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Golden Oldie #1: School Funding

As we noted last week, the Institute will be reprising some older *Policy Briefs* for the remainder of this year—about one per month. We hope to demonstrate the persistent, long running nature of important, unresolved problems and highlight some successful inroads that have been accomplished. The following *Brief* marks the beginning of this journey back in time. Your feedback would be appreciated.

Education spending and education performance, the state's role in funding the cost of education, and reforming the funding allocation system have been themes that the Allegheny Institute has examined over the years. With this week's recommendations of how to distribute state funding from the Basic Education Funding Commission and recent proposals to reduce local school property taxes by raising state taxes on income and sales it is obvious these topics are still front and center in the Legislature's important interest.

In light of the upcoming developments, let us look back at this *Brief* from January of 2003 titled *Education Rhetoric Versus Education Reality* (Volume 3, Number 5) in which we examined spending and performance, the debate over the state share of funding, and reforms that should have been made a long time ago. Clearly, not much has changed in terms of the positions held in the debates. The only significant change has been the level of education spending over the twelve years.

In his inaugural address, Governor Rendell pledged that the quality of a child's education in Pennsylvania would not depend on where that child lives. The clear implication of the Governor's statement is that students in economically poorer school districts are denied the same access to educational quality as students in better off districts because of differences in funding. This commonly held misperception persists despite clear evidence showing that many districts that spend well below the state average per-pupil are achieving a better academic performance than many districts that spend well above the state average. Moreover, it is easily shown that many so-called "poorer" districts actually spend much more than the state average thanks to huge allocations from the state and yet still rank at or near the bottom in academic achievement.

Notwithstanding these facts, there seems to be a high level impulse to embark on a course to have the state fund 50 percent of education expenditures despite the improbability of

reaching any consensus on what the 50 percent share actually entails. The reality is that any reform of education funding will require the acknowledgement of three facts: first, the overwhelming majority of districts are spending enough money per-pupil to achieve respectable results; second, districts that spend well below the state average still manage to achieve above average academic performance and lastly, "poorer" districts vary widely in how much they spend on their students. All this suggests that we need to be learning from the lower spending, good performance schools rather than trying to solve the problem of academic achievement with more money.

What is the true spending picture? According to the most recent Pennsylvania school data from the Standard and Poor's Evaluation Services report, total expenditures per-pupil--a measurement that includes not only general fund dollars but also debt service, capital, and special revenue funds as well--stood at a state average \$9,969 in 2001. After compiling data for all districts in the state, we are able to sort the districts by range of spending. The table below shows such a distribution.

Total Expenditures Per-Pupil-- 2001

Spending Range Per Pupil	# of Districts	% of Total	Spending Range Per Pupil	# of Districts	% of Total
\$6,999 or less	6	1%	\$11,000-11,999	36	7%
\$7,000-7,999	68	14%	\$12,000-12,999	34	7%
\$8,000-8,999	136	27%	\$13,000-13,999	22	4%
\$9,000-9,999	99	20%	\$14,000-14,999	11	2%
\$10,000-10,999	67	13%	\$15,000 or more	21	4%

The table shows there are only 6 districts that would be considered poor as gauged by per- pupil expenditures--those that spend \$6,999 or less per student. And, that figure is higher than the average spending in many states. Another 14 percent of schools spend between \$7,000 and \$8,000. A majority--60 percent-- falls in the range \$8,000 to \$10,999 while 24 percent of districts spend more than \$11,000 per-pupil. In other words, 84 percent of Pennsylvania districts are spending more than \$8,000 per student, which is well above the average in most states.

Moreover, the evidence that calls into question the proposition that spending and performance are related is not limited to a few isolated examples. The table below shows the absence of a correlation between expenditures and academic performance across all 501 districts. Based on 2001 data for average expenditures per-pupil and average PSSA score, the table is divided into four quadrants based on a comparison the state spending and PSSA score averages.

Expenditures vs. Performance

	Per-Pupil Operating Expenditures-Below Average	Per-Pupil Operating Expenditures-Above Average
PSSA Score-Above Average	129 Districts	104 Districts
PSSA Score-Below Average	168 Districts	99 Districts

It is abundantly clear that money and educational performance are not correlated in Pennsylvania. Consider the data above: two-fifths of the state's 501 districts spent above average on their students and yet only half of those received above average results on the PSSA exams. These data lead to an inescapable conclusion: there is no justification for the claim that spending more on the districts that are below average in performance will improve their standing.

It should be obvious by now. The new Governor should not fall into the education establishment's trap of false and misleading assertions about the need for more money. If Governor Rendell wants to address the problem of education quality statewide in a meaningful way, he must start by requiring schools to be accountable for the performance of their students. Rather than accepting the unending litany of excuses from the educational establishment on their inability to deliver educational achievement, the new Administration and the Commonwealth would be better served by making a firm commitment to produce better results with the money that is currently being spent. That will mean getting rid of teachers and administrators who cannot get the job done. It will not be possible to get real improvement as long as the incompetent and the mediocre are protected by contracts and state labor laws.

Pennsylvania already has per-pupil expenditures and teacher salaries that are among the very highest in the nation while languishing near the bottom in SAT score rankings for several years. It is an easy prediction that simply spending more tax dollars will inevitably lead to worse results.

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