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Pennsylvania might be about to spend \$100 million more on basic education, but school superintendents say that's the 'bare minimum' and their jobs are becoming impossible

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OVERHEARD ON 3RD



A look at former members of the House and Senate who landed on their feet — making sizable paychecks at taxpayer expense. **PAGE 4**

THE INTERVIEW



Sen. Bob Mensch on how Pennsylvania lawmakers are getting to the bottom of the \$800 million-plus statewide radio mess. **PAGE 10**

POLITICAL HISTORY



Gov. Tom Wolf was having trouble one year ago getting through to legislators and cabinet officials by phone. People kept hanging up on him. **PAGE 14**

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BROKEN



Throwing more state money at public schools won't solve the structural funding problems, and educators aren't hopeful for transformational changes any time soon

» SAM JANESCH



When federal aid for Pennsylvania's school districts dried up after the Great Recession, some schools closed and many teachers lost their jobs.
 Class sizes grew.
 Renovations were shelved.

The picture was gloomy.

Nearly a decade later, the economy is recovering and wary schools are cautious but optimistic as money has begun flowing back into their coffers. They have a governor who has promised more money for the neediest kids and achieved the passage of a "fair" funding formula that gives a larger portion of new money to districts that need it most.

But the picture is still dismal.

The slow pace of the recovery and ballooning pension costs have tempered any enthusiasm. School districts across Pennsylvania still say their biggest worry is money, and they have little hope for change in the years ahead.

"The recovery has been slow. It's been steady, and it's been going on a long time, which is good," said Mike Leachman, director of state fiscal research for the Washington, D.C.-based Center on Budget and Policy Priorities. "But it's just taken a long time for states to recover — and in a lot of ways, they still haven't."

As state lawmakers hammer out the details of a budget due on the governor's desk before midnight Friday, school administrators see little hope that the structural changes necessary for the "maintenance and support of a thorough and efficient system of public education," as the constitution demands, are on the horizon.

And that means more of the same for students, schools and taxpayers: higher property taxes, fewer teachers, more kids in every classroom, fewer educational programs and less money for reserves and building projects.

"The reality is that this funding, this critical, critical funding issue, is making our jobs almost impossible," Janet Sardon, superintendent of Yough School

District in Westmoreland County, said at a news conference in late May.

Something, in other words, has to give.

WHERE THE BURDEN LIES

If you're trying to find the source of angst among school budget-makers, look no further than Pennsylvania's mechanism for paying for public education.

It is true that Pennsylvania schools rank high when it comes to the amount of money they spend. In the 2015-16 budget year, they spent \$28.3 billion, the fifth-largest pot of money in the nation, according to Department of Education and Census Bureau data. Only California, New York, Texas and Illinois provided more money for elementary and secondary education.

The problem is more about the source of that money.

The state allocated about \$10.5 billion or 37 percent of the money needed to run Pennsylvania schools in 2015-16. The largest chunk of money — \$16.3 billion, or 57 percent — came from taxpayers at the local level. The remainder came from federal and other sources.

Many advocates for additional school funding mention that breakdown often because Pennsylvania's share of funding is near the bottom when compared to other states. Only Nebraska, New Hampshire and South Dakota have a lower share of state money going to local school districts, according to the U.S. Census Bureau's latest annual report of school finances, released this month for 2015 numbers.

Pennsylvania, which educates more students than any of those three states,

is the largest state in the nation in which local property taxes pay for such a large portion of the school costs.

Of the \$16.3 billion that local municipalities paid toward schools in 2015-16, about \$12.6 billion of that was from real estate tax collections, according to Pennsylvania Department of Education data.

"While we spend in the top 5 percent in states in terms of pupil spending, if you look at it, most of that money, or a larger percentage, is coming from local taxpayers," said Steve Robinson, senior director of communications for the Pennsylvania School Boards Association.

The debate over education funding often comes down to this discussion of Pennsylvania's two very different rankings — a poor ranking for the state share of school funding, and a high ranking for per-student expenditures.

For 2015-16, Pennsylvania schools spent an average of \$16,425 per student, according to state data. That's about \$3,300 higher than the national average, and in the top fifth of all states, according to the Census Bureau analysis.

Marc Stier of the left-leaning Pennsylvania Budget and Policy Center argues against putting too much stock in the per-pupil ranking. The way the state distributes money to schools skews those rankings, he said. The top school districts pull up the average while many others remain far below the state average, he said.

