



## *News Release*

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HARRISBURG, PA – February 1, 2017 – As Pennsylvania’s school districts develop their 2017-18 budgets, a look at the most recently completed fiscal year showed the continued financial deterioration of schools across the state. School districts continued to tread water financially as the cost of mandated retirement benefits, health care, special education and charter school tuition outpaced new state funding.

These findings are revealed in the latest school budget survey conducted by the Pennsylvania Association of School Administrators (PASA) and the Pennsylvania Association of School Business Officials (PASBO) and represent the most current, comprehensive financial picture for Pennsylvania’s public schools. The report features stories from six school districts: Bethlehem Area, Chambersburg, Chichester, Keystone, Steelton-Highspire and Washington, representing urban, suburban and rural districts.

The report details the effects of rapidly rising costs in terms of property tax increases, fund balance utilization and reduction of academic programs. Almost eight in ten districts raised property taxes for the current fiscal year, continuing a trend of the last six years. The number of districts needing to use reserves to balance their budgets increased from 74% in 2015-16 to 80% in the current fiscal year.

As a result of expenses escalating faster than revenues, 37% of districts continued to cut programs. The good news is that a \$200 million boost in state funding for the Basic Education Funding (BEF) line item allowed 13% of the districts in the survey to eliminate academic cuts that had been planned for in their preliminary budgets. The BEF increase also allowed 13% of the respondents to mitigate some planned staff reductions, however, one third of the respondents still indicated that positions were reduced. Overall, almost three in ten districts reported that they have cut staff in five of the last six years with 11% having cut staff for the past six consecutive years.

Mark DiRocco, PASA executive director, responded to the survey stating, “It is discouraging to see that a significant number of school districts across the state have continued to cut programs, reduce staff, and increase class size for a sixth consecutive year. This will negatively impact our students and limit their potential for future success. It is imperative that appropriate levels of state revenues are invested in our public schools to properly educate our children.”

As the survey shows that mandated expenses are consuming new state funding, Jay Himes, PASBO executive director, said “We continue to march backwards resulting in more staff cuts, higher property taxes and reduced educational opportunities. Our only option to balancing school budgets is to increase property taxes, cut staff and spend down reserves.”

The situation in Chambersburg Area School District, one of the districts profiled in the report, is typical of the continued need for reductions of programs and personnel. According to Steven Dart, business manager, “In the 2017-18 school year we will need more money or less staff. It’s that simple.”

In the Bethlehem Area School District, another district profiled in the report, Superintendent Joseph Roy is hopeful the new Basic Education Funding Formula will help to address the needs of the district’s students. “Unfortunately without substantial new revenues it’s going to take a long time to have any impact on us,” he said.

The survey of the 500 school districts was conducted from November 2, 2016 through December 1, 2016. Responses were provided by 361 school districts (72%), the largest number of respondents since the inception of the survey. Participating school districts represent all 67 counties. Together these districts educate approximately 1,175,600 students, or 74% of the Commonwealth’s traditional PK-12 public school enrollment.

A copy of the report is available on the PASA website at [www.pasa-net.org](http://www.pasa-net.org) and the PASBO website at [www.pasbo.org](http://www.pasbo.org)

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#### About PASBO:

The Pennsylvania Association of School Business Officials is a statewide organization with more than 3,000 members, two-thirds of whom are K-12 non-instructional administrators serving in the areas of finance, accounting, facilities, transportation, food service, technology, communications, human resources, purchasing and safety. PASBO’s focus is on educating its members through professional development opportunities as well as keeping them informed on the latest legislative issues affecting school business through workshops, the annual conference, specialty conferences and publications. Business Associate members provide products and services that can improve the operation of schools and support classroom learning.

#### About PASA:

The Pennsylvania Association of School Administrators represents school superintendents and other school leaders from across the Commonwealth. PASA’s mission is to promote high quality public education for all learners through its support and development of professional leadership.