

**newschools**  
venture fund



## **NEWSCHOOLS VENTURE FUND SUMMIT 2004**

May 6, 2004

# 2004 SUMMIT

On May 6, 2004, the invite-only NewSchools Venture Fund Summit 2004 brought together more than 400 leaders from across the public, private and nonprofit sectors.

The day's sessions included:

- [Opening Remarks](#)
- [Plenary: Cycle of Urban School Reform](#)
- [School Finance Redefined: Equity and Adequacy](#)
- [Lowering the Barriers: Developing Ecosystems that Support Sustainable Charter School Growth](#)
- [Tools to Support Performance-Driven Practices](#)
- [Cultivating the Next Generation of Excellent Charter School Leaders](#)
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- [Rethinking Human Resource Strategies to Drive District-wide Performance](#)

## OPENING REMARKS

### Kim Smith, CEO, NewSchools Venture Fund

The unifying quote for the fifth annual NewSchools Summit, “No social advance rolls in on the wheels of inevitability. It comes through the tireless effort and persistent work of dedicated individuals”<sup>1</sup> should help to remind people that everyone here is part of the education reform movement.

Smith explained that the NewSchools theory of change is based on the core belief that all children in this country deserve access to a truly excellent public education. The purpose is to transform public education, particularly in those communities that are being underserved right now. In order to transform the system; there must be change from the inside out and from the outside in at the same time. NewSchools has three main areas of work: the Charter Accelerator Fund, the Performance Accelerator Fund and the NewSchools Network.

The Charter Accelerator Fund supports entrepreneurs who are building an entirely new system of charter schools, primarily in urban areas. Smith said that these are new aligned systems of public schools that are performance-driven; it is an opportunity to see innovative education concepts built from scratch. NewSchools supports six to ten of these charter organizations and provides some infrastructure support to help them focus on quality, including facilities development ventures. Civic Builders in New York and Pacific Charter School Development in Los Angeles are two examples of those.

The Performance Accelerator Fund is newer than the Charter Accelerator Fund. This fund supports entrepreneurs who are building tools to help school system leaders become performance-driven. The idea here, according to Smith, is to find those entrepreneurs who are creating the solutions that will enable change. This includes better data tools, better formative assessments, HR tools, “things that people in every other sector in our society expect to have and which our educators just don’t have access to right now,” said Smith.

The third part of NewSchools’ work is the Network, the most “amorphous” part of what NewSchools does. The Summit is one great example of that Network. One of the most unusual things about this community is that it includes business leaders, non-profit leaders, and public sector leaders. It tends to bring people together across party lines too, particularly unusual in the education field. Many ask Smith, what holds this diverse group of people together? She explained that four beliefs that bind this community together:

1. A community of like-minded people who share an entrepreneurial mindset, a real sense of urgency. There is what people call learned optimism, the “can do” attitude. “Most people ask whether something can be done. But entrepreneurs ask *how* something can be done,” said Smith. “It just isn’t possible to them that it can’t be done; they just want to know how and then take action.”
2. A hybrid problem-solving approach. People thinking across sectors and with a commitment and understanding that excellent public education is a must. Smith believes that is pretty common for everyone in this room, but really not common for everyone in the country. There is growing sense of critical mass and by connecting to each other more work can be accomplished. She encouraged attendees to take heart with the critical mass developing as the Summit audience grows every year, with a little over 400 people this year.
3. A belief that we can actually give *all* of our children an excellent public school education.
4. A deep commitment that we *must* provide all our children with an excellent public education.

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<sup>1</sup> Martin Luther King, Jr.

## PLENARY SESSION: CYCLE OF URBAN SCHOOL REFORM

In large urban districts across the country, forward-thinking superintendents are leading their public school systems toward improved student achievement – particularly for students that are currently underserved. Two important urban school superintendents join us to reflect upon the cycle of change, what they have accomplished and what hurdles remain. Representing the New York City and San Diego school districts, these impressive leaders will also discuss the challenges ahead in creating a sustainable performance-driven school system, including the tools and resources they need to succeed.

**Moderator:** Jim Shelton, Program Director, Bill & Melinda Gates Foundation

### Speakers:

- Alan Bersin, Superintendent of Public Education, San Diego City Schools
- Joel Klein, Chancellor, New York City Department of Education

**Joel Klein:** Those on the path of education reform must stay focused on the end state because this road has many pitfalls. The first decision Klein made to ensure the focus of Children First, the reform effort, was to shift the vision from “a great school system” to “a system of great schools.” He and his team asked, “how many of those [1200 schools in New York City] would you send your own children to?”

Once you have that kernel, Klein believes that issues like choice become easier to think about in terms of actual implementation. New York City just implemented high school choice. The problem is that the supply-demand curve creates a situation where some people are unhappy with their choices. School choice also tends to shift the political dynamic. Klein suggests that part of his vision would be to move toward student-weighted formulas with public school choice and actually create a market within the public school system. In that vision, the existing culture built “not on excuses [and] people in the system spending forever explaining why it is that we don’t get things done” would be changed to a “performance or excellence-based culture, in which people with real entrepreneurial spirit would be showing other people how in fact you can get things done.”

Bobby Kennedy said, “Some people think what is and ask why, others see what isn’t and ask why not.” Klein states that, “I want those who see what isn’t, and ask why not, in the system. To me, that’s a clear sense of where I want to go with the system.” The interesting question is how to get there from the current system built on homogenization and top-down management structures, where there is very little autonomy at the school level, leadership that’s undervalued, and non-existent accountability.

**Jim Shelton:** What you think is an essential element of where we’re trying to go and what the change process looks like?

**Alan Bersin:** “I think we’re all pretty clear on where we want to go. The problem is, how do we get there?” says Bersin. The myths and ideals in public education that strive to hold children to high standards and equal educational opportunity were identified 50 years ago with the Brown vs. Board of Education decision by the Supreme court. “Why aren’t we there yet?” Bersin asks.

Six years ago, Bersin’s team began talking to San Diego principals about Arthur Schopenhauer’s three stages of change. Schopenhauer said that every truth passes through three stages: ridicule, opposition, and then the idea is regarded as self-evident. Bersin suggests that the quality product educators should strive to produce is a school system that revolves around what children need rather than what adults want for their employment. Bersin believes that the system has been designed as an “employment mechanism for adults ... rather than an educational enterprise that really is keyed to student achievement.”

**Shelton:** Talk about the kind of systems found today and how you’re starting to work toward accountability systems and the kind of human and systemic capacity that allows you to operate in that way.

**Bersin:** The problem with accountability in the sector is that people don't fundamentally accept the notion that they are accountable for children's learning. It sounds strange, notes Bersin, but he suggests that "at the root of every difficulty in this arena is the notion that, 'I'm teaching them, how come they're not learning?'"

**Klein:** Everybody talks about accountability, but Klein believes that accountability doesn't exist in the system and that people would be afraid to show how different children are performing at different levels based on variables such as the quality of teaching. One often overlooked problem is homogenization. For example, in New York City, one out of two kids is failing out of the system. Whether they end up in prison, unemployable, the most generous success ratio that can be claimed is 50%. Klein suggests that if this data were aggregated by race and poverty, the disparity is even more apparent. Because the system has been failing for such a long time, Klein says that an excuse-based culture has developed to prevent people from accepting failure.

**Bersin:** "How did the whole system grew up on such a misconception?" Bersin wonders. Sociologist James Coleman discovered, in what some consider the most important educational report published twelve years after Brown in 1966, the high correlation between student achievement and a parent's educational attainment level and the socioeconomic status of the family. Unfortunately, Bersin says, that led many of us in the education world to conclude that schools cannot be successful when kids come from families of economic poverty. However, in many ways, schools matter most, so the quality of teaching and the quality of instruction becomes central to everything we talk about – but the flight from accountability continues as people fail to grasp this idea that instruction is the key to providing the opportunity.

**Klein:** Klein absolutely agrees. Obviously, children come from different background and families that can make the task of instruction more or less challenging. But one of the great myths in America is that "those kids can't be taught," a sentiment that is "demonstrably false, but it is very soothing to people who work in the systems where many of those students aren't being taught." Right now if you think about the structure of the school system, the only thing that can be provided is an easier school to work at. Klein believes that the incentives in education are misaligned and needs a structure that rewards those who do the work that the Coleman Report suggested is not doable. He suggests that this could create a different set of values within the system altogether.

**Shelton:** You talk about the need to change the culture, the kind of accountability system needed at the higher level. Describe what you think accountability systems should look like at the school level and inside the classroom.

