



K-12 School Funding in PA Remains Inadequate and Inequitable

922 N. 3rd Street, Harrisburg, PA 17102 • www.pennpolicy.org • info@pennpolicy.org

By Castin Stone and Marc Stier

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Introduction

Year after year, our predecessor organization and many others have released research showing both that the vast majority of Pennsylvania K-12 school districts are underfunded and that school districts with a high share of students who come from impoverished families or are Black or Hispanic are disproportionately among them.

That analysis was accepted by Pennsylvania Commonwealth Court judge Renée Cohn Jubelirer who ruled that Pennsylvania's system of K-12 school funding is unconstitutional.

And yet, with less than a week to go before the fiscal year 2024–25 budget is due, there are still members of the General Assembly who refuse to accept these basic facts.

So here we put forward our most recent update of the data we have provided in the past: estimates of the per-student funding gap in Pennsylvania's five hundred K-12 school districts divided based on the share of students who live in poverty or who are Black or Hispanic.¹

Figures 1 to 3 divide school districts into four groups, each of which contain school districts that include one-quarter of the K-12 students taught in the Commonwealth.² The groups vary depending on the share of students who are Black, Hispanic or live in poverty. For each group, we give the average per-student funding gap; that is the average difference between the per-student cost of giving students in these school districts an adequate education and current per-student spending.

The adequacy targets for each school district are based on methodology adopted by the [Basic Education Funding Commission](#) and are updated with the most recent data. The Commission's methodology is similar to that initially developed for the APA Costing-Out Study.³ The cost of providing an education, per student, is estimated from an analysis of average spending in the school districts that meet state standards. The per-student estimate is then adjusted to account for the higher

1. This paper is a successor to a line of similar analyses of K-12 funding in Pennsylvania. The 2022 version of this analysis gives our most comprehensive account of the state's failure to adequately and equitably fund our schools: Marc Stier, Eugene Henninger-Voss, Diana Polson, and Stephen Herzenberg, [Inequity and Inadequacy in K-12 Education Funding in Pennsylvania: Fiscal Year 2022-23 Update](#), Pennsylvania Budget and Policy Center November 21, 2022. A previous analysis can be found at Marc Stier, Eugene Henninger-Voss, Diana Polson, and Stephen Herzenberg, Economic, [Racial and Ethnic Inequality In Pennsylvania School Funding](#), Pennsylvania Budget and Policy Center, August 15, 2022. Eugene Henninger-Voss, [A Quarter Century of Decline: School Funding in Pennsylvania: 1993-94 to 2019-20](#), Pennsylvania Budget and Policy Center, November 11, 2021, looks at the history of school funding, accounting for inflation in education costs.

2. The four groups do not include the same number of school districts because the student population in school districts varies considerably. So, these data are not comparable to data found in our analyses of school district funding in past years, which divided all school districts into four quartiles of 125. A full explanation of how we create these quintiles can be found in Marc Stier, Eugene Henninger-Voss, Diana Polson, and Stephen Herzenberg, Economic, [Racial and Ethnic Inequality In Pennsylvania School Funding](#), Pennsylvania Budget and Policy Center, August 15, 2022.

3. Pennsylvania State Board of Education, [Education Costing-Out Study](#), accessed April 4, 2021.

costs associated with educating students who have grown up in poverty or who are English-language learners. The adequacy standard for each school district is determined by using the estimates for the students who attend school in the district.

For each group of school districts, these charts show the current, fiscal year 2023–24 adequacy gap per student in blue. The orange bars show the adequacy gap that would arise after implementation of the first year of the seven-year education funding in fiscal year 2024–25 as proposed by the BEFC and embraced by the Governor and House of Representatives. In calculating the inadequacy gaps for fiscal year 2024–25, we only included the proposed \$728 million in adequacy funding, the proposed \$529 million in charter school savings, and the proposed \$200 million in new basic education funding. We do not include the proposed \$136 million in tax equity funding because some part of this money may be used for tax relief rather than additions to school spending.

