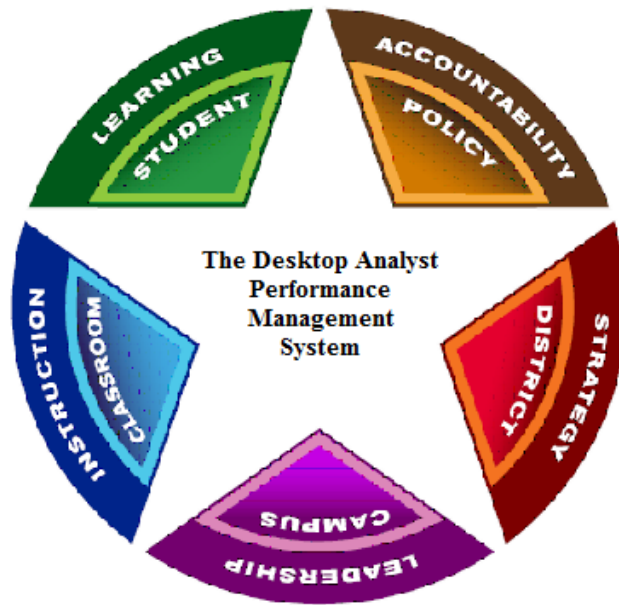


Select Committee
Public School Finance Weights, Allotments & Adjustments
September 16, 2010



Productivity in Texas Public Education

Education Resource Group, Inc.
21 Waterway Avenue, Suite 300
The Woodlands, TX 77380

Productivity

An Example of Productivity at Work

Googled “productivity definition” and got 19.1M results in .14 seconds.

Generally Accepted Definition

Productivity is a measure of output from a process per unit of input.

A Texas Public Education Definition

“... those organizations whose practices contribute to high academic achievement and cost-effective operations.”

Gov. Perry, Lt. Gov. Dewhurst, Speaker Craddick

Notes

Measuring Productivity

The Challenge

There are many different ways to measure productivity and the choice between them depends on the purpose of the productivity measurement and, in many instances, on the availability of data.

The Simple Form

Single-factor productivity measurement relating a measure of output to a single measure of input.

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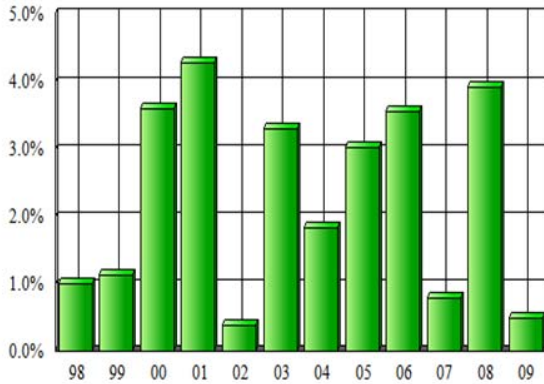
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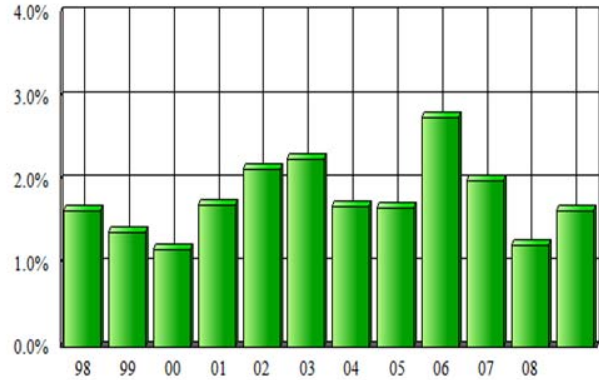
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Environmental Factors Affecting Productivity

