

# A Penny Saved

How Schools and Districts Can Tighten  
Their Belts While Serving Students Better

American Enterprise Institute

Thomas B. Fordham Institute

January 11, 2010

The collected papers from this conference are available online at  
[www.aei.org/event/100164](http://www.aei.org/event/100164).

# K-12 Cuts Continue Despite Stimulus Funds

-Education Week, 10/16/09

**State Government Revenues Fall 16 Percent**

-U.S. Census Bureau, 12/9/09

**Education, state workers hit in bare-bones budget**

-Las Vegas Sun, 1/15/09

**Indiana slashes \$297 million from K-12 schools**

-New Albany (IN) Tribune, 12/28/09

**Budget gap endangers valued**

**school programs**

-San Francisco Chronicle, 2/6/09

**EDUCATION CUTS PUT RECOVERY AT RISK**

-Detroit Free Press, 11/15/09

**PUBLIC SCHOOLS GETTING SNARED**

**BY RECESSION**

-Reuters, 1/15/09

**School budget cuts threaten gains**

**Dallas school board votes to lay off 1,100 including 550 teachers**

-Houston Chronicle, 10/3/08

-Washington Times, 3/11/09

**Okla. state leaders order 10 percent budget cuts**

-Associated Press, 12/16/09

**Hard Times Hitting Students and Schools**

-New York Times, 8/31/08

**New York Governor Says Budget Cuts Will Be 'Painful'**

-NPR, 10/16/09

**District Schools Lay Off Teachers**

-Washington Post, 10/3/09

**California braces for brutal budget cuts**

-Los Angeles Times, 5/21/09

**State, Local Tax Revenues Decline 7%**

-Wall Street Journal, 12/30/09

**Strickland: School cuts only option to fill budget hole**

-Columbus Dispatch, 12/15/09

**Illinois State Board of Education cuts budget by \$180 million**

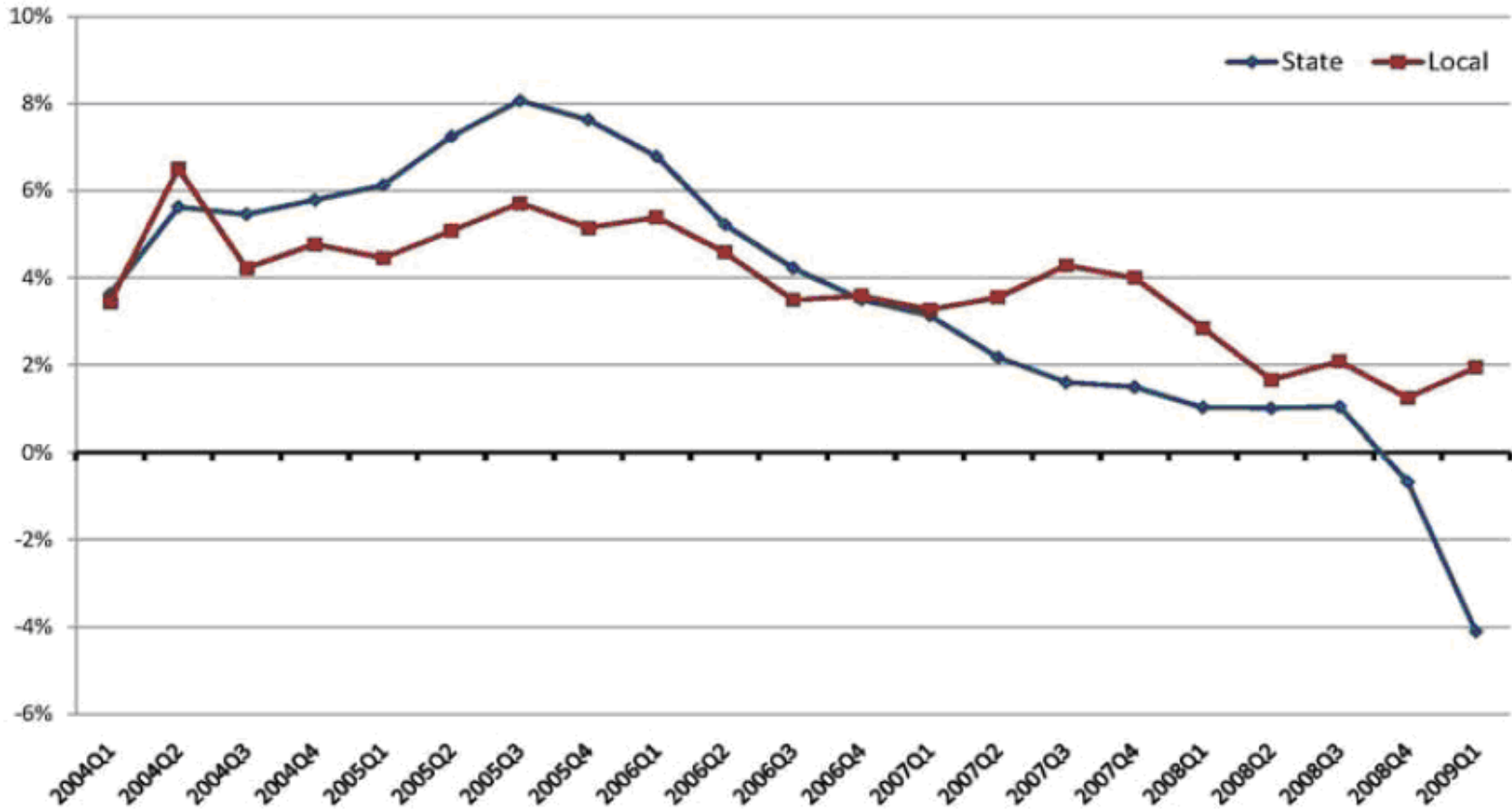
-Chicago Tribune, 7/22/09

**SCHOOL BUDGET CUTS 'GOING TO BE UGLY'**

-Rocky Mountain News, 1/15/09

# Steady Declines in Revenue

Year-Over-Year Percent Change in Real State Taxes and Local Taxes  
Four-Quarter Average of Percent Change

