

Josh Shapiro's PA Education Budget

Is School Funding Important?

Over the last few decades, a wealth of research has come out that has found that schools do play a role in students' life outcomes and that increasing school funding can improve those outcomes. Specifically, better school funding can improve student performance, postsecondary degree attainment, lower the chance a student ends up in poverty, and increase their future income post-graduation. Additionally, increasing student exposure to high quality teachers can improve their post-graduation outcomes, which can be achieved in part through increasing teacher salary by increasing school funding.

A Brief Overview of School Funding in PA

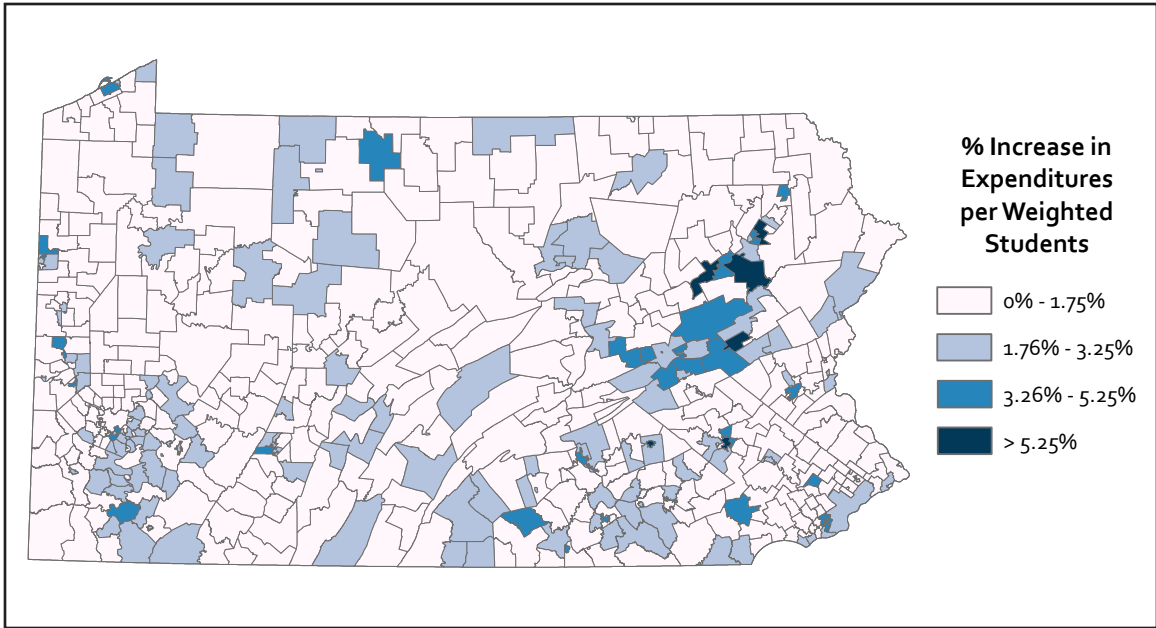
School funding in Pennsylvania has been plagued by inequities over the last few decades. Additionally, despite increasing school funding between 2001 and 2011, those increases were reversed in 2011, with significant cuts occurring and the state only meeting one-third of its school funding goal. Following these cuts, the Basic Education Funding formula was passed in 2016. A hold-harmless provision in the formula, though, locks money in schools with declining enrollment by preventing school districts from receiving less money than the previous year. This provision disproportionately harms Black and Latinx students.

Why Is This Moment Important?

In 2023, a Pennsylvania court ruled that the way Pennsylvania allocates money violates the commonwealth's constitutional obligation to provide for "... provide a thorough and efficient system of public education to serve the needs of the Commonwealth." Following no appeal from Republican leaders in the General Assembly, leaders in the General Assembly and the Governor have to change the way money is allocated to school districts. Josh Shapiro frames his education budget proposal through the lens of this court decision, highlighting how now is the time for a historic investment in education funding and that the distribution of school funds need to be reformed.