Inflation Adjustment
Rate of Change in the Texas Consumer Price Index



Enrollment Adjustment
Rate of Change in Total Enrollment



	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Texas Consumer Price Index	1.02%	1.14%	3.61%	4.29%	0.40%	3.30%	1.83%	3.02%	3.55%	0.79%	3.93%	0.50%
Total Enrollment	3,891,877	3,945,367	3,991,703	4,059,619	4,146,653	4,239,911	4,311,502	4,383,871	4,504,627	4,594,942	4,651,516	4,727,467
Year-to-Year Growth	62,902	53,490	46,336	67,916	87,034	93,258	71,591	72,369	120,756	90,315	56,574	75,951
Enrollment Adjustment	1.64%	1.37%	1.17%	1.70%	2.14%	2.25%	1.69%	1.68%	2.75%	2.00%	1.23%	1.63%

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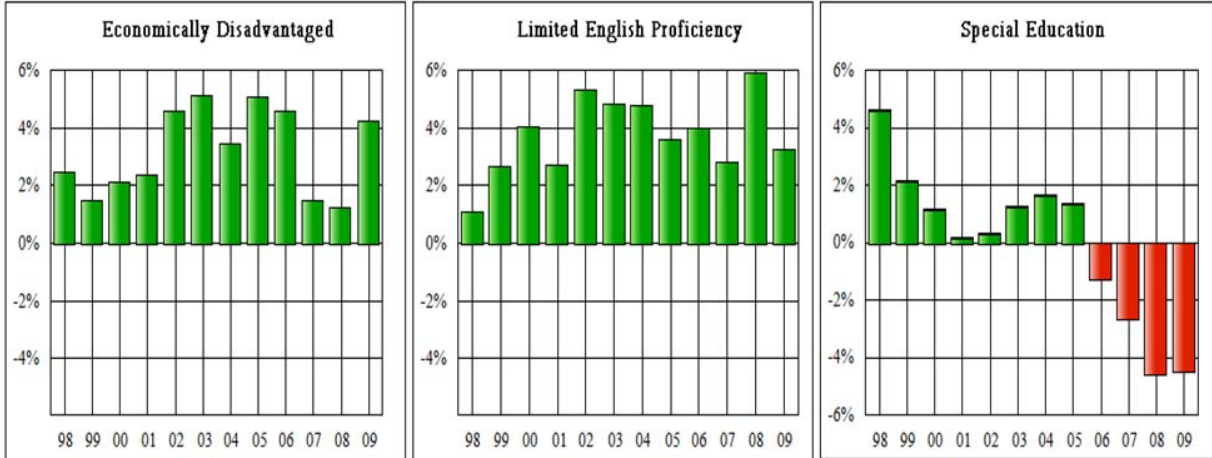
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Key Changes in Student Demographics



	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	
Economically Disadvantaged	1,886,926	1,914,547	1,955,012	2,001,697	2,093,511	2,201,534	2,277,901	2,394,001	2,503,755	2,540,888	2,572,093	2,681,474	
Growth Rate		2.48%	1.46%	2.11%	2.39%	4.59%	5.16%	3.47%	5.10%	4.58%	1.48%	1.23%	4.25%
Limited English Proficiency	519,793	533,741	555,334	570,453	600,922	630,148	660,308	684,007	711,237	731,304	774,719	799,801	
Growth Rate		1.10%	2.68%	4.05%	2.72%	5.34%	4.86%	4.79%	3.59%	3.98%	2.82%	5.94%	3.24%
Special Education	466,527	476,712	482,427	483,442	485,010	491,259	499,587	506,391	500,037	486,887	464,789	444,026	
Growth Rate		4.62%	2.18%	1.20%	0.21%	0.32%	1.29%	1.70%	1.36%	-1.25%	-2.63%	-4.54%	-4.47%

