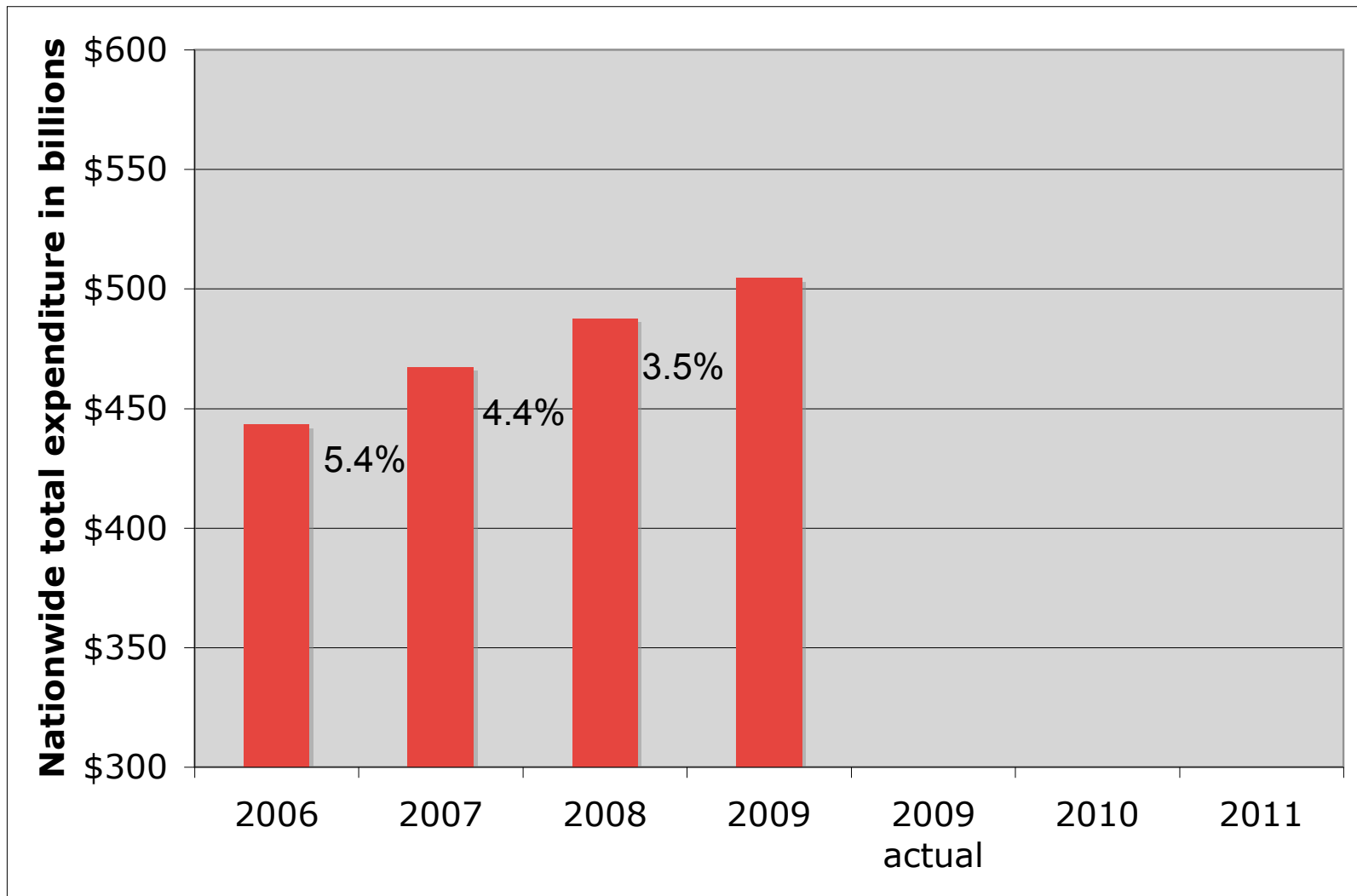


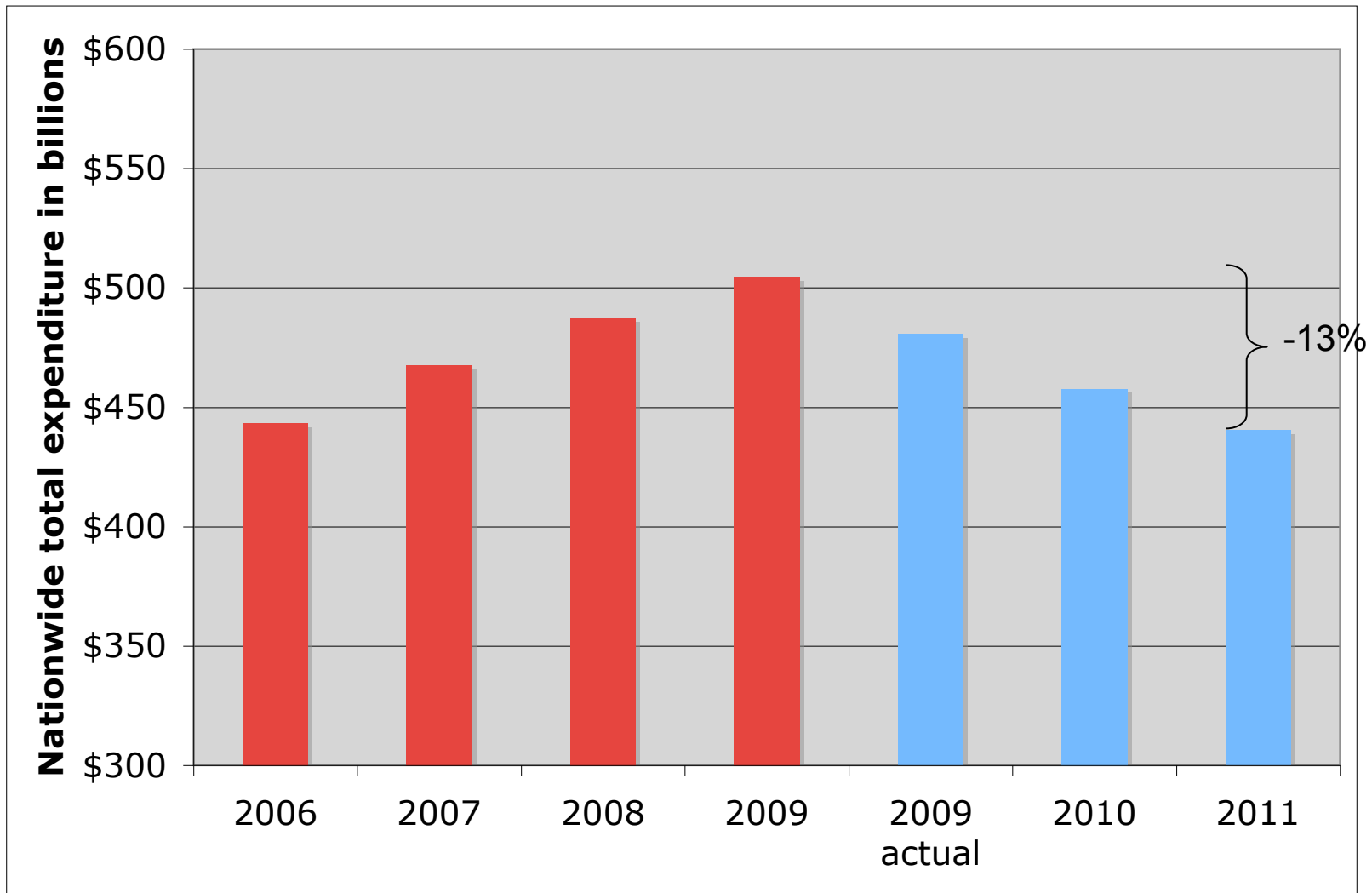
What the Recession Means for Education Reform

