

Issue: PA Education

Talking Points: K-12 Education Funding in Pennsylvania

Wildly Disparate Spending Among School Districts

Well-educated students are the future of the Commonwealth, but the Republican legislature isn't adequately investing in our children's education. The primary sources of funding of local school districts come from the state's general fund and from property taxes. However, Pennsylvania's contribution to total district funding is extremely low. In 2020, the state provided only about 38% of funding, ranking it near the very bottom among all states. Most of the remainder of funding—more than 55%—comes from local property taxes. Thus, per-pupil spending depends on a district's wealth, with some districts spending only \$7,000 per year, while others spend \$13,000. State funds are only loosely correlated with enrollment figures, due to the "hold harmless" policy which prevents districts who lose students from losing much in the way of state funds.

Tax Credits and Accountability

Tax credits further diminish available funds for local schools. The two main tax-credit programs—the Educational Improvement Tax Credit and the Opportunity Scholarship Tax Credit—allow businesses and individuals to lower their state tax bills if they donate to scholarship funds. These scholarships subsidize private and religious schools. Although billed as a way to help poor children, the income cutoff for participating families is much higher than the median income in Pennsylvania. Because scholarship recipients attend private schools, the state is unable to access information about the academic success of the scholarship students.

Charter Schools

Charter schools in Pennsylvania are taxpayer-funded public schools that are privately operated; and some charters are for-profit. About 8% of children in Pennsylvania attend a charter school and a quarter of those attend cyber charters, where all instruction is online.

School districts supply charters with the vast majority of their funding in the form of "tuition" payments, which are based not on charter costs, but on the cost of attending a traditional public school. When students transfer from a traditional school to a charter school, the costs of the traditional school do not decrease, as salaries and infrastructure costs remain the same. However, the school district has less money since the "tuition" is diverted to the charter school.

Although costs of educating special-education students vary, school districts pay charters the same amount for each special education student, regardless of the child's disability. Education at cyber charters costs much less than what is spent in brick-and-mortar schools; estimates of unneeded basic education funding received by cyber charters is about \$290 million per year. In 2012-13, the funding received by charter schools for special education students was \$200 million more than was necessary.

Conclusion

Pennsylvania must change its education funding structure to make it more equitable for all students. Taxpayers need more transparency regarding student outcomes for those attending charters or receiving tax credit scholarships. See <https://www.localmajority.org/research-reports> for our complete report on K-12 Education Funding.