

PENNSYLVANIA

Budget and Policy Center

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The 2019-20 Enacted Budget: How Did Education Fare?

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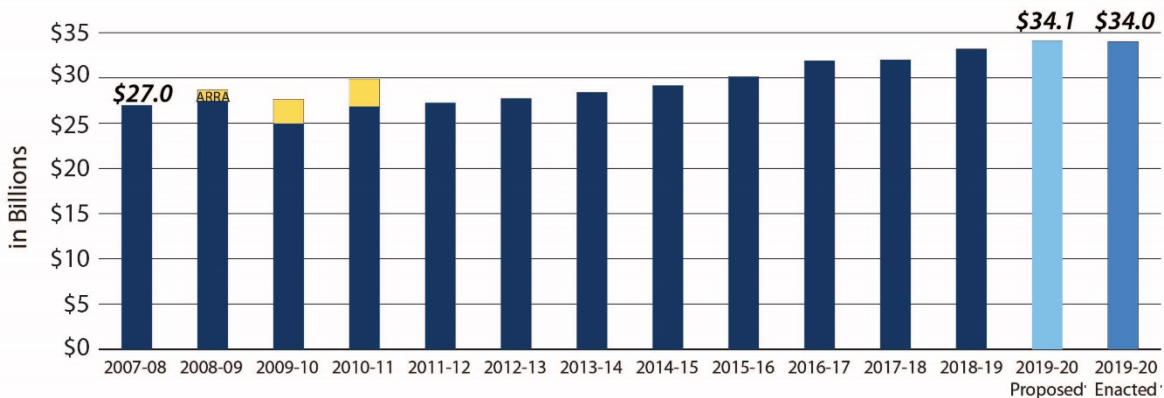
While this 2018-19 budget increase moves us in the right direction with increased funding for education, it still does not adequately and equitably fund our schools across the Commonwealth. In order to do that, Pennsylvania must find recurring revenue sources.

Overview of the 2019-20 Enacted Budget

The 2019-20 enacted budget increases General Fund spending by 2.8% from last year for a total of \$33,997 million as shown in Figure 1. This is \$149 million below the \$34.1 billion the governor proposed in February.

Figure 1

The 2019-20 Budget Increases General Fund Spending by 2.8% From the Prior Year



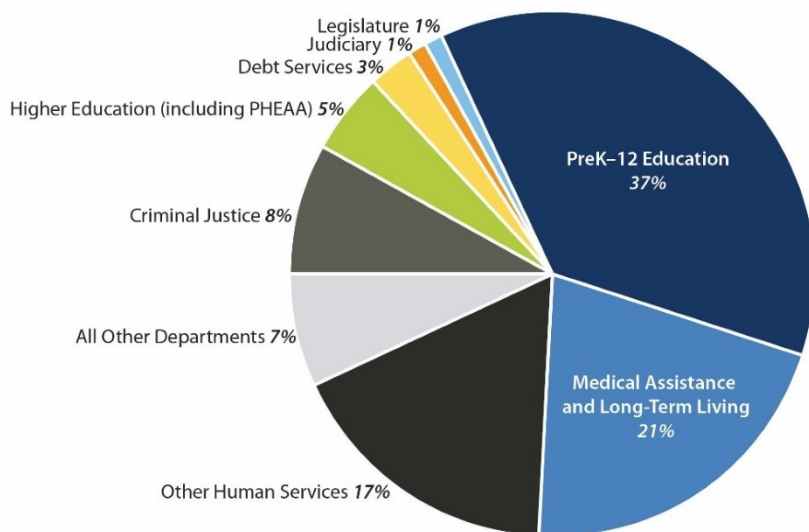
Source: Pennsylvania Budget and Policy Center analysis of 2019-20 Budget (June 28, 2019) and previous budgets.

The distribution of General Fund spending among different government functions is shown in Figure 2. As usual, over a third (37%) of General Fund spending in 2018-19 will be on preK-12. Another 38% will be spent on human services, including medical assistance, long-term living, and other human services. Criminal justice makes up 8% of the General Fund budget while higher education is only 5%.

Figure 2

2019-20 General Fund Expenditures

Share of total state expenditures by major category in the 2019-20 enacted budget



Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019).

