

# Pennsylvania Public School Teacher and Enrollment Trends

## OVERVIEW

Public school spending is at a record high, and Pennsylvania ranks among the highest spending states in the country. The latest state budget increased funding for public schools by \$1.5 billion total, on top of 2021's record-high levels.

Meanwhile, enrollment in public schools is falling, while the number of teachers and other school employees is rising. Today certain districts face teacher shortages exacerbated by shrinking districts hiring and retaining staff. Allowing education funding to follow the child can resolve these disparities.

Further, pension reform could alleviate hiring challenges. While the average Pennsylvania teacher earns more than \$70,000, school districts spend over \$20,000 per teacher to pay off pension liabilities. That is, had Pennsylvania converted to a defined contribution retirement system, public schools could provide \$90,000 in average teacher salaries at current spending levels.

## KEY POINTS

- Since 2000, Pennsylvania public school enrollment dropped 6.6 percent (120,000 fewer students); but public schools have added 20,000 more employees (8.7 percent growth), including nearly 40 percent growth among administrators.
- The average Pennsylvania public school teacher earns \$71,000 in salary, the 11th highest in the nation. Meanwhile, school districts spend, on average, \$20,000 per teacher in pension contributions to pay off unfunded liabilities.
- Pennsylvania school districts spent \$19,900 per student in 2020–21, ranking eighth in the nation and \$4,000 more than the national average.
- State support of public education grew 47 percent over the last decade, reaching an all-time high of \$14.7 billion in 2022–23.
- Pennsylvania school districts are stockpiling taxpayer resources, with over \$5.29 billion in general reserve funds and another \$3.6 billion (which includes charter schools and other public schools) in unspent federal pandemic aid still sitting in the treasury.

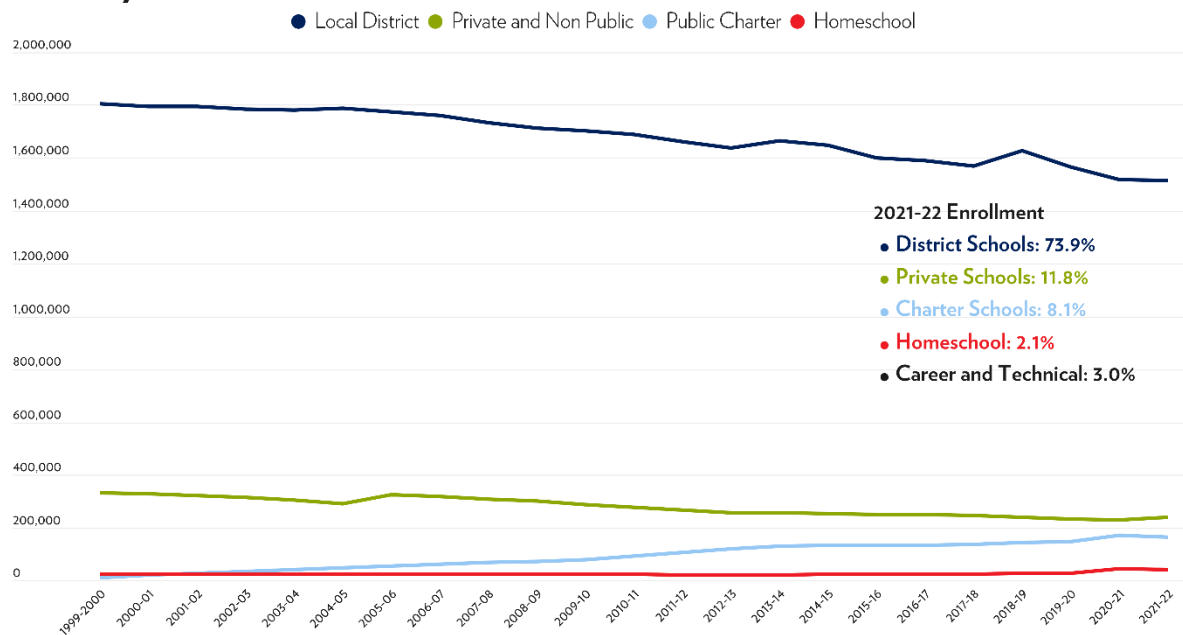
## PREK-12 SCHOOL ENROLLMENT IS DECLINING

Overall, Pennsylvania's public school student enrollment is declining, while homeschool enrollment dramatically increased, fueled in large part by the COVID-19 pandemic.

