What Is Good for General Motors…

Is Good for Education

"What is good for the country is good for General Motors—and vice versa," pronounced proud Charlie Wilson, the former GM chief who became secretary of defense to President Eisenhower.

Now we might say it a bit differently, "If restructuring is necessary for General Motors, it's no less needed for the country—and its schools."

For years, our public schools have paid as little attention to personnel costs as General Motors has. Instead, school districts have attempted to enhance student learning (and address many other problems along the way) by hiring more people—more teachers (for smaller classes) and more teacher aides, guidance counselors, bus drivers, lawyers, accountants, special educators, bilingual specialists, and others.

Back in 1950, school districts hired one teacher (or other instructional employee such as an administrator or guidance counselor) for every 19 pupils. The number of pupils per teacher dropped to 14 by 1970, and to just 8 pupils by 2005. If class-size reduction were the solution to America's education crisis, that crisis would have passed long ago.

It's not just the size of the instructional staff that has grown relentlessly, however. Clerks, maintenance workers, lunchroom employees, bus drivers, crossing guards, and others too numerous to mention are joining the district payroll. The number of pupils for each support staff member dropped from 58 in 1960 to 43 in 1970, to just 27 in 2005.

All of these folks cost money. Between 1960 and 1975, the amount (in inflation-adjusted dollars) spent nationwide on K–12 education per pupil nearly doubled, rising from $3,300 to just short of $6,100. Between 1975 and 2005, expenditures nearly doubled again, to reach $11,470.

Even those numbers don't include costs hidden away in pension promises to "instructional personnel," who are typically eligible to retire as early as the age of 55. In this issue, Michael Podgursky and Robert Costrell (see "Teacher Retirement Benefits," *research*, page 58) show that pension benefits for teachers have risen rapidly even in the past four years, outpacing those provided by the private sector by 40 percent.

As more money must be put aside to pay pensions and other legacy costs, the amount available for current expenditures becomes curtailed, just at the time other fiscal challenges are mounting across the board.

For years, accounting tricks have kept the long-term fiscal impact of pension promises hidden away, turning pension plans into Ponzi schemes by asking future generations to pay legacy costs that have long been accumulating. Today, however, new accounting rules—similar to those that brought banks and insurance companies to the bankruptcy brink—are forcing states and school districts to acknowledge a reality they have tried to ignore.

As that reality sinks in, education fiscal policy seems destined to change, perhaps dramatically. As more money must be put aside to pay pensions and other legacy costs, the amount available for current expenditures becomes curtailed, just at the time other fiscal challenges are mounting across the board. Any federal government bailout will probably turn out to be no more adequate for schools than for General Motors.

Will the emerging fiscal crisis accelerate the educational crisis that is leaving American students ever further behind the skill level it takes to function in the modern economy?

Or will it provoke a fundamental system restructuring? Will attention shift from satisfying the employee to educating the student? Will teachers be recruited, retained, and compensated in a more rational manner? Will more-focused institutions replace the comprehensive high school? Will technological innovation customize educational offerings? Will students become their own teachers? All such cost-cutting but potentially education-enhancing reforms may be more possible in a time of crisis and deficits than in an age of self-interested self-indulgence.

— Paul E. Peterson

MISSION STATEMENT In the stormy seas of school reform, this journal will steer a steady course, presenting the facts as best they can be determined, giving voice (without fear or favor) to worthy research, sound ideas, and responsible arguments. Bold change is needed in American K–12 education, but *Education Next* partakes of no program, campaign, or ideology. It goes where the evidence points.