Below, we review the Education portion of the enacted budget and compare it to previous years, including the Governor's proposal.

PreK-12 Education

Overall PreK-12 Funding

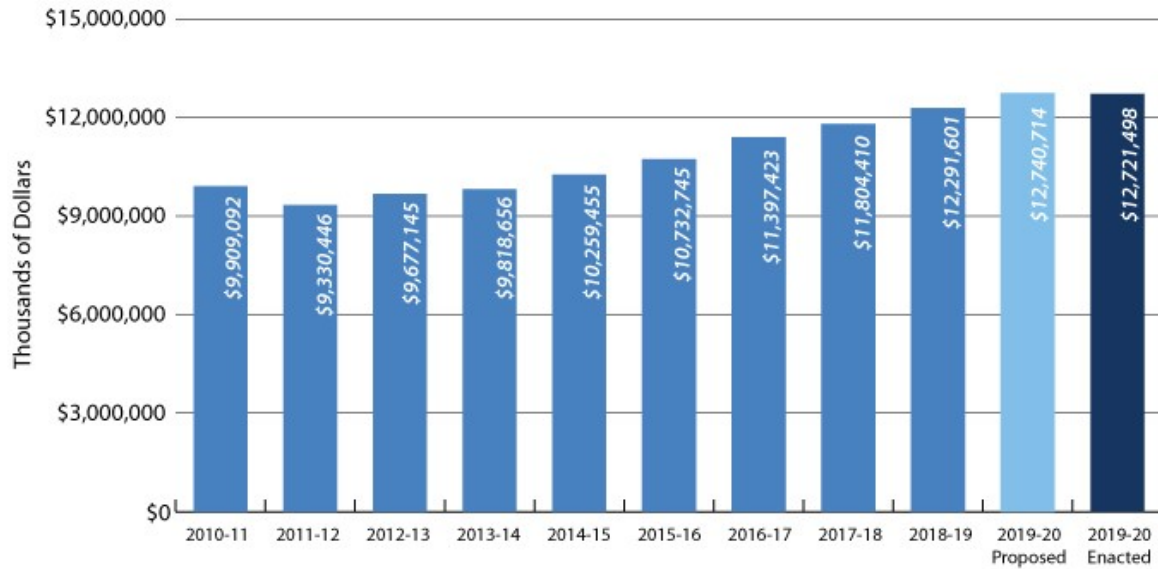
The state shares responsibility for funding K-12 schools with 500 local school districts across the Commonwealth. Funds raised locally, primarily through property taxes, supplement inadequate state funds. A relatively low share, 37%, of total funding for K-12 education comes from the state, compared to the national average of 47%.⁶ This leads to an overreliance on local taxes, and especially property taxes, to fund schools. And that, in turn, results in great disparities between school districts based on the income and wealth of community residents. Pennsylvania has the greatest disparities of all other states with poor districts paying 33% less than the state's most affluent districts.⁷ This extreme inequity will not be reduced unless the state's share of education funding is increased. In the most recent PASBO/PASA survey, 74% of school districts reported they will be increasing property taxes this coming year in order to try to make up for low state investment.⁸

The 2019-20 budget will increase funding for preK-12 education by 3.5%, for a total of \$12.7 billion (Figure 3). This is an increase of \$430 million from last year.

Figure 3

The 2019-20 Budget Will Increase Spending on PreK-12 by 3.5% from Last Year

Total PreK-12 spending 2010-11 to 2019-20.