- Pennsylvania public schools lost more than 120,000 students, or 6.6 percent from the 1999–2000 to the 2021–22 school year.<sup>1</sup>
  - District schools lost more than 289,000 students, or 16.1 percent, while charter schools grew by 152,000.
  - Nearly 60,000 students enrolled in Career and Technical Schools or Intermediate Unit Programs.

- Private school enrollment also dropped during this time frame, with 82,000 fewer students enrolled in private and nonpublic schools, a 28.1 percent decline.<sup>2</sup>
- Homeschooling rose by 74.5 percent—with a major increase in 2020–21 during the COVID-19 pandemic.<sup>3</sup>
- The largest dip in school district enrollment occurred after 2019–20, following the start of the COVID-19 pandemic, with almost 51,000 students leaving school districts.<sup>4</sup>
  - In Philadelphia alone, more than 9,000 students, or 7.5 percent, have left the school district since the start of the pandemic.<sup>5</sup>

## Pennsylvania PreK-12 School Enrollment Trends



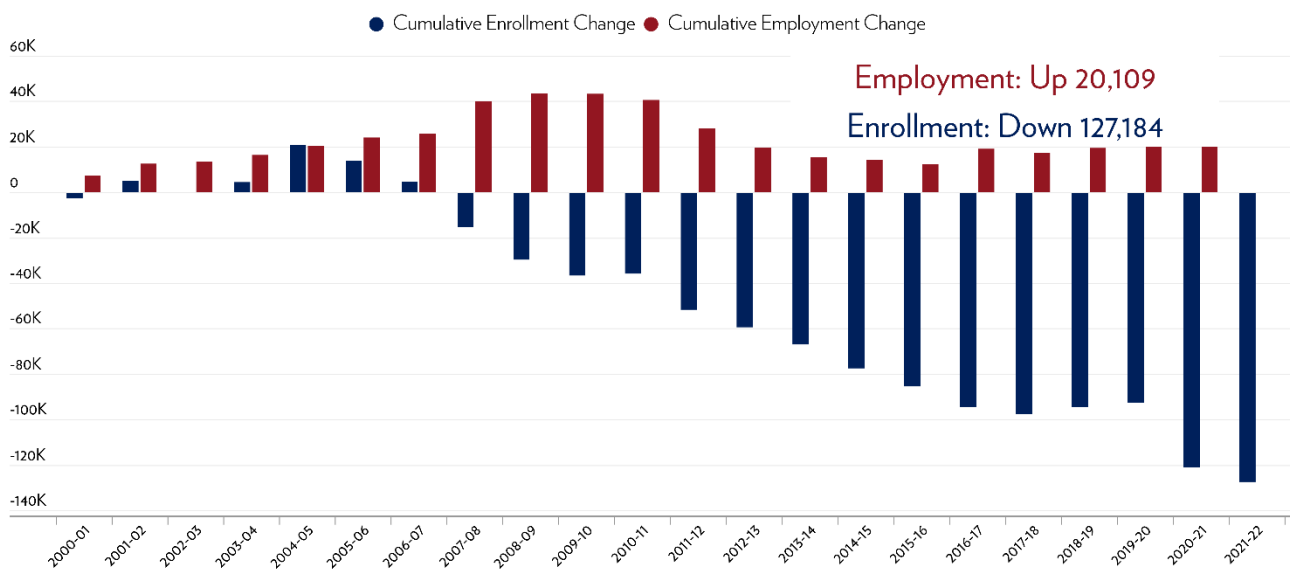
### PUBLIC SCHOOL EMPLOYMENT IS GROWING

Although student enrollment is down, public school employment of teachers and administrators is up. Individual school districts largely retain funding despite declines or increases in student enrollment.

