

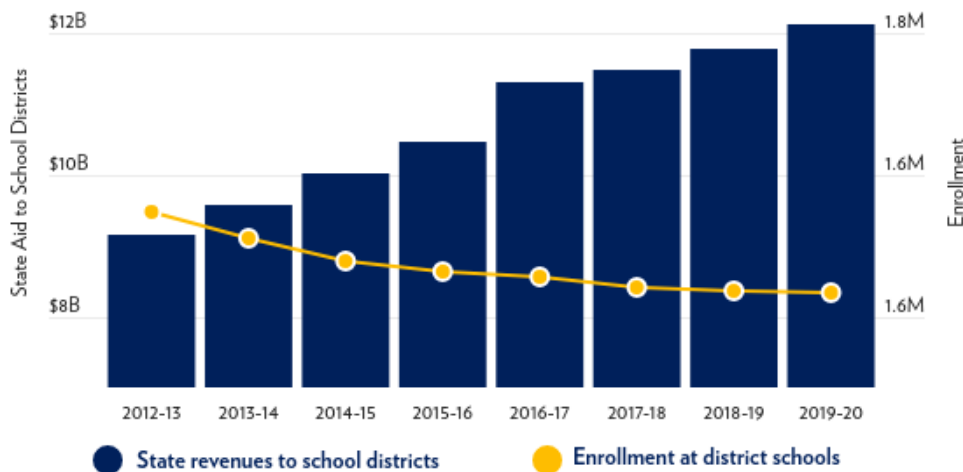
School Funding Myth Busters

GENERAL SCHOOL FUNDING

- *Claim: Public school funding has been cut.*

Reality: State-level funding to public education has consistently increased for decades while enrollment continues to decline. Even when accounting for inflation, **education funding has gone up 68% since 1990 and 28.8% since 2012.**

Funding & Enrollment Trends



Sources: Combination of PA Department of Education AFR Data and Enrollment Reports.

In the face of uncertainty due to COVID in 2020, state lawmakers flat-funded education for the 2020–21 school year. Districts also received about \$6 billion in additional funding via three federal COVID relief packages.

- *Claim: Pennsylvania ranks 45th in school funding.*

Reality: Pennsylvania ranks 5th in total public school funding, 8th in total per-pupil funding, 7th in total state funding, and 24th in per-pupil state funding. State funding **has increased 43%** in the last 20 years (adjusted for inflation).

Pennsylvania does rank 45th in a meaningless metric: share of state funding. While state funding is slightly more than the national average, our local revenues are 6th highest in the country—more than **\$3,600 higher** than the national average. This is what makes our “state share” lower.

To illustrate why “state share” is a meaningless metric, consider this: If Jeff Bezos gave Pa. schools \$10 billion per year, funding would jump from \$19,000 to \$25,000 per student—but state share would drop to 28%. On the flip side, if local funding was eliminated, per-pupil funding would drop to

around \$8,500—but the state share would be around 85%. Most people would probably choose the \$10 billion donation over the local revenue elimination even though it reduces the state share.

- *Claim: Pennsylvania school districts are underfunded.*

Reality: As of 2017–18 (most recent national data), the U.S. Department of Education’s National Center for Education Statistics ranked [Pennsylvania 8th in the nation](#) in state education funding, with more than \$18,000 per student going to districts. The national average was about \$14,000. **By 2019–20, funding in Pennsylvania public schools was above \$19,000 per student.** Even the districts with the lowest per-student funding spend more than the average private school tuition in the state.

The people who claim districts are underfunded are often the same ones who say charter schools—which receive as much as 25% less per student—are overfunded. This is a disconnect, especially since charter schools serve a higher percentage of low-income and minority families than district schools do.

In addition, **Pennsylvania school districts reported reserves of more than \$4.8 billion** at the end of the 2019–2020 school year, months into the pandemic.

- *Claim: Because Pennsylvania relies heavily on property taxes, the disparity between rich and poor districts is the greatest.*

Reality: Reliance on property taxes has created funding inequities in Pennsylvania. In response, the state has allocated generous spending to higher poverty districts. As seen in the chart below, **state funding per student is higher in districts with higher poverty rates.**

2017-18 Poverty Rate and 2019-20 District Revenues

Poverty Quintile	Average Poverty Level	Total Funding per Student	Local Funding per Student	State Funding per Student	Federal Funding per Student
Highest poverty quintile	26%	\$19,003	\$6,687	\$10,854	\$763
2nd highest quintile	17%	\$18,937	\$8,249	\$9,471	\$513
3rd highest quintile	14%	\$19,338	\$9,218	\$8,557	\$403
4th highest quintile	10%	\$18,751	\$10,866	\$6,703	\$284
Lowest poverty quintile	5%	\$20,518	\$14,509	\$5,033	\$192

Sources: 2017-18 Poverty - Kids Count Data Center, <https://datacenter.kidscount.org/data/tables/2778-poverty--estimated-percent-of-relevant-population-age-5-17-under-100-poverty-by-school-district-using-saige?loc=40&loc=10#detailed/10/5475-5975,8788/false/871,870,573,869,36,868,867,133,38,35/any/10226>;
 2019-20 Revenues - Pa. Department of Education, Annual Financial Report, Revenue data, <https://www.education.pa.gov/Teachers%20-%20Administrators/Schools%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx>.

Funding gaps will continue to shrink as more state funding is pushed through the fair funding formula. But the districts with the lowest per-pupil funding—just over \$13,000—still top the average private school tuition in Pennsylvania—\$11,500. Districts that are often held up as examples of underfunding, like Chester-Upland or William Penn, are receiving more than \$19,000 and \$18,000 per student, respectively. Per-student funding in Philadelphia is more than \$19,000; in Pittsburgh, it

tops \$27,000. Furthermore, there is [evidence that higher levels of spending alone do not improve academic achievement](#).

