



To: Members of the General Assembly, editorial boards, columnists, political reporters, and other interested parties

From: Marc Stier, Executive Director, Pennsylvania Policy Center

Date: November 21, 2013

Re: Background information on education funding

In February 2023, Judge Renée Cohn Jubelirer called for a new funding system in Pennsylvania to fulfill the state's obligation to provide a thorough and efficient education for its children.

The Basic Education Funding Commission has been charged by Governor Shapiro and legislative leaders with developing a response to Judge Jubelirer's decision in the school funding lawsuit, which held that every student in Pennsylvania should have—but doesn't have now—access to a “comprehensive, effective, and contemporary system of public education,” as required by the Pennsylvania Constitution.

The Pennsylvania Policy Center has prepared materials for the Commission that address a number of questions raised during its hearing, drawing on both our own analysis of education policy in Pennsylvania and summaries of the relevant academic research. As members of the General Assembly will ultimately be making the critical decisions about how we fund K-12 education in the state and the public has a strong stake in the Commission's work, we thought we would share this with you.

This memo summarizes three policy reports.

The first report, [Shuffling the Deck Won't Solve the Pennsylvania School Funding Crisis](#), addresses the paradox that Pennsylvania has a relatively high level of school funding yet also has a system with the most inequitably funded schools in the country. The result: a majority of Pennsylvania students attends schools that, by the state's own standards, are inadequately funded. The paper shows that the inequity of Pennsylvania's school funding is the result of our low state share of K-12 funding. And the inadequacy of funding in most schools, despite a relatively high overall amount of funding, is not just the result of inequity but also arises because the standard set by our constitution requires more than the mediocre school performance found in most states.

The second report, [Education Funding and Educational Achievement](#), reviews the recent academic evidence about the impact of new school funding on student achievement and later-life success. It shows that studies of new state funding of K-12 schools subsequent to court decisions in other states have shown strong, and sometimes, dramatic improvements in the quality of education.

The third report, [The Contribution of K-12 Education to Economic Growth and Democracy](#), reviews the impressive academic evidence demonstrating that the 19th-century founders of public education in Pennsylvania, starting with Thaddeus Stevens, were right to believe that improvements in the quality of education both strengthen our democracy and lead to faster economic growth.

We summarize the three papers in the rest of this memo.

I. [Shuffling the Deck Won't Solve the Pennsylvania School Funding Crisis](#)

Opponents of increased education funding cite the state's high per-student spending, compared to other states, as a reason not to increase our total spending on K-12 schools.

The comparison to other states' spending per student is misleading in multiple ways.

To begin with, it does not consider variations in the **cost of living and education expenses**. Pennsylvania's education spending per student is **below the average of the 11 New England and other Mid-Atlantic states that are closest to Pennsylvania**

In addition, overall levels of funding **skirt the core issue in Judge Jubelirer's ruling that Pennsylvania school funding is highly inequitable from one school district to another**. The evidence presented to Judge Jubelirer, and confirmed by multiple research studies, shows that

- the state's share of K-12 education spending is **among the lowest in the country**.
- PA school districts thus must rely on funds raised by local taxes.
- The state's few, wealthier school districts can generate far more funding, even at low and moderate local tax rates, than the many less wealthy school districts can provide even with high local tax rates.
- as a result, school funding in less wealthy school districts, which disproportionately teach students from low-income families, are drastically underfunded and provide an inadequate education.

The high level of spending in a few districts pushes up our state average—but most of our kids are still left behind.

Finally, national funding comparisons are irrelevant because the goal set by the PA Constitution is not to provide an education that meets national achievement averages—which are not high—but an education that enables every child to receive a “comprehensive, effective, and contemporary system of public education.”

Some legislators suggest reallocating funds from well-funded districts to meet this goal—but this approach is both impractical and impolitic. It is impractical because the funds that push some wealthy districts to the top are not state funds but the districts' own locally raised revenues. It is impolitic because no General Assembly majority can be formed that eliminates all state funding to wealthier school districts or shifts locally raised revenues from those districts to other districts.

So how do we rectify this problem? The Basic Education Funding Commission should

- use the spending of high-achieving schools as a model to estimate how much each school district should spend per student, also known as *adequacy targets*.
- set two goals: one for new state funding that increases the share of K-12 expenses to ensure that underfunded districts receive the necessary resources and the other to build broad political support.

- create realistic expectations about what level of funding local school districts must provide and mechanisms to motivate and enable school boards to meet them.
- develop a comprehensive plan that the General Assembly can implement over five years to enable every school district to raise its funding to the level required by the all-inclusive adequacy targets.

II. [Education Funding and Educational Achievement](#)

Judge Renée Cohn Jubelirer’s ruling that Pennsylvania is violating its constitutional obligation to create a “thorough and efficient” system of school funding is not an outlier. In response to similar court decisions, about half of states have increased substantial state funding of K-12 education in the last thirty years. In almost every case, the judicial decisions, like that of Judge Jubelirer, focused on the inequity in school funding created by over-reliance on locally raised revenues to pay for schools.