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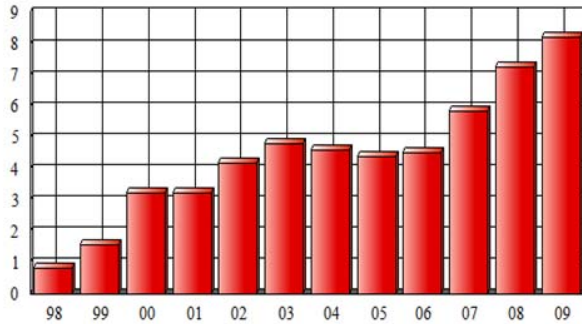
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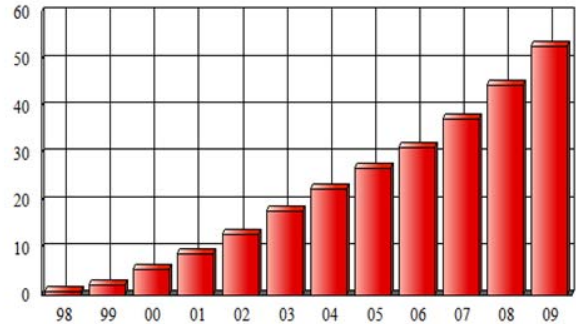
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Econometric Model of Texas Public Education

Texas Public Education
Annual Real Growth in Total Operating Expenditures
(Billions)



Texas Public Education
Cumulative Variance in Total Operating Expenditures
(Billions)



	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Enrollment Adjustment	1.64%	1.37%	1.17%	1.70%	2.14%	2.25%	1.69%	1.68%	2.75%	2.00%	1.23%	1.63%
Inflation Adjustment	1.02%	1.14%	3.61%	4.29%	0.40%	3.30%	1.83%	3.02%	3.55%	0.79%	3.93%	0.50%
Base (Millions)	19,452.7	20,009.8	20,538.2	21,562.7	22,907.3	23,565.2	24,976.9	25,925.6	27,250.2	29,083.5	29,931.2	31,516.4
Enrollment Adjustment	319.6	275.0	241.2	366.9	491.1	530.0	421.7	435.2	750.6	583.1	368.5	514.6
Inflation Adjustment	200.9	231.3	751.0	940.3	93.3	795.3	465.9	796.5	995.0	234.9	1,191.7	160.8
Student Mix Adjustment	36.6	22.1	32.4	37.3	73.5	86.4	61.1	92.9	87.8	29.7	25.0	87.5
Forecast (Millions)	20,009.8	20,538.2	21,562.7	22,907.3	23,565.2	24,976.9	25,925.6	27,250.2	29,083.5	29,931.2	31,516.4	32,279.4
Actual (Millions)	20,851.0	22,139.3	24,809.2	26,159.4	27,755.7	29,828.7	30,539.6	31,684.4	33,632.9	35,817.9	38,800.7	40,525.1
Variance - Annually	841.2	1,601.1	3,246.5	3,252.1	4,190.5	4,851.8	4,614.0	4,434.3	4,549.4	5,886.7	7,284.3	8,245.8
- Cumulative	841.2	2,442.3	5,688.8	8,940.9	13,131.4	17,983.2	22,597.2	27,031.4	31,580.8	37,467.5	44,751.8	52,997.6

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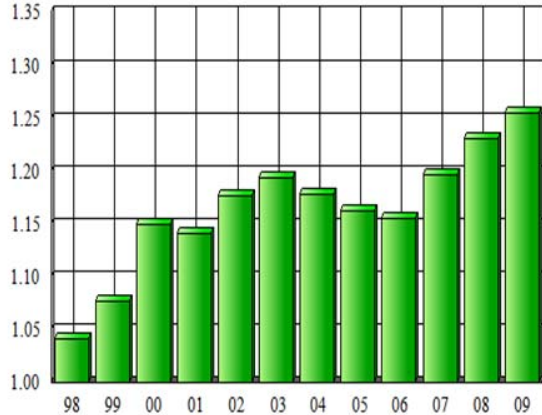
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Productivity in Texas Public Education

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Operating Services Productivity Measurement

Operating Services Cost Index



The annual Operating Services cost (adjusted for inflation) to educate a student in Texas public education rose from \$5,357.57 in 1997-1998 to \$6,545.70 in 2008-2009, or 22.2%.