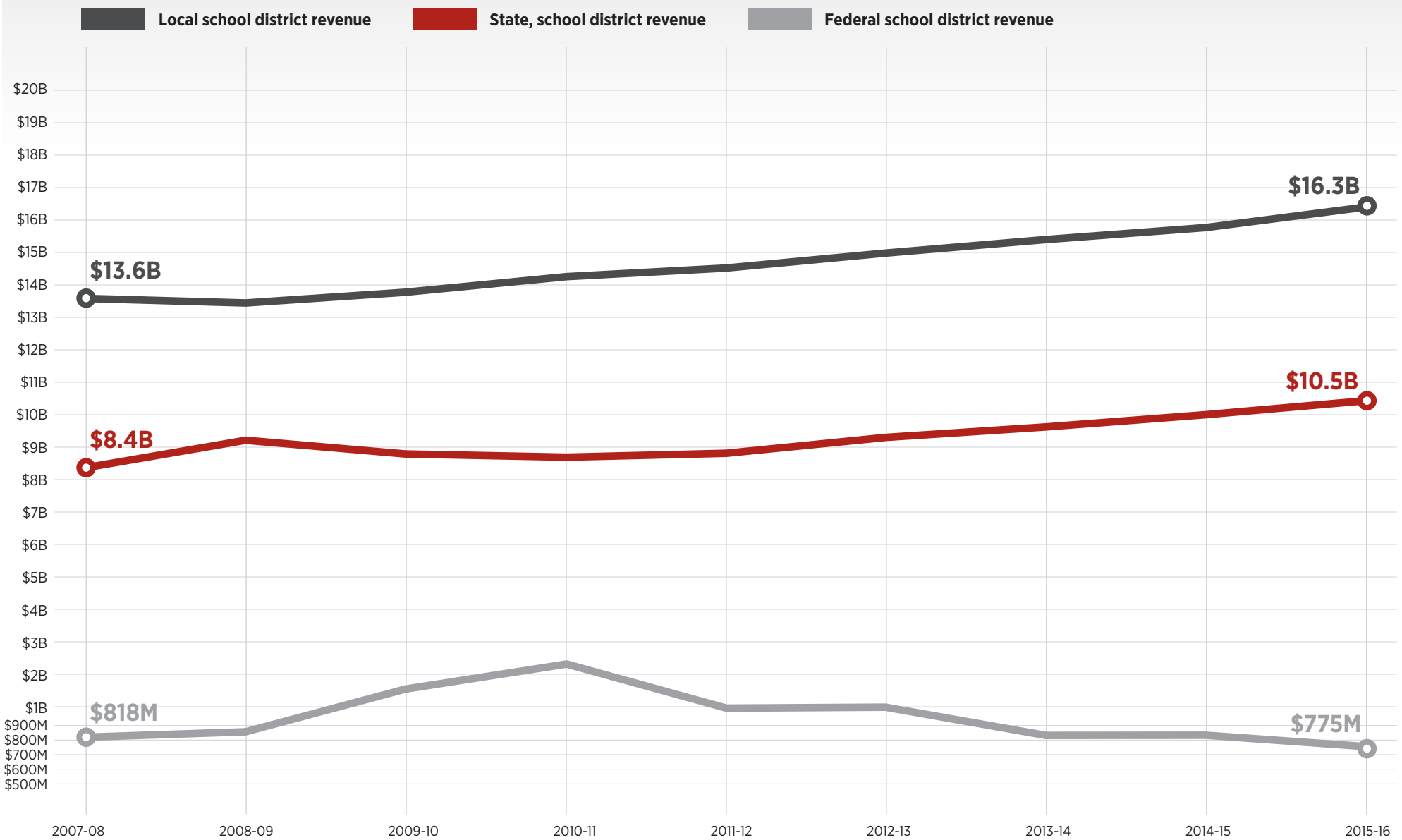
For instance, the Philadelphia School District — the only district in Pennsylvania that makes it into the Census Bureau's list of the 100 largest districts — spends \$500 per-student less than the

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Aftermath of a recession

This graphic shows how local school districts have been funded in total dollars for the last nine years — since right before the recession. State contributions to schools declined after 2009 and didn't bounce back to the same level until 2013-14. School district revenue from the local districts continued to increase, while federal revenue spiked in 2010 and has been declining ever since.



SOURCE: PENNSYLVANIA DEPARTMENT OF EDUCATION

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national average and \$4,000 less than the state average.

James Paul, a senior policy analyst at the right-leaning Commonwealth Foundation, argues that people should really be looking at the total amount of money the state spends on education.

“This really is a rhetorical sleight of hand that refers to education spending in percentages rather than in dollars,” said Paul, who has described the notion that schools are underfunded a “persistent myth.”

And while this conversation often reaches into the legislative discussions, both Democratic Gov. Tom Wolf and the Republican majority in the Legislature have come to an apparent agreement this year.

