

Education Funding in Pennsylvania



Action. Access. Progress.

Welcome & Introduction

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How we got here

By Dan Urevick-Ackelsberg, Staff Attorney

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The Problem

Pennsylvania School Funding:

1. Not Fair to Students
2. Not Fair to Taxpayers
3. Not Fair to their Communities

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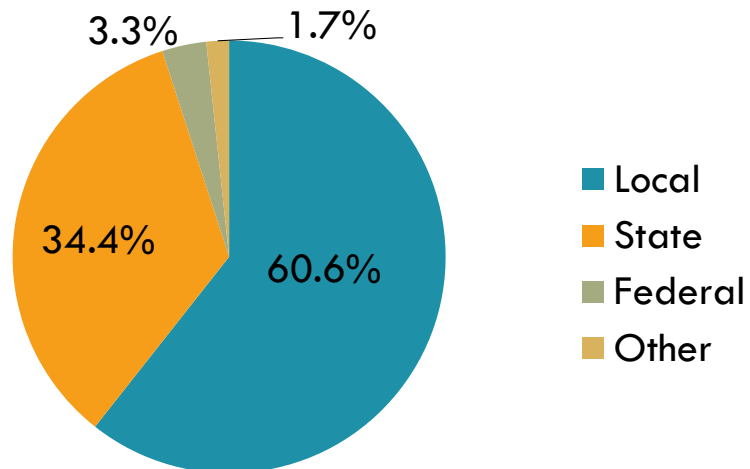
The Problem

Pennsylvania School Funding:

1. Low state contribution
2. Long term lack of funding formula
3. No goal of fully funding schools

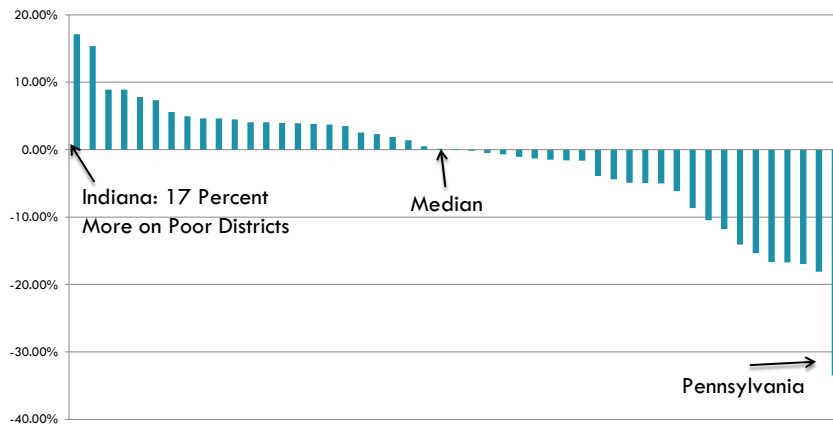
Sources of Funds

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Ratio of State and Local Money Spent on Rich Districts vs. Poor Districts

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Tax Disparity in Delaware County 2013-14

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District	Tax burden: Equalized Mills	Revenue per Student
Marple Newtown SD	12.9	\$20,962.94
Radnor Township SD	13.9	\$22,746.72
Rose Tree Media SD	16.6	\$21,542.50
Chester-Upland SD	18.1	\$16,744.25
Haverford Township SD	18.5	\$16,634.64
Penn-Delco SD	19.2	\$14,601.98
Springfield SD	20.8	\$15,950.56
Garnet Valley SD	22.2	\$18,363.92
Interboro SD	24.7	\$16,190.91
Upper Darby SD	25.2	\$13,602.83
Wallingford-Swarthmore SD	27.2	\$19,054.16
Southeast Delco SD	27.9	\$15,299.93
Ridley SD	28.9	\$16,802.05
Chichester SD	29.9	\$19,354.06
William Penn SD	31.8	\$15,547.87

Local Effort is Not the Problem: Tredyffrin vs. Reading

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Tredyffrin S.D.

- Tax rate: 11.5 mil
- Local tax revenue per child: \$14,439
- State per student contribution: \$2,431
- **Total per student: \$16,870**

Reading S.D.

- Tax rate: 22.2 mil
- Local tax revenue per child: \$2,163
- State per student contribution: \$8,701
- Total per student: \$10,864**

Difference = \$6,006

Which District Needs More?

