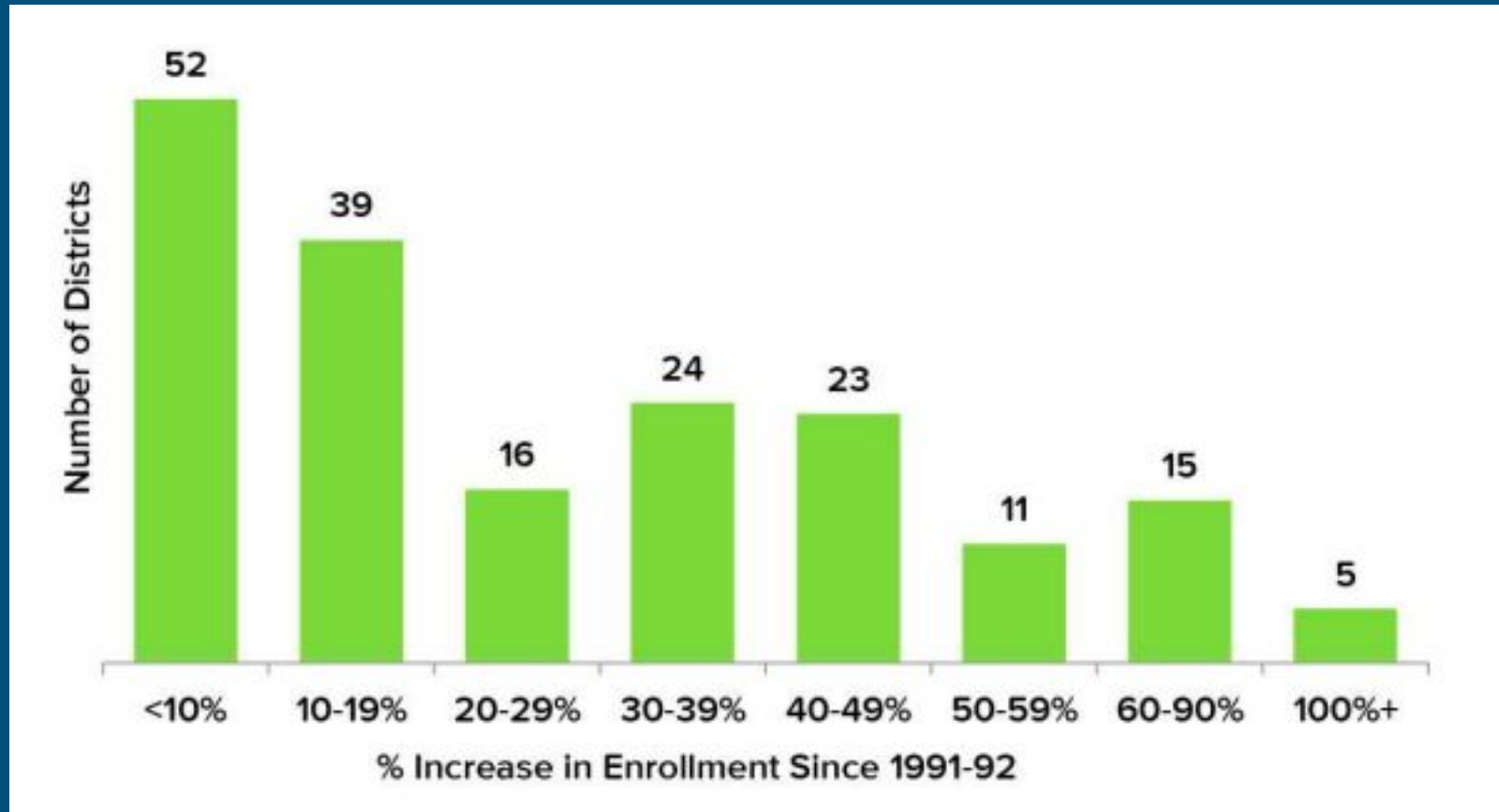


199 School Districts Lost a Fifth or More of Their Students



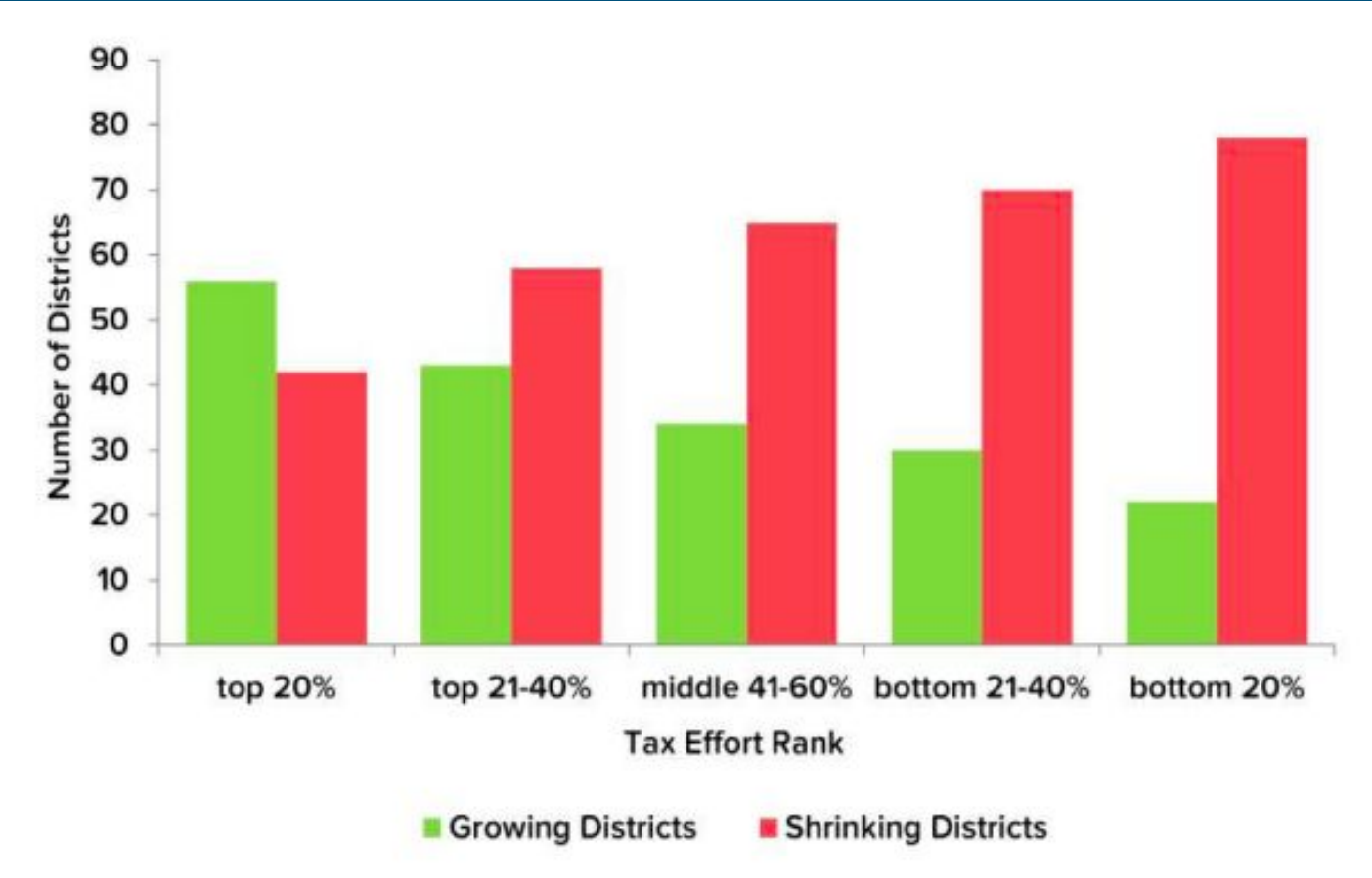
Source: PCCY Hold Harmless Report 2020

185 Districts Grew by 204,000 Students



Source: PCCY Hold Harmless Report 2020

Growing Districts Have Higher School Taxes



Source: PCCY Hold Harmless Report 2020

Today

- Pennsylvania ranks 45th in the nation for its share of education funding. That means 429 of its 500 school districts – serving 1.4 million students – do not receive their fair share of state education funding.
- However, Pennsylvania K-12 schools rank 10th in spending and in funding.
- This year, 75% of local school districts intended to raise property taxes to fill the gap from a diminished state share.
- Districts that can afford to raise taxes have done so to supplement the gap in state funding.
- What about the rest...?

