



# ALLEGHENY INSTITUTE

## FOR PUBLIC POLICY

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### Analyzing Year 2 of the K-12 school spending ‘reboot’

**Summary:** A 2024 *Policy Brief* (Vol. 24, No. 8) discussed proposed K-12 state spending following a Commonwealth Court decision and the recommendations of the Basic Education Funding Commission. The approved fiscal year (FY) 2025-26 state budget increases spending from the basic education subsidy and the supplements through the Ready-to-Learn block grant.

The state budget impasse ended on Nov. 12. Included is legislation for the basic education subsidy and the adequacy investment that began in FY2024-25 to address Commonwealth Court’s February 2023 decision that ruled the method of funding K-12 public education unconstitutional. In the ruling the court noted that “future legislatures must be free to experiment and adjust the state’s public-education system, thereby reducing concerns of the judiciary encroaching upon legislative prerogative.”

Act 1A of 2025, the General Appropriation Act of 2025, sets the “payment of basic education funding to school districts” at \$8.26 billion and “the Ready-to-Learn Block Grant” at \$1.38 billion. Act 47 of 2025 amends the Public School Code to establish the formulas and dollar amounts for the adequacy and tax-equity supplements under the block grant, which total \$565 million. It provides an additional \$5 million basic education subsidy to one district.

### Pennsylvania K-12 Funding Snapshot

K-12 Funding Component	FY2024-25 (\$, millions)	# of Districts Receiving an Allocation	FY2025-26 (\$, millions)	# of Districts Receiving an Allocation
BEF Base	\$7,872	500	\$7,937	500
BEF Student-Weighted	\$225	500	\$325	500
BEF Hold Harmless Supplement	\$60	182	Folded into BEF Base	n/a
<i>Total</i>	<i>\$8,157</i>		<i>\$8,262</i>	
RTL Adequacy Supplement	\$493.8	348	\$532.8	482
RTL Tax-Equity Supplement	\$32.2	50	\$32.2	50
<i>Total</i>	<i>\$526</i>		<i>\$565</i>	

Last year, the dollars that were sent to districts through the student-weighted funding formula from its inception in FY2015-16 were folded into the “base,” most of which was “hold-harmless” funding, which did not decrease even if a district lost students. Changes from the FY2024-25 budget for the basic education subsidy include the “base,” now including the \$60 million “hold-harmless” supplement awarded that year and an additional \$100 million flowing through the student-weighted formula.

For the supplements, there is an additional \$39 million in the adequacy supplement which includes a new minimum allocation that will cost \$6.4 million. The fiscal note for Act 47 states a “district that receives less than \$50,000 in combined adequacy and tax equity supplements shall receive a minimum allocation supplement payment equal to the difference between the sum of their adequacy and tax equity supplements and \$50,000.” There is no change in the amount of the tax-equity supplement.

The Pennsylvania Department of Education shows these distributions by school district. Based on 2023-24 average daily membership (ADM, defined as “all resident pupils of the school district for whom the school district is financially responsible”), there is an ADM of 1.68 million. Dividing the basic education subsidy by ADM results in \$4,915 per ADM; dividing the supplements by ADM results in \$336 per ADM.

For the 43 districts in Allegheny County, a total of \$617.2 million from the basic education subsidy will be distributed in FY2025-26. This ranges from \$181.1 million for Pittsburgh Public Schools (PPS) to \$2.4 million for the Cornell School District.

In FY2025-26, a total of \$19.2 million will come to the 43 districts from the supplements. This ranges from \$2.6 million in the Baldwin-Whitehall School District to the \$50,000 minimum received by 19 districts, all of which received no dollar amount from the supplements in FY2024-25.

The average basic education subsidy per ADM is \$4,303, with the Duquesne School District at \$15,943 and the Pine-Richland School District at \$1,451 the endpoints of the range.

For the supplements, the average per ADM is \$134. This ranges from \$1,056 in the Sto-Rox District to \$2 in PPS.

An additional \$7.3 million will be coming from the state to the county’s districts via the basic education subsidy and the supplements compared to last year. That goes without mentioning other streams of state funding and the projected savings some districts will see from changes to cyber-charter school funding. But what will that mean for the property tax rates taxpayers pay to these districts?

PPS’s board will soon set its property tax rate for 2026 (it is the only district that operates on a calendar year budget). There is a proposed 4 percent millage hike from 10.25 mills to 10.66 mills for PPS in its preliminary budget.

When considering all sources of state revenue (the subsidies discussed in this *Brief* along with special education, pupil transportation, health services, property tax relief, pension contributions and others) the per ADM amount was \$12,495 in FY2023-24, which ranked PPS 122<sup>nd</sup> and 44 percent higher than the state average of \$8,648.

The Allegheny Institute has for many years detailed the high spending in PPS. The PPS preliminary budget notes “[c]ost per pupil based on the 2024 Annual Comprehensive Financial Report (ACFR) Expenditure per ADM filed with the Pennsylvania Department of Education is \$33,524.47.” That’s the total expenditure per ADM, which counts instruction, support, non-instruction, facilities and other non-instruction costs. That ranked 10<sup>th</sup> highest in the state. The board recently decided against closing schools and buildings to deal with declining enrollment.

The remaining Allegheny County school districts won’t vote on property tax rates until May or June of 2026. For FY2025-26, there were tax increases in 28 districts.

Statewide, the percentage of 11<sup>th</sup>- grade students scoring proficient or advanced on the Algebra I, Biology and Literature Keystone Exams for 2025 were 44.3 percent, 49.4 percent and 62.1 percent, respectively. If more money and a revised distribution due to the court ruling are going to produce better results, taxpayers deserve to see them.

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