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□ Tredyffrin SD

□ Reading SD

□ **9.1%** Students in Poverty

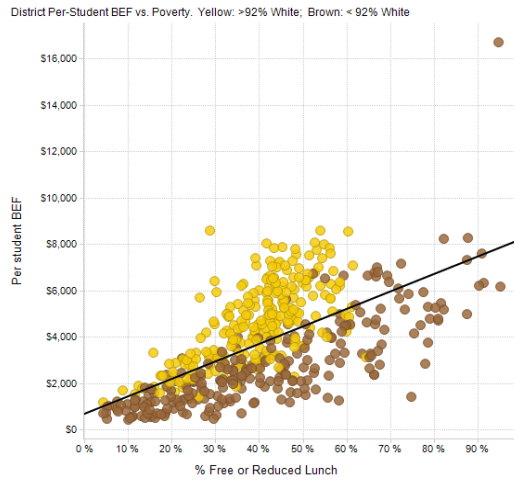
□ **80.8%** Students in Poverty

□ **1.3 %** English Language Learners

□ **18.2 %** English Language Learners

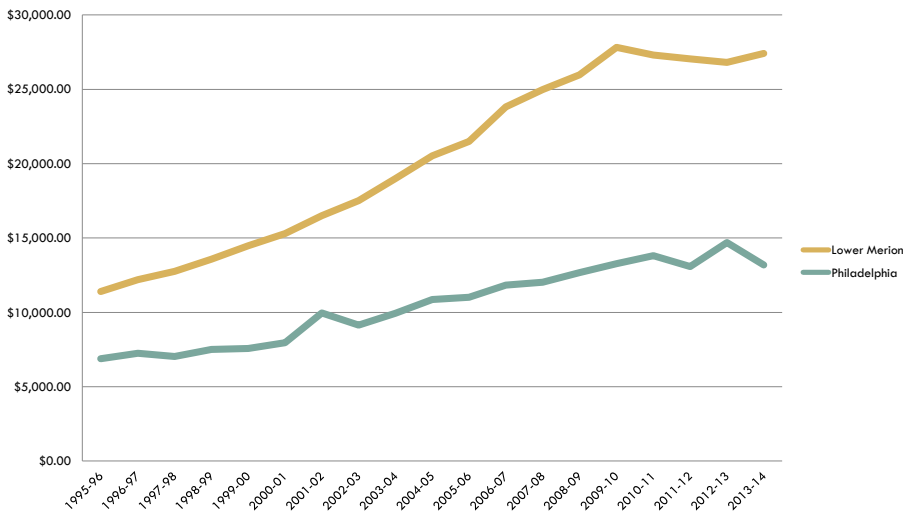
The Result: Poor Minority Districts Underfunded

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The Accident of Birth: Lower Merion and Philadelphia Revenues Per Student

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The Budget Fight and the Path Forward

By Michael Churchill, Of Counsel

The Road to Adequacy?

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- 2007 study commissioned by the Legislature found **\$4.4 billion** was needed to meet state proficiency standards.
- Gov. Rendell sets target of \$2.4 billion and begins regular increases.
- Governor Corbett takes office and cuts \$851 million dollars of education funding.

Corbett Cuts Hit Poorer Districts Hardest

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\$ Cut per Student	N	Students in Poverty %Poverty
Over \$700	29 districts	58.97%
\$500 to \$700	130 districts	46.99%
\$300 to \$500	187 districts	34.87%
\$150 to \$300	103 districts	22.82%
Under \$150	51 districts	11.78%



Note: Cuts include reductions in Basic Education, Accountability Block Grants, Reimbursement for Charter Schools, and Education Assistance Program from 2010-11.

