



Economic, Racial and Ethnic Inequality In Pennsylvania School Funding

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Introduction

It is well known that Pennsylvania’s K-12 schools are inadequately and inequitably funded. But the extent of the problem is not fully understood.¹ This paper uses new data and methods to demonstrate just how unfair—and in fact, morally unsustainable—the funding of elementary and secondary education is in the Commonwealth.

The origins of the deep inadequacy and inequity in school funding go back decades.² For the purposes of this paper we can divide the source of the problem into two parts.

First, the state share of funding of K-12 schools has been declining since the early 1970s under Democratic and Republican governors—but it is mostly a result of [Republican control of the General Assembly](#). As Figure 1 shows, in the early 1970s the state covered 54% of the actual instructional expenses of our schools—that share has declined to 33%.

Declining state funding contributes to inadequate spending in a few ways. First, because in almost all districts, the members of local school boards are elected by taxpayers, in all but the wealthiest communities they are reluctant to raise local taxes. This unwillingness to raise taxes is compounded by the impact of increasing school taxes on local economies. We have long argued that tax rates play a far smaller role than is usually imagined in businesses’ decisions to invest in one community or another. Businesses typically are far more concerned with whether the communities can supply the educated and trained workers they need and whether the region has the transportation and communication infrastructure to deliver their products and to secure the materials and services they need to produce their own goods and services. But tax considerations become more important when businesses choose between a few nearby communities. And most schools in the 500 school districts in Pennsylvania are geographically small, thus offering

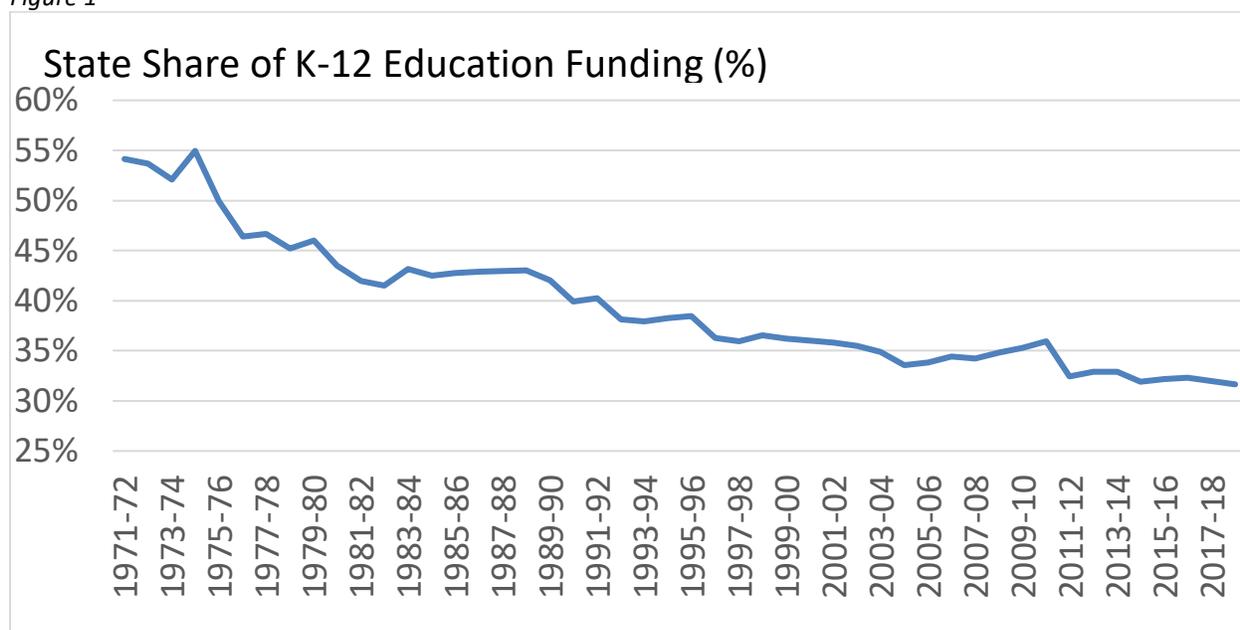
¹ This paper is an update and revision of an earlier paper, Marc Stier, Eugene Henninger-Voss, Diana Polson, and Stephen Herzenberg, [A Necessary First Step: Governor Wolf’s Proposal to Provide Adequate and Equitable Funding of Pennsylvania Schools](#), PA Budget and Policy Center, April 6, 2021. It differs in two respects. First this paper documents the problem of inequity in Pennsylvania’s public schools but does not discuss the proposal Governor Wolf put forward in his executive budget for 2021-22. Second, and more importantly, in this paper we look at the gap between what we estimate school districts should spend in total to provide an adequate education to their students and what they actually do spend. In the earlier paper we focused just on the state share of what school districts should spend as determined by the costing-out study. The current lawsuit about state funding of the schools is appropriately focused on the overall spending gap in providing an adequate and equitable education in Pennsylvania and this is our focus here as well.

