A PCCY Report on Delaware County

Underwater:

What's Sinking Families in Delaware County

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public citizens for children + youth

PCCY could not have completed this report without the tireless work of our interns: Diana Simpson, Alex Horn, Nina Cross, Faith Carter, and Sydney Li.

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Executive Summary

The American Dream is eroding in Delaware County. Incomes that used to provide a comfortable middle class life are no longer enough to even cover the basics. Four in ten families are likely to be underwater if they're raising children. Their financial outlook is bleak – a far cry from the prosperity that their parents enjoyed. And if things continue down this road, their children face a future of continued decline.

Hard-working families earning $50,000, for instance, are likely to be more than $3,000 in debt between child care, health care, housing, utilities, transportation, food, and taxes. And that's with the help of crucial child care and health insurance benefits. Even if these families have no child care needs, they will have less than $7,000 left over after paying for the other essentials. That's under $7,000 for things like clothes, sports teams, birthday presents, summer camps, class trips – just to name a few. Nearly a quarter of families earn this much or less in Delaware County.

Even families who are near the median income – an income that should solidify their middle class status – are drowning. Families making $75,000 a year, for example, are likely to be saddled with over $2,000 in debt after paying for the basics, since they do not receive subsidies for child care and health care. If these families are free from the burden of child care, they would have around $15,000 left after the major basic costs, but this is still hardly enough to cover the additional everyday costs for the children and parents. On top of that, these families have little money, if any, to save for things like retirement or college for their children, not to mention any emergency costs that may spring up. Nearly 40% of families in Delaware County make this much or less.

The parents in these struggling families bank on the hope that their children can move up the economic ladder, becoming more prosperous as adults than they, the parents, were. The surest way for children to achieve that upward mobility is to get a good education. Unfortunately, many Delaware County schools are in a similar boat as many families, struggling to find the resources to provide students with the skills they need to be upwardly mobile.

The mandated costs of pensions, special education and charter school payments are skyrocketing, growing by $223 million in Delaware County school districts since 2010. Meanwhile State funding for these districts has grown by just $107 million, forcing districts to make up the difference through local property tax increases. Even with these tax increases, most districts are unable to get more money in the classroom.

The funding challenges translate to academic struggle. The majority of students in the county – 58% – fail the math PSSA, and 39% fail in reading. These figures are even worse in the districts with high shares of low income students, where 75% of students fail the math exam and 52% fail in reading.

Even families who are near the median income – an income that should solidify their middle class status – are drowning

The bleak situation facing Delaware County families will only change with large-scale action. History teaches us that bold policies can overcome massive problems facing society and lead to huge gains in the quality of life for all. As Nobel Prize-winning economist Paul Romer notes in discussing these types of policy changes, "[If we have a] sense of 'we've got to do the right thing'…everything can turn out better for everybody. But if you just are complacent, say 'it'll work itself out,' you are not going to be happy with the outcome."[1] Delaware County families cannot afford complacency. The following policies must be implemented, or the cycle of financial stress will never end. The children in these struggling families will become the next generation of struggling families. The American Dream will become the American Drain.

Recommendations

To boost families' incomes:

+ Create a workforce development strategy to help people move into higher paying jobs
+ Increase the State government's payments to agencies that employ low-wage, government-funded professionals, such as Direct Support Professionals and child care workers, so that wages are at least $15 an hour and ideally $18 an hour, to increase the ability of these professionals to stay above water while supporting a family

To reduce the child care and early education cost burden:

+ Increase funding for Child Care Works, Pre-K Counts and Head Start
+ Expand eligibility for Child Care Works
+ Implement full day kindergarten in all school districts

To reduce the health care cost burden:

+ Expand eligibility for free and subsidized Children's Health Insurance Program
+ Preserve the Affordable Care Act

To reduce the cost burden of other living expenses:

+ Create more affordable transportation through mobility planning at the County level
+ Create affordable housing strategies at the County level

To reduce the tax burden on financially struggling families:

+ Expand Pennsylvania's Tax Forgiveness program to incomes of at least $75,000
+ Offset property taxes by increasing State funding for public schools

To improve the financial outlook of public schools:

+ Increase State K-12 basic education and special education funding
+ Restore the State's charter school reimbursement to school districts

Introduction

Parents are expected to do a lot for their children. Get them birthday gifts and school supplies, computers and braces, put them on sports teams and in summer camps – the list goes on. Then, of course, there are the basic needs – food, clothes, shelter, and health. And on top of all of that, parents are expected to give their children the social and learning experiences needed to develop into successful, fulfilled adults. All of these things come with hefty price tags – price tags that are putting many families underwater. In fact, birth rates have hit all-time lows in the U.S., with young people who would typically be starting families citing finances as the top reason they are foregoing having children.[2]

The declining birth rate underscores the breadth of families that are hard-hit by child-raising expenses. Discussions of financial struggle often focus on families in poverty, but even middle class families are feeling a financial squeeze. Public benefits are now essential for a large chunk of families just to stay afloat, and many families who make too much to receive public benefits are in a similar boat – one that could capsize at any financial downturn. Delaware County has long prided itself as a great place to raise families, but the economic outlook must be improved for the county to retain this distinction.

