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Pittsburgh Schools: \$15,500 Per Student and Rising

Incredibly, in a City that is teetering on the edge of bankruptcy, the Pittsburgh School District has announced a 10 percent increase in general fund spending, pushing outlays from \$480 million in 2003 to \$529 million. Thanks to this huge jump, the per-pupil outlay will climb to \$15,500 in 2004. Bear in mind that, in addition to the enormous general fund spending, there are supplemental and capital budgets that further boost the total cost of education.

And, as the Mayor's Commission on Education pointed out, Pittsburgh schools are failing a large portion of its student population as indicated by their poor math and reading scores and low district wide SAT scores. This failure is occurring despite massive school spending.

While Pittsburgh's city government is being forced to make employment cuts and City businesses are struggling to meet payrolls and pay their taxes, the Pittsburgh School District continues to increase spending as if there were no limits on its resources. The latest budget announcement contains no indication that staffing levels are being reduced to stay in line with falling enrollments. But it does contain huge increases for pension benefits for teachers along with hikes in health insurance costs for teachers and other staff.

As we noted in a recent Policy Brief, the jump in school spending and taxes in Pittsburgh are a major contributor to the City's financial problems and a principal cause of migration out of Pittsburgh.

The increased allocations to cover pensions and health care are especially egregious. Very few workers in the private sector will ever enjoy the pension benefits that Pennsylvania teachers receive. Likewise, members of the teachers' unions have been heavily protected from the skyrocketing increases in health insurance premiums. Taxpayers have been forced by school boards to dig deeper to fund the expanded teachers' pension program and the rising health care cost of teachers and other staff. In the meantime they are paying more for their own family's health insurance. And to make matters worse, soft job market conditions have depressed earnings for workers in the private sector.

On the other hand, because of collective bargaining agreements, the school district must pay any contractually mandated increases in salaries and benefits. Moreover, short of declaring bankruptcy and closing the doors, the labor contracts at many schools do not allow staffing cuts. In Pittsburgh, with its rapidly declining student enrollment, such provisions are clearly not in the public interest.

Here is the problem. The unions and their supporters in the legislature have created a massive imbalance of power in the public schools vis-à-vis collective bargaining. In this system, taxpayers are being fleeced endlessly to feed the insatiable demands of the education establishment. Calls for accountability and efficiency are drowned out by the special interest pleas for more money.

In Pittsburgh, the school district has become a money pit, gobbling up \$300 million in local taxes and nearly \$200 million in state funds. Six years ago the district had a general fund budget of \$389 million. In 2004, it will reach \$529 million, a 36 percent surge. This has happened in a low inflation environment and despite a near 15 percent drop in enrollment. The bottom line is that the inflation adjusted per pupil spending is up by a stunning 35 percent in only six years.

It is becoming increasingly obvious that unless or until Pittsburgh's school spending is cut to reflect the decline in enrollment and the strained financial situation of Pittsburgh's taxpayers, it is unlikely that the City government will ever be able to deal effectively with its fiscal problems.

The expensive and poorly performing schools will continue to drive residents out of Pittsburgh and devour a rising share of total taxes paid by residents and businesses in the City. It is an untenable situation. Perhaps it is time for the legislature to insist that Pittsburgh schools begin to play a constructive role in solving the City's financial difficulties.

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