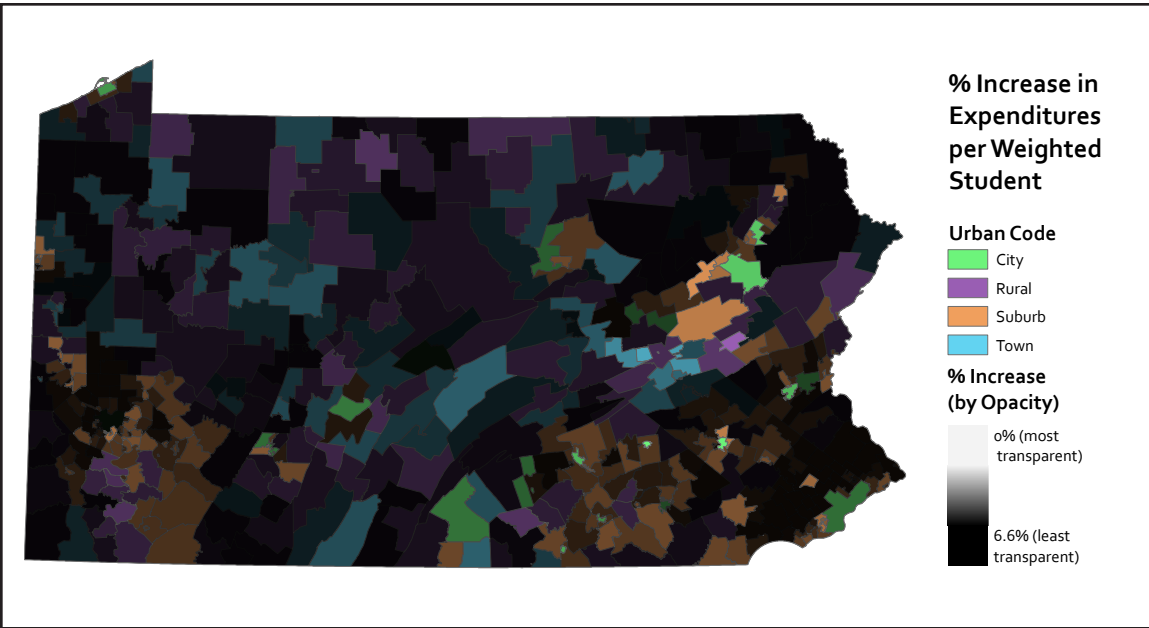
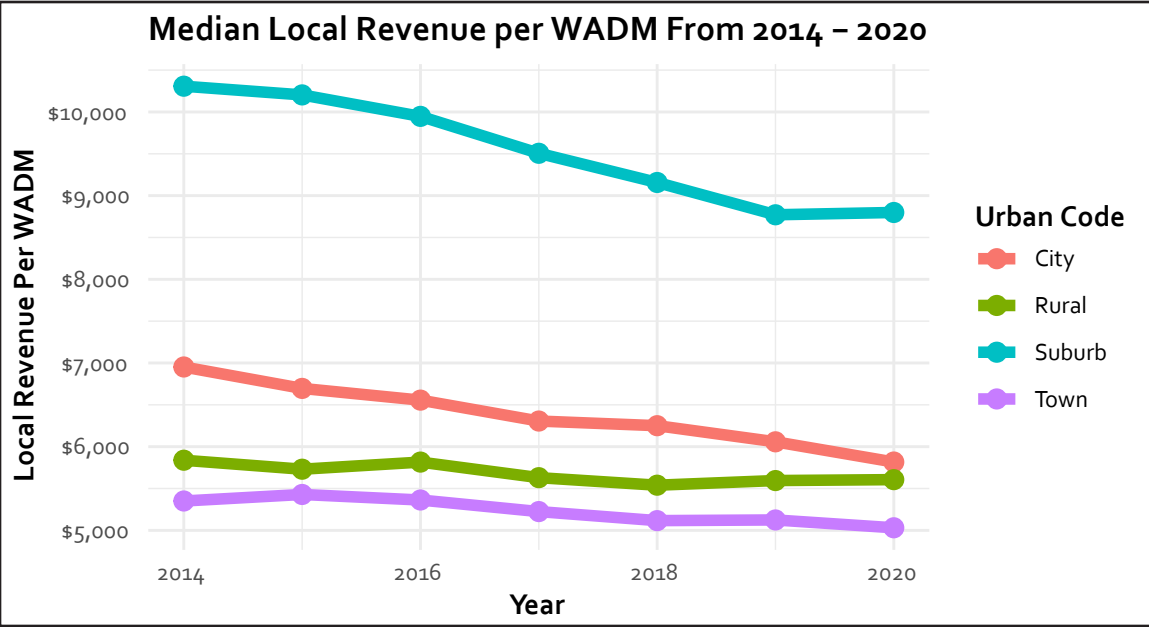
Initial Observations of Where Money Is Going