Because Pennsylvania is a latecomer to school funding reform, an entire generation of our children has been denied a good education. But the delay gives us the benefit of learning from the large body of research on education and school funding that’s been stimulated by reform efforts in other states.

There was a time when scholars doubted that levels of school funding made much difference to educational outcomes. The famous Coleman Report of 1966 held that the economic well-being and education of parents made far more difference to education than school funding.

But reevaluations of the report and its successor with new statistic techniques have cast doubt on that conclusion.

And the natural experiments created by court-ordered school funding to underfunded school districts—which are disproportionately attended by students from low-income families and Black and brown families—have shown that [new school funding makes a huge difference both to students’ educational achievement and their later-life success.](#)

One of the best [new studies](#), by Jackson, Johnson, and Persico, found that increasing spending by 10% benefits all children and especially those from low-income families for whom

- the probability of high school graduation increases by roughly 10 percentage points.
- adult hourly wages go up by 13%.
- later-life family income goes up by 17.1%.
- the likelihood of being married and never divorced increases by 10 percentage points.
- the annual incidence of adult poverty declines by 6.1 percentage points.

Studies of new education funding in Kansas, Massachusetts, Michigan, Tennessee, Vermont, and other states provide additional evidence that new funding makes a difference to student performance while raising outcomes especially for students from low-income families.

And another [study](#), which aggregated the result of over 30 similar studies, provides striking evidence that new funding for schools can make a huge difference in students’ test scores, graduation rates, and college attendance rates.

This new research has been so impressive that Eric A. Hanushek, a leading academic expert who has cast doubt on the idea that new funding will lead to better education—and who was the lead expert for the defense in the Pennsylvania school funding lawsuit—recently [acknowledged](#) that the preponderance of recent evidence shows that school funding does make an important difference to educational outcomes.

Hanushek points out—and we agree—that the money must be spent wisely. But the same research that shows that new funding makes a difference also shows that underfunded schools in other states spend new funds exactly how most experts think they should—on recruiting and retaining better teachers, reducing class sizes, and making pre-K programs universal.

In responding to Judge Jubelirer’s ruling, Governor Shapiro and the Pennsylvania General Assembly don’t have to reinvent the wheel or take a shot in the dark. They should follow the path laid down by other states and substantially boost state funding. This would allow every school district in Pennsylvania to provide an education that meets the requirement of our state constitution. We have every reason to believe that doing so would indeed lead to better graduation rates, improved student achievement, higher wages and, in time, a stronger economy for the entire state.

III. [The Contribution of K-12 Education to Economic Growth and Democracy](#)

The provisions of the Pennsylvania Constitution that underly Judge Jubelirer’s decision in the school funding case are based on the ideas of great statesmen of the past, who recognized that the health of our democracy and economy ultimately rests on a “thorough and efficient” system of K-12 education.

Before Thaddeus Stevens was called the “great liberator” for authoring constitutional amendments ending slavery as a member of the US House of Representatives, he was known as the “great educator.” As a member of the Pennsylvania House of Representatives he was a champion of public education. In his famous 1835 speech opposing repeal of the common school law, Stevens said, “If an elective republic is to endure for any great length of time every elector must have sufficient information, not only to accumulate wealth and take care of his pecuniary concerns, but to direct wisely the Legislature, the Ambassadors, and the Executive of the nation.” The themes of democracy and prosperity are found elsewhere in his speech and in the public statements of those who added the education clause to the Pennsylvania Constitution in 1874 and revised it in 1968.

The educational ideals of Stevens and the founders of our Constitution are supported by two decades of research showing that better K-12 education contributes to the vigor of both our democracy and economy.

A [recent comprehensive report](#) shows that quality civic education leads to greater knowledge about the way our democracy works, stronger skills in critical thinking and collaborative action, greater respect for democratic norms and the rights of others, a greater sense of trust in one another and our political system, and higher rates of participation in public life.

The evidence for the positive impact of good public education on our economy is even broader.

Cross-national comparisons show that both additional years of schooling and higher quality schooling, as measured by standardized tests, leads to a higher-productivity workforce and thus higher per capita gross domestic product. *The increase in education levels since the 19th century*

have been estimated to account for between one-fifth and one-third of economic growth in the United States.

Cross-state research confirms these findings. High-wage, and thus high-prosperity, states are those with a well-educated workforce. Achievement levels are highly correlated, and are likely the cause of, faster economic growth in the states.

Sadly, partly because of our failure to adequately fund K-12 education, Pennsylvania falls at about the middle of the 50 states in GDP per capita. If academic achievement in Pennsylvania matched that of the highest-ranked state in the country, Minnesota, in two generations our state's GDP per capita would be roughly 225% higher than it would be with our current levels of academic achievement.

The great leaders who founded our public education system were prescient. The path they set us on is largely responsible for our ability to preserve and enhancing our democracy and our prosperity. We who have reaped the benefits of their decisions must emulate them now. We must ensure that the education we provide our children and grandchildren protects our democracy and creates an economy that's even more prosperous than today's.