- From the 1999–2000 to the 2020–21 school year, even as enrollment declined, Pennsylvania public schools added 20,109 employees, a growth rate of 8.7 percent.<sup>6</sup>
  - Public schools added more than 6,500 classroom teachers (5.7 percent growth) and 4,760 support staff (5.1 percent).
  - The largest growth was in all other categories of “professional staff”—including administrators, coordinators, and “other professional staff.” Public schools added 8,750 non-teacher professional staff, a growth rate of 38.5 percent.
- At the same time, the student-to-teacher ratio in public schools dropped from 15.7 to 1 to 13.9 to 1.
  - This student-to-teacher ratio varies by school district, from 18.7 to 1 for the Greater Nanticoke Area in Luzerne County down to 4.6 to 1 for the Harmony Area in Clearfield County.
  - The ratio of students to total employment dropped from 7.8 to 1 to 6.7 to 1.

- Some school districts are experiencing teacher shortages and difficulty hiring teachers. Focusing funding on school districts instead of students exacerbates the teacher hiring problem.
  - Statewide, there are more teachers (as well as more administrators and more support staff) but fewer students.
  - Even school districts with shrinking enrollment have added teachers and other staff.
  - School districts with shrinking enrollment have continued to get funding increases (due to “hold harmless” provisions).
  - This over-hiring led to shortages in school districts that face greater hiring challenges.

## Pa. Public School Enrollment and Staff Growth Since 2000



Source: Bureau of Labor Statistics: <https://www.bls.gov/cpi/>

## PAST PENSION LIABILITIES LIMIT TEACHER PAY

Pennsylvania teachers are, on average, among the highest-paid teachers nationally. Employee benefit costs have skyrocketed because of past policy decisions—supported by teacher unions—to underfund the school pension system and push off needed pension reform.

- The average salary for a classroom teacher in Pennsylvania public schools sits at \$71,479 as of 2020–21, according to the Pennsylvania Department of Education.<sup>7</sup>
  - This ranks Pennsylvania 11th highest in average teacher pay, according to the NEA.<sup>8</sup>
- While teacher pay is relatively high compared to the national average, the cost of employee benefits has skyrocketed, crowding out salary increases.
  - In 2020-21, Pennsylvania public schools spent \$8.7 billion on employee benefits. This comes to nearly \$35,000 per employee.<sup>9</sup>
  - From the 2011–12 to the 2020–21 school years, total public school spending on salaries increased 15 percent; meanwhile, spending on employee benefits increased 82 percent, as retirement contributions (i.e., pension payments) increased 342 percent.<sup>10</sup>

