

Pennsylvania

Funding Basics

Formula Type

Pennsylvania has a primarily student-based funding formula. As written, the formula assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Pennsylvania's funding policy are English-language learners, students from low-income households, students in small or sparsely populated districts, students with disabilities, and students enrolled in career and technical education (CTE) programs. However, only a small proportion of state education funding is distributed through this formula. The bulk of state education aid is distributed based on historical allocation levels.

Pennsylvania expects school districts to contribute revenue to the funding of public schools, with the amount of the local share based on districts' property values, the incomes of district residents, and local property tax effort. Districts in Pennsylvania are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for English-language learners, students from low-income households, and students in small or sparsely populated districts is generated through the application of multipliers to the base amount. Services for students with disabilities and students enrolled in CTE programs are funded through program-specific allocations.

Base Amount

Pennsylvania does not have a single statewide base amount. Instead, the state provides a per-district amount that is based on the district's weighted student count and varies depending on the state legislature's appropriation for education.

Pennsylvania's funding formula applies only to state education funds appropriated over and above FY2015 nominal funding levels. For FY2022, under 13% of the state's total education funding is estimated to be distributed through this formula. This funding is divided among districts in accordance with their formula calculations. For FY2022, each district is estimated to receive a prorated share of $899 million based on its weighted student count, adjusted for local income and local tax effort.

Local Revenue

Expected Local Share

Pennsylvania expects school districts to contribute revenue to the funding of public schools. The amount of state formula funding a district receives is based on its local property tax effort, property values, and residents' income. However, no specific tax rate is expected of each district.

Pennsylvania distributes formula funding in amounts based on each district's level of tax effort and its tax capacity. The state compares each district's local property tax rate to the state median, adjusting for the level of need of the student population that the district serves. To determine the tax capacity of a district, the state estimates how much the district could raise based on the total market value of its properties and the total personal income of its residents and compares this amount to the estimated state median. Districts with a higher tax effort and with lower tax capacity than the state medians will receive more in state aid, on the assumption that the remainder of education expenditures will be covered by local tax dollars.

Property Tax Floors and Ceilings

Pennsylvania does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, Pennsylvania does limit the size of permissible property tax increases to an extent that varies by district.

Property tax increases are limited based on an inflation index calculated annually by the state. In order to exceed this limit, school districts must seek secure voter approval in a referendum, or apply to the Pennsylvania Department of Education for an exception. Exceptions to this limit are given in certain cases, like rising special education costs, rising employee benefit and retirement payment costs, and significant construction costs.

The calculation for the inflation index takes into account average increases in income in the state over the previous year and the federal cost index for elementary and secondary schools. The index is adjusted upward for some districts whose property wealth or income levels per weighted student count are lower than the state median.

Other Local Taxes for Education

School districts in Pennsylvania receive revenue from a variety of local taxes, including property taxes and income taxes.

In addition to property taxes, school districts in Pennsylvania may impose an earned income tax on the income and profits of residents within the district. School districts may also impose a variety of other taxes, including a real estate transfer tax, a flat tax on each adult resident, and taxes on the gross receipts of some businesses.

Student Characteristics

Grade Level

Pennsylvania does not differentiate funding based on students' grade levels.

English-Language Learner

Pennsylvania provides increased funding for English-language learners. It does so by applying a multiplier of 1.6 to the count of students who are identified as English-language learners. This inflated student count is then used to generate increased funding for districts serving English-language learners.

However, Pennsylvania's funding formula applies only to state education funds appropriated over and above FY2015 nominal funding levels. For FY2022, less than 13% of the state's total education funding (or $899 million out of $7 billion) was distributed through this formula. The bulk of state education aid is distributed based on historical allocation levels and is not adjusted for student need.

Poverty

Pennsylvania provides increased funding for students from low-income households and for districts with high concentrations of students from low-income households. It does so by applying multipliers to the counts of students meeting two different definitions of poverty and then funding the district in accordance with the inflated student count.

Pennsylvania applies a multiplier of 1.3 to the count of students who live between 100% and 184% of the federal poverty level, as determined by the most recent American Community Survey, and 1.6 to the count of students who live below 100% of the federal poverty line. In districts where a large proportion of students fall into this second category, the multiplier is increased. Pennsylvania also provides increased funding for districts where the median household income falls below a certain threshold (for more information, see "Concentrated Poverty").