How bad is it?

- Pa districts are underfunded by \$4.6 billion — and those in the poorest school districts, who have fallen the furthest behind, are owed the most.
- Underfunding (per student):
 - Reading - \$8,500
 - Allentown - \$5,300
 - Whitehall - \$4,800
 - Easton - \$2,800
 - Northampton \$1,600

Solutions

➤ Equity Advocates

- Run all money through the formula now.
 - Helps approx. 120 of the 500 school districts in PA.
- Stop fighting over scraps.

➤ Governor's Plan (2021)

- Increase funding to \$6.4 billion (currently \$6.2B) and run through the formula, while also spending \$1.15 billion more to ensure no school district loses funding.
- New money would come from raising the state's personal income tax rate, which currently is 3.07%, to 4.49%.

➤ Level Up PA

- Create a separate fund (\$100 million to start) that will go to the 100 most underfunded districts.



LEVEL UP 100 THE 100 DISTRICTS

The **100 identified districts** include rural, suburban, and urban districts in every region. While this list includes **20% of Pennsylvania's school districts**, those districts serve:

65% of Pennsylvania's Black students

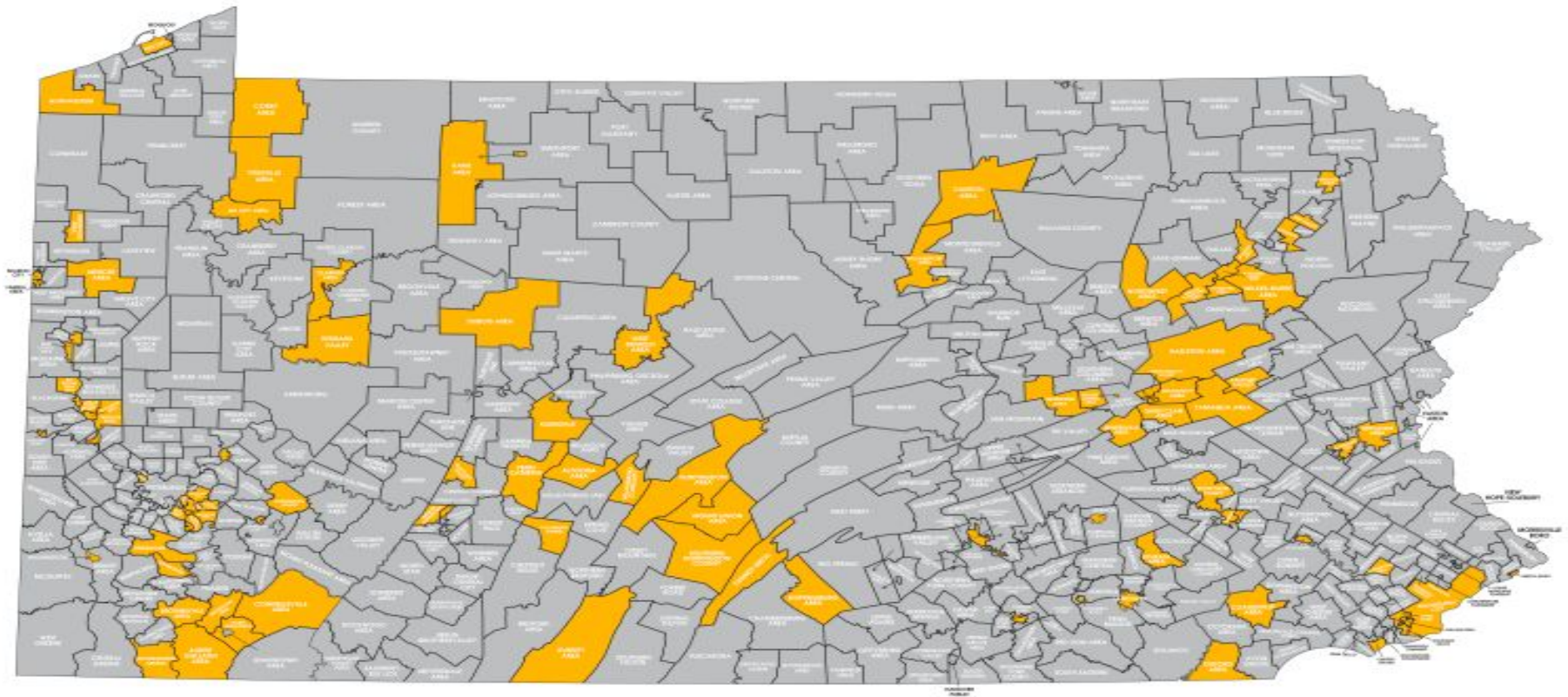
58% of Pennsylvania's Latinx students

58% of Pennsylvania's students in poverty

64% of Pennsylvania's English learners

35% of Pennsylvania's students with disabilities

32% of Pennsylvania's total student population



Fair Funding Lawsuit

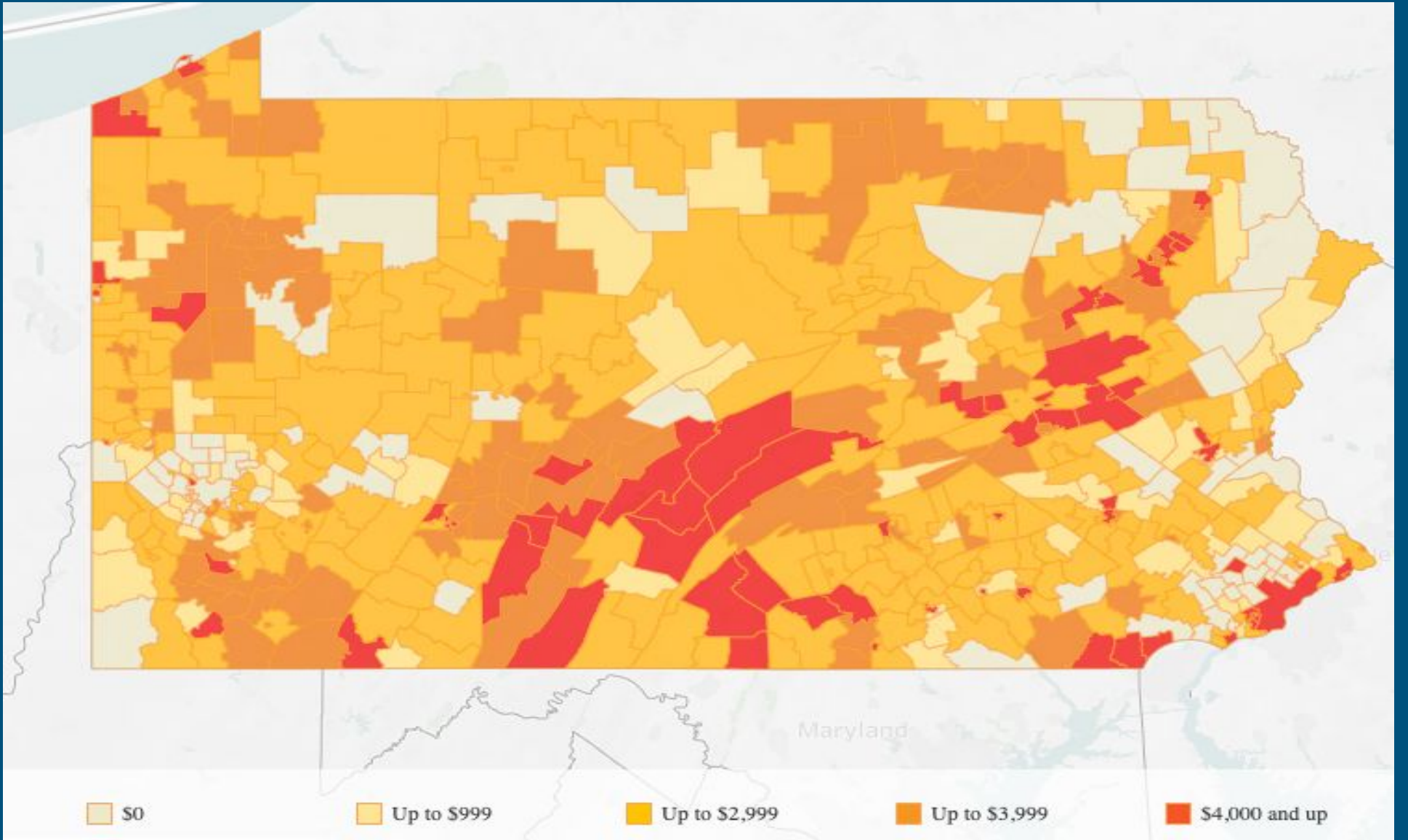
- Filed in 2014 on behalf of:
 - William Penn School District, the School District of Lancaster, Panther Valley School District, Greater Johnstown School District, Shenandoah Valley School District, and Wilkes-Barre Area School District.
 - The Pennsylvania Association of Rural and Small Schools
 - The NAACP Pennsylvania State Conference
 - Families whose children attend under-funded and under-resourced schools in the Philadelphia, William Penn, Greater Johnstown, and Wilkes-Barre school districts.
- Filed by The Public Interest Law Center, the Education Law Center of Pennsylvania, and O'Melveny
- Scheduled for trial November 12, 2021

