



**For immediate release:**

October 1, 2012

**SCHOOL DISTRICT COST CUTTING CONTINUES FOR A SECOND CONSECUTIVE YEAR**  
*PASBO, PASA Release New Survey Revealing Educational Opportunities Further Limited*

(Harrisburg)--A state wide survey of school districts conducted in August reveals a second round of significant program and personnel cuts resulting from stagnant state and local tax revenue, as well as spiraling increases in mandated pension contributions have required schools to continue to dramatically reduce instructional programs and services that directly impact student learning opportunities.<sup>1</sup>

The August 2012 PASBO-PASA School District Survey with a response rate of 53%, further indicates that stagnant state and local funding, combined with escalating expenditures, has forced school districts, for the second consecutive year, to increase class size and reduce elective course offerings, as well as tutoring assistance and summer school. In addition, districts are continuing to reduce supplemental learning opportunities such as field trips and extracurricular program opportunities, including interscholastic sports. The survey reveals that school districts continue to reduce personnel costs by contracting out non-instructional services such as food service, transportation and maintenance.

It should not be a surprise to anyone that in the same year that school funding was cut by \$930 million, forcing 70 percent of Pennsylvania's school districts to increase class sizes, 44 percent to reduce elective course offerings, 35 percent to reduce or eliminate programs that provide extra help or tutoring for struggling students, 20 percent to eliminate summer school, and other cuts directly impacting student learning, that Pennsylvania System of School Assessment (PSSA) and Adequate Yearly Progress (AYP) results show a statewide decline in test scores and in the number of school districts and schools that

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<sup>1</sup> An electronic survey was conducted by the Pennsylvania Association of School Business Officials (PASBO) and the Pennsylvania Association of School Administrators (PASA) in August 2012, to determine the impact of the FY 2012-13 enacted state budget and the continuing economic slump on the Commonwealth's school districts. PASBO-PASA surveyed all 500 school districts; complete responses were received from 264 school districts across the state (53 percent of all school districts), which constitutes a strong sampling of the state's 500 school districts. A similar survey was conducted of all 500 school districts in August 2011, to learn the effects of school districts' actions to balance their 2011-12 budgets. Responses were received from 294 school districts across the state (59 percent of all districts), which also constituted a majority of the state's 500 school districts. PASBO/PASA reviewed the information provided by respondents in both surveys and determined that 204 school districts (or 41% of all school districts) completed both the August 2011 and August 2012 electronic surveys.

made AYP, respectively. The percentage of students statewide scoring proficient or advanced declined 1.4 percentage points in math and 1.6 percentage points in reading from the 2010-11 results.<sup>2</sup> It is also important to note that, at the same time, proficiency targets set by the state Department of Education for districts and schools to meet were increased by 11 percentage points in math and nine percentage points in reading. For the state Department of Education to solely attribute the decline in statewide test scores for the nearly 900,000 tests administered statewide to 100 cases of potential wrong-doing is at best disingenuous. We suggest the declines are a symptom of the cumulative, draconian cuts of the past two years.

#### EARLY CHILDHOOD & EDUCATION PROGRAM CUTS

PASBO-PASA survey results reveal that:

