

Analysis of 2012-13 Education Budget Proposed by Governor Corbett

Education Law Center

www.elc-pa.org

(215) 238-6970; (412) 258-2120

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❖ ***See the last page for a list of links to official documents, data, hearings, and government offices.***

Summary of ELC's Budget Analysis

Governor Corbett has proposed state funding for public schools in 2012-13 that includes cuts for most school districts. These cuts reflect the loss of \$100 million in state funding for Accountability Block Grants, which support kindergarten programs and tutoring for struggling students, as well as 5 percent reductions in Pre-K Counts and Head Start. The Governor has proposed to keep funding at the same level as last year for other education programs.

Despite smaller cuts than last year, the Governor's proposal for education funding is still deeply flawed because it ignores the fiscal and educational inequities between poor and wealthy school districts. The Governor's budget does not provide every student with an equal opportunity to learn and succeed in school.

NO LONG-TERM FUNDING PLAN. The Governor has no plan to strengthen state funding for public education.

Since 2008, school districts have lost nearly \$1.5 billion in funding previously received from the state or from federal stimulus. Corbett Administration officials have testified at public hearings that "money does not matter" to the education of children.

NO HELP FOR DISTRICTS IN FISCAL CRISIS. The Governor has no plan to support the 10 or 15 school districts that are currently bankrupt or will soon run out of funding.

Students in Chester Upland, Erie, Philadelphia, York and other communities are threatened with cutbacks in services and the closing of schools before the end of the normal school year. The Governor has not proposed anything to deal with this crisis.

NO FORMULAS TO FAIRLY DISTRIBUTE FUNDING. The Governor does not use objective data-based formulas to distribute education funding to school districts based on the needs of students and schools.

The Governor's budget does not contain any formula to distribute \$1 billion in special education funding and also eliminates the long-standing formulas that have previously distributed \$6.5 billion in funding for basic education, social security payments, and pupil transportation. It appears that this money will now be handed out based on "hold harmless" practices and political influence, ignoring the conditions in local schools.

What is the process of adopting the annual state budget for public education?

On February 7, 2012, Governor Corbett proposed an education budget for the 2012-13 school year. The budget describes how state funding will be provided to public schools.

The Governor's budget proposal is the first step in a long process. In February and March, the Secretary of Budget and the Secretary of Education will testify before the Senate and House Appropriations Committees. Prior to June 30, a bill containing state appropriations will be introduced and voted on in the General Assembly. The appropriations bill may include levels of education funding that differ from the Governor's initial proposal.

GET INVOLVED. The public can express opinions and influence the budget process in the following ways:

- Learn more about the proposed education budget. Click here for more information – www.elc-pa.org.
- Contact your state senator and representative, especially if they are on the Appropriations Committee or the Education Committee in the Senate and House.
- Contact Governor Corbett, Education Secretary Tomalis, or Budget Secretary Zogby.
- Talk to your friends, neighbors, and colleagues. Encourage them to get involved.

Detailed Budget Analysis

A. Loss of Education Funding Since 2008

TOTAL LOSS OF FUNDING EQUALS NEARLY \$1.5 BILLION

Since 2008, school districts have lost nearly \$1.5 billion in total funding previously received from the state or from federal stimulus. This represents a 15 percent cut in education funding from the highest level provided in recent years, with an even greater impact if inflation is taken into account. High poverty school districts have absorbed much more of these cuts than wealthy districts. The cuts have been up to ten times larger in poor districts on a per-student basis.

\$422 million Net loss in 2011 of \$655 million in federal stimulus minus
\$233 million increase in state dollars for basic education

\$878 million 34 state funding programs eliminated since 2008

\$165 million 17 state funding programs reduced since 2008

\$1.47 billion TOTAL FUNDING LOST SINCE 2008

Governor Corbett's budget proposal does nothing to address this massive loss of funding in recent years or the resulting inequities for high poverty school districts.

