

## Reinventing Public Education

In this year's State of the Union, President Clinton challenged America to adopt tough new national education standards. This is critical to preparing our young men and women -- and therefore our country -- for the information age economy.

Our public schools must help students to reach these higher standards. But in order to do that most of the school systems in the country will have to begin the process of reinvention which is so familiar to local, state and federal governments.

In the coming months Vice President Gore will travel the country discussing ways in which school leaders can get the most out of their tax dollars. He will encourage everyone concerned about the education of children -- from parents to the administrators who run schools -- to ask some basic questions about their public school systems.

### Seven Questions Parents need to ask about their Public Schools.

**1) How much money is being spent on my child in his or her classroom?**

A variation of this question has been - what percentage of every education dollar is spent directly on the education of a student? However, in many school districts the Federal government provides a large amount of money for children with special needs. Since it costs more per child to educate handicapped children and other children with special needs these dollars often make education spending per child look artificially high. So parents need to ask -- How much money is being spent on my child in his or her classroom? Until the question is asked in this way parents won't be able to figure out if the children in regular education need more money.

**2) Is there a relationship between spending on education and on how much my children learn?**

The broad statistical answer to that question is no. Between 1970 and 1990 education spending per student increased from \$3,269 per student to \$5,582 per student in constant dollars and yet student performance on a variety of tests remained stagnant. Stagnant student performance has been as common in school districts where there are

adequate resources serving relatively advantaged populations as it has been in poorer districts.

These broad statistics lead some to conclude that more money isn't the answer. But that is obviously not true. Many school districts in this country are underfunded and in desperate need of more money. But in those places where more money has been spent without improvements in student performance parents need to ask whether or not the money is being spent wisely.

**3) What percentage of the people employed in my school district are teachers?**

The United States spends a greater proportion of its education payroll on nonteachers than any of the other industrialized countries studied. In the last year for which statistics are available - 1993 - only 52% of those employed in public education in the United States were teachers. The percentage of teachers as a total of those employed in public education in the United States has ranged from 54% in 1983 to 52% in 1993 - a percentage lower than that in any of the 10 industrialized countries shown in the following table.

[OECD table here]

There may be legitimate reasons why there are so many nonteachers on the payroll in your district. But to get to that you need to ask the following question.

**4) How does the money spent on "overhead" and administration contribute to what goes on with my child in the classroom?**

We know management failure when we see it on colossal terms as we do, unfortunately, in some of our oldest and biggest cities. A few weeks ago, the Washington Post asked:

*"What does a school system that has some of the lowest test scores in the nation do with \$594 million a year? How do D.C. schools allot \$7,389 per student -- among the nation's highest spending rates -- and still wind up short of books, crayons, toilet paper and, in some schools, even teachers?"*

The answer was a tale of corruption and mismanagement, filled with stories of how, over a five year period, the D.C. school district had spent \$50 million more on administrative personnel than they had been authorized and how they had taken the money from funds that should

have been spent on textbooks, field trips, athletics and other things directly relevant to the student.

Stories of bureaucratic breakdown are all too common in many of our biggest school districts where inadequate planning, excessive numbers of nonteachers and perpetual mismanagement have only added to the problems that our poorest children face. Nevertheless, runaway bureaucracy is not limited to large urban school districts. And, as we have found in reinventing government at all levels, streamlining management can often lead to dollars that can be better put to use in other places such as the classroom.

**5) What percentage of the school day does my child's teacher spend teaching and what percentage of the day does he or she spend on administrative and other paperwork?**

We know from our work in reinventing government that bureaucracies that are too top heavy tend to generate rules and regulations that distract people from doing the real work of the organization. "Real work" at OSHA (the federal government's Occupational Health and Safety Administration) meant filling out forms not inspecting workplaces -- until they did some reinvention.

There are some schools that are so wrapped up in rules and regulations dictated from the management that teachers must spend more and more time on paperwork and less time on teaching. One study found teachers only spending 30% of their time on teaching. As one expert said - "Teachers spend most of their time 'complying' not teaching."

**6) Does my school district allow me to choose the public school my child can go to?**

Public school choice introduces the much needed element of competition into the public school system while strengthening the system. When parents are allowed to choose their child's public school the parent's are forced to learn more about the schools and the schools are forced to compete for the students.

