



## **Pittsburgh Public Schools 2016 Budget**

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Good afternoon. I am pleased to provide testimony today on behalf of A+ Schools: Pittsburgh's Community Alliance for public education.

Because your general fund budget is your largest and most impactful policy document, it deserves significant attention from the board, administration, and the community. That's why we're here.

First, we commend the board and administration for beating your past three budget projections and rendering budget surpluses rather than deficits. Three years ago, we thought we'd be broke by now and we're not. Congratulations and thank you. As we understand it, this positive trend is due to both tightly managed expenditures and better than expected tax receipts. You also raised taxes two years in a row a practice we do not recommend continuing.

Before I share our recommendations for further action, allow me to share some basic findings of our analysis of Pittsburgh Public Schools' financial position.

Pennsylvania has one of the greatest disparities in spending between rich and poor districts and is one of only three states in the nation not to use a formula to fund its schools. The result is that local districts end up bearing a majority of the costs of education, which only further exacerbates inequities. For this reason, A+ Schools along with 50 some other organizations here in Pittsburgh and across the State, has been advocating for a Fair Education Funding Formula.

At the local level, however, Pittsburgh fares better than most districts with the share of state and local funding it receives.

Compared to the seven largest districts in Pennsylvania, Pittsburgh Public:

- Is the highest spending, spending more in almost every budget category, but especially instruction, support services, and debt and financing uses.
- Benefits from the highest per pupil basic education fund (BEF) subsidy (yes bigger than Philly)
- Has the 2<sup>nd</sup> most generous local tax support
- Has the 2<sup>nd</sup> lowest teacher to student ratio

A+ Schools has sought for the past several years to understand how PPS is investing its generous state and local support to students. Although we've reviewed several years of budgets – district and site based, we still cannot identify a rational explanation of how dollars are being driven out to students and schools, Here is what we have found:

Approximately 86% of the district budget is spent directly on students; this is a good thing. However, only about half of that is allocated in a way that we can track and that is through site based or school-based budgets. Those budgets include average teacher salaries, principal salaries, some supplies, and small amounts of discretionary dollars for paraprofessionals or other uses.

The remaining half of funds spent on students gets distributed directly from central administration and is not tracked to the school level or reported on per pupil basis. It includes transportation, facilities and maintenance, school security staff, nurses, and other costs. Consequently, we cannot say which schools have lower transportation or facility costs, or how nurses, security staff, and custodians are allocated and whether or not its equitable or effective.

This is a big concern for us and should be for you as well. If you can't know how half of your dollars dedicated to students are being driven out to students or schools, you can't monitor or adjust policy so that those dollars get to the kids that need them most and in ways that improve their educational success.

When we look only at the site based budgets, that include Title One funds, we found the following:

There is not a statistically significant relationship between spending and student income level, meaning that schools with higher percentages of low income students are not necessarily allocated more dollars (see below). This is particularly surprising because Title I resources are distributed based on student need. Our analysis suggests that other factors are negating the effects of Title I investments.

Additionally, we included other factors such as IEPs, student stability, and race we found that more vulnerable schools are not necessarily allocated more dollars.

We were curious about what other school factors might predict the amount of dollars allocated to school budgets. We analyzed multiple spending models that included the following school factors to try and answer this question:

- School enrollment
- Grade configuration
- Percent of students identified as economically disadvantaged
- Percent of students with non-gifted IEPs
- Percent of Distinguished teachers
- Percent of black students, and
- Percent of white students.

Of all the factors tested, only **enrollment** and **grade configuration** predicted per student spending in 2014-15.

What we found particularly concerning is that five of the 11 top-spending schools have significantly lower than average capture rates, meaning fewer students living within the schools' feeder pattern chose to attend these schools. Generally speaking we are spending \$1,100 more per pupil in schools that significantly fewer families are choosing.

The losers in this scenario are kids. Our investment in kids is really dependent on how big their school is, not what their needs are. Further we have no evidence to suggest that the larger investments in kids in small schools is getting them what they need as they have some of the largest achievement gaps in the district.

Therefore we have the following recommendation:

**Establish a student based budgeting model** – As the District drives dollars out to schools, it should be done with the needs of the students in mind and with an eye towards ensuring that all children can reach or exceed our shared standard of success - graduation. To do this the District would need to:

1. *Establish a base cost of educating students* - There should be a robust discussion benchmarking against other districts and using state models that determine what it would cost to educate Pittsburgh's students to the standards set for them.
2. *Count students* – Once that base cost is established, dollars should flow to schools based on their populations, which starts with the number of students in the building.
3. *Add adjustments for students with greater needs* – Once a base cost is established, fair funding formulae then take into account the specific characteristics of students and allocates additional dollars to students with greater needs such as those who have exceptionalities, are poor, are homeless, and are English language learners. These dollars should follow students to schools to ensure that funds are fairly distributed to meet student needs.

**A strong student-based budgeting model can:**

**Prioritize student outcomes** -. Every investment in schools should be part of a deliberate strategy to increase access to higher performing schools and/or to improve student outcomes at others. This may include increasing enrollment capacity at already stronger performing schools and investing additional resources at schools demonstrating progress toward better outcomes.

**Provide greater autonomy to principals while holding them accountable for results** –Building leaders need to have the tools to decide (within the limitations of federal, state and local policy) how to best to spend resources to meet student needs and improve student achievement and outcomes. The Board should have a robust discussion of what measures (increased enrollment, student achievement data, graduation rate, college going rates, etc.) should be looked at to judge principal and administrator performance. Giving building leaders and their staff greater freedom would empower the education professionals in our district, unlocking their potential, and providing greater innovation and care of children.

**Create transparency and inspires confidence among families and taxpayers.**

If we truly want to achieve a vision of schools that provide each individual student with the supports he or she needs to graduate high school and pursue job training and/or college, we need to start focusing the resources we do have on each student.

Thank you.