

Education Funding in Pennsylvania

The History

1992: State ends decades long reliance on a school funding formula and adopts a “hold harmless” policy, requiring that school districts receive as much money as they did in the prior year regardless of student count or need for state funds.

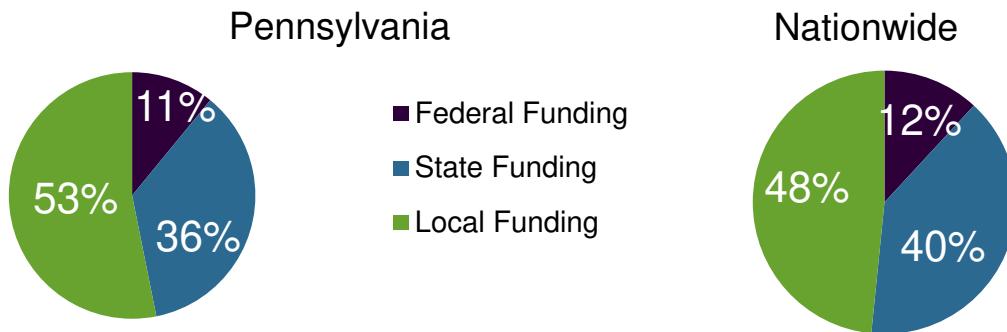
2006-2007: General Assembly commissions *Costing Out Study*, revealing \$4.3 billion adequacy gap in education funding.

2008: Act 61 of 2008 establishes a funding formula based on the cost of providing education in each school district.

2011: Governor Corbett cuts \$1 billion from state education funding and dismantles the funding formula - Pennsylvania is now one of 3 states that does not use a formula to distribute state aid to schools.

Who funds schools in Pennsylvania?

Schools are funded with a combination of federal, state, and local government funds. In Pennsylvania, the federal share of education funding is approximately 11%; the state pays for nearly 36% and the balance of 53%, comes from local taxes, typically from property taxes.



What is the Costing Out Study?

In 2005, the General Assembly of Pennsylvania commissioned a study to determine how much it costs to provide a quality education for every child in Pennsylvania. In 2006, the results of this in-depth study were released and identified the gap between what districts receive to spend per student and what is needed to fund a quality education. This gap is called the “adequacy gap”. The study found that \$21.63 billion dollars would be necessary to educate all students in a manner that prepared them to meet state standards. Yet the state was only spending \$17.25 billion. As a result the “adequacy gap” was \$4.3 billion. The study also found that districts with many low income students and weak property tax bases had higher individual tax burdens yet were still unable to raise enough funds to support their schools.

What does a funding formula do?

A funding formula creates a baseline funding level for state and local funding for all school districts on a per student level and establishes a “base amount” that ought to be spent to educate each student. The funding formula adopted in 2008 provided extra funds on top of the base to help districts meet the added cost factors such as the number of students in poverty, or those who don’t speak English, district size, and cost of living differences across the state. The 2008 formula also provided extra state funds to low-wealth districts, to ease the local tax burden and to ensure that even in the poorest communities sufficient funds were available to support students.

What did the cuts change in 2011?

In 2011, a billion dollar cut to state education funding was accompanied by legislation that also eliminated the 2008 education funding formula. The cuts included hundreds of millions in reduced state aid for school operations and the elimination of state reimbursements to districts with students in charter schools. Special funds for tutoring, full day kindergarten, Pre-K and other critical school programs designed for struggling students were eliminated or dramatically reduced. The budget cuts put schools under tremendous pressure to meet the state’s academic standards with dramatically less state funding to do so.

By the numbers: How did the implementation of the funding formula affect students in the first year (2008-2009)?

- **46,000** students got extra academic help or tutoring
- **300,000** students were in classes with well-trained teachers
- **312,000** more students were enrolled in advanced or special classes
- **2,000** more children attended pre-k or full day kindergarten
- **6,300** students in grades K-3 benefitted from smaller classes

Since the 2011 budget cuts, school districts reported that in:

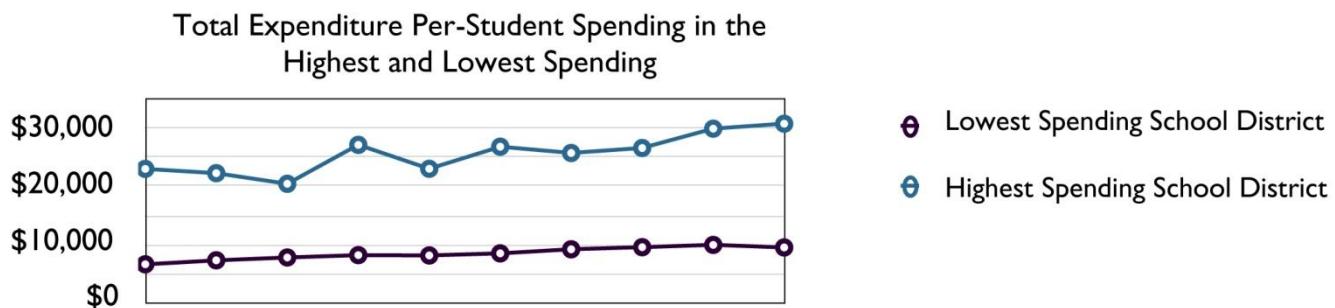
	class sizes increased	fewer classes were offered	tutoring was reduced
2011-12	70% of districts	44% of districts	35% of districts
2012-13	51% of districts	43% of districts	32% of districts
2013-14	47% of districts	30% of districts	22% of districts

How are school districts managing the cut in state funding?

From 1991 to 2008, local taxes grew by \$9.9 billion to meet school district costs. While the state's funding formula eased some of the local tax burden, the 2011 state cuts caused property taxes to rise and educational opportunities for students suffered. For this school year, 75% of school districts reported that they had to cut programming.

How do school districts compare across the state?

The 2008 formula reduced funding disparities among school districts. Since the formula was scrapped three years ago, state funds have been distributed in a highly politicized manner that has raised the funding gap among districts to an all-time high. The lowest spending district in the state has only \$9,500 to spend per student while the district with the most wealth and a relatively low share of at risk students has \$30,000 to spend to educate each student.



How does Pennsylvania compare to other states?

The 2011, \$1 billion cut in state funds caused Pennsylvania to rank among the bottom ten states with respect to share of education funding. A low state share means a high local share and high local taxes. **Pennsylvania is now one among only three states that does not have a funding formula.** In summary, Pennsylvania is failing to meet its fair share of education funding and the way funds are distributed is not meeting the needs of students in the Commonwealth.