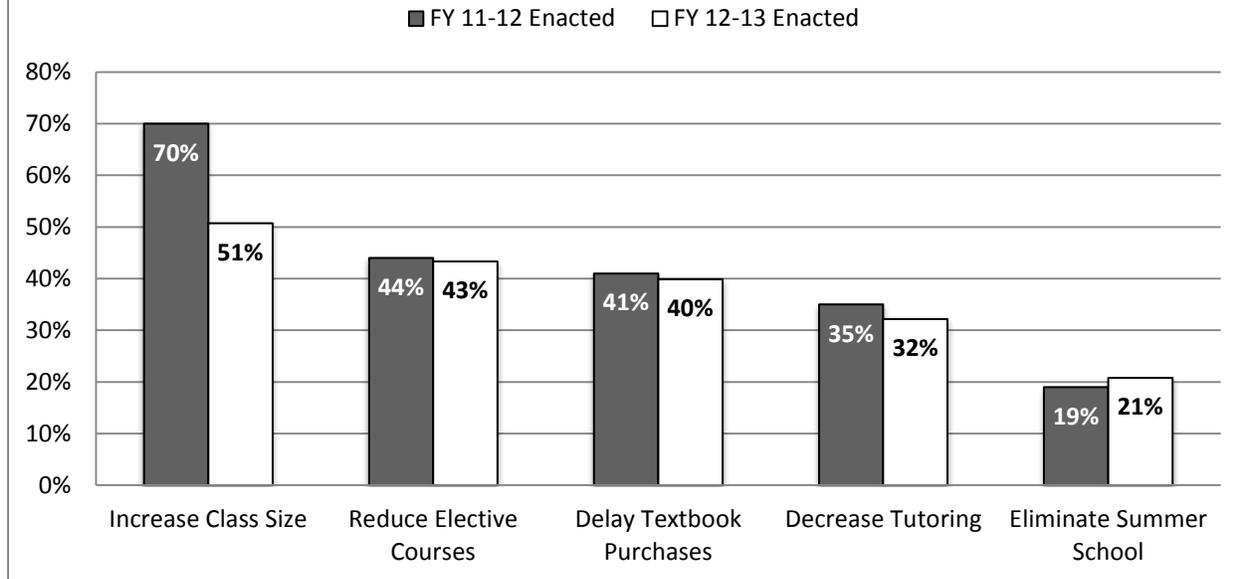
- Four percent (or 8 school districts) indicated they have reduced/eliminated pre-kindergarten. This is in addition to the six percent of school districts that reduced/eliminated pre-kindergarten in 2011-12.
- Two percent (or 6 school districts) indicated they have reduced/eliminated full-day kindergarten. Five percent of respondents responding to our prior survey indicated they had reduced/eliminated full-day kindergarten in 2011-12.
- Fifty-one percent indicated they have increased class size. This is on top of larger class sizes imposed by 70 percent of school districts in 2011-12.
- Forty-three percent reduced elective course offerings such as those in foreign languages, arts, music, physical education and even some courses in math, science, English and the social studies. Elective courses were already reduced in the prior school year by 44 percent of school districts in 2011-12.
- Forty percent have delayed textbook purchases. This is on top of the 41 percent of school districts that already delayed textbook purchases last year, as indicated in our previous survey.
- Thirty-two percent of school districts indicated they have reduced or eliminated programs that provide extra help or tutoring for struggling students. Thirty-five percent of districts statewide said they had already decreased tutoring/additional instruction time in 2011-12.
- Twenty-one percent eliminated their summer school programs in 2012-2013. Summer school allows students can make up the necessary credits to allow them stay on grade level and to graduate on time. Nineteen percent of school districts eliminated summer school in 2011-12.

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<sup>2</sup> Pennsylvania Department of Education. *Secretary of Education Announces 2011-12 PSSA Results*. Retrieved online:

[http://www.portal.state.pa.us/portal/server.pt?open=512&objID=7234&PageID=1005857&mode=2&contentid=http://pubcontent.state.pa.us/publishedcontent/publish/cop\\_hhs/pde/single\\_web/no\\_workflow\\_requried/news\\_and\\_media/articles/secretary\\_of\\_education\\_announces\\_2011\\_12\\_pssa\\_results.html](http://www.portal.state.pa.us/portal/server.pt?open=512&objID=7234&PageID=1005857&mode=2&contentid=http://pubcontent.state.pa.us/publishedcontent/publish/cop_hhs/pde/single_web/no_workflow_requried/news_and_media/articles/secretary_of_education_announces_2011_12_pssa_results.html).