² An overview of the state support for K-12 education can be found in Janice Bissett and Arnold Hillman, *The History of School Funding in Pennsylvania, 1782-2013*, The Pennsylvania Association of Rural and Small Schools, 2013.

businesses a choice to locate in low tax rate school districts without losing the benefits of locating in a certain geographic area.³

For these reasons, Pennsylvania’s over-reliance on local school districts to fund schools also leads to great disparities between school districts, based on the income and wealth of the community in which those school districts are found. Pennsylvania has a greater disparity in school spending than any other state. Affluent districts spend 33% more per pupil than the state’s poorest districts.⁴ Assuming a class size of 33 students, the data we present below suggest that the wealthiest school districts are spending \$94,427 more *per classroom* than the lowest-spending districts.⁵ As we shall see, these inequities also have a racial dimension, as schools primarily attended by Black children are funded at lower levels than those attended by white children.

Figure 1



Source: Pennsylvania Budget and Policy Center based on Pennsylvania Department of Education Data

The impact of decline in the state share of funding for K-12 education on inequity in school funding is compounded by a second problem—for decades, the state has been funding local school districts with little regard to the varying needs of those districts or the students who attend schools in them.

The Commonwealth of Pennsylvania attempted to fairly distribute state aid to its 500 local school districts in only three of the 21 years between 1993 and 2014. Only between 2008 and 2010, under

³ Two works that emphasize that tax rates become far more important to businesses’ location decisions, the smaller the municipal jurisdictions are: Paul Peterson, *City Limits*, University of Chicago Press, 1981 and James O’Connor, *The Fiscal Crisis of the State*, St. Martin’s Press, 1973.

⁴ Data from the National Center for Education Statistics found at https://nces.ed.gov/edfin/Fy11_12_tables.asp. Also see https://www.washingtonpost.com/news/local/wp/2015/03/12/in-23-states-richer-school-districts-get-more-local-funding-than-poorer-districts/?utm_term=.54a7f95dfead.

⁵ <http://paschoolswork.org/>.

Governor Rendell, was state aid distributed according to a formula that aimed to invest more in the school districts that needed the most state aid. And then, Governor Corbett and the General Assembly abandoned this funding plan in 2011 and cut \$1 billion in state funding for K-12 school districts, which resulted in deep cuts in local school programs, the loss of 27,000 employees in school districts, and sharp increases in local property taxes. Governor Corbett and the General Assembly deliberately chose to most deeply cut funding to school districts in Southeastern PA and in the small cities around the state with a high share of Black and Hispanic students and students from low-income homes.

Aside from three years under Governor Rendell, between 1993 and 2016, the state made little effort to systematically adapt funding distribution to changes in the number of students in each school district, the needs of those students, the ability of school districts to raise funds locally, or the effort they made to raise those funds. In most of those years, state funds for school districts were typically distributed as they were the year before, with new funds and some adjustments to older ones, made in response to the demands of powerful state legislators or the governor. Legislators that represented districts which a large share of students from low-income homes or with a large share of Black or Hispanic students rarely had the political influence to secure higher levels of funding for the school districts they represented.

We turn now to the striking evidence of the decades of neglect of both adequacy and equity in school funding in Pennsylvania.