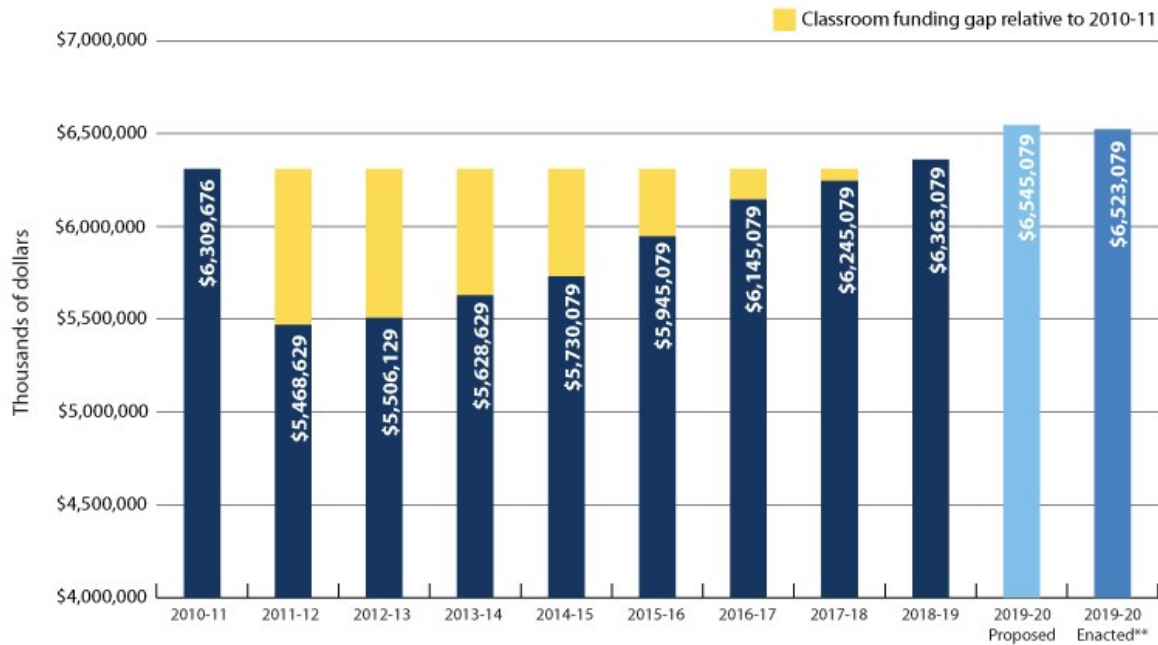


Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and previous budgets.

Figure 4 below shows classroom funding in Pennsylvania since 2010-11. “Classroom funding” is our term for funding that goes directly to the classroom and does not include transportation costs or retirement costs for school staff. As Figures 4 and 5 below show, in 2011-12 Governor Corbett drastically cut classroom funding, including an \$841 million cut in one year. These cuts led to massive layoffs of teachers, guidance counselors, and nurses as well as the elimination of programs in schools across the Commonwealth.⁹ It took seven years of gradual spending increases to restore these drastic cuts. Last year classroom funding was restored, on a nominal basis, although it is important to note we still have not met the 2010-11 funding levels after adjusting for inflation.

Figure 4

The 2019-20 Budget Will Increase Classroom Funding by 2.5% From the Previous Year
 Classroom funding* 2010-11 to 2019-20