Operating Services cost includes the staffing, benefits, and other operating costs in school districts organized into the following cost groups:

- Function 10: Instructional Services Group
- Function 20: Leadership Services Group
- Function 30: Student Services Group
- Function 40: Non-Student Services Group

The Operating Services Cost Index measures the variance between the constant dollar model, or forecast, and the actual operating cost of Texas public education.

	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Operating Services Cost Index	1.042	1.078	1.151	1.142	1.178	1.194	1.178	1.163	1.156	1.197	1.231	1.255
Total Enrollment	3,891,877	3,945,367	3,991,703	4,059,619	4,146,653	4,239,911	4,311,502	4,383,871	4,504,627	4,594,942	4,651,516	4,727,467
Actual Cost per Student	5,357.57	5,611.47	6,215.19	6,443.80	6,693.52	7,035.23	7,083.28	7,227.50	7,466.31	7,795.08	8,341.52	8,572.27
Forecasted Cost per Student	5,141.42	5,205.64	5,401.89	5,642.72	5,682.94	5,890.91	6,013.13	6,216.01	6,456.37	6,513.95	6,775.52	6,828.04
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Cost per Day (Millions)	2.305	4.387	8.894	8.910	11.481	13.293	12.641	12.149	12.464	16.128	19.957	22.591
Cost per Hour	96,029	182,777	370,602	371,241	478,369	553,861	526,707	506,195	519,337	671,998	831,538	941,300

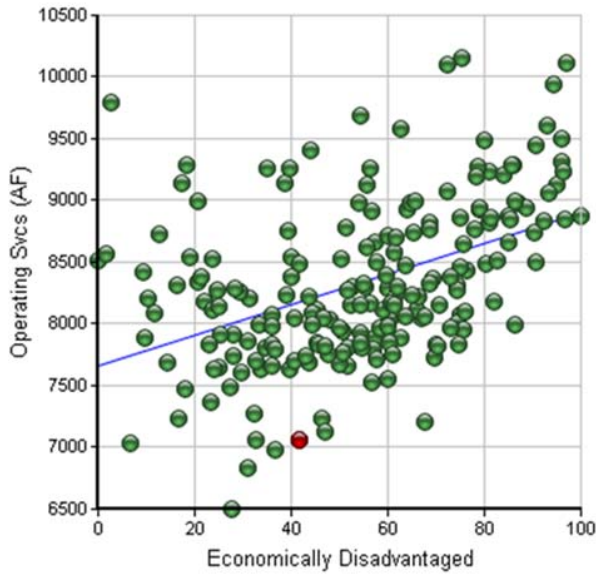
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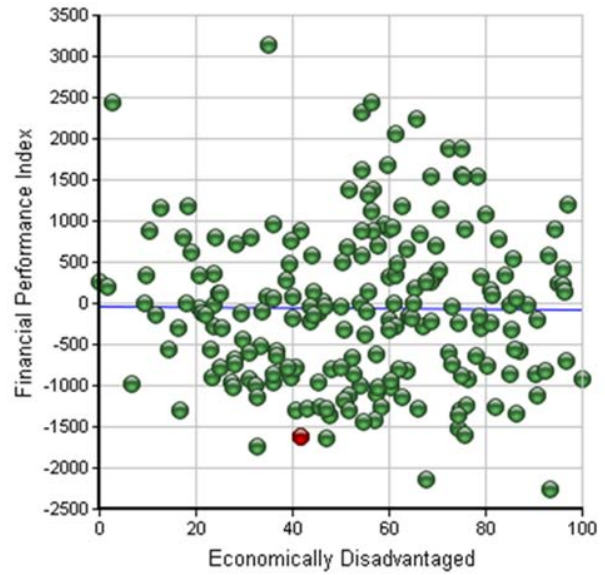
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The 2009 ERG Performance Matrix



Y-Axis Intercept Value	7,655.85
Slope Of Regression Line	12.44
R-Squared Value Of Regression Analysis	0.20