**7) Does my state have a law allowing for charter schools?**

Charter schools are public schools that are chartered by the state or by a local Board of Education but that are run independently from the central bureaucracy governing most schools. Freed from bureaucracy and forced to be accountable for educating students, charter schools are valuable laboratories of education in public school systems and

they also spark innovation in the other public schools that must compete with them for students. they also spark innovation in the schools that must compete with them for students.

## **Some Examples of Reinventing Education**

In New York City "site based reporting" showed that out of total spending of nearly \$8000 per student per year -- only \$44 was going to classroom materials. [BusWeek, 4/17/97]

In Texas auditors found \$640 million in inefficiencies in the state's public schools. In one Texas county there were 12 school systems with 12 school boards, 12 superintendents and so on. And only 5000 students. [US News 1/11/93]

When school districts take a long hard look at where their money goes they can often find unexpected sources of funds. In 1992 in Ohio, the 50,000 student school district of Cincinnati, slashed its administration by 51% and used the \$16 million windfall to invest in instructional projects. [US News 1/11/93]

In Durham County North Carolina, schools slashed administrative personnel costs by \$1.7 million by reinventing school food service, schools transportation and school facility management. They were able to spare their instructional program from cuts that needed to be made and scores went up and drop out rates went down. [Education Digest, 2/93]

When Nashville Tennessee schools crunched their numbers they discovered that they were spending 24% of their budget on operations such as maintenance, compared with 18% for a typical large school district. That resulted in a program to bring down operating costs and

a goal of increasing the percentage of the operational budget that goes directing into instructional spending every year, according to Edward Taylor, Assistant Superintendent of Metro Nashville. [BusWeek, 4/17/95]

In Seattle, the school district shrunk its central administrative staff and is working to cut red tape. They hope to replace 300 pages of documents with a 25 page contract. Teachers unions and the school district recently agreed to an innovative 8 page "trust agreement" that commits to partnership and to school based decision making. [Dept. of Education, ACE program, 11/5/96]

In Omaha, Nebraska, the school Board reviewed its expenditures and found it was spending too little on direct instruction. They committed to raise the percentage of spending on direct instruction in one year. [Speakman, 3/11/97]

Educ - VP

To: The Vice President  
From: Elaine  
Re: Reinventing Public Education  
Date: 3/10/97

**1. Establishing Standards as part of competitiveness in the 21st century -- the move from quantity to quality.**

In this year's State of the Union, President Clinton challenged America to adopt tough new national education standards. This is critical to preparing our young men and women -- and therefore our country -- to participate in the information age economy.

For years we measured education by quantity. Since the 19th century Americans have stayed in school longer and longer. School has been a good investment - for the individual and for the country.

Now, as we move into the next century we find that we must look at quality as well as quantity. For the last two decades the rate of increase in the number of years of schooling Americans complete has slowed dramatically [Hanusheck, p. 15] and a number of our major international competitors have high school completion rates like ours. [Hanushek, p. 18]. Suddenly we are forced to look at what children learn in school. We are faced with the challenge of increasing quality as well as quantity.

**2. More money hasn't bought an increase in quality -- or rising expenditures and falling performance.**

A look at the recent history of student performance and educational spending highlights a central mystery of the state of American education today. In 1890 we were spending less than 1% of GNP on public schooling; in 1990 we are spending more than 3.5% of GNP on public schooling. Between 1970 and 1990 education spending per student increased from \$3,269 per student to \$5,582 per student. This increase, of 3 to 3.5% per year -- is the same as it has been for nearly a century.

In addition three factors generally thought to contribute to educational performance have moved in the right direction. The pupil-teacher ration has decreased, the percentage of teachers with master's degrees has increased and the median years of teacher experience has increased. [See attached chart from Hanushek] And yet performance has been flat in spite of these trends. We are spending more money and not getting anything for it.

Stagnant performance is as common in school districts where there are adequate resources serving relatively advantaged populations as it is in poorer districts.

### 3. Restructuring for the Information Age.

The lack of correlation between higher education spending and higher student performance should not be taken to be an excuse for lower or stagnant education spending. Indeed many poor school districts are dramatically underfunded and the financing of schools has led to a heated debate about educational equity which is important to consider in its own right. In addition, there are powerful societal changes, most importantly the decline in two parent families, that we know are important to children's educational performance.

But in government we can affect some things more than others. The mystery of higher spending and stagnant performance leads us to ask --

- What will school districts have to do to meet the challenge of the 21st century and turn out adults who are competitive in the information age economy?
- Can we manage our education dollars better?
- Is there a way to get better results from the dollars we spend?