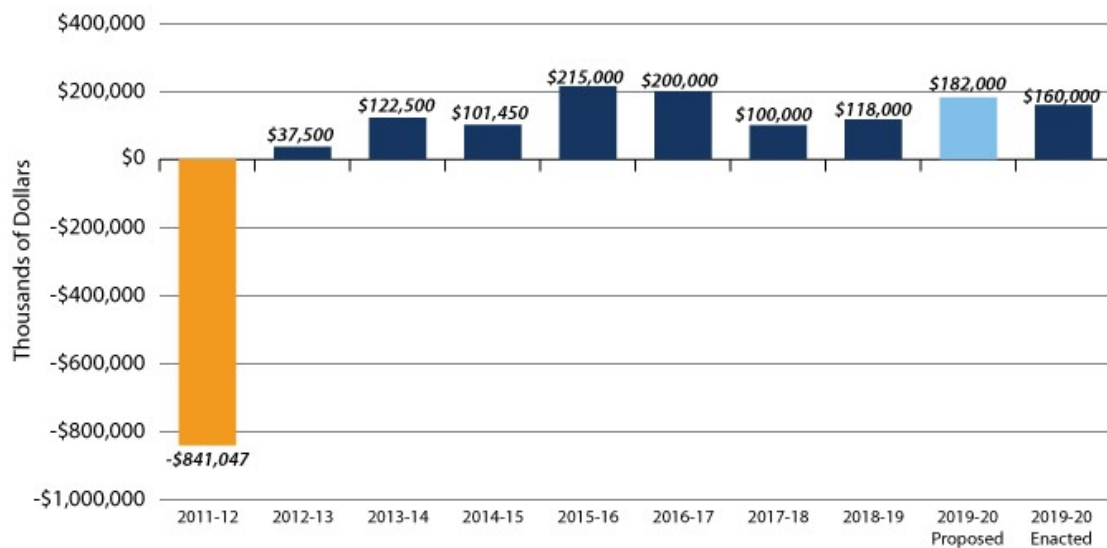


*Classroom funding includes the basic education subsidy plus formula enhancements, charter reimbursements, accountability block grants, and American Recovery and Reinvestment Act (ARRA) funding.
 ** In 2019-2020, the General Assembly combined the Teacher Social Security line item with Basic Education funding, increasing the BEF by \$487,749,000. We have reduced the enacted BEF total by that amount in order to make year to year accurate comparisons in state support for K-12 classroom spending possible.
 Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and previous budgets.

Figure 5

Yearly Change in Classroom Spending in Pennsylvania, 2011-12 to 2019-20

Total increase in classroom spending since 2012-13 finally surpassed the Corbett cuts (in 2011-12) last year (2018-19).



Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and previous budgets.

This year’s budget will provide \$6.26 billion for Basic Education funding (BEF)—an increase of \$160 million from last year. Note that the General Assembly decided this year to roll state funds used to pay

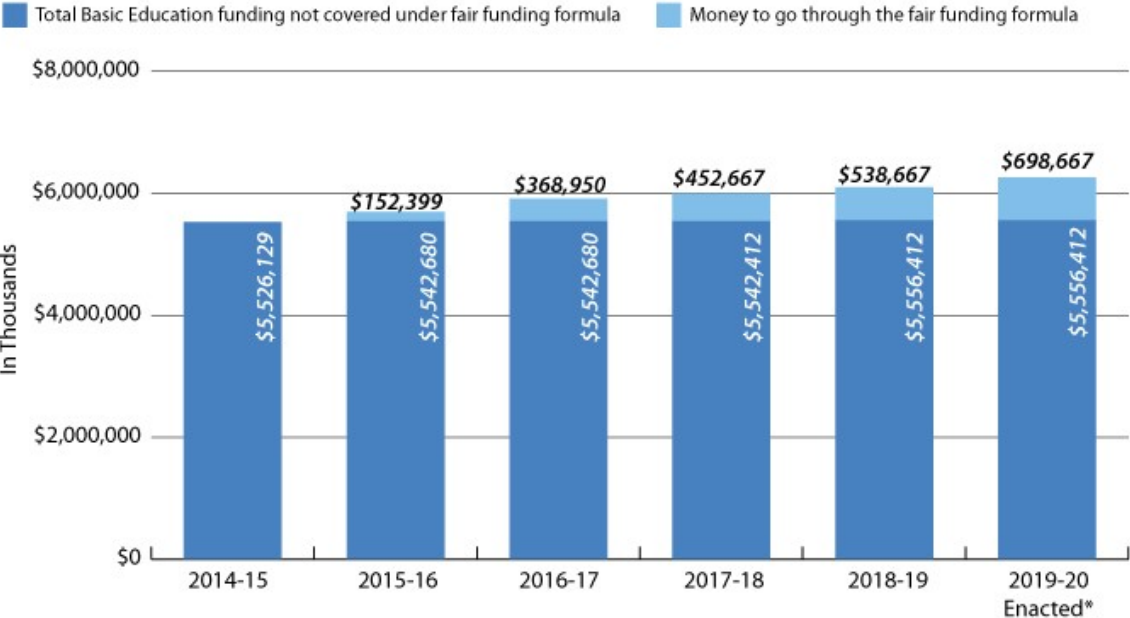
school employees’ Social Security into a Basic Education funding line item. This adds \$488 million to that line item. In order to make accurate comparisons between enacted school funding for 2019-20 with previous years, we have reduced that funding by \$488 million in our data presentation.¹⁰

The Role of the Fair Funding Formula

All new Basic Education funds above the 2014-15 funding levels are distributed as required by the Fair Funding Formula, which was enacted in June 2016 and aims to address the disparities that exist between rich and poor school districts across the state. It ensures that new funding takes into account each school district’s specific needs, including the number of students, the number of children living in poverty, the number of English language learners, and the overall income and wealth of the district. As Figure 6 shows this year, \$699 million of Basic Education funds will go through the formula (shown in light blue). While the amount of money going through the formula has increased each year, it is still only 9% of the total of \$6.26 billion.

