Problems to be solved in school finance

• No way to link spending to results (no focus on productivity)

• Exploit opportunities for personalization, new modes of instruction
The Route to Productivity

• Knowing exactly what everything costs
• Linking practices of known cost to results
• Promoting natural and deliberate variations in practice
• Enabling and creating incentives to adopt productive methods
Barriers to efficiency based on state law and policy:

- Earmarks, non-fungible pots of money
- District and state central offices that keep money from reaching the student
- District-run substitute pools that facilitate teacher absences
- Increasing teacher pay for training not related to school needs
- Class size ceilings
- Seniority pay, pay for MA degrees
- Licensing that prevents scientists and mathematicians from teaching
- Rules about what facilities schools can occupy
- Student seat-time requirements
A vision of what’s needed at different levels

• School
• District
• State
Schools: adaptive, coherent, and accountable

– Funded in real dollars
– Free to hire, set salaries, trade salaries for other resources
– Able to change readily and buy help from any source
– Pay real prices for what they consume
– Compete for students and faculty
– Face closure if unsustainable, stuck on low performance
Districts oversee schools that differ by design

- Ensure level playing field in finance and regulation
  - Minimize central spending, maximize cash to schools
- Identify unmet needs, new opportunities
- Close weakest schools to make room
- Reproduce or expand the best
- Track, report actual school expenditures and student gains
- Identify highly effective uses of funds
State needs to enable schools and districts

- Incentivize districts to manage - not operate - great, diverse schools,
- Require real-dollar accounting and student-gain measurement
- Eliminate categorical programs and other funds tie-ups
Implications for state school finance system

• Allocate dollars to districts in a pupil-weighted lump sum
• Require state and local dollars to be allocated to schools
• Eliminate strings on expenditures
State needs to play new roles

• Analyze expenditure and outcome data by school and district
• Inform districts about highly effective options
• Fund experiments with tech, new uses of staff
• Put pressure on school boards in districts that stagnate, ignore options