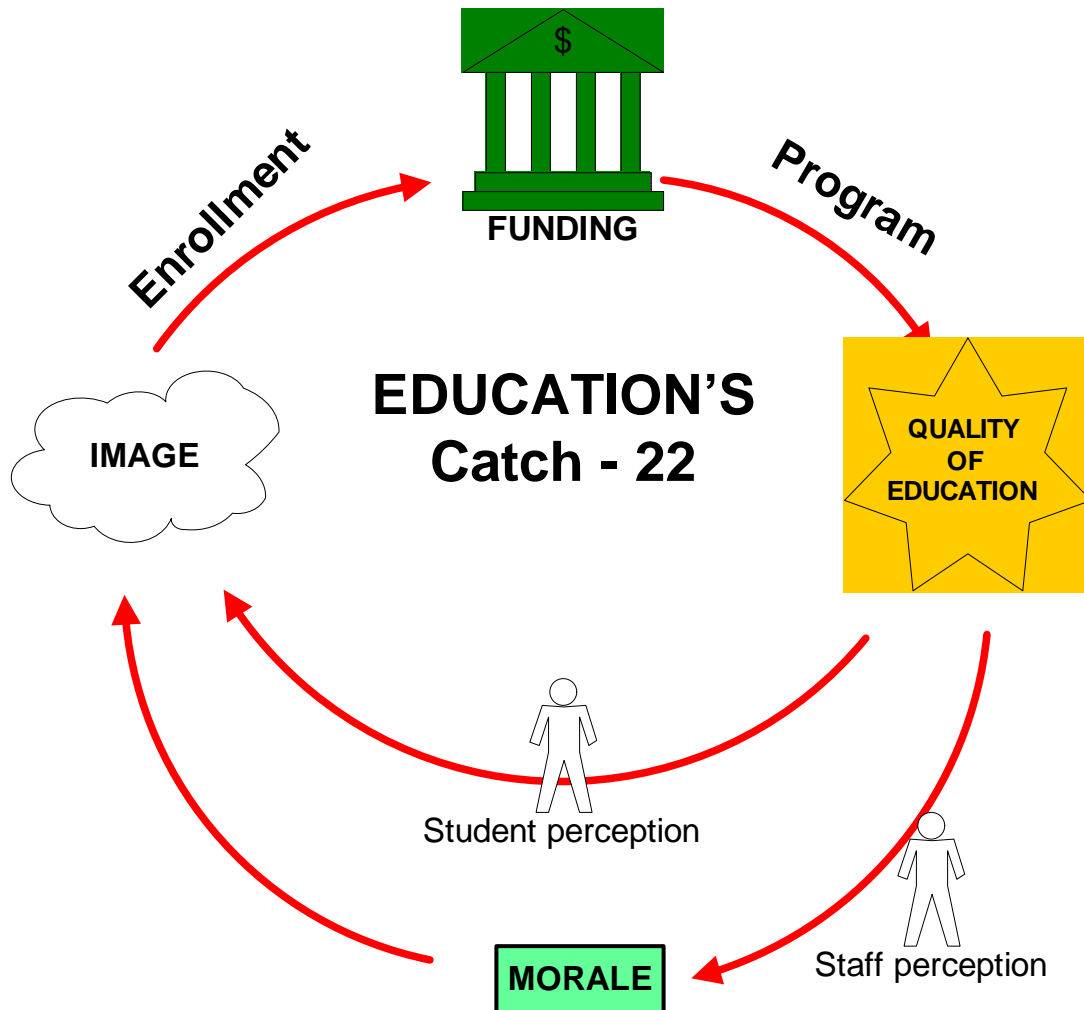


THE EDUCATION CATCH-22

Millions of parents across America have lost faith and/or patience in the traditional public school system. As they transfer their children into home, charter, or private school programs, public schools face even graver challenges as a result of reduced enrollment and diminished funding, particularly as communities age. The classic system response has been cuts. For many districts this leads to school closings, mergers with ensuing loss of identity, staff cuts and increased class size, and dropped programs. These actions perpetuate the downward spiral of public education, as shown and described below.



1. The financial state of a school or district, usually tied to the number of enrolled

students, is dependent upon a finite allocation of money. In addition, it often determines the number and quality of programs and staff the organization can provide.

2. The number or quality of programs and staff are significant factors in shaping the general perception of the quality of education offered by the school or district. Cuts in program and/or staff suggest cuts in quality. Both the general public and school staff may perceive a lower level of quality due to cuts.

3. Parents want their children to receive a high-quality education. They often talk with other parents and community members about education, whether they're satisfied or not with the quality of education their children are getting from their current school. These individual and collectively shared perceptions shape the community's perceived image of the school or district.

4. School staff, both current and future, also shape the image of the school or district. Staff wants to work in an environment that offers stability, fulfillment and respect. Whether they are satisfied or not, they share with other educators and parents their perceptions of the quality of education in place at the school or district.

5. The individual and collectively shared staff perceptions determine staff morale.

6. If a school or district is perceived by teachers, parents and community members to offer a high quality of education and an environment in which students and teachers thrive, that image generally will retain existing students and even may attract new ones and their accompanying funding (closing the loop back to #1). A positive image will usually also keep staff members and attract new ones with credentials to match the image.

If, however, the perceived image of the school or district is negative, the corresponding negative impact can be significant. With the option of open enrollment, parents will take their children and the accompanying funding out of a perceived low quality school and place them into one with a more positive image. (back to #1) Staff disenchantment following cutbacks and increased duty/workload assignments may motivate good people to look elsewhere for the stability, fulfillment, and respect they seek. (back to #2, #5, and #6).

In the world of increased competition for education funding and resources, K-12 schools are relying on Lean Education Enterprises, Inc.'s Le²™ Program as an effective tool in dealing with education's catch-22.