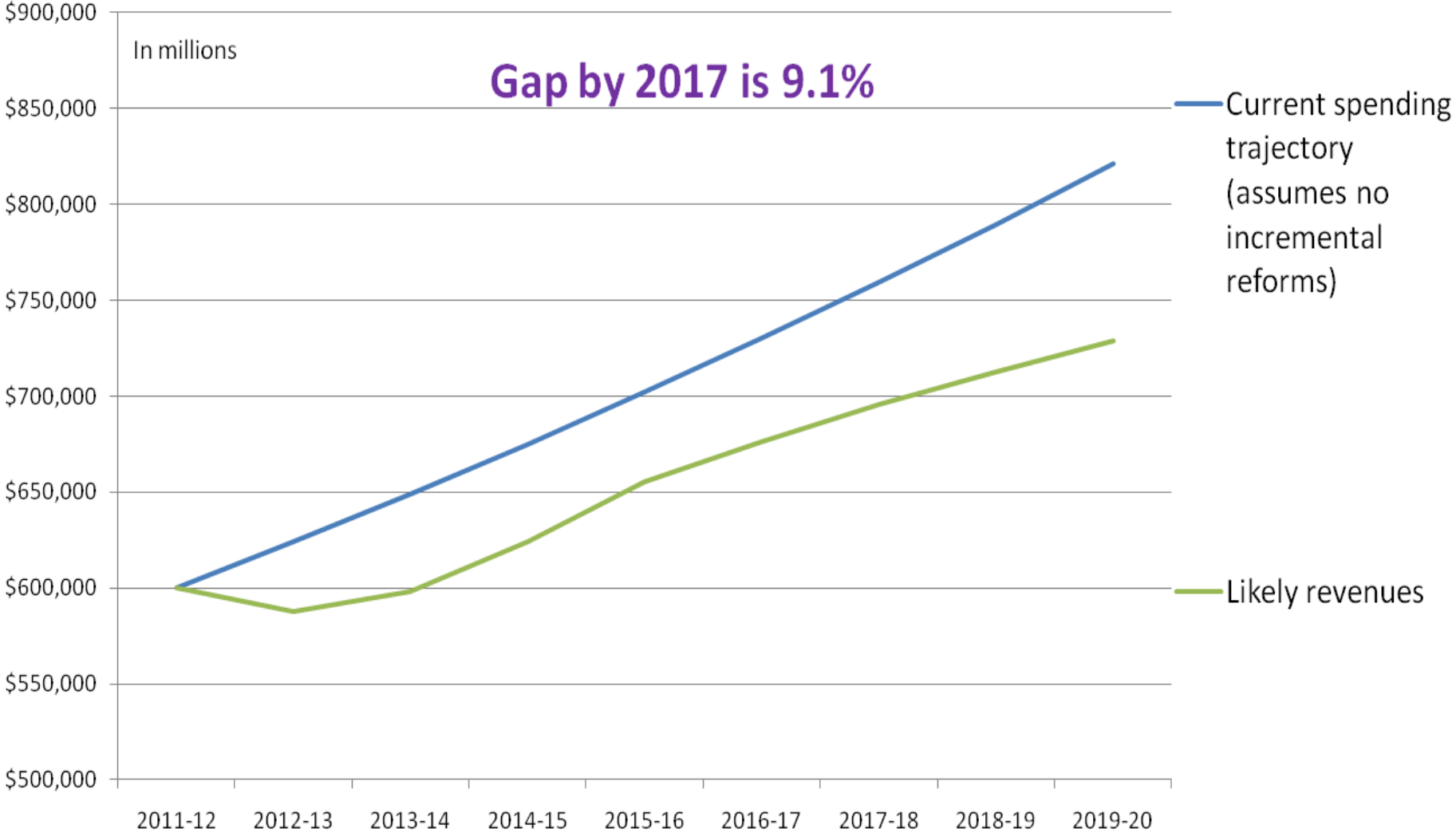

Rethinking state education finance toward greater productivity

Marguerite Roza

Built-in cost escalators outpace revenues



What we've been doing is not an option

Three paths forward:

Scenario #1: Slow cuts that work to erode public education

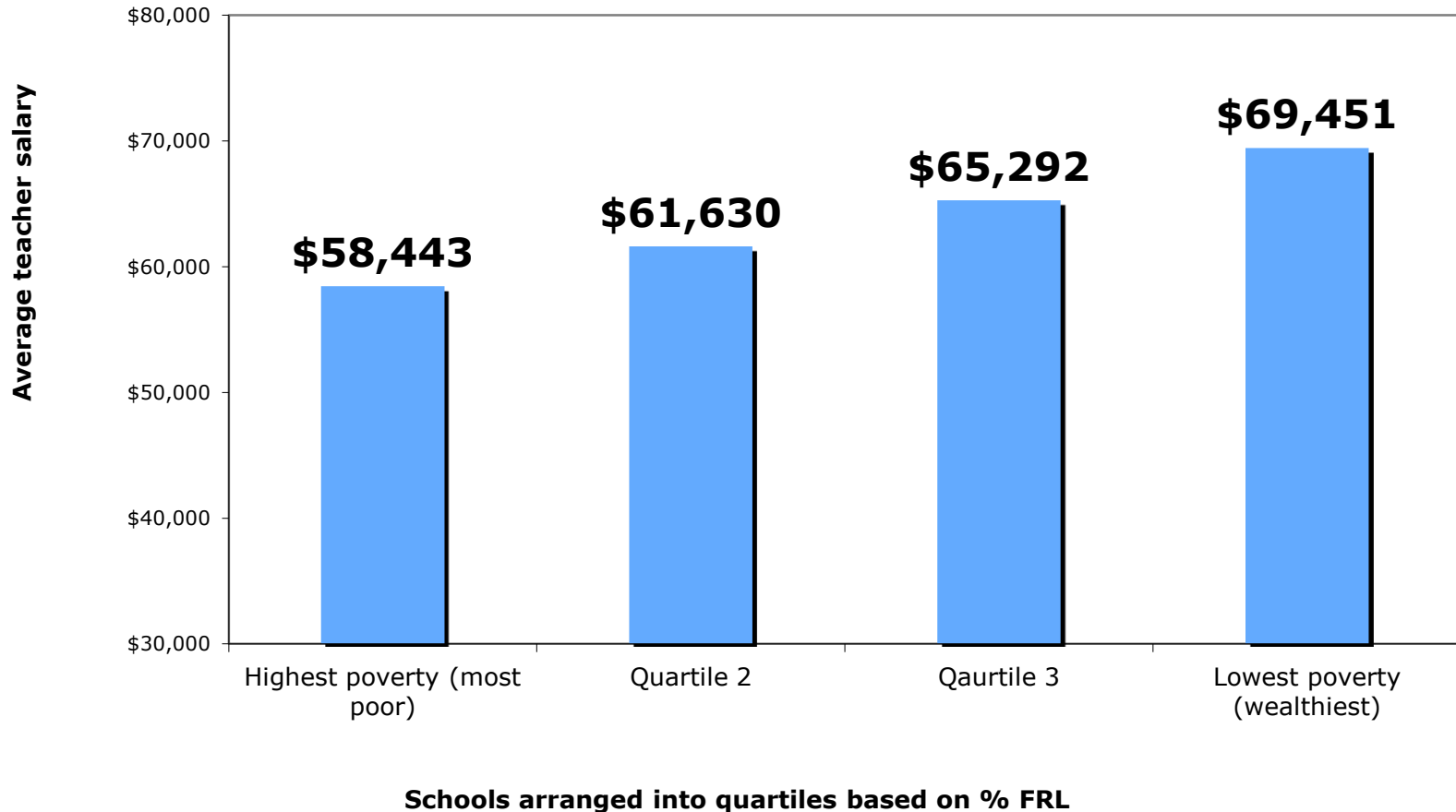
Scenario #2: Tinker around the edges, trying to protect students and learning

Scenario #3: Redesign schooling to improve processes and outcomes, and sustainability

The Context:

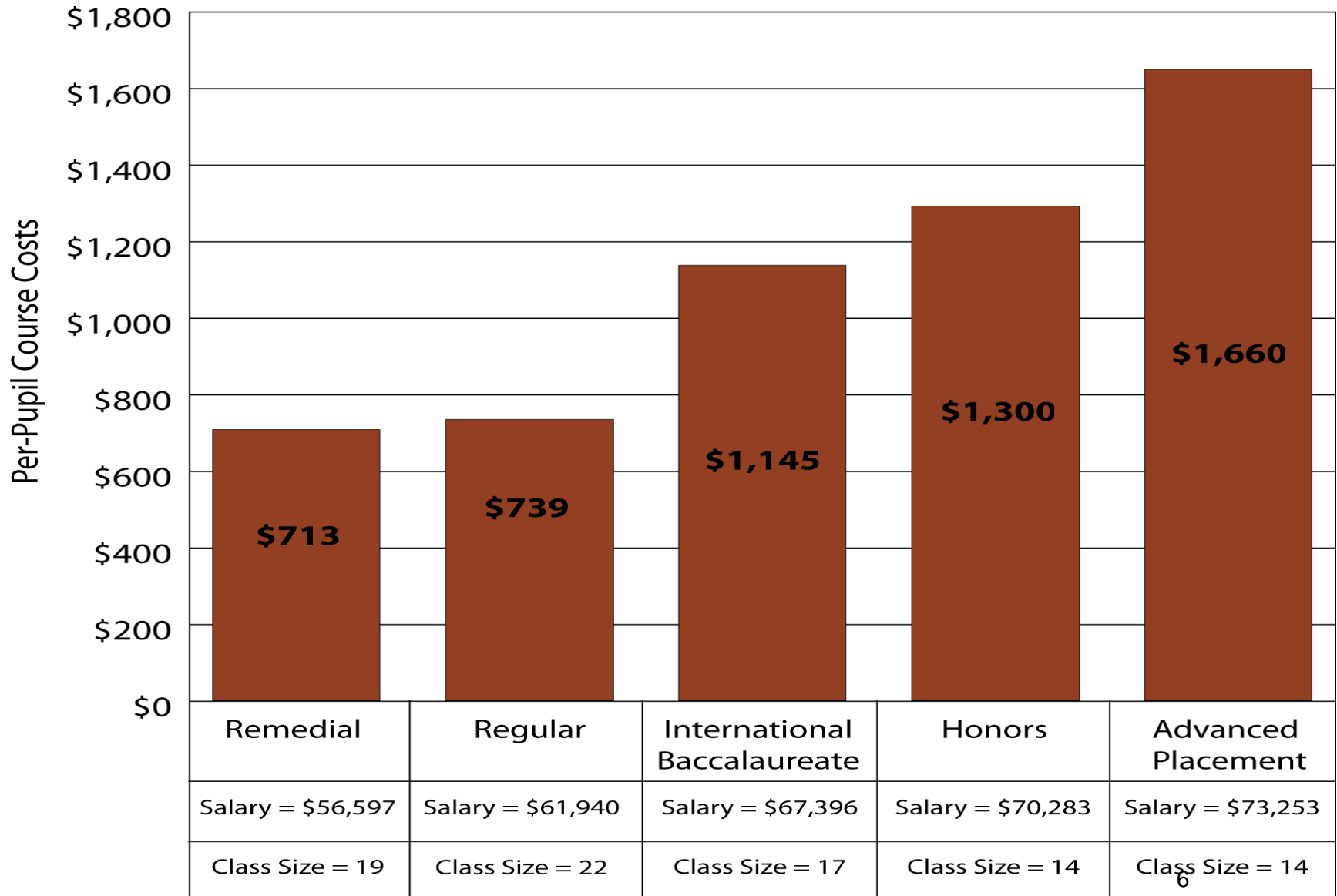
1. Resource allocation practices works drive resources in ways that conflict with goals
2. Resource constraints clarify tradeoffs
3. Rapidly changing schooling processes that enable dramatically different approaches to serving students.
4. State finance formulas matter