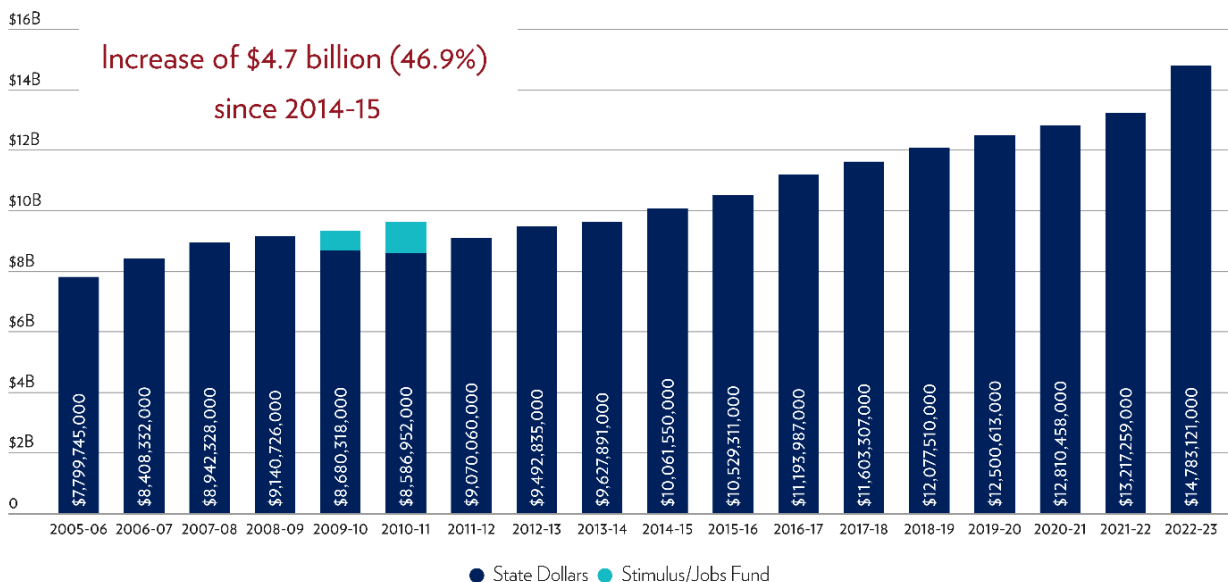
- For the school year 2022–23, the pension contribution rate for all Pennsylvania public schools will be 35.26 percent;<sup>11</sup> all public districts must contribute 35 percent of salaries (in aggregate) towards that state-run pension plan for school employees (PSERS).
  - The lion’s share of this contribution rate—28.24 percent—pays off past unfunded pension liabilities (or debt).
  - That rate (28.24 percent) equals \$20,186 when imposed on the average teacher salary.
  - If Pennsylvania had enrolled all employees in a defined contribution plan, like a 401k, there would be no pension debt and Pennsylvania public schools could be paying teachers an additional \$20,000 per year, without increasing overall spending.

## PENNSYLVANIA PUBLIC SCHOOL SPENDING IS GROWING

Over the last decade, state spending on Pennsylvania public schools reached all-time highs year after year.

- Pennsylvania per-pupil public school funding increased to \$19,919 in 2020–21, up 33.9 percent since 2013, according to data from the Pennsylvania Department of Education (PDE).<sup>12</sup>
  - This spending increase occurred before Pennsylvania distributed most of its federal pandemic aid and increased public school funding in the last two state budgets.
- The Pennsylvania state budget increased **state support** of public schools to \$14.7 billion, with a \$650 million increase in 2021–22 and a \$1.5 billion increase in 2022-23.<sup>13</sup>
  - State support of public schools increased 46.9 percent since 2014, under former Gov. Tom Wolf’s administration, with a total increase of \$4.7 billion.

## State Support of Public Schools



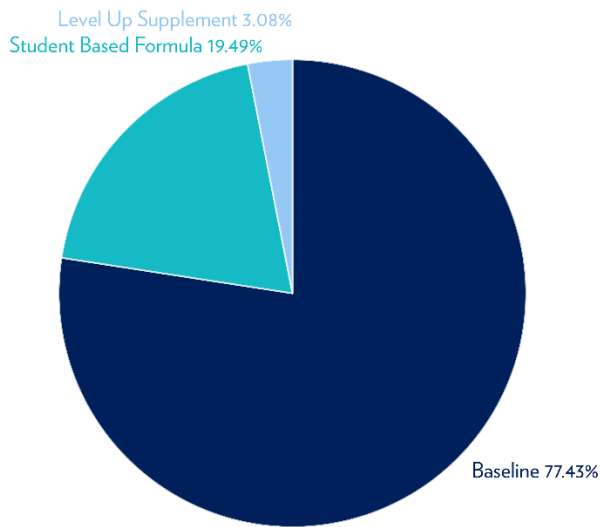
Source: PA Department of Education, Summary of State Appropriations for Education

