

The Quorum Report

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STAKEHOLDERS START TO GRAPPLE WITH 65% RULE

Neeley's goal key to the process.

Educators can offer a hundred answers – and have – why the **65 percent rule** on classroom instruction is fraught with peril, but the only question worth asking is what goal **Education Commissioner Shirley Neeley** intends to achieve with her mandate.

The 65 percent rule itself is straightforward: roughly two out of every three dollars of any school district's operating budget should go directly to the classroom. It's a concept most conservatives like, many taxpayers can grasp and almost all school districts should be able to achieve, given that the bulk of any district's budget is personnel costs.

From the political side, the 65 percent rule is a bargain. From the policy side, it's an exercise in exceptions, and no one is better than educators at pinpointing exceptions. At last week's hearing on the policy proposal, many of those objections were outlined: Football is in but libraries are out under the *National Center for Education Statistics'* definition of instructional costs. School districts are penalized for programs they have no control over, such as lunch programs, transportation costs and rising electric bills. And districts often are faced with extraordinary circumstances – remediation of mold on a campus, for instance – that put a district's budget out of kilter.

That's the view from the ground. The overarching question, and a number of speakers alluded to it during last week's hearing, is just what the agency intends to achieve with this policy. That's the calibration issue on the 65 percent policy, and it's the question that will drive not only how the policy works but also what impact it has on education.

For some, like **Chris Patterson** of the *Texas Public Policy Foundation*, the 65 percent rule is a benchmark for comparison, an indicator that points to how well Texas fares against other states. Texas is at the mid-point among states when it comes to the proportion of spending in the classroom, and while high per-pupil expenditures do not appear to drive improvement in student achievement, high spending in the classroom does, especially in schools with high-poverty students, Patterson said.

"Increasing the resources into your classroom is important for a variety of reasons, but the most important reason is when you spend more money on the classroom, you're focusing all your school's efforts on students and improving achievement," Patterson said. "It

makes it the 'Job 1' priority when you put your money where your mouth is."

If benchmarking was Neeley's priority – and Neeley has yet to state a priority – then altering the formulas under the instructional area would make little sense. It would end the ability to directly compare the state to others. Under such a scenario, the intention would be to ratchet up the state's performance against other states, and specifically those states that get better performance by putting more dollars in the classroom.

That's the accountability goal, which **Chief Deputy Commissioner Robert Scott** hit in his comments during last week's hearing. Under the accountability system, the 65 percent mark could serve for financial accountability what the state's testing standards serve for academic accountability. That standard, when met, could provide a school district with a defense for dollars spent and against future unfunded mandates.

Catherine Clark of the *Texas Association of School Boards*, however, was willing to dig a little deeper. If the argument is that school district budgets are confusing and that it appears to taxpayers that money is being wasted in an unwise fashion, then maybe it's time to overhaul the way information is collected, Clark said. Clearly trust has been lost with the public, although districts have reams of financial data, Clark said.

"What we've got is a problem with data," Clark said. "We can create a good definition of instructional costs, but a definition by itself isn't going to build trust."

Clark suggested it might be time to take a hard look at the state's *Public Information Education Management System*, which collects data on a student-by-student and campus-by-campus basis. That data is parsed at the district level, often in mysterious ways only understood to the school district's budget officer, to make budget decisions.

Turning PIEMS around to address goals like the 65 percent rule is somewhat akin to turning around the Queen Mary, Clark said. Two decades after it was created, the time has come to find a more nimble and responsive accounting system, she said.

If Neeley's goal is to dig into how school districts are spending money on line items within a budget – with immediate feedback when spending goes astray – then Clark could be right. The state needs a more responsive tool to account for spending. To do so would take the policy beyond a number and give districts a tool to implement the mandate.

Last week's hearing was targeted to an educator task force. Today, Neeley will host a second hearing with a citizens' committee intended to address the 65 percent issue.

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