A mandate is a required policy, procedure or action. Many, though not all, mandates come from federal and state laws and regulations and require that school districts spend additional time and/or money to meet the obligation. Unfunded or underfunded mandates are costs that must be paid by school districts because almost none of the federal and state laws that mandate programs include enough funding to pay for the cost of the program at the school district level. Two good examples of underfunded mandates in Pennsylvania are special education programs and charter/cyber-charter schools.

Mandates, whether unfunded or underfunded, have a significant and direct effect on school district funding. When program requirements are added, but funding is not, school districts then must reduce or eliminate academic and student programs or, as a last choice, raise local property taxes to pay for the new mandate.

**Mandates Faced by School Districts**

There are several unfunded or underfunded mandates that are among the most costly for school districts to put into practice.

**Prevailing Wage** – The Prevailing Wage Act of 1961 has increased the cost of school construction projects as much as 30% over the years. This law requires school boards and other public agencies within the commonwealth to pay state-mandated wages for workers on public-sector construction or renovation projects where estimates exceed $25,000, a figure created more than 45 years ago. Established by the state Department of Labor and Industry, the rates usually are identical to union wages in large urban areas, not based on community wage rates. Because these inflated expenses drive up costs, school boards often are forced to pay substantially more for critical renovation or construction projects.

**Special Education** – Special education is one of the most highly prescribed instructional programs of public schools. The cost of providing special education is a major portion of many school district budgets. The mandated right to special education services cannot be denied due to a lack of funding, personnel or other resources at the school district level. This means that school districts must provide the needed accommodations, regardless of cost.

The commonwealth funds school district special education costs by formula rather than by actual cost, assuming that every district is affected equally and that their expenses are the same. Thus, the state appropriation for special education does not equal what school districts spend on those programs and services. Paying for special education is one of the main reasons school boards must increase property taxes.

**Cyber-Charter Schools** – A cyber-charter school is a school that delivers academic instruction entirely or predominately via the Internet to students either in their homes or in locations other than a classroom where teachers are present. While cyber-charter schools are not specifically
addressed in the Charter School Law, they have been created under the provisions of that law. Each school district is required to pay a certain amount per student for every district resident who attends a cyber-charter school. The amount per student is based on a calculation of district cost, not cyber-charter school costs. This causes different school districts to be charged different amounts to send students to the same cyber-charter school. In some instances, the result is a tuition rate higher than the actual school district’s per-student instructional cost. This cyber-charter funding formula is another mandated payment that causes public school boards to seek property tax increases.

Pension Contribution Costs – School districts have been faced with a growing financial burden of school retirement programs over the past several years. Due in part to a substantial boost in retirement benefits for school and state employees that was mandated by the General Assembly more than six years ago, Pennsylvania school districts are anticipating major increases in the employer contribution rate for the Public School Employees’ Retirement System. The change in the retirement benefits came at a time when the economic boom of the late 1990s was ending. Thus, the slowing economy decreased the pension system’s financial returns on its investments. This, in turn, created a need for employer contribution rate increases predicted to reach more than 18% of all payroll costs in 2012, up from a low of 1.09% in 2001-02.

Paying for Mandates

While state and federal governments sometimes pay for mandated policies and programs, the amount of funding typically does not keep pace with increasing costs. As money falls behind need, school districts are forced to assume an increasing share of the cost. In other situations, the funding disappears, yet the districts must continue to follow the mandate. The sudden loss or reduction of funding means that school districts must turn to local taxpayers to make up the difference.

School districts cannot be expected to bear the brunt of continuing cost increases for special education, charter and cyber-charter school payments, retirement costs and healthcare coverage for employees while at the same time reducing taxes or cutting costs. The commonwealth must assist taxpayers and play a part in helping school districts to operate more efficiently. Reductions in school district costs then could be passed along to taxpayers in the form of lower and more stable property tax rates.