## MOST STATE AID IS DISTRIBUTED THROUGH HOLD HARMLESS

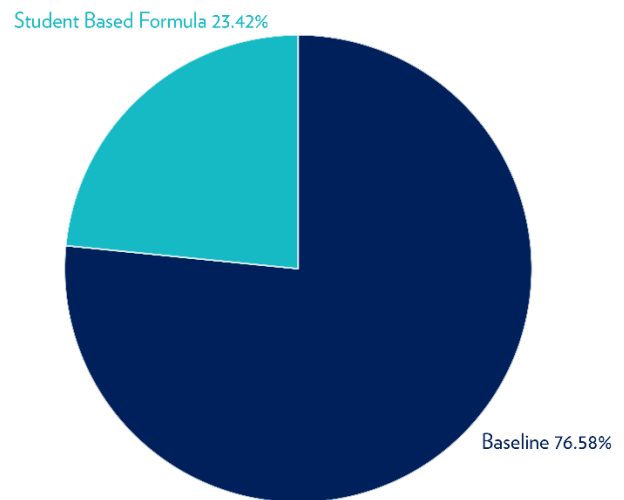
While the commonwealth adopted new student-based funding formulas for both basic education and special education, the vast majority of distributions—more than 75 percent of each appropriation in 2022-23—follow the baseline allocation, not the new funding formulas. <sup>14</sup> This baseline was set in 2014–15 for Basic Education (with some subsequent adjustments) and in 2013–14 for Special Education after decades of “hold harmless,” in which districts were guaranteed the same amount of state revenue as the prior year, plus a percentage of the increase.

That is, the vast majority of state funds to districts *remain untied* to enrollment numbers, demographics, or special education designations.

### Basic Education



### Special Education

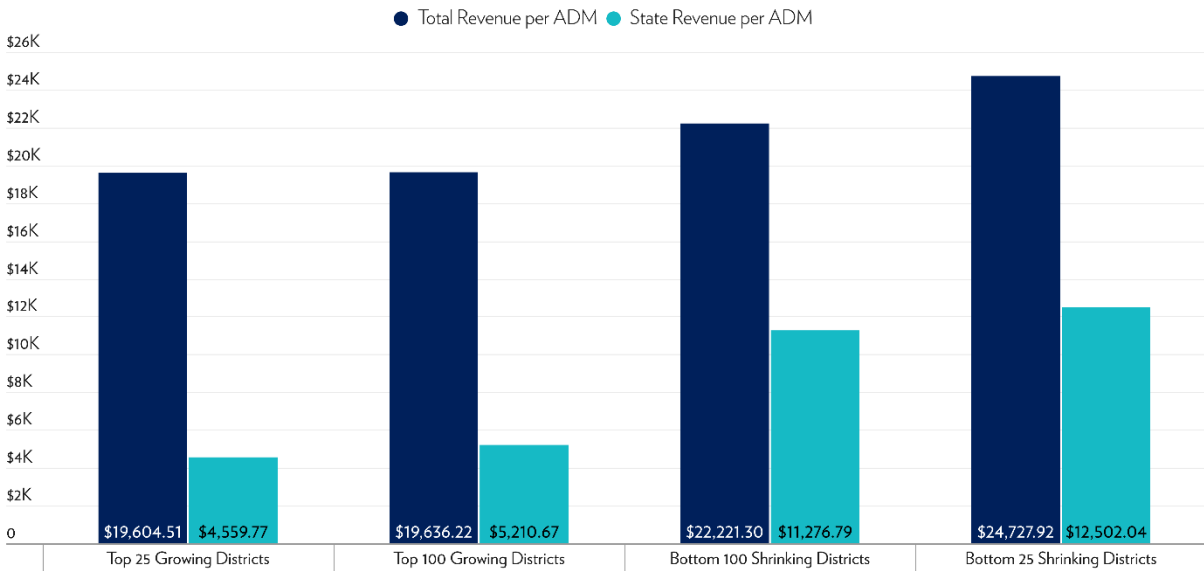


Source: PA Department of Education, 2022-23 Estimated Basic Education Funding, 2022-23 Estimated Special Education Funding

As a result of this formula, districts that have had shrinking student enrollment get significantly more state funding per student—as well as averaging more funding per student overall—than districts with growing enrollment.

