

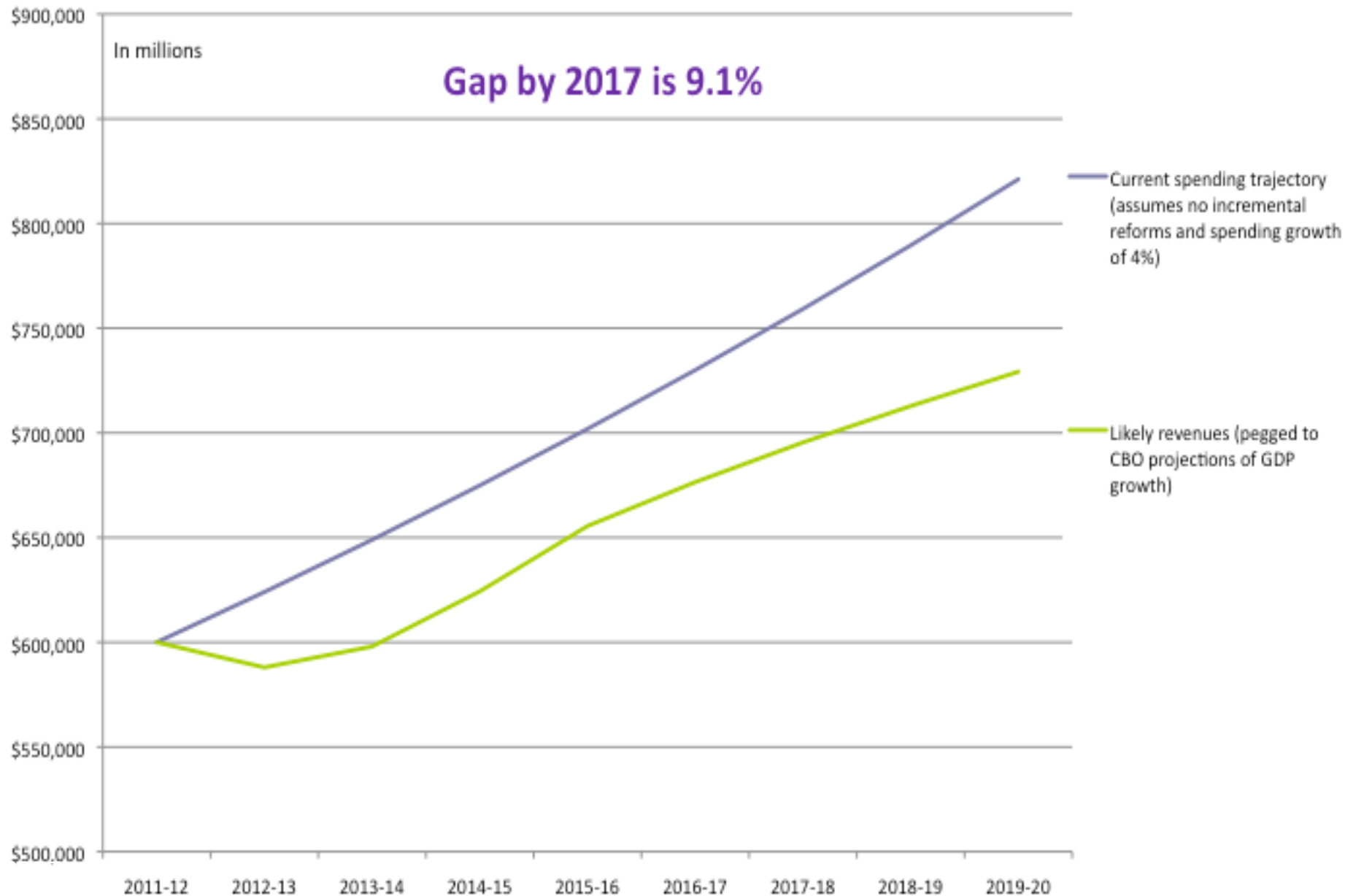
The productivity challenge for states

Presented by:
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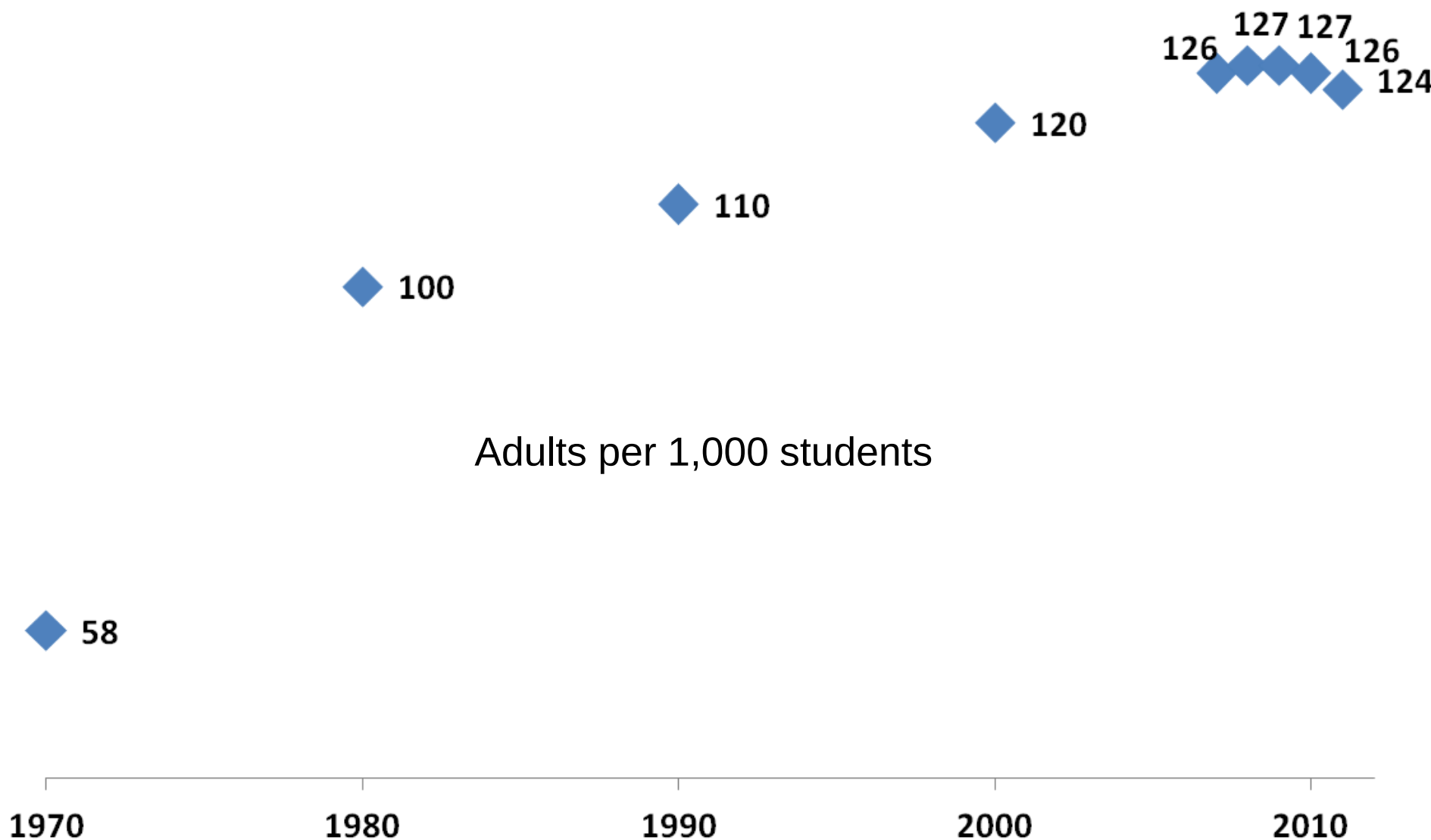
Current conditions

- ⇒ Over next decade, costs will likely escalate faster than revenue.
- ⇒ We haven't yet asked this system to work on getting the most bang for the buck. The result: Poor relationship between spending and outcomes.
- ⇒ Some schools are already more “productive” than others. (And two schools can spend the same money in the same way and get different results.)
- ⇒ Some productivity improvements can come from using labor differently (if schools are bought into the redesign).
- ⇒ Need a funding formula that promotes productivity

