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March 15, 2023

Allegheny Institute Op-Ed

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570 words

### **3 proposals to fix Pa. school funding mess**

By Colin McNickle

Now that the Pennsylvania Commonwealth Court has ruled the Keystone State’s school funding model does not meet the state constitutional standard of equity in education, the obvious question is “What’s next?”

Sans a state Supreme Court reversal, “If the Legislature wants to focus on reducing the wide disparities in per student funding across school districts it must address a principal cause, i.e., the vast differences in population, property values and incomes among the school districts,” says Jake Haulk, president-emeritus of the Allegheny Institute for Public Policy.

“Without question, wealthier districts can raise relatively very large amounts of funds at fairly low tax rates compared to poor districts. In short, the wide disparities in funding can only be reduced by addressing this inescapable fact,” he says (in *Policy Brief Vol. 23, No. 11*).

The problem of large differences in total funding per student is the direct result of a two-source revenue policy—local funding, essentially based on property taxes, and state funding.

The state allocation ostensibly uses a methodology predicated on an “aid ratio index” for each district. The aid ratio is calculated by combining the market value per average daily membership (ADM) aid ratio and the personal income per ADM aid ratio. There is a further funding complication created by the so-called “hold harmless” provision that prevents reductions in funding for districts that have lost enrollment.

And, simply stated, trying to make the two-source funding system work likely is not possible, for practical and political reasons.

So, how might constitutional muster be met for public school funding? Haulk offers three possibilities.

“One, by law, eliminate property taxes and other local funding sources and have all funding come from the state,” the Ph.D. economist says.

“Two, place an enforceable dollar per student limit on local funds that can be raised for each district—perhaps the most recent statewide average of local funding—with future adjustments determined by inflation.”

In either scenario, the state would then provide each district with money adequate to equalize total per student funding across all districts at close to the most recent all district average total funding per student with some possible inflation adjustment each following year.

But Haulk concedes those first two options would be met with tremendous opposition from wealthy districts.

“The teachers and employees whose salary and benefits—as specified in union contracts—are far greater than those in middle class or poor districts would face tremendous cuts in compensation,” he says.

“And, of course, the contracts currently in effect are unlikely to be renegotiated. This problem might be overcome over time by a phase-in of the new funding policy. But it would take many years and be derailed before completed.”

A third option is to allow districts with the enormous ability to fund education the option of creating an essentially private district-wide school system that would receive *no* state funding.

Such districts would operate in a *relationship* to the state, similar to charter schools.

But, “Clearly, all these proposed options will face a storm of resistance,” Haulk says. “That is the inevitable result of years of ignoring the problems or trying to solve them by half-measures that proved inadequate and difficult to implement.”

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