Y-Axis Intercept Value	-48.61
Slope Of Regression Line	-0.41
R-Squared Value Of Regression Analysis	0.00

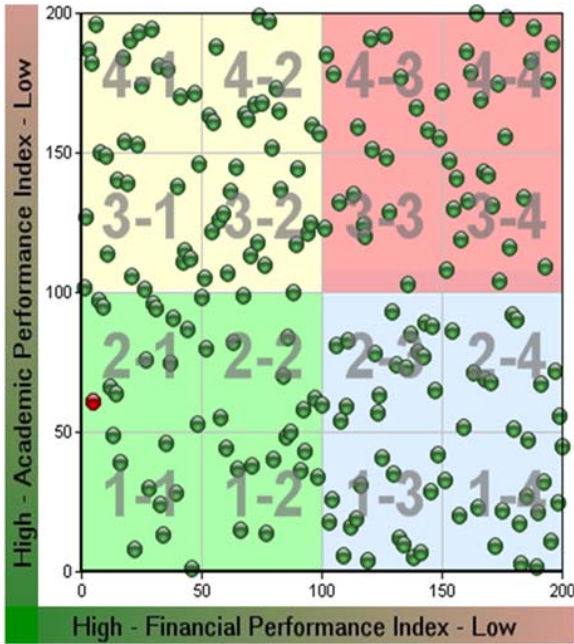
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Quality and Productivity

