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Funding inequality between the wealthiest and poorest school districts more than doubled between 2010 and 2014.<sup>2</sup> A key driver of this trend was deep cuts in classroom funding in 2011-12 that were concentrated in low-income school districts. Subsequent state budget agreements did not reverse these disparities. This October we found (<http://goo.gl/RTh3H>) that households in the 125 school districts with the largest of those cuts still remaining from 2011-12 (an average of \$832 per student) had an annual median income just under \$40,000. In contrast within the 125 school districts with the smallest cuts remaining (\$19 per student on average) median household income was just over \$70,000 per year. As we also explained in October, it is in the lowest-income communities still suffering from the deepest funding cuts that extra education dollars have the biggest payoff measured by higher test scores and graduation rates.

The budget framework adopted by the Senate (SB 1073) includes a substantial increase of \$350 million in basic education funding driven out by formula, plus another \$15 million in enhancements (\$3 million for Wilkes-Barre Borough and \$12 million for Chester-Upland). If adopted this funding increase would leave classroom funding \$200 million below its 2010-11 levels.

To distribute the \$350 million in funding to school districts a “hybrid” funding formula has been proposed which combines (a) the education funding formula proposed by the Basic Education Funding Commission (<http://goo.gl/exopxi>) and (b) Gov. Wolf’s proposal from March to restore funding to the school districts hardest hit by the 2011-12 budget cuts.<sup>3</sup>

Table 1 which is available online (PDF - <https://goo.gl/J1KuOk> / XLS - <https://goo.gl/I32Coe>) presents for each school district the cuts per student in 2011-12, the new funding per student in 2015-16 as proposed by SB 1073 and the remaining cuts per student from 2011-12 after accounting for new funding in 2015-16. The House has yet to approve this funding distribution.

After the distribution of the new \$365 million, Figure 1 sorts Pennsylvania’s 500 school districts into four groups of 125 districts each, or quartiles, based on how large the remaining spending cut per student is (see the end of Box 1). Those with the largest cuts remaining are in the first quartile, with classroom funding still \$462 per student below the 2010-11 level. The districts with the smallest cuts remaining in