Fair Funding Lawsuit

- Who is being sued?
 - Leaders of the House and Senate
 - Secretary of Education
 - Department of Education
 - State Board of Education
 - Governor

Fair Funding Lawsuit

- What are the legal claims?
 - The state has a legal obligation under the PA Constitution to “provide for the maintenance and support of a thorough and efficient system of public education” for all students. A “thorough and efficient” public education is one that is adequately supported, comprehensive, and effective so that all of Pennsylvania’s children have the opportunity to meet state academic standards.
 - The state has set academic standards that define what is required for a “thorough and efficient” public education, but it has failed to maintain and support the system with enough funding to ensure that every school district has the essential resources for students to meet those standards.
 - Second, the current method of funding has resulted in significant resource disparities that discriminate against students living in districts with low property values and incomes. This irrational funding disparity violates the Equal Protection provisions in our state constitution because children in low-wealth districts are being denied the opportunity to receive an adequate education, while their peers in high-wealth districts are receiving a high-quality education.



Fair Funding Lawsuit

- What does a win in court look like?
 - Declare that the current system of funding our schools does not comply with the state constitution
 - Order the defendants to cease using a funding system that does not provide adequate funding for all students and which discriminates against low-wealth districts
 - Order the defendants to create and maintain a constitutional school funding system that will enable all students to meet state academic standards and does not discriminate against low-wealth school districts.



- Since 2011 (Budget cuts)
 - Increase of \$61million or 45% in instructional costs for the district.
 - Increase of \$18million or 75% in Special Education costs.
 - Increase of over \$24million or 200% in Charter School tuition.
- Since 2014-15 Fiscal Year
 - \$6.1million increase in state funding
 - \$13million increase in PSERS contributions



- 71% of school funding provided by local taxpayers.
- BASD rank 52nd in terms of local tax effort out of 500 school districts (#1 being the highest).
- \$43 MILLION - The increase in state funding for BASD if it were fully funded by the state each year.
- The average BASD student is shortchanged \$2,709 ANNUALLY.
- \$16,000 - Approximate current spending per student in BASD.
- 228 - BASD rank in current spending out of 500 school districts (#1 being the highest).

Resources

- PA Schools Work <https://paschoolswork.org/>
- Fund Our Schools PA <https://www.fundourschoolspa.org/>
- Children First (PCCY) <https://www.childrenfirstpa.org/>
- Education Law Center <https://www.elc-pa.org/>
- Public Interest Law Center
<https://www.pubintl.org/practice-area/public-education/>
- Education Voters <https://edvoterspa.org/>
- Pennsylvanians for Fair Funding <https://pafairfunding.org/>
- mfaccinnetto@basdschools.org

Pennsylvania School Funding

any questions?

