

Updated: June 21, 2013

The Pennsylvania House of Representatives approved a 2013-14 budget bill (HB 1437, PN 2003) on June 12 that locks in 84% of the cuts to public school classrooms enacted in 2011 and 2012, cuts that have disproportionately impacted high-poverty school districts. A small increase in basic education funding included in the bill leaves overall state funding for education in 2013-14 below 2008-09 levels, when adjusted for inflation. Barring significant changes in the final agreement between the House, Senate and Corbett administration, the current plan will serve as the framework for the final budget.

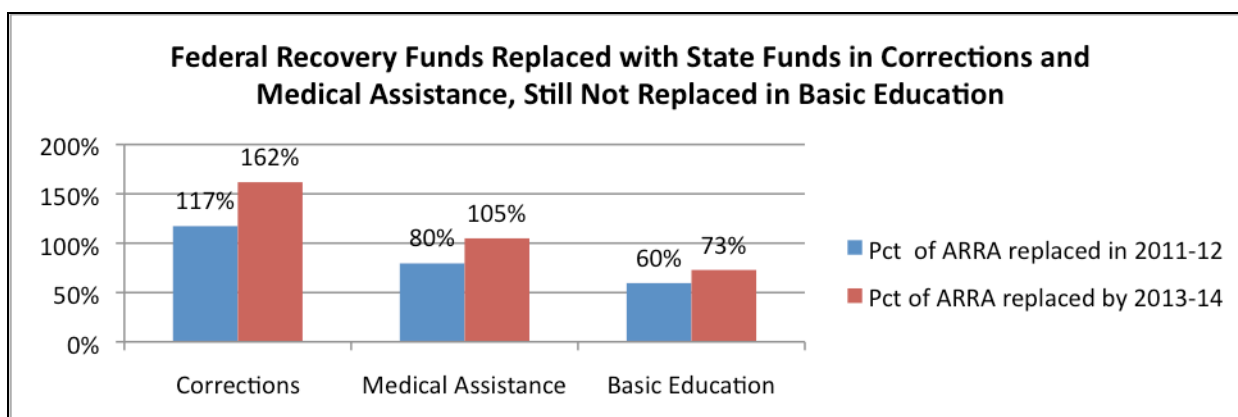
The House's \$28.3 billion spending plan reduces pension and school employee retirement allocations by \$85 million from Governor Tom Corbett's February budget proposal, while increasing all other education line items by only \$22 million. Overall, the current plan cuts \$100 million from the Governor's proposal, in response to a projected shortfall. The plan also preserves substantial cuts to higher education and human services enacted in the 2011-12 and 2012-13 budgets.

Much of the legislative debate in the House revolved around whether spending on education in this budget plan was greater or less than in 2010-11 and how cuts have been distributed between wealthy and poor districts. The following policy brief sets the record straight on some of these claims.

## Temporary Federal Funds Replaced for Prisons but Not For Schools

The 2011-12 budget reduced classroom funding by \$859 million, including a net loss of \$421 million in the basic education subsidy and \$437 million in other programs that directly benefit students. These programs include Accountability Block Grants (providing support for pre-kindergarten and full-day kindergarten programs, class size reduction, and tutoring) which were cut by 40%, and the Educational Assistance Tutoring Program, School Improvement Grants, and the state's partial reimbursement of charter school costs, which were eliminated. This has precipitated the education funding crisis across the commonwealth and the loss of nearly 20,000 jobs in education in just two years.

An argument that education cuts were driven by the loss of temporary federal funds misses a significant fact – expired federal funds were replaced almost dollar for dollar with state funds in other departments but not in education. In 2011-12, the same year large education cuts were imposed, \$187 million in temporary federal funding was replaced with state dollars in the Department of Corrections budget, and \$1.4 billion in temporary American Recovery and Reinvestment Act (ARRA) funding was replaced with state dollars in the Department of Public Welfare budget. This protected prisons, hospitals, nursing homes, managed care companies, and many other services from the deep cuts that were forced on school districts that year.