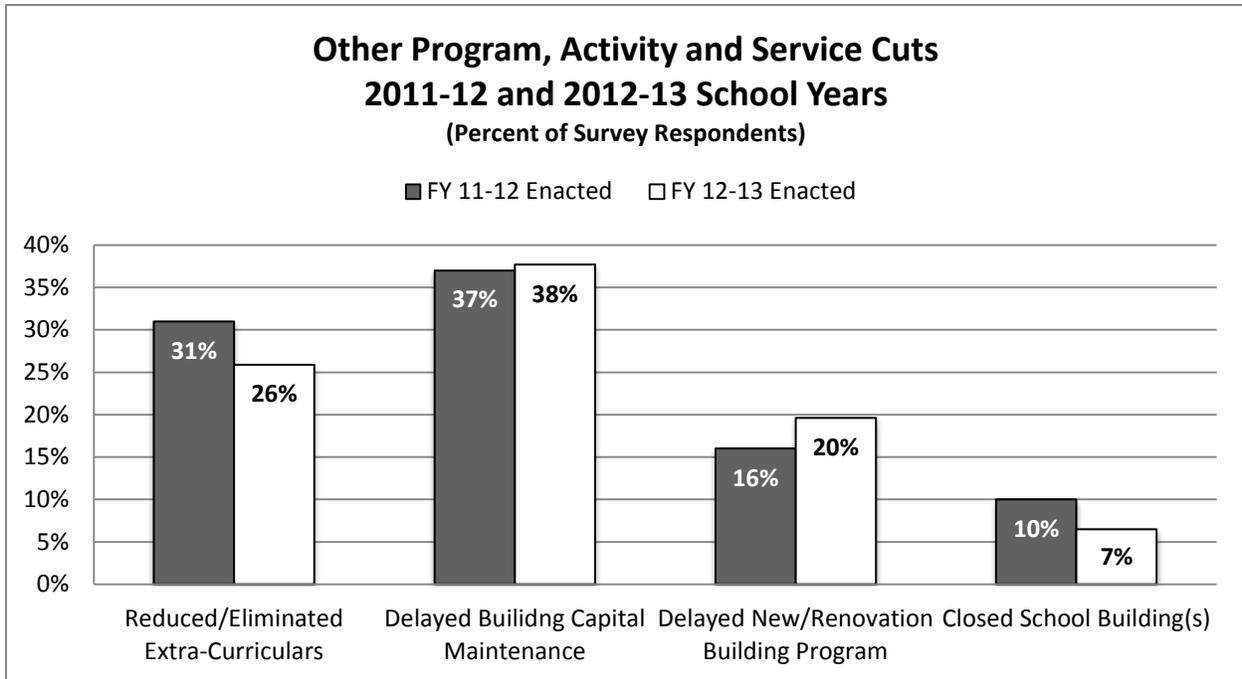
**Education Program Cuts  
2011-12 and 2012-13 School Years  
(Percent of Survey Respondents)**



*OTHER PROGRAM, ACTIVITY AND SERVICE CUTS*

In addition to cuts to programs that directly impact student learning, school districts were forced into a second round of reductions in programs, activities and services that either supplement student learning or serve the larger community. PASBO-PASA survey results reveal that:

- Forty-three percent of school districts indicated they have reduced or eliminated student field trips. Fifty-five percent of August 2011 survey respondents indicated they had reduced/eliminated student field trips.
- Thirty percent have reduced/eliminated extra-curricular activities, including establishing/increasing fees for participation in such activities. Thirty-three percent of August 2011 survey respondents had reduced/eliminated extra-curricular in the 2011-12 school year.
- Twenty percent have delayed building/renovating school buildings. Sixteen percent delayed building/renovating school buildings in the prior school year, according to August 2011 survey results.
- Seven percent have closed school buildings. Ten percent of August 2011 survey respondents had closed school building(s) in school year 2011-12.



#### SCHOOL PERSONNEL ACTIONS

There have been unprecedented efforts to reduce costs in the face of historic increases in mandated pension costs, with contribution rates increasing from 12.36 to their highest at 28.04 in FY 2019-2020.<sup>3</sup> A recent report by the Keystone Research Center indicates that more than 19,000 job losses in elementary and secondary schools occurred in 2011, a reduction of almost 10% from 2010.<sup>4</sup> PASBO-PASA survey results reveal that:

- Thirty percent of respondents reduced their workforce through furloughs, with teachers making up nearly the majority (47 percent) of positions furloughed.
- If extrapolated to the state as a whole, respondents have eliminated or left vacant nearly 4,200 positions. PASBO-PASA had estimated in August 2011 that school districts eliminated or left vacant nearly 14,590 positions in school year 2011-12, or 20,000 in two years
- Twenty-four percent of respondents have implemented a wage freeze. Fifty-two percent of August 2011 survey respondents had indicated they used salary freezes to further reduce costs.

<sup>3</sup> Pennsylvania School Employees' Retirement System of Pennsylvania. *Current Employer Contribution Rate and 30-Year Rate Projections*. Retrieved online: <http://www.psers.state.pa.us/content/pfr/resources/contributions.pdf>.

<sup>4</sup> Keystone Research Center. *The State of Working Pennsylvania 2012*. Harrisburg, 2012. Retrieved online: <http://keystoneresearch.org/publications/research/state-working-pa-2012>.

