

Pa. Education Funding Spikes Again

KEY POINTS

- Pennsylvania school district spending **per student increased to \$21,263** in 2021–22.
- State support of public education is **up 55.7 percent over the last decade**, reaching an all-time high of nearly \$14.8 billion in 2022–23.
- Pennsylvania exceeds national averages for local, state, and federal per-pupil spending on public schools and **ranks 8th in the nation** for total per-student public school funding.
- School districts are stockpiling taxpayer resources. Far from underfunded, Pennsylvania school districts have over **\$5.96 billion in general reserve funds** and another \$3 billion (includes charter schools and other public schools) in unspent federal COVID-19 aid still sitting in the treasury.

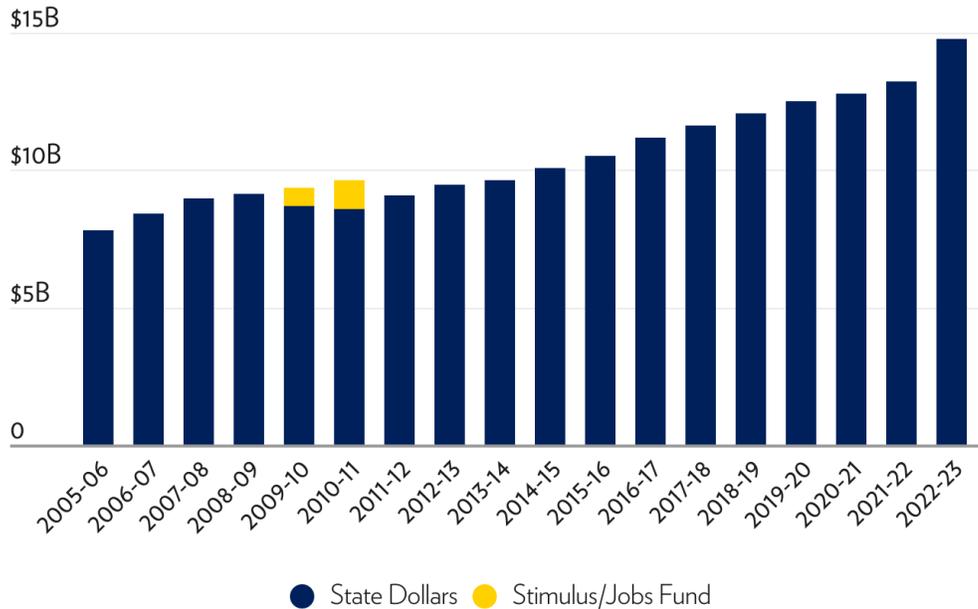
INCREASING EDUCATION SPENDING

Over the last decade, taxpayer spending on Pennsylvania public schools has consistently increased, reaching all-time highs year after year.

- Pennsylvania per-pupil funding for public schools increased in 2021–22, according to [newly released data](#) from the Pennsylvania Department of Education (PDE).¹ Incremental annual spending increases for Basic Education and other education budget line items are “usually” routine, but last year’s increases were dramatic.
 - The amount for Basic Education alone (including “level up” funding) increased by \$775 million, more than double the \$300 million increase in the 2021 state budget.
 - Total public-school district spending from all sources (local, state, and federal) increased to \$35 billion in 2021–22, up 37 percent since 2013.
 - Average statewide funding per student **increased to \$21,263** in 2021–22, up 42.9 percent since 2013.
- In the most recent Pennsylvania state budget [state support](#) of public schools reached almost \$14.8 billion, with a 11.9 percent increase of \$1.58 billion in 2022–23.² State support of public schools has increased 55.7 percent since 2013 and by \$4.72 billion under former Governor Wolf’s administration.

State Aid to School Districts

State support of public schools reached nearly \$14.8 billion in 2022-23.



Source: Pa. Department of Education, Summary of State Education Appropriations

OUTSPENDING THE NATION

Pennsylvania ranks among the highest-spending states on public education.

