

Family Policy Summit

K-12 Education Finance Issues

and

**Governor's Proposed 2010-2011
Education Budget**

presented by

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The Education Policy and Leadership Center

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What's Been Wrong with K-12 Funding in Pennsylvania?

- **Share of costs paid by state is low.**
- **State appropriations per student is low.**
- **Too dependent on local resources/wealth.**
- **Therefore, too dependent on property taxes.**
- **Therefore, very unequal opportunities for students.**
- **No funding formula 1991 to 2007.**

PUBLIC K-12 SPENDING

CURRENT EXPENDITURES PER STUDENT - 2006-07

2006-07		1991-92	
<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>

Per Pupil Amounts for Current Spending

US	\$ 9,666	---	\$5,001	---
PA	\$11,098	13th	\$6,050	6th

Source: US Census Bureau - 2009

PUBLIC K-12 SPENDING

CURRENT EXPENDITURES PER STUDENT - 2006-07

Compared to contiguous states, spending in Pennsylvania was far below average and ranked 5th in a group of seven states, exceeding only Ohio and West Virginia, but trailing Delaware, Maryland, New Jersey and New York.

• Pennsylvania	\$11,098
• National	9,666
• Delaware	11,829
• Maryland	11,724
• New Jersey	15,691
• New York	15,981
• Ohio	9,799
• West Virginia	9,611

Source: *US Census Bureau - 2009*

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STATE/LOCAL SHARES

for Elementary/Secondary Public Education
2006-2007

	State Share %	Local Share %
• Pennsylvania	35.5	57.0
• National	47.6	44.1
• Delaware	65.2	28.6
• Maryland	40.2	54.2
• New Jersey	41.2	54.7
• New York	45.2	48.4
• Ohio	43.1	50.2
• West Virginia	57.9	29.9

Source: US Census Bureau - 2009

1% in PA in 2006-2007 = approximately \$240 million

\$2.9 billion increase needed in 2006-2007 to get PA to national average

PUBLIC K-12 REVENUE PER \$1,000 PERSONAL INCOME

Source: US Census Bureau 2009

	<u>2006-07</u>		<u>1991-92</u>	
	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>
US - Total	\$50.72	---	\$48.87	---
PA - Total	\$53.09	17th	\$49.98	27th
US Local	\$22.37	---	\$23.25	---
PA Local-	\$30.25	3rd	\$27.24	13th
US State	\$24.12	---	\$22.43	---
PA State-	\$18.85	41st	\$20.25	36th

Differences to 100% come from federal sources.

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STATE FUNDING APPROPRIATED PER STUDENT

	2006-07		1997-98		1991-92	
	State \$ per pupil	Rank	State \$ per pupil	Rank	State \$ per pupil	Rank
US	5,466	---	3,473	---	2,661	---
PA	4,755	32	3,186	32	2,775	18
DE	9,348	3	5,311	4	4,137	4
MD	5,501	22	3,026	34	2,516	22
NJ	7,358	8	4,196	8	4,060	5
NY	8,293	5	3,855	16	3,290	9
OH	5,312	25	2,999	35	2,228	33
WV	5,962	16	4,485	6	3,603	6

RESULT: 2006-07 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	\$556,860,590	\$155,329,981	27.89%
PA	\$24,203,543	\$ 10,558,344	43.62%

in 000's

Source: US Census Bureau - 2009

15.7% Difference = more than \$3.8 billion/year

RESULT: INEQUITY FOR STUDENTS ACROSS PA

Great Inequity for Students Among 501 Districts

In 2006-07, current spending per pupil in Pennsylvania school districts ranged
from **\$7,252 to \$18,945**

This means, in an average classroom of 25 students, a gap of almost \$300,000 per classroom per year.

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

RESULT: INEQUITY FOR TAXPAYERS ACROSS PA

**Great Discrepancies in Local Effort and
Resultant Burden on Local Taxpayers**

RESULT: INADEQUATE EDUCATIONAL RESOURCES IN MANY DISTRICTS

- **Qualified Teachers**
- **Class Size**
- **Early Ed/Kindergarten Programs**
- **Curriculum**
- **Books, Computers and Materials**
- **Labs, Foreign Languages, Honors/AP Courses**
- **Facilities not conducive to learning**

SOME PROGRESS in 2003-2007

- **State Funding for Pre-K started**
- **Basic Subsidy line item increased**
- **Attention to “Foundation” funding**
- **Accountability Block Grants initiated**
- **School districts reimbursed 27% for charter school payments**

BUT.....