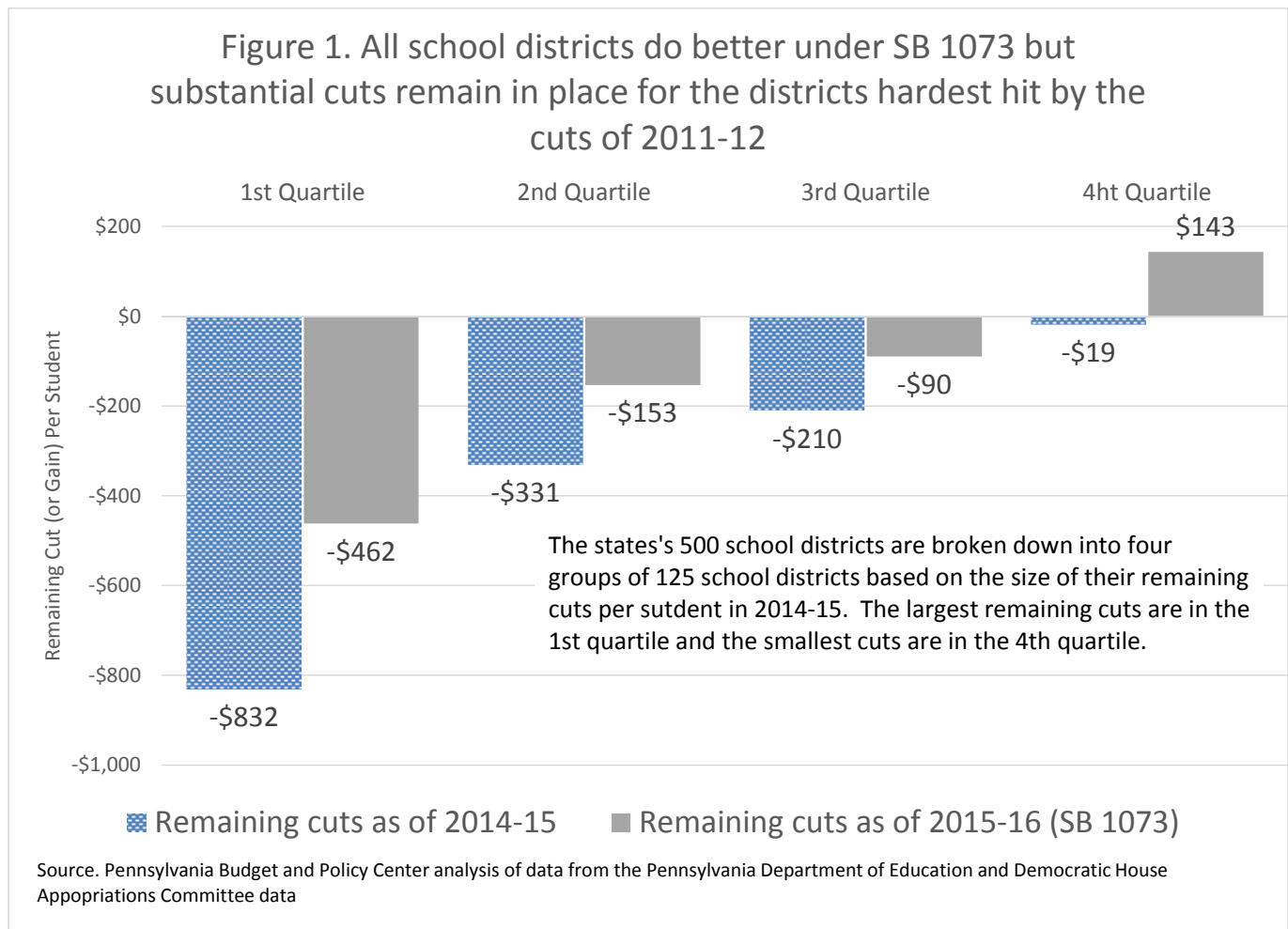
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<sup>1</sup> This report would not have been possible without the careful work of Waslala Miranda, the Pennsylvania Budget and Policy Center’s education policy analyst who recently started a new job in the Budget Office for the city of Seattle, Washington.

<sup>2</sup> Levy, Marc. 2015. “Gap between rich, poor Pennsylvania schools doubled in 4 years.” Associated Press. <http://bit.ly/1huFoMM>

<sup>3</sup> In comparing the governor’s plan to a proposed funding formula, his proposal would greatly lower remaining cuts across all school districts, but would especially target help towards those at the bottom. The proposed funding formula would not help the bottom as much because the formula doesn’t account for the lopsided cuts of 2011-12, which disproportionately targeted poor school districts.