Inadequacy and Inequity in K-12 School Funding in PA

In this section of the policy brief, we document the inadequacy and inequity of school funding in the state. We measure the adequacy of funding by looking at the gap in per-student spending in school districts between what they spent in 2019 and what they should spend according to a 2020 update to the “Costing-Out Study” carried out by Augenblick, Palaich and Associates (APA) at the request of the State Board of Education pursuant to the bipartisan Act 114 of July 2005. The goal of the study was to “arrive at a determination of the basic cost per pupil to provide an education that will permit a student to meet the state's academic standards.”⁶ As required by Act 114, APA used a number of standard methods to carry out the study, including

- the successful school district approach (determination of a base cost from current spending by successful districts).
- the professional judgment approach (determination of the resources identified as necessary by panels of Pennsylvania educators, with adjustments for district size and special needs students).
- the evidence-based approach (academic research and responses to it by Pennsylvania educators and other citizens).
- the cost function approach (statistical analysis of spending and performance data).

⁶ State Board of Education, [Education Costing-Out Study](#), accessed April 4, 2021.

[The APA Costing-Out Study](#) was released in December 2007. The results of the study were updated to take account of inflation in education costs in 2020 by Professor Matthew Kelley of the Penn State College of Education.

The following charts divide school districts into four groups, each of which contain school districts that include one-quarter of the K-12 students taught in the Commonwealth.⁷ The groups vary depending on the share of students who are Black or Hispanic or in the share of children who in poverty line. For each group, we give the average per-student funding gap; that is the average difference between the per-student cost of giving students in these school districts an adequate education and the current per-student spending in these school districts.⁸

Figure 2 presents the funding gap for school districts grouped by the share of children living in poverty. School districts with the highest share of children living in poverty have a funding gap of \$2,802 per student. School districts with the next highest share of children living in poverty have a funding gap of \$1,284 and the funding gap for the third group is \$766. School districts with the lowest share of children living in poverty have a funding gap of \$258 per student.

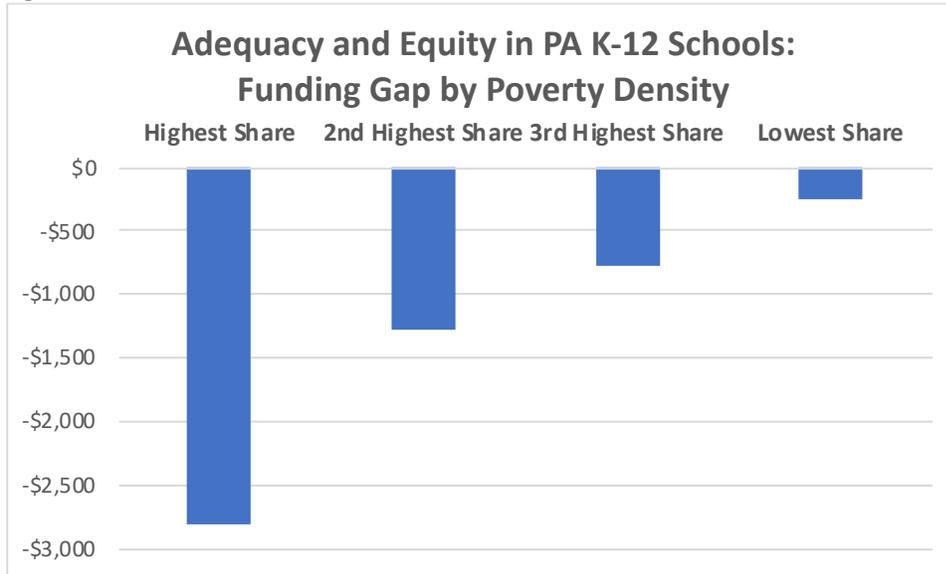
While the average funding gap for school districts with the lowest share of students living in poverty is negative, some of those school districts do have an adequate level of funding. But in the state as a whole, only 79 of 500 school districts, or about 16% of school districts, have an adequate level of funding.⁹ A bit more than 84% of school districts, which include some with a low share of children living in poverty, spend too little to provide an adequate education to their students. But the gap between the level of funding needed to provide an adequate education and what is actually provided is far greater for school districts located in communities with a higher share of children livings in poverty.

⁷ The four groups do not include the same number of school districts because the student population in school districts varies considerably. So these data are not comparable to data found in our analyses of school district funding in past years, which divided all school districts into four quartiles of 125. A full explanation of how we create these quintiles can be found in Eugene Henninger-Voss, *Uncovering Pennsylvania's School Funding Disparity*, Pennsylvania Budget and Policy Center, November 11, 2021.