Built-in cost escalators outpace revenues for K12

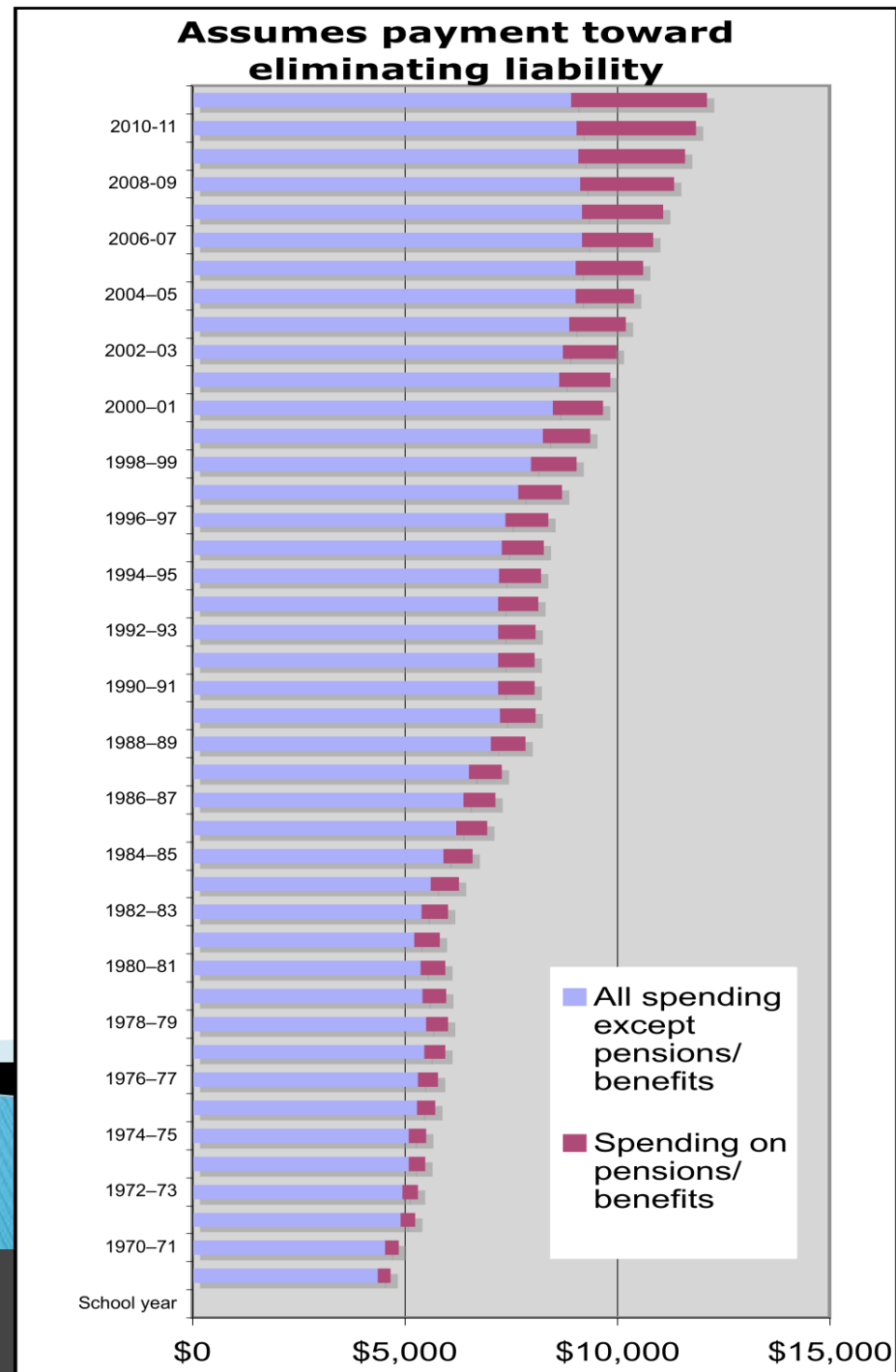


What will happen to staff in coming years?



Structural deficit: benefits consume an increasing share of expenditures

⇒ In PA, school staffing benefits load on salaries grew from 30 % in 2004 to 37 % in 2008*



*CCD data

Graphic based on author calculations.

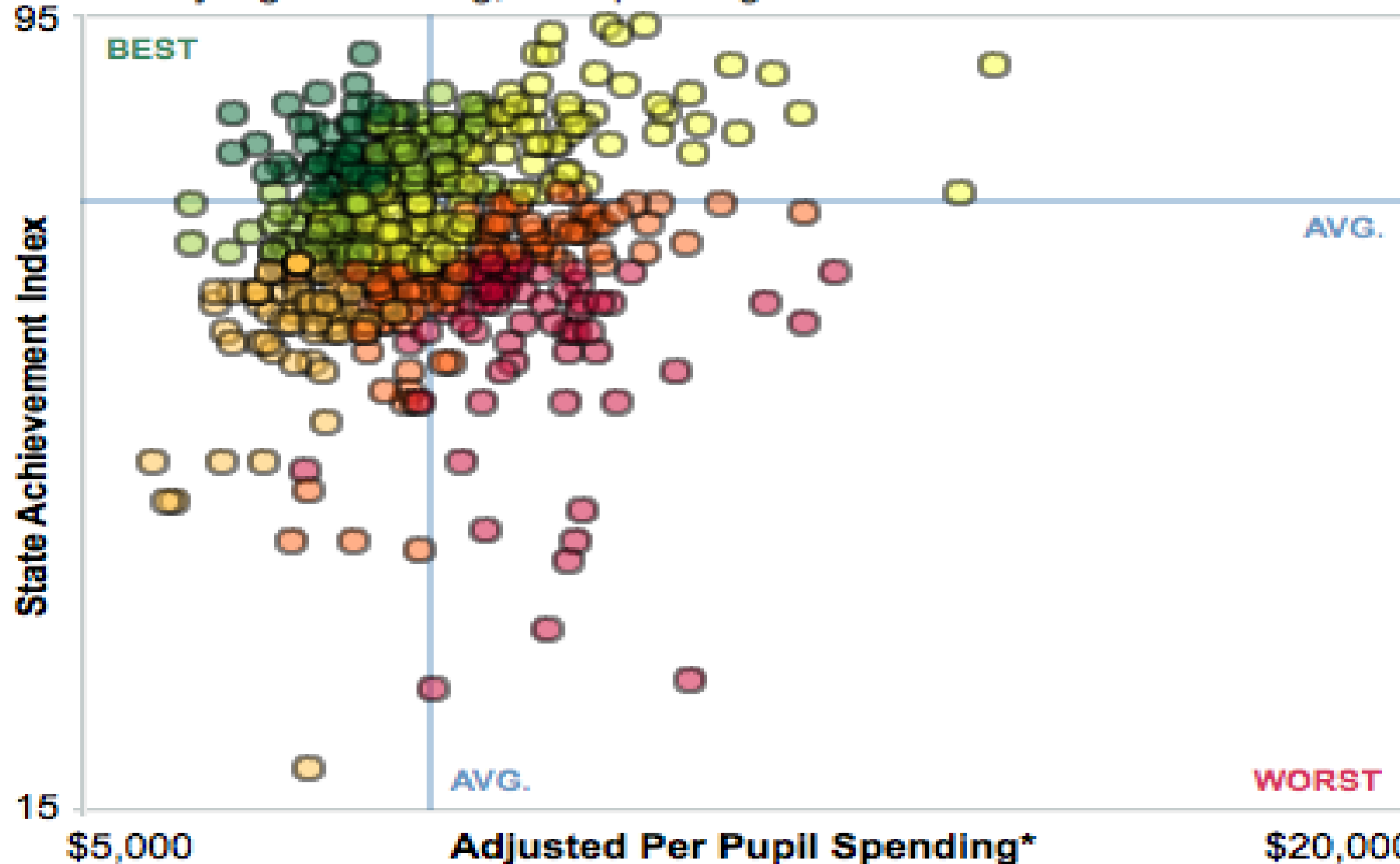
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Districts within states vary on spending, outcomes and ROI