BASIC EDUCATION FUNDING

Basic education funding is not being distributed to the right places. The mis-allocation of funding is occurring for several reasons:

- Governor Corbett does not use an objective, data-based formula to distribute basic education dollars. School districts get the same level of funding as last year regardless of whether they have more or fewer students, whether their poverty level is increasing or decreasing, or whether they have growing or diminishing numbers of children with costly educational needs.
- In 2009 and 2010, the General Assembly cut back state funding for basic education to make room for federal stimulus dollars. These cutbacks were much larger in poor school districts than in wealthy districts on a per-student basis.
- In 2011, Governor Corbett did not restore the funding cutbacks from 2009 and 2010 to the poorest school districts. Instead, the Governor allocated funding in a manner that benefited the wealthiest districts on a per-student basis. This occurred because the Governor did not use an objective, data-based formula to distribute the funding.
- For 2012-13, Governor Corbett has proposed to change basic education funding into a \$6.5 billion "block grant", including basic education (\$5.3 billion), social security payments (\$555 million), pupil transportation for district-run schools (\$538 million), and transportation for nonpublic and charter schools (\$76 million). State funding for these programs will remain the same as last year, in total and for each school district. The block grant program will eliminate the long-standing formulas for fairly distributing these different sources of funding. In the future, if funding remains flat with no distribution formulas, the new approach is likely to increase the financial burden on local school districts, especially those districts with high poverty and substantial transportation needs.

- Here are the details for basic education funding since 2008:

State funding in 2008-09.....	\$5.226 billion	
Total funding in 2009-10.....	\$5.526 billion	
State dollars.....	\$4.871 billion	<i>State \$ cut more for poor districts</i>
Federal stimulus.....	\$ 655 million	<i>to make room for stimulus \$</i>
Total funding in 2010-11.....	\$5.776 billion	
State dollars	\$5.121 billion	<i>State \$ cut more for poor districts</i>
Federal stimulus.....	\$ 655 million	<i>to make room for stimulus \$</i>
State funding in 2011-12.....	\$5.354 billion	<i>Total funding loss = \$421 million</i>
Corbett proposal for 2012-13.....	\$5.354 billion	<i>2.4% higher than in 08-09, but does</i>
<i>(Now part of the new "block grant" program.)</i>		<i>not make up for stimulus losses</i>

34 STATE FUNDING PROGRAMS ELIMINATED SINCE 2008, TOTALING \$878 MILLION

Over the last several years, the General Assembly has totally eliminated state funding for 34 different education programs. The total loss of funding is \$878 million, measured from the highest level of annual funding during the last eight fiscal years.

The state has not made up for the loss of this funding.

The eliminated programs benefited all school districts, but were especially important in high poverty communities. These programs included *(not a complete list)*:

\$337 million	Tutoring for students with low academic performance (Education Assistance Program and Accountability Block Grants)
\$227 million	Reimbursement for charter schools
\$43 million	Funding for good practices in disciplinary alternative schools
\$23 million	School improvement grants
\$11 million	High school reform
\$5.4 million	Mentoring for struggling students
\$3.0 million	Urban and minority teacher training
\$2.2 million	Teen pregnancy and parenthood programs
\$1.7 million	Support for parent involvement

OTHER CUTS IN 17 STATE FUNDING PROGRAMS SINCE 2008, TOTALING \$165 MILLION

In addition to the 34 programs described above, the General Assembly made significant cuts in state funding for 17 other programs. Funding was cut more than 50 percent for many of these programs. The total loss of funding is \$165 million, measured from the highest level of annual funding during the last eight fiscal years.

Once again, the state has not made up for the loss of this funding. And the programs receiving these cuts often meet important needs in the poorest school districts.

These programs include (*not a complete list*):

\$33 million	Professional development for teachers
\$21 million	School safety funding
\$12 million	Family literacy programs
\$7.8 million	Pre-kindergarten (PreK Counts)
\$4.6 million	Head Start
\$4.6 million	Electronic library resources (Library Access)
\$3.2 million	State support for nonpublic and charter school transportation
\$2.9 million	State library services
\$1.3 million	Education for children at youth development centers
\$289 thousand	Education for the children of migrant laborers

IN 2012-13, FIVE STATE PROGRAMS WILL RECEIVE MORE FUNDING THAN IN ANY PREVIOUS BUDGET

The total 2012-13 increase in funding proposed by Governor Corbett for these five programs is \$343 million over 2011-12 levels. Nearly all of this increase (92 percent) is due to increased funding of \$316 million for school employees' pension and retirement. In general, the funding for these five programs is highly specialized and is not available to improve classroom instruction or academic programs in most public schools.