Within districts, teacher salaries, benefits, pensions disproportionately benefit wealthier students



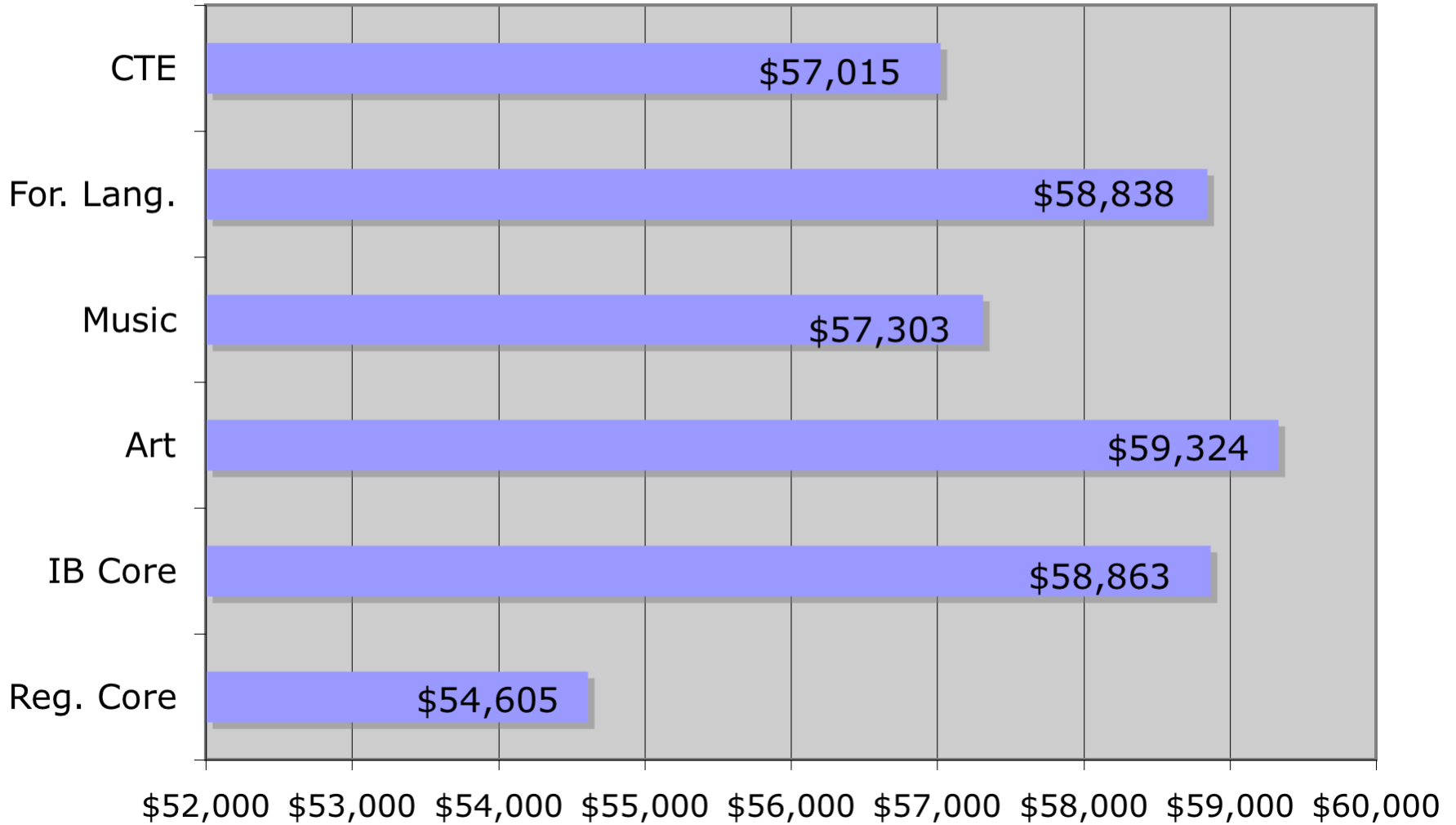
Inside high schools, allocations reinforce achievement gaps