"We're hurting every single day but so are most of our friends and neighbors. We're average, normal people, living right and working hard, but the hits keep coming and you can feel them eating away at our children's future."
- Stacie, Delaware County Mom

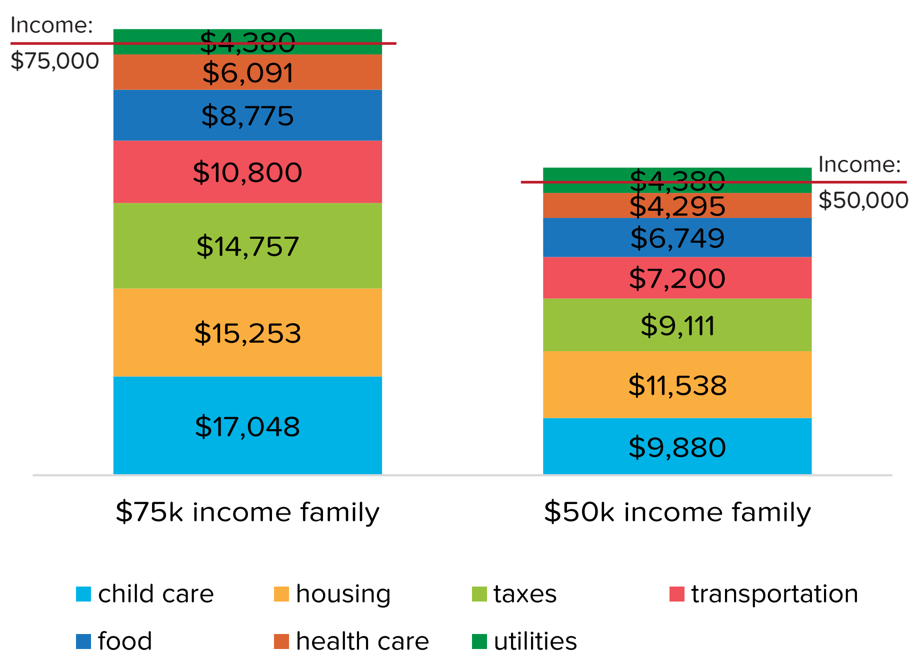
Families in this difficult financial situation bank on the hope that their children can rise up the economic ladder and one day feel more monetary comfort than they, the parents, did. This American Dream centers on children getting a good education. Education is the key to landing a well-paying job that provides financial stability. Unfortunately, school districts in Delaware County are experiencing a similar squeeze as many families. Rising education costs are eating up the little extra money the state provides, forcing districts to tap their communities for more revenue just to stay afloat. Meanwhile children are being deprived of the educational experiences that would empower them to become upwardly mobile.

Costs of Raising Kids

Delaware County is home to more than 61,000 families raising nearly 125,000 children.[3] These families face significant costs related to raising their children. Of course, for the 10% of families with children in poverty – raising 13% of all children in the county – getting by financially is extremely difficult.[4]

But struggling to get by is no longer an experience limited to the lowest income families. The data indicates four in ten families in the county have to spend more to raise their children than they are earning annually. To fully understand how traditional family-raising expenses are putting families underwater, this report examines the likely financial situation in two hypothetical middle class families with two young children. One family makes $50,000 a year, right at the middle class border and just below the cut-off for some important benefits.[5,6] Twenty-three percent of families in the county make this much or less. Even with the help of public benefits, they are underwater. The other family makes 50% more, $75,000 a year. Thirty-nine percent of families in the county make this much or less.[7] This $75,000 family doesn't qualify for most benefits and finds itself in a similar financial situation, drowning in the costs of living and raising children. Specifically, the costs of child care, health insurance, housing, utilities, transportation, food, and taxes are eating up all of the income these families make.

Chart 1: Middle Class Families in Delaware County are Underwater After Paying for the Basics



These families simply cannot afford to cover all of their living and child raising expenses with their incomes alone. The $75,000 family faces a $2,100 hole, and the $50,000 family is $3,150 in the red. And that's without even accounting for the smaller everyday purchases, things like clothes, toys, haircuts, birthday presents, and school supplies. Every one of those purchases becomes a big decision, a choice of whether to provide their children with something that children in America have come to expect, or forego it to afford a basic bill. Or, perhaps, they will forego a bill instead – a missed utility payment, for instance, or a skipped dental treatment.

Regardless, these families will have to get creative to cut costs. Maybe they can find a relative or friend who can watch their children, maybe they move into a house that's smaller than desired for the family. Maybe they tap into their own parents' finances to help make ends meet.

Another undesirable, yet likely necessary, option these families have is to take on debt. Indeed, 78% of people in the Philadelphia metropolitan region have credit card debt, with the median amount standing at $2,335.[8] A quarter of people in the region are close to maxing out their credit cards, with debt above 75% of their limit. Racking up debt only increases costs in the long term, as families will have to pay interest.

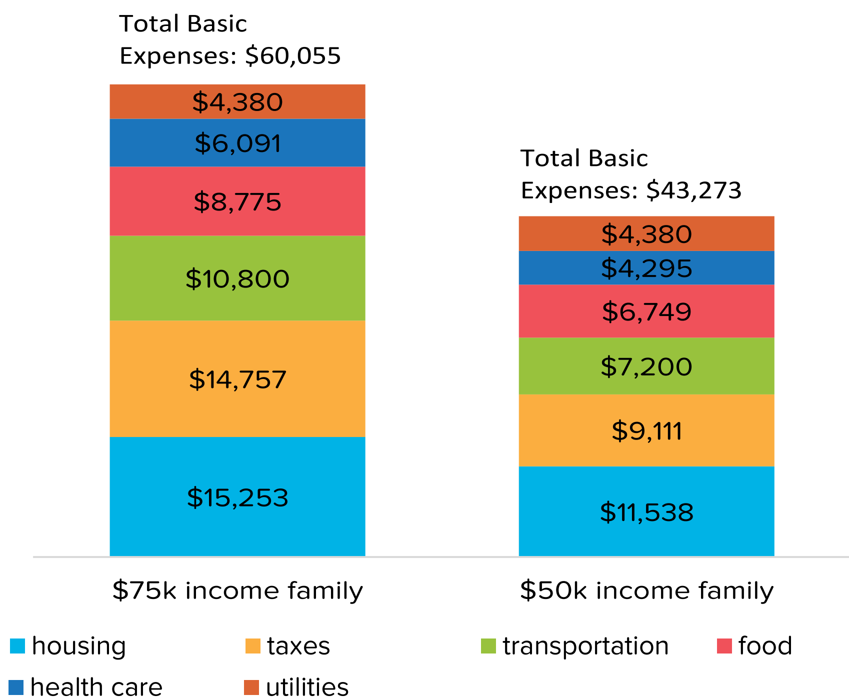
On top of that, these families won't have any money left to build a savings. If an emergency cost comes up – a car breaks down, a furnace blows, a child breaks an arm – these families are out of luck. They also won't be able to save meaningfully for things like retirement or college for their children.