Marguerite Roza
Center on Reinventing Public Education
University of Washington

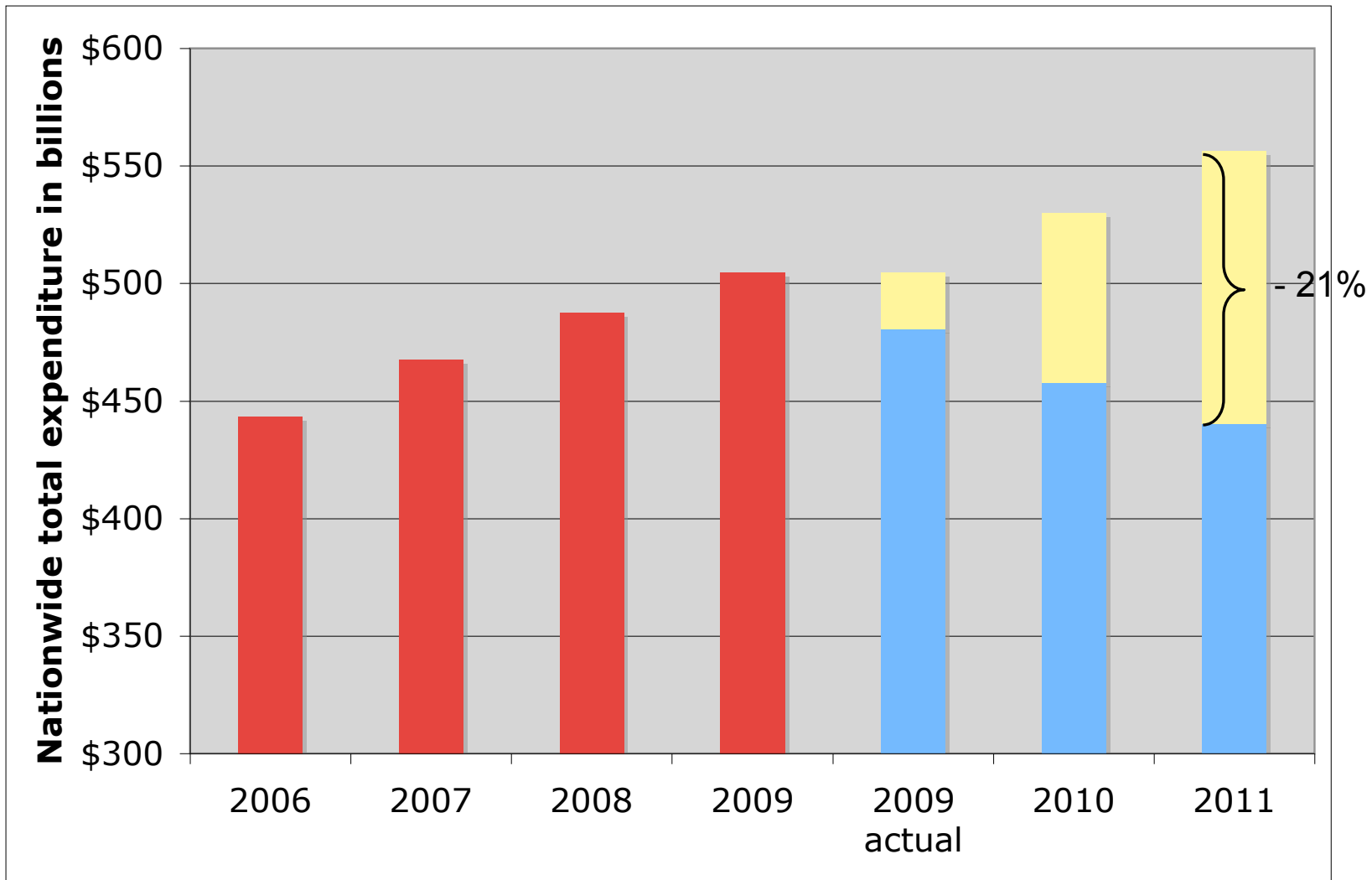
Education Reform Has Been Financed with Increasing Expenditures