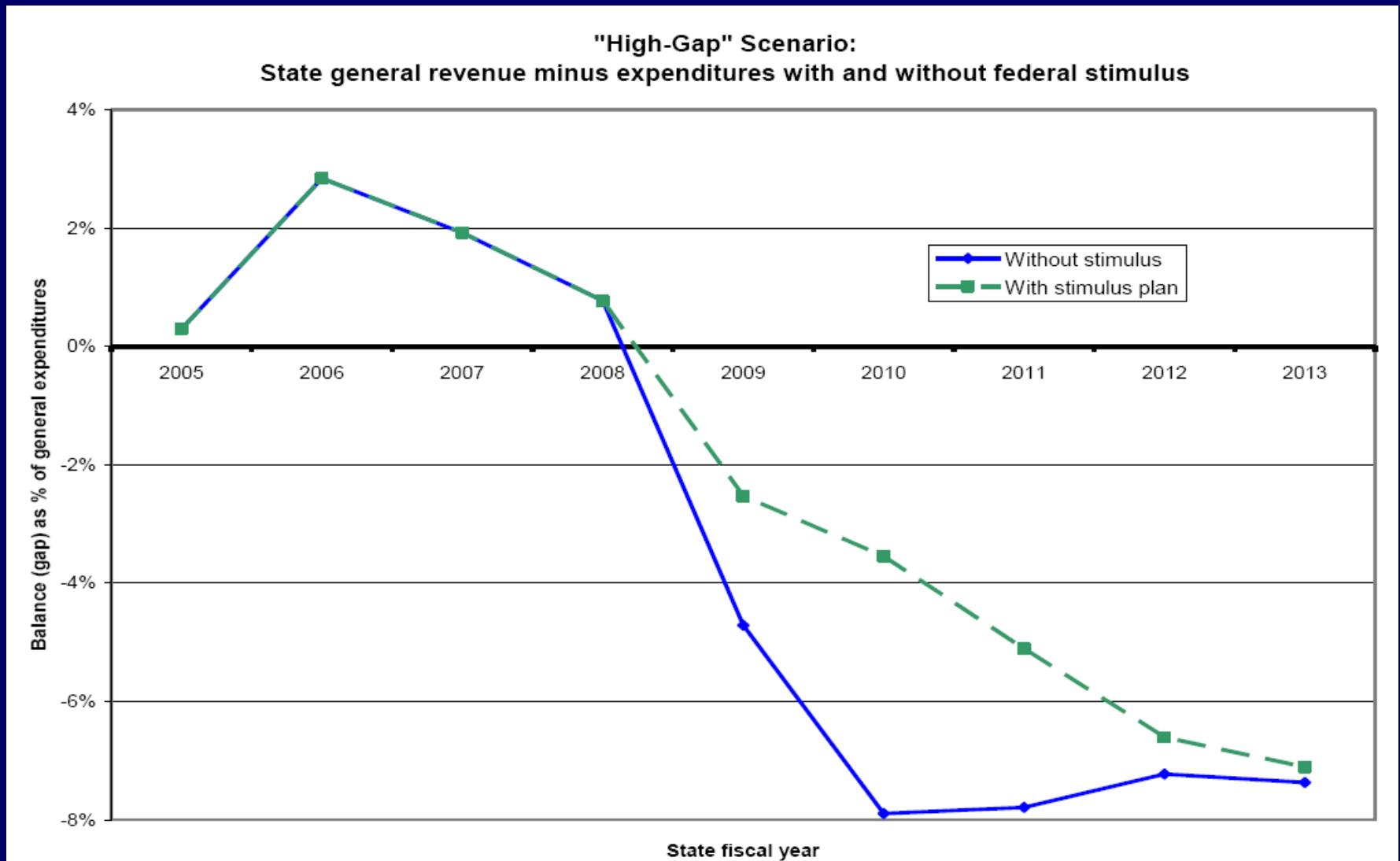


Sources: U.S. Census Bureau (tax revenue) and Bureau of Economic Analysis (GDP price index).

Notes: (1) 4-quarter average of percent change in real tax revenue; (2) No adjustments for legislative changes.