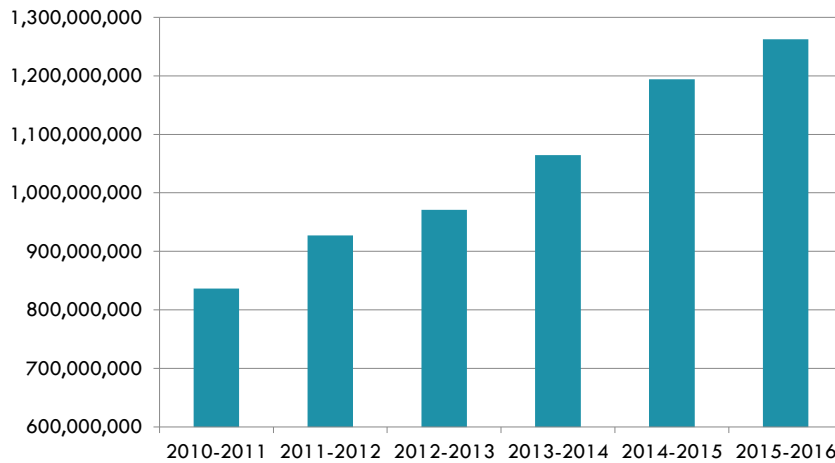
Effects of Massive State Cuts

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- **50%** of districts raise elementary class sizes
- **27,000** positions cut statewide
- **416** school districts raise property taxes post 2010, at median of **6.6%** increase
- **\$570 million** remain in cuts remain as Corbett leaves office

Philadelphia Dramatically Increases Local Funding

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Effects of Massive State Cuts in Philadelphia

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\$300 Million in state/federal funds cut in single year

Class sizes increase to average of 32 (with exception of special education classrooms)

23 schools closed in 2013

162 Schools without a full time nurse in 2015-16

80% reduction in capital spending, 20% percent reduction in operations and maintenance of physical plant

The Reckoning

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- There is no longer an Adequacy Target for what districts need.
- The Legislature appropriates whatever is convenient to it, without regard to state standards or any survey of what districts need to meet state proficiency standards.

The Campaign for Fair Education Funding

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Committed to securing a legislative solution/formula by 2016

*Adequacy *Equity *Predictability *Accountability

The Campaign's Proposed Formula

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$$\begin{aligned}
 & \text{Student Factors – Weighted Pupil} \\
 & \quad \text{Counts} \\
 & \text{[Base Cost x (ADM + Pov + ELL + Homeless + Foster)]} \\
 & \quad \text{Adequacy Amount} \\
 & \text{x (Sparsity/Size) x (Wealth) x (Tax Effort)]} \\
 & \quad \text{State Share Multiplier} \\
 & = \text{State Share of Adequacy Amount} \\
 & \quad \text{Charter School Component} \\
 & + \text{(Base Cost x Charter)}
 \end{aligned}$$


The Campaign's Proposed Formula

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\$3.6 billion needed over 6-8 years

or

\$400-\$520 million/year

Includes \$300 million for districts with high tax efforts

Basic Education Funding Commission Formula

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- **Strengths:**
- Uses 3 year average student count.
- Adds weights for poverty, concentrated poverty, English Language learners, district sparsity, charter students.
- Takes account of district tax effort and fiscal capacity to raise local share, replacing the traditional aid ratio.
- Racially Fair Distribution

Basic Education Funding Commission Formula

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Problems:

Applies only to new money, not to existing BEF funding (hold harmless).

Is Only a Distribution Formula; Sets No Mechanism for Determining Amounts Needed

No Impact on Unequal Local Tax Burdens

Governor Wolf's Long-Term Proposal

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- \$2 billion in Pre-K - 12 education over 4 years
- \$2 billion included \$500+ million for 2015-2016
- Basic Education Funding Commission to determine formula for distribution in subsequent years

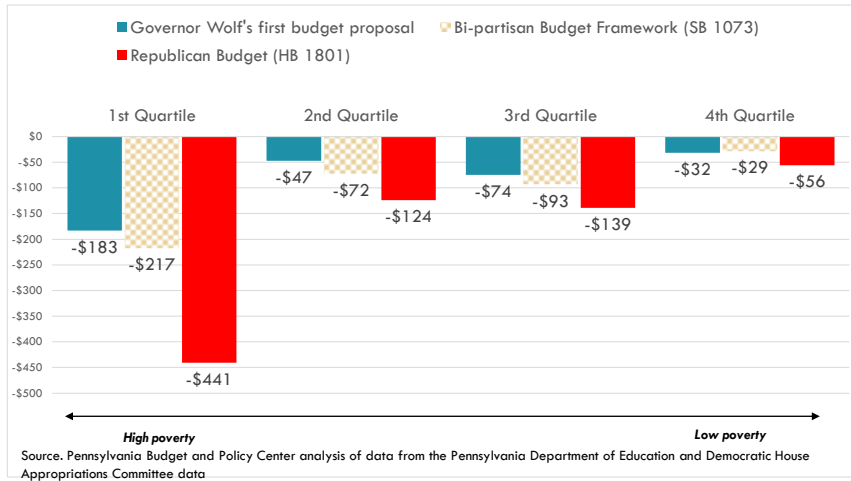
The 2015-16 Budget Proposals

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	Wolf Proposal	GOP Proposal	Failed Agreement	Final Bill
Total Increase	\$400 million	\$100 million	\$250 million	\$200 million
Phila. Increase	\$140 million	\$18.9 million	\$105 million	\$76.8 million
Prop. Tax Relief	\$3.6 billion	\$4.5 billion	0	0
Change in PlanCon	0	0	0	-\$310 million

