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# A Progressive Concern: Productivity in Education

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Start a conversation with an American teacher around the topic of productivity in schools and it may not be long before one hears, “We’re not making widgets here!” This point is meant to kill the conversation, but it actually raises an important question. If schools aren’t in the manufacturing business, then why do they so resemble factories?

## INTRODUCTION

Start a conversation with an American teacher around the topic of productivity in schools and it may not be long before one hears, “We’re not making widgets here!” This point is meant to kill the conversation, but it actually raises an important question. If schools aren’t in the manufacturing business, then why do they so resemble factories?

The resemblance is not accidental. In their typical egg-crate layout of inter-changeable classrooms, and in the way their work is organized, America’s public schools owe much to the thinking of the Progressive Era, roughly bracketed by economic panics in 1893 and 1929. This thinking was driven by urbanization, immigration, and industrialization. A devotion to efficiency through the application of scientific methods to all manner of challenges, including public education, is one of its hallmarks.<sup>1</sup>

Given this history, it’s ironic that today’s political progressives—pragmatic, left-leaning liberals with as much affection for Teddy Roosevelt, a Republican, as Franklin Delano Roosevelt, a Democrat—are far less prepared than conservatives to discuss efficiency in education.<sup>2</sup> The concept of efficiency revolves around the optimal allocation of inputs, or the extent to which output accords with expectations pegged to a given level of inputs. And for progressives, efficiency-talk is a slippery slope toward cutting investments in public education, paring back compensatory services for children in need of them, or unleashing “market forces” on a playing field often tilted in favor of more affluent families.

The problem is that progressives’ handicap around efficiency carries over to the related topic of productivity, which focuses on the relationship between inputs and outputs. A recent report published by the National Education Policy Center illustrates the point. Its authors offer a frenetic critique of the Department of Education’s current initiative on productivity, and plant a thicket of caveats and constraints around bringing a productivity lens to bear on public schools.<sup>3</sup> In this paper, we argue that modern progressives should tap into their antecedents’ enthusiasm for efficiency to deal aggressively with questions about productivity in education.

The reasons are about as serious as can be. Our economic growth is hamstrung by achievement gaps,<sup>4</sup> and the viability of our democratic institutions is threatened by the growing gulf between educational opportunities available to the affluent and those available to others.<sup>5</sup> Moreover, our economic competitiveness as a nation is threatened by our schools’ failure to supply workers with the skills to compete for the well-paying jobs of the 21st century, ones requiring cognitive skills beyond the reach of ever-ever cheaper computers.<sup>6</sup>

Lagging overall achievement and persistent achievement gaps justify and require serious reforms in public education. Yet simply pumping money into education with hopes of improving results or shrinking gaps—the so-called “spray and pray” strategy long embraced by the political left—is out of sync with fiscal reality,<sup>7</sup> and may even be counterproductive.<sup>8</sup> Furthermore, a growing disillusionment with the status quo makes public education, as an institution, vulnerable to arguments for its dissolution by way of vouchers and tax credits. By embracing productivity, progressives co-opt a vocabulary and toolset rather familiar to private equity firms and others who would privatize education. This is a tactical move, not a betrayal of progressive values.

In the sections that follow, we unpack how progressive goals hinge on educational productivity. The first section dwells on issues of fairness in financial resources available to schools. This theme, of course, is familiar terrain for the political left, and progressives have a special role to play in shoehorning productivity into debates and policy formation around improving fiscal equity in the nation’s public schools. The second section takes on the idea of using resources in smarter ways. This idea, difficult for everyone, is especially challenging to those more comfortable tinkering with inputs than managing performance based on measurable outcomes. But mounting evidence of desperate misalignment between traditional uses of resources and outcome-oriented goals undermines public support for existing levels of investment, dashing hopes for strategically defensible increases.<sup>9</sup>

## ENSURING EQUITABLE ACCESS TO FINANCIAL RESOURCES

It's not surprising that fiscal inequity plagues America's school system. The U.S. school system is, in fact, a collection of over 15,000 separate systems with duties and traits peculiar to their host states, and governed by locally elected or appointed boards. The fractured governance of schools naturally casts a shadow on how schools are funded.

It matters on principle alone that schools in low-income areas often fail to receive a fair share of financial resources, but two more nuanced points often get lost in debates about school finance reform. First, a morally mature notion of fairness means that levels of funding should correspond to levels of need.<sup>10</sup> Second, a fair distribution of funds does not guarantee equal access to opportunity. We freely admit that schools, absent a moderating influence such as an accountability plan, will have no trouble spending additional funds with no appreciable improvement in outcomes. What we do not accept is abdication of concern about fiscal inequity simply because the relationship between school funding and student outcomes, as estimated by researchers, is weak.

### The Shape of Inequity

Until the second half of the 20th century, local property taxes represented the primary source of revenue for school districts, but two generations of school finance litigation wrangled states much more into the picture.<sup>11</sup> With few exceptions,<sup>12</sup> districts receive substantial state aid that complements locally sourced revenue. In states such as Massachusetts and New Jersey, the combination of state and local revenue favors districts serving concentrated poverty, on average. In other states such as New York and Illinois, high-poverty districts still draw the short straw when it comes to funding. Inter-district inequity is a problem of varying intensity in many states.<sup>13</sup> Moreover, states can too easily backslide away from progressive funding systems, especially in times of retrenchment.