Pennsylvania

Identify high-achieving, low-spending school districts



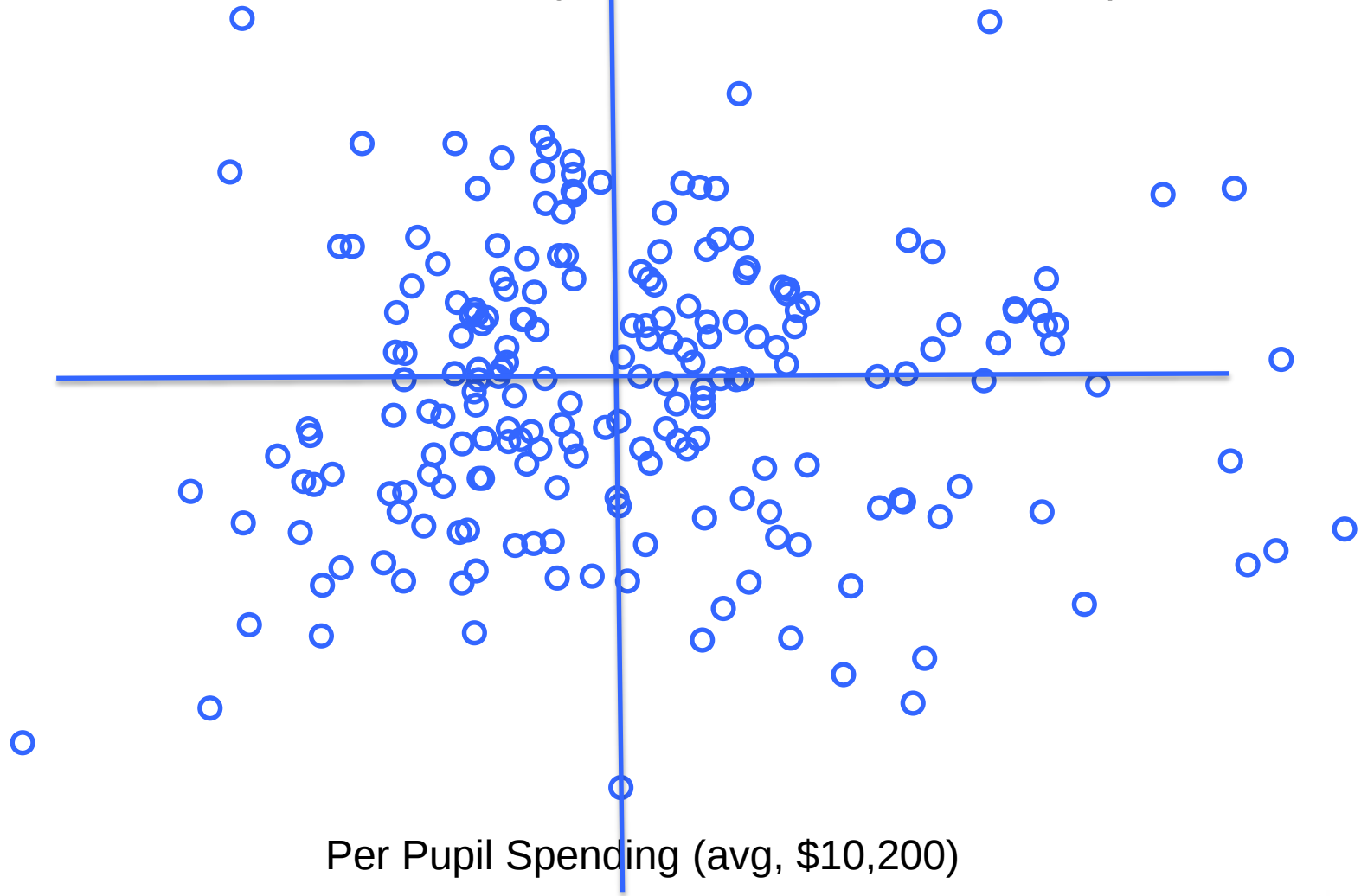
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Relationship between spending and outcomes is no better at the school level.

