Making Schools Work: Spending and Student Achievement

1. **Real spending on public education in the U.S. is rising rapidly.**
   > During the past century, total spending on public education, adjusted for inflation, has increased nearly one hundred-fold. Real per-pupil spending increased 25-fold during that period. These increases have been driven primarily by falling student-teacher ratios and rising teacher pay.
   > Between 1970 and 1990, the decrease in the student population offset much of the increase in instructional costs. Total spending rose much less than did per-pupil spending. But rising school populations since 1990 will add to total spending.
   > The growth in special education programs has played a relatively minor role in both the growth in spending and the decline in student-teacher ratios. At most, the 1980s’ increase in the special education population cost $3 billion, compared to a total spending increase of $54 billion between 1980 and 1988.

2. **Student achievement is either flat or falling.**
   > By most measures student performance has not improved over the past three decades. At best, it has remained flat. At worst, it has fallen dramatically, as SAT scores indicate.
   > The average minority student consistently performs less well than the typical white student, although this performance gap has narrowed slightly since the mid-1970s.
   > Students from the U.S. consistently perform less well than those from other countries. There is little evidence to suggest that this international performance gap is narrowing.
Three problems largely explain the inefficiency of public education today.

- **Disregard for efficiency and productivity.** Inefficiency drains off funds, frustrating efforts to achieve superior performance for all students. Yet many educators and administrators act as if education is "too important" for efficiency considerations to matter. In fact, however, education is too important for inefficiency to be tolerated.

- **Absence of performance incentives.** America's public schools offer a case study in the failure of command-and-control regulation. Management by incentives is more appropriate to the complex and highly decentralized nature of effective teaching, yet schools today make little use of performance incentives.

- **Public schools don't learn from experience.** Schools not only lack good answers to the problems that beset them, but they are not generating answers that will help in the future. There is no systematic approach to learning from existing or proposed programs. In the private sector, productive and profitable enterprises are always learning. They are constantly modifying their approach and trying to better their performance.

4. **Policy Implications: Focus on greater efficiency, not higher spending.**

- Instead of searching for new sources of funds, policymakers should ask why schools are not more productive with the funds they currently have. Small gains in efficiency and productivity might well negate the need for additional funding.

- Principles that would lead to greater efficiency include: making efficiency and productivity a priority among educators and administrators; creating incentives for greater productivity, perhaps by linking teachers' and administrators' pay directly to the results they achieve with their students, or by letting parents and students decide which schools best meet their needs; and by structuring experiments so that genuine lessons can be learned from their evaluation.

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**ABOUT THE AUTHOR**

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