[http://www.rockinst.org/pdf/government\\_finance/state\\_revenue\\_report/2009-07-17-SRR\\_76.pdf](http://www.rockinst.org/pdf/government_finance/state_revenue_report/2009-07-17-SRR_76.pdf)

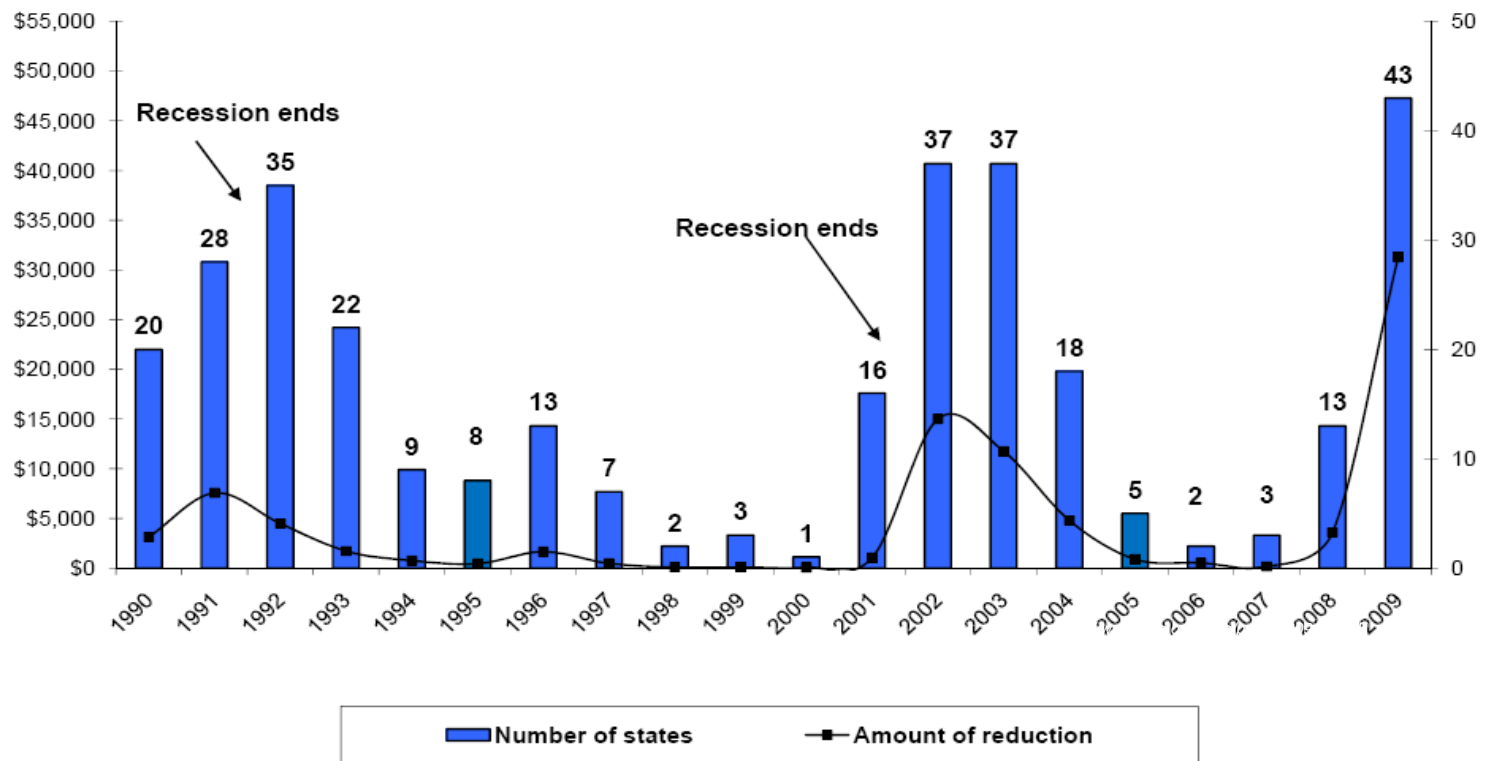
# Fiscal Crises Typically Take Several Years to Play Out