Of course, these families could try to increase their income, but higher-paying jobs typically require some degree of education, which itself costs money and takes time.

Once the children get old enough to no longer require child care, that will free up a big chunk of the families' incomes. The $50,000 family would have about $6,730 left over, and the $75,000 family would have about $14,950. Again, though, much of that would be consumed by the everyday costs, which only grow as children get older – think computers, school trips, sports teams, summer camps, braces. On top of that, the families will have to pay off debt and begin building savings, for which they are already behind the curve.

"Raising a family in Delaware County today is much harder to afford than when I was growing up here. The cost of living is so high, and on top of that kids need a lot more than they used to, from their clothes to computers and scientific calculators. It costs a fortune. Every day of the week I'm making tradeoffs, and I have to go into credit card debt just to stay afloat." -Jacqueline, Delaware County Mom

Chart 2: Even Without Child Care, Families Have Too Little to Cover Costs Beyond the Basics



An In-Depth Look at the Costs

Families have some choices to make when it comes to balancing their budget. But more often than not, most of the basics of child-rearing are immutable. Parents have no choice to avoid the basics which include child care, health care, housing and utilities, transportation, food, and taxes. A closer examination of each of these elements illustrates how fiscally disciplined families need to be just to pay the bills for these basics.

Child Care

Child care costs in Delaware County take the biggest bite out of family income. Even for low-quality child care, the median annual rate for an infant is $11,180, and for a preschooler it's $9,360, with the cost of care for toddlers falling in between the two.[9] Combined, a family with a baby and a pre-school aged child will need to spend more than $20,000 for substandard child care. High-quality child care, of course, is even more expensive. The median cost is $12,480 for an infant and $10,400 for preschool. Having children in high-quality care greatly benefits their social, emotional and cognitive development, but parents are forced to make the tough decision to forego this major boost to their child's development in order to cover their other basic household expenses.

The absolute cheapest child care available in the county – quality aside – is $7,800 a year for an infant and $6,500 for a preschooler. At the upper end of the cost spectrum, it costs $20,415 for an infant alone, and $22,750 for a preschooler.

Once a child reaches kindergarten, families get some reprieve from these massive child care costs. However, in school districts that only provide half day kindergarten, the full financial burden is likely to remain.[11] Child care that lasts for five hours or longer is considered full-time, and thus families pay full price. Half day kindergarten typically last just three hours, meaning parents working a typical 8 hour day would have to pay for full-time child care when their child is in half day kindergarten. In Delaware County, the majority of school districts – 8 of 15 – only provide half day kindergarten for their students.

Even in districts that do provide full day kindergarten, many parents still must pay for afterschool care, and that can last into higher grades as well. The median cost of part time care for a young school-aged child is $125 a week, which comes out to $4,500 for the school year.[12] Paying for full time care for the remainder of the year would bring the yearly total up to nearly $7,000. Even in the select few districts where the cheapest options exist, families must pay a minimum of $3,800 a year for this combination of after school and summer care. And the cost goes up to $16,000 for the most expensive option.

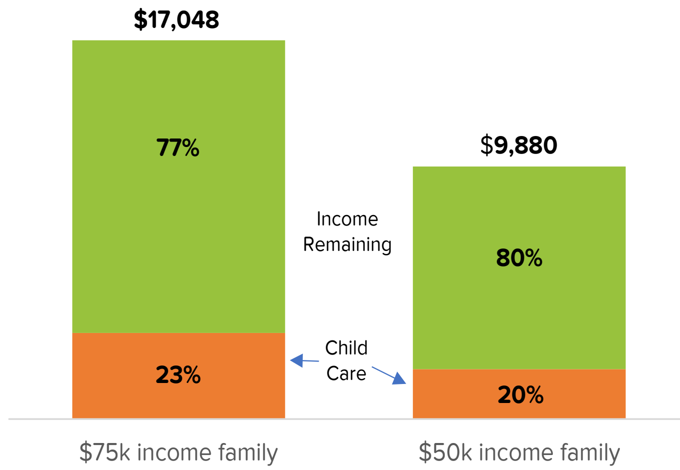
Chart 3: Child Care is a Family's Biggest Expense After Housing

Source: Pennsylvania Office of Child Development and Early Learning. PA Market Rate Survey, 2016.

Child care costs would play out differently for the $75,000 and $50,000 income families. The family making $75,000 a year with two children in child care – let's assume a young toddler and a young school-aged child – would face a massive child care bill, even if they opt for care that's a bit cheaper than the median.

They would likely be looking at about $10,400 for the toddler and $6,650 for the school-aged child. That's $17,050 total, 23% of their income.[13]

Chart 4: Child Care Consumes at Least 20% of Families' Budgets

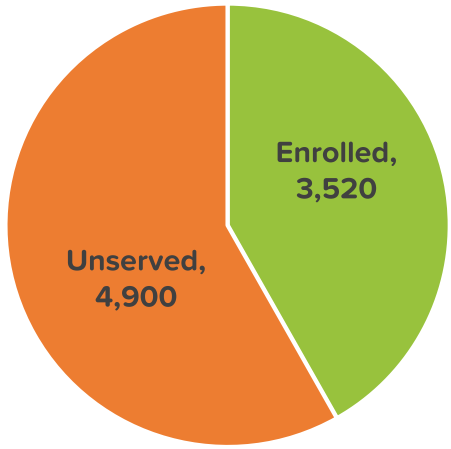


The $50,000 family fortunately gets some relief through Pennsylvania's Child Care Works (CCW) program. The program provides subsidies for families with incomes at or below 200% of the federal poverty level for child care.[14] Through the program, the $50,000 family can receive child care for $95 per week per child.[15] Even with this reduced cost, though, it will still run the family $4,940 per year. For two children that's nearly $10,000 a year, a whopping 20% of their income.