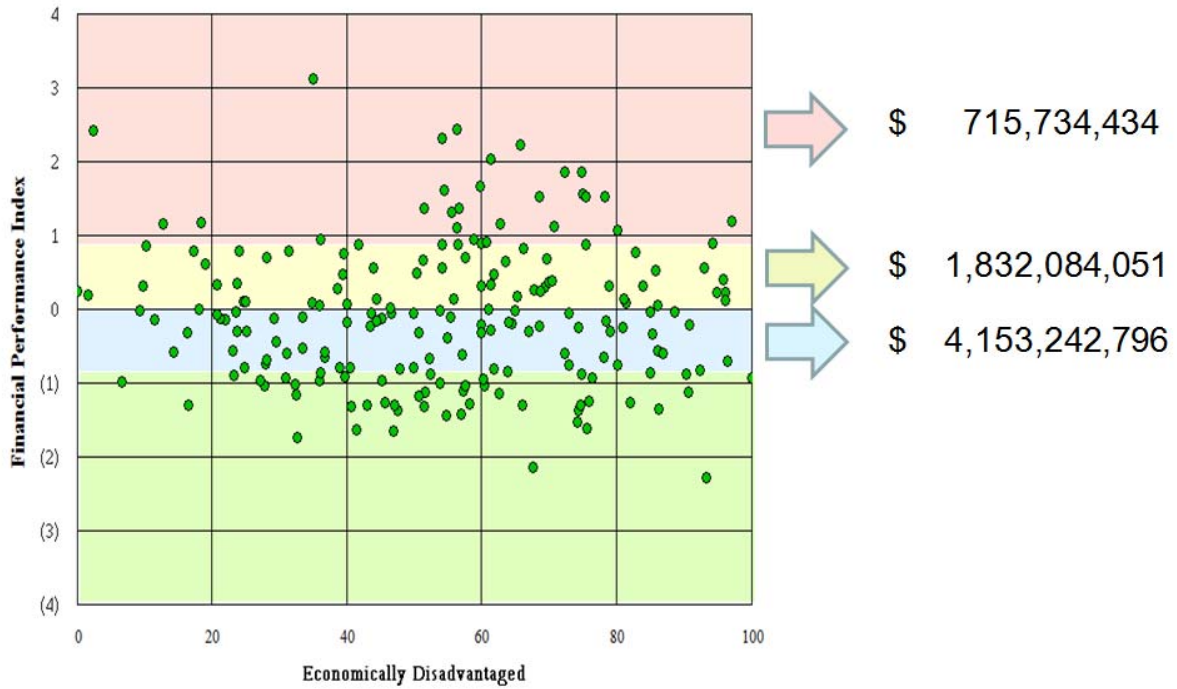


Performance Rankings			
Metric	2009	2008	Chg
Education Productivity Index	10	10	0
The district's overall ranking based on its combined academic and financial performance. Districts in the lower left-hand corner (1-1) provide the highest relative academic performance at the lowest relative cost per student.			
Academic Performance Index	61	71	▲ 10
The district's ranking based on its performance on the TAKS tests, 4 year graduation rates and college admission tests.			
Financial Performance Index	5	14	▲ 9
The district's ranking in operating efficiency based on all funded expenditures for instruction, leadership, student support services and non-student support services.			

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Systemic Capacity for Productivity Improvement

