

Pennsylvania School Funding Campaign

Successful Schools...Successful Children...Successful Communities

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Questions and Answers

- **What is the problem with how public schools are funded in Pennsylvania today?**

Since 1991 Pennsylvania has not had a functional school finance formula that distributes state funds either adequately or equitably. Hundreds of school districts do not have enough funding to provide all students with a quality education. Pennsylvania's current public school funding system does not distribute money to schools on an efficient or predictable basis.

Pennsylvania's funding of its schools is highly dependent on the local wealth of each school district. As a result, children in low and moderately wealthy districts have fewer opportunities and resources, despite the fact that many of these districts tax themselves heavily. Available resources among Pennsylvania's poorest and wealthiest school districts vary from \$7,000 to \$17,000 per student per year. This over-reliance on local taxes due to insufficient state funding for public education creates inequities for both students and taxpayers across the Commonwealth.

- **What do you need to do to fix it?**

Pennsylvania needs a fully-funded school funding formula that is adequate, equitable, efficient, accountable and predictable.

The 2007 Costing-Out Study commissioned by the Pennsylvania General Assembly identified what it costs to fund education for every child in Pennsylvania to achieve the state's academic standards. The study found that Pennsylvania is under-funding basic education by more than \$4 billion (or short-changing, on average, each student by more than \$2,400) and that our current system relies too heavily on local taxes to fund education.

Governor Rendell has proposed a 6-year plan to implement a formula that increases the state share of education funding and is based largely on the Costing-Out Study. He has proposed a sizable first-year down payment of \$291 million for the FY2008-2009 state budget.

As part of the 2008-2009 state budget the General Assembly needs to enact legislation to fix funding based on a long-term formula aligned with adequacy, equity, efficiency, accountability and predictability.

- **How will this impact children’s learning opportunities?**

Money matters. It 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 21st century workplace.

On average, the highest test scores in Pennsylvania come from schools spending the most. In 2005-06, the 50 Pennsylvania school districts with the highest overall PSSA passing rates spent an average of nearly \$2,000 *more* per student than the statewide average. The overall PSSA passing rate in these high-spending districts is 86.2 percent, compared to 51.3 percent in the 50 lowest performing districts.

- **What is the Legislative Costing-Out Study and is it valid?**

The Costing-Out Study was authorized by the Pennsylvania General Assembly under Act 114 of 2006. Act 114 directed the State Board of Education to retain a contractor to conduct “a comprehensive statewide costing out study to arrive at a determination of the basic cost per pupil to provide an education that will permit a student to meet the State’s academic standards and assessments.”

The contractor was also to consider whether the resources spent in Pennsylvania on public schools are distributed in such a way that all children have an equal opportunity to succeed in school.

After a competitive bidding process, Augenblick, Palaich & Associates (APA) was awarded the contract in December 2006. APA, founded in 1983, has conducted similar studies for 20 states.

Act 114 required the use of multiple methods to develop a single costing-out finding. APA used three methods in the study to drive the adequacy and equity models:

- a Professional Judgment Approach that relied on the expertise of Pennsylvania educators;
- a Successful Schools Approach that examined spending in high-performing districts; and

- an Evidence-Based Approach that included a literature review of effective educational practices.

APA's report presents an amalgamation of these three methods. The study found that Pennsylvania is under-funding basic education by more than \$4 billion and that the current system relies too heavily on local taxes.

- **Where will Pennsylvania find \$4 billion new dollars to support public education? Won't this just mean large tax increases?**

No one is seeking an additional \$4 billion in one year. We are asking for a commitment to a funding formula and appropriations that will increase as the formula is phased-in over the next six years to a fully-funded formula that is equitable, adequate, efficient, accountable and predictable.

State budgets are about priorities and there is no more important priority for Pennsylvania and its economic well-being than the education of its children, the foundation of our future. Pennsylvania's ability to produce tax revenue in the next generation of adults depends on its education of this vulnerable population today. Investing in public education reaps rewards today and in the future.

- **Is a tax increase necessary to fund the Governor's proposal?**

The Governor's proposal calls for the state to increase its share by \$2.6 billion over six years. The first year investment he has proposed to begin implementing the new formula based on the Costing-Out Study requires no tax increases. The state estimates that revenue growth will allow the six-year goal of the proposal to be met without tax increases.

In addition, it is important that legislators and the Governor ensure there are sufficient state resources for ongoing investments in our children's education and therefore act cautiously when considering proposals that would reduce state revenues.

- **The Governor suggests we should move ahead with his proposal in response to the Legislative Costing-Out Study and fully fund the proposal in 6 years – doesn't this tie the hands of the next governor? Is that fair?**

Making a long-term commitment to solving a long-term problem is a rational approach. At the end of the day, it will take legislative action to solve this funding problem. All new governors begin their administrations with prior laws, rules and regulations in place and it's their responsibility to work within the system and historical precedents provided.

- **How does Pennsylvania's school funding system compare with other states?**

Most states pay a larger percentage of overall public education costs than Pennsylvania. On average, other states contribute 47 percent of total education funding, but in 2006, Pennsylvania contributed only 36 percent. This low state share means that Pennsylvania local school districts must pay 55 percent of all public education costs, compared to the national average of 44 percent. (*National Center for Education Statistics*)

- **Pennsylvania is a state with many diverse needs, why should we invest so heavily in public education?**

Pennsylvania currently under invests in education when compared with our neighboring states. (*National Center for Education Statistics, U.S. Bureau of the Census*) The present and future economic prosperity of PA depends on an educated and skilled workforce. Quality schools help communities enjoy a stronger workforce, more stable employment, less poverty, improved public health, lower crime rates and robust civic participation.

