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### **Adding Up the Costs of Pittsburgh School District's Failures**

Pittsburgh Public Schools face serious problems—high per pupil spending (almost \$20,000) and a rapidly declining enrollment (18 percent in the last four years)—that are seemingly intractable. Not even the hype surrounding the plan to provide college scholarships to graduating seniors, known as the Pittsburgh Promise, has been able to stem the losses. Another major problem confronting the District and the community is the large number of dropouts. High dropout rates lead to significant additional costs to society.

A RAND<sup>1</sup> study, prepared for the District, estimated Pittsburgh Public Schools' graduation rate for high school freshmen to be 64 percent. A study by Greene and Winters<sup>2</sup>, using a different methodology, estimates Pittsburgh's graduation rate to be 65 percent. The latter study estimates the national graduation rate to be 70 percent—placing Pittsburgh below the national rate.

The corresponding dropout rate for the District's freshmen is roughly 35 percent, as estimated by RAND and corroborated by Greene and Winters.

This is an important figure because students who do not achieve a high school diploma are less likely to be successful in the local economy and more likely to rely on social services and be a burden on taxpayers. Moreover, high school dropouts also have a higher rate of incarceration than those who complete their education. This has the dual effect of both raising the cost of government while decreasing the tax base.

According to the U.S. Census Bureau a high school dropout earns on average \$8,500 per year less than someone with a high school diploma. Lower wages translate to lower taxes paid. Furthermore, dropouts not only earn lower wages than those who graduate, but they are more likely to be unemployed and need taxpayer funded assistance.

A recent case study from Maryland<sup>3</sup> found that on average, a high school dropout costs that state over \$1,500 per year. This cost estimate included foregone state tax revenue (sales and income), incarceration costs, and Medicaid costs. It did not include foregone local wage taxes (as collected in Pennsylvania), or other public assistance costs such as welfare or housing. Thus, in

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<sup>1</sup> Engberg, John and Brian Gill. *Estimating Graduation and Dropout Rates with Longitudinal Data*. RAND working paper. July 2006.

<sup>2</sup> Greene, Jay and Marcus Winters. *Leaving Boys Behind: Public High School Graduation Rates*. Center for Civic Innovation. Civic Report no. 48. April 2006.

<sup>3</sup> Hauke, Justin P. *The High Cost of Maryland's Dropout Rate*. Maryland Public Policy Institute. October 2008.

Pennsylvania, specifically Pittsburgh, the total cost of an average dropout is likely to be much higher than the \$1,500 figure in the Maryland example.

Finally, it is important to bear in mind that the dropout rate does not capture the cost impact of the poor quality of education being received by a large percentage of Pittsburgh high school graduates. For example, 2007 scores for the District's eleventh grade students show that only 53 percent rated as proficient in reading. In math the students showed a dismally low proficiency rate of just 44 percent. In some high schools fewer than 20 percent of eleventh graders managed to score at the proficient level.

At the same time, SAT scores in all but one City high school are below the national average with several schools averaging hundreds of points below the 1017 national combined score. And what's worse, it appears the percentage of students taking the SAT exam in several schools is quite low, which suggests that only the better students even bother to take the test.

All this means that a very large fraction of graduates who are able to take advantage of the Promise scholarship program will be ill-prepared for post-secondary education and will probably require heavy remediation if they enroll in college, adding to the enormous cost already incurred getting them through 13 years of public education in Pittsburgh. Neither the students nor taxpayers can be benefiting much from such a system.

In short, dropping out of school is expensive in terms of opportunities foregone for the individual and for society because of the additional burden many of the dropouts will impose on taxpayers. And unfortunately, that burden is magnified many times by the extremely weak educational attainment of a large percentage of Pittsburgh's high school students.

Clearly, given the per pupil expenditures of the Pittsburgh Public School District, taxpayers (both local and state) are not receiving a good return on investment. The high dropout rate and low performance on the state assessment exams should be unacceptable. Not only are City and state taxpayers paying a high price to educate these students, they are likely to continue to subsidize them long after they have left the system.

Without question, taxpayers and parents of City students should be clamoring to have the system fixed. But, it appears easier to move and/or take the children out of Pittsburgh schools than to challenge politicians to address seriously the underlying problems. So, the failed system will go on. Indeed, it is reasonable to speculate that \$25,000 per student annual spending is only a few years down the road. Maybe by then, 60 percent of eleventh graders will be proficient in reading.

Sadly, the costly, ineffective system will continue because the school board and the teachers' union will never permit a meaningful reform such as vouchers. The waste of educational opportunities and the costs to society for the board's failure and stubbornness apparently do not create enough concern to produce real change.

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**Frank Gamrat, Ph.D., Sr. Research Assoc.**

**Jake Haulk, Ph.D. President**

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: <a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></p>
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