Both sides have proposed a \$100 million increase to basic education for next year's budget.

The question is: is it enough to make a difference after years of slow economic recovery?

Ask school officials. They have a pretty good idea.

FEELING THE PRESSURE

Every summer, school district officials and students alike make their pitches to state legislators. And every year they say they are approaching a tipping point.

This year is no different.

Budget pressures are among the largest challenges for 86 percent of schools,

according to a new Pennsylvania School Boards Association survey of school officials. The top three pressure points are pensions, charter school tuition payments and inadequate state funding, according to the survey. To cover those costs, three-quarters of all districts are raising local property taxes and drawing from fund balances.

Another recent survey of school administrators and business officers by the Pennsylvania Association of School Business Officials found that 43 percent of them indicated they expect fiscal conditions to worsen in the next year.

“Unfortunately, we are sometimes told we sound like a broken record, as we have painted the same bleak financial picture consistently since 2011,” stated the School Boards Association report. It added: “There is no relief in sight for school districts.”

Jeff Ammerman, director of member relations for the School Boards Association, said school officials have appreciated the new funding formula and new dollars in recent years. But they are still facing rising pension bills, charter school costs, special education expenses and health insurance fees that have grown faster than any enhancements the state has made.

One day last month, school officials from across the state joined together in a coordinated call for permanent fixes as lawmakers in Harrisburg negotiate next year's budget.

In Western Pennsylvania, Baldwin-Whitehall School District superinten-

Spending per pupil

SCHOOL DISTRICTS SPENT, ON AVERAGE, \$16,425.09 per student in 2015-16, according to data from the Pennsylvania Department of Education. That number is lower depending on various analyses, but it consistently puts Pennsylvania among the top states in per-pupil spending.

That puts Pennsylvania as 10th in per-pupil spending among all states in 2015, according to a new report from the U.S. Census Bureau.

Advocates for more state education spending also criticize the wide disparities in per-pupil spending among low-income and high-income districts.

Here's the breakdown in the highest poverty-level districts versus the lowest poverty-level ones in 2015, according to PSBA:

Lowest poverty districts spending per student: \$17,119.36.

Highest poverty districts spending per student: \$14,864.43.

dent Randal Lutz spoke about the potential of cutting full-day kindergarten.

Mark Holtzman, superintendent of the distressed McKeesport Area School District, discussed facing a \$4 million deficit after years of cost-cutting, including a high school that has lost 35 of 100 teachers since 2011-12.

In Delaware County, William Penn Schools Superintendent Jane Harbert questioned whether the district could afford new books to replace worn copies they now use.

In all corners of the state, the cry is the same.

HOW WE GOT HERE

Education budgets across the country were easy targets after the economy collapsed in 2008.

School spending came under attack rather than a “more balanced mix of spending cuts and revenue increases,” according to the Center on Budget and Policy Priorities.

As the recession gripped the nation, the state pulled back on the amount of money it allocated to education, meaning local taxpayers had to make up the difference. The state's total input for school district revenue pre-recession peaked at \$9.171 billion in 2008-09, according to Department of Education data. It bottomed out at \$8.670 billion in 2010-11 and didn't grow back to pre-recession levels until 2013-14.

Local contributions to education, however, rose every year by an aver-



age of 3.3 percent between 2008-09 and 2015-16, mostly through increasing property taxes, according to a Caucus analysis of state data.

Filling the gaps was federal revenue, which went from about \$852 million across all Pennsylvania school districts in 2008-09 to nearly \$2.2 billion in 2010-11.

But then that funding source dropped off, going down to just over \$1 billion in 2011-12. Former Gov. Tom Corbett and the Legislature faced a hole that wouldn't be filled, and school districts bore the brunt of the cost.

Leachman, of the Center on Budget and Policy Priorities, said it is remarkable that effects from those deep cuts are being felt today, and not just in Pennsylvania but across all states.

Nationally, school districts cut 351,000 jobs by mid-2012, according to the center. There are now 221,000 fewer school employees than there were in 2008. At the same time, the number of students attending those same schools rose by more than 1.1 million.

You see the problem.

"At a time when producing workers with high-level technical and analytical skills is increasingly important to a country's prosperity, large cuts in funding for basic education could cause lasting harm," the center argues.

In Pennsylvania, there are about 20,000 school jobs that still remain unfilled since they were cut in 2011-12, according to the School Boards Association. Ammerman, the group's spokesman, said some of those jobs may not have disappeared but are being filled in different ways.

About 8,000 of those positions were held by teachers, he said. About 128,000 teachers were employed for the 2010-11 school year. There were fewer than 120,000 in 2015-16.

