

Testimony of Brian J. Polito, Superintendent of Erie's Public Schools to the
Basic Education Funding Commission

Oct. 12, 2023

Senator Phillips-Hill, Representative Sturla, and members of the Basic Education Funding Commission:

Hello, and thank you for the opportunity to speak to you today on the need for a more just and equitable funding system for our schools. I'm speaking today specifically on behalf of the 10,000 students of Erie's Public Schools, their families, and the teachers, administrators and staff who are accomplishing great things every day in spite of living, working and learning in one of the most needy and severely underfunded districts in our Commonwealth, but this challenge isn't ours alone. If we are to secure our children's future and the health and prosperity of our communities, we must do better. That is our charge. That is our moral and ethical obligation.

I have the unique perspective of having served as the chief financial officer and, now, the superintendent of the largest district in northwest Pennsylvania. Throughout my tenure, I have worked for school districts that have benefitted from Pennsylvania's inequitable school funding formula and a district - Erie's Public Schools, my current district - that has been significantly harmed by it.

The vast majority of districts in our region have seen a sizeable reduction in enrollment over the last three decades. Under the hold-harmless funding approach that ensures districts cannot receive less funding even as enrollment drops, these districts have, over time, seen an increase in their per pupil state subsidy. At the same time, due to declining enrollment, they have been able to reduce staff through attrition, offsetting the need for tax increases. Such was the case in one of the districts I worked for, where I was able to count on eliminating at least two positions per year.

In addition to keeping real estate taxes artificially low in this way, the hold-harmless policy has given these districts the means to expand programming, pay off long-term debt, and complete renovation projects using excess cash.

The playing field is more than uneven. It is unjust, and we must act.

I was blissfully unaware of the severe and lasting damage our current funding system was causing many school districts until I arrived in Erie in 2015. Unlike most districts in the region, Erie's Public Schools saw an increase in students during the period of time that the funding formula was not tied to enrollment. The result? State funding has not kept pace with district growth, to the disproportionate detriment of staff, students and our community as a whole.

When I arrived in Erie, the state of the district was shocking. Schools had been shuttered, positions eliminated, programs cut. Virtually all building maintenance had been eliminated. Buildings had fallen into a state of complete disrepair. At my first Erie School Board meeting, parents spoke about buckets in classrooms catching rain from a leaky roof in one of our elementary schools. Despite all these cost-cutting measures, the district was still facing multimillion-dollar budget deficits, was behind on bills and mere months away from not being able to meet payroll.

Thanks to tremendous grassroots advocacy throughout our community and with the help of our local and state legislators, Erie's Public Schools received a \$14 million lifeline from the state in 2017 in the form of a Basic Education Funding subsidy adjustment. That adjustment, along with Level Up funding, has helped us to stabilize and start to rebuild our district. But it's not enough: Based on the 2022-23 Level Up calculation, Erie remains the seventh poorest district in the state.

It comes down to this: How do we fix an inequitable and unjust funding system so our students like ours can learn on a level playing field and communities like ours can grow and thrive?

We know it can't happen overnight. But there is a blueprint.

In 2010, the Pennsylvania Public School Employees' Retirement System faced a \$45 billion unfunded liability resulting from an increase in retirement benefits and a decade of underfunding. In response, lawmakers passed Act 120, creating a multiyear plan to reduce retirement benefits and begin making full employer payments to both PSERS and the Pennsylvania State Employees' Retirement System. Thanks to that effort, PSERS is on track to be fully funded by 2036. Yes, it's a problem that will take twenty-six years to solve. And yes, solving it did not come without pain and difficulty.

But here is what matters: Thirteen years ago, legislators did what they needed to do to address what seemed to be an intractable problem and we are now in a much better, much more secure position because of their commitment. Because they did the right thing.

The current fair funding formula rightly takes into account student enrollment while also recognizing that some students in some districts require more resources than others, and that not all communities have the same ability to locally fund education through property taxes. But, as you know, only 25 percent of the \$7.9 billion basic education funding allocation is being distributed using the fair funding formula.

A recent [report prepared by the House Appropriations Committee](#) examined what would happen if hold harmless was eliminated and the entire 2020-21 basic education funding allocation was distributed using the fair funding formula. The report found that eliminating hold harmless would shift \$1.2 billion in state funding from the 353 school districts receiving more than their fair share to the 147 school districts (that educate 55 percent of PA's students) receiving less than their fair share.

It is clear that the only way to tackle this inequity is to funnel more BEF dollars through the fair funding formula and eliminate the \$5.8 billion in basic education funding that is being distributed under hold harmless. And we can do that in the same way lawmakers addressed the PSERS funding gap: gradually, with a dedicated plan. But we have to start now. My students and my community are depending on it.

Sincerely,



Brian J. Polito, CPA
Superintendent, Erie's Public Schools