

EdWeek Market Brief

Market Trends

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Profile of a Key K-12 Market: Pennsylvania

*New State Money Pads District Budgets, but Staffing Shortages, Inflation
Expected to Affect Spending*

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As school districts in Pennsylvania gear up for a new academic year, many will find themselves in an unusual position – with more money than they expected to combat urgent needs in staffing, mental health, and academics.

Thanks to the largest-ever single increase in state education funding, approved by lawmakers last month, district budgets will be padded by both new state support and

remaining federal COVID relief money.

EdWeek Market Brief recently spoke to district officials and organizations representing K-12 interests across the state. They agreed that more robust 2022-23 budgets will help districts continue to invest in programs and infrastructure, and hopefully allow them to convert new efforts to accelerate students' learning from stopgap, emergency measures to more stable, long-term solutions.

Major spending priorities for next year include staffing, special education, mental health, technology, and continuing learning loss and COVID mitigation.

This may ease some concerns about any near-term slowing of spending in the state's school systems. Education companies working in the state – which serves 1.7 million students in 500 districts – need to be attuned to those changes, following the frenzied buying that has played out during the pandemic era, fueled in part by the influx of federal stimulus dollars.

At the same time, educators warn the increase in state funding is unlikely to bolster spending as significantly as some may hope.

Schools are under pressure to make their money go farther than ever to address unprecedented challenges. Those include shortages of qualified staff to fill positions, and the need to compete against other districts for products and services in high demand, such as mental health supports.

Some district budgets are already being squeezed by inflation, which has started to affect the cost of everything from paper to buses.

Shortages of qualified personnel will affect districts' ambitions, even as they benefit from a big infusion of state aid.

Key State Markets: About This Series

This is one of a continuing series of stories by *EdWeek Market Brief* profiling state education markets that are critically important to education companies because of their size and the collective spending power of their districts. Our reporters are looking at top district purchasing priorities, major shifts in policy that are shaping district behavior, budgets, and other factors in play. Check out our recent deep dives into the markets in New York, Florida, California, and Texas.

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And there's growing uncertainty about what funding could look like for districts in the future as the upcoming gubernatorial election becomes increasingly high-stakes for schools.

The Republican candidate, state Sen. Doug Mastriano, has campaigned on a proposal to expand school choice and divert money from traditional public schools to charter and private schools, and has talked about cutting funding for education. It's an unusual stance in the current state political environment, given that the recently approved funding increase passed with bipartisan support.

"There's a lot of stress on our budgets, but not much wiggle room at the end of the day," said John Callahan, chief advocacy officer for the Pennsylvania School Board Association. "And that's where a lot of school districts have to be creative in Pennsylvania."

State Funding Boost, But Will it be Enough?

Last month, the state's general assembly approved a \$1.8 billion increase in funding for education, including a \$525 million increase to the state's funding formula, which distributes money to all schools.

It's the single largest jump in school funding in the state's history, bringing the total spending on public schools to more than \$14 billion, a nearly 12 percent increase over 2021-22 spending levels. The measure also includes additional money for special education, early education, mental health, and additional support for the 100 most underfunded districts, known as Level Up funding.

For many districts, the increase was millions of dollars more than they expected to receive when they drafted up their budget for this year.

The state's largest and most impoverished district, The School District of Philadelphia, is set to receive about \$200 million in additional funding. Cumberland Valley Schools, a 10,000-student, rapidly growing suburban district, will see an additional \$2 million. And

Upper Darby Schools, which serves 12,400 students, will receive about \$10 million – about double what the district was expecting.

Educators and education organizations were quick to applaud the increase and thank lawmakers. But for many, in the same breath comes a less cheerful reality – it's not necessarily enough.

In districts like Cumberland Valley, the increase will simply help cover its planned deficit spending, shrinking the amount they will have to pull out of reserves to balance the budget.

For other districts, such as Parkland Schools, a suburban Allentown district with 9,500 students, the additional money could alleviate some, though not all, of the pain the district will face when COVID relief money runs out. Parkland received about \$8.5 million in COVID relief, while the state funding increase is worth about \$2.5 million a year.