In fact, the 25 fastest-growing districts received approximately \$4,560 in state funds per student in 2020–21, while the 25 districts that lost the most students received \$12,500 in state funds per student, about 2.7 times as much. This disparity allows districts to retain or add staff even with significantly fewer students.

# Impact of Hold Harmless



SOURCE: Pennsylvania Department of Education, Annual Financial Reports (Expenditure Data for School Districts).

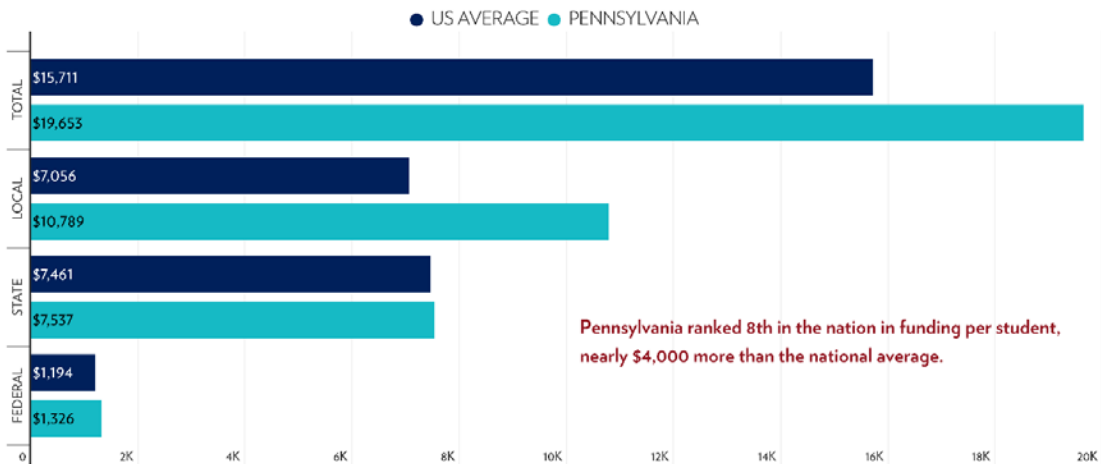
## PENNSYLVANIA OUTSPENDS THE NATION ON PUBLIC SCHOOLS

At nearly \$20,000 per student, Pennsylvania spends almost \$4,000 more than the national average. The commonwealth’s spending per student exceeds the national average for every funding source—federal, state, and local.<sup>15</sup>

- Pennsylvania ranks eighth in total per-student funding, seventh in local per-student funding, and 25th in state per-student funding.

### Pa. School Revenue Per Student

Fiscal Year 2020



Pennsylvania ranked 8th in the nation in funding per student, nearly \$4,000 more than the national average.