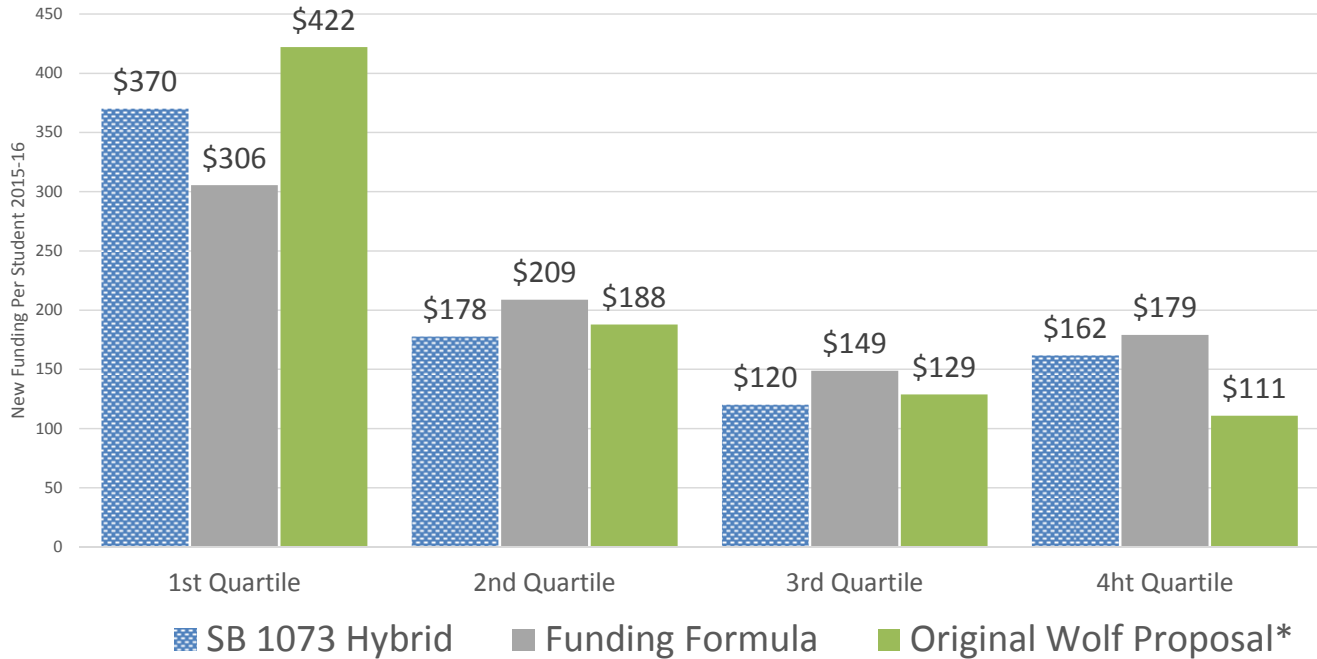
2014-15 (i.e., those in the fourth quartile) will as a result of SB 1073 see their funding rise above 2010-11 levels by an average of \$143 per student.



The new education funding in SB 1073 makes substantial progress towards reversing the education funding cuts from 2010-11 but the bottom quartile of school districts still have less funding per pupil relative to the rest of the state’s school districts.

Figure 2 presents the average increase in per student funding for each quartile of school districts under the hybrid approach of SB 1073 and compares that to distributing \$365 million 1) using only the funding formula proposed by the Basic Education Funding Commission 2) using the funding allocations first proposed by Gov. Wolf in March. As the figure illustrates the hybrid approach is a compromise between what Gov. Wolf originally proposed and using the full funding formula. Wolf’s original proposal would have made more progress in reversing the cuts faced by the school districts hardest hit by the 2011-12 cuts.

Figure 2. The proposed school funding distribution is a compromise between the funding formula and restoration as proposed by Gov. Wolf in March



\*The original Wolf proposal called for \$410 million in education funding. The figures here have been scaled down to \$365 million.

Source: Pennsylvania Budget and Policy Center analysis of data from the Pennsylvania Department of Education and Democratic House Appropriations Committee data

## Philadelphia Would Still Have the Second-Largest Remaining Cut

The hybrid funding formula in SB 1073 would allocate \$101 million to the Philadelphia school district. Lawmakers opposed to the budget framework have argued they can't support a school funding distribution that allocates 28% of new school funding to a single school district. This argument ignores that Philadelphia, the largest school district in the state, absorbed 34% of school funding cuts in 2011-12. As of 2014-15 the Philadelphia school district still had cuts remaining of \$685 per student, only the Reading School district had higher cuts remaining per student of \$730.