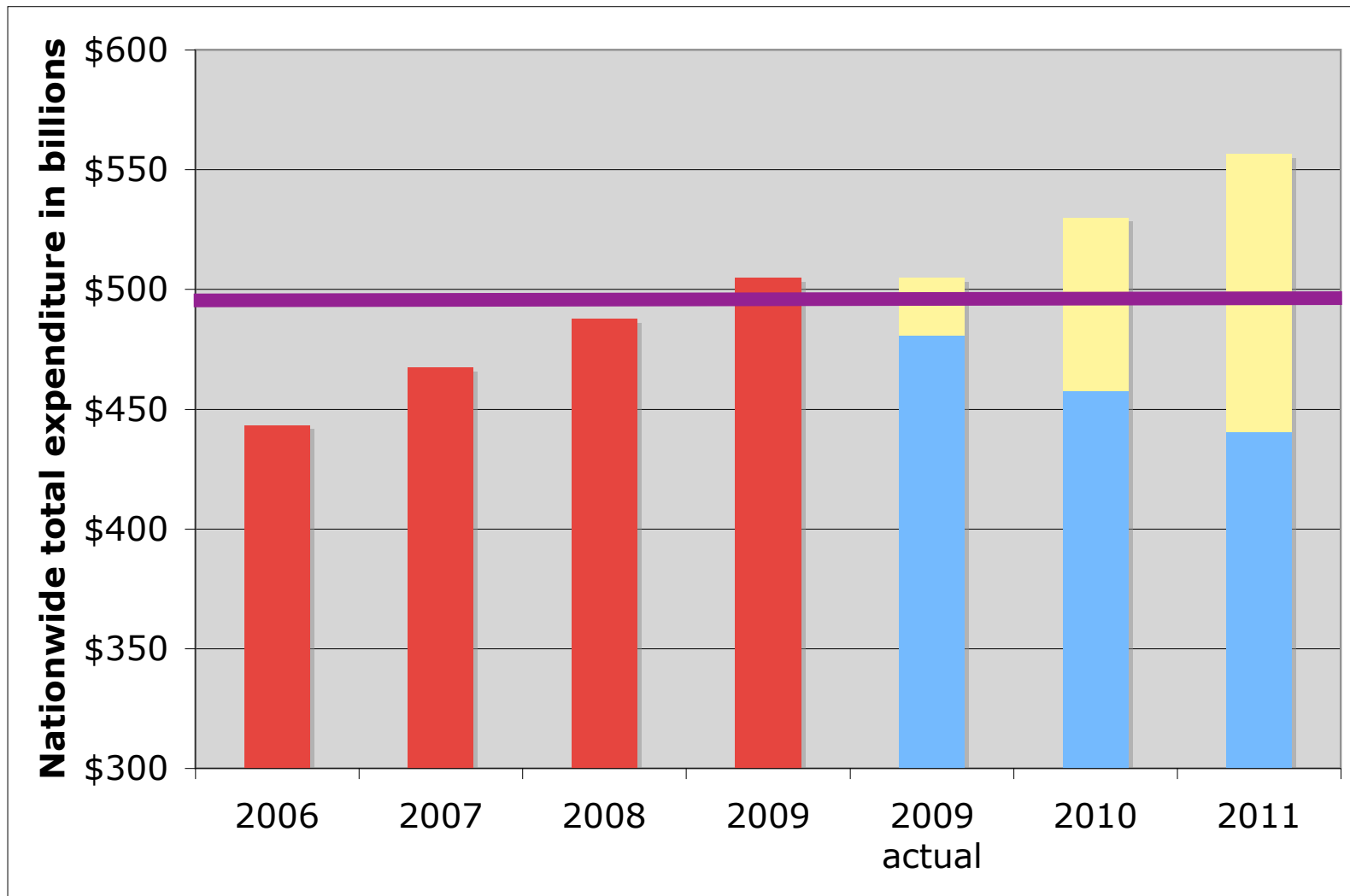
Current Forecasts Are Gloomy (all else constant)



Districts Accustomed to Growth, So Effect of Gap Is Magnified



Stimulus funds hold average state spend at 2008 levels



What Will Districts Do?

fear

Critical reforms curtailed, teaching profession takes a hit, student outcomes will decline.

Budgets will be trimmed at periphery

Recession will unlock resources in a way that enables improvements in productivity, efficiency, and outcomes.

hope



Given that:

- Much inefficiency in the system
- District policies can aggravate effects of downturns

Question is, can the recession:

- leverage efficiencies?
- leverage improvements in outcomes?