**Klein:** Discussion about student performance and the relationship of the adults in the system to the performance of students are an indication of successfully accountability structures. Klein points to Katy Haycock's recent report for the Education Trust, which he says "lays out a lot of the same thinking, using an apples-to-apples assessment of student outcomes," which would form the basis for compensation and promotion, rather than the current system that uses tenure to calculate reward, regardless of performance. Al Shanker [former head of the American Federation of Teachers], in one of the most powerful lines said in a 1993 speech, "Unless you're talking about accountability based on student performance, all you're talking about is a power relationship." Klein suggests that public education right now, throughout the United States, is nearly all centered on power relationships and needs to be refocused on student performance.

**Bersin:** Clearly the paradigm has to be based on productivity and productivity has to be measured by the extent of children's learning.

**Shelton:** You mentioned this word 'value-add' on student performance. How many people have systems that look like this right now?

**Klein:** Very few and they're highly controversial. Because again, the policy. In a personal example as a rookie teacher at Georgetown Law School, Klein blindly graded the first exam and "the student who got the highest grade had never once been to class." Thus, his value-add to that student was zero, a very important lesson to learn. In terms of what has happened in public education, far too much focus is on absolute scores. Each school should be measured by movement. This allows the system to reward people for longitudinal improvements in student learning. Klein wants to measure the success of the school by the actual quality of the instructional impact that that the school has on the child.

**Shelton:** By all estimates, people are not uniformly doing a great job. Evidently, there is a huge capacity gap between what people are able to do in terms of instruction with what they need to do in terms of delivering to all the kids.

**Bersin:** This a question of the cycles of reform and different phases in the same cycle. Bersin suggests that San Diego is going from a period of what education reform scholar Michael Fullan would call “prescribed instruction” to one of “informed professional judgment.”

“People don’t suddenly become better teachers after taking a pill or a course or a good night’s sleep. It’s a process of working through issues of coherence and putting your money where your mouth is in terms of training of teachers,” says Bersin. “Even if you get that right, we have a special problem in this sector that needs to be addressed, which is that we don’t have very much knowledge about what good instruction is and how we actually take a problem – say, English language learning – and develop instructional strategies that address, with a predictable outcome, how we can then get teachers throughout the system addressing those problems.”

Bersin notes that San Diego has spent under a quarter of a billion dollars over five years in professional development alone. In the first two years, the structure needed to be top-heavy in order to build a common framework of K-12 curriculum. Five years later, to get further gains in productivity as measured by student achievement, is it apparent that principals and teachers will need more discretion designing their own professional development based on where their teachers are and student need.

There is a cycle of coherence-building and centralization, followed by a movement of authority out to the school site. Looking at it from a system standpoint, Bersin believes there needs to be a deep investment in “knowledge-making” in this sector.

**Shelton:** What are the other big levers required to actually move the system dramatically?

**Klein:** Klein believes that one of the most important levers is leadership training. Leadership is one of the undervalued qualities in public education and indeed it’s very rare to see a city school system where the leadership is truly aligned with the school system. Klein created a leadership academy to train a new generation of principals, based on a concept by Jack Welch, who said, “What I want you to all think of is that you now own stock options in the New York City public school system, not in your own school, but in the public school system.”

The second lever is actually empowering leaders so that as a district moves toward a highly decentralized state, there are talented people who can lead within each school. “Everybody is looking for the perfect curriculum as if it is the curriculum that is educating children,” says Klein. “But teachers educate children and curriculum is a tool in the hands of a teacher.” Klein notes that there is a lot of mythology in teaching and how quickly change can occur in schools, and that is the long-term measures that people in education really need to focus on.

**Shelton:** Let’s step back for a second and talk about the kind of environment that you need for these kinds of changes.

**Bersin:** “School boards are an anachronism and they need to be done away with in America,” says Bersin. In the California context, the *Serrano Case of 1975* had an enormous effect in terms of addressing inequality of resources around the state, by taking all of the funding streams and tax revenues and sending them to Sacramento to be distributed by the legislature. By taking power away from school boards, Bersin suggests that nobody paid attention to who was running for the school board any more. Bersin further purports that only two types of people want to be on school boards: “retired union officials and political wannabes.” He believes they’ve become low-interest, low-visibility elections; when coupled with school finance reform, this has actually produced union-dominated governance structures around the state.

Bersin added that the imbalance in this sector is that unions have lost sight of the notion that in order to maintain a functional teacher’s union, children must be learning.

**Klein:** “School boards are a prescription for paralysis – fundamentally, they are elected by the status quo and they will protect the status quo,” says Klein. In New York, Mayor Bloomberg did something enormously admirable: he said he wanted to be held accountable for public education in New York. Klein believes people need a system where they can actually exercise prerogatives, make decisions, and make changes – not one that is riddled with politically motivated appointments to educational posts.

**Bersin:** “The notion that education should be linked with the democratic wellspring is an important one and critical in a democracy,” Bersin adds. “However, linking it through a school board process is very different from linking it to the municipal power, which again has its own difficulties.” He added that education should rank at the top of any city and community debates.

**Klein:** Klein notes that this has had a very positive effect under mayoral control in his city. The amount of energy and attention on public education in New York City has changed significantly as a result of the fact that there’s “real executive responsibility and accountability.”

**Shelton:** Back to the role of charters and choice, if people recognize that they are accountable for performance, there are actually consequences. What are some of the other ways to use choice and charters in your community to improve education?

**Bersin:** Choice forces change in the existing order of things. Breaking the monopoly between public funding and public operation of schools, trying to work with union members has great implications for society and culture. According to Bersin, we have a simple choice: “Labor and management can actually come together and rearrange the work rules, the transfer rights, the seniority, the pay-for-performance plans, all of these artifacts that we have in our current system that bear no relationship to what the system needs ... or I think you’re going to see a steady erosion of [unions] over time.”

**Klein:** Creating the New York City Center for Charter Excellence was a major commitment to charters. This shows that charter schools are playing a big part in New York City’s education reform strategy. This model is built on three notions that are largely absent from public education today:

1. Significant leadership value,
2. School autonomy, and
3. Accountability.

Klein acknowledged that charters will not change the entire landscape, but will have both a symbolic and an actual effect, in terms of creating greater demand by parents in the system for new alternatives and options. This supply-side approach to charter development is likely to be more efficacious than a demand-side approach, according to Klein, particularly in states like New York where there are many restrictions on the voucher system.

**Shelton:** What’s your biggest challenge?

**Bersin:** The challenges in San Diego were institutionalization and continuity. When starting down the path of struggle, it was clear that choice would be a war about “old attitudes and new values,” says Bersin. It is a fact that building an environment conducive for operating choice will be stalled. The challenges in San Diego today are the governance structure and an “inertial slide backward” that is common in this sector.

**Klein:** Much due to Mayor Bloomberg, a city that once had 2½ years as the tenure of chancellors now has a two-term chancellor, with a two-term mayor. Klein believes that eight years is a good estimate for the amount of time it takes for this kind of organizational transformation. He says that a minimum of 6 to 10 years is necessary to actually complete this odyssey successfully – and one of the reasons it’s very hard to get it done.

The day-to-day challenge is to keep people willing to push ahead. “The greatest challenge for any transformational leader is knowing when to put your foot on the gas and when to put it on the brakes,” said Klein, “I consider myself the luckiest man in the world. I think there’s no better job than getting up and fighting for kids. When I wake up, I feel that way. And then unfortunately I read the newspapers.”

We have not seen the dramatic changes in public education that *Brown vs. Board of Education* sought. Klein suggests that for those with an “incrementalist approach,” the outcome will not be different from what we see now. There will be resistance to this pressure and the biggest day-to-day challenge is to “keep the agents of change moving forward” so that “transformation becomes not simply a process but an accepted inevitability.”

**Bersin:** Bersin emphasizes the stages of the reform in achieving the critical mass for transformation. Many talk about the importance of buy-in, the need to “win minds and hearts” before making significant change in the sector. However, Bersin asks, does a change in beliefs and attitudes actually produce a change in behavior that is the governing paradigm, or is a change in behavior required to induce a change in beliefs and attitudes? There needs to be a balance of the two strategies to break through beliefs and attitudes and get people acting in a fundamentally different way. This is when adults learn that it’s their progress that becomes the engine for the learning of children.