	No. of Vacancies Unfilled			No. of Positions Furloughed			Cumulative Total
	Enacted FY 11-12	Enacted FY 12-13	Total	Enacted FY 11-12	Enacted FY 12-13	Total	
TOTAL.....	5,106	841	5,947	3,259	1,249	4,508	10,455
Teachers.....	1,686	396	2,082	1,870	720	2,590	4,672
Central Office Administrators.....	444	18	462	195	77	272	734
Building-Level Administrators.....	94	14	108	76	49	125	233
Other Certified Professional Employees.....	278	12	290	81	48	129	419
Other Employees.....	2,604	401	3,005	1,037	356	1,393	4,398

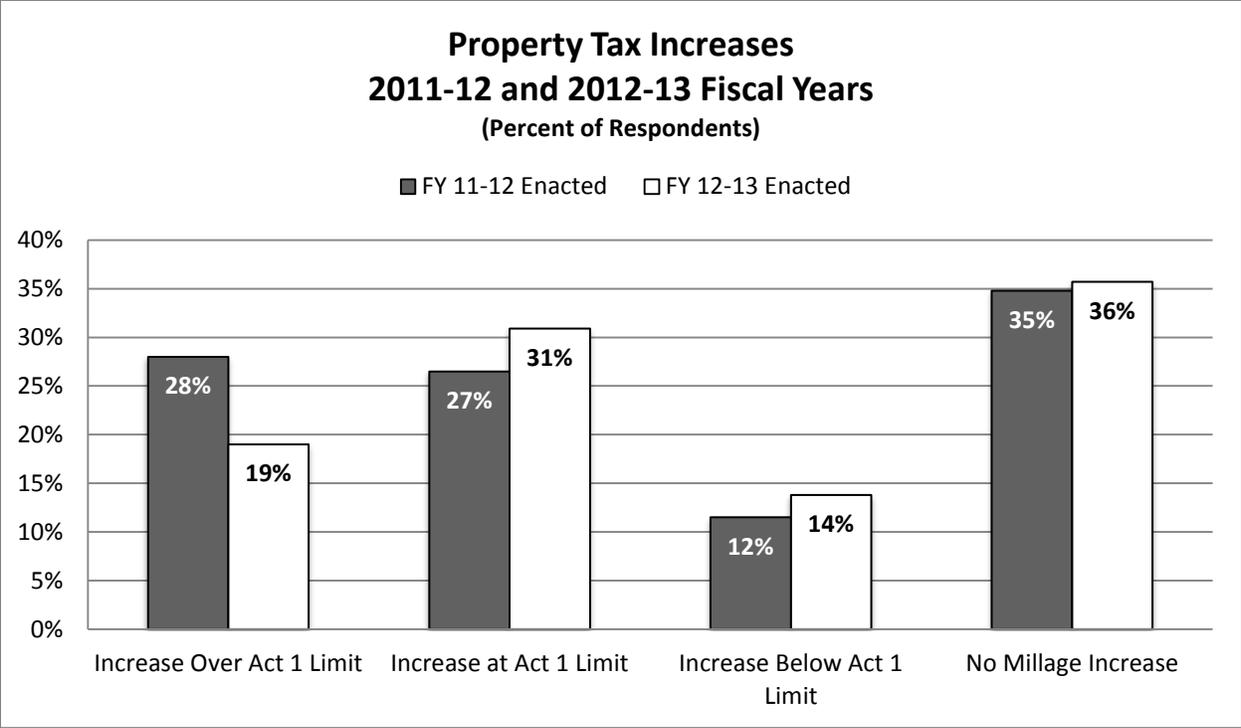
PROPERTY TAXES

For the 2012-13 fiscal year, school districts faced the second lowest property tax cap since the Taxpayer Relief Act was adopted in 2006, increasing by only three-tenths of a percent from 1.4 percent to 1.7 percent.<sup>5</sup> Moreover, because the state’s financial commitment to public education provides only 38.7 percent of total revenue, Pennsylvania ranks 10<sup>th</sup> highest of all states in the percent of total revenue from local sources.<sup>6</sup> More than three-fourths of school districts, however, are not turning to homeowners to shoulder more of the burden of supporting public schools. PASBO-PASA survey results reveal that:

- Eighty-one percent of survey respondents indicated they either had no property tax increase or kept property tax increases within the Act 1 index. Seventy-one percent of August 2011 survey respondents took similar board action the prior fiscal year.
- 0.7 percent (or two school districts) indicated they decreased property taxes.
- More than a third of all respondents did not increase millage in either of their last two budgets.

<sup>5</sup> Pennsylvania Department of Education. *Base Index History*. Retrieved online: [http://www.portal.state.pa.us/portal/http://www.portal.state.pa.us;80/portal/server.pt/gateway/PTARGS\\_0\\_123\\_706\\_1247764\\_0\\_0\\_18/SSAct1%20BaseIndexHistory%200607-1213.pdf](http://www.portal.state.pa.us/portal/http://www.portal.state.pa.us;80/portal/server.pt/gateway/PTARGS_0_123_706_1247764_0_0_18/SSAct1%20BaseIndexHistory%200607-1213.pdf).

