

STATE OF TEXAS  
SENATE COMMITTEE ON EDUCATION

TESTIMONY OF CHARLES MILLER

SENATE BILL 872 SHAPIRO  
Relating to the Study of Productivity and  
Cost-Effectiveness in Public Education

March 8, 2011

In recent months there has been an explosion of interest in 'productivity in public education'. The bill before you, Senate Bill No. 872, directly and uniquely addresses that issue.

The Secretary of Education made a major speech last November called "The New Normal: Doing More With Less" followed up with a speech at the National Governors Association meeting last week with similar remarks. He was seconded at the same meeting by strong remarks from Bill Gates, whose foundation has undertaken major programs on this issue.

The bill proposes a low cost, very high return approach to financial accountability which, when implemented, has the potential to reduce spending on public education in Texas by billions of dollars annually---for the same academic achievement.

Alternatively, it might be used to produce higher academic results for the current level of spending...or for any given level of spending, now or in the future. That's what improved 'productivity' means.

The proposed Center for Financial Accountability and Productivity in Public Education can be put in place quickly , requires a low annual financial expenditure, could be funded justifiably with a reallocation of funds---and has the potential to be a 'game changer' in public education.

Texas has addressed this issue since the middle of the last decade under the leadership of Senator Shapiro and others. We haven't gotten to the final answer yet. However, fiscal circumstances at the local, state, federal and international levels have created an elevated sense of urgency and need---a 'moment of reckoning'.

Also, Texans have the absolute right to expect policy makers to use their tax dollars---their property--- in the most productive manner.

Today, we *do not* have a productive public education system.

The system is highly regulated, is a public monopoly, has a large powerful adult constituency and has a human resource model of an outmoded industrial era.

On top of all that---making a poor situation worse---there is *limited financial transparency or accountability*.

There is very little clarity or standardization about public education spending for programs, processes, people or policies---anywhere, by anyone, at any time.

We don't have a clue about what we get for what we spend. We have no financial accountability. We have no measures of 'productivity'.

Districts have an official, detailed chart of accounts to be followed. No one is consistently using it. Campus data is especially weak or inaccurate.

The funding formulas are outdated and opaque, allocating money in a willy-nilly way in which some benefit and some lose---almost at random.

Into this system, Texas has piled *hundreds of billions of dollars* over the last twenty years. Spending has increased in the order of five times in that period. Quintupled!

In the last ten years there has been a 95% increase in school district spending while enrollment was up 20% and inflation grew at 32%.

Total spending *per pupil* in 2008-09 was approximately \$12,000 (\$11,978).

Increases in major categories of spending in the last ten years include *80% in Payrolls; 95% in Other Operating; 120% in Fund Balances; 130% in Capital Outlays; and 160% in Debt Service.*

Does anyone know what Texas students and taxpayers got for all that money? Can anyone argue that the system shouldn't be more 'productive'? Texas hasn't seen remotely comparable academic performance improvements.

Senate Bill No. 872 introduces a highly promising new element of *financial accountability* which has the potential to continuously improve the 'productivity' --- the *cost effectiveness* --- of public education in Texas.

Strategically, *unbundling* and improving the data systems to provide financial accountability would permit *much less regulation*, which would then allow local districts to *productively reallocate* funds and in the end create a wave of innovation in public schools. Unbundling + Deregulation + Reallocation = Innovation

By providing policy makers with appropriate research, analyses and rankings along with advice and specific actionable recommendations on improving productivity, the proposed Center can put public education in Texas on a far better course and provide for a far better future for students, for educators and for taxpayers.

Thank you.