

February 2018

A Better Tool for Student Opportunity

Colleen Hroncich, Commonwealth Foundation and Stephen DeMaura, Excellent Schools PA

There's an old saying, "When a hammer is the only tool you have, every problem looks like a nail." When it comes to education, more money is the hammer. Thus, conversations about improving education generally devolve into who will spend more. This narrative enables some policymakers to offer a one-dimensional solution—more funding—to a multi-dimensional issue—education. When the goal is simply more money, accountability suffers.

As the 2019 legislative session begins, lawmakers need to look beyond talking points and get to the root of problems with education. As Pennsylvania illustrates, more money does not guarantee better results. We see this most clearly in the lowest performing schools in our state. We've tried pouring more money into a broken system; it hasn't worked. It's time to get a new tool out of the toolbox.

The Problem: Persistently Failing Schools

Thousands of Pennsylvania children are stuck in persistently failing schools. These aren't schools that perform a little bit worse than average. These are schools that are failing to educate the children in them. In Philadelphia, for example, two thirds of 3rd graders can't read at grade level. This shouldn't be surprising considering nearly half of the worst 5 percent of schools in the state in 2017 were located in Philadelphia.

Sadly, around half of the schools on the list of the worst 15 or worst 5 percent in the state are repeat offenders. They've been ranked as the worst performers multiple times in the last 5 years. This is ridiculously unfair for the children who are required by law to attend these schools unless they can afford another option.

Furthermore, this is a blatant violation of the constitutional mandate to "provide for the maintenance and support of a thorough and efficient system of public education." A system that spends more per student than 41 other states and still has chronically failing schools is neither thorough nor efficient.

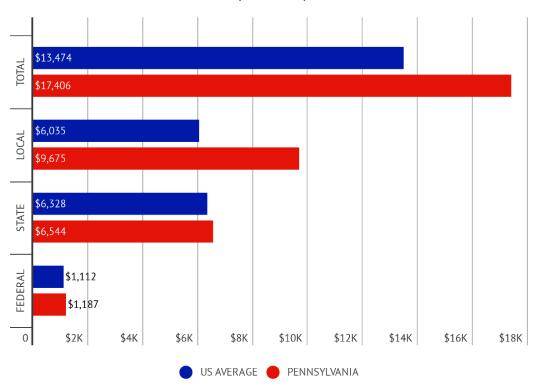
The "Solution" that Doesn't Solve: More Money

The problem of persistently failing schools cannot be solved by just spending more money. We've tried that. It hasn't worked.

Average revenue per student in Pennsylvania is approaching \$18,000 and up 20 percent over the last five years. We spend \$3,900 more per pupil than US average. We're higher than the national average in all categories, Federal, State, Local. Collective school district reserve fund balances ballooned to an all-time high of \$4.5 billion, up over \$250 million from two years ago. Public school funding is at record levels, but there is no evidence of any improvement.

PA SCHOOL REVENUE PER STUDENT

(2015-16)



Source: <u>National Center for Education Statistics</u>, Revenues for Public Elementary and Secondary School Districts: School Year 2015-16

In Philadelphia, the failing school capital of PA, per pupil spending at district-run schools is a whopping \$24,000. What do we have to show for it? Schools that consistently fail to educate the children in them. Students and teachers are trapped in "sick schools," as the *Philadelphia Inquirer* and *Daily News* dubbed them in a shocking series earlier this year.

Philadelphia isn't an anomaly. The Harrisburg school district's total per-student spending is nearly \$20,000—up 15 percent since 2013. Yet student safety and achievement are trending in the opposite direction. According to Pennsylvania's Safe Schools report, incidents in Harrisburg have more than tripled in five years. Only 22 percent of Harrisburg students are proficient or better in reading, while a mere 12 percent are proficient or better in math.

Meanwhile, several school districts are suing the state on the grounds that Pennsylvania has not lived up to its constitutional obligation with respect to education. The remedies sought in the case would be a step in the right direction: student-based funding. However, that funding would be limited to the current system—a broken system that limits the ability of low-income families to choose the school that fits their needs.

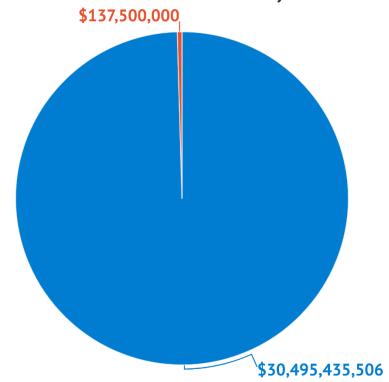
The Real Solution: Fund Students, Not Systems

There's no question that students who are trapped in persistently failing schools need a rescue plan that works.

Education choice is that plan. It's thorough and customizable for the unique needs of every child. Empowering parents to choose the school that fits their unique children is the best way to ensure a thorough education. It's also efficient. Choice provides better results and more opportunity at a fraction of the cost.

In Pennsylvania, we have private school choice in the form of the Educational Improvement Tax Credit (EITC), which is statewide and limited by income, and the Opportunity Scholarship Tax Credit (OSTC), which is also limited by income but is targeted to students in low-performing schools. With average scholarships around \$2,000, these programs educate students at a fraction of the cost to taxpayers. The EITC alone saved taxpayers more than \$1 billion from 2002-2014. Consider the comparison highlighted in the chart below.





School District Spending
EITC + OSTC Scholarship Tax Credits

Source: PA Department of Education Annual Financial Reports, Revenue Data for School Districts (2016-17); PA Department of Community and Economic Development

We see these savings most clearly in Pennsylvania's largest school districts.

- Philadelphia public schools serve four times as many students, but at 30 times the cost, of EITC and OSTC scholarships.
- Pittsburgh public schools serve half as many students, at 5 times the cost, of EITC and OSTC scholarships.

Similarly, charter schools operate with significantly lower per student funding. For example, the average amount spent to educate a student in a charter school was around \$13,500 in 2016-17. Average per pupil spending in district schools that year was 30 percent higher. When taking student performance and per pupil spending into account, public charter schools are producing a 27 percent higher return on investment compared to Philadelphia district schools.

Education choice has benefits beyond financial savings. Choice improves public schools through competition and gives underprivileged students the opportunity to thrive, rather than trapping them in schools that don't meet their needs. Numerous studies have shown that school choice options improve academic outcomes, decrease racial segregation, promote respect for others' rights, and reduce criminal activity.

Summary

More money isn't the only—or the best—tool we have to improve education in Pennsylvania. Despite record levels of funding, children across the commonwealth are still trapped in failing schools. School choice is the tool that can help each child access the education that is right for them. Pennsylvania's children deserve that.

Excellent Schools PA was founded on the belief that every student, regardless of their race or socioeconomic status, has the right to a high-quality education, that equips them with the knowledge and skills needed to be successful adults.