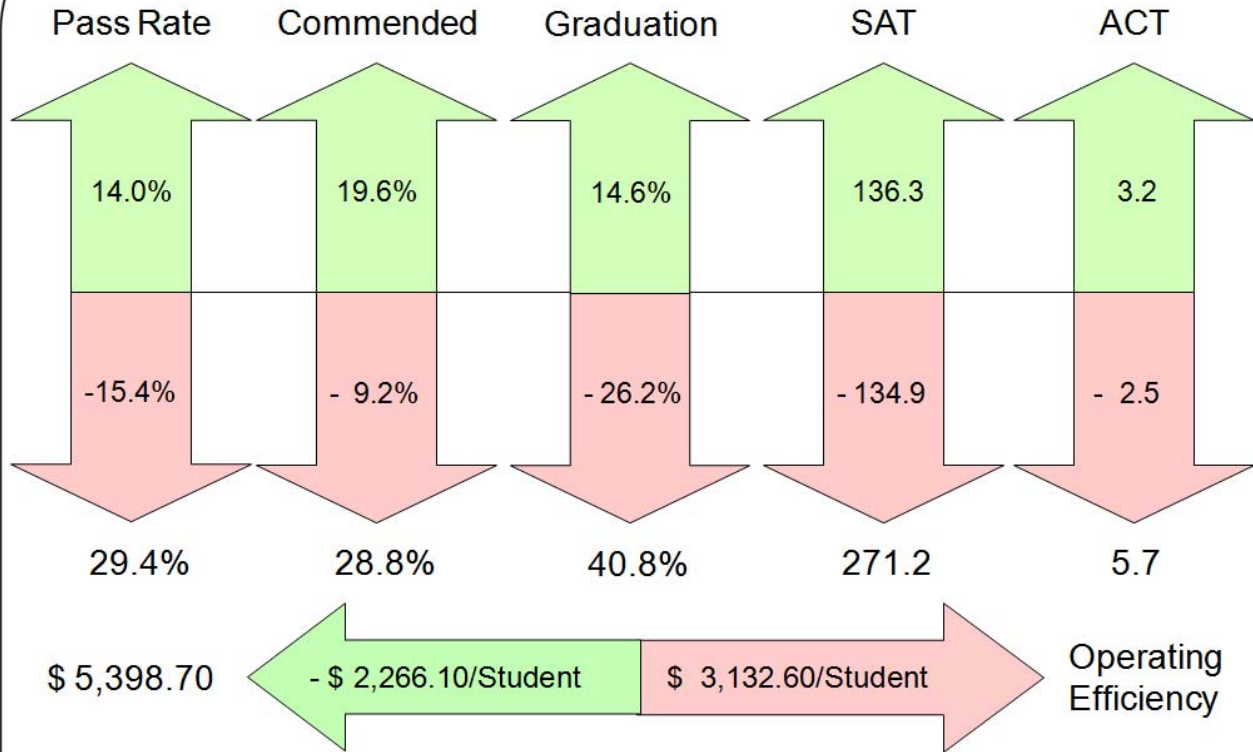


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Performance Gap Analyses



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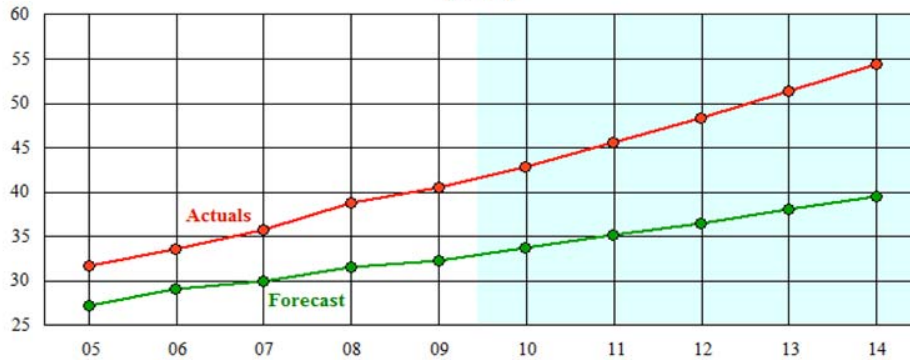
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Five Year Operating Expenditure Outlook

Texas Public Education
Projected Growth in Total Operating Expenditures
(Billions)



	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Enrollment Adjustment	1.68%	2.75%	2.00%	1.23%	1.63%	1.86%	1.90%	1.73%	1.67%	1.76%
Inflation Adjustment	3.02%	3.55%	0.79%	3.93%	0.50%	2.36%	2.23%	1.96%	2.20%	1.85%
Base (Millions)	25,925.6	27,250.2	29,083.5	29,931.2	31,516.4	32,279.4	33,722.0	35,187.6	36,552.2	38,038.8
Enrollment Adjustment	435.2	750.6	583.1	368.5	514.6	600.5	639.6	607.1	610.2	668.3
Inflation Adjustment	796.5	995.0	234.9	1,191.7	160.8	776.1	765.6	702.7	816.6	716.1
Student Mix Adjustment	92.9	87.8	29.7	25.0	87.5	66.0	60.4	54.9	59.8	65.7
Forecast (Millions)	27,250.2	29,083.5	29,931.2	31,516.4	32,279.4	33,722.0	35,187.6	36,552.2	38,038.8	39,488.9
Actual (Millions)	31,684.4	33,632.9	35,817.9	38,800.7	40,525.1	42,889.1	45,569.9	48,427.3	51,442.0	54,428.1
Variance - Annually	4,434.3	4,549.4	5,886.7	7,284.3	8,245.8	9,167.2	10,382.3	11,875.1	13,403.2	14,939.1
- Cumulative	27,031.4	31,580.8	37,467.5	44,751.8	52,997.6	62,164.8	72,547.0	84,422.1	97,825.3	112,764.5

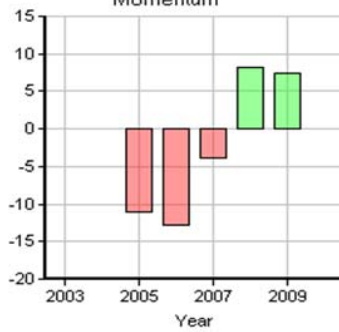
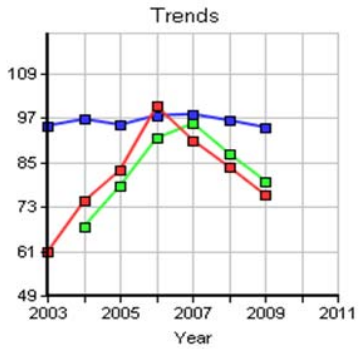
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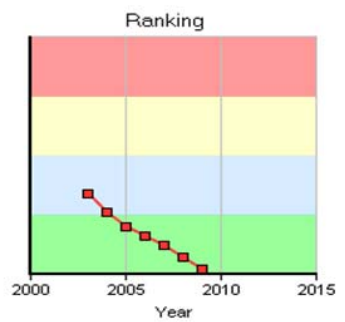
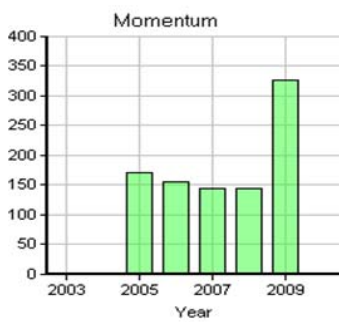
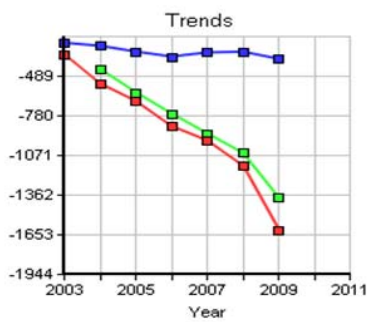
Can It Be Done!!!