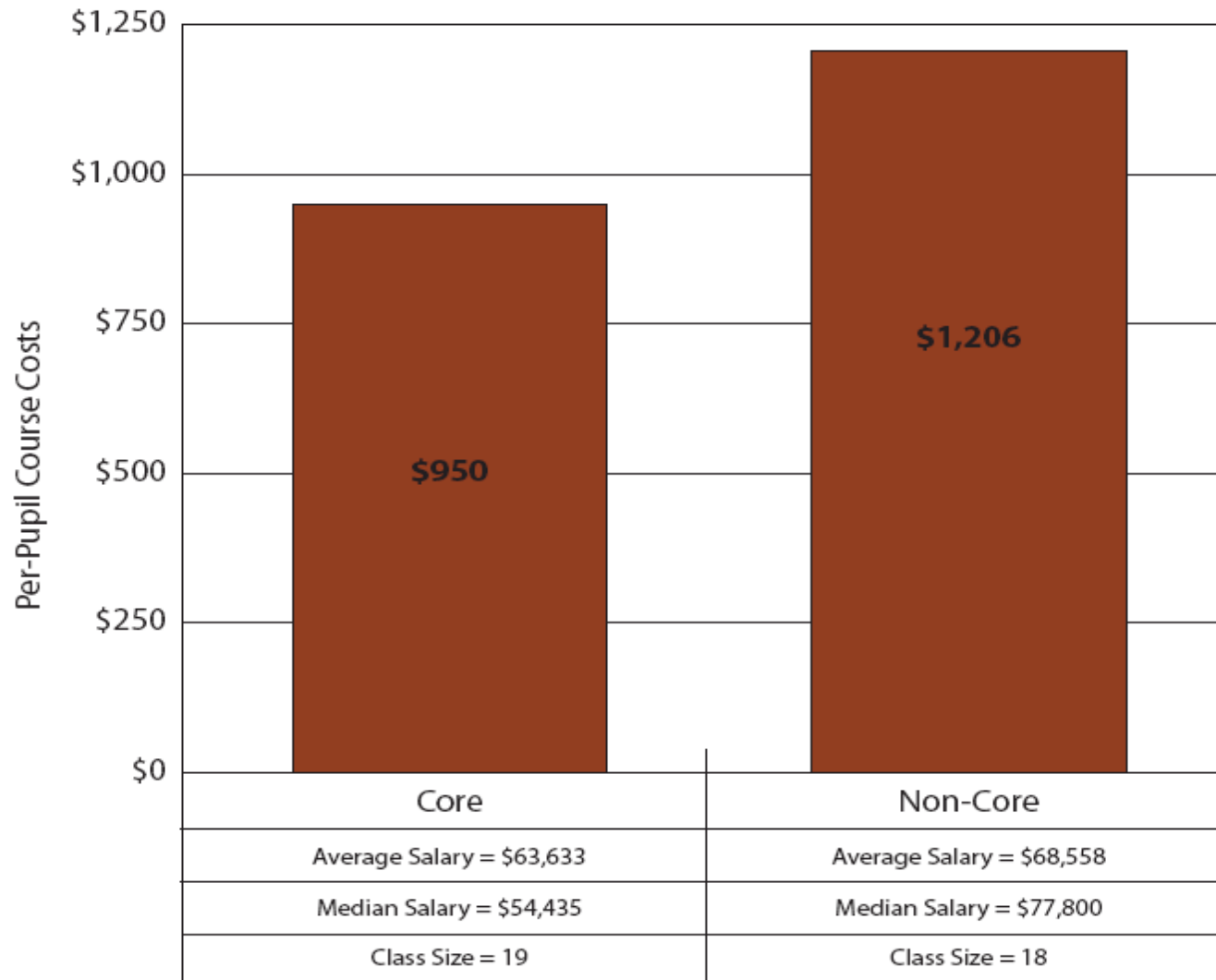
All WA State Elementary Schools with > 75% F/RL)

