

The Roadmap to Adequate and Equitable Funding for PA Public Schools

2023 Priorities and Recommendations of the PA Schools Work Campaign

Investing in public education excellence that allows students to succeed is the path to thriving communities, a stable economy, and a more competitive workforce. Every child, regardless of zip code, has a right to an excellent public education, which requires access to a full curriculum, art and music classes, counselors and librarians, technical opportunities, and a safe, clean, stable school environment.

Ninety percent of all K-12 students in Pennsylvania – 1.7 million students - attend public schools. Pennsylvania students perform above the national average on the National Assessment of Educational Progress and on measures such as high school graduation rates. Student achievement in Pennsylvania's well-funded schools far exceeds these state averages. However, this masks some of the largest racial and socioeconomic opportunity and achievement gaps in the country.

Pennsylvania has pockets of educational excellence, largely correlated with pockets of adequate funding. That shows that Pennsylvania public schools and students succeed with sufficient resources. But much of the education system is performing far below our students' potential due to widespread underfunding that disproportionately harms our most vulnerable children. Pennsylvania's school funding system simply does not meet the needs of all its students, particularly low-income students, and students of color. Many students are in classrooms that remain underfunded and overcrowded. Teachers are paying out of pocket and picking up the slack. As a result of these undue burdens, many of those teachers are leaving the profession.

The state's school funding system remains broken, thanks to decades of financial neglect. Pennsylvania is 43rd in the country when it comes to the share of revenue for local school districts that come from the state, which means the burden is passed to local taxpayers through property taxes.

Pennsylvania will not become an economic and education leader until it ensures that all public schools have the resources to help every student succeed. Significant funding increases in future years will be required for the state to achieve this goal.

The state's total spending on K-12 education is over four billion dollars short of providing an adequate education to all students, by the state's own standard of adequacy. The per-student funding gap between wealthy and poor districts, as well as between school districts with a low percentage of Black and Hispanic students and those with a high percentage of such students, is unacceptably large.

The General Assembly has annually increased the Basic Education Funds (BEF) in recent years, and with the adoption of a fair school funding formula, a larger share of all new dollars is going to districts with relatively higher concentrations of low-income students. However, the formula is only driving out 21% of all state BEF funds; as a result, significant historic disparities persist.

Beyond that, mandated costs for school districts like charter school payments, pension costs, and special education have skyrocketed while increases in funding from the state have been modest, on average. According to the Pennsylvania Association of State Business Officials (PASBO) and the Pennsylvania Association of School Administrators (PASA), in the last decade, mandated costs grew to \$6.5 billion, while total state funding grew by only \$2.8 billion, leaving a funding gap of \$3.7 billion. The burden for filling that gap then falls on local taxpayers, who in many parts of the state are already overtaxed because of years of underfunding from the state.

What it also means is fewer funds left for investment in classrooms. It means larger class sizes, outdated curriculum, crumbling school buildings, fewer teachers and support staff, and administrators left scrambling to make ends meet for their students. At a time when our schools are emerging from the difficulties of the pandemic years—working to catch up students who have fallen behind and to address heightened mental health needs—they're doing so with fewer resources and fewer educators in an environment that is more stressful than ever before.

We also know that, while public schools are underfunded, a special interest network of private schools has successfully built support among legislators to dramatically expand the amount of state tax revenues diverted to bolster private and religious schools through programs like EITC/OSTC and other back-door voucher programs. While these programs purport to help vulnerable populations, research shows they most often simply subsidize tuition for well-off families. Without question, as the annual state budget is negotiated, funding for these programs comes at the expense of funding our public schools. It is imperative that state revenue be dedicated to meeting the needs of public schools and that state revenues are not diverted to private schools that fail to meet the needs of the state's students already struggling to succeed.

A number of converging events present an opportunity to reimagine the way public education is funded in the Commonwealth: a new-look General Assembly, a new administration, an impending decision in a years-long court battle over inadequate and inequitable school funding, and the healthiest long-term state economic outlook in years. **The time is right to upend the broken school funding system in Pennsylvania once and for all.**

There are several things that can be done to overcome this deep and chronic funding shortfall:

- **The state must add approximately \$4 billion in Basic Education Funding, one billion per year over the next four years,** to close the adequacy gap. This new funding should be distributed through both the Fair Funding Formula and the Level Up supplement, with one-third of the year-one investment going through Level Up.
- **The state must undertake meaningful, reasoned property tax reform that:**
 1. Retains the predictability and stability of local revenues and preserves local control by making sure any reform proposal maintains the use of property taxes at some level;
 2. Is targeted to taxpayers and school districts that need it most through \$1.8 billion in property tax relief directed to school districts whose tax rates, measured by equalized mills, are above the state median;
 3. Enables districts to continue to cover changes in the costs of meeting student needs now and into the future by re-examining millage rate reductions under Act 1 that permanently reduce districts' ability to raise future funds and continue to meet obligations and student needs;
 4. Is part of a strategy that secures enough sustainable, equitably raised state revenues to increase the state's investments in public schools, resolve the state's chronic deficit, and lower property taxes.
- **The Commonwealth should restore a true partnership with school districts and families in educating students with disabilities who deserve the same opportunities as other students by:**
 1. Increasing the state share of special education funding from 21% to 38%, comparable to the state share of basic education funding within four years at a total cost of \$1.1 billion;
 2. Setting the state share of new expenditures at 50% by 2027-28;
 3. Closing the charter school special education funding loophole, for a savings of approximately \$175 million annually.
- **On long-overdue charter school reform, the state must:**
 1. Appoint strong public school advocates to the four openings on the Charter Appeals Board (CAB); a strong CAB is critical to limit expansion only to high-quality charters.
 2. Strengthen transparency and oversight by finding ways to fill the void left by the Auditor General's recently disbanded School Audit Bureau, and increase the complement at PDE so that it can handle the cyber charter school renewal applications.
 3. Standardize Cyber charter tuition rates so that cyber charters no longer receive the same amount of tuition