THE 'RECOVERY'

Five years after those post-recession cuts, and nearly a decade after the beginning of the recession, how much headway Pennsylvania and other states have made is up for debate. The initial recovery challenges have been met with others, such as booming pension and charter school costs.

Total school district revenue from the state in 2015-16 was \$10.475 billion — more than \$1.3 billion more than 2008-09. But most of that new money has gone right to the skyrocketing pension costs.

Robinson, of the School Boards Association, said the pension obligations have increased by 337 percent, or \$2.2 billion, since 2010-11. He said administrators expect the current costs to continue upward for the next few years and then plateau at nearly 40 percent of salary costs.

"It's as high as it's ever been but we have a pension rate that once upon a time was 5 percent of salary and now it's 30 percent of salary," Ammerman said. "That's really been the driving force with

everything. ... There's no way around it."

Other looks at the recovery have been through the lens of spending per student.

Almost half of the states are still spending less per student than they were in 2008, after accounting for inflation. Pennsylvania is spending slightly more now, per student, than it was in 2008, but it's still falling behind more aggressive states such as North Dakota, which has increased funding per student by 27.2 percent since then.

Marc Stier says even Pennsylvania's modest increase in spending — 0.9 percent — could be painting too rosy a picture. Stier is director of the Pennsylvania Budget and Policy Center, a left-leaning think tank in Harrisburg whose parent company conducted the per-pupil spending analysis.

The Budget and Policy Center considers Pennsylvania still below the pre-recession levels in education spending despite the increases in recent years. Even with the proposed \$100 million increase to basic education for 2017-18, the state would still be \$64 million below classroom spending levels before the 2011-12 cuts, according to a the center's analysis, which doesn't factor pensions as being part of classroom spending.

"We're spending more than we did before the recession in absolute dollars. That's true and that's good. But in terms of classroom funding we're still behind than before the Corbett cutbacks," Stier said.

Paul, of the Commonwealth Foundation, believes any discussions of school spending on behalf of students should include the pension payments.

"I understand the temptation to hold pension costs as a separate category and view it as non-classroom spending. But ultimately it is classroom spending as it is a benefit for teachers. It's a deferred form of teacher salary that has been promised by the state and has to be paid by taxpayers," Paul said.

SEEKING MORE MONEY

Almost a week before Pennsylvania's budget deadline, Mark DiRocco stood in the Capitol Rotunda with a couple dozen other educators, pleading for help. Their message was to the governor and legislative leaders to keep up their pledge of \$100 million in new basic education money, a figure far below what they say schools need.

"If this trend continues at just \$100 million increases or less than that over the next three or four years ... you're going to see draconian cuts to programs for kids," said DiRocco, executive director of the Pennsylvania Association of School Administrators and retired superintendent of the Lewisburg Area School District.

"You're going to see huge class sizes. They just won't be able to

keep up with things that aren't mandated, like the arts. You'll see replacing all kinds of arts programs, music programs, extracurricular programs," he said.

Ammerman, of the school business officials group, said there's been an appreciation for more funding in recent years, and for the implementation of a new distribution formula that gives more new money to needier districts.

Recent "good news, if there is any good news," he said, came earlier this month when Wolf signed what he and other proponents argued was a "historic" change to the state's pension system.

The law reduces retirement benefits of most future public school and state government employees hired after 2018, and shifts some risk of investment losses off taxpayers and onto the public employees of tomorrow by introducing a 401(k) style benefit.

Ammerman said the changes represent a light at the end of the tunnel, one that will stop pensions from escalating to the degree they have in the past, even if they'll still escalate. But after the budget deadline passes this week, most school officials will likely be quick to acknowledge, they're expecting to face the same issues this time next year.

Said Robinson, of the school boards association: "The pension costs aren't going away anytime soon." ☹

Budget pressure

86 PERCENT OF TOP SCHOOL ADMINISTRATORS say budget pressures are among their biggest challenges facing them this year and next year, according to a recent survey by the Pennsylvania School Boards Association. Here are the top 5 sources of budget pressures districts are reporting:

1. Pension costs (85 percent of all districts)
2. Charter school tuition payments (66 percent of all districts)
3. Inadequate state funding (53 percent of all districts)
4. Health insurance increases (50 percent of all districts)
5. Special education costs (42 percent of all districts)

Achievement ranking

ACCORDING TO 2015 RANKINGS BY the National Assessment of Educational Progress, Pennsylvania ranked highly in student achievement:

» 4th grade reading: tied for

7th

» 4th grade math: tied for

9th

» 8th grade reading: tied for

6th

» 8th grade math: tied for

13th