**Shelton:** What kind of leadership will it take to transform the school systems, especially the large urban ones?

**Klein:** It’s not surprising today to see more of what are called non-traditional superintendents, which Klein says is a “soft euphemism for people who don’t know the first thing about this business [education].” There are different people coming into education, which may be an indication that too little change has occurred in the last 35 years of reform. The work of transforming cultures is a very different kind of work than what most people in the system have grown up doing. Klein doesn’t intend this as a criticism; in fact, he calls these people “extraordinary,” citing Bersin, Roy Romer in Los Angeles, Arne Duncan in Chicago and Paul Vallas in Philadelphia.

Secondly, Klein believes this is not a lifetime career. Jack Welch reminds us, “The good money is betting against us.” Knowing that there is life after this work, not the need to devote a lifetime in the system, is important. “And you need thick skin in this game,” adds Klein. “It’s tough stuff.”

**Bersin:** Bersin added that, “Everybody in this room is part of a transformation, an era of transformation that allows our grandchildren to look back in 35-40 years to see that they will be living in a system far different than now. This will be a day in which the sector can be returned to a new group of professional educators who have come through a different.” Right now, he says, there is a premium on litigators and politicians because the challenges are pre-eminently are political. But he says, “I know this change will happen one way or the other, and we’re just at the phase now where the skills and the thick skins that we’ve developed are the value added. I have no illusions about that.”

**Shelton:** What are the things that entrepreneurs out there, especially in charter schools, are doing to try and help accelerate the mission?

**Bersin:** When charter schools got started there were two theories of action. One was that charter schools would provide competition to the system. Secondly, the innovation and best practices that would be developed in an environment of autonomy and accountability would then be transferable to the larger system. Bersin claims that neither of those effects is true today, because charter schools are not large enough of a player on the landscape to actually be a competitive factor. “So that’s the first request from my particular trench: go forth and multiply, quickly,” he says.

**Shelton:** “And with quality,” added Shelton, who noted that the work that many charter school leaders are doing in creating a proof of schools is critical, but “until we get to the point where we have a system of good schools, most kids in public schools in America, all 50 million of them will not be affected in the timeframe that is relevant to the transformation under way today.”

The task then becomes building relationships with those districts that “get it,” such as New York City and San Diego. Until there is scale, charters will not achieve the systemic impact and the competitive advantages that can actually inform the larger system, which is going to continue to exist for the foreseeable future here.

**Klein:** For those active in the charter school movement, Klein suggests, “Come to New York City.” This notion that charter schools are going to create an alternative system to compete with public education is not the right paradigm, he believes. Rather, charter schools should become an essential part of the transformation of public education itself. In the end, districts are doing a lot of similar things to charter schools, such as the small high school movement that the Bill & Melinda Gates Foundation is funding.

In Klein’s view, charter schools are a promising way to get to “increasingly autonomous, well-led, accountable institutions.” Unlike public schools in New York, charter schools don’t require teachers to have education school certifications in order to teach, so new people with different perspectives are entering the sector. Training them to become effective school leaders will

“increase the pool from which we fish.” So Klein believes that the goal is to create a very positive and charter-friendly environment inside the system while at the same time making sure the charters don’t disappear. He sees it as a good sign that the United Federation of Teachers, New York City’s teacher union, has announced that they’re going to open a charter school in New York City, suggesting a real legitimacy in the movement.

**Smith:** Will you talk about the dynamics you both have described as ‘cooperation’? If you talk about just cooperation, you make the entrepreneurial charter people very nervous, like they might get “sucked into the blob.” The point about charters not being all about competition any more is salient, Smith believes, noting that there is a middle ground of cooperation where there are competitive days and cooperative days. Smith speculates that cooperation provides for both sides of that equation without giving up competitive pressure.

**Klein:** The obvious signal is that the charter movement will be co-opted. First of all, in a monopoly system, there is no need to co-opt anybody. In New York, the solution was to create a center outside of the system, structured carefully to become a sort of “bargaining agent.” Klein added, “If you view the world the way I do, what I’m looking for is a good school for 1.1 million kids. Charter schools will help me get there.”

**Shelton:** If you could list off the top of your head two or three systems that you wish existed today, what would they be?

**Klein:** Bain and Company has volunteered pro-bono to work with New York City’s schools on developing systems not existing today. There’s a lot of work going on in instruction, but Klein suggests that there is also a need to transform major systems like human resources (HR). New York City is building a new HR system from scratch, but further entrepreneurial work in this arena would certainly alleviate some of the burden.

**Bersin:** “At the end of the day it is about the quality of the teacher,” says Bersin. He believes that teacher quality – to a point where every child has a quality, accomplished teacher – is the largest possible change. Without that, Bersin believes “there’s virtually no chance that you will get a year’s worth of growth for a year’s worth of seat time.” He suggests that one misleading issue in education is the concept of a teacher shortage. In reality, he says, there are shortages in some subject matter areas, but the sector must also deal with 50% of teachers leaving education within the first five years. The reason this occurs, says Bersin, is that education practices something that no other professional sector can claim: “We send our least experienced professionals into our most challenging situations without the support system.”

“A profession is a course of study, together with mentoring and peer review,” adds Bersin. “Gradually, as you grow as a professional, you get are better and better prepared to deal with the toughest cases.” Education, he adds, does it exactly the opposite way, where more experienced teachers get easier classrooms and schools.

**Smith:** I’m sure you’ve had a chance to talk to each other about the change process. Is there anything you disagree on?

**Klein:** Fundamentally, Klein and Bersin see the same way on all the major pieces. On strategies, particular timeframes, Klein moved quickly, within the first year, to school-based budgeting. The question then is how much inefficiency results when too much power is given to the structure in which people are not ready or are unprepared. Also, in transformation there are certain “training wheels” that one needs to use to get to where you want to go in a system.

**Smith:** Can you give me an example of that? What are the training wheels that you’re using right now?

**Klein:** An argument can be made that some of the focus on uniform curriculum is not optimal, with one local instructional superintendent for every ten schools. The management becomes very top-down. However, creating a zone of exempt schools within the standardized approaches based on performance was helpful.

**Smith:** What if anything was really a surprise for you now looking back?

**Bersin:** The biggest surprise for Bersin has been “the absolute lack of understanding and leadership in the NEA [National Education Association, one of the largest teachers’ unions].” The second is the “really passive-aggressive nature of the culture.” In a profession like teaching, one improves by subjecting performances to peer review and engaging in discussion. But Bersin thinks the public school culture today “shies away from what it deems to be confrontation as opposed to a clashing

of opinions that produces a better result.” Thirdly, and most disappointing to Bersin, has been what he calls a dishonest political culture in education.

**Klein:** Klein believes that the “absolute lack of accountability” is difficult to imagine from the outside and the risk-reward structure is fundamentally out of balance. Schools should be thought of in units, where the team needs to coalesce. Putting teachers in hard situations, oftentimes with the least support, is a “prescription for failure in the system” and “causes terrific talent to leave education quickly.”

### **Audience Q&A:**

Questions were collected by the moderator and then a select portion of them were aggregated and answered by the speakers

**Question from Christopher Cerf, President, Edison Schools:** If the political process, for better or worse, is owned by the people who are vested in the status quo and if real change can only come from imposing accountability or changing transfer policies, what reason for optimism do you all have that the political dynamics that have gotten us where we are can be changed and what would you recommend that we do about that?

**Question:** From each of your districts, how do you define success? And can you discuss setting publicly communicated, measurable objectives for percentage improvement and academic achievement in graduation rates?

**Question from Shivam Mallick Shah of the Bill & Melinda Gates Foundation:** The New York City schools have made a commitment to start several new schools over the next few years, 60 of which will be starting in September, which is unprecedented. What do you think the greatest challenge to success for those new schools will be, how will that impact your larger district reform effort, and what will it take for other districts to embrace that same commitment for creating new schools?

**Question from Peter Murphy of the New York Charter School Resource Center:** One of the big issues facing a lot of states, particularly in New York, is that the court is getting involved in financial distribution of state funding for localities. Could you address why the courts are talking so much about money, rather than the structures in place that are keeping you from getting results? Should superintendents make the argument to the courts that it’s the contract and the system as opposed to the absence of resources?

**Question from Chuck Grant of Hot Math:** I have a question about attitude and the possibilities for improving pride among teachers and administrators.

**Question from Linda Roberts, education consultant:** It strikes me as I visit schools all over the country that there are in fact many incredible teachers, and they seem to be more frustrated than empowered by what you’re trying to do. Have you been able to engage those teachers, particularly the outstanding teachers, so that they will stay and truly be partners in your incredibly important efforts?

