



## Pennsylvania Association of School Business Officials

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### **PASBO AND PASA HIGHLIGHT CONTINUED FISCAL STRESS FOR SCHOOL DISTRICTS HEADING INTO 2020-21, FUELED BY INCREASES IN CHARTER SCHOOL TUITION AND SPECIAL EDUCATION COSTS**

HARRISBURG (1/31/2020)—The PA Association of School Business Officials (PASBO) and the PA Association of School Administrators (PASA) today shared their latest school district budget report, outlining the financial health, needs and challenges of school districts ahead of state budget discussions.

As the state kicks off its 2020-21 budget process next week, school districts continue to develop their 2020-21 budgets on a parallel track. While separate in process, they are very connected. While we know the outcome of the state budget process drives the final outcome of school district budgets—both in terms of expenditures and revenues, we are hopeful that the challenges faced by school districts and highlighted in our budget report inform the outcome of the final state budget.

While each school district is unique, financial pressure due to mandated cost increases—primarily special education and charter school tuition costs—continues to test school leaders, impact students and burden property taxpayers across the commonwealth.

The extent of the growth in special education and charter school tuition costs is so significant that \$0.76 of every new property tax dollar raised between 2012-13 and 2017-18 went to pay for these two costs alone, leaving little wiggle room for school districts to improve or expand their programs, hire additional school safety or security personnel or even engage in needed maintenance projects.

Trends indicate continued increases in these two areas. “With consistent growth in special education enrollment, school districts will continue to spend more each year to ensure that they are providing special education students with the programs and services they need,” said Dr. Mark DiRocco, PASA executive director. “Without a change in policy, charter school tuition is expected to cost school districts \$3 billion by 2024-25, if not before. The result of ongoing growth is more burden on local taxpayers and fewer opportunities for school district students.”

Increased state investment in education has provided some additional funding to schools; however, in many cases, these mandated cost increases alone are absorbing all the new dollars. The state investment isn’t significant enough to put a dent in the annual cost increases school districts face, and the Education Deficit—the difference between mandated cost increases and associated state funding increases—continues to grow.

What’s needed to get school districts, students and taxpayers out of this untenable situation?

According to Dr. Wayne McCullough, PASBO executive director, “While increased state funding for education, changes to the way we fund charter schools and relief for local taxpayers are all necessary components of a

solution, the process must start with an understanding and appreciation of the interconnectedness of all education funding issues.” He continued, “It’s all one conversation. And it can’t be accomplished in a vacuum.”

We look forward to working with Governor Wolf, the General Assembly and other policymakers to begin to shape the important and complex conversation on education funding and policy. The school funding issue, the charter school tuition issue, the special education issue, the property tax issue, the educational disparity issue and several others are inter-related aspects of a single problem that can only be solved—to the long-term benefit of the commonwealth, students, schools and taxpayers, if we tackle it as one issue.

To access a copy of the PASBO/PASA School District Budget Report visit <https://www.pasbo.org/2020-winter-budget-report>.