The five programs receiving increased funding include:

\$316 million	School employees' pension and retirement
\$15 million	State assessments for students (PSSA and Keystone Exams)
\$8.1 million	Early intervention programs (children with disabilities)
\$1.9 million	Tuition for orphans and children placed in private homes
\$734 thousand	School food services

NOTE: Career and technical education receives \$12 million in the Governor's proposed budget. This is neither an increase nor a decrease from last year. The total funding appears to be higher than last year, only because the total now includes social security payments that were previously accounted for in a different budget line item.

B. Impact on School Districts from the Loss of Funding in 2011-12

The poorest school districts lost the most funding per student in 2011-12. In part, this was due to the inequitable manner in which the General Assembly cut back state funding in 2009 and 2010 to make room for federal stimulus dollars. In addition, Governor Corbett failed to use an objective data-based formula to distribute basic education dollars in 2011-12, resulting in much larger cuts per student in high poverty school districts compared to wealthy districts.

As a result of the severely reduced funding, the poorest districts have fired teachers and other professional staff, increased class sizes, eliminated tutoring and after-school programs, cut out elective subjects and extracurricular activities, and delayed purchases of books and computers.

Governor Corbett's budget for 2012-13 does not address these recent funding inequities. The Governor's proposal for education funding provides every school district with the same level of state funding it received last year. Thus, the 2012-13 budget does not include increases in funding needed by high poverty districts or changes in funding allocations between the poor and wealthy districts.

School District	County	2009-10 Estimated Adjusted ADM (student enrollment) March 2011	2009-10 Estimated Equalized Mills (property taxes) March 2011	2010-11 Student Poverty Concentration March 2011	2011-12 Total Final Funding Loss PER STUDENT for BEF, ABG, CSR, EAP June 26, 2011
<i>10 DISTRICTS WITH BIGGEST FUNDING LOSS 2011-12</i>					
Philadelphia City SD	Philadelphia	207,064	18.2	61.55%	\$1,302
York City SD	York	7,719	32.6	79.54%	\$1,135
Chester-Upland SD	Delaware	7,323	20.5	42.67%	\$1,097
Midland Borough SD	Beaver	427	13.4	56.21%	\$976
Reading SD	Berks	17,240	23.0	90.41%	\$972
Carbondale Area SD	Lackawanna	1,577	21.5	60.24%	\$959
Sharon City SD	Mercer	2,198	21.0	64.06%	\$939
Clairton City SD	Allegheny	896	27.6	80.47%	\$893
Steelton-Highspire SD	Dauphin	1,270	24.7	68.19%	\$885
Pittsburgh SD	Allegheny	29,032	21.3	68.82%	\$873
<i>10 DISTRICTS WITH SMALLEST FUNDING LOSS</i>					
Springfield Township SD	Montgomery	2,104	19.8	10.41%	\$66
Unionville-Chadds Ford SD	Chester	4,091	17.2	2.32%	\$65
New Hope-Solebury SD	Bucks	1,583	11.0	2.97%	\$57
Upper Dublin SD	Montgomery	4,256	17.5	9.23%	\$57
Colonial SD	Montgomery	4,706	12.6	14.15%	\$53
Wissahickon SD	Montgomery	4,526	13.5	8.68%	\$53
Lower Merion SD	Montgomery	6,597	14.7	7.08%	\$45
Tredyffrin-Easttown SD	Chester	6,205	12.1	4.16%	\$39
Radnor Township SD	Delaware	3,590	14.6	6.16%	\$39
Duquesne City SD	Allegheny	817	27.6	50.18%	-\$1,477 (increase)
BEF = basic education funding (included federal stimulus in 2010-11 distributed through the BEF formula) ABG = accountability block grant CSR = charter school reimbursement EAP = education assistance program					

C. Differences in Spending and Property Taxes in PA Public Schools

There are huge differences in spending and property taxes between school districts, even within the same county. (The chart below uses Montgomery County as an example.) Just a \$1,000 difference in spending per student adds up to \$25,000 per classroom. But some districts in Pennsylvania still spend less than \$10,000 per student, while others spend over \$20,000 – creating a funding gap of \$250,000 per classroom. Some districts have a property tax millage rate more than 40 while others are less than 10. These differences have a significant impact on educational equity, opportunities to learn for students, and community well-being.