**Question from Eric Schwartz of Citizen Schools:** What are you doing to try to influence the learning – or lack of learning – that’s happening in 80 percent of the hours that kids are not with you, at home, after school, weekends and summers?

**Shelton:** Start with the question about how you define success.

**Klein:** Klein believes that success is defined in terms of graduation. There will always be a level of arbitrariness to measuring success, including the Regent’s based standard. But if there is a reasonably consistent bar, this can provide some valuable standardized information.

**Bersin:** Bersin also supports the graduation rate as a chief metric. Another success is when a school works – “when the elements are aligned in which teacher-leaders emerge to work with site leaders to produce the kinds of results that we’re talking about.” This can be expected to produce better results for children. On the issue of adequate funding streams, Bersin suggests that the system has to change before the money will flow.

**Shelton:** What are the chances of civil rights cases being brought on the basis of inequity in education based on work rules and practices?

**Bersin:** Typically a court would say that this is a matter for the parties to negotiate or the legislature to determine.

**Klein:** There's a shortfall of funds in large urban areas. How these funds will be used is the critical question. If they get used the way they've been used in the past, then there is little return. Remunerating teachers for dealing with some of the extended day work and lack of family support is a resource issue. Klein believes that the real concern should be who is given the discretion to deploy the resources effectively.

**Shelton:** How are you dealing with these issues of morale and attitude and teacher frustration during these difficult times of change? What are you doing to try to win the hearts and minds of these teachers?

**Bersin:** Over time, there is great acceptance amongst teachers as they focus on the work in San Diego.

**Smith:** Was there anything that could be done to create incentives outside the system?

**Bersin:** The important issue is to stay focused on the education of children, which would be the right focus.

**Klein:** Klein agrees with the importance of staying focused on the core mission because there are too many variables in this process.

**Smith:** What about the public goals? Have you set out specific improvement targets for student achievement? You said you want to raise graduation rates, but have you set targets that people are aware of?

**Klein:** As part of this accountability project, there is a need to set out definable goals.

**Bersin:** In California, between the state and federal accountability systems, there are plenty of goals. Capacity to achieve them is the actual need.

**Shelton:** Why you are optimistic, and give two specific examples of things that you see that make you feel that way?

**Bersin:** "You have to be optimistic," says Bersin. "Sitting in this room you have to be optimistic."

He believes that Americans are impatient. "Horace Mann invented public education only 150 years ago," he says. "Each generation hands off society slightly better off than it was received ... I'm an optimist because when you look at the challenges that we faced in this society, from slavery through labor rights, to women's rights, society reinvents itself and public education will reinvent itself in a way over the next generation."

Bersin says San Diego is in the midst of a "very exciting transformation" with encouraging results so far. The most underperforming schools in San Diego have actually outperformed the rest of the system, and for the first time there is a narrowing of the achievement gap.

**Klein:** "Maybe it's the nature of the beast that you don't take this job if you don't see the glass is half full," says Klein, who believes the current discussion and people involved are cause for optimism, citing the work of The Teaching Commission and the Education Trust as two examples. Also, the charter movement has tremendous potential. Although the *Brown* decision sought to desegregate "with all deliberate speed," the nature of these processes is slower than preferred. "Even as we take one step back for every couple of steps forward, we are moving in a forward direction," he says.

Klein added that walking into schools provides evidence of progress. For example, KIPP is getting high results and Morris High School has changed "dramatically for the better."

**Shelton:** "The thing that makes me most optimistic is actually sitting here with guys like these and looking out at the folks I know in this room who are doing this work and doing it well," Shelton concluded.

## SCHOOL FINANCE REDEFINED: EQUITY AND ADEQUACY

In the ongoing debate over education reform, the ways and means of public school finance have again taken center stage. Although it has been a challenge for decades, the struggle over how to define and fund equity – within and between districts – persists to this day. Many states are involved in lawsuits regarding the appropriate level of school spending, some of which may even redefine the meaning and cost of an “adequate” public education. This is all playing out against a backdrop of continuing state fiscal problems and new accountability systems, which are placing added pressure on school budgets. These developments are forcing educators and policymakers to re-evaluate the amount and allocation of school spending, at the student, school and district levels.

**Moderator:** Jim Peyser, Partner, NewSchools Venture Fund

### Speakers:

- Michael Kirst, Professor of Education, Business Administration and Political Science, Stanford University; Director, Policy Analysis for California Education (PACE); Director, Consortium for Policy Research in Education (CPRE)
- Marguerite Roza, Research Associate, Center on Reinventing Public Education (CRPE)
- Jane Hannaway, Director, Education Policy Center at the Urban Institute

**Jim Peyser:** This discussion will essentially ask “how much is enough?” When it comes to schools and children, too frequently, the answer is that there is never enough. Peyser suggests that popular sentiment tends toward thinking that there’s always more that can be done or more money that can be spent. “Nevertheless, there are real financial constraints and there are competing priorities,” says Peyser. “And therefore, reasonable people have to make choices about how to allocate those resources.”

School finance is a very important question that has been challenging states across the country. In Peyser’s home state of Massachusetts, the *Hancock* case has focused on whether or not the state is constitutionally “derelict” in its duties to provide adequate funding for all its students – this is a state with an average spending of over eight thousand dollars per pupil, where a formula is in place for districts to establish minimum spending per pupil. In Massachusetts, there has been a dramatic equalization in spending across the lower-income urban districts and high-income suburban districts.

Nevertheless, there was a preliminary finding indicating that in fact the state was not meeting its constitutional obligations for fair funding, which gets back to the question of, “how much is enough?” Peyser suggests that the crux of the issue cuts deeper than the level of funding to a school or district. “How financial resources are converted into educational resources such as teachers, books, materials, equipment, classrooms is far more complex and equally important to the aggregate resources directed to the system,” he says. “What really counts is how fairly and fully educational opportunities reach the students directly.”

**Mike Kirst:** “The United States is the only country I know of in the world that built its school finance system on a local property tax,” says Kirst, who notes that in the early days of America, 80 percent of school dollars came from local property taxes. This set up enormous differences in wealth among school districts that led to equally disparate levels of school expenditures based on district.

The first major move to challenge the property tax based system was the *Serrano* lawsuit in California in 1972, which declared the property-based system unconstitutional. The court ruled that school expenditures should not be driven by the wealth of the property in a particular local district and that the state should be responsible to deal with this issue. The reaction was “a blizzard of law suits around property taxes,” according to Kirst, who notes that the school finance equity movement at the time was focused on school districts and not on schools individually, with formulas that redistributed money between school districts, largely ignoring district allocations of money within the district.

In the 1970s, Kirst suggests, school finance was driven by “inputs and processes,” such as teacher-student ratios because the courts at the time were unwilling to make decisions that connected spending with student achievement – which meant that the courts only dealt with equalizing property tax wealth differences in the system. “We created equity by leveling the high-

spending districts down, while we leveled the low-spending districts up,” says Kirst, who was president of the California state board of education in the late 1970s. “So we ended up with what I call equalized mediocrity. But it was equalized.”

In the last five years, the courts have begun to look at the issue of adequacy, which change the school finance dialogue by tying adequacy to state standards. However, Kirst points out that the question of how to actually measure adequacy has still not been clarified by the courts. Some states have categorical aid programs for needy pupils as a supplement to low funding, but even these formulas allocate money to districts, which in turn figure out how to allocate the funding among the schools and students. But ultimately, says Kirst, “the courts have pushed this whole system into terra incognita in that we don’t really know how to measure adequacy ... and so adequacy is really, to me, a court movement that’s running ahead of the technology of how to measure it.”

The *Hobson v. Hansen* case in Washington D.C. resulted in the courts ordering “intra-district equity,” which means that each school within a district should spend approximately the same amount. In order to accomplish this, the court forced experienced teachers to move from school to school to equalize teacher salary expenditures. The changes were upsetting to the education system – students got new teachers, sometimes in the middle of the year – which interrupted the continuity of instruction.

Kirst works with California Governor Schwarzenegger's commission on restructuring school finance in the state, and notes that California’s Secretary of Education, Richard Riordan, is a proponent of weighted per-pupil formulas that would distribute resources to each school according to the characteristics of its students. However, Kirst believes that setting up a state system to implement that model and do things like transfer teachers, has so far been beyond the state’s ability; the state may instead request that each district create a plan for intra-district equity based on a set of statewide indicators or examples.