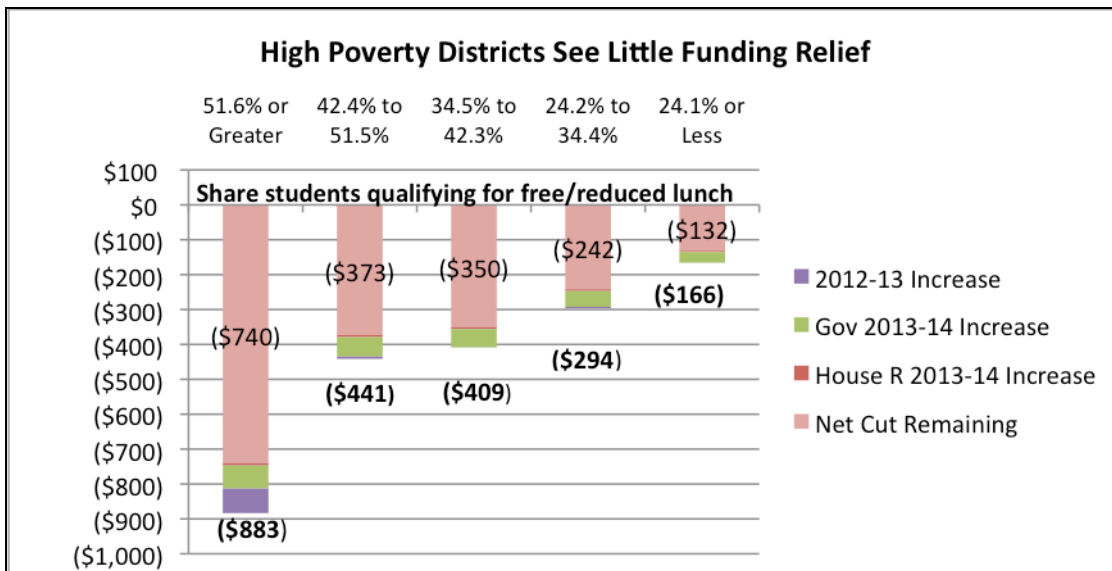
Funding from the State Fiscal Stabilization Fund (an ARRA program) was allocated to the states with strings: it could only be used to prevent cuts in education or public safety. Using these federal funds for education, prisons, and higher education freed up state dollars that were spent to avoid deep cuts to other services.

In February 2011, expecting a budget shortfall, the Corbett administration opted to use \$388 million in Education Jobs Funds, approved by Congress in fall 2010, to replace state dollars, pushing the total temporary federal funding used to support basic education funding to \$1.04 billion. The state ended the 2010-11 fiscal year with a \$1.1 billion fund surplus. Using the Education Jobs funds, which were scheduled to expire at the end of 2010-11, made the task of replacing lost federal dollars with state dollars that much more daunting.

## Education Funding Cuts Disproportionately Affect High-Poverty Districts

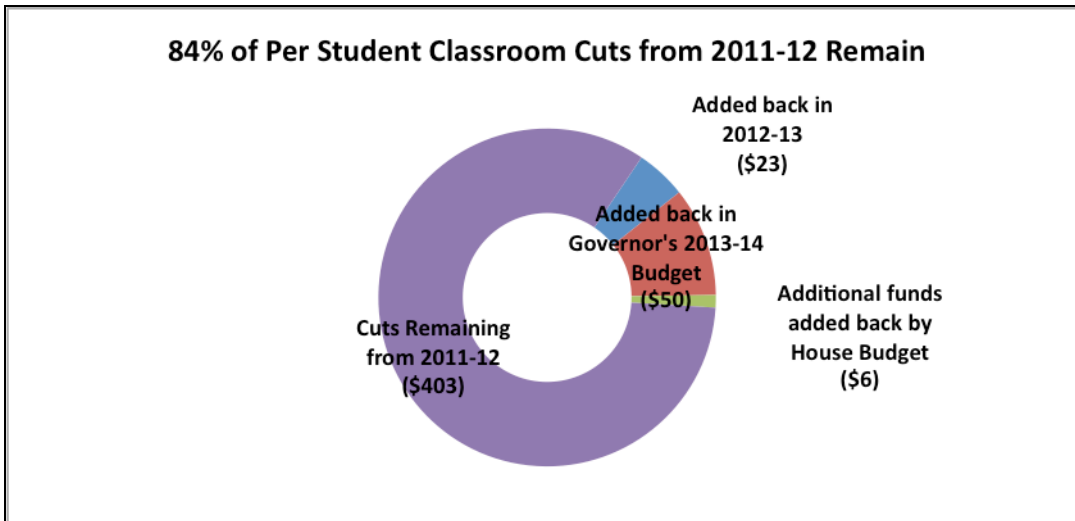
While all school districts have seen reductions in classroom funding since 2010-11, those cuts have been most severe in school districts with a larger share of low-income students, measured by the share of students eligible for free and reduced price lunch (185% or less of federal poverty level). The table below shows cuts per student by quintile (500 school districts divided equally into five groups according to the concentration of low-income students). Districts with more than 50% of students categorized as low-income had per-student cuts of \$883 on average in 2011-12, more than five times higher than districts with a quarter or fewer low-income students, whose cuts totaled \$166 per student on average. The General Assembly has taken some small steps to mitigate the devastating impact of the 2011-12 budget cuts on school districts, approving \$49 million in funding for severely financially distressed school districts in 2012-13. (The School District of Philadelphia was not included in the distressed school funding.)