While CCW provides major benefit to the families who receive subsidies, it does not receive nearly enough funding to meet the demand. Just 42% of eligible children under age five in Delaware County are enrolled, leaving 4,900 children and their families without subsidies despite having modest incomes.[16] While some of these children may have a parent at home to watch them, many do not. In fact, three in four families with children under age six in Delaware County have all parents working.[17] These families must either bite the bullet and pay full cost or find other options such as leaving the children with a neighbor or relative. In the latter case, children are likely missing out on a stimulating child care environment that nurtures their development at this critical stage in their lives.

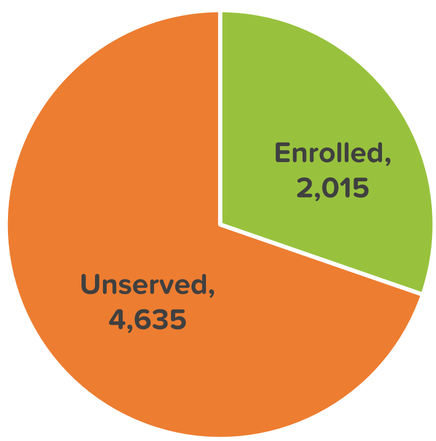
State and federal pre-k programs help defray families' child care costs while simultaneously providing them with high-quality learning experiences that prepare them for social and academic success. The federal Head Start program provides free pre-k for families in poverty.[18] Pennsylvania's Pre-K Counts program allows families with incomes at or below 300% of the federal poverty level to attend high-quality pre-k for free, so both of our hypothetical families would qualify.[19] However, the funding available for these two pre-k programs allows just 30% of eligible children in Delaware County to take advantage of them.[20] While funding increases in recent years have boosted access – just 22% of eligible children had access to these programs in 2013 – more funding is needed to ensure that all eligible children can participate in these potentially life-changing early learning programs and that the burden on their families' incomes is reduced.

Chart 5: Only 4 in 10 Eligible Children Receive Subsidized Child Care



Source: Pennsylvania Partnerships for Children via The Annie E. Casey Foundation's KIDS COUNT Data Center, 2017

Chart 6: Just 3 in 10 Eligible Children Have Access to Public Pre-K

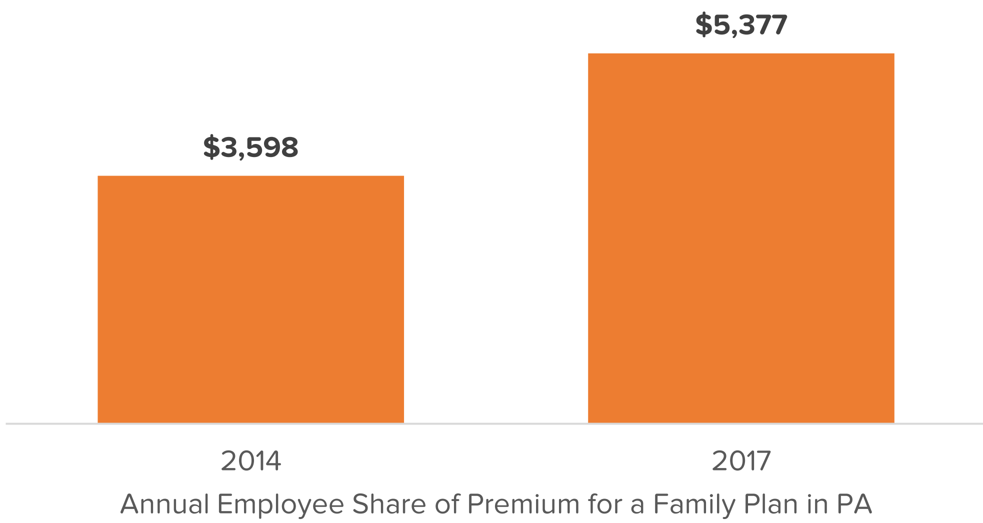


Source: Pennsylvania Partnerships for Children via The Annie E. Casey Foundation's KIDS COUNT Data Center, 2017

Health Care

Another major expense facing families is health care. Health insurance premiums are consuming a growing share of families' budgets. Most families are covered through an employer, and the average annual premium that families pay in Pennsylvania for employer-sponsored health insurance is $5,377.[21] Employers' share of premiums is growing as well, up by $1,210 on average since 2013. This growth in premiums for employers reduces their ability to raise wages.

Chart 7: Employer-Sponsored Health Care Premiums are High and Growing

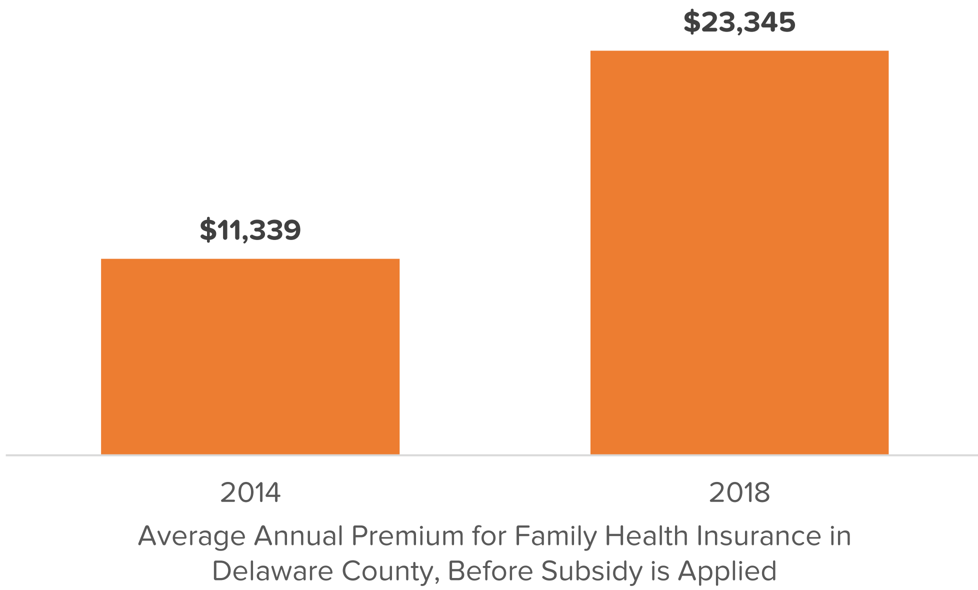


Source: Kaiser Family Foundation. Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance, 2017.