- **State share and state appropriations per student remained far below the national average**
- **Dependency on property taxes remained, with resultant inequity and inadequacy**
- **Special ed. still based on 1991-92 formula that assumes 1% and 15% incidence rates and fails to reimburse districts for \$1 billion of expenditures**

WHAT HAS BEEN WRONG WITH THE PA FUNDING SYSTEM

- **We have had a “Non-System” and there has been no attention to development of a statewide “system” of education funding**
- **State Government has had no sense of obligation to students or to honor a commitment to a funding formula**
- **Annual K-12 Funding had been based on political considerations rather than educational**
- **Advocates had to re-negotiate basic funding elements such as growth in enrollments every year**

2007 COSTING-OUT STUDY

- **Mandated by General Assembly in 2006**
- **Commissioned by State Board of Education**
- **Conducted Augenblick & Palaisch**
- **Reported in December 2007**
- **Cost of all students accomplishing proficiency in all areas of standards**
- **Considered special ed, poverty, ELL, regional costs**
- **Identified district-by-district a total spending gap of \$4.38 billion**

NEW BASIC FORMULA IN 2008-2009

- **Linked to Costing-Out Study**
- **But does not include Special Ed**
- **Plan to increase State Funding by \$2.6 billion over 6 years**
- **Gets state share to 44% in 6 years**
- **Changing “culture” to one of what is owed the districts and students.**

2008-09 Education Budget

- **New Formula**
- **\$275 million increase in Basic Ed Funding**

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

Basic Education Subsidy.....

- **Total of \$5.880 billion.**
- **\$354 million increase in state funding.**
- **Continue \$654 million of federal stimulus funding.**
- **Continue use of new (2008) formula.**

2010-11 Education Budget

No Increases.....

- **Special Ed - \$1.026 million – no increase**
- **Accountability Block Grants - \$271 million**
- **Dual Enrollment - \$8 million**
- **Career and Technical Ed - \$62 million**
- **Charter School Reimbursement - \$226 million**

2010-11 Education Budget

Other Changes.....

- **PDE Administration – cut \$1.54 m to \$24.86 m**
- **Pupil Transportation – add \$16.26 m to \$542.35 m**
- **School Emp Social Sec – add \$22.54 m to \$546.15 m**
- **School Emp Retirement – add \$65.24 m to \$399.72 m**

2010-11 Education Budget

Early Childhood.....

- **Pre-K Counts – cut \$475,000 to \$85.93 mill**
- **Head Start Supplemental Assistance Program – cut \$784,000 to \$38.69 mill**
- **In Public Welfare Budget...Child Care Works and Keystone STARS rely heavily on nearly \$41.7 million in federal ARRA funding, which will go away in 2011.**