⁸ The estimates of the per-student cost of an adequate education adequacy were provided to us by the Public Interest Law Center, which hired Dr. Kelly to update the APA Costing-Out Study. The calculations of the per-district funding gap, as well as our estimates below of the impact of Governor Wolf's proposal to reform state funding of K-12 education, were produced by Eugene Henninger-Voss with the KRC-PBPC PA K-12 Education Funding Model. Details about the model are available from the Keystone Research Center and PA Budget and Policy Center.

⁹ Fund Our Schools PA, [Summary of the Expert Report by Dr. Matthew Kelley](#), Fall 2020, accessed April 4, 2021.

Figure 2



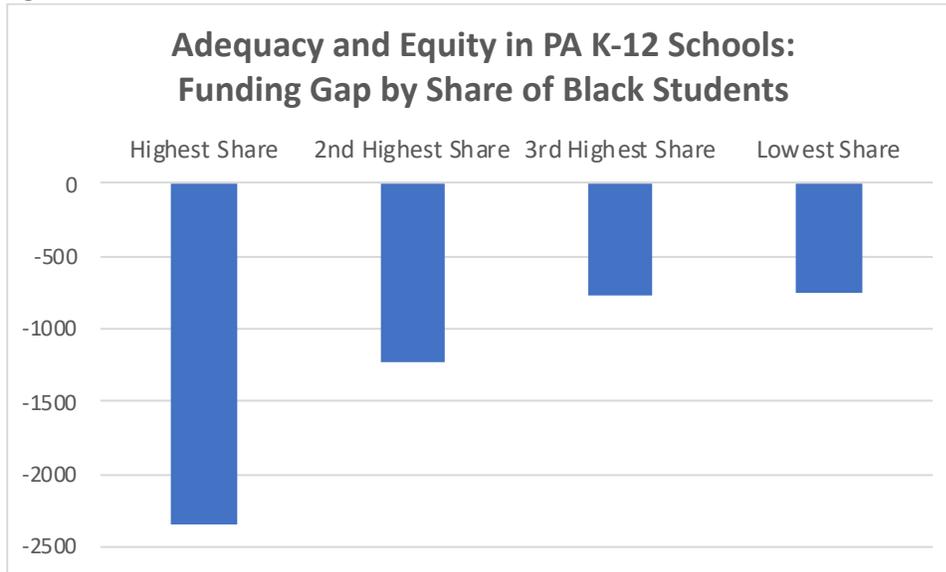
Source: PBPC analysis of updated of updated costing-out study data provided by the Public Interest Law Center and school districts data provided by the State Board of Education.

Figure 3 looks at the funding gap for school districts grouped by the share of Black students. School districts with the highest share of Black students have a funding gap of \$2,347 per student. School districts with the next highest share of Black students have a funding gap of \$1,232 and the funding gap for the third group is \$772. School districts with the lowest share of Black students have a funding gap of \$762 per student.¹⁰

Again, we see that schools in all four categories do not, on average, spend enough to provide an adequate education. But the gap between the level of funding needed to provide an adequate education and what is actually provided is far greater for school districts with a larger proportion of Black students.

¹⁰ Close readers of the paper will note that while the funding for school district groups by the share of children in poverty is reduced in a linear fashion—that is, with the reduction in the gap being larger as the share of children in poverty goes up—that is not the case when we look at the funding gap for Black and Hispanic. The reason is that the school funding formula has a number of components, some of which drive more money to lower-income communities and one of which drives more money to communities with a higher proportion of students whose first language is not English. None of those components take the race of students into account. Given the various elements in the funding formula, we cannot expect that distribution of new funding would precisely track the funding gap though it does come fairly close.

