



Don't Blame School Choice for Philly's School Funding Fiasco

By Jason Bedrick
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Philadelphia's government schools are in the midst of a financial crisis and anti-school choice activists think they found the perfect scapegoat.

Earlier this week, the group Americans United (AU) attacked Pennsylvania's scholarship tax credit program, claiming that it was partially responsible for Philadelphia's budget woes.

For the second year in a row Philadelphia's public schools are struggling to open on time, and it appears deep budget cuts – including money siphoned for a voucher-like program – are to blame. [...] That's why it's important to remember that when voucher [sic] programs expand, it often comes at the expense of public schools.

First, it's curious to note that in more than 650 words about Philly's school funding fiasco, the AU blogger could not find space to mention how much Philadelphia actually spends per pupil. Perhaps that's because citizens are far less sympathetic to educators sticking out their hands for more money when they learn how much is already being spent. Consistent with previous studies, a recent *Education Next* survey found that support for increasing government school spending dropped from 63% to 43% when respondents were first told how much the schools currently spend.

Philadelphia's schools are well-funded compared to the national and state averages. As Andrew J. Coulson observed last September, the Philly school district spent nearly \$16,000 per pupil in 2013-14, which is about \$3,000 above the national average and about \$1,000 more than Pennsylvania's statewide average. It's even \$1,600 more than in-state tuition at Temple University. The \$32 million budget cut that AU laments is only about 1% of the city's \$3.03 billion budget (p. 54). Moreover, that "cut" came entirely from temporary stimulus funds that had expired.

The AU blogger does not even try to explain how the Educational Improvement Tax Credit (EITC) supposedly harms government schools. The EITC grants tax credits worth 75% to 90% of corporate donations to nonprofit scholarship organizations that help low- and middle-income families select the schools of their choice. The scholarships averaged

only \$990 in 2011-12, which is barely 6% of Philadelphia's per pupil expenditures. Scholarship organizations can use up to 20% of the donations they receive for administrative purposes, so even assuming that every organization used the maximum administrative allowance (though a 2010 state report [p. 33] put the average at 8%), that's still only \$1,237.5 per pupil. Even assuming that every donor received the maximum 90% credit, the EITC reduces revenue by only \$1,113.75 per pupil, which is still only about 7% of what Philly spends per pupil.

A 2014 report by the Show-Me Institute estimated that if every scholarship recipient were to re-enter the government school system, it would cost Pennsylvania an additional \$826 million per year. If all 59,218 scholarship recipients would have attended private school anyway, then the state is forgoing about \$66 million in revenue under the extremely conservative assumptions above. However, given that the average scholarship family's annual income is only \$29,000 (p. 31), the actual number of students who would have attended private school anyway is likely quite low—certainly far lower than 93%, which is the breakeven point.

In other words, the EITC saves a significant amount of money statewide. The AU needs to find another scapegoat.

They also need to find a new champion—though they railed against Gov. Tom Corbett for supporting the EITC, his electoral opponent Tom Wolf supports it as well, calling it “an effective tool to invest in education and support student learning in a multitude of educational settings.”

So what's driving Philly's budget woes? The same growth mismanagement plaguing Pennsylvania statewide:

Pennsylvania public school spending has rapidly increased despite declining enrollment, with little growth in academic achievement to show for it. Since the 2000-01 school year, public school spending has risen 71 percent, from \$15.3 billion to \$26.1 billion (not adjusted for inflation) in the 2010-11 school year. Over that time, enrollment in Pennsylvania public schools declined by 1 percent, or 22,537 students (from 1,799,691 to 1,777,154), while schools have hired an additional 32,937 more employees, or an increase of 26 percent (from 123,231 to 156,168).

Philly is also spending a lot more on many fewer students. A new Commonwealth Foundation report shows that the Philadelphia school district's per pupil expenditures increased 21% in inflation-adjusted dollars from 2002-03 to 2012-13, while enrollment fell 25% over the same time period.

Had Philadelphia's spending merely kept pace with inflation, it would be spending half a billion dollars less today. That would be enough to give all 137,674 students in Philadelphia's government schools a scholarship of \$3,632 to attend the school of their choice, more than 3.5 times the average EITC scholarship. Plus, there would even be \$2.5 billion left over for the edocrats to run empty schools.

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