Math performance



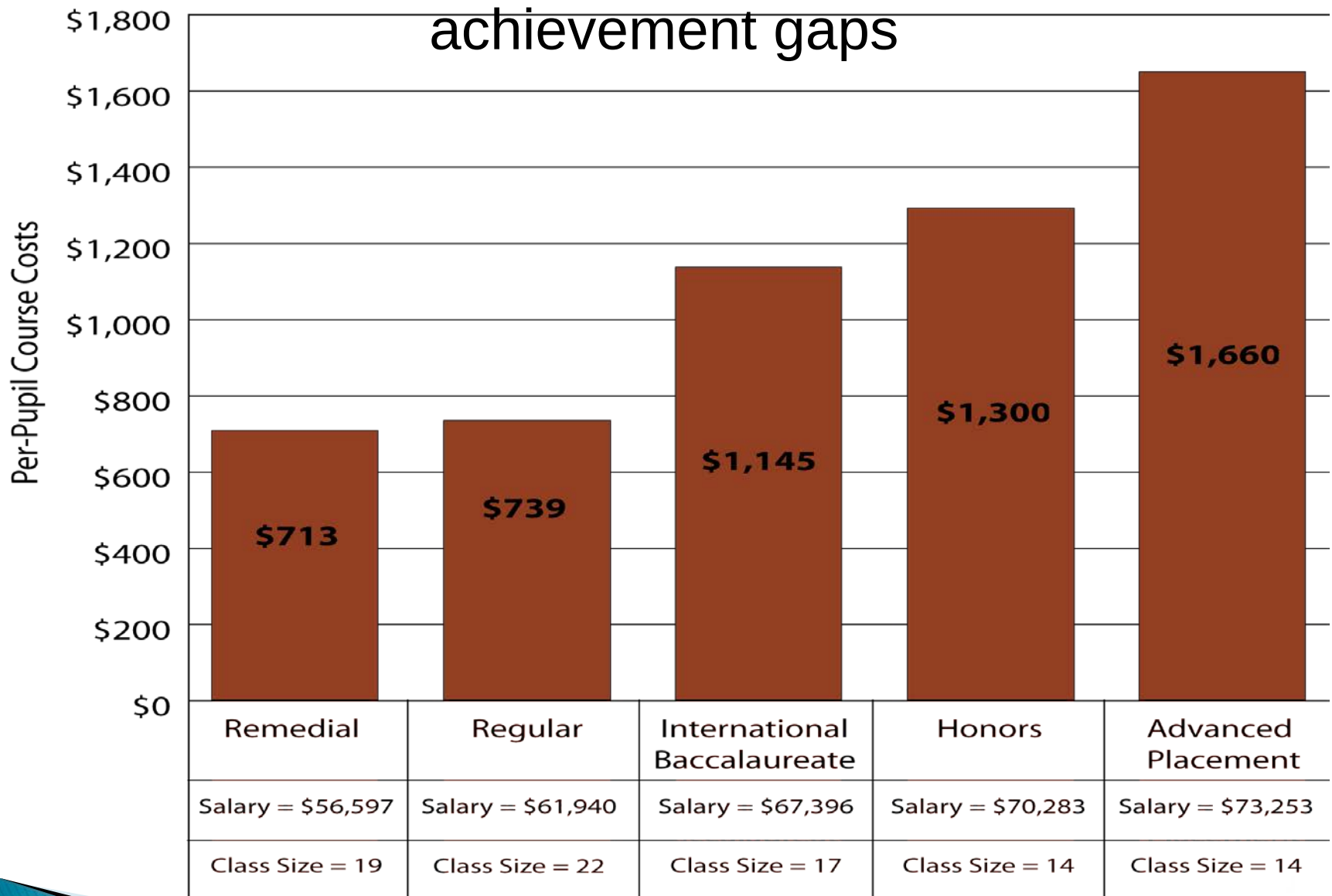
For information on this analysis, please contact
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Spending per non-core course is higher than for a core course



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Inside high schools, spending patterns reinforce achievement gaps



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Financial models show staffing innovations that expand “reach” have productivity implications.

E.g. High performing teachers could earn sizable bonuses for taking on 3 more students, by reallocating the savings.

	Elementary
Existing class size	21.6
Current average teacher salary	\$50,620
Bonus per teacher per additional student	
Bonus per teacher for taking 3 additional students	

What do teachers prefer?

\$5K bonus

83%

or

2 fewer students in
each class you teach

\$5K bonus

85%

or

1/5 of an aide

\$5K bonus

69%

or

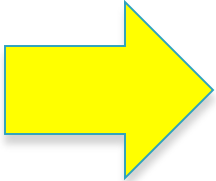
3.5 hours more prep
time per week

Key Opportunities for states

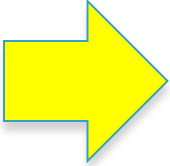
1. Allocate funds based on students
2. Leverage local money into the student based formula to ensure adequacy and equity.
3. Prioritize funding flexibility so that districts and schools are free to pursue productivity improvements
4. Build information systems that districts and schools can use to fuel productivity gains