“Eight and a half million dollars, even in a district our size, is really hard to make up,” said Leslie Frisbie, the district's director of business administration. “It's a lot of money. And so that is one of our concerns moving forward ... knowing that we're going to have to make cuts out of our budget.”

Uncertainty Encourages Cautious Spending

The increase also likely isn't enough to squash broader concerns about the fairness of the state's funding system – a question of constitutionality currently playing out in federal court.

The lawsuit, which is expected to be appealed to the state Supreme Court, was filed by a group of school districts, families, and civil rights groups in 2014 who argued the disparities in resources per capita among districts violates the state's equal protection clause.

During the legal battle, an analysis commissioned by advocates of overhauling the system found that public school

**The Pennsylvania Market:
7 Takeaways**

students are being shortchanged by \$4.6 billion.

The fundamental question is, “what is adequate funding of education?” said Callahan, of the school boards association. “We’re of the opinion that you need additional dollars to actually get there. Probably a lot more than what’s just come through the budget.”

Districts are also keeping an eye on the upcoming governor’s race, which is casting enough uncertainty on the future of funding to make district leaders more hesitant and cautious in how they spend new money.

In a March radio interview, Republican candidate Mastriano, who is running against Democrat and state Attorney General Josh Shapiro, suggested cutting \$9,000 in state funding per student. That would add up to “billions and billions” cut from overall state funding for schools, said Chris Lilienthal, spokesperson for the state teachers’ union, Pennsylvania State Education Association.

“There’s a lot at stake this election,” Lilienthal said. “That would have a catastrophic effect on education in Pennsylvania.”

The state’s general assembly is currently Republican-led.

Overall State Funding Will Rise:

Districts across Pennsylvania will see the biggest single increase in education funding in the state’s history in 2022-23. Lawmakers allocated an additional \$1.8 billion, including an additional \$525 million to the state’s funding formula, which distributes money to all schools.

Mental Health Is a Priority:

Student mental health is a major focus in the state, and additional money in the state’s budget focuses on that need. Many district leaders, however, say there aren’t enough specialists or programs to meet the demand. In some cases, students are waiting weeks after being referred for services.

Special Education Is Also a Focus:

The state’s budget devotes an additional \$100 million to support districts’ work with special needs populations.

Economically Disadvantaged School Systems Get a Boost.

The state’s recently approved budget devotes extra funding to the 100 most underfunded districts – an effort known as Level Up funding.

Districts Remain Cautious:

Although districts are set to receive more money next year, many are wary, given uncertainties surrounding future funding. The Republican candidate for governor has vowed to cut school funding, and federal stimulus aid will expire in two years.

Inflation Will Affect Budgets:

Some districts are already feeling the effects of inflation, which is driving up the prices on everything from gas for buses to supplies for classrooms to salaries for in-demand teaching positions.

Under Unprecedented Pressure

Meanwhile, the 500 districts in Pennsylvania are facing unusual pressures that are tightening budgets and affecting how far new money can go.

The state which once was a distributor of qualified teacher candidates across the east coast is now struggling to fill positions. And inflation is increasing costs in all areas, from busing to salaries to the supplies teachers need.

In the York Suburban Schools, a 3,000-student district located two hours west of Philadelphia, inflation is already affecting the district's \$66 million budget, said Kathy Ciaciulli, assistant to the superintendent for operations.



There are so many things that we are struggling with that we never had to worry about before.

Kathy Ciaciulli, Assistant to the Superintendent, York Suburban Schools

For example, the district, working with a joint purchasing consortium, could not find a vendor who would lock in a price for copy paper. Instead of getting the typical discount for purchasing paper in bulk as a group, the districts are paying market price, Ciaciulli said — essentially buying paper from Amazon.

Normally, Ciaciulli said she budgets for a 5 percent increase in fuel and utilities costs year to year. This year they are facing a 30-40 percent. As a result, the district cut six of its more than 200 teaching positions.

Districts are bracing for a 30-40 percent increase in utilities and other costs, well above 5 percent in a typical year.

Staffing Shortages Are a Concern:

Staffing shortages are forcing districts to devote more of their budget to recruiting and retaining workers. It's the top challenge in many school systems. Pennsylvania — once a major distributor of qualified teachers on the east coast — went from certifying around 20,000 teachers a year across its universities and programs in 2010 to producing 7,000 annually now.

