

Pennsylvania

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FUNDING PRIORITIES FOR P-12 AND HIGHER EDUCATION

In June 2021, Pennsylvania Governor Tom Wolf signed legislation finalizing the commonwealth budget for 2021-22. The enacted 2021-22 budget includes \$14.5 billion for education, a 4.8% increase over the education appropriation available (with supplements) in 2020-21.¹ Total education appropriations within the commonwealth budget include funding for P-12 education, community colleges, state-affiliated universities, and public libraries.

The 2021-22 budget increases Pennsylvania's investments in P-12 education, including targeted increases in basic education, special education, and early childhood funding. Basic education funding is the largest source of state support for P-12 education in Pennsylvania. The enacted budget for 2021-22 includes \$7.1 billion for basic education funding, a 4% increase. The enacted budget also includes \$1.2 billion for special education, a 4.2% increase. Investments in PK-3 education include \$288 million for Ready to Learn Block Grants (a 7.5% increase) and \$242 million for Pre-K Counts (an 11.5% increase).

The 2021-22 budget includes \$245 million in funding for Pennsylvania's community colleges, an increase of 0.6%. The budget sustains funding for state-affiliated universities and state-owned colleges and universities at 2020-21 levels. For state-affiliated universities, the budget includes \$597 million for the University of Pittsburgh, Pennsylvania State University, Temple University, and Lincoln University, a 0% increase from the previous year. The budget also includes \$477 million for the 14 state-owned colleges and universities in the Pennsylvania State System of Higher Education.

CHANGES TO FUNDING FORMULA FOR P-12

The vast majority of state appropriations for basic education funding are not distributed through a formula because of a hold harmless policy. Approximately 85% of basic education funding for 2021-22 will be based on historical precedent as a result, regardless of changes in enrollments, student needs, district wealth, or local tax effort since the first hold harmless policy was enacted in 1992.²

1. Pennsylvania Office of the Budget. *Commonwealth Budget* (Harrisburg: Commonwealth of Pennsylvania, 2021), <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Pages/default.aspx>.

2. Cynthia Fernandez, "The \$1 billion plan to close the gap between growing and shrinking Pa. school districts," *The Philadelphia Inquirer*, February 18, 2021.

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Researchers have repeatedly documented how this hold harmless policy disproportionately impacts students from marginalized communities.

Governor Wolf's proposed 2021-22 budget would have addressed these disparities by distributing \$6.5 billion in basic education funding through a need-based formula.³ After the completion of budget negotiations with the General Assembly, the basic education funding appropriation was dramatically reduced. Only \$999 million will be distributed according to need. Of this \$999 million, \$899 million will be distributed through the basic education funding formula. An additional \$100 million will be distributed to the 100 most underfunded districts in the state through the Level Up Initiative. The remaining \$6.5 billion in basic education funding will continue to be distributed without regard for current enrollments and fiscal needs.⁴

PRESSING STATE ISSUES AFFECTING P-12 AND HIGHER EDUCATION FUNDING

The trial for a landmark challenge to the constitutionality of school funding disparities in Pennsylvania will begin this fall. The case--William Penn School District et al. v. PA Department of Education et al—was filed by a group of six school districts, six families, and two statewide organizations. The case will consider whether the state has violated the education clause and equal protection provisions of the Constitution of Pennsylvania by failing to provide an adequate education to schoolchildren in low-wealth school districts and creating wide and unjustifiable disparities between school districts.

FISCAL IMPACT OF ALTERNATIVES TO PUBLIC SCHOOLS

Charter school students in Pennsylvania are funded by tuition payments from traditional public-school districts. The school district where each charter school student resides is responsible for that student's tuition. Charter school tuition rates are based on an average, per pupil spending figures within each traditional public-school district. As a result, tuition rates vary by school district. For 2021-22, nonspecial education tuition rates will range from a low of approximately \$10,600 per enrolled charter student to a high of approximately \$22,300 per

3. Pennsylvania Department of Education. *2021-22 Proposed Basic Education Funding* (Harrisburg: Commonwealth of Pennsylvania, 2021), <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Education%20Budget/Pages/default.aspx#:~:text=The%202021%2D22%20fiscal%20year,2020%2D21%20fiscal%20year%20appropriation.>

4. Pennsylvania Department of Education. *2021-22 Estimated Basic Education Funding* (Harrisburg: Commonwealth of Pennsylvania, 2021), <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Education%20Budget/Pages/default.aspx#:~:text=The%202021%2D22%20fiscal%20year,2020%2D21%20fiscal%20year%20appropriation.>

enrolled charter student. Special education tuition rates will range from a low or approximately \$19,100 per enrolled charter student to \$57,400 per enrolled charter student.

STATE PER PUPIL EXPENDITURES

In the most recent year with complete financial and enrollment data available, local educational agencies received \$6,930 per pupil in state revenue.

ALLOCATION OF STATE DOLLARS AND STATE BUDGET

As a proportion of the state's total budget for 2021-22, the total education appropriation reported in the enacted line-item budget will constitute 38 percent of state appropriations. In aggregate, the total education appropriation was \$14.5 billion.