There is no greater investment than the education of our children.

- **What would you tell senior citizens or childless adults are the reasons to increase education spending? Why shouldn't we focus our resources on issues that concern them more like health care?**

Pennsylvania's future prosperity depends on how well our children perform in school today and their ability to become contributing members of society tomorrow. Future tax revenues to support government funded programs such as health care for seniors and other individuals requires a productive workforce.

High school dropouts earn \$9,634 less per year than high school graduates, less than half as much as 2-year college graduates, and less than one-third as much as 4-year college graduates. The additional lifetime earnings of all dropouts from a given high school graduating class (if they merely graduated from high school) would be \$328.9 billion in the U.S. and \$9.2 billion in Pennsylvania. (*U.S. Bureau of the Census, Alliance for Excellent Education*)

Each high school dropout contributes about \$60,000 less in taxes over a lifetime than a high school graduate. (*Rouse, 2005*)

Public schools are a public good. Because they do not simply enrich their direct recipients, American public schools are supported by taxes that all of us pay. Each generation helps pay to educate the next and is supported later in life by the wealth the next generation creates.

- **Public education has received \$2.4 billion of increased funding for the past six years. Is more money really the answer?**

During the last several years, a large percentage of resources to support public education has been driven towards targeted research-based strategies such as pre-kindergarten and full-day K which have clearly resulted in improved student achievement. And most districts have shown improvements in student test scores, although more needs to be done to bring all students to high levels of achievement. The Costing-Out Study gives us the foundation we need to understand what gaps persist in education financing and what resources are needed to close the gap to ensure all children are supported from kindergarten through 12th grade and have a high-quality academic experience.

- **What about school districts that are already spending above their adequacy levels and not reaching proficiency? What is the problem in those districts?**

The reality is that some districts use their resources more effectively than others with similar challenges, and some get better results than others from the same level of spending. This does not mean that money is irrelevant, but in a state with 501 districts some variation is to be expected. Those districts with high levels of spending and low student achievement obviously require assistance beyond money alone, which is why the Campaign supports additional accountability measures for those districts not achieving Adequate Yearly Progress (AYP).

- **Aren't there districts in Pennsylvania spending less than their adequacy target in the Costing-Out Study yet still reaching proficiency standards?**

Yes there are, but none of those districts has 100 percent of its students meeting proficiency standards which state regulations require by the year 2014. These districts will still need to close the gap identified by the Costing-Out Study to ensure proficiency for all students, and any educator can tell you that getting the last 15 or 10 percent to proficiency will be the highest hurdle of all.

- **Wouldn't it be more effective to look at how school districts are utilizing current dollars, rather than putting more money into the system?**

That's exactly what the Costing-Out Study did by convening expert panels and reviewing the research on what works. By examining the demographics of each school district, the Costing-Out Study gave us the roadmap to equity and adequacy. While an adequate investment of public resources is essential, wise utilization of these resources is equally important.

- **How should districts be held accountable for use of new funds?**

Districts that are meeting proficiency targets should be given the freedom to continue to direct the use of new resources in their districts. Those failing to meet AYP should appropriately be guided and supported by the Pennsylvania Department of Education in making the best use of additional resources.

- **Aren't Pennsylvania teachers very highly paid? Do we really need to pay them so much?**

The single most important ingredient in a child's education is the quality of the classroom teacher and, accordingly, appropriate compensation is a cornerstone of ensuring the best and brightest adults choose to teach and remain in our classrooms.

In addition, Pennsylvania teacher salaries have actually decreased over the past 10 years and a recent report by the Economic Policy Institute found that Pennsylvania teachers' weekly wages are significantly lower than other Pennsylvania college graduates (18% less).

- **How does the Governor's proposal deal with local property taxes?**

The Governor's basic education proposal is coupled with legislation previously enacted that will result in property tax relief from gaming revenue.

- **Won't this proposal just be a tax shift?**

The state will provide some additional resources through the proposed increase in basic education funding and some gaming revenue to reduce school district reliance on local property taxes. As the increase in state subsidy is phased in, it will provide increasing opportunities for local property tax reduction in order to reduce the inequity to taxpayers highlighted in the Costing-Out Study. The study found that some of the poorest districts are taxing themselves the most in order to provide even a minimum education because of the shortfall in state support. It is good public policy to shift some of the burden of supporting public schools from the local property tax to broader-based state revenue sources in order to increase equity.

- **Under the Governor's proposal, 101 districts get only a 1.5% increase next year. But it is likely, based on historical precedent, that most districts developed preliminary budgets in December that assumed at least a 2% increase. How should we deal with this?**

The Pennsylvania legislature should take action to move the base increase to every school district to 2 percent.

- **The Costing-Out Study included weights for students with disabilities, gifted students, low-income students, and English-language learners. The Governor's proposal does not include students with disabilities or gifted students. Shouldn't it?**

Yes. The cost of special education is a serious and important investment and a significant driver in local education expenditures. This spring as we pass a statute for a new funding formula, the General Assembly should provide for a dialogue about how best to serve students with disabilities and how best to fund special education programs and services. It is our goal that this dialogue takes place over the next several months so that its conclusions can be incorporated into state funding decisions for 2009-2010.

- **The Governor's proposal is supposed to increase the state share for districts making an especially high tax effort, but it seems to lower the state share for the 75 percent of districts not making the highest tax effort instead. Is that fair?**

The state share of public education for each district should be based on the district's wealth. Rewarding districts that have made especially high tax efforts to fund public education can be accomplished through the phase-in of a new formula without diminishing the state's share of funding for other school districts.