However, Pennsylvania's funding formula applies only to state education funds appropriated over and above FY2015 nominal funding levels. For FY2022, less than 13% of the state's total education funding (or $899 million out of $7 billion) was distributed through this formula. The bulk of state education aid is distributed based on historical allocation levels and is not adjusted for student need.

Special Education

Pennsylvania funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Every district receives at least as much as it received for special education in FY2014. For the purposes of distributing any additional appropriated funding, students are assigned to three different categories based on the estimated cost of educating students with their particular disabilities. Pennsylvania also distributes some special education funding through program-based allocations.

The state applies different multipliers for special education students based on the cost of educating them, as reported by the district annually. A multiplier of 1.51 is applied to the count of special education students who are estimated to cost between $1 and $24,999 to educate; a multiplier of 3.77 to the count of special education students who are estimated to cost between $25,000 and $49,999 to educate; and a multiplier of 7.46 to the count of special education students who are estimated to cost $50,000 or more to educate. Pennsylvania also adjusts the level of special education funding districts receive based on district sparsity and size, property wealth and income, and property tax rates. Pennsylvania adjusts special education funding downward for districts with very low property tax rates. Funding in excess of the FY2014 amount is allocated in accordance with the inflated student count. Pennsylvania also distributes some special education funding through program-based allocations, including through the Special Education Contingency Fund, through intermediate administrative units, for the Institutionalized Children's Program, and for special education students placed out of state.

Gifted

Pennsylvania does not provide increased funding for gifted and talented students.

Career and Technical Education

Pennsylvania provides increased funding for career and technical education (CTE) programs. It does so through several program-based allocations, including a subsidy for secondary CTE programs and several grants.

The state provides CTE subsidies to districts based on the number of students enrolled in vocational education programs, with a larger subsidy going to students enrolled in standalone CTE centers rather than in CTE programs housed within district or charter schools. Pennsylvania also provides increased funding for CTE through grants for updating or purchasing new equipment.

District Characteristics

Concentrated Poverty

Pennsylvania provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by increasing the multiplier that is applied to the student count for students from low-income households in districts where 30% or more of students are from low-income households, as well as by providing increased funding to districts where the median household income falls below the state median household income.

Pennsylvania applies a multiplier of 1.9 to the count of students who live below the federal poverty line in districts where more than 30% of students live in poverty, compared with a multiplier of 1.6 for such students in districts with lower rates of student poverty. In addition, Pennsylvania provides increased funding to districts with low median household incomes. It does so by calculating an index that compares each district's median household income to the state median income, and applying that index to the weighted student count that is used to determine the district's share of state formula aid.

However, Pennsylvania's funding formula applies only to state education funds appropriated over and above FY2015 nominal funding levels. For FY2022, less than 13% of the state's total education funding (or $899 million out of $7 billion) was distributed through this formula. The bulk of state education aid is distributed based on historical allocation levels and is not adjusted for student need.

Sparsity and/or Small Size

Pennsylvania provides increased funding for sparse or small districts. It does so by inflating the student count for these districts and then funding the district in accordance with the inflated student count.

The state calculates a combined measure of sparsity and size for each district by comparing its number of students per square mile to the state average and by comparing its student count against the average for all districts. These numbers are combined into a single ratio in which district enrollment size accounts for 60% and sparsity accounts for 40%. Only districts that are among the sparsest and/or smallest 30% receive this adjustment.

However, Pennsylvania's funding formula applies only to state education funds appropriated over and above FY2015 nominal funding levels. For FY2022, less than 13% of the state's total education funding (or $899 million out of $7 billion) was distributed through this formula. The bulk of state education aid is distributed based on historical allocation levels and is not adjusted for student need.

Charter Funding

Funding for charter schools in Pennsylvania is calculated based on local school district expenditures.

Charter schools receive payments from the local school district(s) where their students reside, calculated based on the per-student expenditures in those districts. The per-student expenditure includes all general fund expenditures, excluding expenditures for special education; adult education; transportation; facilities acquisition, construction, or improvement; and other costs. For students with disabilities, the charter school receives the per-student payment, plus an additional amount based on the district's special education expenditure.

Charter schools in Pennsylvania receive a share of local tax revenue. Charter schools receive payments based on the per-student expenditures, including funding raised from local taxes.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org