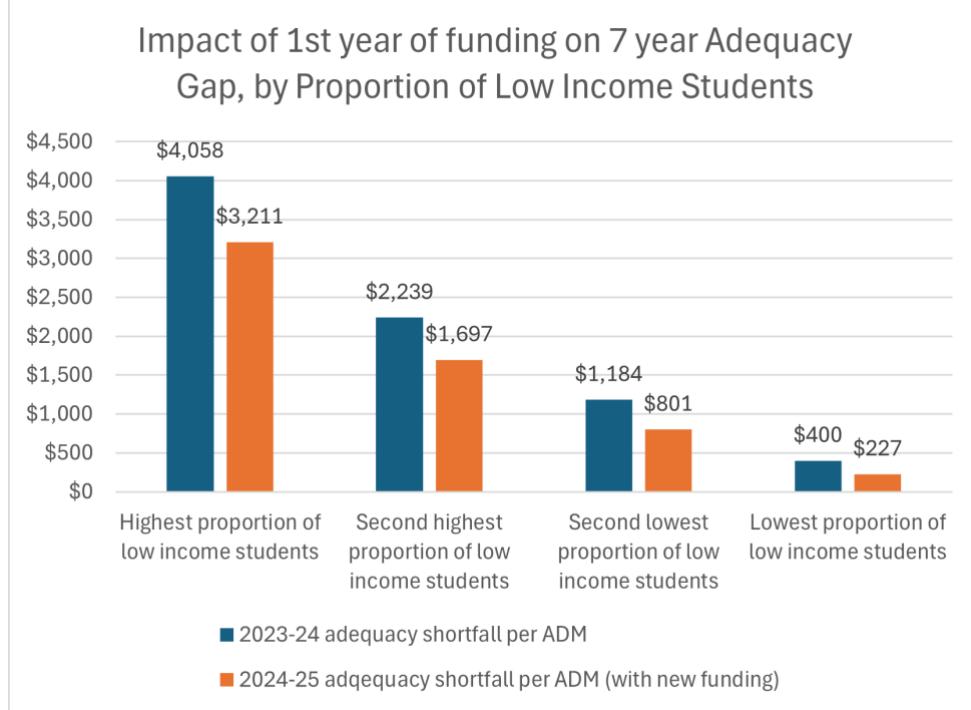
The first-year reduction in the adequacy gap is, of course, relatively small. But after the full seven-year plan is implemented, and assuming that school funding continues to be adjusted for inflation through the fair funding formula, the adequacy gap for every school district will be closed.

School District Data

K-12 School Funding and Poverty

Figure 1 presents the adequacy gap for each quartile by the share of students living in poverty. The school districts with the highest proportion of students living in poverty have an adequacy gap of \$4,000 *per student* while the school districts with the lowest share of students living in poverty have an adequacy gap only 90% as large: \$400 per student. This demonstrates an extraordinary degree of inequity in school funding.

Figure 1



But it is also notable that even better-off school districts are, on average, inadequately funded. While the average funding gap for school districts with the lowest share of students living in poverty is

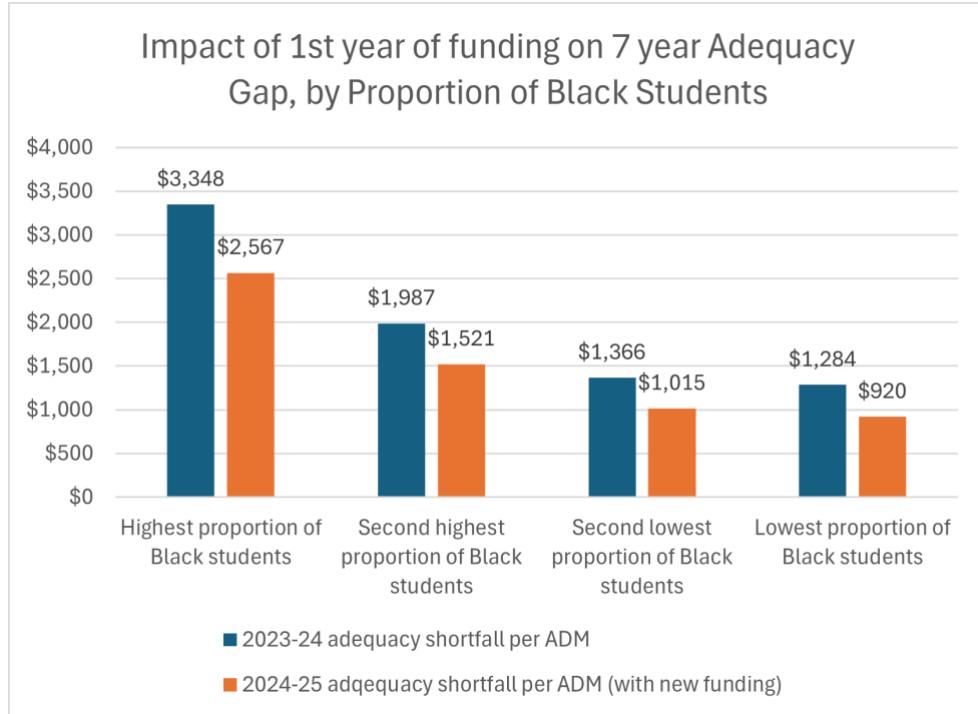
substantial, some of those school districts do have an adequate level of funding. But in the state, as a whole, only 133 of the five hundred school districts—or about 26% of school districts—have an adequate level of funding. A bit more than 74% of school districts, which includes some with a low share of children living in poverty, spend too little to provide an adequate education to their students. So, while the gap between the level of funding needed to provide an adequate education and what is actually provided is far greater for school districts located in communities with a higher share of children living in poverty, there is, on average, a funding gap even in the school districts with a low share of children living in poverty.