Figure 3

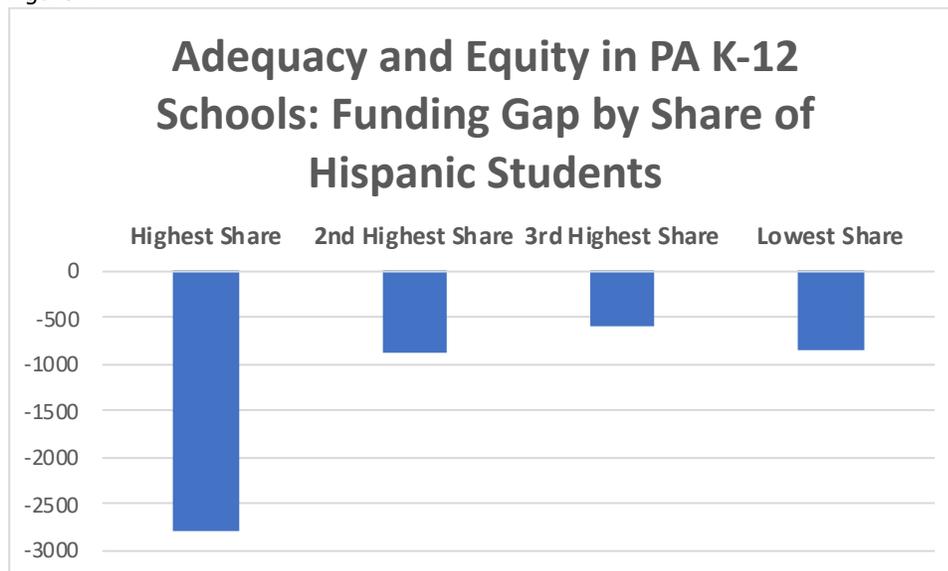


Source: PBPC analysis of updated costing-out study data provided by the Public Interest Law Center and school districts data provided by the Pennsylvania Department of Education.

Figure 4 looks at the funding gap for school districts grouped by the share of Hispanic students. School districts with the highest share of Hispanics living in poverty have a funding gap of \$2,795 per student. School districts with the next highest share of Hispanic students have a funding gap of \$874 and the funding gap for the third group is \$596. School districts with the lowest share of Hispanic students have a funding gap of \$834 per student.

Once again, schools in all four categories do not, on average, spend enough to provide an adequate education. But the gap between the level of funding needed to provide an adequate education and what is actually provided is far greater for school districts with a larger proportion of Black students.

Figure 4



Source: PBPC analysis of updated costing-out study data provided by the Public Interest Law Center and school districts data provided by the Pennsylvania Department of Education.

Conclusion

The inequity in how we fund our schools, not to mention inadequacy of that funding, has been a moral scandal for a long time. At a time when all of us in Pennsylvania and throughout the country have come to understand just how deeply embedded white supremacy is in our country, we simply do not understand how anyone with good will and a good heart cannot determine to take some action—and embrace some plan to radically reform a system of education funding in Pennsylvania that is clearly a product of racism and white supremacy. And to be clear, white supremacy is responsible in no small part for economic as well as racial inequity inequality in our schools. Here, as elsewhere, opponents to proposals to raise taxes on the well off in order to fund programs that provide equal opportunity for working people have been attacked implicitly or explicitly in racist terms, by those who falsely assert that these proposals mostly benefit Black and brown people. One does not have to spend much time in Harrisburg to hear Representatives and Senators talk about how they won't "raise taxes on their constituents in order to send money to schools in Philadelphia and Pittsburgh," even though proposals to make taxes more progressive, such as those Governor Wolf has put forward, actually cut taxes for most of their constituents. And when such implicit racism is not enough, there are legislators who say out loud what others are thinking.¹¹

Behind the numbers in this dry presentation are our children, children upon whom the future of our commonwealth country depend. The vast majority of those children—Black and brown children and children of all races and ethnicities who live in low-income communities—do not

¹¹ For example, former state senator and Republican chair of the Senate Education Committee John Eichelberger cast doubt on the abilities of students who come from "inner cities." Zach Hoopes, Sen. Eichelberger tackles education questions at town hall meeting, *The Sentinel*, February 16, 2017.

receive an education that enables them to make the best use of their God-given talents and abilities. The equality of opportunity that is central to our ideals—and that is embedded in the Pennsylvania Constitution’s guarantee of an adequate education for our children—suffers. The future economy of Pennsylvania also suffers.

And most of all, far too many of our children suffer from this injustice. It is time for the General Assembly to take a major step toward addressing this horrible injustice and ensure that all of our children get the education they deserve. And, if the General Assembly will not act, it is time for Pennsylvania’s courts to force it to do so.