



A Recession for Schools

Not as bad as it sounds

That, of course, has not kept news outlets such as the *New York Times* from screaming that “Schools Aided by Stimulus Money Still Facing Cuts.” Admittedly, districts in a few states, California being the most notable, are unable to hire as many new teachers as they had planned, but overall the public school sector has been protected from recession, just as James Guthrie and Arthur Peng (“The Phony Funding Crisis,” *features*, page 12) say has happened in the past.

If the recent sharp uptick in industrial productivity and a rising stock market are harbingers of the economic future, business is already readying itself for a new growth spurt. The recession drove inefficient firms from the market, talent has been reallocated to more productive work, and many firms have been forced to make the tough choices necessary for economic revival. None of this has happened without pain, but growing economies have time and again turned recessions into positive breakthroughs. Only a decade ago, the collapse of the technology sector set the stage for its dramatic rebirth.

Not so for K–12 public education, unfortunately. When the economy turns south, school districts do not cut the fat but push for new revenue sources: more state aid, money from gamblers, fees for services, and now a federal bailout. Each new revenue source, proposed in times of crisis, soon becomes a permanent part of the funding stream, and education costs climb higher and higher; they more than tripled in real-dollar terms over the past 40 years.

So what will happen when the stimulus package dries up in less than two years’ time? One can predict with fair confidence that school districts and teachers unions will scream “Another Fiscal Crisis.” Their friends in the media will act as megaphones. Will Obama stare them down and become the first president to cut federal aid to education from the levels reached in his first year in office? Stay tuned—and, taxpayers, watch your wallets.

— Paul E. Peterson

I hate to say it, because my meaning will be misunderstood and misinterpreted—but public schools today need a recession. Unfortunately, the federal stimulus package has held most school districts harmless from the pain everyone else has suffered, leaving them drugged on federal dollars from which they will not be weaned when happier economic times return.

Recessions cause lots of harm, but they also eliminate bloat, fat, even fraud. What is politically impossible in good times can be readily justified when profits fall and deficits loom.

Few deny the long-term value of Ponzi-scheme elimination, better banking practices, and the reshaped automobile industry that the present recession is beginning to produce. The bloated higher-education system may also emerge a healthier industry now that it has been forced to retrench. My own arts and sciences faculty at Harvard University has squeezed \$77 million out of its budget this past year by closing an underused library, sharing information online instead of through the mail, eliminating hot meals at breakfast, and cutting redundant administrative positions. Elsewhere, I have seen administrators take forceful actions long overdue.

Unfortunately, public schools skipped the recession. When everyone else was forced to rethink their priorities, school districts found themselves nicely bailed out by the federal government’s \$100 billion stimulus package. It doubled the size of the federal contribution to schools and allowed schools in most states to continue operating without missing a school lunch or reassigning a guidance counselor to the classroom.

MISSION STATEMENT In the stormy seas of school reform, this journal will steer a steady course, presenting the facts as best they can be determined, giving voice (without fear or favor) to worthy research, sound ideas, and responsible arguments. Bold change is needed in American K-12 education, but *Education Next* partakes of no program, campaign, or ideology. It goes where the evidence points.