School Districts in Montgomery County RANKED BY POVERTY	County	2009-10 Average Daily Membership (student enrollment)	2009-10 Current Expenditures per student (from all sources)	2011-12 MV/PI Aid Ratio (poverty measured by market values and personal income)	2009-10 Equalized Mills (property tax rate)
Pottstown SD	Montgomery	3,247	\$14,426	0.6369	31.1
Pottsgrove SD	Montgomery	3,452	\$13,820	0.5374	29.3
Upper Perkiomen SD	Montgomery	3,292	\$12,767	0.4302	18.2
Perkiomen Valley SD	Montgomery	6,038	\$12,540	0.4092	23.8
Norristown Area SD	Montgomery	7,245	\$15,648	0.3768	23.6
Souderton Area SD	Montgomery	6,933	\$13,096	0.3333	20.0
Upper Moreland Township SD	Montgomery	3,077	\$13,571	0.3026	19.6
Spring-Ford Area SD	Montgomery	7,933	\$12,779	0.2850	19.2
Cheltenham Township SD	Montgomery	4,389	\$19,139	0.2630	29.8
Abington SD	Montgomery	7,499	\$14,456	0.2244	20.3
Methacton SD	Montgomery	5,389	\$13,548	0.2193	19.0
Hatboro-Horsham SD	Montgomery	5,181	\$13,922	0.1929	17.9
North Penn SD	Montgomery	12,751	\$13,736	0.1550	17.0
Colonial SD	Montgomery	4,709	\$17,894	0.1500	12.6
Jenkintown SD	Montgomery	594	\$19,069	0.1500	24.8
Lower Merion SD	Montgomery	6,782	\$22,484	0.1500	14.7
Lower Moreland Township SD	Montgomery	2,107	\$14,998	0.1500	20.8
Springfield Township SD	Montgomery	2,104	\$17,292	0.1500	19.8
Upper Dublin SD	Montgomery	4,257	\$14,520	0.1500	17.5
Upper Merion Area SD	Montgomery	3,700	\$17,643	0.1500	11.0
Wissahickon SD	Montgomery	4,527	\$16,756	0.1500	13.5

As seen in this chart, the school districts with the most poverty often tax themselves at very high levels but still cannot raise enough funding to provide schools that offer the same opportunities to learn as in wealthy districts. High-income communities can raise much more funding with lower property taxes and then use this advantage to pay higher salaries for the best teachers.

If the state does not make up the difference in resources, the poorest communities cannot afford to hire and retain enough teachers, pay them a competitive salary, maintain their buildings, provide up-to-date libraries and science labs, and offer a well-rounded curriculum. In addition, the high poverty school districts often struggle to provide the student tutoring, after-school, and counseling programs needed to help students with achievement gaps.

School districts with high property taxes and without quality schools often enter a downward cycle of community decline. Homeowners and businesses may do not want to locate in these districts, when other communities offer better schools with lower local taxes. The outflow of taxpayers puts increasing upward pressure on property taxes, thus continuing the cycle.

Governor Corbett’s budget proposal for 2012-13 does not address these issues.

D. Student Diversity in PA Public Schools

Some school districts have very high numbers of students with special needs – children in poverty, students with disabilities, and English language learners – while other districts do not. These students are often much more costly to educate than children without special needs. State and federal law require public schools to provide supports and services so that these students can learn and succeed. Statewide, 54% of all students have special needs, totaling nearly 1 million children. (The chart below uses Montgomery County as an example.)

