



June 2018

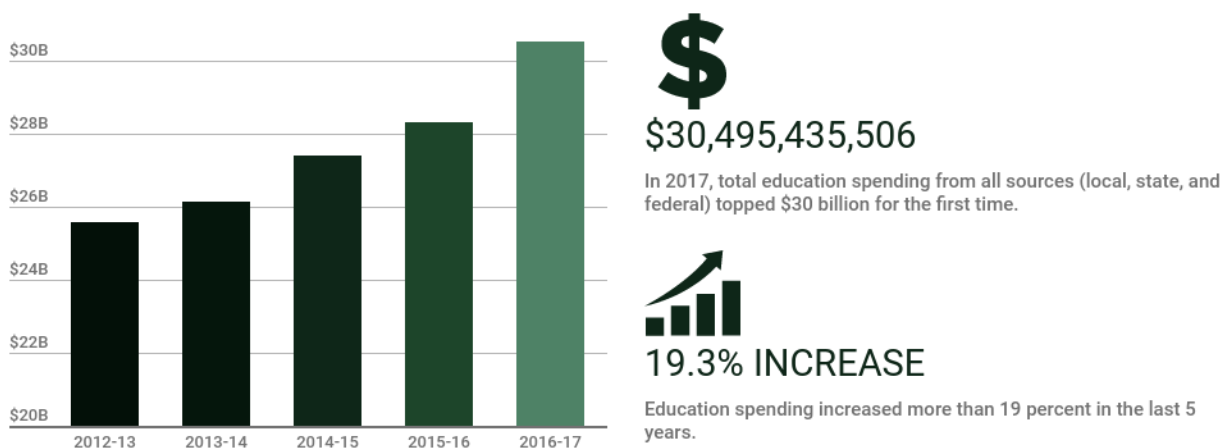
## Education Spending Trends 2016-17

### All-Time High Spending

Education spending in Pennsylvania continues to skyrocket. Yet calls continue for “more money” or “adequate funding.”

- Overall education spending in Pennsylvania topped \$30 billion for the first-time last year, totaling [\\$30.5 billion](#). A 19 percent increase in the last five years.
- At \$11.3 billion, [state aid to school districts is at record levels](#), a 23 percent increase since 2012.
- Average revenue per student is [approaching \\$18,000](#), far above the national average and up 20 percent over the last 5 years.
- Even Pennsylvania’s lower-income districts spend more than the [national average](#).
  - For example, [100 percent](#) of the students at William Penn school district qualify for the free lunch program, yet average per-student funding is nearly [\\$3,000 more than the national average](#) (most recent data 2014-15).
- Nationally, Pa. ranks [9th in average per student funding](#).
- Academic outcomes do not track with ever-increasing budgets. For instance, SAT scores have remained [largely unchanged since 1970](#).

### SCHOOL DISTRICT SPENDING



SOURCE: Pennsylvania Department of Education, [Annual Financial Reports](#) (Expenditure Data for School Districts).

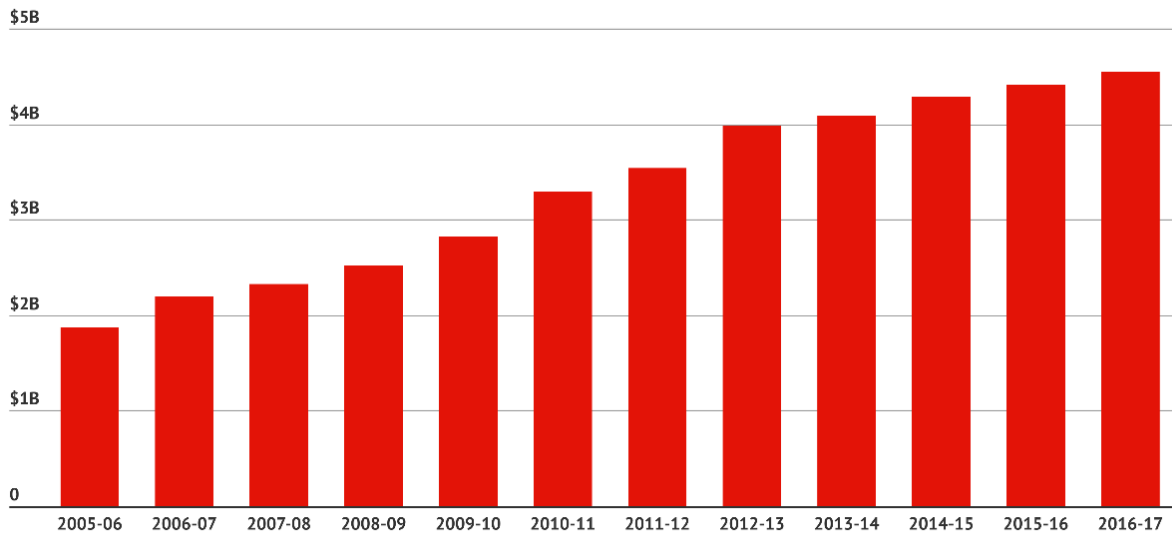
## **Taxpayers Deserve Transparency and Accountability**

