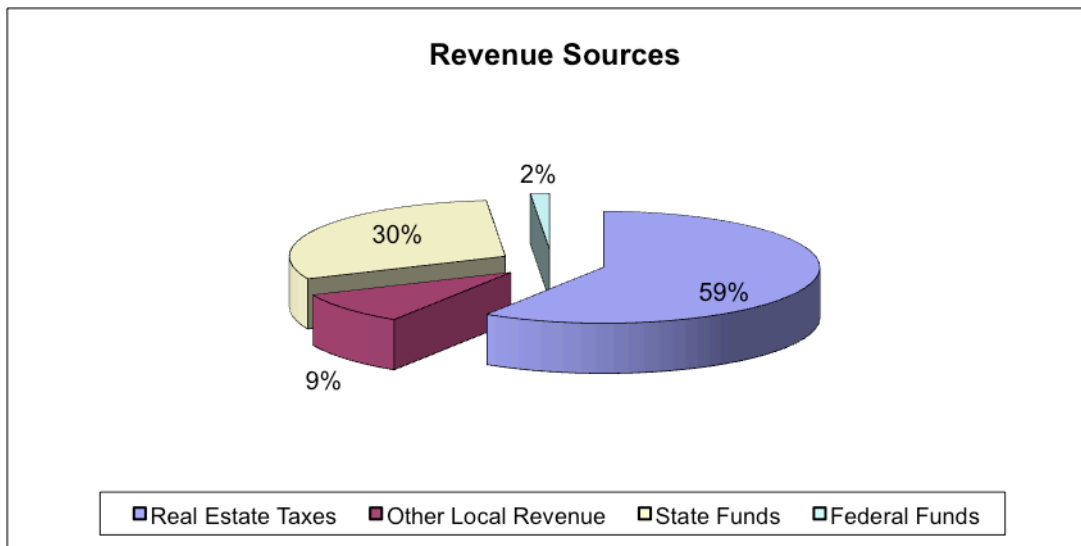


## **School Finance 101: How are Pennsylvania Schools Funded? Where Do Your Tax Dollars Go?**

Understanding the complexities of school finance is a daunting task. Pennsylvania's funding system is very complicated and tightly legislated – and Pottsgrove School District – along with all other public schools in the state – must follow state rules and guidelines. These schools don't always have control over what they spend money on, and they're often asked to meet legislative mandates (from both the state and federal government) without adequate funding.

**Where do Pennsylvania schools get their funding?** Most school districts in Pennsylvania are forced to rely heavily on local property taxes for the majority of their revenue. Statewide, public schools get nearly half of their total funding from local property taxes. In Pottsgrove, 59% of our budget is provided by local property taxes. An additional 9% is provided by other local sources, such as real estate transfer taxes, earned income taxes and interest income. The remaining 32% is provided by state and federal funds. A graph with this breakdown is included below. The federal and state revenue sources are determined by what's called the 'relative wealth' of the school district's residents. The wealthier the district, the less money it receives, and the more it must rely on local funding. Pottsgrove's relative wealth is considered "average" as compared to the rest of Pennsylvania districts.

However, compared to other school districts in Montgomery County, Pottsgrove is considered to be "relatively poor," which means the District is forced to do more with less than its neighboring districts.



**So what created this system?** In the early 1970's state support for public schools equaled 50 percent of school budgets. But, over the years state funding has not kept pace with inflation, requiring school districts to raise property taxes to make up the difference.

**How do school boards decide how to allocate the dollars they get from taxes and the government?** For most Pennsylvania schools, including Pottsgrove, more than 90 percent of all district spending is for instruction and support of instruction. School budgets are set up with many different categories, in accordance with state law. The simplest way to look at school budgets is by what's called a 'function,' or category. These include things like educational programs, operations and maintenance, student health, transportation, and community services like homebound instruction for students who are sick. Another way to look at school budgets is by what's called an 'object.' Both of these are listed in charts at the end of this article.

Instruction costs are the biggest category in most school budgets and include teacher salaries. Instruction costs also include the costs of educating all students, including special education, gifted education, career-technical education, homebound instruction, and even things like summer school and alternative education for students who don't succeed in a traditional school setting.

Support costs are for activities and programs directly related to helping students and teachers. These include services like guidance, speech, school libraries, and pupil health services.

School districts also have administrative expenses for things like business office and tax collection. There are also building expenses for things like energy costs, maintenance, and cleaning. Transportation costs, paying for debt, buying and fixing buildings and purchasing and repairing equipment are also part of the support category.

School districts face the same challenges the rest of us do – as energy costs rise and the economy puts a crunch on our food dollars, schools struggle with these expenses, as well.

The greatest single expense in school budgets is almost always salaries and benefits, because teaching children requires many well-trained, talented, dedicated people. When looking at budgets it's easy to forget that schools are in the business of producing well-rounded, educated young people – not machines. In order to accomplish that, good teachers, administrators, and other educators are needed. In Pottsgrove, 67 percent of professional and administrative staff hold master's degrees (or higher.)

In Pottsgrove, salaries and benefits account for about 62 percent of the total budget. This is right in line with the state average of 63 percent.

The second largest category in Pottsgrove's budget is debt service, which is the payments we must make on loans for building and repairing schools. Most of the \$5.5 million Pottsgrove currently has in debt service must be paid by local taxpayers, according to state law.

**What about those unfunded mandates?** The state and federal legislators have passed many laws requiring schools to do many good educational things – but they have not provided the funding to support them. These mandates include things like requiring all school buses to have stop signs on arms that come out as a bus is slowing to stop; providing programs for students with special learning needs; and providing funding for district students to attend cyber and charter schools. While we want to provide the best education for all children, there is a cost. Unfortunately it's often passed onto local taxpayers because the state and federal governments don't give us the money to properly fund the programs they demand we offer.

**Can I see a detailed breakdown of what the District is spending money on?**

Pottsgrove encourages all taxpayers to become familiar with our budget and budget process. We work hard to set priorities that are focused on students and adhere to the goals laid out in our Strategic Plan. Taxpayers may not always agree with our decisions, but we want everyone to be informed and to voice their opinions. We also welcome the opportunity to share with you the rationale behind our budget choices. The budget is available on our website, at: [http://www.pgsd.org/dist\\_bud08.htm](http://www.pgsd.org/dist_bud08.htm) or you can contact our business office for a copy, as well, at 610-327-2277.

**Summary of Pottsgrove's 2008-09 Budget**

**By Function**

<b>Category</b>	<b>Dollars</b>	<b>Percent of Budget</b>
Educational Programs	\$32,662,839	62.61%
Debt Service	\$5,549,500	10.64%
Operations & Maint.	\$4,845,632	9.29%
Administrative	\$2,879,723	5.52%
Data Processing	\$2,606,707	5%
Student Transportation	\$2,411,500	4.62%
Business	\$647,646	1.24%
Pupil Health	\$480,877	0.92%
Community Services	\$47,296	0.09%
I. U. Payments	\$34,000	0.07%
Total Budget	\$52,165,720	100%

**By Object**

<b>Category</b>	<b>Dollars</b>	<b>Percent of Budget</b>
Salaries	\$23,690,498	45.41%
Benefits	\$8,791,762	16.85%
Debt Service	\$5,549,500	10.64%
Transportation, Tuition	\$4,907,120	9.41%
Books, Supplies, Utilities	\$3,649,314	7 %
Contracted Services	\$3,480,881	6.67%
Equipment	\$1,162,936	2.23%
Repair, Maint., Rentals	\$845,079	1.62%
Dues & Fees	\$88,630	0.17%
Total Budget	\$52,165,720	100 %