To put Philadelphia's \$101 million in context we present in Table 2 below the amount of funding required to leave school funding in Philadelphia as well off as six other school districts from around the commonwealth. The Allentown City School District has seen per pupil funding rise 15.9% since 2010-11. To lift per pupil funding in Philadelphia 15.9% above the 2010-11 level would require \$440 million in funding this year – over four times the \$101 million provided by SB 1073. Unlike Allentown most school districts even under SB 1073 will have seen per pupil funding levels fall between 2010-11 and 2015-16. For instance, the Carlisle Area School District will if SB 1073 becomes law experience a decline in per pupil funding between 2010-11 and 2015-16 of 2.6%. To leave the school district of Philadelphia in 2015-16 with the same percentage point decline in per pupil funding since 2010-11 as Carlisle would require that Philadelphia receive \$208 million in funding this year. In fact, even with the additional \$101 million, per student funding in Philadelphia will have declined 11% between 2010-11 and 2015-16.<sup>4</sup> Thus, under SB 1073, Philadelphia in 2015-16 would have the second-largest remaining funding cut per student since 2010-11 out of the state's 500 school districts. Only Phoenixville Area School District would have a larger remaining per student cut.

Table 2.

School funding in Philadelphia in 2015-16 if the district was treated as well as 6 other districts in the Commonwealth

School District	Percent change in funding per pupil 2010/11 to 2015/16	How much money Philadelphia would need to be as well off in 2015/16
Allentown City School District	15.9%	\$440,480,715
Bellefonte Area School District	-4.3%	\$186,257,950
State College Area School District	-1.1%	\$227,145,560
Reading School District	-9.1%	\$125,580,996
Pittsburgh School District	-5.6%	\$169,502,473
Carlisle Area School District	-2.6%	\$208,079,939

Source. Pennsylvania Budget and Policy Center

<sup>4</sup> The only school district with a larger percentage point decline in per pupil funding over the same period is Phoenixville Area SD which will have absorbed a 15% decline from 2010-11 to 2015-16. To leave Philadelphia as well off would only require \$47.6 million in new funding this year. This is the only instance out of 499 where the funding required to leave Philadelphia as well off was less than \$101 million.

## Methodology and Data Sources

As in previous analysis, [“Pa. House Budget Locks in Most School Funding Cuts,”](#) “classroom funding” as defined here includes the basic education subsidy for each school district plus formula enhancements, charter reimbursements, Accountability Block Grants, and American Recovery and Reinvestment Act (ARRA) funding. For each school district for each year, we computed classroom funding per pupil, calculated the cut in funding per pupil in 2011-12, then calculated how much of the funding cut in 2011-12 had been restored by 2014-15. Based on the size of the cut in funding per pupil that remains, we divided Pennsylvania’s 500 districts into four groups of 125 districts each. We refer to the 125 districts with the largest cuts remaining as the “first quartile” and the 125 districts with the smallest cuts remaining as the “fourth quartile.” We used a three-year average student count, averaging the adjusted Average Daily Membership (ADM) for the years 2011-2014.

The basic education subsidy (BEF) for each school district plus formula enhancements, charter reimbursements, Accountability Block Grants —all state sources— and the American Recovery and Reinvestment Act (ARRA), a federal source used by the [Corbett administration as a substitute for the BEF](#), can be found here:  
[http://www.portal.state.pa.us/portal/server.pt/community/summaries\\_of\\_annual\\_financial\\_report\\_data/7673/afr\\_other\\_financial\\_information/509049](http://www.portal.state.pa.us/portal/server.pt/community/summaries_of_annual_financial_report_data/7673/afr_other_financial_information/509049)

Classroom funding levels can be found here:

<http://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Pages/PastBudgets2014-15To2006-07.aspx#.Vij79ysbitY>

The following items were included in “classroom funding:”

- Basic Education Funding
- ARRA - Fiscal Stabilization (Ed Jobs Money)
- Basic Education Formula Enhancements
- Accountability Block Grants
- Charter School Reimbursement
- Education Assistance Program (in 2010-11, the only year in which this was non-zero)
- School Improvement Grants Program (in 2010-11, the only year in which this was non-zero)