School Districts in Montgomery County RANKED BY PERCENTAGE OF HIGH-COST STUDENTS	County	2009-10 Adjusted Average Daily Membership (student enrollment)	2009-10 Poverty Concentration (free and reduced lunch)	2009-10 English Language Learner Concentration	2008-09 Special Education Concentration
Norristown Area SD	Montgomery	7,243.334	60.35%	9.71%	18.58%
Pottstown SD	Montgomery	3,190.714	60.86%	1.88%	20.90%
Pottsgrove SD	Montgomery	3,372.103	22.48%	1.10%	17.29%
Upper Perkiomen SD	Montgomery	3,207.021	21.08%	0.56%	17.89%
North Penn SD	Montgomery	12,335.787	17.07%	3.83%	16.62%
Upper Merion Area SD	Montgomery	3,625.302	17.90%	2.95%	15.15%
Upper Moreland Township SD	Montgomery	3,074.849	18.47%	1.95%	13.15%
Colonial SD	Montgomery	4,707.761	14.15%	1.25%	16.56%
Souderton Area SD	Montgomery	6,722.701	12.63%	3.87%	13.24%
Abington SD	Montgomery	7,498.967	15.30%	1.99%	12.22%
Wissahickon SD	Montgomery	4,526.003	8.68%	3.56%	17.23%
Springfield Township SD	Montgomery	2,104.055	10.41%	1.57%	17.00%
Cheltenham Township SD	Montgomery	4,389.024	11.39%	2.05%	14.76%
Spring-Ford Area SD	Montgomery	7,654.688	9.59%	0.56%	16.42%
Hatboro-Horsham SD	Montgomery	5,081.715	10.15%	0.57%	15.15%
Lower Merion SD	Montgomery	6,591.989	7.08%	1.47%	16.48%
Perkiomen Valley SD	Montgomery	5,823.375	10.75%	0.10%	12.30%
Upper Dublin SD	Montgomery	4,255.766	9.23%	1.22%	11.73%
Methacton SD	Montgomery	5,229.553	4.91%	1.91%	14.25%
Lower Moreland Township SD	Montgomery	2,106.303	2.71%	5.08%	11.15%
Jenkintown SD	Montgomery	593.752	0.00%	1.35%	12.77%

If state funding for public education does not take these factors into consideration, state resources end up being disproportionately distributed to school districts with lower levels of student need. The effective allocation of state funding can provide adequate resources for all children. But an ineffective allocation can result in under-funding for school districts with the neediest students. As seen in the previous section, these same communities often end up over-taxing themselves in the struggle to meet the needs of their students.

Governor Corbett's budget proposal for 2012-13 does not address these issues.

E. Student Achievement and Funding Increases

Money matters in education, despite the repeated public denials from Corbett Administration officials. Public schools in Pennsylvania have successfully raised student achievement over the last 8 years, after receiving increases in basic education funding. In total, 272 school districts increased achievement by more than 20%. Achievement increased the most in the districts originally with the lowest PSSA scores. The 50 districts with the lowest achievement in 2003-04 raised their scores an average of 50% by 2010-11.

Districts with the greatest increases in student achievement generally received the largest increases in state funding for basic education. These districts invested the new resources in tutoring programs for struggling students, teacher training programs, improved curriculum, expanded early childhood classrooms, and other powerful research-based reforms proven to improve teaching and learning.

Pennsylvania School District Ranking	8-Year PSSA Increase (2003-04 to 2010-11)	8-Year Increase in Basic Education Funding (2003-04 to 2010-11)
Average for the 50 Districts with Greatest PSSA Increase	54.27%	39.38%
51 to 100	37.31%	34.59%
101 to 150	30.48%	33.88%
151 to 200	26.25%	30.25%
201 to 250	23.29%	32.91%
251 to 300	19.74%	34.40%
301 to 350	16.31%	32.51%
351 to 400	14.02%	29.82%
401 to 450	11.52%	29.75%
Average for the 49 Districts with Smallest PSSA Increase	6.73%	29.77%

Academic outcomes have increased the most for students who started with the largest achievement gaps.

% Passing the State Test (PSSA) (Reading and Math averaged for all grades statewide)	All Students	Students in Poverty	Students with a Disability	Students Learning English
2002	54.9	28.5	13.3	15.8
2003	56.3	32.5	15.6	22.1
2004	60.3	38.6	19.3	25.9
2005	65.5	46.2	27.7	32.3
2006	67.3	48.4	29.8	32.1
2007	68.4	50.5	30.6	30.7
2008	70.7	53.8	33.2	32.1
2009	72.4	57.1	35.9	33.2
2010	74.2	60.2	39.7	34.3
Total Change	One-third better	Two times better	Three times better	Two times better

F. The Proper Role of State Funding and Fair Distribution Formulas

The role of state funding should be to narrow the resource gaps between school districts so that learning opportunities are roughly equivalent for all children, regardless of where they live. Every school should have qualified teachers, modern libraries, and science labs. But high-poverty communities simply do not have the local wealth or the tax base to do it on their own. This means that impoverished rural areas, urban schools, many declining first-line suburbs, fast growing districts, and other under-funded public schools must get the biggest slices of the state funding pie.