as brick-and-mortar charter schools despite lower costs. The cyber surplus has grown sevenfold over the last two years to \$164 million. Adopting a statewide cyber charter school rate of \$9,800 would save an estimated \$199 million annually.

4. As mentioned above, close the special education funding loophole for all charter schools.

- **Voucher-related programs make it harder to close the public school adequacy gap. The state should not invest any additional dollars into these programs until Pennsylvania's public schools are fully funded and must require existing recipients to meet the following conditions:**

1. Require private or religious schools that accept funding from the EITC or OSTC programs to comply with state and federal anti-discrimination laws in their hiring and admissions processes;
2. Reduce family income limits for eligibility to no more than 200% of the federal poverty level to ensure funding will be directed to middle and low-income families;
3. Require all private and religious schools that accept funding from the EITC and OSTC programs to administer the same standardized tests to students as public schools to allow for an evaluation of the effectiveness of the program and to enable families to make an accurate comparison between all public and private options;
4. Require scholarship organizations to use at least 95% of the funding they receive providing scholarships to students;
5. Require regular audits of scholarship organizations to ensure that family income limits are being enforced and scholarship organizations are using funds for appropriate purposes;
6. Implement the recommendations of the Independent Fiscal Office to collect critical data to allow for a meaningful evaluation of the effectiveness of the programs.

- **In order to address teacher shortages, the Commonwealth must:**

1. Incentivize high-quality teacher preparation, characterized by rigorous coursework and intentionally designed clinical experiences developed with local education agencies;
2. Invest in teacher retention through well-defined career ladders;
3. Improve data collection to allow for targeted investments in the teacher pipeline;
4. Expand pathways into teaching for youth and paraprofessionals;
5. Improve the financial value proposition for becoming a teacher.

- **On career and technical education, Pennsylvania has many of the elements that could support a robust state-supported career pathway system that ensures a majority of high school students can benefit from the proven impact of career-related learning. Pennsylvania should:**

1. Implement a pre-apprenticeship tracking system; establish a baseline estimate of the number, diversity, occupational, and industry breakdown of high-school apprentices; and then establish goals for the expansion of pre-apprenticeship in high schools by the end of 2026;
2. Provide direct per-participant funding for pre-apprenticeship. Other states use tax credits or direct grants for apprenticeship, typically at levels of \$1,000 to \$2,000 per person, per apprentice and intended to cover the cost of the classroom component of apprenticeships;
3. Use grants or tax credits to increase support for industry partnerships and group apprenticeships—which will expand the number of business-led intermediaries with sufficient capacity to partner effectively with CTE programs in high schools.
4. Ensure that investments target apprenticeships and jobs that support a family and provide good-paying entry-level wages. Without safeguards, workforce programs and high school apprenticeship/pre-apprenticeship can end up subsidizing education and training that leads into low-wage, high-turnover jobs.

- **As mandated costs and other economic factors make it more difficult for school districts to allocate necessary funds for capital investments, the state should allocate \$1 billion in new funding over the next two years for capital improvements, and the state should provide funding to ensure that every school district can complete a Facility Condition Assessment (FCA) if it wishes to do so. The state should also adopt the 2018 recommendations of the PlanCon Advisory Committee, including:**

1. streamlining the administrative process;
2. increasing standards to ensure high-performance buildings;
3. creating a maintenance, repairs, and modernization small grant program; and
4. making significant changes to the reimbursement formula.

[The full recommendations are available in the final report here.](#)

OVERVIEW OF PA SCHOOLS WORK RECOMMENDED INVESTMENTS

	2023-24 Ask (Increase)	4-Year Ask
BEF/Level Up	\$1B (\$700m via BEF/\$300m via Level Up)	\$4B*
Special Education	\$236.5M	\$1.1B
Charter Reforms Savings	\$373M (\$174M in school district SPED spending + \$199M in District payments to charters)	
CTE	\$214M	TBD with reform of the career pathway system
Facilities	\$1B released over two years	TBD with reform of the processes and formulas

*This is an estimate that will need to be updated based on an updated adequacy calculation. It does not take into account the most recent investments from Gov. Wolf, which would reduce the total. A revised costing out analysis would factor in those revenues and also have to take into account the increased costs associated with meeting new state education standards and the mandated increases in district pension payments since 2020.