Figure 6

Basic Education Funding by Share Going Through the 2016 Enacted Fair Funding Formula



Note: The base amount (pre-formula money) has changed slightly in 2015-16 and 2017-18 due to changes in the base allocation for certain school districts. For more information, see the Pennsylvania Democratic House Appropriations Committee’s report “Governor Wolf’s 2019/20 Executive Budget.” Also see p. 8 of http://www.pahouse.com/Files/Documents/Appropriations/series/3013/BEFC_BP_011018.pdf.
 *In 2019-2020, the General Assembly combined the Teacher Social Security line item with Basic Education funding, increasing the BEF by \$487,749,000. We have reduced the enacted BEF total by that amount in order to make year-to-year accurate comparisons in state support for K-12 classroom spending possible.
 Source: : Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and data downloaded on basic education funding from: <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Education%20Budget/Pages/default.aspx>

Special Education Funding

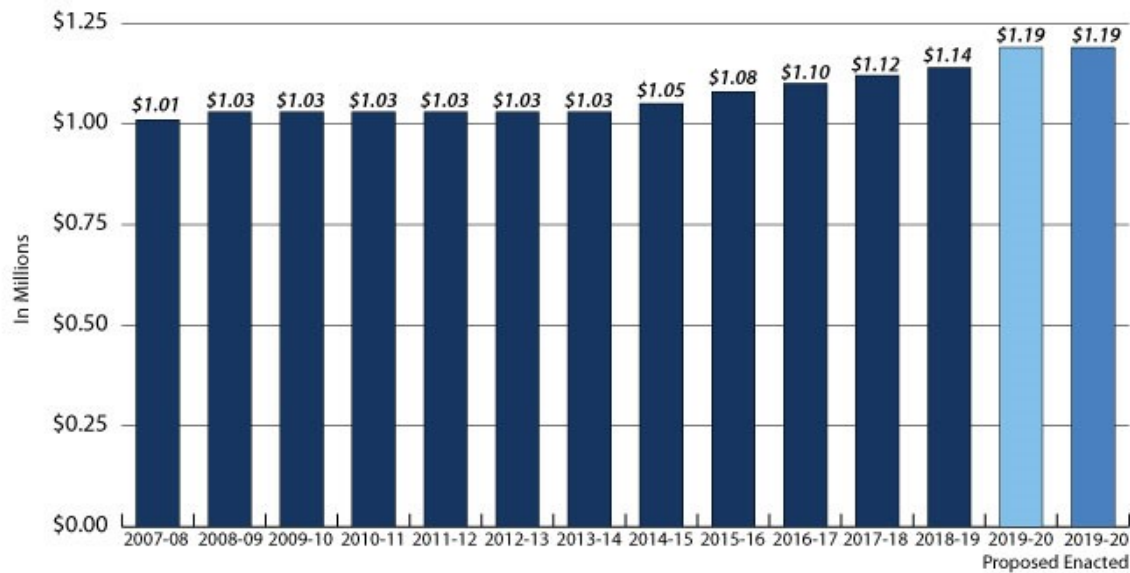
The 2019 PASBO/PASA school funding report shows that costs of special education funding has become a serious burden on the financial health of school districts all over the state. Asked “What is the most significant school district revenue concern in the next three fiscal years?,” 70% of school districts responded it’s the low/declining state share of special education.¹¹ Even though special education costs are increasing for Pennsylvania school districts, the state only covers some of the mandated special education costs, leaving school districts and local taxpayers to pick up the check. (The cost of charter

schools are another serious burden on local school districts.) Governor Wolf has sought—and the General Assembly has provided—more than \$140 million in new special education funding since he took office; the state share of this funding has dropped from 32% in 2008-09 to 23% in 2016-17.¹²

The enacted 2019-20 budget accepts Governor Wolf’s proposal for a \$50 million increase for special education, a 4.4% increase from the prior year.