Advanced courses come at a higher price tag for the district

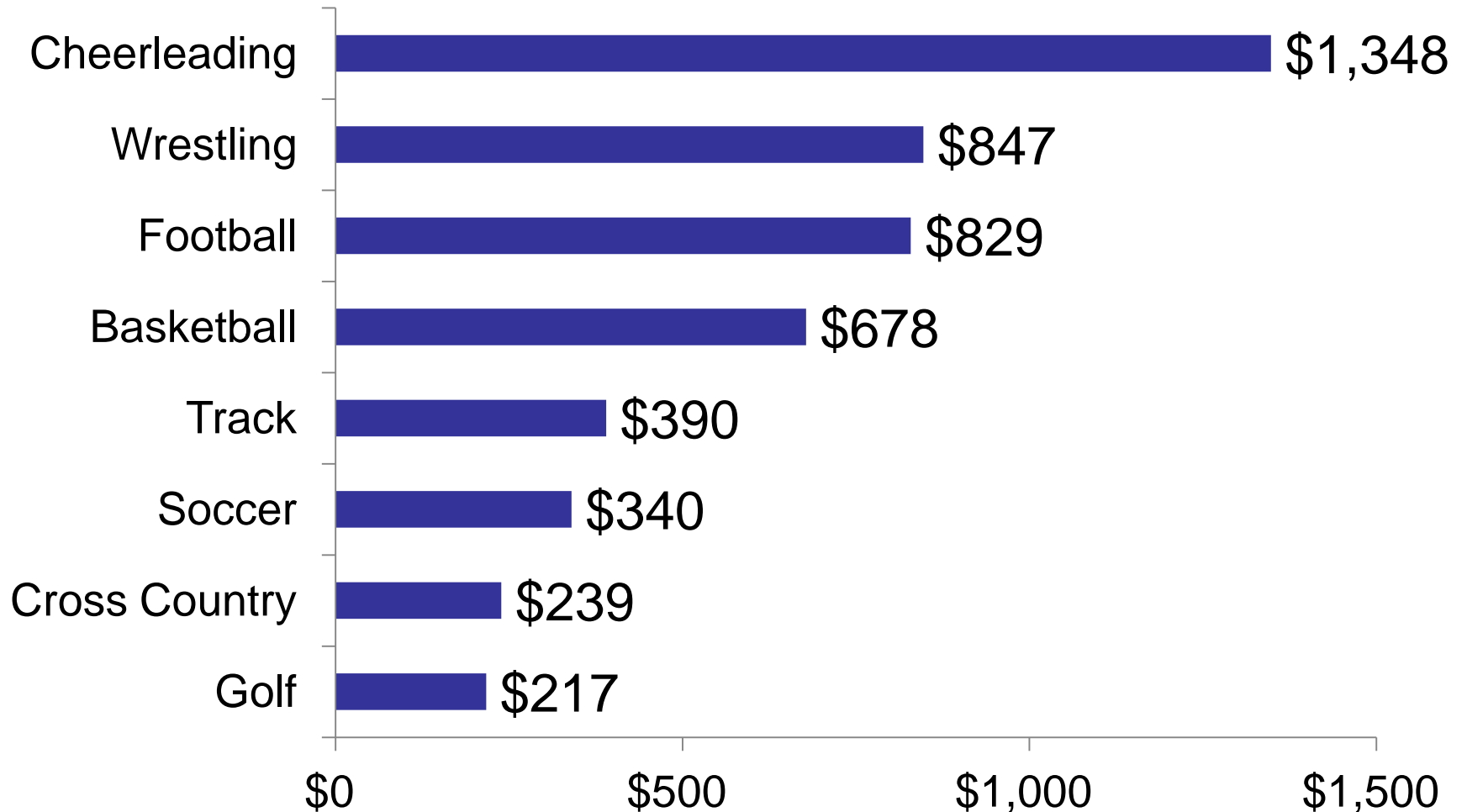


Source: CRPE analysis of 2008 data from an east coast urban district

Average salaries among courses



Computing per player costs clarifies relative costs of athletics



What do you prefer? (survey by Goldhaber & DeArmond)

\$5K bonus

or

**2 fewer students in
each class you teach**

83%

\$5K bonus

or

1/5 of an aide

88%

\$5K bonus

or

**3.5 hours more prep
time per week**

69%

ERS computes more cost equivalent tradeoffs

For the same cost a typical 25,000 student urban district can:

**Reduce class sizes
grades 4-12 by 2**

OR

**Pay the top
contributing 15% of
teachers 10K more**

**Allow benefits
spending to increase
by 10%**

OR

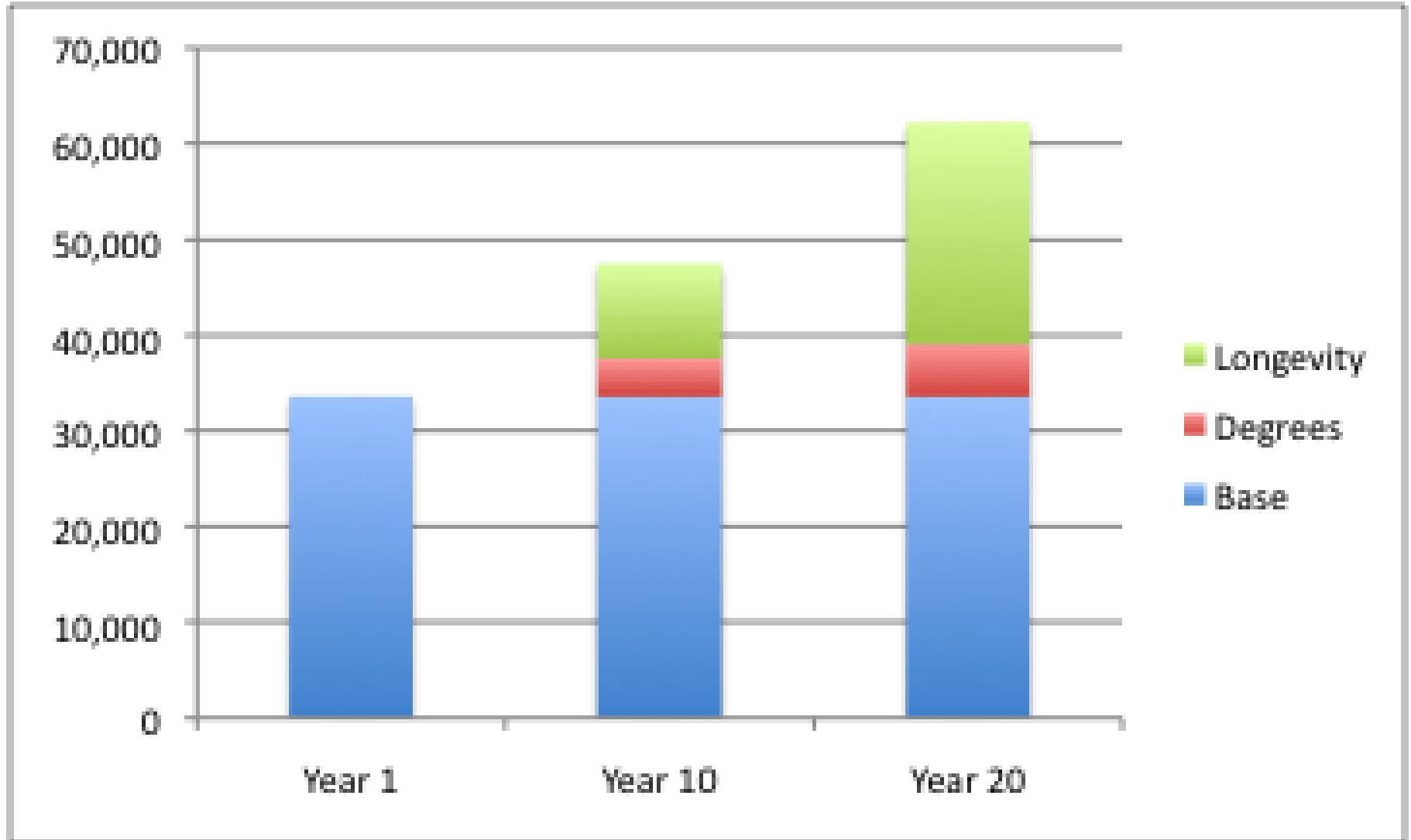
**Add 60 minutes of
school day in the
25% lowest
performing schools**

