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An F in Effectiveness

by **Eric Hanushek** and **Alfred Lindseth**

When it comes to schools, Obama's stimulus is likely to lock in a set of bad policies. By **Eric A. Hanushek** and **Alfred Lindseth**.

The Obama administration and Congress are attempting to quickly hand out money around the country to stimulate the economy and bring us out of the current recession. Because of its enormous price tag—\$800 billion or more—the stimulus plan must be sold to the public as serving worthwhile purposes, which explains why the education components have received considerable attention.

Whether or not education is stimulated by the new federal money rides almost entirely on the discretionary components of the package. Although more than \$100 billion is being doled out for education purposes, most of it is unlikely to improve student achievement and may even impede progress toward that critical goal. The driving force behind the stimulus package seems to be to spend the money quickly, meaning that past spending priorities and patterns will be largely replicated, rather than spending it effectively to meet our educational goals.

There is no doubt that the country badly needs to improve its K–12 schools. U.S. student achievement trails the average achievement levels for developed countries in reading, math, and science. On the latest international science assessment, for example, we lagged behind not only Finland, Hong Kong, and Canada but also Estonia, Hungary, and Poland. If these trends continue, the United States will rapidly lose its competitive edge in the global economy.



Our citizens recognize and can rally around the importance of education for the continuing health of the nation's economy. Its importance has been thoroughly ingrained in and accepted by the American public, which makes improving our schools a valuable component of the stimulus package.

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The bigger question, however, is whether the stimulus package will truly improve America's schools. Granted, it will pour more money into them, but the structure of the package guarantees that most of the money will be allocated and spent the same way it has always been spent. During the past forty years, we have almost quadrupled our per-pupil spending (adjusted for inflation), but student performance remains essentially at the same level as in 1970. We have poured money into compensatory programs for disadvantaged students, into lowering class sizes, and into introducing new programs and technologies—enormous expenditures that have barely raised a ripple in student achievement, according to the National Assessment of

Educational Progress, commonly referred to as the “Nation’s Report Card.”

The stimulus package largely reinforces the failed policies of the past. Although some money will go toward building new schools and thus provide jobs for people in the construction industry, the critical part of the stimulus package when it comes to our nation’s future is whether it will effectively improve the knowledge and skills of our children. It is here that the public should be most concerned.

The stimulus package roughly doubles the amounts spent by the federal government for compensatory education (Title I) and special education. A large portion of the package will make up for education budget shortfalls in each state, perpetuating other historical policies and practices that have failed to improve student achievement significantly during the past four decades. Importantly, none of the spending on these programs emphasizes innovations or improvements to current practices. Moreover, the money will be allocated according to the politically determined patterns of the past, with no effort whatsoever to distribute the funds based on demonstrated need.

For example, an especially egregious element is the \$100 million addition to the impact aid program, which was introduced in 1950 to provide funds in lieu of taxes for schools located near military facilities (which did not pay taxes). The program was later expanded to include aid for Native American schools. The distribution of funds under the program is, however, not only highly inequitable but an inefficient way to support those schools. Thus virtually every administration since the 1960s has tried to eliminate the program; now it is being expanded.

Over the past forty years, we have almost quadrupled our inflation-adjusted spending per pupil, but student performance remains essentially at the same level as in 1970.

This example illustrates our biggest concern: the stimulus program simply locks in a set of bad policies. A few specific elements of the stimulus package, albeit less than 2 percent of the total, do explicitly support innovation and improvement. For example, additional funds are targeted for improved state data systems to enable better decision making. The package also provides funding for states’ experimenting with performance pay for teachers, a move in the right direction. The biggest hope for real progress, however, lies in the roughly \$5 billion in discretionary money provided to the secretary of education. If he uses those funds to encourage and reinforce programs that provide incentives for higher achievement, and if states apply for and take advantage of them (not a given in states unwilling to change the traditional way of doing things and spending education dollars), some real progress could be made. If, on the other hand, he succumbs to political pressures to maintain the status quo, the highly touted educational component of the stimulus package is unlikely to result in better student outcomes and may actually make truly effective reform even more difficult to achieve.

There is a broad consensus that *how* we spend money on education is much more important than *how much* we spend. If the proposed spending hikes fail to support people and programs that lead to higher achievement, our children will be no better off educationally. Adults may benefit—at least in the short term—from additional construction jobs and job losses deferred by the influx of federal dollars, but students will be left essentially in the same position they are now in, with millions unable to master even basic skills.

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This essay appeared on the Princeton University Press blog (<http://press.princeton.edu/blog>) on March 2, 2009.

Available from the Hoover Press is *Courting Failure: How School Finance Lawsuits Exploit Judges’ Good Intentions and Harm Our Children*, edited by Eric A. Hanushek. To order, call 800.935.2882 or visit www.hooverpress.org.

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