

Commonwealth Forum: Should Pennsylvania End the Practice of Hold-Harmless Funding?

YES

Pennsylvania's policy of hold-harmless education finance ensures the same level of funding since 2015 for each of the state's five hundred school districts no matter how many students are enrolled in that district. Instead of funding students, in other words, the state funds districts. No other state in the country abides such a practice. If another state does not fund on a per-student basis, they either smooth the transition from year to year using rolling averages, or dedicate a certain percentage of the previous year's higher allocation. Not a single state guarantees continuous level funding from a previous date. The state's hold-harmless practice was even more egregious between the 1991–2008 and 2011–2015 periods, when there was no explicit education funding formula. Pennsylvania's newest funding formula enacted in 2016 dedicates only *new* dollars to the formula, not the earlier levels of funding. In effect, this results in stranding resources in districts that no longer need them, while denying students in growing districts and students in districts with higher need from receiving an equitable distribution of state taxes.

Public dollars dedicated to education should follow a logical pattern of distribution according to the basic characteristics of students and the district. For example, rural districts have high transportation costs because of sparsity, and urban districts have costs related to a higher number of English-language learners. Pennsylvania's education-finance system still does not take these factors into account, since the vast majority of dollars are still allocated based on out-of-date student counts from the early 1990s. That politicians in the legislature continue this system because of election ramifications is indefensible.

NO

In *Reynolds v. Sims* (1964), Chief Justice Earl Warren wrote a classic defense of the idea of one person, one vote. He stated that "legislators represent people, not trees or acres. Legislators are elected by voters, not farms or cities." For the purposes of drawing legislative districts, geography does not

matter. Unfortunately, it does for school districts. The United States is a highly mobile society. People are constantly seeking better economic opportunities and are willing to move to find them. For 67.3 percent of Pennsylvania school districts, this has meant a declining population over the twenty-year period ending in 2014. The loss of residents often means lower property ownership and property values, resulting in less revenue for schools. Fewer students does not automatically mean precipitous declines in costs. State and federal mandates, pension financing, and the fixed costs of school facilities all continue to put pressure on school districts. Rural areas in particular face problems of achieving economies of scale because of low population density and high transportation costs. The hold-harmless provision of the Commonwealth's school funding system have helped keep these school districts afloat.

Hold harmless is not the problem with education funding in Pennsylvania. The state's reliance on local revenue to fund schools should be the real focus of reform. In fiscal year 2015 the state spent \$10.5 billion on elementary and secondary education. Sounds like a lot, right? Not when considering that local governments spent \$16.2 billion. Stated differently, Pennsylvania paid 36.9 percent of education costs and local governments 56.5 percent. Nationally, states pay 47.1 percent of education costs. In fiscal year 1973, the Commonwealth's share of education spending was 50.96 percent. If the state re-dedicated itself to funding at least half of the costs of education, hold harmless would not even be an issue.

For More Information

The **Pennsylvania Department of Education** (<http://www.education.pa.gov>) provides public statistics on enrollment, the budget, student test scores, and a host of other information.

A comprehensive analysis of the hold-harmless education-finance policies of the fifty states can be found through research done by the **Center on Regional Politics** at Temple University (<http://www.cla.temple.edu/corp/files/2014/12/HH-Policies-Policy-Brief.pdf>).

The **Education Law Center** has a wealth of resources on school funding in the state (<https://www.elc-pa.org/>).

The **Commonwealth Foundation** is clearly opposed to the practice of hold harmless in its analyses and opinion pieces (<https://www.commonwealthfoundation.org/>).

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