**Roza:** This discussion will focus on the spending variations across schools within a district. A district leader may have to consider several factors that create discrepancies in per-pupil expenditures between schools, such as:

- **Staff-based allocations.** For example, every school would be assigned a principal, with one teacher assigned to every 25 students, and for every 400 students a vice principal. With staff-based formulas such as this, Roza points out, the difference of several students could mean the addition of a vice principal, which might create a funding inequity between schools.
- **English language learners.**
- **Students with disabilities.**
- **High-poverty populations.**
- **Additional line items for non-formula staff assignments.** For schools with magnet or special programs, this might include specialized staff such as music teachers and technology experts.
- **Differences in facilities.**
- **Centrally-controlled programs.** These may include truancy programs or professional development programs, which often apply more to some schools than to others.

The experience of a teacher can significantly affect the differences between two schools within a district, notes Roza. “Budgets all show a fixed dollar amount in there for each teacher, whether or not you have the most expensive teachers in there, in which case your real expenditures would be a lot higher,” she says. “Or, if you have very junior teachers, then your real expenditures are a lot lower than what is reported.” Because the data in the personnel and budget offices is often kept separate, these discrepancies remain under the radar.

“What we’re finding, when you add it all up, is that there are a lot of differences in spending among schools within a district – sometimes to the tune of a million dollars, which is a lot of money for an individual school,” says Roza. In her research, she has looked at these differences by comparing the different amounts spent per-pupil within schools in a particular district as a result of the various staff and program allocations. She notes that most school districts are not allocating money using a pupil-based strategy, although some are starting to look at it – in this scenario, for example, the student population would be “weighted” with schools receiving a certain amount per student based on each the costs of serving their different needs. The Center for Reinventing Public Education has found that individual schools are funded at anywhere from 80 to 135 percent of

the district average.

Using this method of calculating student funding brings forth important questions such as:

- How should the weights be determined?
- How much money goes into a weighted formula and how much is controlled separately?

However, Roza cautions that as long as average salary procedures are in place, the inequity of teacher salaries and distribution of quality teachers will not necessarily be addressed. “What showing the real salaries does is highlight the financial impact of what everybody knows – which is that we have uneven distribution of teachers,” she says. “But it also calls attention to the fact that it’s not just teacher seniority that’s contributing to that uneven allocation of teachers. It’s also our allocation policies.”

**Jane Hannaway:** In a study of schools run by education management organizations (EMOs), Hannaway’s Urban Institute team focused on Edison Schools. The research included speaking with school leaders and district managers as well as a comparison of funding streams for schools in the EMO and funding for a typical public school. Hannaway found Edison, as a for-profit organization, to be an interesting model because it prioritizes performance in the face of significant competitive pressure, but also must deal with cost pressure. Some have also theorized that this model would be more productive than traditional district schools. Either way, Hannaway hypothesized that Edison would strategically allocate their resources differently because it operates with a different institutional structure, preferences, constraints – and therefore different behavior. For example, in reviewing Edison contracts with teachers, Hannaway found that they try to negotiate for more leeway than is typical in public school hiring processes.

Hannaway compared the spending of Edison-run schools with district and state averages, and found a few key differences. In Edison schools, the percent of spending on instruction is lower, primarily due to the lower average teacher salaries – which is in turn because Edison tends to hire younger teachers. However, the percent of spending on instructional staff support shows a different picture, with heavy investments by Edison in professional development. For example, every new Edison teacher attends twenty days of intensive staff development before starting work – but this spending shows up in the central Edison budget, not in individual school budgets.

**Peysner:** Is getting the money right enough to get the teacher allocations right and get them to gravitate toward the schools that need them?

**Kirst:** There have been teacher surveys that overwhelmingly show that teachers choose a school because of working conditions and the environment. “Even significant amount of money, like ten or fifteen percent more in salary, won’t get them to move,” says Kirst. “And so just allocating more money to the school, in a marginal way, will not necessarily get the teacher flow moving the way you expect. You really have to change the school, make the environment better, and make the overall working situation improved.”

**Roza:** Another problem is that right now, the salary scale doesn’t map on very well to quality, so that even if we could redistribute teachers to equalize their distribution by seniority and education level, some will clearly be better than others, despite being paid at the same level. “The one that’s better is going to be hired in the more desirable school,” Roza notes. “And the one that’s not ends up in the less desirable school, so to speak, from a teacher’s point of view. So addressing the allocation and the money can get you part of the way there, but addressing the salary scale and how it does or does not map on to quality would be the other piece of that.”

**Peysner:** If student weighted formulas were implemented, allocating real dollars to schools based on actual expenses as opposed to reputed expenses – what is your expectation for how that would actually impact student performance? There have been many studies which show the relationship between spending and performance is very weak, so why is it important to get the allocation of resources correct?

**Hannaway:** Putting spending discretion at the school level would help, in terms of allowing the school leader to put together a good mix of junior and senior staff. Edison schools do some of that; they can also pay a 16 percent bonus for working longer hours.

**Peysner:** Will going through the effort of trying to better align the resources actually prevail in the political context? In other words, is there any realistic way to reallocate resources in a way that serves the neediest kids?

**Kirst:** There are already mechanisms for getting resources to the schools with need, Kirst notes, in terms of the federal Title I program. “But “if you were to redistribute the general resources of the school district, which comes in in general aid from a state or something like that, I think you’re getting back pretty much to redistributing teachers,” he adds. Kirst suggests that would entail moving less experienced teachers who are less costly to the more wealthy school sites and then the more experienced teachers to the low-income sites – but the question is whether this is a crucial variable in whether kids learn more. He believes that salary level isn’t as key a variable as teacher experience and turnover. Still, “the last time we changed a teacher salary schedule in American public education, was in 1924 – that’s when we equalized the salaries of the females to the males,” says Kirst, who adds that teachers just might redistribute themselves if the salary schedule was altered.

**Hannaway:** Better information about teacher productivity might tell us that the most experienced teachers – who are the most expensive – are not necessarily the most effective, Hannaway suggests.

**Roza:** “I would also caution that we can’t just think just in terms of teacher salary as being the biggest obstacle here because the inequities that are created by these additional staff allocations – like the music teacher and the art teacher and the Montessori expert at the special school – are actually greater percentages of the school budgets than the differences according to teacher salary,” Roza adds. “And so the presence of more staff versus less staff is an equally important, if not more important, variable.”

**Peysner:** Is there any other strategy that is an alternative to literally reallocating resources with the existing system?

**Kirst:** There are really two major ways that people are trying to handle the adequacy issue. One strategy is to gather a group of experts to determine the proper allocation of money in order to meet state standards. Another strategy is the evidence-based model, which considers incremental costs for fulfilling the needs of one school or a bunch of schools. In this model, the argument about money centers around curricular and instructional interventions rather than the moving around of a set of resources labeled “teachers” or “teachers’ aides.”

**Roza:** Another strategy may be to reallocate principals. There is some anecdotal evidence that this can be an effective way of also attracting teachers to the hardest-to-serve schools. Another strategy is transparency, or “laying it all out for everybody how much every school gets and how that compares with sort of a weighted analysis,” which may have an impact where other strategies don’t. A third strategy is to allow “portability of funding” or the movement of funds along with the child within a district.

## LOWERING THE BARRIERS: DEVELOPING ECOSYSTEMS THAT SUPPORT SUSTAINABLE CHARTER SCHOOL GROWTH

As we move into the second wave of charter school development, leaders in the movement are realizing that in order to create a strong supply of quality charter schools, there must be a robust “ecosystem” of support – where policymakers, philanthropists, thought leaders, entrepreneurial leaders and educators, and parent and community demand all work together to create an environment that enables high-quality charter school growth. This session will bring together representatives of some of the most forward-thinking “ecosystem” players from across the country to discuss what it takes to build a strong environment for quality charter schools.

**Moderator:** Reed Hastings, President, California State Board of Education

### Speakers:

- Howard Fuller, Chairman, Black Alliance for Educational Options (BAEO)
- Phoebe Boyer, Executive Director, Tiger Foundation;
- Board of Directors, NYC Center for Charter Excellence
- Bart Peterson, Mayor, City of Indianapolis

**Reed Hastings:** Ultimately, Hastings believes that in every state, charter school supporters must vow to “play politics every bit as effectively as the people who might be opposing us in various states.” In California, Hastings has found that the charter school movement has been able to ally with the teacher’s unions over common ground: the extremely low funding (around \$7,000 per student per year) that schools receive from the state.

