

***POLICY BRIEF***  
An electronic publication of  
The Allegheny Institute for Public Policy

---

January 8, 2004

Volume 4, Number 1

---

**Another Unhelpful Report Card on Education Funding**

The annual report card from Education Week and the Pew Charitable Trusts gives Pennsylvania a poor grade in “equity of education resources”. The grade was based largely on how much state governments contribute to local school districts. On average Pennsylvania school districts received 39 percent (2001) of their funding from the Commonwealth.

Here are the numbers. In the 2002 school year, Pennsylvania school districts collected an average of \$4,817 per pupil from local sources (down 8 percent from \$5,248 in 2001), \$3,742 per pupil from the Commonwealth (up 11 percent from \$3,367 in 2001), and \$377 from the federal government for a total of \$9,217 in per pupil revenues ([www.ses.standardandpoors.com](http://www.ses.standardandpoors.com)). Dividing the state’s contribution of \$3,742 into the total of \$9,217 gives a 40 percent share (up slightly from 39 percent in 2001). The state’s per pupil revenues of \$3,742 covers 45 percent of the average per pupil *operating expenditures* for the 501 districts’ (\$8,295). Furthermore, this amount would cover 53 percent of the nationwide average operating expenditures of \$7,079.

The Education Week report card is very misleading in that it states, “wealthier districts tend to receive significantly more state and local revenue than property-poor ones do.” This statement clearly implies that wealthier districts get more state money than poorer districts. That is demonstrably false as the following examples show. In 2002, an economically distressed district, Duquesne, received \$7,339 per pupil (63 percent of its total revenues) from the state and Clairton was awarded \$8,428 (64 percent of total). These districts received more far funding from the state than did economically better off districts such as Quaker Valley \$1,414 (10 percent of total funding) and Fox Chapel \$1,808 (15 percent of total funding). That means these wealthier districts get an overwhelming preponderance of their funding from local sources.

Unfortunately, there are all too many efforts on the part of public school apologists to portray the school funding formula as being unfair to poorer districts. That is simply not the case. The examples shown above plus a detailed look at this question by a recent Commonwealth Foundation report should put the issue to rest. But because of the tendency of reporters to talk to people who want more money for schools and have a vested interest in not revealing the actual facts, much of the public is unaware of the truth about Pennsylvania’s school funding.

Based on the criteria used by the Education Week study, the ideal system would have the state fund a 100 percent share of education and distribute the funding equally to all students in the state. Such a plan would eliminate property taxes and earned income taxes going to school districts. If Pennsylvania were to fund all students at the \$8,000 per pupil level (well above the national level of \$7,079), the Commonwealth would have to collect an additional \$7.6 billion to fully fund K-12 education. One way to accomplish that is to raise the state income tax by 2.76

percentage points to 5.83 percent (from the current level of 3.07). The state could then send each district \$8,000 for each pupil—complete equity in funding.

Ironically, a system that would have the state pay 100 percent of the revenue would actually lower the total funding per pupil in many of the state’s poorer districts. Many of the wealthier districts would see sizable reductions as well. But don’t look for this “equitable system” to get much support in Pennsylvania from teachers’ unions and administrators who would face substantially lower pay and fewer jobs in order to accommodate the reduced funding. Nor is it likely to get much support from the many districts, wealthy and poor, that are already spending well in excess of \$8,000 per pupil.

The 100 percent state funding plan will get no support from the large number of people who think that 100 percent funding will mean the complete loss of control over education by school boards.

Consider this a political non-starter.

Furthermore, as we demonstrated in a previous Policy Brief (Volume 3, Number 3) the talk of increasing the state share of funding to 50 percent raises as many questions as it does answers. Under any plausible scenario regarding the distribution of state money, a 50-50 plan does little to address the funding equity issue in a way that is likely to be politically viable.

What the so-called education proponents really want is more money even though it is well established that throwing more money at schools has not led to meaningful improvements in academic performance. The real problem in far too many of our schools is a lack of accountability and a lack of commitment to quality. Schools are too much in thrall to the teachers’ unions and the educrats who prefer excuses to performance.

What the education system needs is real parental choice and competition for students. But the powerful entrenched education interests are always able to block any such reforms.

---

**Jake Haulk, Ph.D. President**

**Frank Gamrat, Ph.D. Sr. Research Assoc.**

---

*Policy Briefs may be reprinted as long as proper attribution is given.*

*For more information about this and other topics, please visit our website:*

[www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)

If you have enjoyed this or previous Policy Briefs and wish to support our efforts please consider becoming a donor to the Allegheny Institute. The Allegheny Institute is a 501(c)(3) non-profit organization and all contributions are tax deductible. Please mail your contribution to:

The Allegheny Institute  
305 Mt. Lebanon Boulevard  
Suite 208  
Pittsburgh, PA 15234

Thank you for your support.