Source: Nelson A. Rockefeller Institute of Government, State Budget and Finance: Trends and Challenges, September 25, 2009 [http://www.rockinst.org/pdf/government\\_finance/2009-09-25-Boyd\\_Pew\\_presentation.pdf](http://www.rockinst.org/pdf/government_finance/2009-09-25-Boyd_Pew_presentation.pdf)

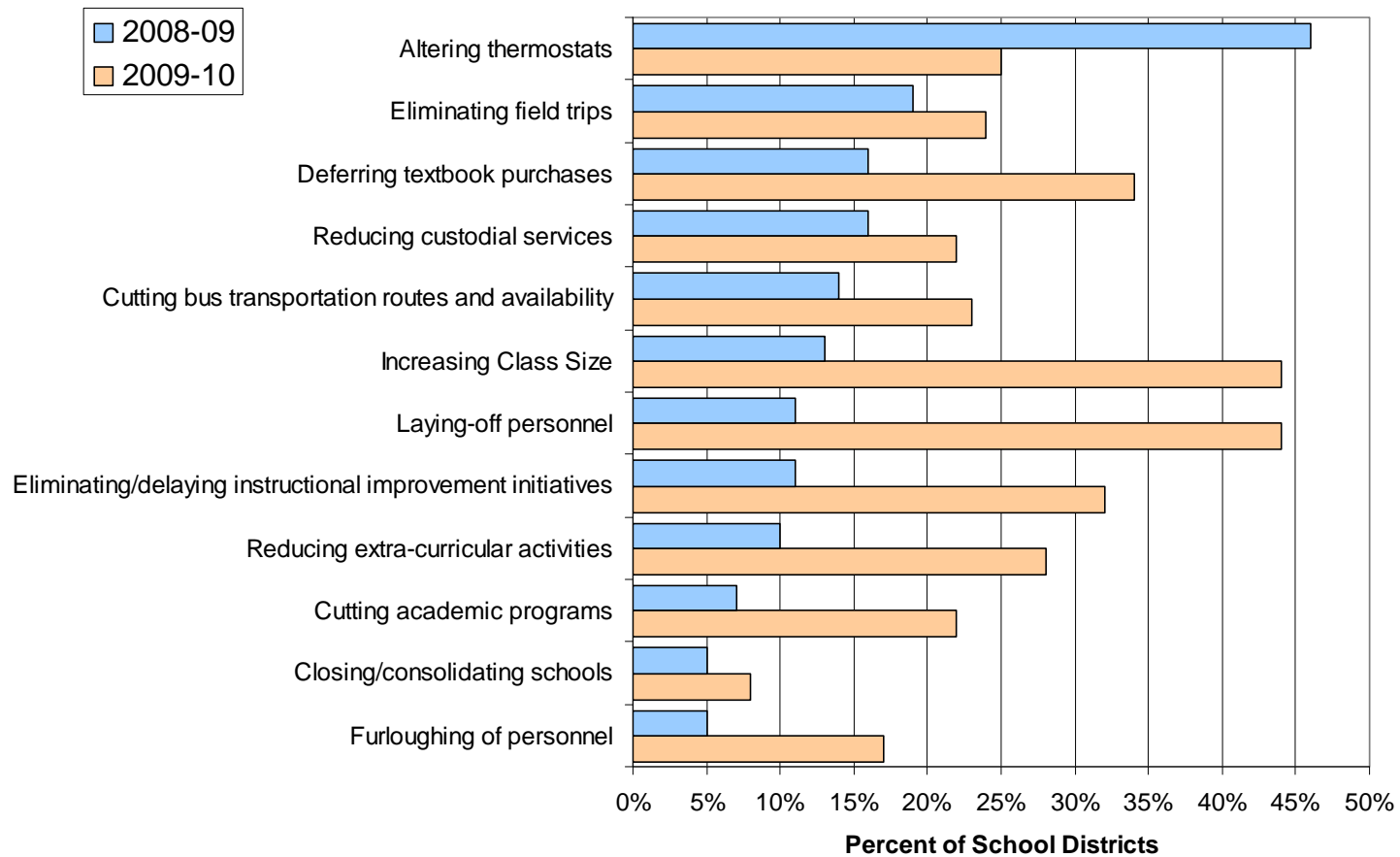
# Lots of Last Minute Budget Chopping

**Budget Cuts Made After the Budget Passed,  
(\$ millions)**



# School District Responses to Revenue Loss

## Actions Implemented by School Districts in Response to the Economic Downturn in 2008-09 and 2009-10

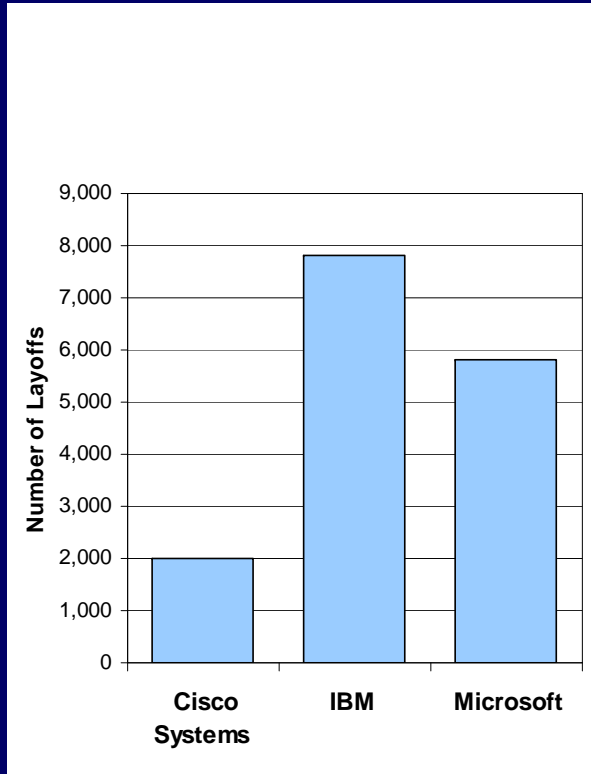


Source: American Association of School Administrators, *Looking Back, Looking Forward: How the Economic Downturn Continues to Impact School Districts*, March 2009

<http://www.aasa.org/uploadedFiles/Resources/files/LookingBackLookingForward.pdf>

# Finding Opportunity in Crisis

Layoffs Nov.1, 2008 – Nov. 1, 2009



*"We will emerge an even stronger industry leader than we are today."*

*- Steven Ballmer, chief Microsoft executive  
January 22, 2009*

*"This business is in a constant state of transformation. I think of this as business as usual for us."*

*- J. Randall MacDonald, I.B.M. senior vice president for human resources  
March 6, 2009*