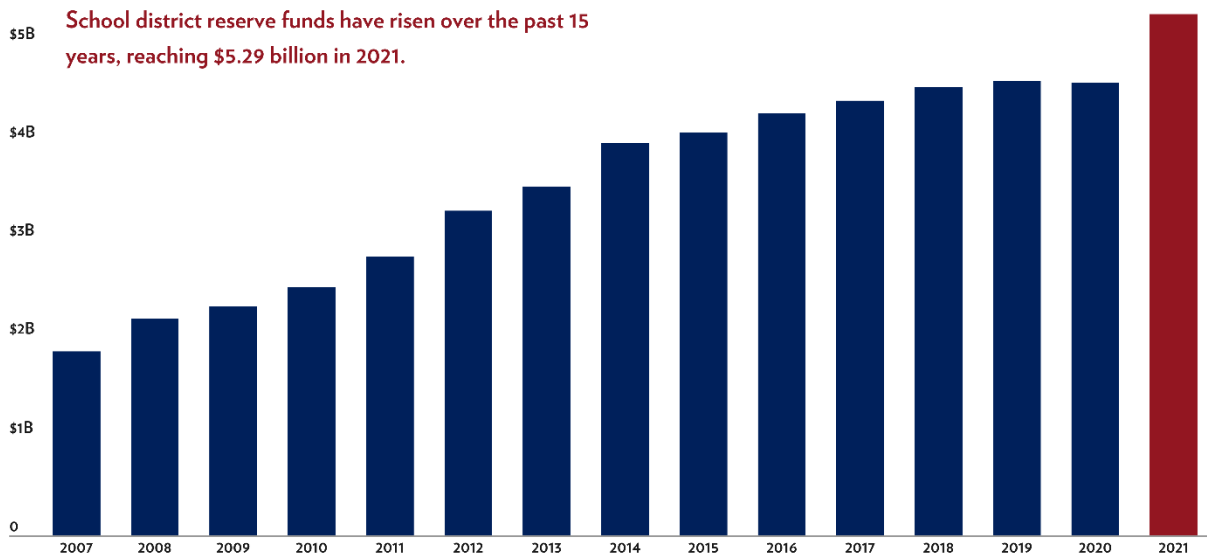
Source: National Center for Education Statistics, Revenues and Expenditures for Public Elementary and Secondary Education: FY 20, <https://nces.ed.gov/ipeds/data/ipeds2022/2022301.pdf>.

## SCHOOL DISTRICTS ARE STOCKPILING RESERVE FUNDS

While some rainy-day funds are important for weathering unforeseen events, school districts have amassed excessive stockpiles of taxpayer resources.

- Pennsylvania Department of Education data reveals that public school districts collectively stockpiled \$5.29 billion in reserve funds in 2020–21, up 32.7 percent since 2013.<sup>16</sup>
- School district reserves consist of assigned, unassigned, and committed funds. While the intent for assigned funds may be for capital improvements, reserve funds are fungible.

### School District Fund Reserves



Source: Pennsylvania Department of Education, Detailed Annual Financial Reports, "General Fund Balance 1996-97 to 2020-2021." General Fund Balance includes Assigned, Committed, and Unassigned funds.

## PUBLIC SCHOOLS STILL HAVEN'T SPENT FEDERAL MONEY FOR "REOPENING"

Calls for increases in state education funding come even as public schools sit on billions of unspent federal aid. This leftover federal money is *in addition* to the billions school districts hold in general reserves.

- Since 2019, Pennsylvania public schools received more than \$6.7 billion in federal pandemic aid through three grant packages: Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan (ARP).
- As of January 2022, Pennsylvania public schools (including district and charter schools) still have **\$3.6 billion** in unspent federal pandemic aid sitting in State Treasury accounts.<sup>17</sup>

## POLICY REFORMS

For districts that struggle with teacher shortages, these targeted state reforms can help.

- **State funding should follow the child.**

- Lawmakers should change the system of public education funding. The state should move away from funding buildings and districts toward funding children. This includes transitioning away from “hold harmless,” and fully implementing a student-based funding formula. This should include programs like Lifeline scholarships, a form of Education Opportunity Accounts (EOAs), for families to choose the best school for their kids.
- **Continue public pension reform.**
  - Fully converting to a 401k-style defined contribution system would protect future public-school teachers from the political manipulation and massive unfunded liabilities that plague our current defined-benefit public pensions.
  - Flexible and portable defined contribution plans would make it easier for teachers to move between schools while retaining their retirement plans, making teaching more desirable for career changers, and for younger teachers who may not stay long enough to vest in a defined benefit plan.
- **Create alternatives to teacher certification, removing barriers to hiring teachers and allowing qualified professionals to become public-school teachers.**
  - This could include teacher apprenticeships, adjunct certifications for professional like engineers or physicists, micro-credentialing, and incentives for teacher recruitment programs like Teach for America.
- **Pay teachers like professionals. Allow schools to utilize incentive and merit pay.**
  - The current union-controlled model of teacher pay—with a step scale based solely on levels of experience and education—doesn’t reward the best teachers or those serving harder-to-teach areas. Allowing more flexibility and incentives for selected geographic areas or subject areas and rewarding teachers whose students make the most progress can help.