1. Allocate funds based on students

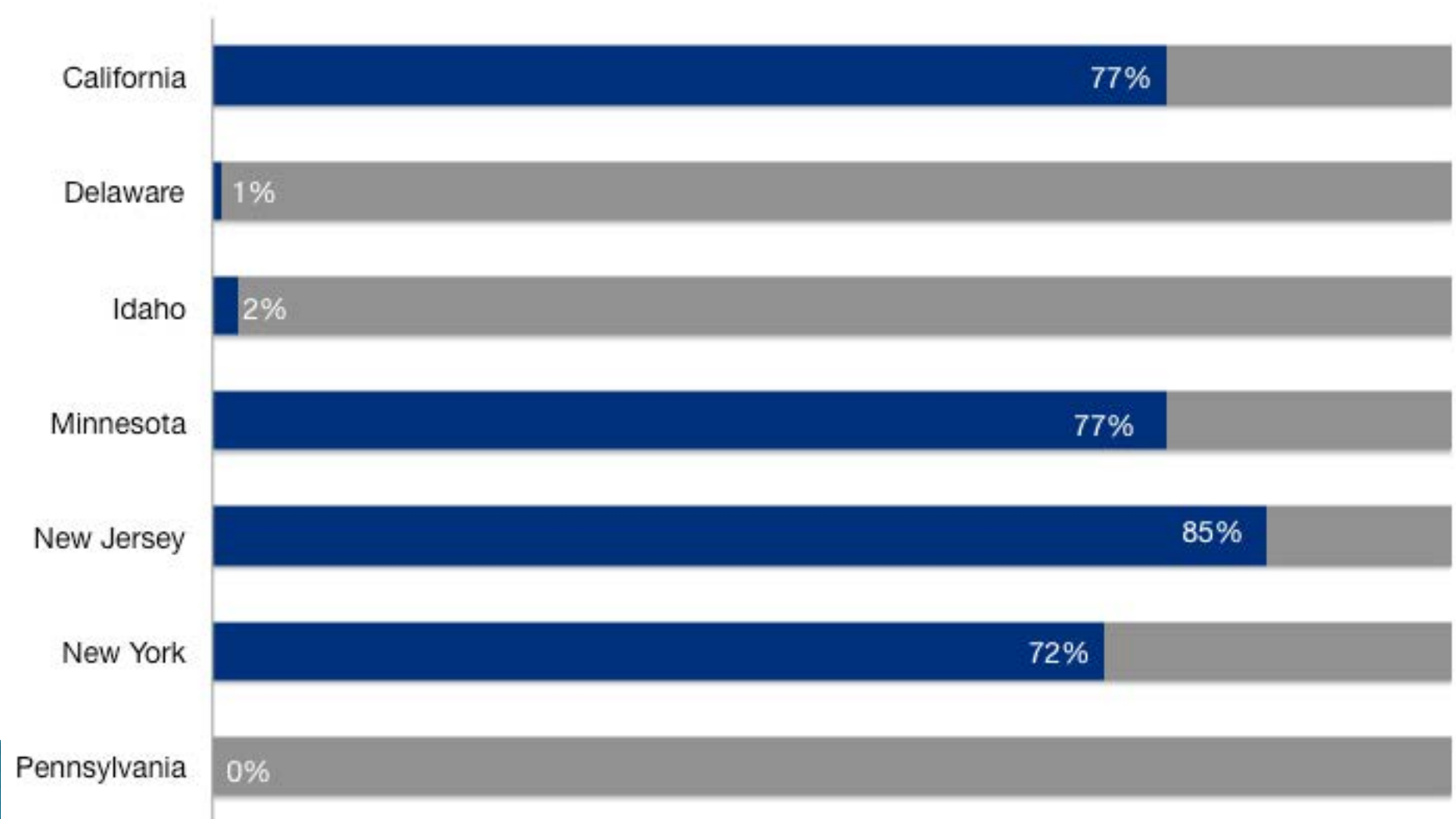
☐ Structure state allocations to follow students, not processes, or purchased inputs.

- 
- Allocate a fixed amount of funds per student type with greater amounts for higher student needs.
 - Eliminate targeted funds for salaries, class sizes, programs, reimbursements, etc.

☐ Discontinue allocations that hinge on previous years' spending levels.

- 
- Grandfathering, etc. inhibits districts from being nimble and adapting to changing conditions.

What share of state/local allocations follows students?



2. Leverage local money into student formula to ensure adequacy and equity

Local money tends to grow faster, but is less equitable

- ☐ Create an equalization fund so that equal local effort yields equal revenues per pupil.
- ☐ Count some base effort toward student based formula with state funds layering on top to reach target pupil based amount

3. Prioritize Funding Flexibility

- ❑ Eliminate targeted funds for salaries, class sizes, programs, reimbursements, etc.
- ❑ Remove state regulations that inhibit resource decisions, such as staffing requirements, schedule prescriptions, etc.
 - Where not possible, institute a waiver mechanism

4. Information Systems:

The Productivity Opportunity

- ❑ Integrate student outcomes and spending, by district and by *school*. Enable search-ability and filtering for comparisons among like schools.
- ❑ Use the system to make sure productivity becomes part of everyone's conversation on school improvement:
 - Benchmarking– Schools/communities measuring their progress relative to peers.
 - Discovery– leaders searching for better practices amidst cost constraints.
 - Management– District leaders managing their schools, and allocating funds sustainably. Principals in questioning district spending choices on their behalf
- ❑ Focus attention throughout the system on productivity through training or awards.