**Howard Fuller:** Fuller addresses three primary questions.

- 1) How can the charter school movement better engage parents with other members of the ecosystem? Where should we be creating connections?
- 2) What has been your experience with the Milwaukee ecosystem (where Fuller has served as superintendent of schools)?
- 3) As an organization of African-American parents and leaders, what is the Black Alliance for Educational Options doing for the ecosystem at a national level?
- 4) What role does the Charter School Leadership Council play in the national ecosystem?

Regarding the first question about parents, Fuller suggests this movement is a more than just a strategy for creating schools. “I see this as a social movement,” he says, noting that as a social movement, there must be talk about social justice, which naturally leads to talk about parents, who many see as customers. “I actually think that there’s a higher level of customer,” says Fuller. “It’s called a human being who’s very concerned about their children’s education and the degradation of a people.”

To build a connection with parents, Fuller suggests that educators must truly want parents to be empowered with high-quality choices. He believes that most parents have been “shut out of the whole educational process for their children.” If the charter school movement is serious about making a difference, parents must be involved in a powerful way as a major part of the process of educating their children. “Over the years it’s become clear that if we’re serious about involving the parents, we don’t just tell them to come to us,” Fuller emphasizes. “We have to go to them.” He suggests that charter school organizations must go to parents where they are, to the organizations they are already involved with, rather than creating new ones.

For the last 15 years, Milwaukee has been working to create a system of learning environments by creating a number of options, including vouchers for low-income parents, charter schools, contract schools, partnership schools, and home schooling. Over the years, Fuller has tried to protect this ecosystem by creating a political infrastructure that surrounds the schools.

It’s important to be clear about the opponents in the fight, says Fuller: “They are relentless, focused and working constantly. And if you are weak-kneed and you don’t like controversy, then you’re not going to be able to protect yourselves.”

BAEO is a national organization led by African-Americans created in 1999 whose mission is to support educational choice as a way of empowering families and increasing the quality of educational options for black children. BAEO supports all options, including private schools, certain types of credits, and vouchers for low-income parents – but not universal vouchers.

“Social justice demands that low income and working class people have some of the same choices that both of us with money have, every day,” says Fuller. He believes it is BAEO’s job to ensure that there is a black presence in schools and to identify the next generation of young African-Americans that will fight for better schools.

Fuller adds that he is committed to the purpose of charter schools, not the actual charter schools themselves. He is currently working on to create another organization whose purpose is to advance the charter school movement by providing leadership at the national level that will support people at the state level. This organization will work on federal policy, national communication and advocacy, building infrastructure for more quality charter schools, and research and data collection. “At the national level, we have to have an organization whose people are going to get up every day and say, ‘I’m going to fight for the charter school movement.’”

**Phoebe Boyer:** Two of the components of success for charter schools in New York City are mayoral control, which was granted in 2002, and a schools Chancellor who is focused on reform and restructuring. As a result, Boyer was able to launch one of the most significant public-private efforts to incubate charter schools: the New York City Center for Charter School Excellence, which was launched in October 2003, in partnership with the New York City Department of Education.

Boyer was also involved in the charter legislation that was passed in New York in 1998 – an event that surprised both funders and potential school leaders. The first charter school in New York opened in the fall of 1999, and funders began to back technical assistance providers and charter school resource centers. But it didn’t take long for the same issues to emerge as they have in other states: charter school educators did not have some of the financial, legal and administrative experience, or the resources needed to run such complex organizations. This problem was exacerbated in New York City by things like the costliness of real estate.

“As a result, our schools were forced to go to foundations to fill the gap, and then suddenly, philanthropy had a tremendous influence,” says Boyer. Those funders that had not been strongly committed to charters began to drop out, leaving those who remained with an opportunity. The Clark Foundation and Boyer’s organization, the Tiger Foundation, convened a group of funders and authorizers to discuss the issues that charters were facing regarding facilities, financing, and communication. The hope was to align practices across the foundations about the managerial and administrative practices, so that charter school operators could focus on education.

After the Chancellor of New York City’s public schools announced his reform plans – which included support of charter schools – Boyer worked closely with the Department of Education to develop plans for charter schools in New York City. In her eyes, the goal is to stimulate the supply of charter schools and to provide the charter school industry with support services that are coordinated with the Department. Boyer believes that this support is crucial to charter schools’ success in New York, but that some legislative changes are also required around governance.

**Bart Peterson:** Peterson characterizes himself as something of an “odddity” in Indiana: a Democrat who strongly supports charter schools. He argues that the political battle may be the single most important thing for charter schools to accomplish. He supports charter schools because he believes that they help to achieve true equal opportunity. “The status quo, in many cases, does not provide that equal opportunity in education,” says Peterson.

Beyond just supporting choice in principle, he notes that his concern was for the city as a whole. “If people have lost faith in the public schools and if those who can afford to exercise choice by leaving, we would end up with a declining population, a population left behind that required more services and had less capacity to pay for those services, which was fundamentally unfair city, but also a declining and dying city,” says Peterson. “I’m absolutely convinced that without the efforts to bring educational reform and choice to the city of Indianapolis, it would eventually go on the critical list.”

After Indiana passed its state charter school law in 2001, Peterson became the only mayor in the country who has the direct authority to authorize charter schools, although other mayors are still involved with charter schools and other educational

choices. There are now five charter schools in Indianapolis that have been chartered by the Mayor, with five more opening in the fall of 2004 and many more in the pipeline.

Regarding the development of the ecosystem, Peterson believes there are two important factors: local capacity-building and developing community and political support for charter schools. In terms of capacity-building, one of the hurdles for charter school operators is facility financing. In 2002, Peterson advocated for a law in the state legislature to give the Indianapolis Bond Bank the authority to finance charter schools, and worked with the Annie E. Casey Foundation to develop a reserve fund in the event of default. Peterson also helped to secure \$1.6 million from a local foundation for a program that focuses on recruiting and training high-quality leaders and another to bring in new teachers for the city's charter schools. He sees this pipeline as critical to sustaining the growth of charter schools in the state.

The city of Indianapolis also paid for teachers and community leaders to visit charter schools around the country. "We took a group, including one of our newly elected city council members, who was against charter schools, to Providence, Rhode Island to see the Big Picture Company model," says Peterson. "He came back as not only an advocate for that model, but as an advocate for charter schools in general."

Peterson also believes quality is essential to the success of charter schools, and as such, instituted a rigorous application process and an appointed charter school board that holds publicly televised hearings. In addition to various test scores, the accountability system also includes experts who go into the schools on a regular basis and provide subjective analysis, as well as parent and teacher surveys. Peterson has publicized the progress of the charter schools in his city, and is also planning to set up a school choice Web site.

Still, Peterson acknowledges that for the foreseeable future, the majority of the children will continue to be educated in a traditional district school. To address the funding impact of schools that lose students – and their associated funding – to charter schools, Peterson set up a special funding mechanism that directly funds each charter school as if it were a separate entity so that the money "comes out of the pocket ... of all 300 school districts in the state, as opposed to the one in which that student happens to live."

Ultimately, based on his experience, Peterson believes that mayors have a "key and largely unexploited role" to play in the development of new schools. "There's a way – a difference between those who say, 'Well, mayors should just stay out of education all together,' and those examples, such as New York and many others in the bigger cities in the country, where the mayors actually have control of the school system," he notes. Politicians can help overcome political obstacles, and as politicians, mayors are uniquely positioned as community-wide leaders to be strong political allies in advancing the charter school movement.

**Hastings:** At the national level, has the Charter School Leadership Council been worked out?

**Fuller:** Fuller notes that the charter school movement's greatest strength – its broad "umbrella" of different ideological and philosophical and political viewpoints – is also its greatest weakness. But he adds that the Council is intact, with a strong board that includes representatives from state associations, charter school resource centers, and other organizations. The process of selecting a leader is underway.

**Hastings:** Talk about the kinds of people you're trying to recruit to run charter schools in New York State.

**Boyer:** Boyer suggests that one powerful model used in New York City is "dual leadership" in which the required skills for leading a school are not necessarily present in just one person. Given that, she notes that New York is in search of "educational visionaries, as well as people who have the capacity to run a complex organization with a focus on quality for all students."

## AUDIENCE Q&A

**Question:** Five years from now, what will the charter school movement look like?

**Peterson:** Peterson expects continued growth of charter schools in Indiana, with an increase in options for parents and children, and more mature analysis of charter school performance. “If this movement is to succeed in the long term, the tradeoff works,” he says. “The tradeoff is less regulation and oversight in return for a higher standard.”

**Boyer:** Boyer expects that at that time, there would be fifty more charter schools in New York City. In addition, there would be systemic solutions for charter schools’ infrastructure, such as back office solutions. Boyer would also like to see cross-fertilization of the strengths of charter schools and district schools.