*"We are in an economic downturn but an innovation upturn."*

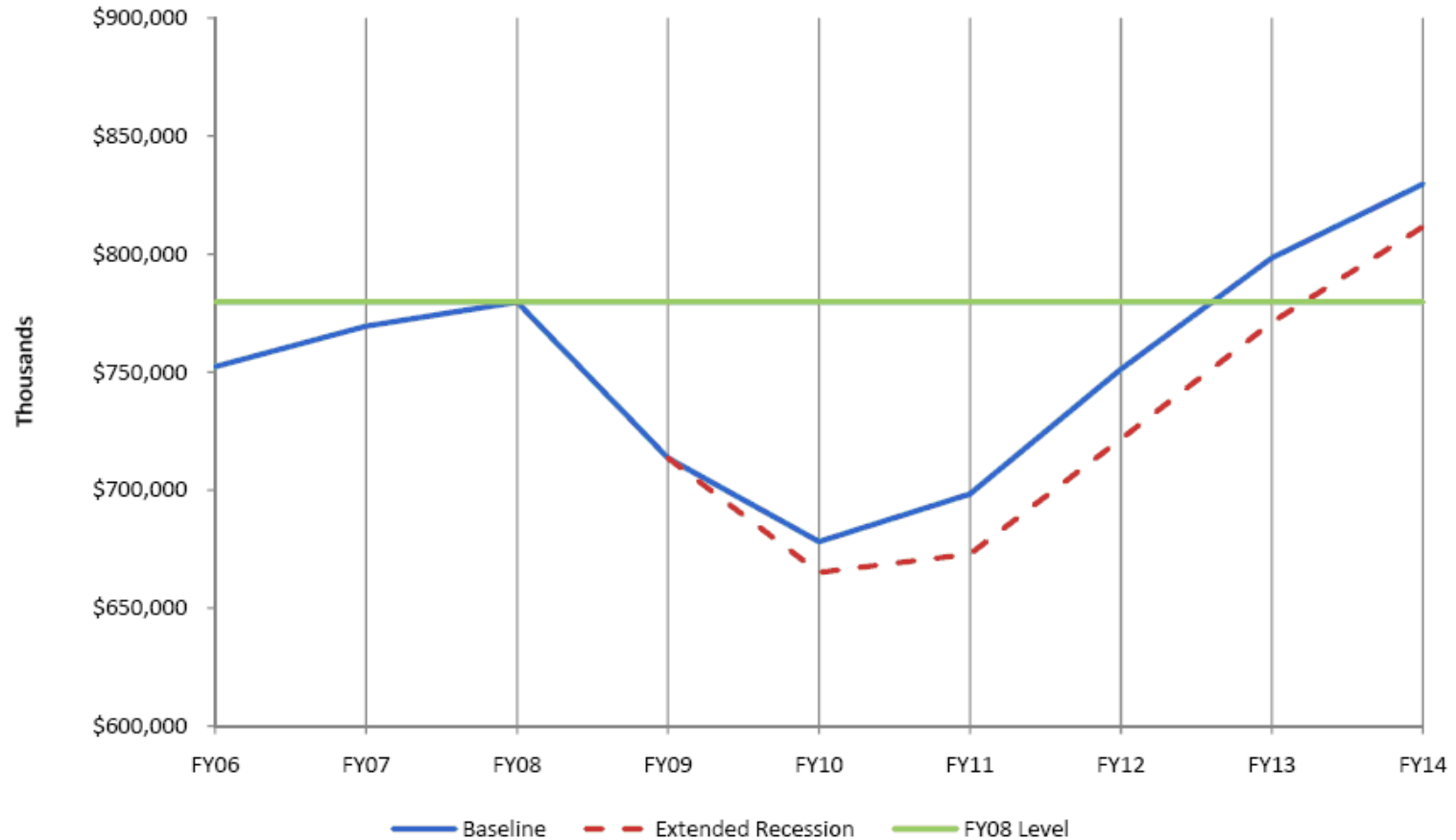
*- Bill Gates  
October 23, 2008*

*"We think of this as Portfolio Management 101."*

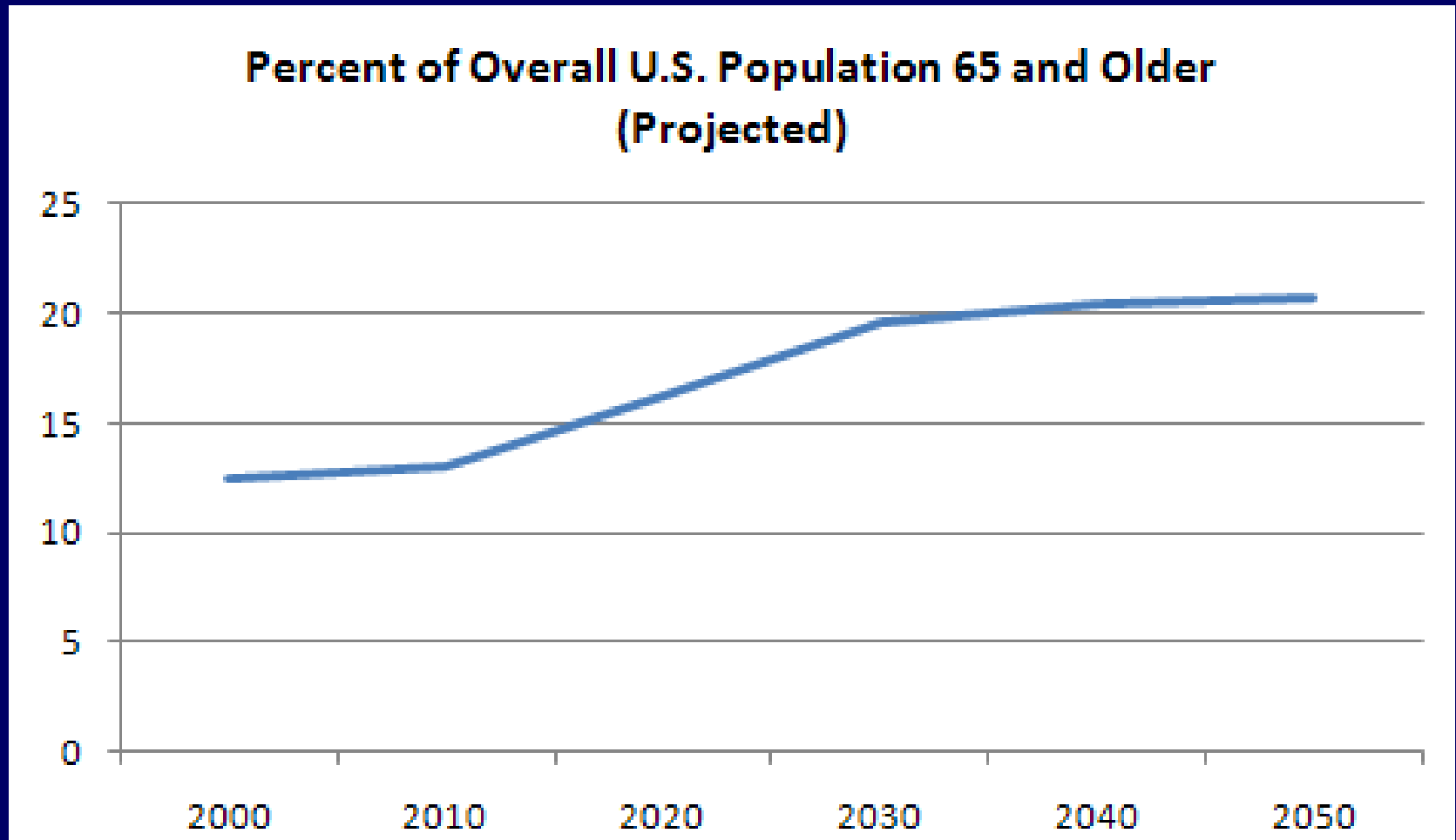
*- Jonathan Chadwick, Cisco Systems corporate controller  
February 4, 2009*

# We're in for a Long Haul...

State Revenue (2008 Constant Dollars)



# Competition for Public Dollars Will Continue



*U.S. Census 2000*

<http://www.census.gov/population/www/projections/usinterimproj/>

# The Day Ahead

Panel I	An Overview of School Spending
9:10 – 10:40	<i>Michael Casserly, James Guthrie, and Marguerite Roza</i>
Panel II	What Savvy Leaders Could Do Differently
10:55 – 12:15	<i>John E. Chubb and Steven F. Wilson</i>
Panel III	Evidence That Change Is Possible
1:15 – 2:35	<i>Nathan Levenson and Reginald H. Gilyard</i>
Panel IV	Overcoming Barriers To Change
2:50 – 4:30	<i>Stacey Childress, June Kronholz, and Martin West</i>

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