School districts are supposed to be [accountable to the taxpayers](#). Citizens should have easy access to information about large spending projects and reserve allocations.

- School district reserve fund balances are at an [all-time high of \\$4.5 billion](#), up 143 percent since 2005.
- School districts now hold enough cash to cut each Pennsylvania student a \$2,860 check.
- Auditor General Eugene DePasquale says reserve funds greater than 20 percent of district spending should be questioned.
  - Of Pennsylvania's 500 school districts, [226 held reserves of 20 percent of spending or higher](#) in 2016-17.
  - 13 districts with reserves above 20 percent have asked for permission to raise property taxes above the state-mandated cap in at least 8 of the last 10 years.
- These figures include general fund balances only, as data for separate capital reserve funds are not available.

## **SCHOOL DISTRICT RESERVES**

*(2005-06 to 2016-17)*



SOURCE: Pennsylvania Department of Education, [Detailed Annual Financial Reports](#), "General Fund Balance 1996-97 to 2016-17." General Fund Balance includes Assigned, Committed, and Unassigned funds.

## **Hold Harmless Harms**

The state's [hold harmless provision](#) guarantees no reduction to a school's funding regardless of declining enrollment. It applies to the majority of basic education funding. In contrast, the new [fair funding formula](#) applies to only [7 percent of basic education funding](#).

- This system exacerbates education spending inequality across the state.
- Shrinking schools get far more funding and growing schools less.

## **Solution: Let Education Funding Follow the Child**

By [educating students for a fraction](#) of the school district's costs, education choice programs can save taxpayer dollars and help resolve district funding disparities, while shifting the focus from funding buildings to funding students.

# Pennsylvania Public Education Funding

	School District	Charter	EITC	OSTC	ESA
Average Per Student Funding	\$17,736	\$14,199	\$1,658	\$2,420	\$6,227
Total Funding	\$30.5 billion	\$1.9 billion	\$135 million	\$50 million	N/A*

\*ESA funding would vary based on participation. Assuming 1 to 2% participation (typical for other states) estimated total grant funding would be \$14 million to \$28 million.

Source: PA Department of Education Annual Financial Reports, Revenue Data for School Districts; PA Department of Community and Economic Development

- **Education Savings Accounts:** ESAs are state funded accounts that empower parents to customize their child's education. As families utilize choice options, [per-student funding in their home district can rise](#).
  - For example, Harrisburg spends nearly \$19,000 per-student. If a student takes an ESA grant of \$6,000, the district keeps the remaining \$13,000.
- **Education Improvement Tax Credit (EITC):** EITC scholarships funded by tax credits offer school choice to thousands of Pa. kids. The EITC *alone* has saved taxpayers \$1 billion, according to an [EdChoice audit](#).
  - Yet thousands of Pa. kids are turned away each year from [tax credit scholarships](#).
- **Opportunity Scholarship Tax Credit:** OSTC scholarships, funded by tax credits, are limited to students in a low-achieving school. These schools rank in the bottom 15 percent based on Pennsylvania System of School Assessment (PSSA) scores.
- **Charter Schools:** Charter schools are independently run public schools free from many mandates and regulations. Philadelphia district schools spend a [colossal \\$24,597 per student](#). Philly charter schools serve students with roughly half that amount at \$13,588 per student.

[Numerous studies show](#) education choice improves academic outcomes, improves public schools, reduces racial segregation, and improves civic values. Expanding EITC and OSTC and creating [Education Savings Accounts](#) is the best way create a thorough and efficient education system for everyone.

To find information on your school district, view our education spending [infographic](#).