

POLICY BRIEF

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Pittsburgh's Public Schools: Expensive and Ineffective

A private sector firm that produces a good or service of continuously declining quality but steadily rising cost would not long remain in business. There are a few contrary examples; notably those companies fortunate enough to have a government-sponsored or protected monopoly. Over the years these have included utilities, airlines, banks, trucking and railroads. The American automobile industry in the 1960s and 1970s, as it shrank to three major firms, acted as though it had a monopoly on the US market. But from automobiles to banking, sweeping changes have been wrought primarily through intense competition.

Today there remains a seemingly impregnable bastion of monopoly, declining quality and rising costs--the Pittsburgh public school system. While Pittsburgh is not unique, it is among the worst in Pennsylvania. A dose of meaningful competition would appear to be the right medicine, but resistance to competition by the educational establishment is overwhelming. Meanwhile, evidence indicates that parents who can are removing their children from Pittsburgh's public schools as the quality of education continues to drop and costs rise steadily. The Pittsburgh public school system now outspends, on a per-pupil basis, all but one other major city in the state. If Pittsburgh brought its per pupil cost just to the average of Pennsylvania's six major cities, including Pittsburgh, it could save some \$60 million per year.

A new school board led by Jean Fink has announced dissatisfaction with a proposed near \$490 million budget for 2002, but also seems intent on reversing some of school superintendent John Thompson's cost-cutting measures. High on their list of priorities is reopening some recently closed schools, for which \$3 million has been allocated, and the prevention of other proposed closings. Absent true cost reductions, however, the 2002 budget as proposed would be more than \$30 million higher than 1999 total expenditures and Pittsburgh's public school system will continue to drift toward receivership.

We estimate that in 2002 Pittsburgh will spend \$12,000 or more per pupil following to the letter the current liberal nostrums: higher salaries for teachers and small class size. Pittsburgh School District teacher salaries now rank among the top five in the nation, averaging nearly \$58,000, a full 23% above the statewide average of \$47,000. The students-to-teacher ratio is 14.5. Statewide it is 16.7. But the fact remains that Pittsburgh spends more on fewer pupils yet achieves academic results inferior to many school systems spending far less.

The mean score for Pittsburgh PSSA tests is 1224. Allegheny County and Pennsylvania score virtually identically at 1314. While this achievement gap appears small it is actually quite large. Bear in mind that the scores start at 1000; actual achievement is measured only by the score above 1000. Thus, the Pennsylvania average is 40 percent higher than Pittsburgh's. Philadelphia, York and Harrisburg, systems either in receivership or threatened with it, achieve lower math and reading scores than Pittsburgh. However, Scranton and Erie were significantly better.

The table below offers a comparison with Erie, Harrisburg, Philadelphia, Scranton, and York with systems ranked in descending order of achievement test scores. The numbers show that no single factor greatly

distinguishes the spending patterns of poorly performing schools from better performing schools, except perhaps the percentage of total budgeted funds actually expended on “instruction.”

System	Per Pupil Expenditures *	Instructional Expenditures*	Instruction as % of total	PSSA Math	PSSA Reading
Scranton	9,011	5,881	65%	1270	1310
Erie	8,538	4,661	56%	1260	1290
Pittsburgh	11,468	6,060	53%	1220	1230
York	10,073	4,135	41%	1140	1160
Philadelphia	8,472	4,540	54%	1160	1130
Harrisburg	11,846	5,527	47%	1100	1090
AVERAGE	9,901	5,134	52%	1191	1202

	Admin.*	% of Expend.	Transport*	% of Expend.
Scranton	\$ 586	7%	\$243	3%
Erie	763	9%	185	2%
Pittsburgh	1333	12%	538	5%
Philadelphia	1218	14%	251	3%
Harrisburg	893	8%	274	3%
York	747	7%	47	1%

Source: Standard & Poors

* In dollars per student

With the exception of Scranton, these districts spend little more than half, some less than half, of total educational expenditures on instruction. Indeed, Pittsburgh spends a remarkable 17% of its budget on administration and transportation, as does Philadelphia. The other major cities spend an average of 10%.

There are two pressing problems facing Pittsburgh’s new school board. First is the need to improve educational quality and outcomes for the school system so that all high school graduates are capable of contributing to society as productive citizens. Pittsburgh cannot afford an increasing percentage of high school graduates whose futures are dimmed by a poor education. And there is a need to eliminate waste and actually reduce spending. We’ve offered two budget items, administration and transportation, where Pittsburgh’s spending is significantly out of line with its peers. Bringing these two line items just to the six-city average would result in a savings of \$17.5 million annually. Achieving parity with the most efficient cities could save an additional \$18.5 million each year

It’s time to set priorities and enforce them, and the highest priority must be delivering excellent instruction to all students. If the new school board cannot deliver a reality in which academic excellence is achieved while costs are controlled, then Pittsburgh is on the way to the situation faced by Philadelphia where the state has been forced to step in to stop the tragedy of too many children facing the future without even a basic education.

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