Enter Keyword



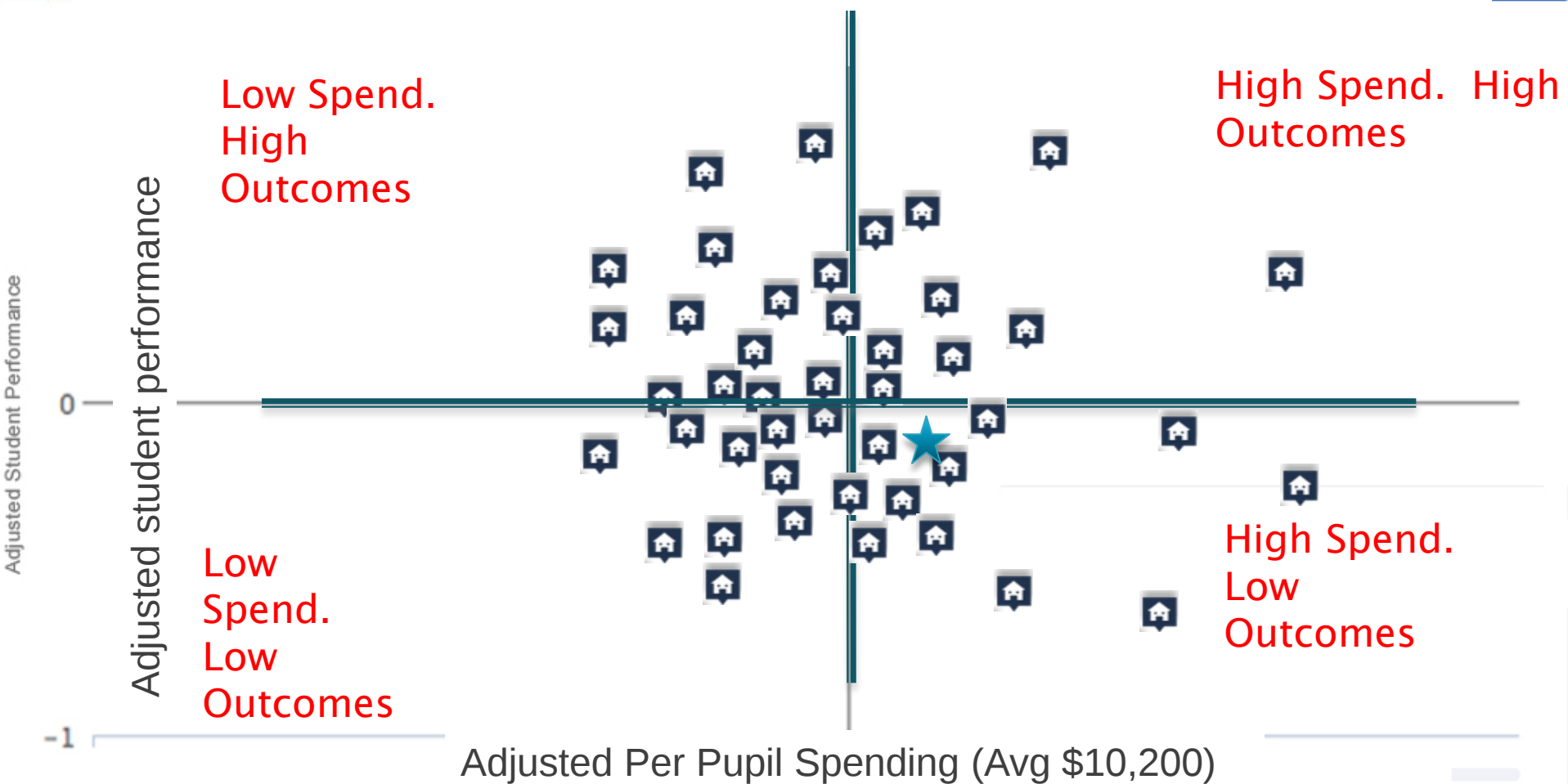
Any State

Include Traditional Schools

Include Charter Schools

Include Nearby Districts

Compare Selected Schools



Elementary
LEVEL



Urban
LOCATION

200 - 500
PER PUPIL



60 - 80%
FREE / REDUCED LUNCH



20 - 60%
FREE / REDUCED LUNCH



20

Compare Spending:

★ your school

○ selected schools (4)

Central services.....	3,201	1,806
Instruction (11,95) *.....	3,171	3,796
cert salaries.....	2,812	2,701
benefits.....	307	280
services/contracts.....	0	190
Instructional /curric, staff dev.....	47	0
software.....	6	130
salaries.....	97	0
benefits.....	26	0
services.....	5	17
School Leadership.....	572	159
Guidance/Counseling Svcs	140	52
Social Work Services.....	0	0
Health Services.....	76	0
Food.....	107	88
Cocurricular	50	290
Plant Maint/Operation.....	629	412
Security/Monitoring.....	9	0
Data Processing Svcs	0	0
	8,054	8,115
Regular	4,703	5,692
Gifted & Talented	0	0
Career & Technical	0	0
Students with Disabilities	547	834
Accelerated Education	59	26
Bilingual	152	925
Athletic Programming	29	190

High ROI schools are in systems that spend 43% less on central services.

Higher ROI schools spend 200% more on software.

Higher ROI schools spend 32% less on plant maintenance.

Generate information to guide leaders to focus on productivity.

Key Opportunities for states

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4. Build information systems that districts and schools can use to fuel productivity gains

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