Out-of-pocket costs push the bill even higher for families. These costs vary widely from family to family, and local data are not publicly available, but a recent national study found that families spend an average of $714 on out-of-pocket medical costs per year.[22] Many families pay much more in out-of-pocket costs for things like braces or eyeglasses. And health conditions such as asthma, ADD, and weight and obesity issues also drive up families' out-of-pocket costs. In Delaware County, there are about 3,840 children with ADD, 10,670 children with asthma, and 28,540 children who are overweight or obese.[23,24] Then there are families with no health insurance for their children, for whom all costs are out-of-pocket. In Delaware County, nearly 2,500 children age 18 and below are uninsured.[25]

For those buying health insurance on the marketplace, the situation is even worse. The average annual premium for a family with two children in Delaware County has more than doubled since 2014, now standing at $23,345.[26] Even after subsidies are applied, a family making $75,000 a year would be paying $15,250 towards their premium.[27] To save costs, such a family may opt for a cheaper plan. Still, even the lowest-cost Silver plan would run them $9,775 a year after their subsidy is applied.[28] Fortunately, premiums will drop in southeastern Pennsylvania in 2019 by 2.3% on average.[29] However, subsidies will drop as well because they are based on premium levels, so families may not realize any savings.

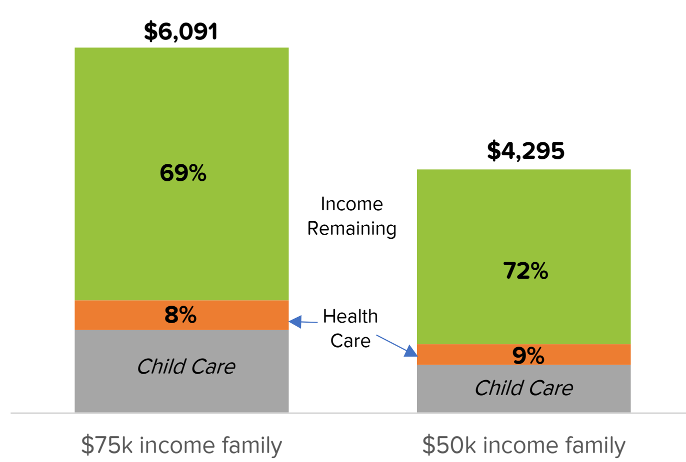
Chart 8: Marketplace Health Care Premiums Have More than Doubled



Source: HealthCare.gov. FFM QHP landscape files: Health and dental datasets for researchers and issuers, 2018.

As with child care and pre-k, health insurance programs exist at much lower costs for low and moderate income families. Medical Assistance (MA), Pennsylvania's Medicaid program, provides free health insurance for children in families up to 133% of the poverty level, or about a $33,400 annual income for a family of four, with that income limit going up to 157% of the poverty level for children under age six and 215% for infants under age one.[30] The Children's Health Insurance Program (CHIP) picks up where MA leaves off, providing free health insurance to all children in families up to 200% of the poverty level.[31] That means that our $50,000 family can get free health insurance for their children. The parents must still pay for their own health insurance though. The average premium for employer-sponsored coverage for an individual plus a spouse is $3,581.[32]

Chart 9: Health Care Consumes Nearly 10% of Families' Budgets



Other Costs Facing Families

In addition to child and health care, families must pay for basic living costs. The most expensive of these costs is housing. The median annual housing costs in Delaware County are $14,500.[33] The family making $75,000 likely pays even more, around $15,450, towards housing – more than 20% of their income.[34] The $50,000 family would likely pay around $11,540, nearly a quarter of their income, and for a presumably lower-quality home.

As Philadelphia's housing market heats up, Delaware County will likely feel a ripple effect as residents move out of the city and into the county, further increasing housing costs in the years ahead.

Along with housing come utility payments. Electricity, gas, water, trash collection, phone service – all of this adds up to a hefty sum. While the cost can vary significantly among households, the average household in the Philadelphia metropolitan region spends $4,380 a year on utilities.[35]

After housing, transportation costs are the next biggest expense in a typical family's budget. In the Philadelphia metropolitan region, people spend an average of 14% of their income on transportation.[36] For the $75,000 family that's $10,800, and for the $50,000 family that's $7,200.

Chart 10: Housing & Utilities Take Up a Quarter to a Third of Families' Budgets

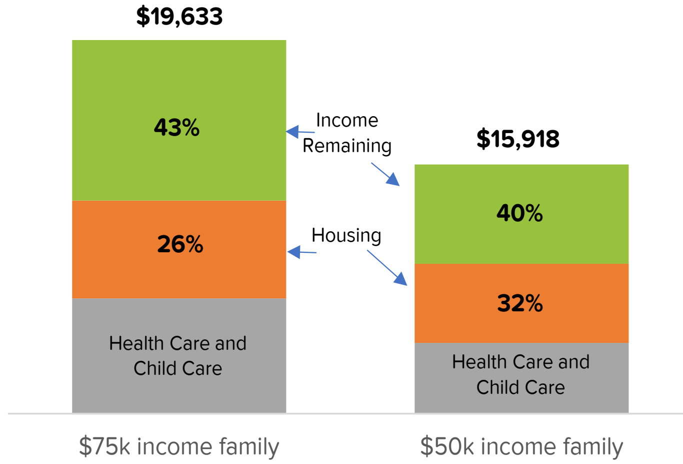
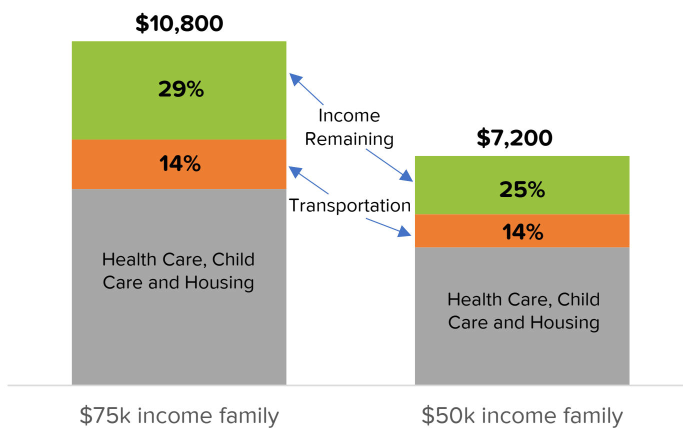