A core piece of Josh Shapiro's education budget is a \$1,100,000,000 increase in Basic Education Funding, with about \$900,000,000 going towards an "adequacy investment". Schools would be given enough money to be spending about \$13,700 per student. The reality of this allocation means that schools in the northeastern part of the commonwealth see the largest % increase in expenditures per weighted student, as well as in the suburbs around Pittsburgh.



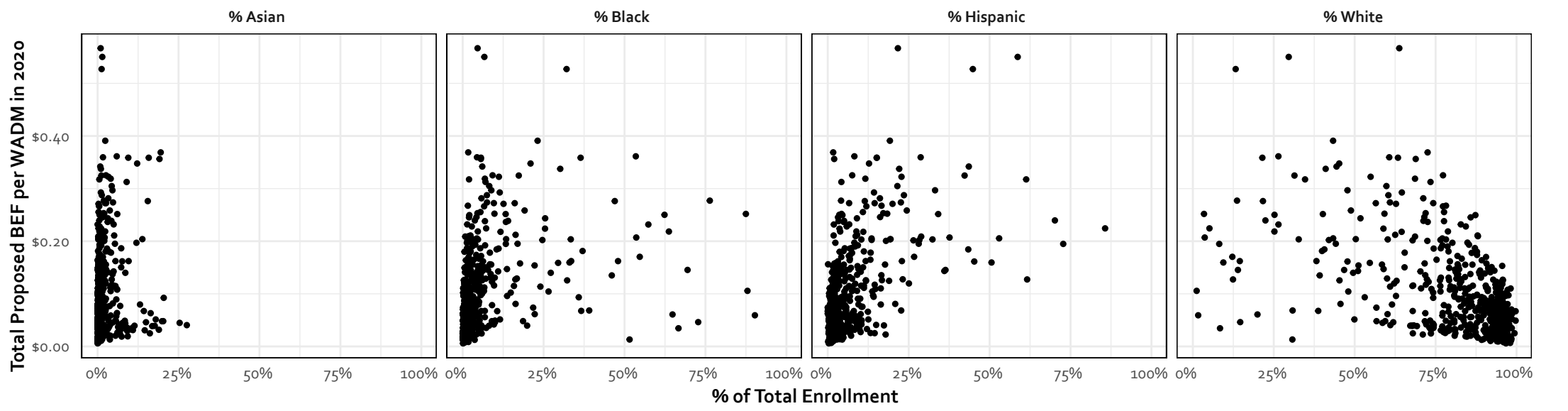
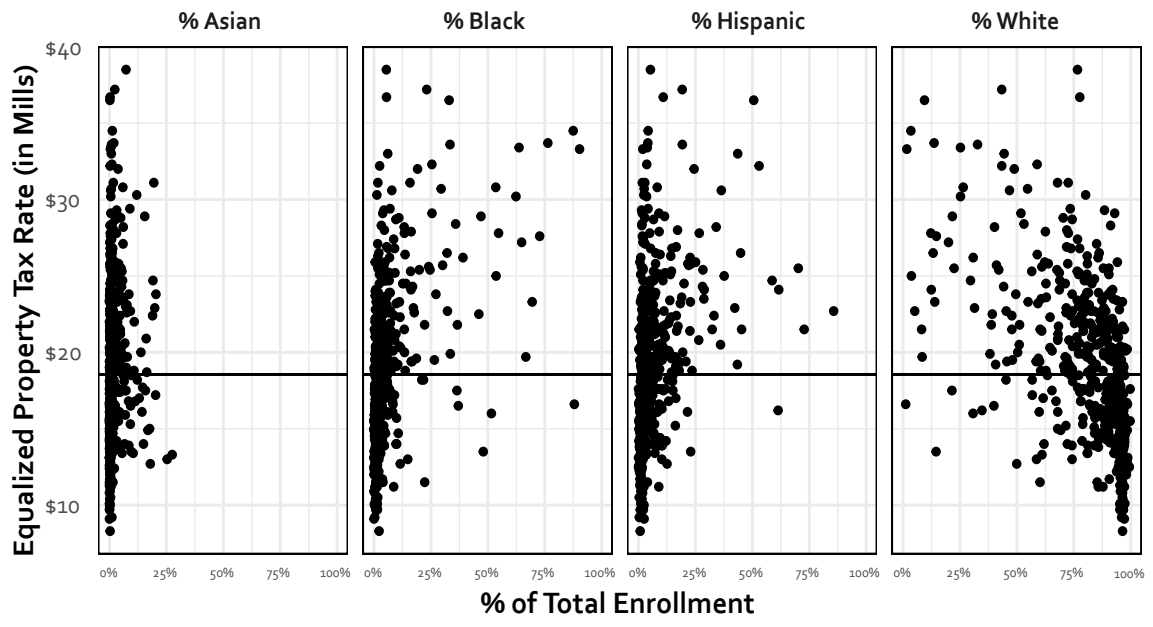
Impact on Urbanicity Disparities