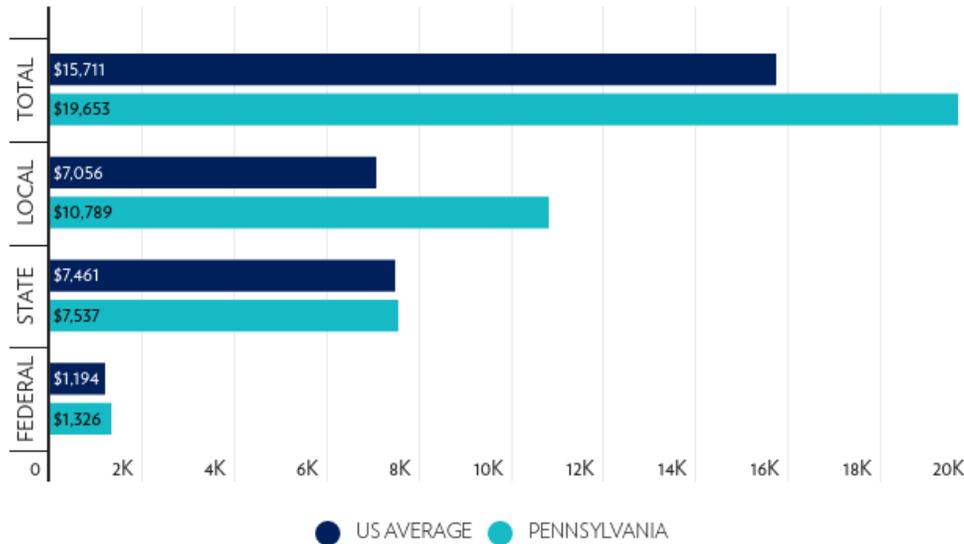
- At more than \$21,000 per student, Pennsylvania spends almost \$4,000 more than the national average. The commonwealth’s spending per student exceeds the national average for every funding source—federal, state, and local.³
- As of fiscal year 2020, (the most recent data available), [Pennsylvania ranks](#) 8th in total per-student funding, 7th in local per-student funding, and 25th in state per-student funding.
- Taxpayer-funded lobbyists who advocate for more spending claim that Pennsylvania’s “state share” of public school funding is relatively low. Yet, this is a meaningless metric given:
 - Pennsylvania’s state funding for public schools on a per-student basis exceeds the national average. The “state share” as a percentage is lower only because Pennsylvania’s local funding (i.e., school property taxes) remain so high.
 - That is, 38 percent of \$20,000 (Pennsylvania’s state share of per-pupil spending) is more than 47 percent of \$16,000 (the average state share of per-pupil spending).

- Pennsylvania could increase its “state share of funding” ranking by capping local property taxes and keeping overall spending at the national average.

Pa. School Revenue Per Student

Fiscal Year 2020

Schools receive funding from local, state, and federal sources. Pennsylvania exceeds the national average, per-pupil, in each category and ranked 8th in the nation in total education funding per student in Fiscal Year 2020.



Source: National Center for Education Statistics, Revenues and Expenditures for Public Elementary and Secondary Education: FY 20. <https://nces.ed.gov/pubs2022/2022301.pdf>.

STOCKPILING RESERVE FUNDS

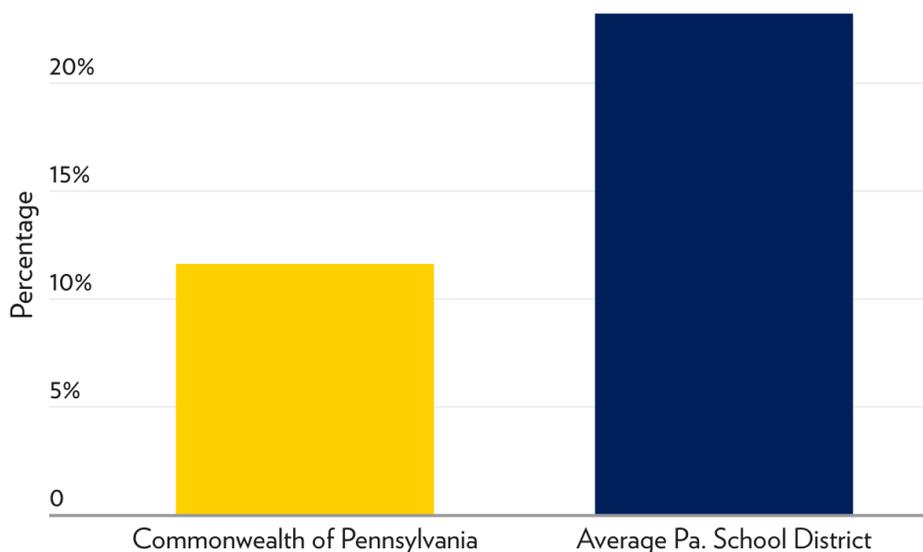
While some rainy-day funds are important for weathering unforeseen events, school districts have excessive stockpiles of taxpayer resources.

- PDE data reveals that public school districts collectively stockpiled \$5.96 billion in reserve funds in 2021–22, up 49.7 percent since 2013.⁴
- School district reserves consist of assigned, unassigned, and committed funds. While the intent for assigned funds may be for capital improvements, reserve funds are fungible, which allows school districts to repurpose their use.⁵
- A 2023 report from the Auditor General revealed a pattern among a dozen school districts of strategically transferring and “committing” funds to avoid restrictions on raising taxes.
- The state’s previous [Auditor General](#) recommended that reserve funds be no more than 20 percent of the school district’s total spending.⁶ Remarkably, almost half of Pennsylvania school districts—239 out of the 500 districts—have reserve funds that exceed 20 percent of their spending.