The impact of adding \$728 million in adequacy funds, \$200 million in BEF funding, and \$530 million in cyber charter savings is shown in the orange bars. Inequity in school funding is reduced. The gap between the school districts with the highest share of students living in poverty and those with the lowest share of students living in poverty would be reduced by \$673, from \$3,657 to \$2,984. But the remaining gap is still deeply troubling, especially when one remembers that this is a per-student gap. In a class with thirty students, the gap is \$121,740. But without enacting all seven years of the Basic Education Funding Commission’s plan, the remaining inequity is still substantial.

K-12 School Funding and Race

Figure 2 presents the adequacy gap for each quartile by the share of Black students in each district. The school districts with the highest share of Black students have an adequacy gap of \$3,347 per student, while the school districts with the lowest share of Black students have an adequacy gap of \$1,284 per student. Again, we see an extraordinary degree of inequity in school funding.

Figure 2



The impact of adding \$1.758 billion new adequacy and BEF funds and cyber charter savings in fiscal year 2024–25 would reduce the gap between the school districts with the highest share of Black students and those with the lowest share of Black students by \$417, from \$2,064 to \$1,647. But

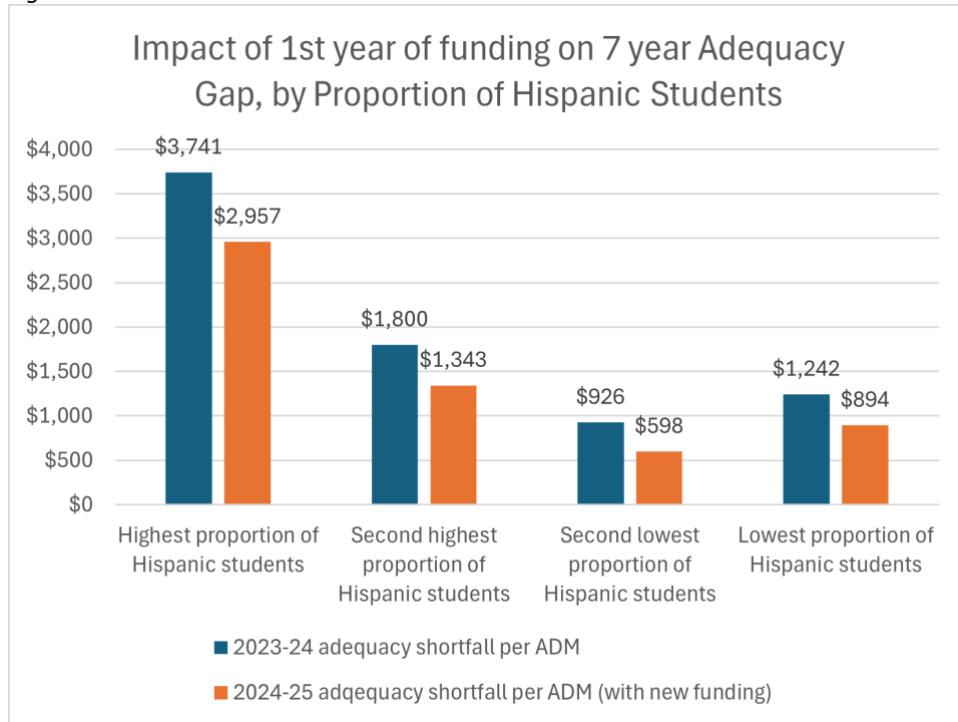
without enacting all seven years of the Basic Education Funding Commission's plan, the remaining inequity is still substantial.

The average funding gap for school districts with the lowest share of Black students is significant. But when only 133 of 500 school districts statewide have an adequate level of funding, even the school districts with the lowest share of Black students will be underfunded on average.