**Give all teachers
annual step increase**

OR

**Provide half-day
pre-K for 50% of
Kindergarden
students**

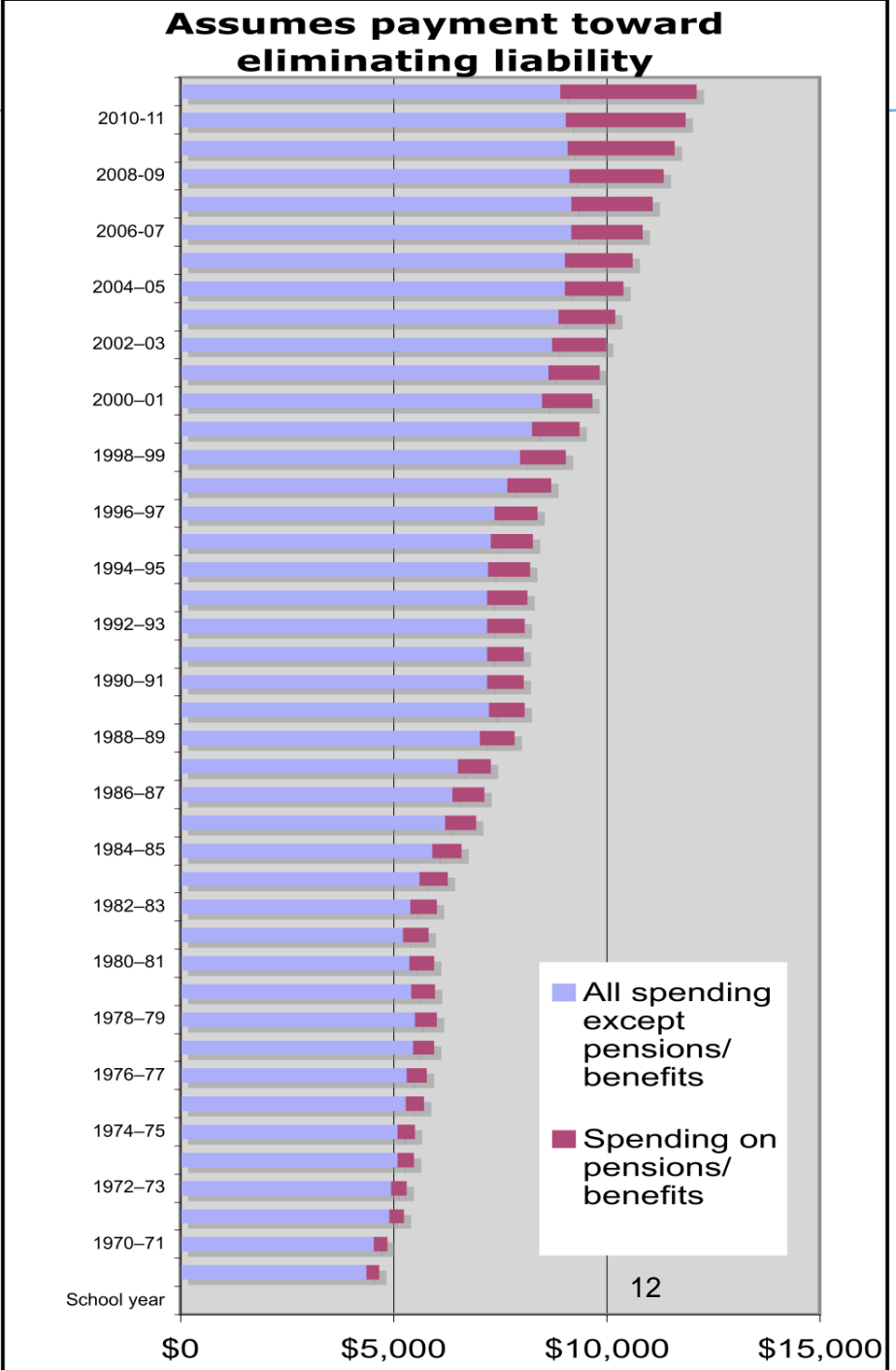
Elements of teacher compensation



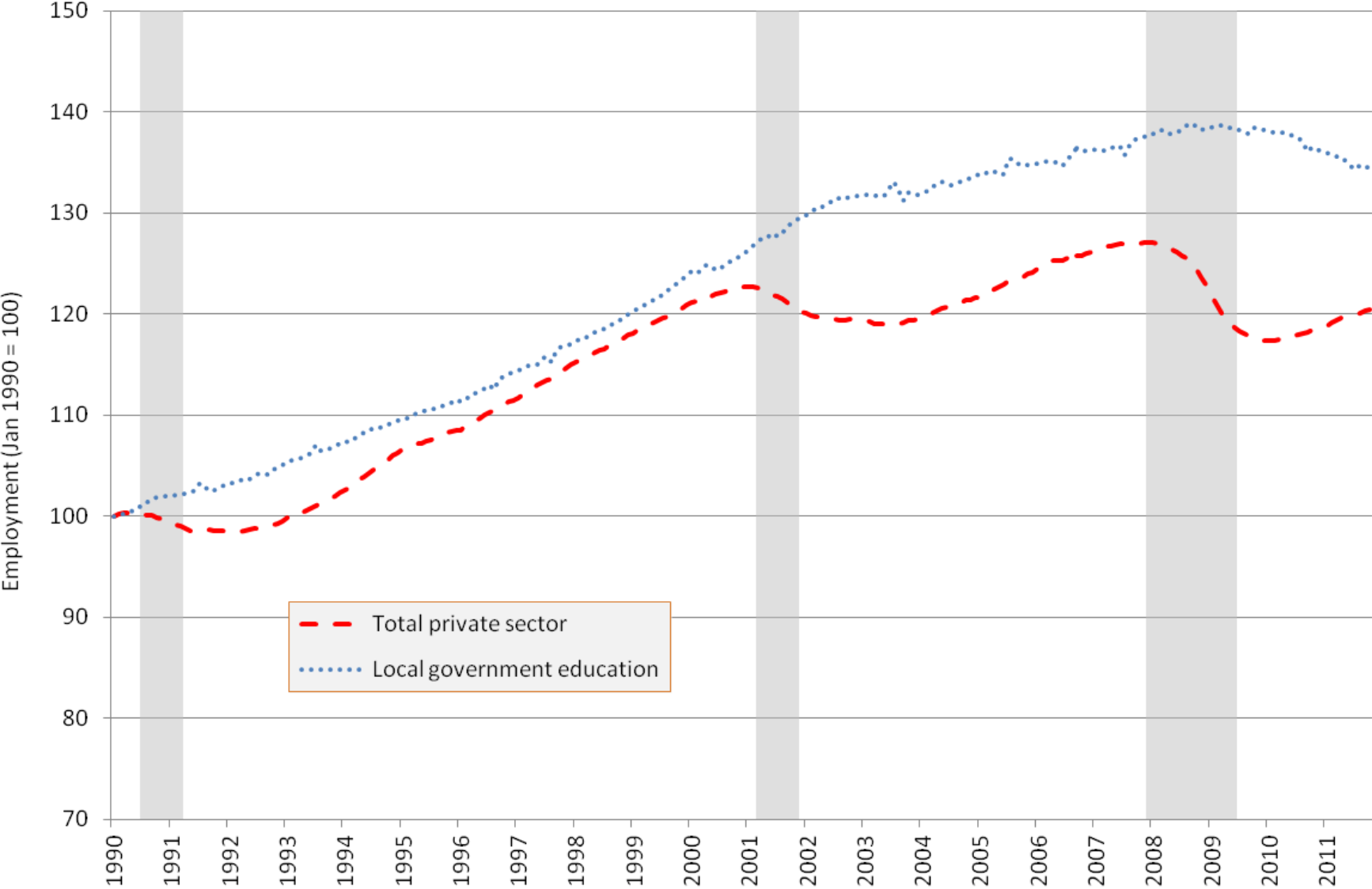
Structural deficit: Benefits consume an increasing share of expenditures

In NY, benefit costs jumped from 15% of total spending in 1990 to 21% in 2010.