The Governor’s 2013-14 budget proposal added \$90 million in the basic education subsidy, and the current plan adds \$10 million for a total of \$100 million. Those increases still leave the districts with the highest quintile of low-income students with per-student cuts of \$740 on average compared to \$132 for the lowest quintile.



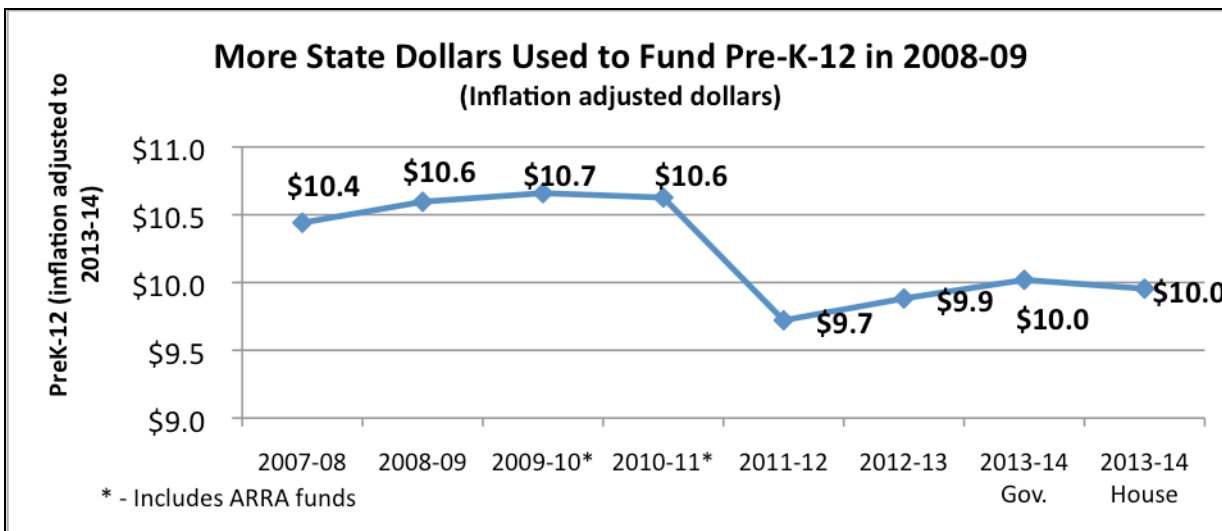
## Current Budget Plan Leaves 84% of Classroom Cuts Intact

Classroom funding cuts in 2011-12 averaged \$482 per student. Since then, lawmakers have made some small steps toward refilling the funding gap they made – adding back what amounts to \$23 per student in the 2012-13 budget. The Governor’s proposal for 2013-14 adds back an additional \$50 per student, and the current budget adds back an additional \$6 per student. While decreasing the funding gap is helpful, most of the gap, \$403 per student, or 84% of the original cut, remains.



## Counting Inflation, More State Dollars Were Spent on Pre-K-12 Education in 2008-09

Some policymakers say the current budget would set a new record for school funding. Looking at all Pre-K-12 state funding, which includes pensions, transportation, and non-public school costs, the current budget totals \$9.95 billion in 2013-14, down slightly from the Governor's proposal of \$10.02 billion. However, if you account for inflation, state dollars (not counting ARRA) were higher in real terms back in 2008-09. Add in ARRA, and the totals were highest in 2009-10 at \$10.66 billion.



## Conclusion

Funding public education is a core responsibility of state government. Over the past two years, Pennsylvania has stepped back from this responsibility, resulting in a shifting of costs to local taxpayers and the loss of educational opportunities for Pennsylvania children. The current 2013-14 budget plan promises more of the same, as it falls well short of filling the funding gap created in 2011-12. Students in poorer districts are bearing a larger share of the cuts that remain, which will make it harder for students with the greatest challenges to achieve.