- Pennsylvania school districts, on average, have reserve funds equaling 23 percent of their total spending. In contrast, the state rainy day fund contains 12 percent of our commonwealth’s budget in 2021–22.⁷

School Reserves vs. State Rainy Day Fund

As a percentage of total spending, Pennsylvania Public schools have twice the reserves of the state’s Rainy Day Fund



Source: Pa. Treasury, Rainy Day Fund Balance, <https://www.patreasury.gov/transparency/fiscal-health-rdf.php>
 Pa. Department of Education, Detailed AFR data, General Fund Balance 2021-22,
<https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Detailed-.aspx> ,

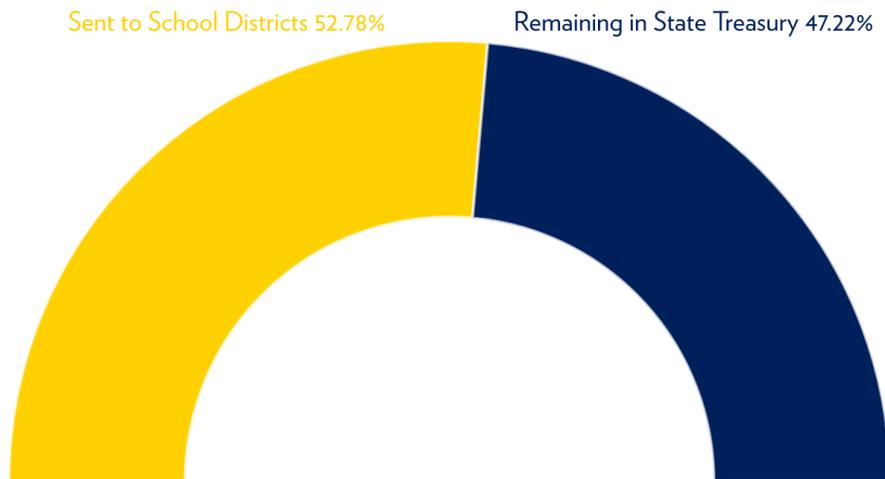
HOARDING FEDERAL MONEY

Calls for increases in state education funding come even as public schools sit on billions of unspent federal aid. This leftover federal money is *in addition* to the billions school districts hold in general reserves.

- Since 2019, Pennsylvania public schools have received more than \$6.7 billion in federal pandemic aid through three packages: Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan (ARP).
- As of May 2023, Pennsylvania public schools (including district and charter schools) still have \$3 billion in unspent federal pandemic aid.⁸

Public Schools Pandemic Relief Funds

Public Schools have at least \$3 billion in unspent federal pandemic aid, as of April 2023.



Source: Status of Appropriations COVID-ESSER-LEA <https://www.patreasury.gov/tabs/>

TRACKING SPENDING AND STUDENT ENROLLMENT

- Pennsylvania's spending on public schools keeps increasing as school district enrollment falls. While state aid to public schools has increased 55.7 percent since 2013, school district enrollment has decreased 7 percent. The largest dip in school district enrollment occurred after 2019–20, following the start of the COVID-19 pandemic, with almost 51,000 students leaving school districts.⁹
 - In Philadelphia alone, more than 10,000 students, or 7.5 percent, have left the school district since the start of the pandemic.¹⁰

2021-22 Student Enrollment Changes

This chart shows growth or decline in student enrollment compared to 2019-2020 enrollment levels. Since the pandemic's start, school districts have lost almost 51,000 students.

	School District	Cyber Charter	Total Charter	Private and Non-Public	Homeschool*
Percentage change	-3.25%	+48.34%	+11.54%	+2.79%	+59.54%
+/- Number of Students	-50,927	+18,496	+16,911	+6,492	+15,469

Note: Homeschool numbers are from 2020-21, the most recent data available. All other enrollment numbers are from 2021-22.

Source: Pa. Department of Education, "Public School Enrollment Reports," <https://www.education.pa.gov/DataAndReporting/Enrollment/Pages/PublicSchEnrReports.aspx>;
 Pa. Department of Education, "Private and Non-Public School Enrollment Reports," <https://www.education.pa.gov/DataAndReporting/Enrollment/Pages/PrivateNPEnrRpts.aspx>;
 Pa. Department of Education, "Home School Education," <https://www.education.pa.gov/DataAndReporting/HomeSchool/Pages/default.aspx>.

TRACKING SPENDING AND STUDENT PERFORMANCE

While spending on public schools has soared, [student performance](#) still lags—with 77 percent of Pennsylvania eighth-grade students not proficient in math and 44 percent not proficient in language arts.¹¹ Simply increasing taxpayer funding to public schools does not improve academic results.

