

Profit of Education

Dick Startz



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Introduction

Perhaps you've read books that claim to have identified the silver bullet for the woes of American education—the one reform that will set schools back on the right track. You may have heard inspiring true stories of broken classes being repaired, stagnating schools brought back to life, and even whole school systems pulled back from the brink. In fact, if you have any attachment to the public schools, you've likely seen some great accomplishments up close and personal. I certainly have.

These many success stories leave me puzzled. A silver bullet is supposed to win the battle, metaphorically speaking, with a single shot. Each suggested reform is held out as the solution to most or all our educational problems. If there's a single right solution, why do we hear about so many *different* silver bullets? This is a puzzle, but it's a small one. The truth is probably that we have many workable solutions for the failings of our educational system, most of which have something to contribute to the battle, even if they can't end it in one fell swoop. Having lots of solutions is good news!

Yet the solution to this first puzzle only leaves me with a second, and bigger, question. If we have a silver bullet solution, or a plethora of smaller reforms that work, why are our schools still failing? This, in a nutshell, is the puzzle this book sets out to solve.

I'll get to the answer in a minute. First, let me share a story about my twelfth-grade social studies teacher, and now good friend, Vic. Vic is the sort of teacher lots of former students stay in contact with,

me included. Several decades back, Vic became concerned about senior slump—students with one foot already out the door who waste the second half of their senior year. Vic and some colleagues designed a program that offers seniors a different sort of learning experience, one that motivates them to stay engaged and gain real skills they can put to use as adults. The program, called WISE,¹ asks students to design an individualized project on a topic of their choice, under the mentorship of a community member in a relevant field. Because Vic is one of those folks who make things happen, the program has run successfully for over thirty-five years and has reached over 25,000 students at more than eighty schools around the country.

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Vic and I had lunch while I was researching this book. He told me of his frustration with a scenario he too often watches play out with WISE: some energized teachers start up the program in a new school and it's a big hit, but soon the innovators move on to a different job, and the program dies out. It struck me that this problem is not unique to WISE. Charismatic innovators build a successful program, some dedicated teachers pick up the idea and run with it, and then the initial burst of energy dies, and the program stalls not far from its starting point. It doesn't spread as far as it should, and it has no staying power.

This pattern is a common one: the small-scale success of local innovations, and the succeeding failure of systemic reform. We've seen myriad reforms that work, and work well. Curricular reforms, reforms in school organization, reforms in teacher qualifications, reforms in education funding. There's no shortage of successful tactics. At the same time, our public education system, which once led the world has fallen into mediocrity. The engine of economic growth and generator of a thriving middle class has stalled.

Early on in conducting research for this book, I realized that education doesn't need a new miracle cure. What we need is to ask a

School reform has looked much like a field at twilight with some 85,000 fireflies in it—one for every public school in the country. For each effort at "reform" or "restructuring," a light blinks on, only to blink off again in a relatively short time.

Marshall Smith, Brett Scoll, and Jeffrey Link²

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different question. Why haven't the many local successes we see in our schools *spread*? There really are people working miracles in individual schools around the country. More important even than these superstars are the hundreds of thousands of classrooms where students and teachers may not work miracles, but are very successful on a routine basis. So here we sit, with both the occasional miracle worker and thousands of everyday heroes. Still, as a whole, our schools fail. What must we do to turn loose the energy and talent that drives these local victories, and spread it throughout the national education system?

Focus on teachers. Imagine an army that devoted all of its energy to clever tactics and new equipment, while ignoring the troops. Not a good idea. It's the same in the schools. New methods and different organizational designs do matter, but unless the troops on the ground—the teachers—carry through on reforms, we're forever stuck winning isolated battles while losing the war. How do we bring the focus back to our teacher-troops? The message here is simple. Hire good people by paying them well. Reward them for doing a good job.

Outside the education sector, America has found two rules that lead to success: (1) If something is really important, we pay more for it. (2) When we buy an expensive item, we expect to get good value on the dollar. This book's strategy is unremarkable: we're going to spend more money to draw in more teachers like the successful ones we already have, and we'll allocate that additional money by rewarding teachers who do their job well.

How is this solution different from all of those miracle cures already out there? If I offer a silver bullet of my own, it is the recognition that *there is no silver bullet*. There are many good approaches to offering a better education; different ones will work for different teachers and students under different circumstances. Rather than picking one and requiring that it work for everyone in our sprawling, decentralized, diverse education system, I offer a rather commonsense metasolution. Get good people and give them the right incentives, and they'll find the solutions that work for them, on their own steam, and with the advantage of picking solutions that meet local needs, as the best already do. The books that advocate for a particular reform? The successes you may have seen in your hometown? All these proven reforms? What we're going to do now is create the conditions on the ground to break through the barriers and

turn loose all those great ideas. Then we're going to generate the power to make them flow through the whole system.