Remaining Cuts Under Each Proposal

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The Bigger Context

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- Expected Structural Deficit in 2016 of \$500 million if no new revenues
- Expected Structural Deficit in 2017 of \$1.8 billion if no new revenues
- SB 76: bill to eliminate all local taxes and replace with \$12 billion of new state funding, with dramatic increases in personal income tax and sales tax almost passes in Senate with a tie vote.

What is missing? Need.

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- Current System does not provide for any assessment of what is needed to meet state standards (adequacy) nor any guidelines for amount of state appropriations.
- Because the budget starts with what a district has already gotten, almost 80% of a state's Basic Ed grant is based on its 1991 demographics. Any formula needs to address either actual current needs or how to overcome past inequities when distributing new funds.

Overall: Less State Money for Instruction

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- | | |
|----------|---|
| 2008: | Legislature and Governor target \$2.4 billion increase in state funding |
| 2008-14 | All State funding increases \$411 million. |
| 2008-14: | Pension costs alone increased \$1.3 billion. Non Pension Inflation costs equal \$870 million. |

**Districts are further behind than when this process started.
Instructional expenditures cut.**

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School Funding Lawsuit

By Jennifer Clarke, Executive Director

William Penn School District et al., v. PA Department of Education et al.

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“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.”

-Article III, Section 14

Constitution of the Commonwealth of Pennsylvania

William Penn SD et al., v. PDE et al.

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Petitioners:

William Penn School District
Panther Valley School District
School District of Lancaster
Greater Johnstown School District
Wilkes-Barre Area School District
Shenandoah Valley School District
Seven parents (2 from Philadelphia)
NAACP – Pennsylvania State Conference
Pennsylvania Association of Rural and Small Schools*

* Includes 150 public school districts and 13 Intermediate Units

William Penn SD et al., v. PDE et al.

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Petitioner Sheila Armstrong



William Penn SD et al., v. PDE et al.

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Respondents:

Pennsylvania Department of Education
President Pro-Tempore of PA Senate
Speaker of the PA House of Representatives
The Governor of the Commonwealth
Pennsylvania State Board of Education
Secretary of Education

William Penn SD et al., v. PDE et al.

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We are co-counsel on this case with:

Education Law Center-PA

O'Melveny & Myers LLP

William Penn SD et al., v. PDE et al.

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We are asking the Pennsylvania court to:

- Declare that the current system of funding our schools is unconstitutional
- Order the legislature to cease using an inadequate funding scheme
- Order the legislature to create and maintain a funding system that will enable all students to meet state academic standards

Current Legal Issue

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Justiciability: can the Court hear this case?

- Similar case argued in 1999
- Court ruled there were not manageable standards
- Specific standardized tests such as PSSAs and Keystone Exams are new since that case, as is the Costing Out study

Lawsuit Timeline

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- Nov 2014:** Filed
- April 2015:** Commonwealth Court dismisses case on justiciability grounds.
- May or Sep. 2016:** Argument to be heard by Pennsylvania Supreme Court



Has this been done before?

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YES!

- There have been successful constitutional lawsuits in 36 other states.
- Seven other states have the same exact clause.
 - All seven times it has been found to be justiciable

Will this help?

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YES!

- Studies show that funding lawsuits bring about more revenue than a state would otherwise have raised
- It would break political impasse over funding by invoking independent process based on cost analysis

What Can I Do?

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Call the Governor: (717) 787-2500

Come to Oral Argument

Write a Letter to the Editor

Resources

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Our Website
www.pubintl.org

The Campaign for Fair Education
www.fairfundingpa.org

Education Voters Pennsylvania
www.educationvoterspa.org/school-funding-lawsuit/

Pennsylvania Budget & Policy Center
www.pennbpc.org