Federal grants from the Department of Education, most of which enlist some combination of population and poverty estimates to target funds, soften resource inequity within regressive states. Yet these grants account for less than a dime on the dollar of current government spending on public schools.<sup>14</sup> Moreover, federal funds have strings attached. One of these strings, a fiscal requirement of Title I of the Elementary and Secondary Schools Act, known in its current authorization as No Child Left Behind, offers a useful window on another kind of inequity, that taking place within districts.

Intra-district inequity presents little trouble in the thousands of small districts with no more than one school serving a given grade-level, but a flurry of research in recent years using meaningful data on actual expenditures attributable to schools leaves no doubt that inequitable school funding lurks in many districts, even in states with progressive funding systems.<sup>15</sup> The reason, it turns out, is that the way most districts allocate funds to schools is oblivious to productivity.

## Play Money

School budgets tend to be somewhat of a fiction. The lion's share of school spending is tied up in salaries and benefits of the personnel assigned to the building, but budgets do not reflect the actual figures. Instead, school budgets simply reflect numbers and kinds of personnel, and everyone in the district makes believe that all personnel of a kind are compensated at a fixed, district-average rate.

Intra-district inequity can thrive under such a fanciful approach to financial management. Ignoring federal funds meant to provide supplemental services and supports for program-eligible students, a high-poverty school may spend far fewer actual dollars per student school than a low-poverty school with the same levels of staffing.

And one would expect to see just such a pattern given the reverence for seniority inherent in the status quo in teacher-workforce policies. Seniority generally confers transfer privileges, which economic theory suggests teachers would tend to use to obtain less demanding positions, other things being equal. Working conditions in schools have many facets that matter to teachers, school leadership being one of them, but it's no surprise that schools with higher proportions of low-income students are considered tougher to work in than other schools.<sup>16</sup>

Policies could be arranged to counteract teachers' rational preference to move to less challenging schools, but traditional teacher compensation systems instead cement this disadvantage in place. With few exceptions, districts pay teachers based on two factors: post-baccalaureate educational attainment and accrued experience. There was a time when the "single salary schedule" had some merit as a foil against employment practices, such as discrimination based on gender, that are now illegal. But on the contemporary scene, the single salary schedule abets inequity in the distribution of financial resources among a district's schools. Podgursky (2014) explores other inefficiencies arising from reliance on the single-salary schedule.

One might conclude that those most adamant that low-income schools receive their fair share of resources should be united in disgust with traditional teacher compensation systems, but this is not the case. One reason is that the hard work of modifying compensation systems is hamstrung by deficits of leadership and trust—expected spillover of a lock-step compensation system—and the absence of an overarching framework for thinking strategically about compensation.

## Enter Productivity

Compensation reform is a jagged pill for those whose political fortunes are tied to employee groups wary of the difficult work of compensation reform. We believe that surrounding compensation reform with a rich lattice of information and tools pivoting on the concept of productivity offers something like a protective coating, if not a spoonful of sugar, to help the medicine go down.

Other papers in this series have explored the advantages and disadvantages of combining information on expenditures with information on outcomes such as academic achievement in service of measures of educational productivity. We forgo a rehearsal of this story here because, to a large degree, these details don't matter to our argument. What does matter is that some initiative to measure and publicly report productivity gets enough traction to make available information bearing on the kinds of compensation reform that can combat intra-district inequity, and support and reinforce other reform efforts.<sup>17</sup>

Data on student achievement and other outcomes, when linked carefully to teachers and schools, provide a basis for differentiating pay, at least in part, by levels of performance. This is no simple matter, politically or technically, but such data can inform relative measures of efficacy or value-added estimates,<sup>18</sup> absolute measures of effectiveness, and measures aggregated to grade-level, instructional team, or school, when needed by a group-oriented performance-incentive program, for example.

These performance measures play a direct role in the infrastructure of performance-based pay, but they are critical, also, to other approaches to differentiating compensation. One approach involves paying particularly effective teachers more for taking on extra responsibilities such as mentoring novice teachers, or assuming innovative, technology-enabled roles which their instructional "reach" extends to far more students than otherwise.<sup>19</sup> Similarly, measures of demonstrated effectiveness are essential to programs offering incentives to teachers for moving to or remaining in high-poverty schools.

Given their fair share of resources, high-poverty schools can improve student achievement and close achievement gaps—it's being done.<sup>20</sup> Rigid, seniority-driven compensation systems stand in the way of such progress, and differentiated compensation represents a manner of using these resources well. A reform climate enlightened by discussions about measures of productivity provides no guarantees about improvement in resource equity among schools, but this climate serves another progressive goal.

## SPENDING SMARTER

In addition to data on student outcomes, a productivity-enriched information space would be buzzing with fine-grained spending data. Paul Hill (2014) makes this point in his paper in the series. Such data can further the fundamentally progressive goal of being smart with taxpayer dollars directed toward education generally, but we have three specific points to make.