Figure 7

The 2019-20 Budget Increases Special Education Funding by 4.4% From Last Year
 Increases for Special Education would total \$140 million since Governor Wolf took office, an increase of 13.4% after years of flat funding.



Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and previous budgets.

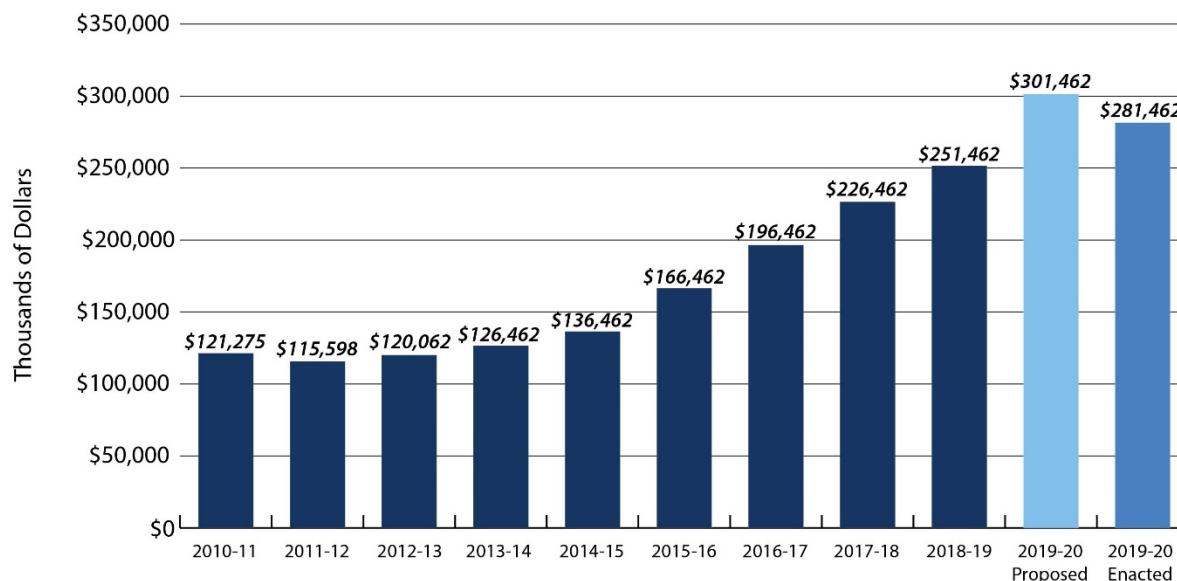
Pre-K Funding

Governor Wolf had proposed an increase of \$50 million for pre-K education, including \$40 million for PreK Counts and \$10 million for Head Start Supplemental Assistance. The final budget only included an additional \$30 million for pre-K—\$25 million for PreK Counts and \$5 million for Head Start. This is a 12% increase from last year. The additional money for PreK Counts will allow 2,200 more children to enroll in publicly subsidized pre-K programs. The additional funding for Head Start Supplemental Assistance will create an additional 465 slots.

Figure 8

The 2019-20 Budget Will Increase Spending on Pre-K by \$30 Million, a 12% Increase From the Previous Year

Pre-K spending over time from 2010-11



Note: Data is for Pre-K spending only (Pre-K Counts and Head Starts Supplemental Assistance).
Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and previous budgets.

Funding for School Safety

The 2019-20 budget approves \$71 million for school security grants to improve school safety for every public school district. School districts will get grants of \$30,000 to \$45,000 depending on enrollment, up from \$25,000 last year. While the majority of money will go to securing public schools across the Commonwealth, about \$3.2 million will go to religious schools.¹³

Expanding Pennsylvania's School Age Requirements

Governor Wolf's proposal to lower the minimum age for entry into school from eight to six and raise the drop-out age from 17 to 18 years old was included in the 2019-20 budget. The governor estimated lowering the required entry into school to six years old will result in an estimated 3,300 more kids enrolled in school next year across the state. The hope is that raising the drop-out age will result in more youth finishing high school.