- In February, the Commonwealth Court found Pennsylvania's education funding system is not constitutional. The court did not mandate more spending as a remedy. Rather, they issued a new mandate that "**every** student receives a **meaningful opportunity** to succeed."¹² Instead of funding empty buildings and allowing districts to stockpile resources, state lawmakers should target education funding to follow the student.
- A [2022 report](#) on the PDE's performance by the Independent Fiscal Office found that "the data suggests there is little or no correlation between the current expenditures spent per student and the share of students that score proficient or above on standardized tests."¹³
- [Dr. Eric Hanushek](#) of Stanford University found that "the available evidence suggests that there is no relationship between expenditures and the achievement of students." Hanushek has also examined the impact of education funding adequacy lawsuits in other states. His book with Alfred Lindseth, an attorney and author with Education Next, [notes](#) that even when these lawsuits succeed (i.e., the courts ordered more spending on public schools), academic performance does not improve.¹⁴
- A [2014 nationwide study](#), by the Cato Institute, examined the correlation between state school spending and academic performance over a 40-year time period. The research reveals "essentially no link between state education spending (which has exploded) and the performance of students at the end of high school (which has generally stagnated or declined)."¹⁵

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- ¹ Pennsylvania Department of Education, Annual Financial Report (AFR) Data Files, 2020–21, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/default.aspx>.
- ² Pennsylvania Department of Education, “2023–24 Proposed Summary of State Appropriations for Education,” <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Education%20Budget/Pages/default.aspx>.
- ³ National Center for Education Statistics, “Revenues and Expenditures for Public Elementary and Secondary Education: FY 20,” May 2022, <https://nces.ed.gov/pubs2022/2022301.pdf>.
- ⁴ Pennsylvania Department of Education, Annual Financial Report (AFR) Data Detailed, General Fund Balance 2020–21, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Detailed-.aspx>.
- ⁵ Pennsylvania Auditor General, “School Districts - General Fund Balances,” Performance Audit Report, January 2023, <https://www.paauditor.gov/Media/Default/Reports/speSchoolReservesAuditReport012523.pdf>.
- ⁶ Jan Murphy, “School Districts Reserve Funds Continue to Grow, Amassing \$4.3 Billion in 2014–15,” *PennLive*, June 15, 2016, https://www.pennlive.com/politics/2016/06/school_districts_reserve_funds.html.
- ⁷ Pennsylvania Treasury, “Treasurer Garrity Announces \$270 Million Increase in Investment Income Estimate,” press release, October 19, 2022, <https://www.patreasury.gov/newsroom/archive/2022/10-19-Rainy-Day-Fund.html>.
- ⁸ Pennsylvania Treasury Accounting Bureau, “Status of Appropriations, Year to Date through Accounting Period 11 and Fiscal Year 2022 [Department 016 Education, COVID-ESSER-LEA],” accessed May 15, 2022, <https://www.patreasury.gov/tabs/>.
- ⁹ Pennsylvania Department of Education, Enrollment Reports and Projections, <https://www.education.pa.gov/DataAndReporting/Enrollment/Pages/default.aspx>.
- ¹⁰ School District Performance Office, “School Enrollments and Demographics – District Enrollment,” School District of Philadelphia, December 2022 [last refreshed], https://www.philasd.org/performance/programsservices/open-data/school-information/#district_enrollment.
- ¹¹ Pennsylvania Department of Education, Pennsylvania System of School Assessment (PSSA) Results 2022, <https://www.education.pa.gov/DataAndReporting/Assessments/Pages/PSSA-Results.aspx>.
- ¹² Commonwealth Foundation, “PA Court Rules on Education Funding Lawsuit,” press release, February 7, 2023, <https://www.commonwealthfoundation.org/2023/02/07/pa-court-education-funding/>.
- ¹³ Independent Fiscal Office (IFO), “Performance Based Budget, Department of Education,” January 2022, http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/PBB_2022_PDE_REPORT_Amended.pdf.
- ¹⁴ Eric Hanushek, “Throwing Money at Schools,” *Journal of Policy Analysis and Management* 1, No. 1 (Autumn 1981) 19–41, <http://hanushek.stanford.edu/publications/throwing-money-schools>; Eric Hanushek and Alfred Lindseth, *Schoolhouses, Courthouses, and Statehouses: Solving the Funding-Achievement Puzzle in America’s Public Schools*, (Princeton: Princeton University Press, 2009).
- ¹⁵ Andrew Coulson, “State Education Trends: Academic Performance and Spending over the Past 40 years,” Cato Institute, Policy Analysis No. 746, March 18, 2014, https://www.cato.org/sites/cato.org/files/pubs/pdf/pa746_2.pdf.