In some senses public school systems are no different than other large organizations in this society that have had to confront the challenges of global economic competition. In the public sphere and in the private sphere large organizations are finding that the information age calls for a different way of doing business. Hugh Price, (President of the Urban League??) told the President the other day that when the auto industry found themselves losing out to Japanese imports they had to go back and rethink their old ways of doing business. They had to retool their assembly lines and cut their overhead. Sheree Speakman who works on education reform issues for the accounting house Coopers and Lybrand, calls public education "the last unstructured industry in America." And the social theorist and former White House official Bill Galston says that there is a mismatch between centralized, bureaucratic governance structures developed for an industrial economy that are colliding with the educational systems needed for an information economy.

These comments track my own experience in reinventing government. President Clinton and I inherited a federal government in

which good people were trapped in bad systems. There were too many people at the top writing rules for those who were supposed to be doing the work. Through no fault of anyone in particular, years of rules and regulations telling the federal bureaucrat what he or she could not do had had the effect of obscuring what they should do. The core mission of many agencies had gotten lost in layers of bureaucracy. In too many places more money didn't mean better performance - contributing to even more public disillusionment with government.

There is some evidence that bureaucracy is a culprit in educational performance as well. In 1983, a study in the Digest of Education Statistics found that full-time classroom teachers represented barely half (54%) of all local school employment; administrators represented 13%. [Digest of Education Statistics, Dept. of Education, 9/86; Table 47.] As we have learned in the reinvention of the Federal government, top heavy administration not only takes money from people on the front lines and diverts it to people in the front offices, in order to justify their existence too many people at the top will generate so much bureaucracy for those on the front lines that they will not spend enough time on their core mission. Speakman found that in some schools teachers spent 30% of their time teaching and the rest of their time "complying" with bureaucratic requirements foisted on them by overly centralized school bureaucracies.

In seeking to remedy the problem of excessive bureaucracy in the Federal government, I looked at successful models from the private sector and found that the first step in changing any business was to focus on the customer and then reorient the rest of the company to the service of that customer. It worked for the American auto industry and for many other industries which were in the doldrums two decades ago and which are now back on top. It is working in some parts of our federal government and in many state and local governments where performance is improving in spite of tight dollars. And it can work for our kids if we follow some basic rules and do some tough thinking.

#### 4. Reinventing the School District.

Start with the fact that the most important person in any school district is -- the customer -- the student. Of course everyone says that but does the organization act as if that were the case? The first step in reinventing public education is for everyone from parents to policy makers to ask:

- Is the student at the center of this system?

- What percentage of every education dollar is spent directly on the education of a student?
- How many of the employees that a school system classifies as "instructional" actually spend their days with students?
- How does the money spent on "overhead" contribute to what goes on in the classroom?
- Are the incentives in the system linked to the performance of the students?
- Do current programs have any effect on performance?
- Does the system encourage parental involvement or does it keep parents out?
- Does the system encourage innovation?
- Is innovation always associated with the need for more money?
- How much of the teacher's day is spent on teaching versus bureaucratically dictated paperwork?

We know management failure when we see it on colossal terms as we do, unfortunately, in some of our oldest and biggest cities. A few weeks ago, the Washington Post asked:

*"What does a school system that has some of the lowest test scores in the nation do with \$594 million a year? How do D.C. schools allot \$7,389 per student -- among the nation's highest spending rates -- and still wind up short of books, crayons, toilet paper and, in some schools, even teachers?"*

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But what about all the other districts in the country? The ones in our small cities, towns and suburbs? While they do not share the same dramatic gap between spending and performance that occurs in some

big city school districts they too could benefit from asking the hard question -- How much of your education dollar actually gets into the classroom?

When Sheree Speakman of Coopers and Lybrand began working on school reform she and Professor Bruce Cooper of Fordham University found that most school districts cannot even answer that most basic question. And its no wonder. School accounting systems, like accounting systems in many other areas of government, were not designed to look at the allocation of resources in that way. The "Insight" program they developed, allows school districts to see where they spend their money by examining every expenditure line in the budget and then allotting it in ways that will show where the money is going.

When you place the reinventors eye on public education opportunities for improvements emerge.