**Question:** How many other mayors are calling on Mayor Peterson to find out about Indianapolis’ charter authorization process? And how many superintendents are calling Fuller to talk about choice and how to do it in their community?

**Peterson:** Peterson thought when he got authority to grant charters that three years later, there would be at least a half dozen other mayors with that power. There have been a number of efforts across the country to give mayors the authority to issue charters, but they have fallen short. “I’ve been so focused on what we’re doing that I haven’t proselytized enough probably among my fellow mayors, and I want to do more of that,” says Peterson, although he believes that charter schools are now being discussed among national city and local mayor organizations.

**Hastings:** The question from the audience is how do we get more strong support, particularly on the Democratic side? Hastings believes that the key is having legislators visit individual charter schools. “It’s not hearing about it in a picture or in a graph,” he says. “It’s the tangible actionable visit.”

**Peterson:** Peterson believes that charter school opponents are gaining momentum, but agrees that visits to charter schools can help and “that the African-American community must stand up for those who are most affected, statistically speaking, in most cities, by poor educational opportunities.”

**Fuller:** Fuller suggests that there is a lack of understanding of what it really takes to engage in political struggles, and that the charter school movement will have to be smarter, and more forceful with recruiting, organizing and supporting candidates.

**Question:** What are the best practices you have seen across the country?

**Hastings:** In California, EdVoice (co-founded by Hastings) is the state’s leading educational political action committee (PAC). One of the strategies they’ve found successful has been to pool resources and hire a political staff, because most of EdVoice’s members are philanthropists and other wealthy people throughout the state who have political influence. Working with the unions has also been helpful. Since its founding, Hastings estimates that EdVoice has raised and spent \$60 million on various political campaigns, which could affect politics on an even greater scale in a smaller state.

**Fuller:** In Wisconsin, there is a need to combine the 501(c)3 nonprofits with the 501(c)4 advocacy in terms of educational choice organizations. Fuller also believes that there is a need for leadership institutes to “recruit and develop the next generation of fighters – not just school leaders, but fighters, people that are going to join some of these support organizations.” He notes that unions do a great job of going to college campuses and getting people to help with organizing. “Unless there is a very deliberate, conscious and intentional strategy,” Fuller argues that charter school opponents will continue to erode the movement.

## TOOLS TO SUPPORT PERFORMANCE-DRIVEN PRACTICES

School systems across the nation are struggling to transform themselves into performance-driven education systems – systems with the information and expertise necessary to track, guide, and improve student achievement. While No Child Left Behind (NCLB) is accelerating the pace of change in this direction, much more importantly, school leaders are learning that the appropriate and frequent use of data leads to better outcomes for their students. Key to this transformation are data-driven decision-making solutions that are enabled by technology. Similar to the experiences of their counterparts in business and other industries, school systems have found that they cannot make the necessary transition without technology and tools to support them. In this session, we explore entrepreneurial ventures and opportunities in the interrelated areas of data, assessment, and professional development.

**Moderator:** Chip Kimball, CIO, Lake Washington School District, Redmond, WA

### Speakers:

- Leslie Pulliam, Vice President, ETS Pulliam
- Martin Brutosky, CEO, TetraData
- Louis Gomez, Chief Academic Officer, Teachscape

**Chip Kimball:** This conversation is about tools for a performance-driven education system. According to Kimball, public education has become performance-driven, a trend caused by several drivers.

- The standards movement, which “really looks at what kids can and are able to do before they leave the system”
- Movement toward providing kids with 21<sup>st</sup> century skills, less so in terms of technical skills and more on problem-solving skills and the ability to work within a team.
- Progress in literacy, accountability, and technology, which has enabled a performance-driven environment.

Kimball suggests that while the currency of businesses is profit and loss, “the currency of schools is performance” but believes that the current methods of measuring student performance are inadequate. “We’re using an x-ray when we really should be using an MRI,” he says. There are also other cultural issues, including the fact that the education system is inherently slow to change, particularly as a result of performance. Because learning is complex, solutions will not be simple and current measurement tools aren’t reflective of what is known about teaching and learning. Finally, different children cost different amounts to educate, and the system doesn’t support that paradigm.

The role of the teacher is also changing, notes Kimball. “[Teaching] will be performance-driven based upon what students are and are not learning,” he predicts. “This will require diverse data sources, so it does require summative assessments like we have today, but also lots and lots of formative assessment, and everything from parent feedback to subjective measurements to more objective measurements that are tied to standards.”

In the future, Kimball foresees automated data collection, not “teachers sitting at a computer punching in data.” He believes that educators need to engage students in activities where data is naturally being collected, rather than collecting data separately. There will also be sophisticated analysis and support systems as a sort of “electronic intelligence.” Still, Kimball points out, “the essence of teaching is about a relationship between a child and an adult in fostering learning that will never be replaced with this analytical and performance-driven system.”

Despite all this, Kimball says there is evidence that the effective use of data does impact performance – but data-driven decisionmaking does have several challenges, including:

- ***Creating a culture of data use and collaboration.*** Many teachers bring their own perspectives on data and strategies for what to do with it that could be effective.
- ***The “so what” and “what now” factors.*** What are the interventions required to actually raise performance?
- ***Interoperability and data dependency/quality.***

- **Data collection.**
- **Interoperability between systems.** This is essential but difficult
- **Scalability.** The amount of storage and processing power required for daily data points about each student, collected over a dozen years, for example, can be overwhelming.
- **User interface and usability.** The technology must be simple to use.
- **Cost of ownership and return on investment.**

Some of the market segments for performance tools include:

- Instructional management systems, which manage documents related to standard objectives, curriculum scope and sequence, and the groupings of performance data;
- Diagnostic or formative assessment systems;
- Data warehouses, which look at data sets over time;
- Professional development, which is required to make all these other systems work;
- Reporting.

“I would argue that as an industry we need to be continuing to drive expertise and excellence in these individual markets and making sure that they connect with one another, as opposed to believing that one company or one solution is going to effectively meet all the requirements of all the markets,” says Kimball, who believes that data-driven decision-making is here to stay – with or without No Child Left Behind.

**Leslie Pulliam:** Pulliam’s husband Dr. Barry Brutosky was a county superintendent of schools in California. Pulliam was an assistant superintendent of section and curriculum for the ninth largest school district in California. After leaving their posts in public education, the couple created a new company based on their experiences within the school system. [The company was acquired by Educational Testing Service, or ETS, in January of 2004.]

Pulliam knew that “most teachers were not teaching the standards they had been asked to teach” and that “classroom practice was being influenced by assessments that were not at all aligned to grade level standards.” She also knew that many schools did not have appropriate technology skills.” After spending time in four different states studying the effects of standards-based practices, they found that instruction and assessment were “so fragmented and so unfocused and so shallow that it’s not a wonder that we don’t perform better.” Pulliam believes that teachers’ activities have been scripted for them, creating a “mindless person at the helm” who can’t be expected to use data well when the solutions are always prescribed. Similarly, she found that intervention programs were aligned with where the funding was coming from, not to standards or teachers’ instructional methods. Even solutions like curriculum guides or data warehouses couldn’t fix the problem, especially with a lack of training on their proper use.

Pulliam’s solution was to pull these pieces together. In her words, “let teachers become the thinkers, let them be the capacity that we want to build and we will find that we have successful students.” Her company designed an improvement process and a data system that has been used by 500 schools, 93 percent of which are achieving state goals. Although most schools analyze groups of students by averages, Pulliam’s product drills down into an assessment of each student’s skills. The system ties together standards, formative assessment and grade books into a report card, and also provides intervention information for parents.

**Martin Brutosky:** According to Brutosky, Tetradata’s value proposition is to build a “treasury of knowledge” that will enable education partners to increase student achievement, one student at a time. Accountability and progress both rely on the ability to measure data quickly: process information, class sizes, courses, schedule and curriculum, standards and test scores. However, the question is what’s relevant to the mission of learning. “We have just crossed the first barrier of realizing we need data warehousing,” says Brutosky. “Now the challenge is to get savvy about we do it well.”

Brutosky believes that there is no single piece of data that provides the solution, but rather the collection of information, which the education sector is still learning to use. Tetradata and other companies are making strides in data analysis, but

Brutosky suggests that everyone in education should become involved in the movement for a School Interoperability Framework (SIF), which is striving to develop standards for data in school systems. As an industry, education is working on the reporting and dissemination of information, within the organization as well as out to the state and federal government.

