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Funding Pennsylvania's public schools

By Colin McNickle

Some of those advocating for the “equalization” of local and state public education funding in Pennsylvania might want to be careful what they wish for, say scholars at the Allegheny Institute for Public Policy.

For a number of years, some groups have complained that the commonwealth's funding share is low compared to other states. Not only is that not true, the feasibility of a 50-50 local/state split is not practicable for a variety of reasons, say Jake Haulk, president of the Pittsburgh think tank, and Eric Montarti, a senior policy analyst there.

Simply put, the claim of education underfunding in Pennsylvania is disingenuous, the researchers found. To wit (and according to figures compiled by the National Education Association, the nation's largest teachers' union), Pennsylvania's per-pupil spending of \$16,629 places it in the top 11 of all states (ninth if the very small populations of Wyoming and Vermont are excluded), they say.

For fiscal 2015-16 a combined \$28.5 billion was available to the state's 500 public school districts from local, state, federal and other sources. Statewide, \$16.3 billion came from local sources while \$10.5 billion came from the state. Thus, the local/state funding split was 61 percent local and 39 percent state.

“Advocates of the 50-50 split are apparently suggesting that all districts are forced to raise 60 percent of their funding locally because of the state's unwillingness to spend enough to keep funding equitable among districts,” Haulk and Montarti say (*in Policy Brief Vol. 17, No. 43*). “But that is not the case at all, far from it.”

The primary reason that the local funding share is 61 percent (for the aggregate of all districts) is that a quarter of the districts raise from 70 percent to 85 percent of their revenue from local sources, the think tank researchers say.

Put another way, the top 40 local-revenue-for-enrollment districts – 8 percent of all districts representing 9 percent of statewide enrollment – account for 16.6 percent of all local revenue produced statewide while receiving only 5.9 percent of the commonwealth's K-12 appropriations.

Conversely, Haulk and Montarti say the 40 lowest local-revenue-per-enrollment districts – representing 5.3 percent of the state's enrollment – raised only 1.8 percent of the \$16.3 billion in local revenue but received 8.6 percent of the \$10.5 billion in state funds.

Thus, the simple fact is that wealthier districts receive far less in state funding than the all-district average while poor districts receive far more than the average for all districts, the scholars note.

Still, numerous funding “reformers” continue to advocate for “equalization.” But what does that mean?

Among other things, Haulk and Montarti say moving to a 50-50 split in total statewide funding almost certainly would require the state to force districts to hold their revenue at current levels as it gradually moves its appropriations up to \$16.3 billion (ignoring inflation complications).

“This process could take years and it does not answer the questions of how the additional \$6 billion would be raised or shifted from other spending,” the researchers say, noting how systemic state budget shortfalls could preclude such action.

“And there certainly is no chance of mandating that each school district be 50-50 funded unless the Legislature is prepared to force equal total spending per pupil across the state, perhaps adjusted for the cost of living differences among the districts,” Haulk and Montarti say.

And from that Department of Be Careful What You Wish For, the Allegheny Institute researchers remind that school districts with greater wealth and very high spending per enrollment tend to have extraordinarily well-paid teachers.

“Mandating lower local revenue would force those salaries to drop or result in large numbers of layoffs,” Haulk and Montarti say. “Which legislator will broach that possibility? The teacher union will fight vehemently against such an effort.”

The bottom line: “Given the existing wide disparity among school districts regarding the shares of local and state funding, moving to a 50-50 share system simply not a viable option for school funding in Pennsylvania,” they conclude.

So, what might be done?

Haulk and Montarti say eliminating local funding altogether might be an alternative. But it likely would face the same opposition from rich districts as the 50-50 scheme.

Thus, perhaps some out-of-the-box thinking is required, they say, “such as allowing districts that want to go it alone with just their own resources to become ‘state’-related but essentially locally owned and managed independent districts.”

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