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**5. Conclusion -- Restructure schools to put children first.**

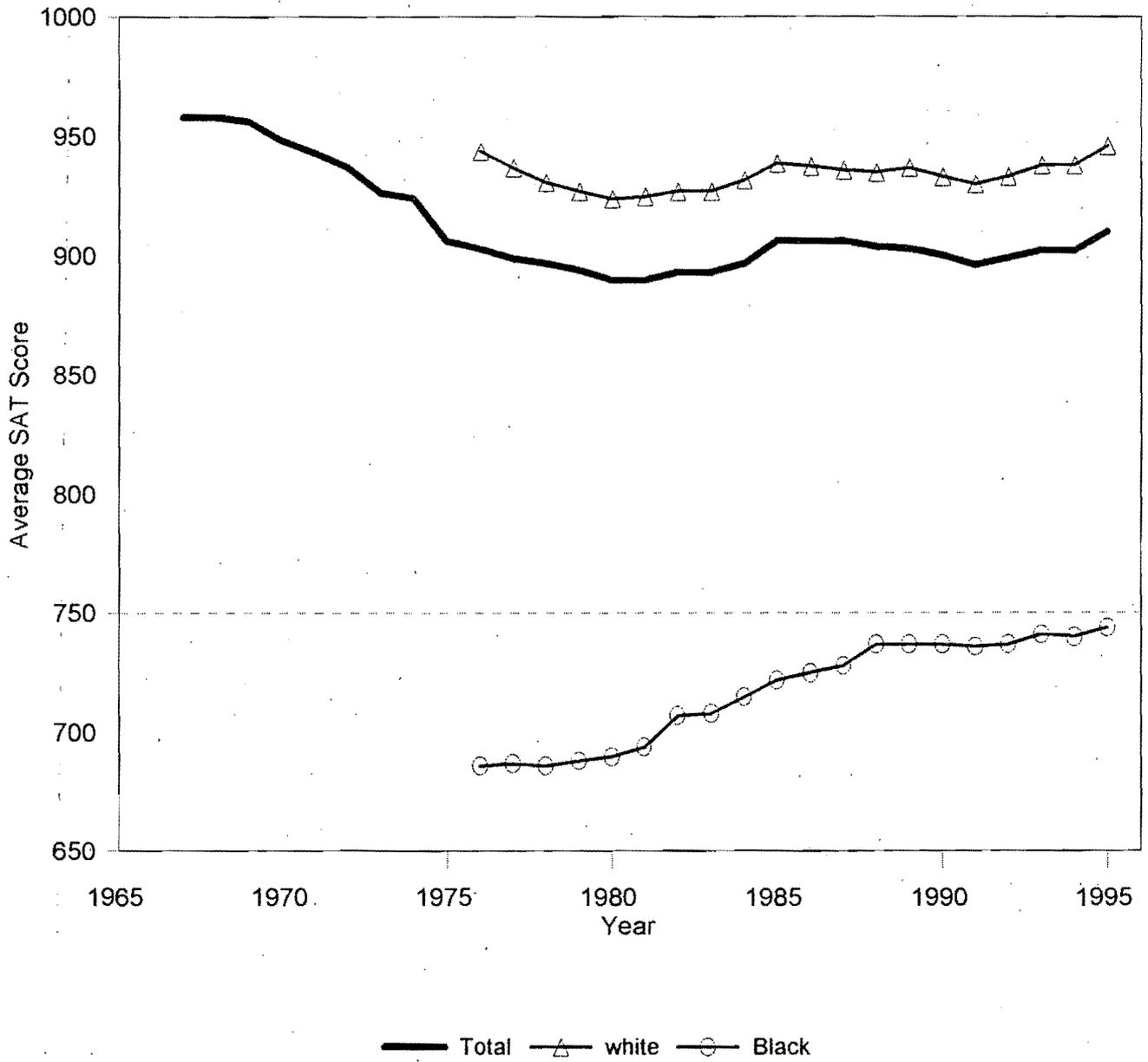
So today, I am calling on school superintendents, school administrators, principals and parents to take a long hard look at the way we spend our education dollars. Remember that the student and those who deal with students day in and day out are the most important people in that system. Create a system that can innovate and learn. Create a system that can deliver the higher standards of the next century.