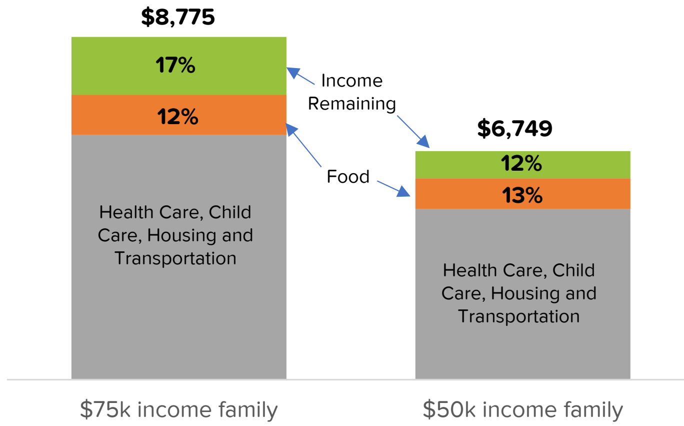
Chart 11: Transportation Costs Consume 14% of Families' Income



Food, too, consumes a large share of families' budgets, around 12% on average for the metropolitan region.[37] For the $75,000 family, that's $8,775. Because food costs are less variable than other costs, the $50,000 family can likely only bring their food costs down to $6,750, eating up 13.5% of their income.[38] The Supplemental Nutrition Assistance Program (SNAP) provides subsidies for families to buy food, but the maximum income is 160% of the poverty level, or $39,360 for a family of four.[39]

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) also provides food subsidies for women who are pregnant, postpartum, or breastfeeding, infants, and children up to age five. Though the maximum income for WIC is slightly higher than that of SNAP, at 185% of the poverty level or $46,435 a year for a family of four, it is still out of reach for the $50,000 family.[40]

Chart 12: Food Costs Eat Up 12% to 13% of Families' Budgets



And, of course, there are taxes.
First up are federal taxes. Under the new tax law which took effect in 2018, the income tax bill for a married couple making $75,000 would be $5,739, and for the $50,000 couple it would be $2,739.[41] The Child Tax Credit (CTC), though, cuts these bills way down. For each child, families get a maximum tax credit of $2,000, meaning these families can get $4,000 in tax credits. That brings the $75,000 family's income tax down to $1,739. Since the $50,000 family owes less than $4,000 in taxes, they actually get money back through this tax credit, to the tune of $1,261.

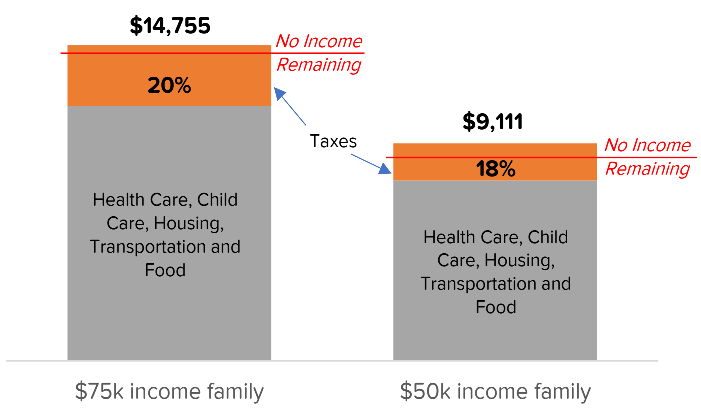
The large tax break these families receive from the CTC are the result of the 2018 tax overhaul, which also lowered income tax rates for most families. However, both the CTC expansion and the reduced income tax rates are set to expire in 2026.[42] The aspect of the tax overhaul that will remain permanent, the dramatic lowering of the corporate tax rate, primarily benefits the wealthiest individuals. And even the temporary CTC expansion benefits higher income people more than those with the lowest incomes.

The CTC is only refundable up to $1,400, meaning that lower income families who owe less in taxes than the credit is worth can only benefit by $1,400 per child, whereas higher income families benefit by the full $2,000.[43] Further, families are only eligible to get a tax refund of 15% of their income above $2,500, so a family with two children cannot even get their full refund unless they make at least $21,000. That means the absolute lowest income families benefit the least from the CTC expansion. Meanwhile, the CTC expansion raises the maximum income families can make while still being eligible for the credit from $150,000 to $400,000, meaning that families making these six figure incomes benefit the most from the expansion. All of these aspects of the tax overhaul exacerbate inequality.

Another feature of the tax overhaul is the reduced state and local tax (SALT) deduction. Previously, people could deduct all of their state and local taxes from their taxable income if they choose to itemize their deductions. The new tax law capped the deductible amount of SALT at $10,000. (Families making up to $75,000 in Delaware County are likely to have their state and local taxes be around $7,300.) At the same time, it expanded the standard deduction, which people can opt for rather than itemizing their deduction, to $24,000 for a married couple, so the two families profiled here would not be harmed by the cap on SALT deductions – yet. As state and local taxes increase, though, the standard deduction only grows at the rate of inflation, so these families could eventually lose out through this provision.

