

Pennsylvania School Funding Campaign

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

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Pennsylvania School Funding Campaign Frequently Asked Questions

- **Until 2008, why was Pennsylvania’s public school funding system universally criticized as one of the worst in the country?**

Between 1991 and 2008 Pennsylvania did not have a functional school finance formula that distributed state funds to school districts either adequately or equitably. Hundreds of school districts lacked enough 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 moderately wealthy 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.

- **Why did Pennsylvania change its public school funding system in 2008?**

In December 2007, an independent statewide Costing-Out Study was completed. The study 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. In response to the study, the Commonwealth took historic action toward fixing the problems of the state’s ineffective and unfair school finance system by establishing a rational school funding formula based on the Costing-Out Study and making a significant investment in the basic education subsidy.

Legislation enacting the new funding formula – Act 61 of 2008 – established a plan for the state to review and meet state adequacy funding targets by 2013-14. That plan will increase the state share of public education funding by \$2.6 billion between 2008-09 and 2013-14.

In 2009, the General Assembly continued to use the formula to distribute funds to districts and used federal economic stimulus money to provide increased funding in 2009-10.

- **What is the 2007 Costing-Out Study?**

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.” In other words, the General Assembly asked the State Board of Education to find out how much it costs for each student in every district in the Commonwealth to be successful.

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.

- **What involvement did the General Assembly have in the Costing-Out Study?**

First, the legislature required through Act 114 that the study be conducted, and the bill specified what the study should consider. Second, the State Board prepared a request for proposals (RFP) to conduct the study, and legislative leaders of both parties approved the RFP. After a competitive bidding process, Augenblick, Palaich & Associates (APA) was awarded the contract in December 2006. APA, founded in 1983, has worked in all 50 states and conducted similar studies for 20 states. Third, throughout the months that the study was being conducted, State Board staff met with and briefed legislative leaders and staff.

- **How is the funding formula and increased funding for basic education helping children?**

As a result of the historic investment made by the state in 2008, thousands of Pennsylvania’s children are benefiting from programs aimed at increasing student achievement – the key to ensuring Pennsylvania’s future economic success.

Every school district that received a funding increase above the annual inflation index (4.4% for 2008-09 and 4.1% for 2009-10) was required to spend that additional money on specific measures proven to increase student achievement. Statewide the numbers of students helped by the new dollars in the first two years are impressive:

- 560,000 students receiving tutoring or other programs to extend classroom time.
- 407,000 students in new courses such as foreign language and advanced math and having the most up-to-date curriculum and hands-on learning tools for science and other classes.
- Over 24,000 additional children in pre-kindergarten or full-day kindergarten or in smaller classes.

- **Why should we increase funding for public education when the Commonwealth is facing a deficit?**

Maintaining the Commonwealth's commitment to school funding and the formula is important for several reasons. First, as we finally emerge from the recession, we need to ensure that our future workforce is adequately prepared to meet the challenges of a 21st century economy, so we can help stimulate the economic growth of Pennsylvania in the years to come. Postponing today's investments in public education will reduce our economic potential in the future. A sustained, multi-year commitment to improve the state resources available to school districts must therefore be a priority even in the most difficult economic times.

Second, school districts are suffering as a result of the bad economy and increased costs beyond their control. In many districts, tax collections have been in decline for the past two years. As districts work on their 2010-11 budgets, many are being forced to cut programs or raise taxes or both. Districts are planning to lay off teachers and other staff, increase class sizes, close schools, cut programs, and charge students fees to participate in activities in an effort to minimize local tax increases.

Third, the General Assembly has the constitutional responsibility to provide a thorough and efficient system of education to meet the needs of the Commonwealth. This responsibility is not something that can be put on hold. Both the state and school districts have a responsibility to ensure that schools have the resources they need for students to succeed. It is vital that the General Assembly maintain its commitment to a fair, adequate, and predictable school funding formula.

- **Didn't public education receive a large increase in state funds last year?**

Actually, the 2009-10 state budget reduced state funds for the basic education subsidy to school districts by \$354 million and used \$654 million in federal stimulus funds to cover that cut and give districts an additional \$300 million. What the Governor has proposed for 2010-11 is to use an additional \$354 million in state funds to bring the state funding level back to the 2008-09 amount and to use the rest of the two-year federal stimulus to fund the schools, as federal law requires. The House of Representatives approved this funding level in its budget bill (House Bill 2279) in March. But to be clear, this so-called increase only restores the state's commitment of its own resources to where it was two years earlier, in 2008-09.