## Public School Resources in the United States, 1961-1991

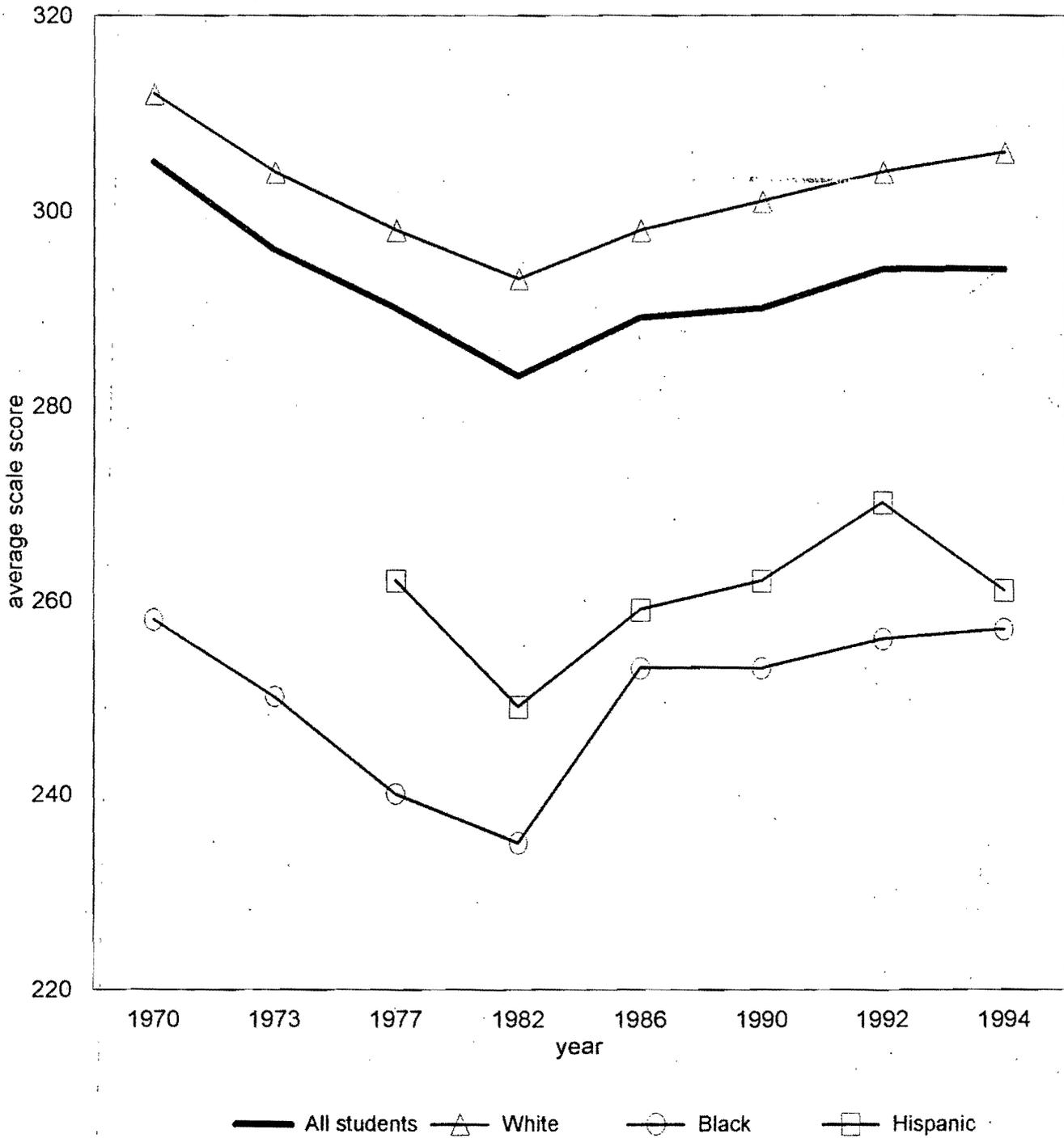
|  | 1960-61 | 1965-66 | 1970-71 | 1975-76 | 1980-81 | 1985-86 | 1990-91 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Pupil-teacher ratio                          | 25.6    | 24.1    | 22.3    | 20.2    | 18.8    | 17.7    | 17.3    |
| % teachers with<br>master's degree           | 23.1    | 23.2    | 27.1    | 37.1    | 49.3    | 50.7    | 52.6    |
| median years<br>teacher experience           | 11      | 8       | 8       | 8       | 12      | 15      | 15      |
| <hr/>  |         |         |         |         |         |         |         |
| current<br>expenditure/ADA<br>(1992-93 \$'s) | \$1,903 | \$2,402 | \$3,269 | \$3,864 | \$4,116 | \$4,919 | \$5,582 |