The other federal taxes are for social security and Medicare, which come out to $5,738 for the $75,000 family and $3,825 for the $50,000 family.[44] Pennsylvania also levies a 3.07% income tax, about $2,300 for the $75,000 family and $1,535 for the $50,000 family.[45]

Chart 13: Taxes Take a Fifth of Families' Income



Finally there are local property taxes. The majority of property taxes go towards funding the local school district, and the county and township or borough governments also levy property taxes. Lower wealth communities tend to have higher property tax rates, as their properties are lower in value but they have just as great a need for revenue to fund their schools due to the lack of robust State funding.[46]

This overreliance on local property taxes to fund schools burdens lower income families more heavily, so the $50,000 and $75,000 families may actually face similar property tax bills. In fact, in Delaware County, the average property tax bill on a typical home in school districts where the median income is around $50,000 is higher than in districts where the median income is around $75,000, about $5,010 in the former districts compared to about $4,980 in the latter districts.[47]

Altogether, the $75,000 family would be looking at a $14,757 tax bill, and the $50,000 family would pay $9,111 in taxes.

Both the $75,000 family and the $50,000 family are, in essence, in debt after paying for their necessities. They simply have no way to stay above water under current conditions.

Table 1: Cost of Living Exceeds Family Income

Cost of Living for $75,000 Family	
Deficit = $2,103	
Child Care	$17,048
Housing	$15,253
Taxes	$14,757
Transportation	$10,800
Food	$8,775
Health Care	$6,091
Utilities	$4,380
Total	**$77,103**

Cost of Living for $50,000 Family	
Deficit = $3,152	
Housing	$11,538
Child Care	$9,880
Taxes	$9,111
Transportation	$7,200
Food	$6,749
Utilities	$4,380
Health Care	$4,295
Total	**$53,153**

These parents would love to give their children more, to provide them with the support they need for upward mobility so that they can be in a better situation when they are adults. But that dream becomes an afterthought when these parents are locked in a constant struggle just to provide their children with the basics.

Schools are the Best Option Parents Have for Their Child's Social Mobility

Parents in Delaware County, like parents everywhere in America, want their children to be more prosperous and successful than they are or ever can expect to be. In fact, a parent's drive for their kid's success defines nearly every decision a parent makes, including where to live. Parents choose to live in Delaware County in part because it offers a good quality of life and, to a much greater extent, because in many of the county's communities it offers great schools.

Parents' innate understanding of the central role of education to upward mobility is validated by research that shows that a good education provides major economic benefits to individuals. A recent study from James Heckman et al. puts it simply: "Schooling has strong causal effects on earnings."[48] Another recent study demonstrates that the quality of public schools is a key factor in enabling upward mobility, with strong K-12 schools significantly boosting the incomes of students once they reach adulthood.[49]

Unfortunately, school districts in Delaware County are in a similar boat as many families. State school funding policy has meant that after meeting the state mandated costs of teacher pensions, charter payments and special education costs, the districts where the majority of students are educated don't have the resources to provide the sort of quality education that makes upward mobility possible.

What follows is an overview of the financial stress of school districts in Delaware County which must be addressed so that children who graduate from these schools and raise their families in Delaware County are able to earn enough to raise their children without going into debt.

State and federal mandated costs facing schools, in particular pensions, special education and charter school payments, are growing rapidly in Delaware County. Pension payments skyrocketed, from $27 million in 2010 to $146 million in 2017, a 440% increase.[50] Special education costs also shot up by $83 million since 2010.[51] And charter school payments jumped by $36 million, an 85% increase, borne primarily by a subset of districts.[52]

Although the State has increased education funding over the past four years, it hasn't kept pace with these rising mandated costs. From 2010 to 2016, the three mandated costs of special education, pensions and charter payments grew by $223 million for Delaware County districts, while State funding grew by just $107 million.[53] Costs have grown more than State funding for every school district nearly every year. Despite the State's recent funding increases, it still funds just 35% of education costs, placing Pennsylvania 46th out of 50 nationwide for the share of education costs provided by the State.[54]

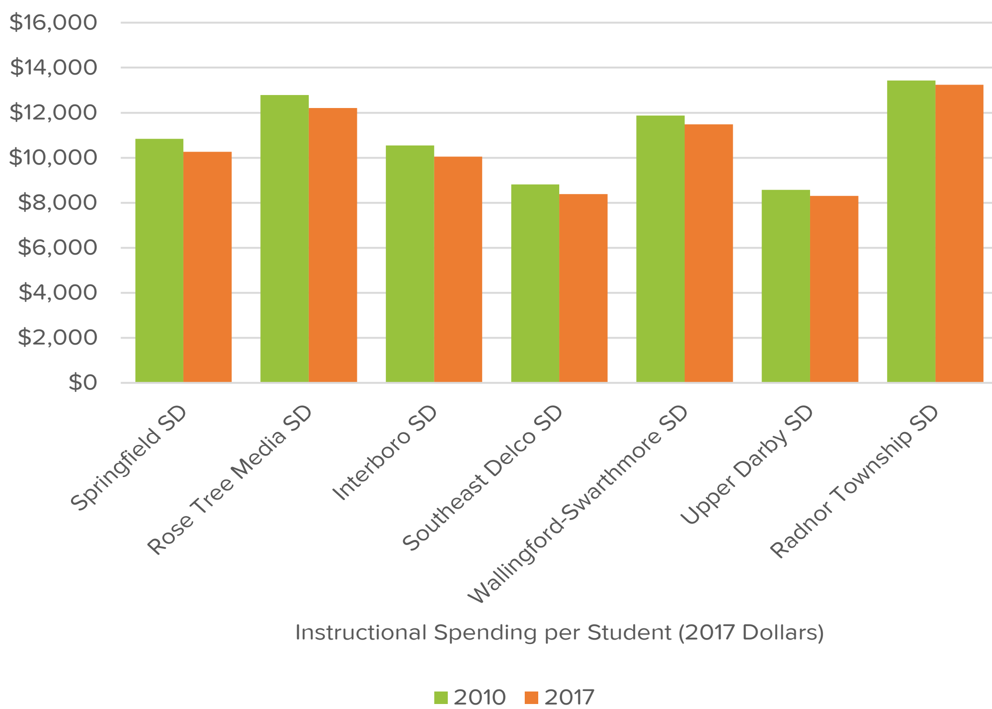
Chart 14: Rapid Growth in Mandated Costs Far Outpaces State Funding Growth Since 2010

