

## THE LANDSCAPE

In February 2023, the Commonwealth Court ruled PA's school funding system unconstitutional, ordering lawmakers to develop a plan to ensure all students receive a thorough and efficient education. This budget proposal is another step toward closing the gaps in underfunded districts and ensuring all students receive the resources they need, in compliance with the constitution.

## ADEQUACY TARGETS

Act 55 of 2024 put into law an adequacy target for each school district – a measure of what level of total funding each district needs to ensure students have the resources necessary to succeed. This includes the state's share of funding and the local share some districts would need to cover because they have capacity in their tax base to pay more.

- The 2024/25 and 2025/26 state budgets provided \$1.1 billion in adequacy supplements to districts, or about 22% of the total gap.
- The 2025–2026 budget also provided \$50,000 to districts without adequacy gaps, totalling \$6.4 million.

### ➤ 2025/26 ADEQUACY SUPPLEMENT PROPOSAL

**Proposed increase: \$526.4 million increase for districts with an adequacy gap**

- \$6.4 million in additional supplements to provide a \$50,000 minimum allocation for districts without an adequacy gap.
- This would maintain a nine-year timeline for filling the gap.

## TAX EQUITY SUPPLEMENT

Act 55 of 2024 calculated a tax equity gap for the 50 school districts with the highest tax burdens in the commonwealth and determined that \$258 million is the amount needed to offset the local revenue generated by these districts from taxing above the 90th percentile rate. The 2024–2025 and 2025–2026 state budget provided \$64 million in tax equity supplements to districts, or about 22% of the total.

### ➤ 2025/26 TAX EQUITY SUPPLEMENT PROPOSAL

**Proposed increase: \$32.2 million**

- Equal to the amount invested in FY 2024–2025 and 2025–2026.
- This would maintain an eight-year timeline.

## ADDITIONAL 2026/27 EDUCATION BUDGET PROPOSALS

### ➤ BASIC EDUCATION FUNDING

**Proposed increase – \$50 million (+0.6%).**

- Increase for all 500 school districts.
- Will not allow many districts to keep pace with inflation.

### ➤ SPECIAL EDUCATION FUNDING

**Proposed increase – \$50 million (3.3%)**

- Will also not allow many districts to keep pace with inflation.

## ▶ CYBER CHARTER FUNDING REFORM

Proposed savings – \$75 million

- Incorporates an “excess spending factor” into the tuition rate calculation.
- In the basic education funding formula, the excess spending factor compares a school district’s current expenditures to the statewide median. If you are above the median (higher spenders), you have an excess expenditure factor below one.
- For cyber charter school tuition rate calculations, multiplying a school district’s selected expenditures by its excess spending factor (maximum value of 1) effectively caps each school district’s cyber charter nonspecial tuition rate at the 50th percentile.

## ▶ CAREER AND TECHNICAL EDUCATION

Proposed Increase: \$14.3 million or 10% increase for the Career and Technical Education appropriation, which has multiple components:

- \$4.3 million is the estimated amount needed to maintain the CTE subsidy
- \$10 million to support high-quality STEM and computer science

## ▶ PHYSICAL SECURITY AND MENTAL HEALTH

Proposed flat funding of \$100 million which is awarded through a grant program.

## ▶ EARLY CHILDHOOD EDUCATION

Proposed: \$7.5 million or 2.3% increase to Pre-K Counts and \$2 million or 2.3% to Head Start to help providers raise wages and stabilize the early educator workforce.

Proposed: \$51.2 million or 11.3% increase (\$504.5 million total) for Early Intervention for 3–5 year olds.

## ▶ SCHOOL FOOD SERVICES

Proposed Increase: \$7.1 million (9.3%) increase for school food services.

## ▶ PUPIL TRANSPORTATION

Proposed Increase: \$1.2 million (0.16%) increase for pupil transportation

## ▶ SCHOOL EMPLOYEES’ SOCIAL SECURITY

Proposed Increase: \$7.5 million (1.1%) increase to cover the state’s portion of Social Security payments for employees

## SCHOOL FACILITIES

Proposed continuation of \$125 million for the Public School Facility Grant Program with a recommendation that \$25 million be spent on solar for schools.

- These competitive grants are administered by the Commonwealth Financing Authority (CFA) and support a broad range of projects such as roof or window repairs, HVAC needs, and plumbing systems.
- The Public School Facility Grant Program is not continued in the governor's budget for future years.
- The governor is proposing the Pennsylvania Program for Critical Infrastructure Investment, which would use bond proceeds to invest billions into infrastructure projects across the commonwealth, including school districts and local governments.

## Teacher Supports

### STUDENT TEACHER STIPEND PROGRAM

Proposed Increase: \$5 million increase for student teacher stipends for a total of \$35 million in available grant funding in 2026/27.

- Fully funding the program will cost an estimated \$50 million.

### TEACHER PROFESSIONAL DEVELOPMENT

Proposed Increase: \$2.5 million increase for teacher professional development programs for a total of \$7.5 million in available funding in 2026/27.

## Higher Ed

### STATE-RELATED (PENN STATE, PITT, TEMPLE)

These have been flat funded since 2018–2019.

- The 2025–2026 budget package established the State-related University Performance Fund.
- The Shapiro budget proposes a \$30 million transfer to this fund.
- Money in the fund would be distributed to state-related institutions utilizing performance-based metrics that include 4-year graduation rate, 6-year graduation rate, 6-year graduation rate of Pell-grant recipients, and the high-demand degree rate.
- 5% increase for Lincoln University.

### PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION (PASSHE) AKA STATE-OWNED

Flat funded

- Due to flat funding in the 2025–2026 state budget, the PASSHE Board of Governors approved a 3.6% tuition increase.

### COMMUNITY COLLEGES

Flat funded

## TAKEAWAYS

- This budget proposal once again demonstrates Governor Shapiro's strong commitment to supporting public education.
- Most of the money is directed to school districts with the greatest need through the adequacy investment.
- It will take nine years of investment at this level to fill the adequacy gap at this rate.
- Basic and special education increases are not enough to allow districts to keep up with inflation. Some districts will fall behind, adequacy districts will need to use adequacy funding to pay for inflationary increases instead of new investments. Future budgets must include funding increases for all districts that will allow them to keep up with inflation
- Cyber charter reforms continue to cut wasteful spending and create efficiencies, lowering the overall cost to taxpayers.

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## STATE LAWMAKERS MUST WORK WITH THE GOVERNOR AND PASS THIS BUDGET ON TIME

- Another prolonged budget standoff would mean millions of dollars wasted in lost interest for districts and/or expensive bank fees for loans that districts would need to take out to cover their payroll and expenses.
- A standoff and the uncertainty of funding would undercut districts that are working to responsibly invest adequacy dollars that they are owed by the state to provide students the resources they are owed by the state.

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## FINDING INFORMATION FOR YOUR DISTRICT

Visit <https://paschoolswork.org/school-district-data/> to find a fact sheet with the funding your district would receive with the governor's budget proposal.

We most strongly urge the General Assembly to adopt Governor Shapiro's proposal for education funding as a package and look forward to working across the commonwealth to build support for this investment in Pennsylvania's public school students and in the commonwealth's future.