Inequitable Teacher Distribution Impacts Student Achievement		
Classroom Teacher Data 2009-10	50 School Districts with Highest Teacher Salaries	50 School Districts with Lowest Teacher Salaries
Average Salary	\$74,446	\$44,238
Average Level of Education	Master's Degree	Bachelor's Degree
Average Years of Experience	14 years	12 years
Average Student Poverty	17%	44%
Average PSSA Passing Rate (Reading and Math combined for all students)	84%	73%

State officials could choose to ignore these facts and make school funding decisions based primarily on political considerations. That is exactly what happened with the 2011-12 education budget, which greatly widened the resource gap between rich and poor schools. But if this continues to happen, we will all pay the price in terms of higher rates of drop-outs, unemployment, crime, welfare dependency, and civic discord.

This means that state education funding must be distributed each year using a formula based on objective data about the real needs of students and schools. The school districts with the greatest needs must get more funding, compared to districts that are wealthier, are shrinking in size, or have fewer costly at-risk students. State officials should not give more money only to a few, hand-picked communities based on political considerations, and also should not spread around the limited budget so that everyone gets the same amount. Some school districts have greater needs and the role of state funding should be to close these resource gaps, using non-political formulas to distribute the annual budget.

Undeserved "Minimum Increases" in State Basic Education Funding <i>(given to selected districts without a basis in local school or student data)</i>	
2000-01	\$22.5 million
2001-02	\$96 thousand
2002-03	\$3.6 million
2003-04	\$5.3 million
2004-05	\$7.8 million
2005-06	\$4.8 million
2006-07	\$21.9 million
2007-08	\$18.9 million
2008-09	\$22.9 million
2009-10	\$10.3 million
2010-11	\$19.6 million
2011-12	\$129.7 million
TOTAL	\$267.2 million

Varying from the principles of good education budgeting and issuing undeserved "minimum increases" have caused hundreds of millions of dollars to become built into the annual base of the state's funding system. In addition to the \$267 million spent every year due to the incorporation of past minimum increases, at least another \$200 million in state funding is built into the base due to "hold harmless" practices where all school districts keep their prior levels of funding regardless of changes in local conditions.

Governor Corbett's budget proposal for 2012-13 fails to use formulas to distribute education funding. The Governor actually eliminates several formulas previously used to fairly distribute state subsidies for pupil transportation and employees' social security. And the budget does not contain any formulas for either basic education or special education. Instead, the Governor relies on "hold harmless" practices, giving every school district the same funding as last year. These bad habits created the large funding inequities that now exist and must be stopped.

G. School districts in fiscal crisis

Recent news reports and testimony by state and local officials at public hearings have identified 10 to 15 school districts that are currently in fiscal distress. Corbett Administration officials stated that they have been aware of these issues for many months. The distressed school districts may not have the funding needed to maintain the current level of services or to keep schools open through the end of this school year. Increasing problems are expected in the 2012-13 school year. Many of these districts are also in academic distress, partly due to chronic under-funding.

Although no official list has been released, distressed school districts mentioned in public hearings include Allentown, Chester Upland, Duquesne, Erie, Harrisburg, Philadelphia, Reading, Steelton-Highspire, Sto-Rox, and York.

Community circumstances are the key to understanding and helping distressed school districts. Common factors in the distressed districts include:

- Significant community poverty
- High property taxes
- High concentration of costly students
- Inexperienced teachers
- Large class sizes
- Historically under-funded schools
- Great improvements in academic achievement in recent years
- Overall school performance still below state averages

Given the circumstances in distressed school districts, local revenue sources are not enough to provide quality opportunities to learn in the local schools to meet state academic standards for all children. Unless the state ensures that adequate funding and other resources are available in all schools, the nearly inevitable results will be low academic outcomes, fiscal instability, unemployment, poor family health, high crime rates, and dependence on public benefits.