### Basic Fiscal Prudence and Faith in Public Education

Complaints about recent federal requirements that school districts furnish meaningful school-level expenditure data to the Department of Education includes the theme that districts lack the ability to produce such data.<sup>21</sup> Many districts did have trouble fulfilling the requirements, but the requirements can hardly be described as ambitious. The pushback points to a bigger issue.

Productivity matters to our overall faith in public schools and the role of public education in American life. As our colleagues at the Center for America Progress have written:

*A government [productivity] makeover would deliver more than policy results; it also promises to restore public confidence in government's basic competence. Opinion research shows the public does not believe government is capable of executing its responsibilities efficiently and effectively ... This mistrust is a significant barrier to advancing policies to address even the most popular goals. For attitudes to change, the public first and foremost will need reason to believe that government does act responsibly and works to deliver maximum bang for the taxpayer's buck.<sup>22</sup>*

This observation applies as much to education as it does to government as a whole. As states wrestle with ongoing revenue challenges and escalating service needs, transparency and overt concern for productivity are essential countermeasures against dissatisfaction. In the absence of positive evidence that public funds are well spent, taxpayers will become increasingly receptive to radical ideas such as diverting funds from public education to private options. While we support augmented school-choice options within traditional districts and through a vibrant charter sector, as progressives we are deeply skeptical of privatization schemes. History is replete with examples—overseas and domestic—of private firms absconding with juicy public assets such as land and buildings.

We have to believe public schools can work, but it is unfathomable to us that they can successfully meet the challenges before them if we persist with low expectations around basic financial management of schools. Podgursky (2014) offers a similar conclusion in his paper in the series. An overarching productivity conversation is one way to raise expectations in this sense. The information demands that energize a productivity framework may represent a roundabout way of putting pressure on the basic business services side of district management, a vital part of the enterprise, but one utterly disconnected from the bottom line in terms of student learning. A productivity focus may put the whole organization on the same page in a constructive way.



## Nurture Research and Development

Compared to public health or national defense, public education has a stunted research and development infrastructure. There are many reasons for this, but one of them is widespread disregard for actual costs of operating programs or trying interventions. Opacity in costs cannot help entrepreneurs and firms who are keen to bring innovation to public education submit bids that are as competitive as they would be if they had better cost information. This in turn reduces the likelihood of districts entering performance agreements with contractors or into other deals with strong potential to improve outcomes, reduce expenditures, or both.

## Enhance Policy Relevance of Research

One of the most important outgrowths of the accountability movement emblemized by No Child Left Behind is a surge in social science research featuring estimates of the effects of various characteristics describing students experience in schools. But knowing what works and what doesn't is only one piece of the research and development puzzle. Douglas Harris, an economist, has argued that the estimated effects of interventions would be more enlightening for policymakers were they presented along with information on cost.<sup>23</sup> This argument, which draws on precedent in the health care industry, resonates with recent Office of Management and Budget edicts urging public agencies to move toward budgeting and planning in a manner that reflects research on cost-effectiveness.<sup>24</sup> In education, however, such movement is hobbled by the poor quality of cost information available to researchers, a situation that a productivity framework would help remedy.

## CONCLUSION

A national dialogue about productivity in schools has potential downsides for progressives and their political allies. In particular, some stakeholders may latch onto estimates of productivity as a basis for tax relief, union bashing, or softening expectations that all children can finish school ready for college or a career. Yet these dangers are hardly unique to productivity.

We prefer to focus on the positive potential of a productivity conversation to enrich the information space in ways that further progressive goals around fiscal fairness and smarter use of money in schools. Moreover, we have yet to see any other single initiative with the arguable ability to build public support for increased investment in education.

Such support is sorely needed for at least three reasons. First, fixing state funding formulas to address inequity among districts solely by Robin Hood-style redistribution is virtually impossible. Legislatures need political support to muster new monies to finance transitional, hold-harmless provisions. Second, state education agencies need to be overhauled and beefed up to match their charge.<sup>25</sup> As currently organized and funded, they simply lack the capacity to shift from their traditional compliance-oriented role to one of leading and supporting improved school performance. A productivity framework is a reasonable condition for new investments in these agencies. Finally, substantial new investments in early childhood education have the potential to yield long-term benefits in the form of higher earnings of a better-educated populace, and in terms of reduced public expenditures on areas such as remedial education and youth incarceration. Given that the high quality evidence supporting such investments is a case study in the value of productivity studies in education,<sup>26</sup> advocates do themselves no favors by failing to turn the productivity lens on education more broadly.

On its own, accountability for student achievement worked wonders in terms of changing the character of debate about education reform. Embracing productivity seems like a natural next step in many ways. It's no silver bullet or panacea but perhaps we can use productivity as an oar to pull past the Scylla and Charybdis of the reflexive "fix schools" and "fix poverty" stances that seem to have swallowed up many on the political right and left, respectively. Progressives, by rowing fast and between obstacles, may be able to pull many along with them.

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