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Pittsburgh School Audit a Waste of Tax Dollars

It's an oft-repeated lament. Yet another state funded study is a waste of tax dollars. The just released performance audit of Pittsburgh schools is the latest example. After months of study costing a quarter of a million taxpayer dollars, the major conclusion of the consultant hired by the state is that Pittsburgh needs to close schools. Good grief, who would have guessed that? If memory serves, the school board has been trying to get that done for quite some time. There are a few other piddling cost saving recommendations, which, combined with school closings, could save \$84 million over five years. \$84 million sounds like a lot but in fact is a tiny three percent or so of five years of school expenditures. Aside from the savings from the potential school closings, the study's other recommendations would produce a savings of about one and a half percent.

Such a trivial amount of savings recommendations for a school district that is documented to spend excessively raises questions about the seriousness and validity of the audit. Indeed, a review of the report's comparative data for benchmark cities suggests one of two possible conclusions: the report deliberately glosses over the really important problems or the report reflects unbelievably inept analysis.

Here are some very interesting things we learn from the consultant's data:

- 1) Pittsburgh schools spent 23 percent more per pupil than the average of five Northern and Midwestern cities and 45 percent more than Toledo and Kansas City schools.
- 2) Pittsburgh schools allocate more than half their budgets to expenditures other than administration and instruction. In 2001 that amounted to \$7,353 per pupil out of total outlays of \$14,144 per student. All other benchmark cities spent 60 percent or more on administration and instruction. Only Rochester, N.Y. spent as much as \$5,000 per pupil on categories other than instruction and administration.
- 3) Pittsburgh's total outlays per staff member in 2002 stood at \$97,825. By comparison, schools in the Midwestern cities of Toledo, Kansas City, and Milwaukee had per employee expenditures averaging \$73,000.
- 4) Pittsburgh has almost double the number of administrators and administrative support staff per 1,000 students than all benchmark cities except Toledo.

From these facts, several questions arise that should have prompted serious concerns among the consultants about where vast sums of money are going and what benefits are being derived. How, for example, can Pittsburgh schools spend more than half their budgets-- \$250 million per year--on items other than administration and instruction when no other city's schools comes anywhere close to such an expenditure pattern? This despite the fact that Pittsburgh employs far more administrators and support staff per thousand students than the auditors benchmark cities' schools. One wonders what all these people do. Finally, how is that Pittsburgh schools cost

\$24,000 per staff member more to operate than cities in the Midwest and significantly more than schools in Buffalo and Rochester?

It is surprising that the consultant would leave such glaring questions unanswered. The amount of potential savings if Pittsburgh simply moved to the average of the benchmark schools is on the order of \$100 million per year and \$500 million over five years. The paltry \$84 million amount the consultant recommends, which might not even occur, is little short of astonishing. It is simply incredible that the consultant, looking at the same data described above, would have made recommendations for so little savings.

One reason is likely to be found in the data that was not thoroughly explored --namely, the compensation packages of Pittsburgh school employees compared to the benchmark city schools' compensation packages. At the very least, the consultants should have presented the compensation data for employees in Pittsburgh and the benchmark districts.

Bear in mind too that Pittsburgh schools pay egregious amounts of overtime to custodial and other workers. As our *Policy Brief* from November last year pointed out, workers in the custodial bargaining unit received an unconscionable 54 percent of their base pay in overtime wages.

What is needed is not an audit. What is needed is school management that is willing to face reality and make the long overdue spending cuts.

Jake Haulk, Ph.D. President

Note: On August 11th, the Allegheny Institute is hosting a luncheon with Joel Kotkin, an internationally recognized authority on economic, political, and social trends. Mr. Kotkin's talk is entitled "The Real Economy of Cities: A Historical Look at the Future of Pittsburgh."

The luncheon will held at the Pittsburgh Athletic Association in Oakland and will begin at noon and adjourn by 1:30 PM. For those who are interested, there will be a book signing following the luncheon. Books will be available for purchase.

For more information, please contact us at 412-440-0079 or by e-mail at aipp@alleghenyinstitute.org

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