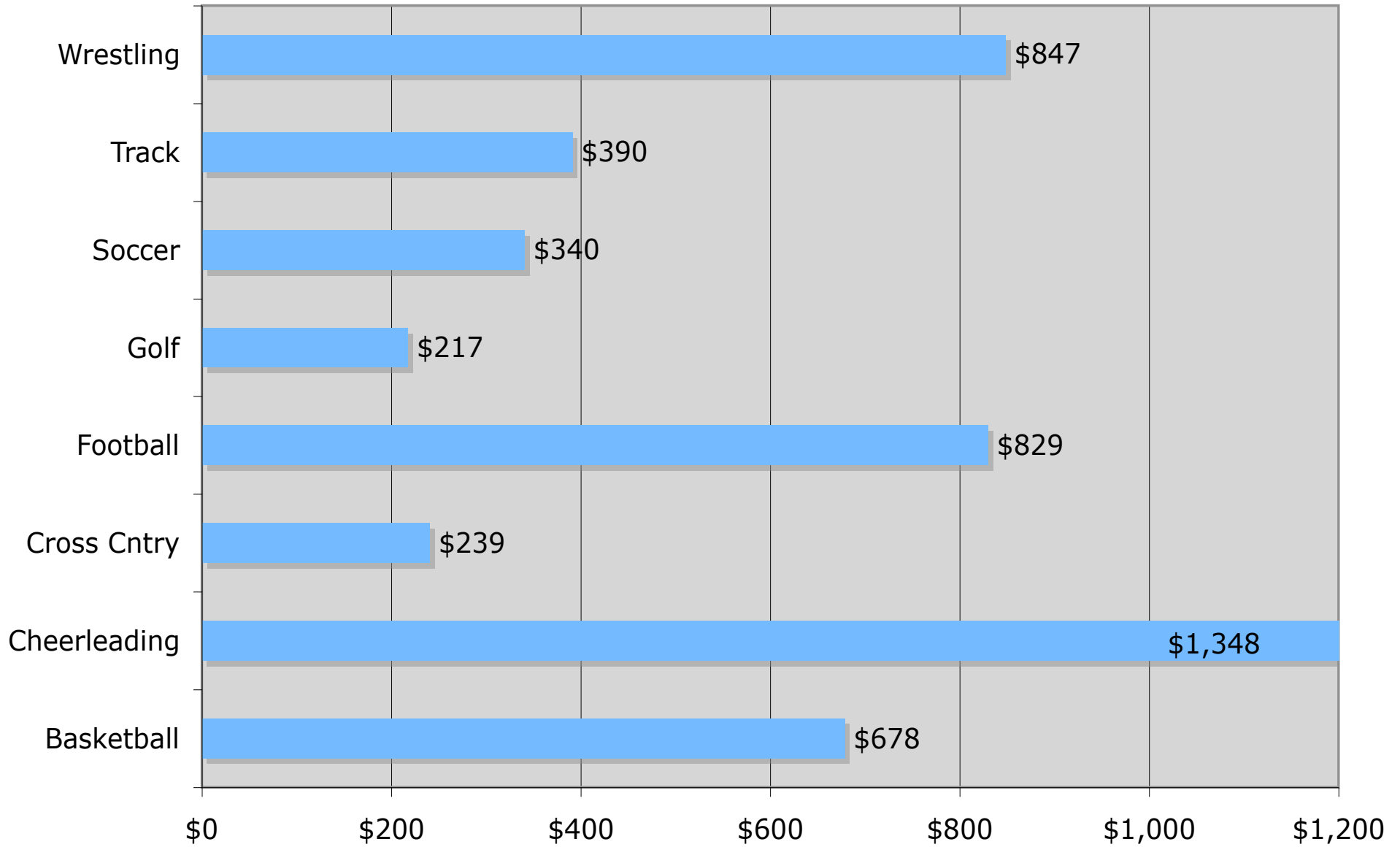
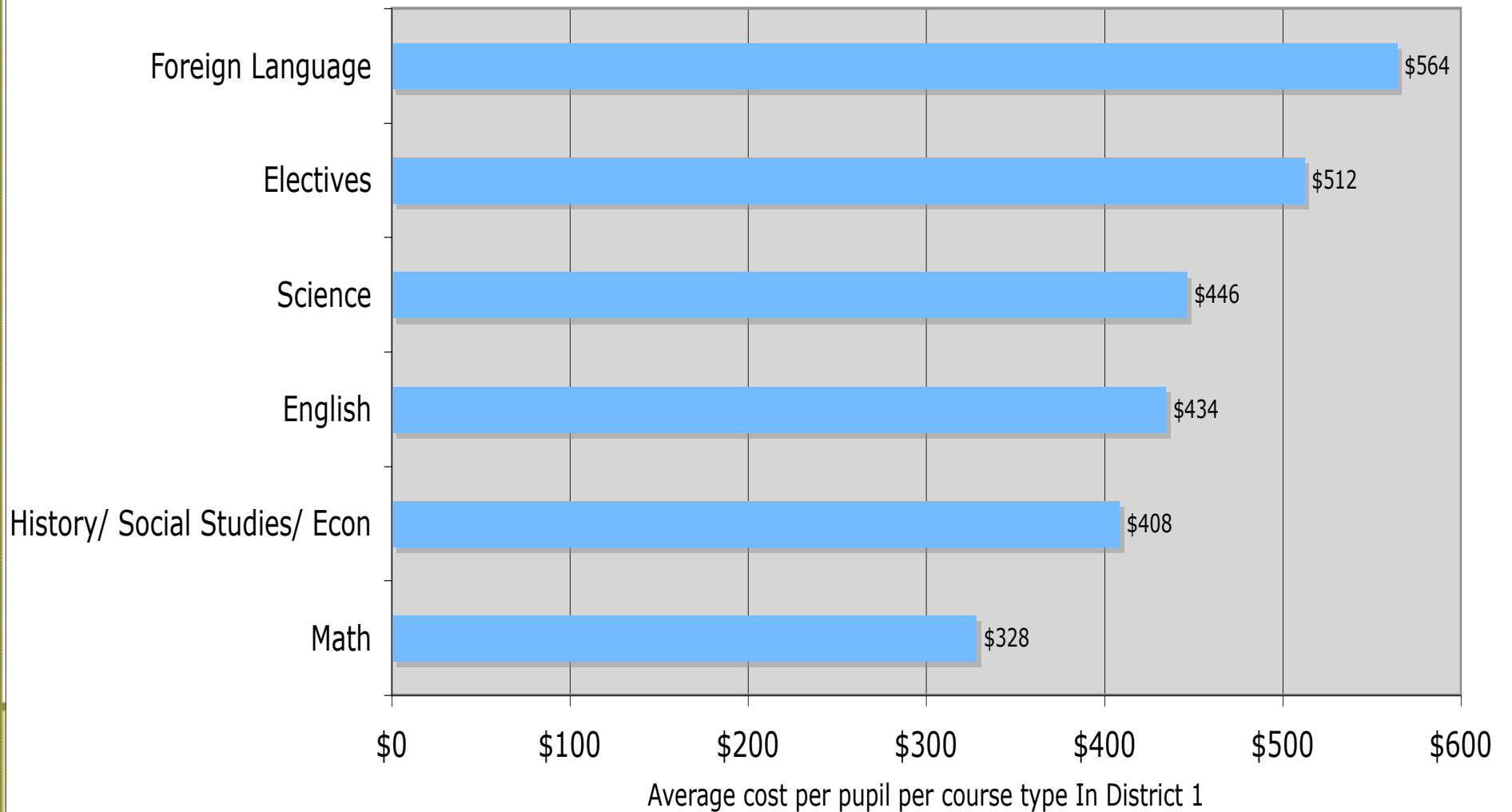