2010-11 Education Budget

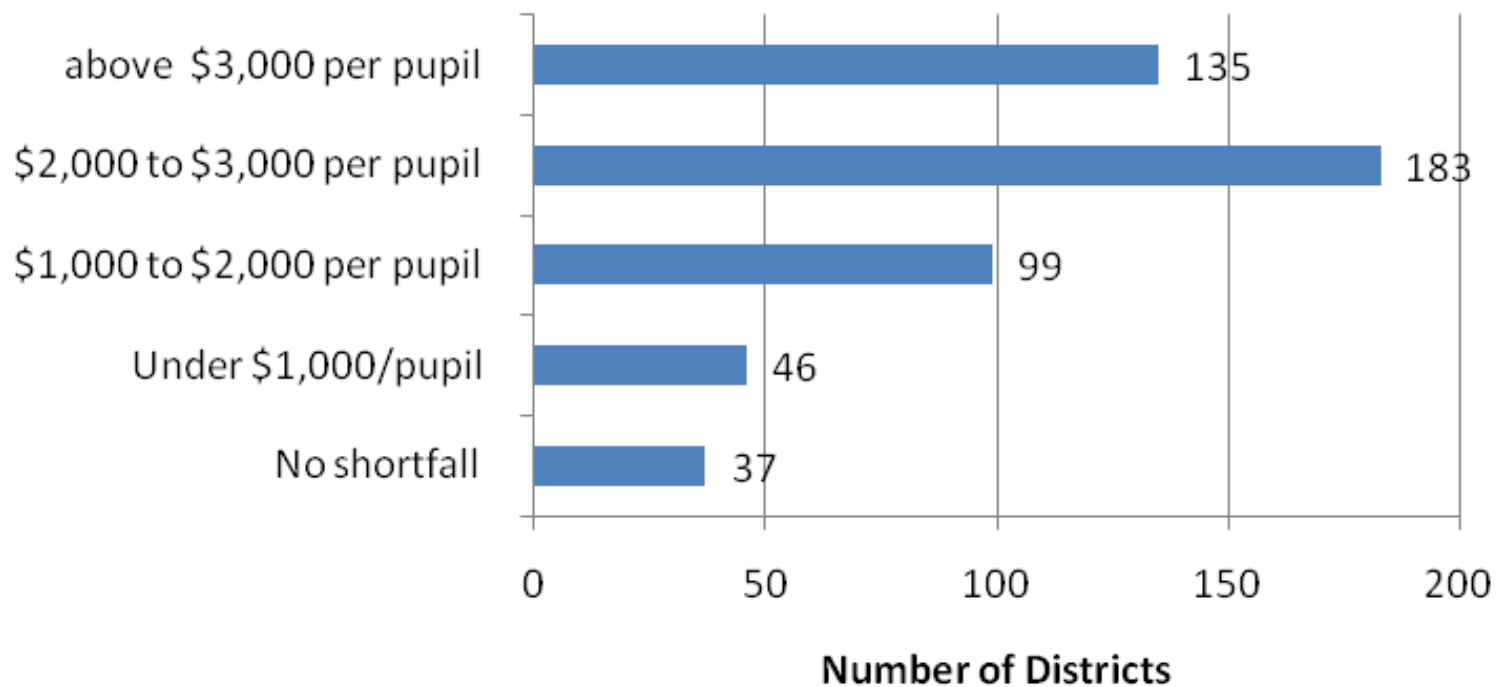
Higher Education.....

- **37 states are cutting aid to public colleges and universities to balance budgets.**
- **\$71 million of federal stimulus funds used and will go away in 2011-12.**
- **The 2010-11 budget maintains current levels of funding for higher education:**
 - **\$282 million for Pennsylvania's 14 community colleges**
 - **\$503 million for the 14 institutions in the State System of Higher Education**
 - **\$688 million for state-related universities**
 - **\$404 million for PHEAA**

Closing the Adequacy Gap: Year 3

- **The 2010-11 commitment of an additional \$354 million for basic subsidy will bring the state's commitment to closing the gap to a total of \$929 million.**
- **In 2010-11, the state will fund 41% of the state's share of schools' adequacy gaps. In 2008-09, the state funded just 10% of the adequacy gap.**
- **Pennsylvania schools still face an average per-student adequacy gap of \$2,500.**

More than Half of Pennsylvania School Districts Need \$2,000 per Student or More to Close their Adequacy Gaps



Pennsylvania School Funding Campaign

Successful Schools...

Successful Children...

Successful Communities

www.paschoolfunding.org

PSFC

MAJOR ACCOMPLISHMENTS

- **The initiation and on-going work of the Pennsylvania School Funding Campaign.**
 - 32 statewide education and advocacy organizations resolved to work as a coalition to support more adequate and equitable education funding system.
- **Successful completion of the Pennsylvania Costing-Out Study.**
- **Budget and Statutory Language Enacted in July 2008.**
- **2009-10 State Budget Continues Implementation of 6-Year Reform Plan.**

PSFC LOOKING FORWARD

- **PSFC will work with the Governor and General Assembly to ensure that the 2010-11 State Budget continues to use the new funding formula and provides a funding level that will be consistent with the requirements of the 6-Year Reform Plan**
- **The Campaign is briefing the 2010 gubernatorial candidates.**
- **Loss of federal stimulus funds will be a major challenge in 2011-12**

PA Education Advocacy Network

- **Statewide Network of Advocacy Teams.**
- **Registered voters in Legislative Districts.**
- **Build relationship with Lawmakers and Staff.**
- **“Education” includes *Early Ed, K-12, Career Ed, Special Ed, Post-Secondary Ed, Arts, Museums, Libraries, Literacy.***
- **More information and sign-up at:
<http://www.eplc.org/advocacy/network.html>**

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