Public Schools still have more money and employees per pupil than they did in 2000, but are now feeling a financial squeeze

Bold action is needed to protect students without raising costs

CAMBRIDGE, MA — After four years of economic slowdown, the United States appears – for the first time in decades – to be headed toward fewer per-pupil resources and significant labor-force reductions. Although both the number of school employees and expenditures per pupil have risen steadily for many decades, that trend has come to an end. There have been nine recessions in the United States since 1955, but before the current period of recession followed by slow growth, public education employees were significantly impacted by layoffs in only one economic downturn, in 1982-83. However, from June 2008 to March 2012, public schools shed more than 250,000 jobs, or roughly 3 percent of their total workforce.

The need for contraction in public education is bound to continue, write James W. Guthrie and Elizabeth A. Ettema in “Public Schools and Money: Strategies for improving productivity in times of austerity.” Their analysis will appear in the Fall issue of Education Next and is available at www.educationnext.org. Fiscal austerity stemming from state budget shortfalls is becoming a “new normal,” they state, and “if not thoughtfully considered, budget-balancing decisions could damage learning opportunities for schoolchildren.”

The U.S. now spends nearly $700 billion annually on K-12 schooling, more money in the aggregate than any other nation in the world, including China and India. U.S. per-pupil spending is higher than in every country except Switzerland. Job expansion has dominated school spending increases. Thirty years ago there was one professional educator employed for every 18.6 public school students; today the figure is one for every 15.4 students. In spite of increased expenditures, U.S. high school achievement levels have improved only marginally and still trail many other nations in math and science.

School districts have scant experience taking cost-saving actions such as layoffs or benefit reductions, which are “legally cumbersome and politically treacherous,” note the authors. As a result, “bad budget cutting has already begun” in California and Washington. These states’ governors have taken cost-cutting approaches that harm students: reducing the length of the school year in order to forestall layoffs. Compensating for lost school time is difficult for students, particularly those who are the most disadvantaged.

Guthrie and Ettema suggest practices that place a premium on teachers’ classroom effectiveness and principals’ managerial authority. These include: link achievement gains to performance evaluations, which
will incentivize teachers to leverage their impact via technology; use “activity-based cost” (ABC) accounting; empower principals as school-level CEOs; adopt performance-based dollar distribution formulas and school-level financial budgeting; and outsource operational services where proven to save money.

At the same time, the authors call for states and districts to discontinue costly practices that do not enhance student achievement, such as paying educators for out-of-field master’s degrees and following “last in, first out” personnel provisions. Widespread “regulations that mandate inefficiency,” should end, such as legislatively precluding outsourcing, requiring intergovernmental grants to “supplement not supplant” existing spending, and prohibiting end-of-budget year surplus carryover.

Governors must choose to focus on students’ needs in taking difficult cost-cutting actions. Absent the will to do so, students will suffer the most and, the authors caution, the past quarter century’s momentum to render America’s schools more effective “is in serious jeopardy.”

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