- **Why should we increase the subsidy as the Governor has proposed?**

In 2011-12, federal stimulus funds will no longer be available for basic education. This will leave a \$654 million funding hole, but if the state does not restore the \$354 million in state funds that were cut last year, the Commonwealth will have to make up over \$1 billion next year just to level fund basic education. Investing \$354 million in basic education in 2010-11 is the responsible choice for

policymakers to ensure that Pennsylvania can make steady progress in meeting its obligations to school districts and students.

- **Why does the percentage increase in basic education funds vary from district to district under the formula?**

Under the state's basic education formula, new state funds are designed to close the gaps between resources available to districts to invest in student achievement and the amount each district must actually spend in order to ensure that all its students have a real opportunity to achieve the state's academic standards. Some districts already have adequate – or nearly adequate – resources, so they have relatively small gaps to close. In addition, the share of each district's gap that the state pays depends upon how wealthy the district is and how much it taxes its own residents. Relatively wealthy districts receive a smaller state share as do those with relatively low local tax rates.

- **Is it true that the Philadelphia School District receives an unfair basic education increase under the formula?**

No. There are no special provisions in the formula for Philadelphia. When the Costing-Out Study was completed in 2007, it demonstrated that Philadelphia needed more resources per pupil to achieve proficiency for its students than all but 10 other districts. This was due in large part to the district's high percentage of low-income students and English language learners – students needing higher than average spending. (Interestingly, six of the 10 districts that needed more resources per pupil than Philadelphia are located in the four southeastern Pennsylvania counties surrounding the city.) The study also showed that Philadelphia ranked 20th out of all school districts in the adequacy gap between needed and available resources – almost \$4,200 per pupil.

But under the formula, 63 other districts spread across 27 counties would actually receive larger percentage increases than Philadelphia in 2010-11.

- **Aren't some districts getting more state money more quickly than others under the formula?**

When the formula was adopted in 2008, the General Assembly provided a 6-year schedule to phase-in sufficient state money to fully-fund it. That schedule provided that in 2008-09 and 2009-10, the 100 highest-taxing school districts in the state would receive higher percentages of their total six-year amount and that the other 400 districts would begin to catch up in later years. This is one reason that it is so important for the Governor and General Assembly to fulfill their commitment to continue using the formula and to fully fund it by 2013-14 – so that these 400 school districts and the students they educate eventually do receive their fair share.

- **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 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 ranked 5th among the 50 states in our dependency on local taxes to support public education. (*U.S. Bureau of the Census, 2009*)

- **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 economic development and services for seniors?**

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 for those who have lost their jobs, for seniors, and for other citizens requires a productive workforce.

High school dropouts earn nearly 40 percent less than high school graduates with some college or associate's degrees. The additional lifetime earnings of all dropouts from one 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. (*American Community Survey; Alliance for Excellent Education*)

Pennsylvanians with some college or associate's degrees contribute almost \$9,500 more annually in taxes than they consume in publicly-funded programs. Nationally, we know that each high school dropout contributes about \$60,000 less in taxes over a lifetime than a high school graduate. (*Center for Labor Market Studies, Northeastern University, 2008; 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.

- **Is there evidence that demonstrates money does matter in public education?**

On average, the highest test scores in Pennsylvania come from schools spending the most. In districts with adequacy gaps of less than \$2,000 per pupil, 80% of students are reading and doing math at grade level. In districts with adequacy gaps between \$2,000 and \$4,000 per pupil only 73% are at grade level. And in districts with adequacy gaps greater than \$4,000 per pupil only 55% are reading and doing math at grade level.

Policymakers cannot deny that money finances the tools and supports that enable student success. 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 21st century workplace. If we want the best for our students, we have to give them the best educational supports and tools that will enable their success.

- **Why are some school districts spending above their adequacy levels but not reaching proficiency?**

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 500 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. 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 10 or 15 percent to proficiency will be the highest hurdle of all.

- **Why doesn't the formula take into account special education and gifted students?**

The cost of special education is a serious and important investment and a significant driver of local education expenditures. Since its inception, the Campaign has supported funding special education programs based upon the adequacy findings of the General Assembly's 2007 Costing-Out Study. We prioritize maintaining the basic education formula and obtaining restoration of state funding in the 2010-11 budget but will continue to take advantage of opportunities to advocate for an adequacy-based approach to special education funding. Legislation designed to do so is pending in the Pennsylvania House of Representatives and Senate.