Source: U.S. Department of Education[1994]

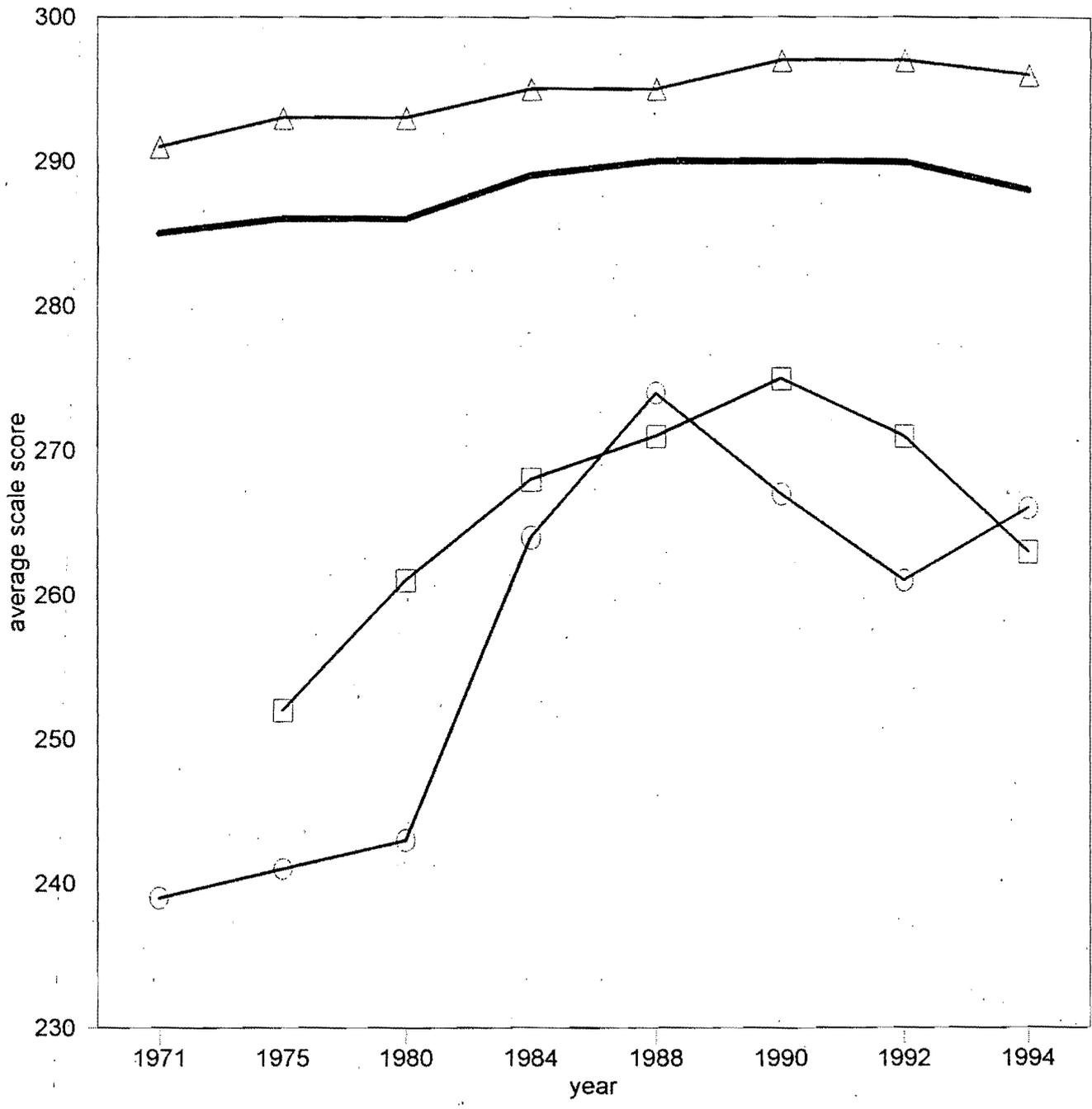
SAT Scores:  
Total and by Race, 1966-1995



# Science Achievement (NAEP) 17 year olds by race/ethnicity: 1970-94



# Reading Achievement (NAEP) 17 year olds by race/ethnicity: 1971-94



— All students    —△ White    —○ Black    —□ Hispanic

# Mathematics Achievement (NAEP)

17 year olds by race/ethnicity: 1973-94

