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## Focus on School Funding in Pennsylvania

October 2014 Vol. 22, No. 2

Theme Articles

# A look back: How Pennsylvania has distributed money for education since the 1960s

By the Notebook on Oct 2, 2014 10:39 AM

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### 1960s



There were 2,277 school districts in Pennsylvania. Under Gov. William W. Scranton, a series of consolidations reduced the number of districts to fewer than 700 (it fell to 505 by the late 1970s).

### 1966

The school code specified that the state would shoulder 50 percent of total educational costs. The state introduced the Basic Instructional Subsidy, which multiplied each district's enrollment by an "aid ratio" (a factor reflecting the district's wealth), and then by the state average cost per student. The calculations got more complex in later years, with "add-ons" for such factors as poverty and density. Also introduced was the concept of "minimum subsidy" – all districts, however wealthy, were guaranteed some aid.

### 1975

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The commonwealth reached its peak contribution to school costs – 55 percent. It maintained at least a 50 percent ratio until 1976, when it slipped below that.

**1983**

The legislature replaced the Basic Instructional Subsidy with the Equalized Subsidy for Basic Education. ESBE removed the 50 percent state obligation and revised how each district's base subsidy per student was calculated, adding a factor measuring local tax effort. It kept the add-ons for poverty and density, and included more, such as one for small, rural districts.

**1980s**

More revisions to ESBE had a big impact on the distribution of state aid. A "hold-harmless" provision said that no district would get less than a 2 percent increase each year and no district would get an increase above 7.45 percent. These changes hurt poor districts while benefiting wealthier ones.

**1991**

The Pennsylvania Association of Rural and Small Schools (PARSS) filed a lawsuit saying that the state's distribution formula was unconstitutional.

**1993**

ESBE, with all its built-in inequities, was abandoned. From that year forward, state aid increases were distributed through special supplements that changed every year and were sometimes targeted to specific districts. Districts no longer got adjustments based on changes in student population, unless through a "growth" supplement.

**1997**

The state charter law was passed, along with a detailed formula on how money would be driven to these independently run, tax-funded schools.

**1997-98**

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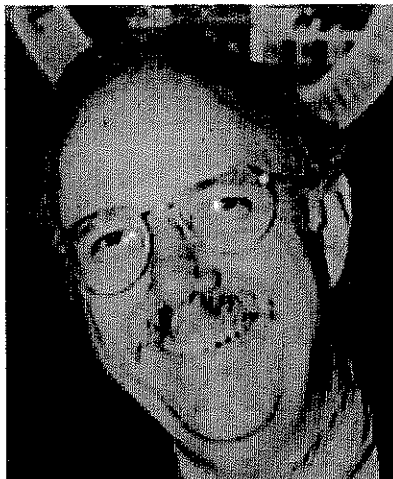
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The Philadelphia School District, under Superintendent David Hornbeck, filed a lawsuit in Commonwealth Court claiming that the state funding formula was unconstitutional. In 1998, Hornbeck filed a federal lawsuit, alleging that the state funding formula discriminated against students of color and violated the equal protection clause of the U.S. Constitution.

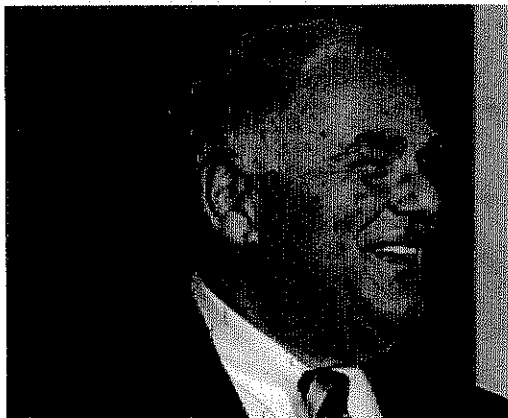
**1999**

After eight years of litigation, the state Supreme Court upheld a Commonwealth Court decision that denied the PARSS claim. On the same day, it threw out Philadelphia's state lawsuit.

**2001**

Citing fiscal distress, the state took over the Philadelphia School District, establishing the School Reform Commission. The District's federal lawsuit was withdrawn.

**2005**



Gov. Edward Rendell introduced Accountability Block Grants as a way to direct additional state aid for targeted purposes, including early childhood education and tutoring.

**2007**

**Philly Ed Feed**

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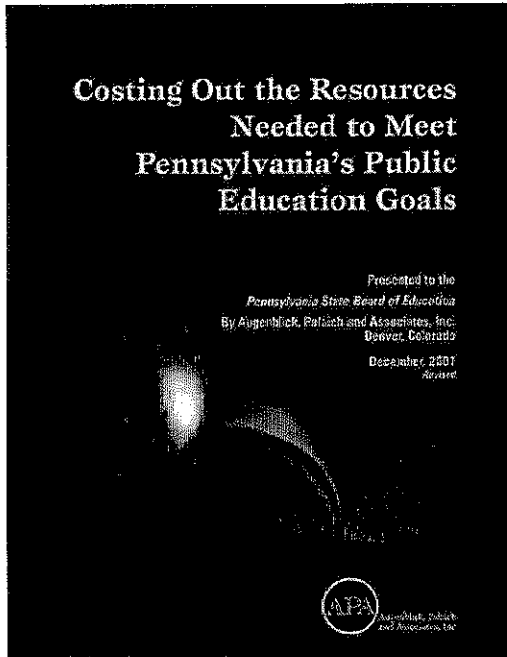
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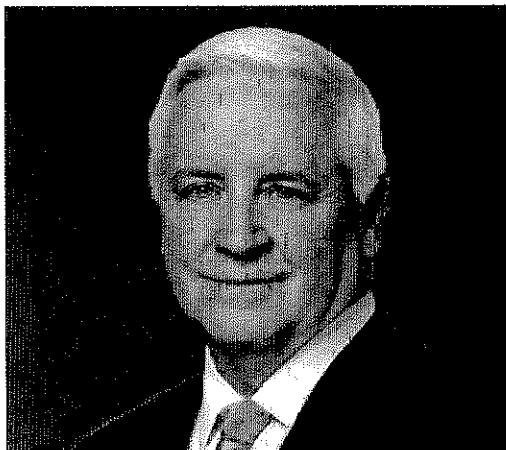


The state released a "costing-out study" ordered by the legislature that evaluated each of the 500 districts, estimating the cost of providing all students with an adequate education. It set spending goals for each district and a state aid formula to work toward those goals. The study said that \$4.4 billion more in spending was required for all districts to reach adequacy, \$1 billion of that for Philadelphia.

**2008**

Gov. Rendell's administration used the costing-out study to guide state aid distribution until 2010. The administration proposed a six-year plan to increase the state share from about 35 to 55 percent. It used money from the federal stimulus to substitute for some of the state aid.

**2011**



The Corbett administration abandoned the formula established by the costing-out study. When federal stimulus money dried up, aid from Harrisburg dropped, and districts started raising local taxes and cutting programs.

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