TAX CREDIT SCHOLARSHIPS

- *Claim: Tax credit scholarships drain money from public schools.*

Reality: This is provably false. Since tax credit scholarships were introduced in 2001, state funding to public schools [has increased](#) by more than \$10 billion—a 43% increase (adjusted for inflation). On a per-student basis, it represents a 46% increase.

On top of the ever-increasing state funding, when students receive a scholarship, districts retain all the local funding while serving fewer students in the classroom. Thus, per-student spending in public schools increases. **Tax credit scholarships offer a rare win-win: districts have increased per-student funding while parents get the ability to choose the best school for their child.**

- *Claim: Raising the cap on tax credit scholarships will cost \$1 billion in five years.*

Reality: Tax credit scholarships don't take any funding from public schools. The scholarships are funded through private donations; the donors then receive a credit on their state taxes. But the tax credit does not come from the education budget. It comes from the general fund.

Increasing the cap on tax credit scholarships will save districts millions of dollars. For example, a 2020 [analysis](#) by Dr. Martin Lueken of EdChoice concluded that **a \$100 million EITC increase would likely save school districts more than \$500 million per year.**

It's interesting that public school advocates assume every student who is eligible for a school choice program will take advantage of it.

- *Claim: Tax credit scholarships lack accountability.*

Reality: There are numerous district schools throughout the state where the majority of students are not proficient in reading or math. For example, the Aliquippa school district receives nearly \$23,000 per student (more than half of which comes from the state). However, more than 70% of students at [Aliquippa Elementary School](#) are not proficient in reading, and 86% are not proficient in math. Scores are similar in the high school. In 293 district schools, fewer than 20% of students are proficient in math. Tragically, the parents of these students typically have no other options.

Tax credit scholarship programs turn this paradigm on its head by empowering parents to choose the school that works best for their children. If parents aren't satisfied with a chosen school, they can leave—and take their scholarship to another school or return to their local district. That's the ultimate form of accountability.

CHARTER SCHOOLS

- *Claim: School districts lose money when kids go to charter schools.*

Reality: The purpose of education funding is to educate children, and the purpose of school districts is to facilitate the education of the children who live within a district's boundaries. Those children don't belong to the district, and neither does the funding that is meant to educate them.

When children choose charter schools, districts aren't "losing" money. They're just spending it at a charter school instead of a district school. Either way, the money is being spent to educate local children.

- *Claim: Charter school costs are the top budget pressure facing districts.*

Reality: A shocking **82% of districts** told the Pa. School Boards Association (PSBA) that charter payments are the top budget pressure they face. But **this is false**—charter payments are not the top cost for districts. **For 99% of districts, employee benefits are much higher than charter payments.** For 97% of districts, pension contributions outpace charter payments. PSBA itself acknowledges this fact in its [social media postings](#). It is unclear why districts ignore or downplay growing pension costs.

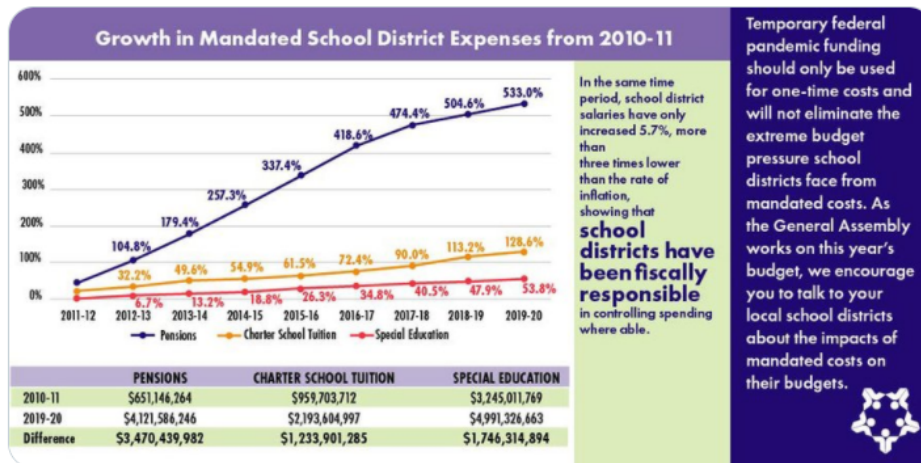


Pa School Boards Asn
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Make sure your PA legislator is aware of this important information as they consider issues for the budget.

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11:03 AM · Jun 15, 2021 · Hootsuite Inc.

- *Claim: The state should mandate a lower flat cyber charter tuition rate.*

Reality: This is a perennial proposal from the "education establishment," but it is now completely discredited after more than a year of remote teaching in many districts. We've heard for years that districts can educate children remotely for just \$5,000 per student. Gov. Wolf is calling for a statewide cyber tuition of \$9,500. But per-pupil spending in Pennsylvania public schools currently tops \$19,000. **If it's true that remote education only costs \$5,000–\$9,500 per student, districts that have spent much (if not all) of the year fully remote should have surplus funds.** The fact that districts are instead calling for additional funding makes these claims about inflated cyber tuition hard to believe.

- *Claim: Special education funding for districts goes through a funding formula, but it doesn't for charters.*

Reality: One popular demand right now is for charter school special education funding to go through the special education funding formula “[as it already does for traditional public schools](#).” Gov. Wolf claims doing this will “save” \$185 million—but he really means it will be taken from charters and given to districts.

The claim that district special education funding uses the multiplier is completely misleading. Currently, **only 3% of district special education dollars go through the funding formula (\$149 million of the nearly \$5 billion spent)**. If this formula is going to be applied to all charter special education funding, it should also be applied to all district special education funding. Until that happens, this would just target students with special needs who have chosen charter schools.