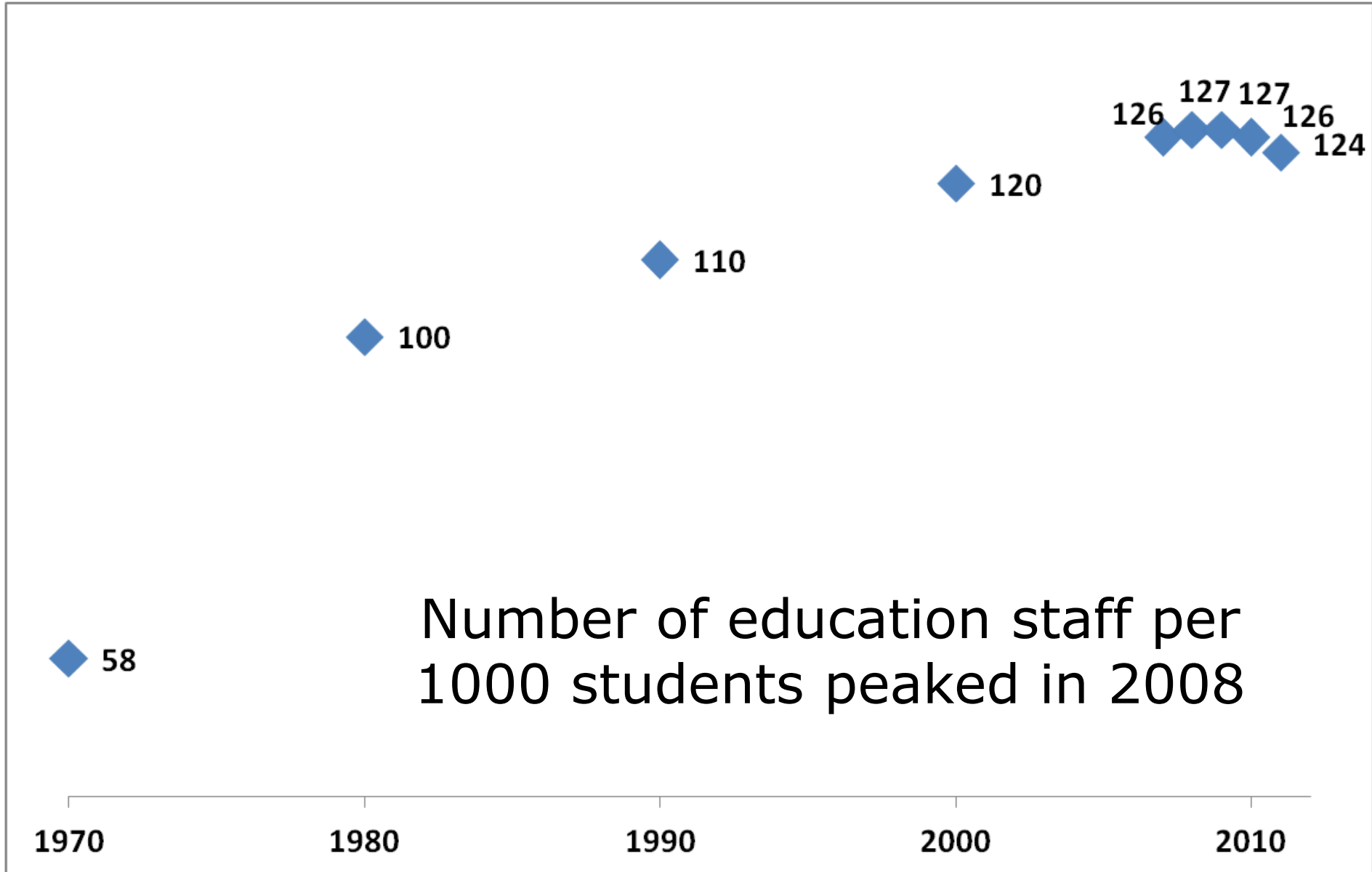
Author's projections on nationally representative data



Public education staffing had been growing through recessions and only now starting to fall.



What will happen to staff in coming years?

