



**The Committee for Economic Development (CED) &
The Bill and Melinda Gates Foundation**

Investing in Learning: School Funding Policies to Foster High Performance

**Wednesday October 20th
12 p.m. to 2:00 p.m.
Empire Room
Waldorf=Astoria Hotel
301 Park Avenue, New York, NY**

**William Cox, Managing Director, Standard & Poor's School Evaluation Service
Panel Remarks**

“Earlier this year Standard & Poor's was asked to conduct a study on behalf of the School Reform Commission. I would like to highlight some of the points that we made in that study and focus on two aspects of the study to frame some of the discussion taking place here today.

One was an examination of how much money do high performing schools spend in New York State and how can that analysis inform the debate about how much more money to spend here in New York City and elsewhere. Second was our observations about some of the things that we believe might inhibit the ability of any additional funding to be able to significantly impacted case reform in a group.

Most of the general commentary that Standard & Poor's provided, although it has been discussed in many ways and forums, has not focused on some of the observations that we made about those things that are structural impediments to new money having a significant impact. I was very happy to hear the chancellor's comments earlier, because I think everything that he said was in some way or another underscored in our report.

One important overall concern, however, is that the current system of school finance in New York State, like in many states, lacks the transparency that will be necessary to measure and understand the impact that new spending would have on student improvement.

Second was that there was a lack of clear alignment between funding and policy goals. While it is a stated goal to have more money flow to students with need, it is very clear that that is not how money is allocated at the end of the day in New York State. In particular, the fact that New York City contains roughly 70 percent of the impoverished students in the State of New York, yet it spent only the average level of spending as everywhere else in the state. There is clearly misalignment in that statistic.

Third, very important, there are structural inequities with how money is distributed within the

school system that would impede the ability of that money to be effective. The fact that teachers are assigned, as the chancellor mentioned, according to things that have nothing to do with student need, means that any additional dollar will have a limited impact depending on the ability of the chancellor and other superintendents to make decisions that can truly impact schools.

Another factor that we pointed out generally is that a better return is needed and an analysis of those practices that are most effective is going to be needed in order for dollars to have any impact on student achievement. The question of how money is spent is at least as important as how much is spent.

Recently, we were in many fora asked to explain why in our analysis so much additional money needed to flow to New York City as opposed to other school districts around the state. It is clear to us that based upon the historic funding patterns and how money is allocated in New York, the funding is not equal to the amount of student need that exists here in New York City.

Having said that, I would like to point out some other statistics, to give a sense of urgency around this discussion, that were not contained in our report but I think underscore the purpose of this overall forum.

Within urban areas in this state, where 42 percent of the state's public school children go to school, the more time children spend in school, the further behind they fall. Fourth graders who aren't proficient in basic subjects, such as reading and math, are about 34 percent. By eighth grade that number is 71 percent in urban school systems.

In 2001 New York State graduated just a little bit more than New York City. Its total number of students that entered the ninth grade, roughly 65 percent. That means nearly 50,000 students left the school system or did not complete their high school diploma in the time expected. That is more than a small community of adults every year entering our society.

The problem across the country is just as acute. In the ten largest urban districts in America, which constitute about 10 percent of all of the students, the graduation rate is roughly 48 percent. That means that the number of nongraduates each year in these 10 largest cities is about 180,000, roughly the size of the city of Charlottesville, Virginia, each year of people entering the workforce, or nonworkforce, without a high school diploma and no hopes of receiving employment.

What has been going on in terms of resources and resource spending during this period of time? The U.S. Department of Education recently reported that spending on K-12 education in America has topped \$500 billion. That is an increase in spending over the past 7 years that is double the rate of inflation and more than six times the rate of student growth.

The U.S. ranks first of 31 industrial nations studied in per pupil spending for elementary, secondary, and post-secondary education. Meanwhile, almost every measure of international standards, whether it be the TIMSS report or PISA, indicates that America is average at best in core subjects, reading and math, among the students of large industrial countries.

So the question is not about just how much more money to spend -- there is clearly room for that debate -- but how many more reforms will take place to make sure that money is effective for achieving the goals across the state and in the nation. If leaders like Chancellor Klein are

not given the flexibility to make management decisions the way other portions of our society and economy are given, then it is hard to imagine that the return on those resources will be any better than was experienced just across the river here in New Jersey in the Abbott school reform program. Billions and billions of dollars have been spent in that program, and you will have a hard time finding a single individual that can note more than one or two school districts that had a significant impact from that money.

I would argue here today that if we can begin to abandon the emotionally and politically attractive assumption that spending more will necessarily be the end of our job in reforming education, then we are likely to have a more significant impact with the new dollars that come to New York City as a result of this litigation.”

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