The challenges confronting school districts in fiscal and academic distress cannot be separated from the overall trends affecting local communities and other municipal government functions. As resources have been drained from older municipalities, a growing number of cities, towns and suburbs are affected by shrinking tax bases upon which to support schools and municipal services, by skyrocketing property taxes, and by deteriorating infrastructure.

According to the Pennsylvania Economy League, 39 cities, 228 boroughs and 8 townships are in the worst stage of decline, while hundreds of municipalities are not far behind. The General Assembly cannot solve these complex and inter-related problems solely by focusing on how to turn around the distressed school districts. The state must develop and implement integrated strategies that stabilize whole communities by better coordinating all state investments – including funding for schools, housing, transportation, public safety, sewer and water.

The state constitution and other state and federal laws require the Commonwealth to step in to help the children in distressed school districts by providing adequate resources, technical assistance, and other forms of support. In responding to the needs of distressed districts, the state should focus on comprehensive and sustainable solutions in making both short term and long term plans. Emphasizing only immediate responses to an emergency crisis is likely to result in an over-reaction and excessive state interference in local schools.

Governor Corbett's budget proposal for 2012-13 is silent on these issues. The Governor has proposed nothing specific to deal with the crisis facing the fiscally distressed school districts in Pennsylvania.

Recommendations

Given the difficult economic climate and the state budget deficit, large increases in state funding for education cannot be expected for the 2012-13 fiscal year. However, the current budget difficulties do not excuse the failure of Governor Corbett to follow sound budget practices and to address the needs of struggling students and schools. Even in tough times, the state must meet its constitutional duty to “provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth.” *Constitution of Pennsylvania, Article III, Section 14.*

The Governor’s budget in 2011-12 and his proposal for 2012-13 appear to return Pennsylvania to the irresponsible practices of the past, when education funding was distributed each year based on politics instead of objective, data-based formulas. As a result of these bad practices, the state share of all funding for public education in Pennsylvania fell from 55% in 1975 to 37% in 2011. Many communities were not able to make up the difference. Currently, only a few states have a lower state share. As a result, 44% of total education funding in Pennsylvania now comes from local property taxes compared to the national average of 29%. The low state share unfairly affects the quality of education in many low-income, growing, and rural communities, despite the statewide total spending level which is close to the national average. The inevitable results are seen in the current crisis involving fiscally and academically distressed school districts.

At a minimum, the Governor and the General Assembly should take the following three actions as part of the 2012-13 budget cycle.

1. Develop and implement a long-term state funding plan for public schools which meets the following criteria:

ADEQUACY. Does it provide all students in all communities with the funding needed to have a quality education?

EQUITY. Does it reduce the gap between the lowest-spending districts and the highest-spending districts, so that every child in public school has a fair and comparable opportunity to learn?

ACCOUNTABILITY. Does it require the state to provide the funding, standards, oversight, and technical support needed by all districts? Does it require local districts to invest state funding in a fiscally responsible manner to improve student outcomes using proven best practices? Is accountability achieved with the right balance of state and local control?

TRANSPARENCY AND PREDICTABILITY. Is the state funding system codified in state law, understandable, and consistent from year to year, so that local school officials can anticipate the level of state support and make appropriate long-term plans?

STATE RESPONSIBILITY. Does it increase the state share (percentage) of total public school spending, compared to the share coming from local communities?

PROPERTY TAXES. Does it reduce the percentage of total school spending coming from property taxes, while ensuring that the overall tax burden in all communities is fairly distributed through sales taxes, income taxes, and other revenue sources? Does it end the state subsidy of disproportionately low property taxes in selected communities?

2. Develop and implement an objective formula to distribute education funding in a manner that is internally uniform and consistent for all school districts, rather than using selective political influences and favors for some districts.

The most common forms of non-objective education funding include hold-harmless spending, minimum increases, multiple formulas aimed at specific districts, and new line items added for public relations purposes. These practices should be avoided.

