



Budget Facts 2009

from the COMMONWEALTH FOUNDATION

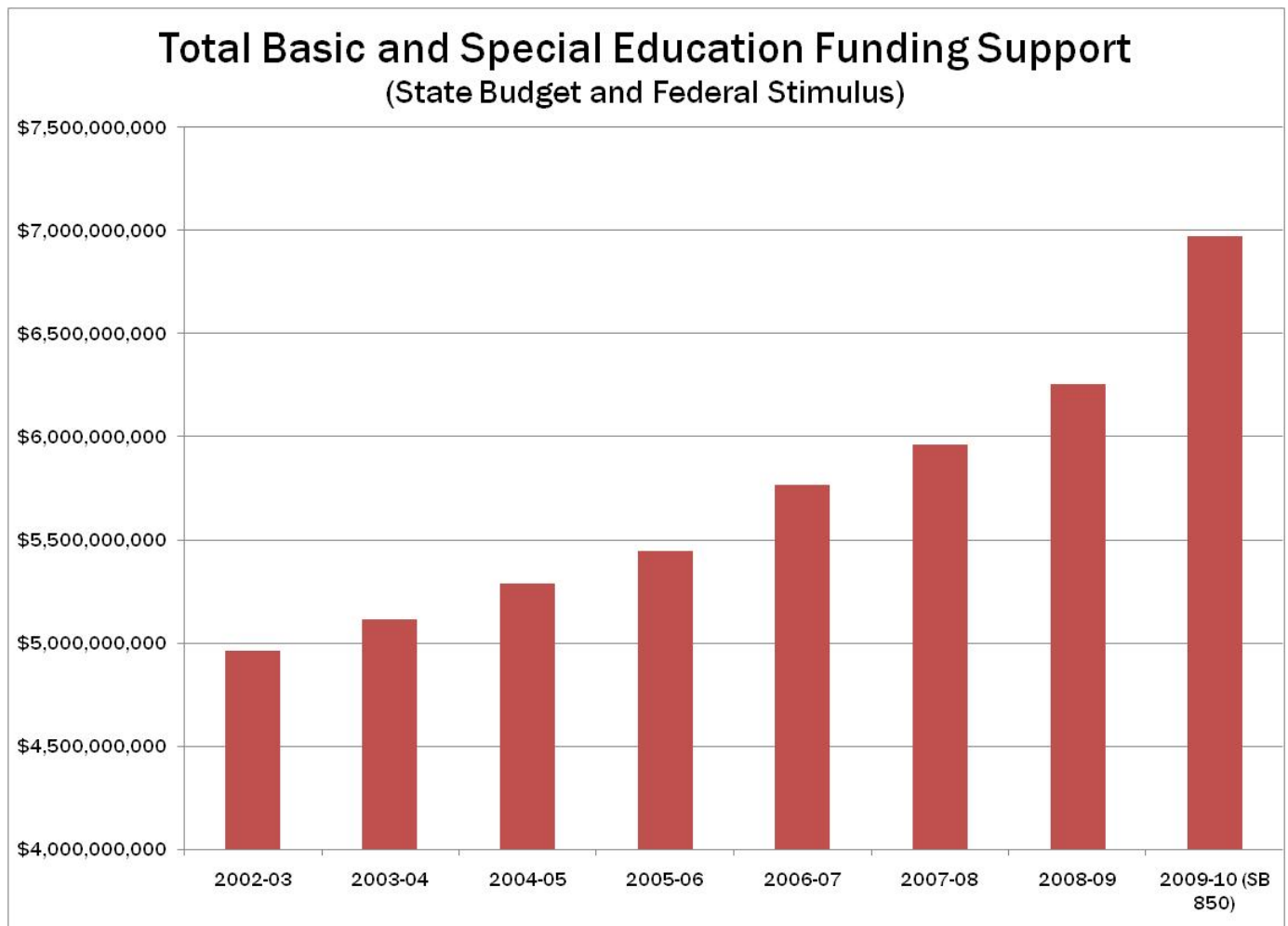
June 2009

State Education Spending

Pennsylvania faces a \$3 billion tax revenue shortfall in the state's General Fund Budget. Competing proposals from Gov. Ed Rendell and the Republican-led Senate differ on raising taxes and reducing/reprioritizing spending. This is the third in a series of fact sheets on the state budget.