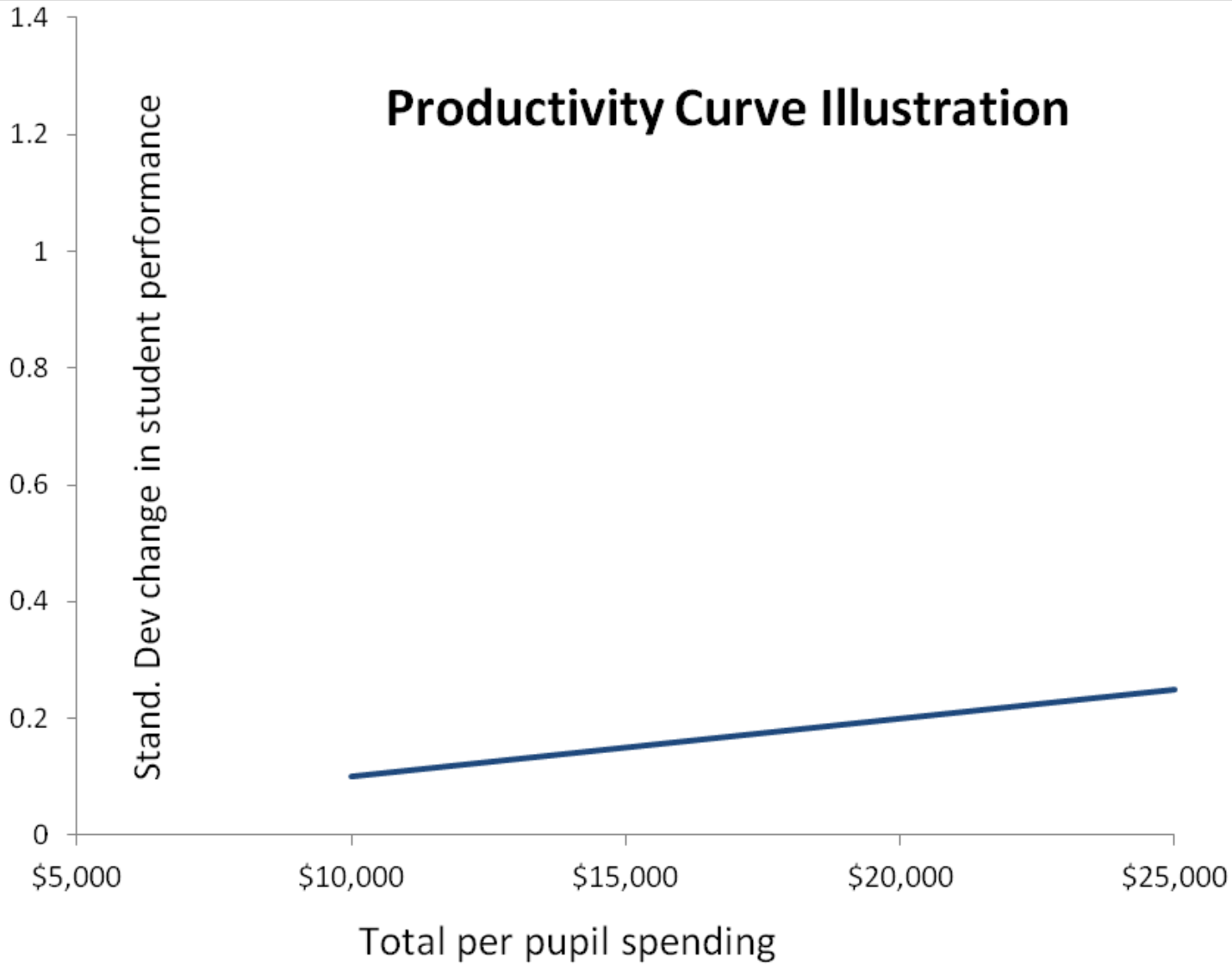


Education processes are changing

- Mass customization
- Technological efficiencies
- Information systems that inform teaching, learning, effectiveness

Productivity Curve Illustration

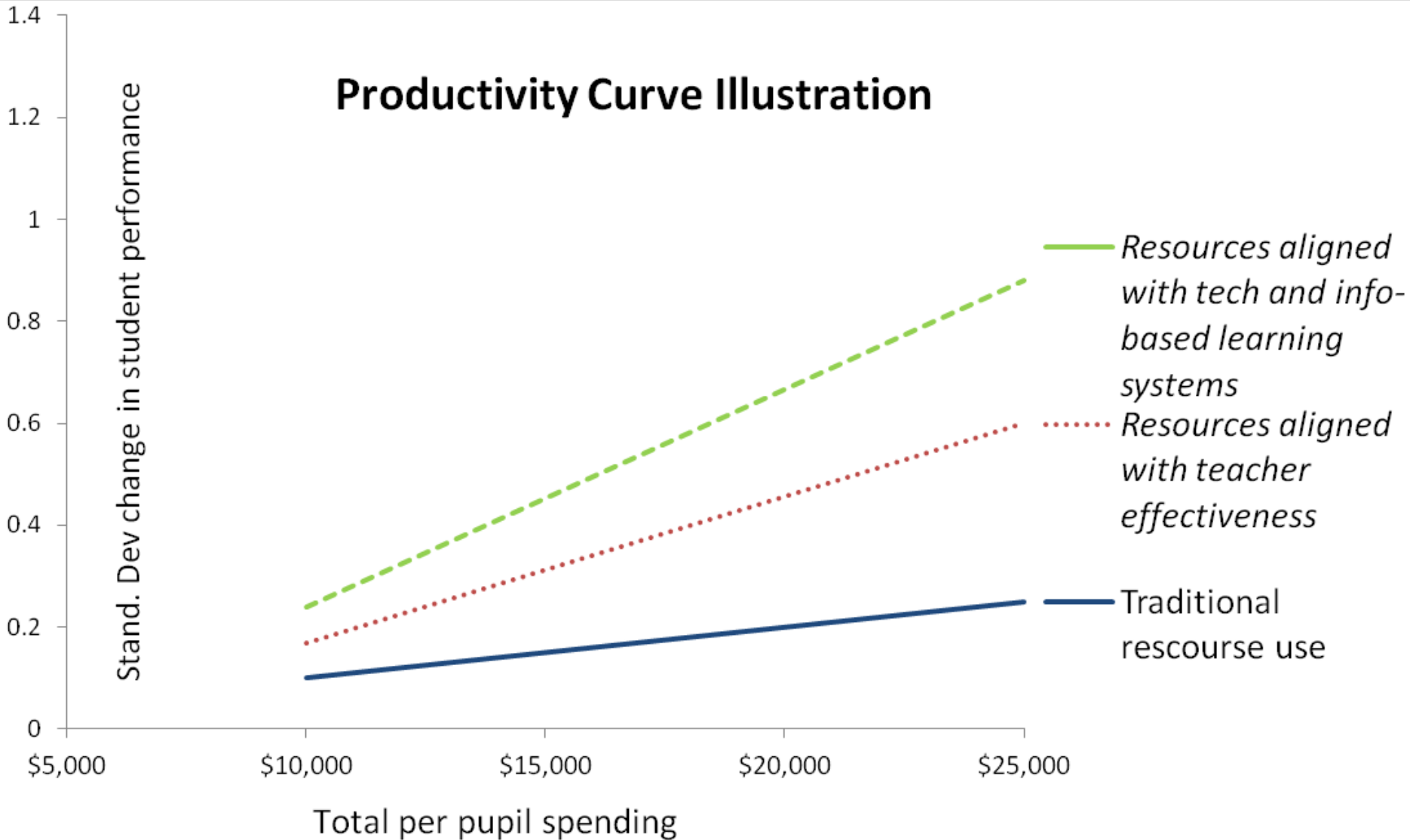
Stand. Dev change in student performance



Traditional resource use

Productivity Curve Illustration

Stand. Dev change in student performance



Resources aligned with tech and info-based learning systems

Resources aligned with teacher effectiveness

Traditional resource use

Total per pupil spending

State finance formulas can be levers for change...

DO:

- Fund students and student types
- Ensure portability, flexibility
- Promote innovations in productivity
- Foster new schooling options near failures
- Eliminate regulations on time and process
- Measure productivity
- Build information systems

DON'T:

- Fund processes, or inputs (including staffing)
- Perpetuate hold harmless provisions
- Protect small districts
- Continue funding failing schools
- Perpetuate unsustainable benefits structures

What will happen to staff in coming years?

Number of staff per 1000 students

