

## Testing times for education

By: Adam Creighton – April 20, 2013

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IN 1902 Frank Tate became head of Victoria's Department of Education and established a reputation as a progressive reformer. He argued primary school class sizes should be reduced from the usual 60 or 80 to about 50 to improve the quality of education.

"The best progressive opinion at the time was that 50 was acceptable, and obviously classes were typically bigger than that," renowned Australian historian John Hirst tells Inquirer.

"In the 1950s, in my first year at Unley High, I was in a class of 60," he adds.

In Australia today, class sizes have fallen by almost two-thirds since then, the culmination of a worldwide trend fanned by teachers unions swelling their ranks by propagating the fallacious argument that smaller classes improve education outcomes.

"Class-size reduction has been a costly policy that has not translated into a commensurate improvement in overall student outcomes," the Productivity Commission concluded in a report in May last year, which canvassed ways to improve teacher quality without spending a cent.

Andrew Leigh, federal Labor MP for Fraser, studied expenditures and outcomes at Australian schools between 1964 and 2003, during which time class sizes fell by about 40 per cent, and found "no evidence that the test scores of Australian pupils have risen over the past four decades, and some evidence that scores have fallen".

Undeterred, Julia Gillard's latest plan to boost school resources by an extra \$14.5 billion across the next six years, based on recommendations by the 2011 Gonski review, will most likely help fund smaller classes still.

The Prime Minister's 1100-word press release, which stressed the huge increase in public spending without explaining how it would improve standards, said only the new funds "would pay for specialist teachers and modern resources".

Andrew Coulson, director of the Centre for Educational Freedom in Washington, DC, sympathises with Gillard's plan, "but the evidence shows we tend not to get what we pay for in education", he tells Inquirer, pointing to a new chart that tracks large increases in real per-pupil spending on government schools alongside stagnant changes in educational outcomes.

"Employment doubled in the public schools without improving student achievement," he says. "If the US went back to the pupil-teacher ratio of 1970, taxpayers would save \$200bn annually."

"Successive Australian governments increased the real per-pupil cost of public schooling faster than any other nation during that period and its educational achievement also fell," he adds, referring to a landmark 2000 international study that compared expenditure on schooling and student performance from 1970 to 1994 across 22 OECD countries.

Far from extra spending leading to better outcomes, the study by Erich Gundlach et al concluded "the quality of schooling output tends to have declined in those countries with the highest increase in the relative price of schooling".

The gobsmacked academics politely concluded "educational resource allocation is mainly determined through rent seeking, and not through competitive markets".

As federal opposition education spokesman Christopher Pyne points out, education spending, even accounting for inflation, has increased by 40 per cent during the past decade. Even before the new funding announcement, federal spending on schools has been growing four times faster than student enrolments.

The relentless rise in public spending on schools, ever smaller classes and constant or even dwindling outcomes are inextricably linked.

In NSW 64 per cent of the \$10bn spent annually on government schools comprises wages for teachers, rising to 77 per cent when school administrators are included. The smaller the classes, the more teachers are required for a given student population.

Analysis by Inquirer estimates that lifting the average primary and secondary class size from about 23 to 27 -- about where they were in 1980 -- would save the NSW government more than \$1bn a year, easily more than enough to cover the extra funding the Prime Minister proposes to be spent in that state.

Perhaps worse than the financial cost is the potential slump in teaching quality. Class sizes cannot be reduced in a vacuum.

"Lowering class sizes lifts the number of teachers but inevitably reduces the average quality of teachers because state governments will have to pay individual teachers less because public funding typically can't keep pace," says Moshe Justman, a professor of economics at the University of Melbourne specialising in education. Lower wages for teachers lessens the attractiveness of the profession to other workers.

The economic corollary of lower class sizes and vastly higher real spending is a systematic and intentional assault on labour productivity in one of the fastest growing sectors of the Australian economy. This is perverse, given the relentless national conversation about lifting productivity.

Teaching is not alone; a similar trend is evident in childcare, wherever tighter child-staff ratios have a similar effect.

Declining productivity in teaching is to some extent inevitable, a product of massive increases in productivity throughout the rest of the economy. Teachers -- like concert pianists, butlers and hairdressers, and unlike workers in manufacturing -- are little more productive today than they were a century ago, but their wages still need to rise to attract

people to these professions. Swapping chalk and blackboards for pens and whiteboards does nothing to lift standards.

Australian students' flagging performance in global league tables -- dropping between 2000 and 2009 in mathematics and literacy -- prompted the Gonski review.

But Justman points out Australia dropped down the international standardised test rankings mainly against Asian countries. "Asian nations (which are poorer to begin with) typically spend less on education as a share of their national income, but their curricula attach a great deal of importance to standardised tests," he says. "They have larger class sizes and stricter discipline," he adds.

Justman says the PM's focus on global rankings is narrow anyway.

"Becoming one of the top five countries in global PISA rankings is probably as relevant a goal for the future of Australia's economy or society as regaining the dominant position it once enjoyed in international tennis," he says.

If spending ever more on education and reducing class sizes have been so wasteful, why does the trend continue, even accelerate? In 1958 Kim Beazley Sr, a future education minister in the Whitlam government, observed: "The publications that we receive every month from the teachers, especially that of the NSW Teachers Federation, are nothing but propaganda about money; there is never anything in them that would improve a teacher's technique."

Teachers unions in Australia and worldwide have been astonishingly successful at hoodwinking the public into thinking smaller classes matter. The recent "I give a Gonski" campaign in Australia, complete with little, hapless children fitted out in campaign garb, tug at the heartstrings of politicians and parents alike. Who wouldn't want to help the children and support a better education?

Gundlach et al conclude: "The structure of decision-making and the incentives within the education sector have to be changed in order to improve productivity." This is also what our own Productivity Commission recommended last year. It said teachers' strict remuneration structure needed to be freed up to pay those with rarer skills (such as maths and science), for instance.

"Money plays only a small role in creating high-performance organisations," says a senior management consultant for private and public organisations, who prefers not be named.

"In education, as much as in other areas, how you evaluate performance, how you set targets, how you make people accountable for outcomes, how people interact with their boss and how people are coached and mentored is usually far more important than how much money is sloshing around the system," he says.

"Schools can only do so much; ultimately family background, discipline and culture play a huge part," says Justman.

All Australian governments will soon be grappling with grave fiscal challenges as public spending spirals upward at an increasing rate, while revenues flag.

However popular shovelling more taxpayer money at schools may be, governments soon may have to think about how to lift the productivity of schools as they do in other sectors.