<sup>1</sup> Pennsylvania Department of Education, Public School Enrollment Reports, <https://www.education.pa.gov/DataAndReporting/Enrollment/Pages/PublicSchEnrReports.aspx>.

<sup>2</sup> Pennsylvania Department of Education, Private and Nonpublic School Enrollment Reports, <https://www.education.pa.gov/DataAndReporting/Enrollment/Pages/PrivateNPEnrRpts.aspx>.

<sup>3</sup> Pennsylvania Department of Education, Home School Education, <https://www.education.pa.gov/DataAndReporting/HomeSchool/Pages/default.aspx>.

<sup>4</sup> Pennsylvania Department of Education, Enrollment Reports and Projections, <https://www.education.pa.gov/DataAndReporting/Enrollment/Pages/default.aspx>.

<sup>5</sup> District Performance, School Information, School District of Philadelphia, [https://www.philasd.org/performance/programsservices/open-data/school-information/#district\\_enrollment](https://www.philasd.org/performance/programsservices/open-data/school-information/#district_enrollment).

<sup>6</sup> Pennsylvania Department of Education, Professional Staff Summary, <https://www.education.pa.gov/DataAndReporting/ProfSupPers/Pages/ProfStaffSummary.aspx>; Pennsylvania Department of Education, Support Staff Summary, <https://www.education.pa.gov/DataAndReporting/ProfSupPers/Pages/SupportStaffSum.aspx>.

<sup>7</sup> Pennsylvania Department of Education, Professional Staff Summary.

<sup>8</sup> National Education Association, Rankings and Estimate, [https://www.nea.org/sites/default/files/2022-04/2022\\_percent20Rankings\\_percent20and\\_percent20Estimates\\_percent20Report.pdf](https://www.nea.org/sites/default/files/2022-04/2022_percent20Rankings_percent20and_percent20Estimates_percent20Report.pdf).

<sup>9</sup> Pennsylvania Department of Education, Summaries of Annual Financial Reports: AFR Detailed, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Detailed-.aspx>.

<sup>10</sup> Pennsylvania Department of Education, Summaries of Annual Financial Reports: AFR Detailed.

<sup>11</sup> Pa. Public School Employees Retirement System, Employer Contribution Rates, <https://www.psers.pa.gov/FPP/Publications/General/Pages/Employer-Contribution-Rates.aspx>.

<sup>12</sup> Pennsylvania Department of Education, AFR Data Files, 2020–21, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/default.aspx>.

<sup>13</sup> Pennsylvania Department of Education, Education Budget, 2022–23 Enacted Summary of State Appropriations for Education,” <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Education%20Budget/Pages/default.aspx>.

<sup>14</sup> Pennsylvania Department of Education, Education Budget, “2022–23 Estimated Basic Education Funding” and “2022–23 Estimated Special Education Funding,” <https://www.education.pa.gov/Teachers - Administrators/School Finances/Education Budget/Pages/default.aspx>

<sup>15</sup> National Center for Education Statistics, “Revenues and Expenditures for Public Elementary and Secondary Education: FY 20”, May 2022, <https://nces.ed.gov/pubs2022/2022301.pdf>.

<sup>16</sup> Pennsylvania Department of Education, Summaries of Annual Financial Reports: AFR Data Detailed, “General Fund Balance 2020–21.”

<sup>17</sup> Pa. Treasury Accounting Bureau, Status of Appropriation, Year to Date through Accounting Period 11 and Fiscal Year 2021, “COVID-ESSER-LEA”, May 2022 report, <https://www.patreasury.gov/tabs/>.