“There are so many things that we are struggling with that we never had to worry about before,” Ciaciulli said.

In the Philadelphia schools, administrators are working to help paraprofessionals, who are not certified teachers and typically work as instructional aides or teacher assistants, work toward earning their teaching certification. The new opportunity was added to the teacher contract, and the district will provide both funding and mentoring to help paraprofessionals earn their degrees.

The idea is to create an “internal pipeline,” said Chief Financial Officer Uri Monson. The district hopes the strategy will help fill gaps faster than other long-term approaches to address the nationwide teacher shortage.

Last month the state released a plan with the goal of increasing the number of pre-K-12 candidates in teacher preparation programs in 2025 from 18,000 to 21,600 by streamlining the certification process, diversifying the workforce, and ensuring professional growth opportunities, among other efforts.

But the state’s effort doesn’t help with the staffing shortage problem today, Monson pointed out.

In suburban Cumberland Valley, administrators are similarly creating a pathway for classroom aides to become teachers in addition to other efforts aimed at recruiting and retaining staff. The district will help instructional aides earn their teaching certification at no cost to them, said Superintendent David Christopher.

Increasing the number of teaching candidates in the job pool will be critical for the K-12 marketplace because otherwise, “everyone is going to get priced out of this market really rapidly,” Christopher said.

“Districts have a very finite amount of money that you can raise year over year,” he said. “And if wage increases are happening at the rate it looks like they’re going to be happening, we’re going to have a real hard time if we don’t identify new pipelines of individuals to become teachers.”

Money Rolls In, But Staffing Lags

Aside from staffing, districts in Pennsylvania point to three areas when identifying their spending priorities over the next year or two: special education, mental health, and technology.

This interest is partially driven by the needs of students, and partially by state funding directed toward these efforts. The increase in state funding passed last month included \$100 million for special education funding and \$100 million in mental health grants for districts.

Realistically, education advocates said that additional money will barely keep pace with the increasing cost to meet students needs, especially for special needs services which public schools are mandated to provide.

But mental health services are a different story. Multiple districts say they can approve a budget for as many mental health positions or programs as they want, but that doesn't mean there are professionals or resources out there available to meet this moment of high demand.

"It gets frustrating because we may have given the green light from a budget perspective, but you can't find the program, we can't find the service because everybody's competing for the same services and people out there," said Frisbie, the Parkland Schools business director.

In some cases, students are left waiting weeks for an appointment after being referred to a professional by the school district.

At Bethlehem Area Schools, a 14,000-student district north of Philadelphia, administrators will continue to invest in mental health, said Superintendent Joseph Roy.

"That's a huge need on the academic side of the house," he said.

The EdWeek Market Brief Summit

On Nov. 3-4, *EdWeek Market Brief* is staging its in-person summit in Dallas. It's an event that gives leaders of companies the opportunity to hear directly from district officials talking about their most pressing needs, and to network with industry peers. You can sign up [here](#).

The district has already implemented a three-tier approach, with tier one being classroom supports, tier two being counselors and behavioral coaches, and tier three being higher-level interventions with a licensed social worker or even monitoring by a psychiatrist.

To do so, the district hired eight more behavioral coaches and started contracting with local nonprofits and health networks – expenses they're covering now with federal COVID relief dollars, but plan to cover with the increase in base funding.

Technology Remains a Priority

And all districts are working to build in ongoing technology costs into their budget as they look to maintain the more robust, one-to-one programs many quickly rolled out during COVID.

In Philadelphia, for example, technology will remain a large part of the budget. The district is working through what replacement cycles looks like and how to handle students transporting devices from school to home, Monson said.

"Certain buying habits have changed," he said. The district "flipped it entirely, so you actually need special authorization to buy a desktop instead of a laptop. Because everyone has to be portable now."

The focus has changed from "how do we get this stuff" to "how do we use this stuff," Monson said. The district is thinking about everything from how to more efficiently offer specialized courses to how to use technology to better support students with special needs.

"It's new in the industry, it's new in education," he said. "For the industry overall, it's about, what are the things we're not thinking about? There are probably a lot of things we can do that we are not."

Image by Francis Sheehan/Education Week and Getty

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