<sup>6</sup> National Center for Education Statistics. *Revenue and Expenditures for Public Elementary and Secondary Education: School Year 2008-09 (Fiscal Year 2009)*. Retrieved online: <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2011329>.

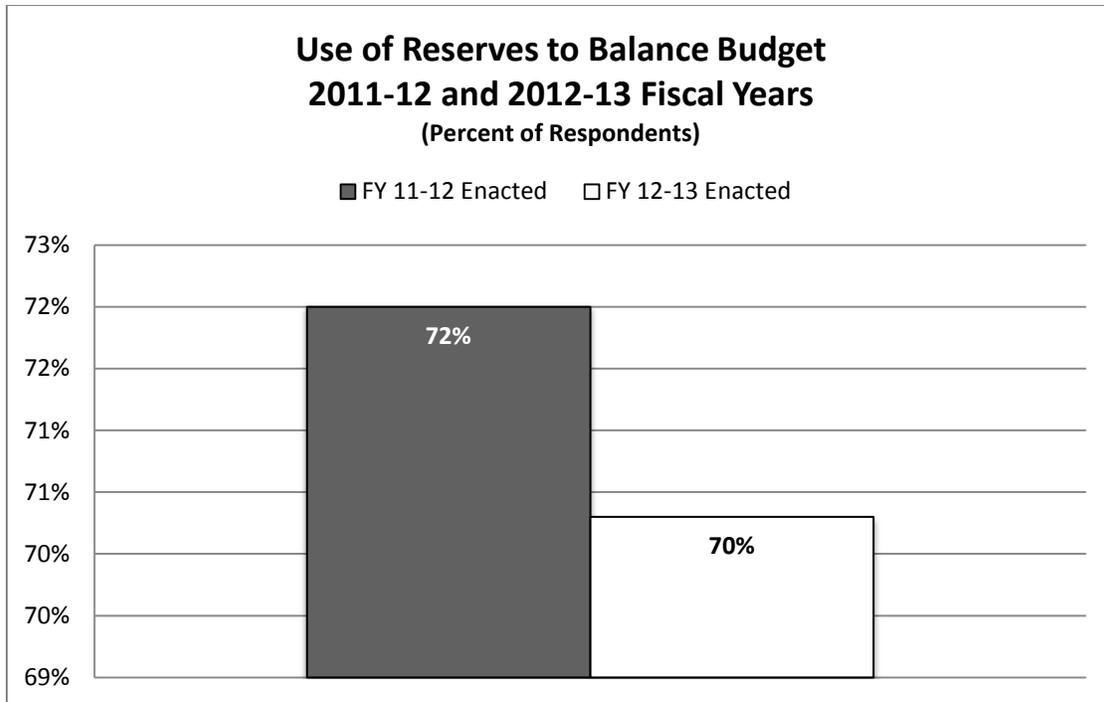


RELIANCE ON FUND BALANCE

In addition to implementing instructional and job cuts to balance budgets, survey results indicate that school districts show further use of reserve funds and, in some cases, at unsustainable rates. The sustained use and over-reliance on reserves is very concerning. Over-reliance on fund balance potentially means structural deficits will occur, leaving school districts without fund balance in future years to balance school budgets. Even more difficult and painful instructional and job cuts would subsequently be necessary. PASBO-PASA survey results reveal that:

- Seventy percent have used reserves to balance their FY 2012-13 school budgets.
- Seventy-two percent of August 2011 survey respondents used reserves to balance their FY 2011-12 school budgets.
- Comparing August 2011 and August 2012 survey results, 52 percent of school districts responding to both surveys used reserves to balance both their FY 2011-12 and FY 2012-13 school budgets.

Reserve funds are set aside to pay for planned major expenses, e.g. a school construction project or emergencies. School districts have also been creating reserves to offset increases in state mandated pension costs, which are projected to increase by 40 percent next year and another 30 percent the following year. School districts' fiscally responsible efforts to save for pension increases should be recognized, as the savings they previously accumulated mean less in property tax increases.



#### CONCLUSION

The PASBO-PASA survey reveals that school districts continue to face serious financial challenges, forcing them to cut instructional and other programs and services for students that will continue to erode their ability to provide opportunities in which students can achieve academically. Without increased state support and meaningful relief from mandated retirement contributions, charter school and cyber-charter school tuition payments, non-public transportation, prevailing wage requirements and property tax collection, the already challenging academic and fiscal situation will continue to worsen in 2012-13 and beyond.

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