SCHOOL DISTRICTS WOULD RECEIVE INCREASED SUPPORT FROM THE STATE AND FEDERAL GOVERNMENTS

- **Under Senate Bill 850, Pennsylvania school districts will receive an average 11.7% increase** in Basic and Special Education funding over 2008-09 levels through federal and state sources.
 - ⇒ State Basic and Special Education funding = **\$6.2 billion**
 - ⇒ 2009-10 federal stimulus funds directly to school districts = **\$720 million**
- This **increase** in funding support across the state will range from **3.1% to 32.8%** per school district under the new budget.



PENNSYLVANIA CANNOT SPEND IT'S WAY TO EDUCATIONAL SUCCESS

- K-12 Public Education **spending has skyrocketed**:
 - ⇒ Since 1970, public school spending increased from \$2.3 billion to \$24 billion—a **956% increase**.
 - ⇒ Over the past 25 years, **per-pupil spending has increased 364%** (vs. inflation of 141%).
 - ⇒ Under Gov. Rendell, state spending on K-12 education **has increased 43%**.
- K-12 Public Education **performance has stagnated**:
 - ⇒ The average combined verbal and math SAT scores of Pennsylvania students **has dropped from 1,000 in 1986 to 995 in 2008**—even among “high participation rate” states, PA ranks among the worst performing.
 - ⇒ Rigorous academic studies have found **little or no correlation** between student achievement and class size, teacher salaries, or per-pupil expenditures.

THE STATE SHARE HAS ALWAYS BEEN LESS THAN HALF OF SCHOOL DISTRICT SPENDING

- **Until 1983**, a state law dictated that the Commonwealth *should* provide 50% of K-12 funding. This mandate was **never fully fulfilled**, however, due to consistent increases in local district spending.
 - ⇒ The state's share of education funding **peaked in the 1971-72 school year at 45%**.
 - ⇒ The state's share has diminished not because of reduced spending but due to sharper increases in spending and property taxes by local districts.

SCHOOL CHOICE SAVES TAXPAYER MONEY

The \$75 million **Educational Improvement Tax Credit (EITC)** is currently a 75-90% tax credit for businesses that contribute to a non-profit scholarship or educational improvement organization.

- The EITC provides \$44.7 million in K-12 scholarships for low-moderate income families, \$8 million in pre-K scholarships, and \$22.3 million for aid to “innovative” educational initiatives.
 - ⇒ In the current school year, **44,000 students are receiving EITC Scholarships**.
 - ⇒ Since 2001, 244,038 students benefitted from a better or safer school through the EITC.
- The EITC saved taxpayers **over \$500 million** in the 2007-2008 school year alone.
 - ⇒ The **average EITC Scholarship is \$1,100**, compared with average school district spending of **\$13,300 per-pupil n 2007-08**.
 - ⇒ If the EITC were to be cut and scholarship opportunities reduced, many students would be forced back into high-cost public schools, resulting in **higher property taxes**.

Taxpayers saved approximately **\$3.622 billion** from other school choice options in the 2007-08 school year.

- **Charter schools saved taxpayers \$80.03 million** in the 2007-08 school year.
 - ⇒ 45,560 students were served at an average savings of \$2,589 per student.
- **Cyber charter schools saved taxpayers \$94.14 million in the 2007-08 school year**.
 - ⇒ 19,715 students were served at an average savings of \$4,775 per student.
- **Private and nonpublic schools saved taxpayers \$3.15 billion in the 2007-08 school year**.
 - ⇒ 260,000 students were served, with an average savings to taxpayers of over \$12,000 per-pupil.
- **Home schooling saved taxpayers \$297.5 million** in the 2007-08 school year.
 - ⇒ 22,316 students were served at virtually no cost to the taxpayers.

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