Public Libraries

Public libraries received a significant increase in this year's budget with a 9.2% increase of \$5 million to \$59.5 million. Funding for public libraries were deeply cut during the Great Recession, and even with this increased funding total spending remains more than \$17 million below the 2007-08 appropriation of nearly \$76 million.¹⁴

Proposed but not enacted: An increase in minimum teacher salaries

The governor proposed raising the minimum salary for teachers from the \$18,500 per year set in the 1980s to \$45,000 per year. Estimates are that such a change would raise the salaries of about 3,200

teachers, school nurses, counselors, and other professional staff primarily in rural Pennsylvania. This, however, was not included in the 2019-20 budget.

Workforce Development

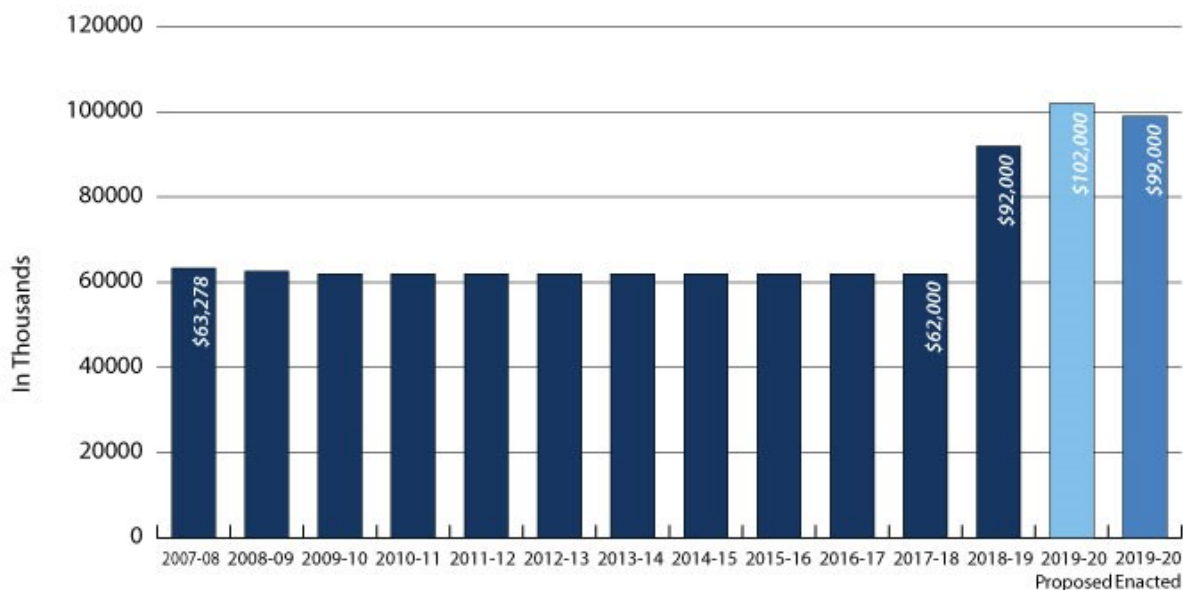
The 2018-19 budget increased funding for Career and Technical Education (CTE) by 48% from \$62 million to \$92 million after 10 years of flat funding. This new funding was a part of the governor’s PA Smart program which increased the CTE subsidy, funds for STEM and computer science programs, and apprenticeship and industry partnerships.

Governor Wolf proposed an additional increase of \$10 million for 2019-2020, for a total of \$102 million. The enacted 2019-20 budget increased CTE funding by only \$7 million. An additional \$3 million will go towards a career and technical education equipment grants program.¹⁶ After being increased last year, industry partnerships and apprenticeship (funded for the first time last year) will both be flat funded this year.

Figure 9

The 2019-20 Budget Will Further Increase Funding for Career and Technical Education this Year; Over the Last Two Years, Funding Has Increased by 60%

Career and Technical Education funding between 2007-08 and 2019-20



Source: Pennsylvania Budget and Policy Center analysis of the 2019-20 Budget (June 28, 2019) and previous budgets.