Figure 1: Foreign Language and Electives Courses Come with Higher Price Tags



Reductions in Force: Seniority vs. Effectiveness

Seniority-neutral layoffs could save jobs

To reduce salary expenditures by:	Layoffs needed as a percent of workforce	
	Seniority-neutral layoffs	Seniority-based layoffs
1.0%	1.0%	1.6%
2.0%	2.0%	3.1%
3.0%	3.0%	4.6%
4.0%	4.0%	6.1%
5.0%	5.0%	7.5%
6.0%	6.0%	9.0%
7.0%	7.0%	10.4%
8.0%	8.0%	11.8%
9.0%	9.0%	13.0%
10.0%	10.0%	14.3%

Reductions in Force: Seniority vs. Effectiveness

Seniority-neutral layoffs could save jobs

To reduce salary expenditures by:	Projected public education jobs reduced nationally:		
	Using seniority-neutral layoffs	Using seniority-based layoffs	Difference (extra layoffs attributed to seniority)
1.0%	63,274	98,642	35,367
2.0%	124,657	190,707	66,050
3.0%	186,049	282,773	96,724
4.0%	247,586	374,838	127,252
5.0%	305,670	460,328	154,658
6.0%	369,657	552,393	182,736
7.0%	429,888	637,883	207,995
8.0%	492,459	723,372	230,913
9.0%	549,282	795,709	246,427
10.0%	612,256	874,623	262,367

How can the recession leverage efficiency?

- Force consideration of tradeoffs
- Prompt districts to right-size
- Limit commitments that extend beyond revenue term
- Benchmark per pupil (or per unit) costs of services
- Use information to apply resources only where needed

How can the recession leverage productivity gains?

Response to fewer funds:

- Trade funding reductions for spending flexibility
- Redesign allocations to align with goals for students
- Base layoff decisions on effectiveness

Response to change in source of funds

- Information systems: yield redesigned allocations
- Innovations: yield new delivery models