Source: Pennsylvania Department of Education

In order to keep up with these growing costs, school districts have had to turn to the other major source of education funding – local property taxes. Over the past decade, every school district in Delaware County has raised property taxes at least six times, with more than a third of districts raising taxes every year.[55] School property tax rates in the county have gone up by an average of 20% since 2010. The average property tax bill stood at $4,117 in 2017, more than $1,000 higher than a decade ago, putting more financial pressure on already strained families.[56]

Even with these property tax increases, districts are still struggling to get more money into the classroom. Seven of the 15 districts, which educate half of the students in the county, actually had less to spend on instruction in 2017 than in 2010 after adjusting for inflation.[57] And even in districts that managed to increase classroom spending, the increases were mostly modest – 3% or less in all but two districts.

Chart 15: Seven Districts Have Less Money in the Classroom



Source: Pennsylvania Department of Education

On top of that, the number of economically disadvantaged students is growing. Every Delaware County school district but two has seen an increase in the share of economically disadvantaged students since 2013, by more than 20% on average.[58] Lower income students are costlier to educate, especially when schools have high concentrations of them.

The state legislature recognized this fact, weighting the school funding formula so that districts receive extra funding for students in poverty and even more funding when the share of students in poverty exceeds 30%.[59] Yet almost half of school districts in Delaware County saw their spending capacity shrink even as their low income population grew. What's worse is that districts with more low income students tend to have less money to educate them than districts with more affluent students. For instance, Radnor Township spends $13,240 on instruction for their students, just 10% of whom are economically disadvantaged, while Southeast Delco, with 82% of their students economically disadvantaged, has just $8,390 to spend on instruction per student.[60]

Meanwhile, the majority of students in the county – 58% – are failing the math PSSA, and 38% are failing the reading PSSA.[61] These figures are even worse in the districts with high shares of economically disadvantaged students. Three-quarters of students fail the math exam in districts where more than 40% of the students are economically disadvantaged, and more than half, 52%, fail the reading exam. Without significant additional State investment in education, these children will not have an improved economic outlook, and their families will feel the pressure of rising property taxes all the while.

"Every time the state does not drive more money to our schools, a local school board is forced to raise your taxes to make ends meet. Tight budgets dictate outcomes for our students." -Rachel Mitchell, President, Upper Darby School Board

Conclusion

Many families in Delaware County face a bleak situation. Their middle class incomes don't provide the financial security they once did. They're struggling just to provide their children with the basics – enough to get by, but not enough to get ahead. They can't rely on the education system to give their children the boost they need to become upwardly mobile, as the schools are going through a parallel struggle to keep up with costs. If things continue at the current rate, the children in these strained families will become a new generation of strained families.

Something has to give. Complacency is not an option. As Nobel Prize-winning economist Paul Romer makes clear, when society faces dire issues, bold action must be taken. In discussing how policy responses have allowed America to overcome problems in the recent past, he states, "[The country] turned out fine because we did things to make sure it turned out fine. And so there's no basis for complacency in the success record that we can see when we look back. There are new things we need to do in the labor market, in education…As long as we do those things everything really can turn out fine. But if we don't do them, we're going to be disappointed."[62] The issues facing Delaware County families are case in point. These families cannot afford complacency. Without a large-scale response, they will be forever trapped in a cycle of financial pressure, the "American Dream" replaced by the American Drain, a constant struggle to stay above water.

Recommendations

PCCY has identified a set of concrete steps that policymakers can take to alleviate the financial burden facing families in Delaware County while also ensuring their children have strong support in their development so that they can achieve financial stability in adulthood. While many actions can be taken, PCCY believes that policymakers can prioritize the following to great effect in making Delaware County a place where all families thrive.

Recommendations

To boost families' incomes:

- Create a workforce development strategy to help people move into higher paying jobs
- Increase the State government's payments to agencies that employ low-wage, government-funded professionals, such as Direct Support Professionals and child care workers, so that wages are at least $15 an hour and ideally $18 an hour, to increase the ability of these professionals to stay above water while supporting a family[63]

To reduce the child care and early education cost burden:

- Increase funding for Child Care Works, Pre-K Counts and Head Start
- Expand eligibility for Child Care Works
- Implement full day kindergarten in all school districts

To reduce the health care cost burden:

- Expand eligibility for free and subsidized Children's Health Insurance Program
- Preserve the Affordable Care Act

To reduce the cost burden of other living expenses:

- Create more affordable transportation through mobility planning at the County level
- Create affordable housing strategies at the County level

To reduce the tax burden on financially struggling families:

- Expand Pennsylvania's Tax Forgiveness program to incomes of at least $75,000
- Offset property taxes by increasing State funding for public schools

To improve the financial outlook of public schools:

- Increase State K-12 basic education and special education funding
- Restore the State's charter school reimbursement to school districts

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Public Citizens for Children and Youth (PCCY) serves as the leading child advocacy organization working to improve the lives and life chances of children in the region.

Through thoughtful and informed advocacy, community education, targeted service projects and budget analysis, PCCY watches out and speaks out for children and families. PCCY undertakes specific and focused projects in areas affecting the healthy growth and development of children, including child care, public education, child health, juvenile justice and child welfare.

Founded in 1980 as Philadelphia Citizens for Children and Youth, our name was changed in 2007 to better reflect our expanded work in the counties surrounding Philadelphia. PCCY remains a committed advocate and an independent watchdog for the well-being of all our children.

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