How do we get there? There are three million public school teachers in the United States. The public, their employers, needs to start thinking of teaching as a profession rather than an act of sainthood. Sure, dedication to students, passion for learning, and altruism are all part of the reason that a person becomes a teacher. Unfortunately, we've fallen into the trap of thinking that dedication and altruism replace all other considerations. Because we rely on dedication and altruism, we think we can get away with substandard teacher pay. This doesn't work. We also don't reward success, apparently on the theory that the warm, fuzzy feeling of doing good is reward enough for teachers. This doesn't work either. Instead, we need to treat teaching like other highly skilled professions: pay for talent, and then reward a job well done.

Spending money on teachers in this way is a one-two punch for fundamental reform. The first force for a breakthrough is to increase earnings potential and change who becomes a teacher. Put yourself in the mind of a college student making a career choice, or an experienced teacher contemplating a career change. Personal considerations will certainly enter the decision. Do I find the work rewarding? Will I be good at it? But how well the job pays matters too, as does the ability to advance through hard work and achievement. For many years now it has been true that, for a job that requires a college education, teacher pay is lousy. What's more, there is almost no opportunity for advancement within the profession.

In the past, teaching paid moderately well. Plus, teaching used to be one of the few professions open to women, giving schools a special advantage at hiring top people. Today, teaching pays poorly compared to other occupations open to the college-educated. Because teaching is inherently rewarding, we still get quite a few good teachers. But we get fewer good teachers than we used to, and not nearly as many as we need. That has to change. Just as we do everywhere else in the American system, we need to be prepared to pay for quality. To attract top people into teaching and to keep top teachers from jumping ship, we have to raise teacher pay. Without the right people in place, nothing else matters.

The second punch—paying for success—is the driving force that will start solutions flowing through the system once we've broken through the quality barrier. Teachers in every school will seek out solutions that work for them and their students, once they are given the

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extra little push to do so. Professionals search for new and better ways of doing things. Professionals also take responsibility for team results as well as their personal successes. In part, such professional action comes from hiring people with the right attitudes. Most professionals, though, also have financial incentives for seeing that things work right. Sometimes the incentive is a cash-on-the-barrelhead bonus; sometimes it's as indirect as a promotion years down the road.

Neither immediate nor down-the-road incentives currently apply to teachers. Unlike most people in the American system, teachers have zero financial stake in getting good results and making the system work. In teaching, almost everyone is paid according to a set schedule, in which pay increases only with seniority and formal credentials, not achievement. That's got to change. Those thousands of examples of successful local reforms will take on an entirely different level of urgency when one teacher turns to a colleague and says, "I know that changing how we do things is going to be a pain, but I need a big bonus this year. We've got to do this."

My goal in this book is to build the *business case* for teacher-centered reform, and to lay out the details of what that means in practice. When a business faces a tough problem, it has to run the numbers before jumping into a proposed solution. I'll do that with you. Of course, for a business, the numbers are dollars and cents. In the nation's education business, the *product* is helping our children become well-educated, successful young adults. The idea that we can run the numbers and that we have a responsibility to look seriously at the evidence in the same way we would in a business leads to the title *Profit*. The profit metaphor reminds us about a way of thinking through a tough problem; there's no intention to focus on financial matters as a goal. As we go along, there will be a fair amount of money talk, but remember that it's all in the service of doing right by our kids.

First, I'll show you evidence that teacher-centered reform will work. Then we'll talk about what it will cost, and address some hard questions about the practical details of using financial rewards in ways that are both fair and effective for teachers and students alike. Finally, I'll describe the real, measurable benefits to the nation as a whole of repairing our failing system of education.

To get started, I want to provide a very clear, measurable goal for what the plan in this book will accomplish:

Educational outcomes for students will improve, on average, by learning equivalent to one year of additional education.

Let me be quite clear that I don't mean that students will be in school for an extra year. What I do mean is that the extra amount students learn in their normal schooling will be the same as what would now take an extra year. First graders will learn a little more than first graders do now. Second graders, who'll start the year a bit ahead of where today's second graders begin, will add another few weeks worth of progress on top of their better starting point. Down the road, the typical eleventh grader will be performing at what is today thought of as a twelfth-grade level. Most high school graduates will have a real start on college-level material, and students who today would today drop out will succeed in earning that high school diploma.

There's nothing untested about focusing on teachers to achieve this goal. We have many teachers, right now, who already do well enough to produce an extra year of learning over a K-12 education. We're not talking about one teacher in a hundred. We're not talking about one teacher in ten. We're talking about *many* of today's teachers who have already figured out how to give their students that extra edge. These teachers do it with students from poor families and rich families, at all different grade levels, and across the country. The problem isn't that we don't know what this level of teaching ability looks like; it's just that we don't have enough people at this level. What our reform requires is raising the performance of the average teacher to the level already achieved by these above-average teachers.

The principle that we're going to pull up the performance of the average teacher by making teaching a financially attractive career and then rewarding successful teachers is hard to argue with, but to make it practical you have to actually attach numbers. We'll go through the calculations in detail later, but for now, I'll tell you the bottom line: we've got to raise teacher salaries by 40 percent. Since this money will be allocated largely through bonuses that reward achievement, that means that the *average* teacher's share of this new pot will be large enough to raise her salary 40 percent.