Cypress-Fairbanks ISD

Academic Performance Index



Financial Performance Index



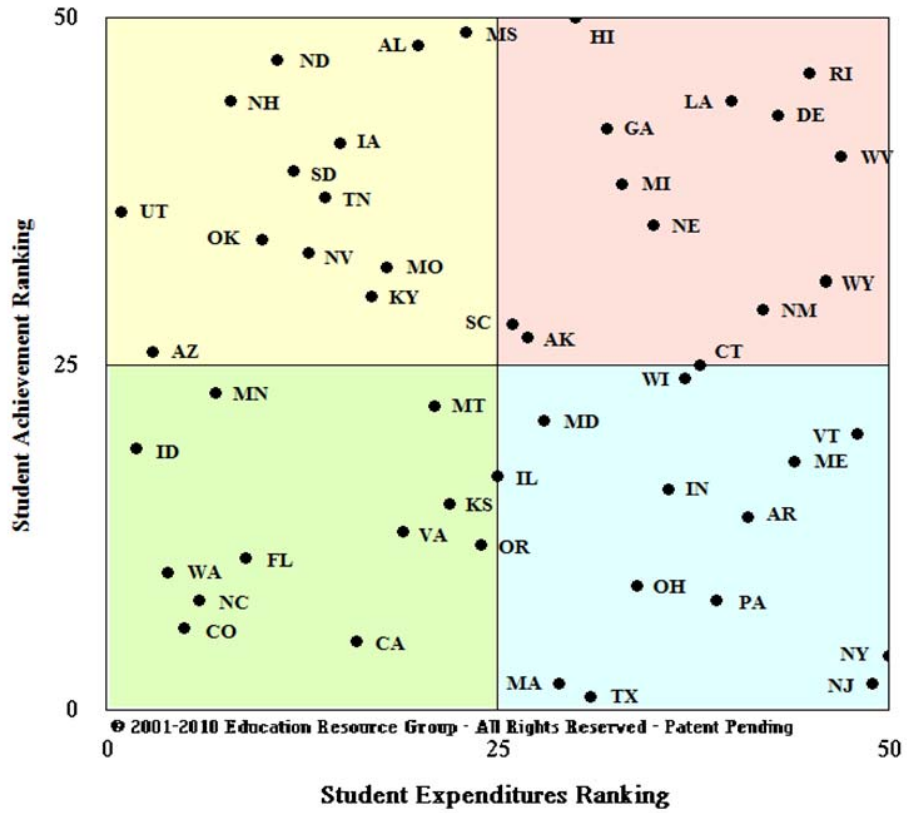
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Quality Counts 2008
Annual Report on State-Level Public Education Performance
Education Week



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Notes

Public Policy and Improving Educational Productivity



*Information
is a
Strategic Resource*

Create a Framework for Measuring Productivity:

- Communicate the framework to all stakeholders
- Provide tools to evaluate academic and financial performance
- Develop and monitor performance improvement strategies

Establish Performance Goals:

- Communicate goals through a Balanced Scorecard
- Integrate academic achievement and productivity
- Establish effective rewards and sanctions

Measure and Monitor:

- Information must be timely, consistent, and accurate
- Continuously measure performance and provide feedback
- Gather new data to support goal setting

Notes