Between the 2014-15 and 2020-21 school years, a few patterns emerge that could be remedied by changes in school funding. Of note is that suburban school districts were able to raise significantly more revenue than their counterparts in rural, town, and city school districts. The proposed budget is a start, though it is not perfect. The most significant increases in BEF funding go to city school districts, with those school districts seeing an approximate 24% increase in BEF funding per student. Suburban school districts, however, see the second largest increase in BEF funding per student at approximately 10%. Town and rural school districts both have about a 7% increase in BEF funding per student. Given the revenue suburban school districts are able to raise through local revenue sources, primarily property taxes, suburban school districts receiving higher percentage increases than rural and town school districts furthers inequities between rural and town school districts and suburban school districts.



Impact on Racial Disparities

Pennsylvania has significant racial segregation between school districts; many school districts that have significant Black or Hispanic student populations tend to have higher property taxes. This creates significant burdens on majority Black and Hispanic communities that have faced and continue to face significant barriers to funding their schools. Josh Shapiro's budget does not necessarily further past economic inequality along racial lines, however, to say that it remedies would be several steps too far. School districts that have high percentages of Black and Hispanic students tend to get more funding through the BEF allocation, while schools with a high percentage of White students tend to get less money per student.



Impact on District Wealth Divide

Much like racial groups, wealth in Pennsylvania is highly segregated between school districts. Much of the wealth in the commonwealth is concentrated around the suburbs of Philadelphia and Pittsburgh, with rural communities outside those suburbs generally having lower incomes. Significant disparities exist between suburban school districts and other types of school districts, and this is driven from the wealth of the suburbs compared to elsewhere. This proposal would do little to provide a targeted remedy for wealth disparities. Because the adequacy investment is entirely based on how much a school is currently spending on its students and getting that spending to a baseline, regardless of community characteristics, community wealth is not taken into account. That creates a weakness where an overreliance on property taxes may still exist, resulting in families being overburdened to make up for a smaller state school funding allocation.

