

## Testimony before the Joint Subcommittee on the Status of Schools in Small Cities and Towns

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Good afternoon. Thank you to the members of the urban affairs, education and appropriations committees for your interest in the status of schools. I commend you for looking at it in this integrated manner.

Good Schools Pennsylvania was launched in 2001 to address the unequal educational opportunity available to children in the Commonwealth. We knew that the knowledge existed to help all kids be successful – including those whom we have historically left behind – but that because of inadequate and unevenly distributed financial resources, many children in Pennsylvania’s poor urban and rural communities were not receiving the quality education they both deserve and need.

If anyone is familiar with the early years of Good Schools Pennsylvania, then you may recall the many prayer vigils led in the capitol by faith leaders who rallied their congregants around the moral message that all children have a fundamental right to receive a high quality education.

We have certainly not lost that focus on children and students. But increasingly, Good Schools Pennsylvania has come to understand that just as education is key to an individual's success, the manner in which we *finance education* is critical to a region's success. And that’s why this hearing is so important and exciting.

As too few citizens understand, over the past several decades Pennsylvania evolved a system of education finance that became overly reliant on local taxes to pay for public education. While nationally, the state share of public education costs averages 50%, in Pennsylvania it has declined to 35%.

Because of Pennsylvania's over-reliance on local taxes -- of whatever form -- to finance public education, the residents of many older, declining communities pay local taxes that are 2 and 3 times higher than residents in newer and wealthier communities.

At the same time, the school districts in many of these older communities often have greater resource needs because they have greater concentrations of poverty and immigrants. And because the Commonwealth does not step in to ensure each school district can adequately provide a quality education to its students, the result is that some communities spend \$18,000 per pupil based on one local tax rate, while others have less than half of that amount available while paying a much higher local tax rate.

This is the trend that was identified in the economic feasibility study of the Allentown School District commissioned in 2005 by the Lehigh Valley business education partnership - Education 2010.

The study showed that not only does Allentown have the lowest-tax base of any district in the Lehigh County, it has more than double the number of economically disadvantaged students and four times the number of English Language Learners than the statewide average. When compared to its neighboring districts, those number climb even higher.

The study found that Allentown’s residents are taxed out, paying property taxes that exceed the state average and most of their neighboring school districts’ tax rate – yet the district has \$2000 less per student than the statewide average – and an even greater gap when compared to its neighboring districts.

The study showed that all these factors greatly impede Allentown’s ability to educate its students. As a result of inadequate resource base, for instance, the district has a higher student-teacher ratio, less support services, and

deteriorating facilities. The district also has a great need for textbook replacement, revised curricula, technology upgrades and technology training for teachers. Not surprisingly, it also experiences a higher teacher turnover.

And finally, the study noted the community and regional impact of this dynamic:

- escalating drop-out rates with attendant social and economic problems,
- expanded out-migration of students into surrounding school districts as families seek stronger school systems,
- and serious economic decline as employers look elsewhere for a skilled labor force and quality of life amenities for employees.

But of course, these dynamics are not unique to Allentown.

On the heels of the Allentown study, the Pennsylvania General Assembly very wisely commissioned a statewide costing out study to identify the programmatic and financial resources needed to provide an education that gives all students a fair opportunity to meet the state's academic standards.

Like the Allentown study, the statewide costing-out study showed that many of the poorest districts are making the strongest local tax effort but still unable to provide all necessary resources. Consider the state's third class cities.

- While statewide, the student poverty rate is 28%, the average for third class cities is 49%...but some, like Johnstown, Allentown, or Farrell City, have poverty rates as high as 69, 75, or 88%.
- While statewide the equalized millage rate is 18 mills, the average for 3<sup>rd</sup> class cities is 22 mills...but some, like Easton, Big Beaver Falls, or Clairton range as high as 24, 29, and 35 mills.
- While statewide the per pupil adequacy gap is \$1,964, the average for 3<sup>rd</sup> class cities is \$2,888...but some, like Bethlehem, Hazleton, have gaps as high as \$3,000, \$5000, and \$5500.
- Student success rates follow this pattern. While statewide, about 72% of students are proficient, the average for 3<sup>rd</sup> class cities is around 60%...and some are below 40%.

It would be a mistake to associate this dynamic of over-taxation and underfunding solely with cities.

Increasingly, the poster child is as likely to be a school in the inner ring suburbs surrounding the cities, which have lost ground in recent years to the exurbs.

This is certainly the concern of community leaders in the distressed inner ring suburbs surrounding Philadelphia who have joined together to form the SEPA First Suburbs Project in an effort to revitalize their communities. At an issues convention held last May, the hundreds of attending citizens ratified a position paper identifying public education as one of the primary reasons for the hollowing out and blighting of the inner ring suburbs.

The position paper observes that residential and commercial developers avoid investing in the high tax first suburbs to instead build in fast-developing areas where school taxes are lower. Higher-earning families choose to move out to those same areas in order to pay lower local school taxes while receiving a higher value education. Immigrants and impoverished children are then blamed for the demands they place on first suburbs' school districts.

In short, Pennsylvania's historic system for financing public education encourages sprawl, discourages investment in older first suburbs, increases demographic tensions, AND fails to provide a quality education to too many of our region's children.

Pennsylvania made important progress last July when it adopted a new school funding formula that begins to address the inequities experienced by students and communities.

The formula starts with a costing-out process to set an adequacy target for each school district based on its student enrollment and other demographics. It then calculates state share, prioritizing funding to communities that are most financially overburdened and underfunded.

Good Schools Pennsylvania is especially pleased to see that Pennsylvania's new formula includes some of the strongest accountability measures in the nation to ensure that all new funds are spent by school districts in ways that most benefit student achievement.

Community leaders who were so active in our campaign to improve the way Pennsylvania funds public education are now just as eager to make sure that funds are being invested wisely. They are reporting improvements like:

- A school district that added four AP classes, where previously it had none.
- A school district with a high percentage of ELL students, who succeeded this year in putting an ESL educator in every elementary school.
- A school district that this year provided enough textbooks for every student.

In enacting the new funding formula last year, the General Assembly also committed to meeting state funding targets by 2013. If we stick with this approach over time, then we can go a long way toward supporting students, strengthening schools, relieving pressure on local property taxes. And, in the process we can help to revitalize our struggling communities.