Any education funding formula should be based on real costs for educating students with different needs in each school district throughout the state. For example, is the distribution formula directly connected to the number of students in each district and the measurable additional needs of students in poverty, children with disabilities, and English language learners? Is it connected to the distinct needs of school districts that are rural, urban, very small, or fast growing? Is it calculated to provide spending levels that allow all students to meet state academic standards and to graduate with the knowledge and skills needed for good citizenship, productive employment, and life-long learning?

A fair discussion should take place about whether the Costing-out Study of 2007 recommended accurate and appropriate levels of funding. Perhaps it is time to perform a new cost study for education funding. But there should be no dispute that the Study was correct in attempting to evaluate spending levels based on the real needs of students and schools to meet academic standards and to improve student results.

3. Address both the immediate and long-term needs of school districts in fiscal and academic distress.

A supplemental appropriations bill for distressed districts should be introduced by the end of February and moved through the legislative process to be adopted by the end of March. Without adequate funding, all other remedies are unlikely to achieve comprehensive and enduring fiscal or academic success.

In the long run, what does not work to solve distressed district issues?

Experience in Pennsylvania shows what usually does not work by itself - top down, one-size-fits-all state control managed out of a government office in Harrisburg. The circumstances facing each distressed school district are often very different and will require different, localized solutions.

What does work to help distressed districts?

Most struggling districts have local schools where teaching and learning are strong. These models can and should be duplicated. Average academic performance in struggling districts has greatly improved in recent years. These reforms can be expanded.

Money matters to achievement and to retaining the best teachers and administrators. The state can work with district officials to invest in effective programs for student remediation, effective teaching, special education, English as a Second Language programs, and other positive initiatives. Implementing effective remedies will not be quick, simple, inexpensive, or performed without community involvement.

Local direction and control of these decisions, with substantial parent and community involvement, are needed to maximize long term effectiveness and sustainability.

Links to Official Documents, Data, Hearings, and Government Offices

Education Law Center budget information – www.elc-pa.org

List of Senate Appropriations Committee hearings on the budget –
<http://www.legis.state.pa.us/cfdocs/cteInfo/cteeCMS.cfm?body=S&cde=3>

List of House Appropriations Committee hearings on the budget –
<http://www.legis.state.pa.us/WU01/LI/CO/HM/COHM.HTM>

2012-13 budget information from Governor Corbett, including his Budget Speech on February 7, his Executive Budget Book, and related documents –
www.portal.state.pa.us/portal/server.pt/community/current_and_proposed_commonwealth_budgets/4566

2012-13 budget information from the Department of Education, including spreadsheets –
<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/7234/page/1089220>

2012-13 budget information from:

- Senate Appropriations Committee (Republican majority) –
<http://www.jakecorman.com/appropriations.htm>
- Senate Appropriations Committee (Democratic minority) –
<http://senatorhughes.com/legislative-services/issues/budget>
- House Appropriations Committee (Republican majority) –
http://pahousegop.com/2012_13_budget.aspx
- House Appropriations Committee (Democratic minority) –
http://www.hacd.net/budget/201213/spreadsheets_2012-13.asp

Senate Appropriations Committee members and links to their contact information –
<http://www.legis.state.pa.us/cfdocs/cteInfo/cteInfo.cfm?cde=3&body=S>

Senate Education Committee members and links to their contact information –
<http://www.legis.state.pa.us/cfdocs/cteInfo/cteInfo.cfm?cde=23&body=S>

House Appropriations Committee members and links to their contact information –
<http://www.legis.state.pa.us/cfdocs/cteInfo/cteInfo.cfm?cde=4&body=H>

House Education Committee members and links to their contact information –
<http://www.legis.state.pa.us/cfdocs/cteInfo/cteInfo.cfm?cde=12&body=H>

Contact information for Governor Corbett

- Write: 225 Main Capital Building, Harrisburg, PA 17120
- Call: 717-787-2500.
- E-mail: Governor@pa.gov.

Contact information for Secretary of Education Tomalis –

- Write: PA Dept. of Education, 333 Market Street, Harrisburg, PA 17126-0333
- Call: (717) 783-9780

Contact information for Secretary of the Budget Zogby –

- Write: Office of the Budget, 238 Main Capital Building, Harrisburg, PA 17120
- Call: 717-787-4472