A 40 percent raise will cost the country \$90 billion a year. That \$90 billion is the size of a major national program, say, one-third less than what we spent on the wars in Iraq and Afghanistan in 2009. Ninety billion dollars is a lot of money, although it is *less* than what the federal government spent on education in the emergency stimulus package of 2009. A 40 percent increase in teacher salaries

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corresponds to a 15 percent increase in overall school spending. Saying it that way puts the increased cost into perspective, but it doesn't change the fact that we are talking about a very significant expenditure.

Getting our kids an extra year of education is desirable, but is it worth it? Later in the book I'll show you that this is a big upfront investment with an enormous long-term payoff. The payoff from reinvigorating schools is so large that over the long haul it will pay off half the national debt! A better educated workforce is so much more productive that, according to my estimates, in the long run:

\$90 billion a year spent fixing schools under this plan will raise GDP by \$900 billion a year!

Will taxpayers go for a plan which requires some sacrifice now, even for major benefits down the road? I'll argue yes, for a combination of two reasons. First, people are well aware that our schools are failing our future. The public believes that school performance is poor to mediocre—somewhere between a C and a grade of B.³

The public is right. Some of our schools are first rate; others are disastrous. On average, our schools aren't terrible—they're mediocre. C+ quality schools portend a C+ quality future. I don't think there's

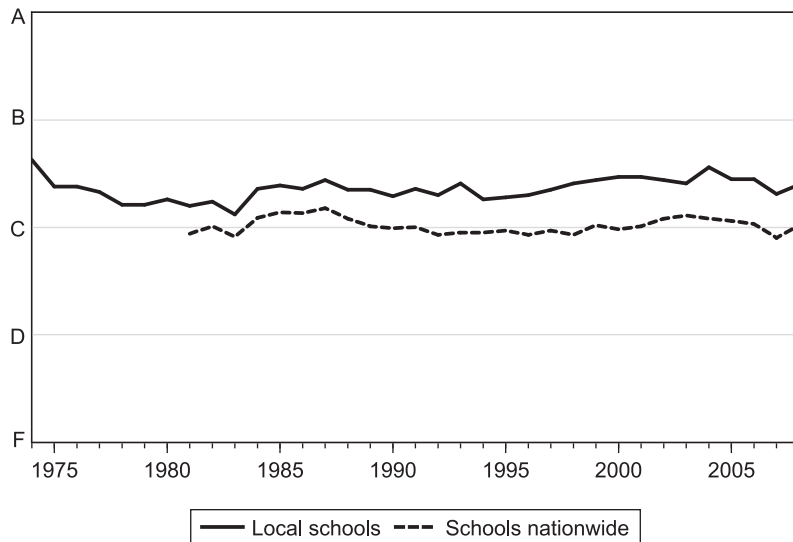


Figure 1 Public Opinion Grades of Public Schools.

much disagreement about the need for fixing our broken-down education system. Education experts and the public agree. Yet, after decades of much sound and fury on the topic, we've seen little progress.

This has created a major political disconnect between the education establishment and the public. Here's my caricature of the education establishment's battle cry: "Kids are our future. Give us more money. Kids are our future. Kids are our future. Give us more money. Give us more money." Sometimes more money shows up in response to this plea. After all, it is true that kids are our future. But frequently, the public response—usually sotto voce—is "What the heck did you do with the money we gave you last time?"

Cynics say that we have put money into schools in the past, without great result. The cynics have a point. Over the last three or four decades, inflation-adjusted spending per student has nearly tripled. *But the spending has not gone toward higher teacher salaries.*

Taxpayers will ask—and given history, ask reasonably—why we should spend yet more money on schools. The answer, and the second reason I believe taxpayers can get behind this plan, is that unlike previous reforms, *Profit* comes with an implicit money-back guarantee. The plan is to raise teacher pay—which we have *not* been doing for the last forty years—while thinking very carefully about how the money is spent. We'll talk about the details later, but the heart of the deal for teachers is that while current base pay will be kept in place, large raises will be available to those who get results. The deal for the taxpayer is that schools are going to have to earn that extra money. If they don't earn it, *they don't get it*. There will be no bill for a failed program.

If you've walked into almost any school, you've seen tactics that work. And if you've read any of the innumerable books on school reform, or watched any of the *Blackboard Jungle/To Sir, with Love/Stand and Deliver* movie genre, you know that *some* of our schools succeed against all the odds. We have programs that *do* work and amazing people who make them succeed. We have hundreds of reforms that do work and thousands—tens of thousands—of local successes, and yet these true-but-local successes fail to translate into systemic reform. The goal of *Profit* is to make it possible for the successes we already have to scale up, to restore the world-class educational system that our kids—and our nation—deserve.

Profit is a big step, but a worthwhile one. After all, kids *are* our future.