K-12 School Funding and Hispanic Ethnicity

Figure 3 presents the adequacy gap for each quartile by the share of Hispanic students in each district. The school districts with the highest proportion of Hispanic students have an adequacy gap of \$3,740 per student while the school districts with the lowest share of Hispanic students have an adequacy gap of only \$1,242 per student.

Figure 3



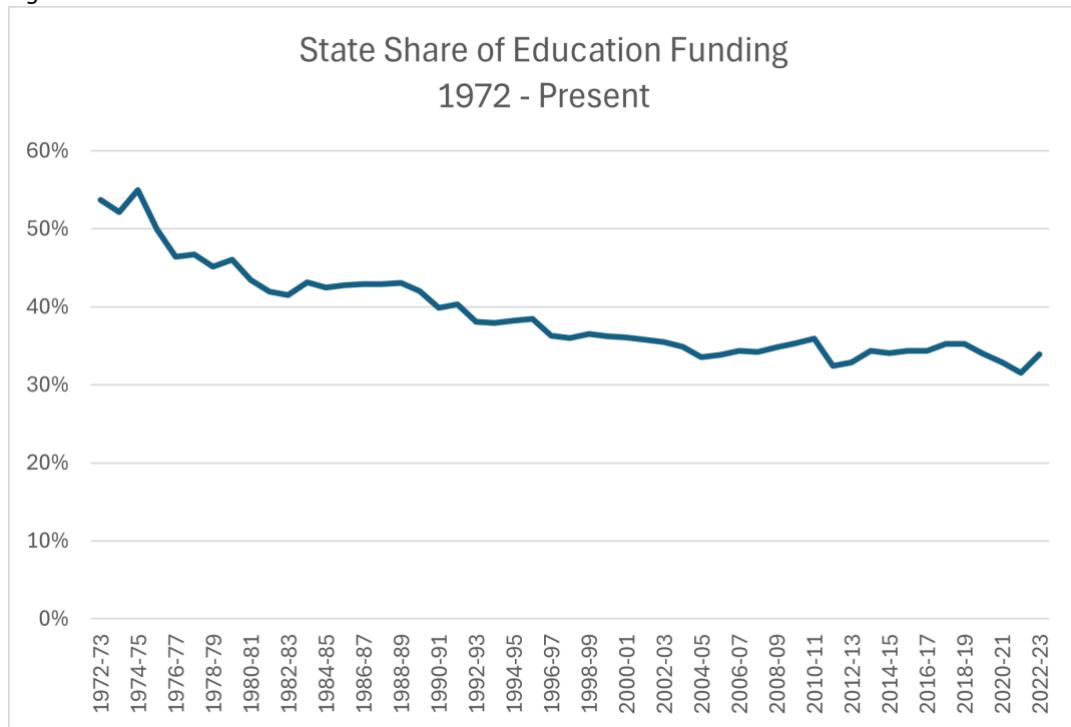
The addition of new adequacy and basic education funding and cyber charter savings would reduce funding inequity based on Hispanic ethnicity. If the first year of the seven-year plan is put in place in 2024–25, the gap between the school districts with the highest share of Hispanic students and those with the lowest share of Hispanic students would be reduced by \$435, from \$2,499 to \$2,063. But without enacting all seven years of the Basic Education Funding Commission's plan, the remaining inequity is still substantial.

State Share of School Funding

Figure 4 shows the primary source of our inadequate and inequitable school funding: the sharp decline in the state share of school funding since 1972. Nationwide, about 48% of all K-12 school funding comes from state funds. Yet in Pennsylvania that share has fallen from a high of 55% in 1975 to a low of 31.5% in 2022. It is the state's failure to provide sufficient funding of K-12 education that is largely responsible for the inadequacy and inequity in our K-12 school funding. The economic circumstances of the communities in which our school districts are located vary enormously. So many

school districts are inadequately funded because they cannot generate enough revenue from local sources even if they tax themselves almost to the limit.

Figure 4



Conclusion

So, the most recent data on both state share of K-12 school funding and the distribution of funding among our school districts reaffirms the central conclusion of the school funding lawsuit, as well as decades of analysis of school funding in Pennsylvania: Pennsylvania schools continue to be inadequately and inequitable funded. This pattern of funding—in which school districts with a high share of students living in poverty or who are Black or Hispanic are the worst off—is a clear affront to our state’s constitution and to the promise of equality of opportunity that has long been the touchstone of our state and country. It is also offensive to human decency and morality.

There is simply no honest way to put a positive political spin on these numbers. The General Assembly cannot fix our system of funding K-12 education without a substantial and historic infusion of new state funds. And the time to act is now.