Among the challenges to using data is change management. Most people are probably not ready to tackle the progress in data management, says Brutosky, who believes that no industry has successfully created change without data. He also suggests that there is also a need to build professional development around standards-based outcomes.

**Luis Gomez:** According to Gomez, data warehousing and new standards-based tools are components of a solution that will fundamentally transform schools – but in order for that to happen, these must be informed by and aligned to the “craft of teaching.” He notes that today, teaching is a very private endeavor. “It’s a very weak professional community,” says Gomez. “Teachers’ practice is unlinked to evidence of improvement. We don’t have really rigorous standards of what it means for adults to learn and we organize internal accountability in school districts by and large not around student learning, but around preventing student problems.” As a result, Gomez believes that we must create tools that make that possible, by supporting schools and school districts with professional development services and products that build and sustain capacity for adults to provide ambitious instruction.

Through his work with Teachscape, Gomez has worked with many school districts around the country, most recently with the Milwaukee Public Schools. His company was asked by Milwaukee to help create a professional development program that emphasized skill- and capacity-building; the program includes working with mentors to support an alternative certification program to bring educators toward competency-based certification. In many districts that Teachscape works with, this also includes a customized library of materials for the district, face-to-face working groups and regular feedback about how the programs are working. The goal of Teachscape’s products and services is to align professional development activities with achievement goals. Part of that process uses existing materials and looks at how they are used within various sectors of the organization. If it all works well, Gomez suggests that there is a kind of sustained capacity-building. “At the end of the day, it’s not just you suggesting to your partners how professional development should unfold,” he says. “The tables start to turn: The partner starts to suggest to you ways that the products and services can better serve them.”

## AUDIENCE Q&A

**Ted Kahn, Design Worlds for Living:** What happens when data starts to drive instruction and people look for quick solutions or students burn out from being tested too often? Is “data-driven decision making” what this should be called or is it knowledge-driven or learning-driven decision making?

**Pulliam:** Dealing with the notion of too much testing can be done through alignment. What is it that parents want their kids to be able to do in order to get a high school diploma? Pulliam believes the mismatch is between the articulation of what we want students to know and do, and what data we collect. On the testing piece, one of the activities Pulliam takes teachers through is matching exams with standards. She has found that three-quarters of tests are not aligned with standards.

**Janet Knupp, Chicago Public Education Fund:** I’ve really been struck by the integrity with some companies work with school systems to build their capacity, so that they kind of “work themselves out of business.” Do any of the panlists have a specific example of where you have successfully exited?

**Pulliam:** Pulliam has found that it often takes more than three years to help teachers understand some of the data from formative assessments. In year two, they are coached on how to use those results in a collaborative setting, analyze it, and decide what to do about student learning. By year three, they do it all on their own without coaching.

**Gomez:** Gomez notes that in Milwaukee, the nature of the work has become very different. Rather than specifying all the professional development activities upfront, part of the work becomes getting advice from teachers and principals about how things should be different. “One very important measure of capacity building is the nature of the interaction over time,” he says. “The ultimate case may very well be a successful exit.”

**Question:** Could any of the panelists give an example of measuring student outcomes after the implementation of your program?

**Pulliam:** In one case with ETS Pulliam, an outside university evaluation team was hired. They measured the achievement of all students upon arrival and then each year over the course of three years, concluding in 93 percent of students meeting state growth targets. Pulliam will continue to measure and collect this detailed data.

**Brutosky:** Tetradata builds capacity but has not tested on the back end, relying instead upon the educational institution to determine whether they have added value or not. However, the organization is now getting involved with a three-year study funded by the U.S. Department of Education to determine scientific results based upon data-driven decision making.

**Question:** Is there evidence that the use of data actually drives better student outcomes?

**Kimball:** Kimball is currently part of a collaboration team that includes the University of Chicago and Ohio State University, which is trying to understand if professional development using electronic tools and a specific literacy program provides a value-add to teacher knowledge and children's learning.

**Joanne Weiss, NewSchools Venture Fund:** "It strikes me that what we're hearing is a migration going on in this industry, away from just straight software tools and toward technology-enabled services," says Weiss. "What we're trying to do is go in on the service side and build the capacity, and the technology becomes the 'leave-behind' that enables the work to continue in a structured way." Weiss adds that school districts are notoriously poor consumers and purchasers, and asks, "How do we create a marketplace that's educated enough to let the good solutions rise to the top?"

**Pulliam:** One way is to design products and processes in a small way that leads school districts to ask for more and change their priorities. For example, when rolling out the use of data in the first structured teacher planning time meetings, it is usually in a room where there is one computer and there are hard copies of reports. Pulliam believes that, over time, teachers begin to ask for more functionality.

**Brutosky:** Brutosky describes a three-fold approach to that problem. First is a solution development process to gauge the capability of the organization and the health of their school data. There is also a professional development offering to train teachers and leaders and prepare them for data warehousing. Thirdly, Tetradata provides a consultation offering for districts that want to implement immediately.

**Question:** How some of this will work in the classroom?

**Kimball:** The most compelling strategy is around the grouping and regrouping of students. "To think that we are going to individually deal with each kid's issues in a 30-kid classroom – and in the case of a middle school or high school, 150 kids across a day – is being unrealistic," says Kimball. "But what is realistic is to group and regroup kids consistently in that classroom based upon abilities." He suggests that early literacy grouping and regrouping has been working well, but such grouping has not been done as extensively with mathematics or at the middle- and high-school levels.

**Pulliam:** Pulliam suggests starting with having teachers understand the most essential standards that students must master. From that point, educators can determine who's learned the standards that have been taught and who has not. She has also found that the act of teachers looking at instruction together can help students reach higher levels.

**Kimball:** The choice of curriculum and use of instructional materials may very well be the most important part of the instructional process – data should drive that as well.

**Pulliam:** "When you use data to help a teacher understand how well the student is learning that standard, the teacher becomes an excellent consumer and purchaser of instructional material," says Pulliam. "They know what book is giving them the progress they want to see and they know what program is not."

**Gomez:** While selection is very important, Gomez believes there must also be data on the fidelity of implementation, and good information about how to change when fidelity isn't there.

**Question:** Word has it that California's governor and other leaders in Sacramento are very taken with the concept of school-based reform. Can any of the panelists comment on this?

**Brutosky:** "As a company that really seeks to drive [reform] down to the local level, it is not economical to try to do that in today's world," says Brutosky. "There need to be some regional capabilities gathered together, both on the private and public side, to give [vendors] the ability to help [schools] purchase better and give schools some economies of scale."

**Pulliam:** Pulliam believes that the work must start at the school level, noting, "If this work doesn't start at ground zero with what's happening in the classroom and the schools, there really isn't an understanding of the dilemmas that they're going to confront." She suggests starting at the school level and building up from there, one school at a time.

**Gomez:** Gomez believes the process must integrate both schools and districts, because ultimately the problem of capacity building involves both.

## CULTIVATING THE NEXT GENERATION OF EXCELLENT CHARTER SCHOOL LEADERS

The first decade of growth in the charter school movement relied heavily on the tenacity of passionate individuals and teams who were willing and able to put “superhuman” effort into opening a new school. However, this first wave of entrepreneurial charter school leaders may have reached its limit. As such, the charter school movement is now looking for new solutions to expanding the supply of excellent charter school leaders. This discussion will focus on the different approaches currently being explored to solve the leadership challenge. Participants will address questions like such as: to what extent will expanding the pool of excellent leaders require developing a different pool of individuals with a diverse set of skills and expertise, versus modifying the job and providing leaders with better support and infrastructure?

**Moderator:** Shivam Mallick Shah, The Bill & Melinda Gates Foundation

### Speakers:

- Elise Darwish, Chief Academic Officer, Aspire Public Schools
- Allison Rouse, Director of Recruitment, Knowledge is Power Program (KIPP)
- Jonathan Schnur, Chief Executive Officer and Co-Founder, New Leaders for New Schools

**Shivam Mallick Shah:** As an officer of the Bill and Melinda Gates Foundation, Shah spends a lot of time with charter school leaders as well as traditional district leaders. For the purposes of this discussion, “leadership” means school principals. As context, according to Shah, there are approximately 80,000 principals in the U.S. who make an average of \$55,000 a year, compared with about 3 million teachers who make an average of \$43,000.

About 1200 of those principals are placed in New York City public schools, the largest public school system in the country. Shah found that this subset of principals had an average of 19 years of experience within the New York City public schools systems before becoming principals. Roughly thirteen of those 19 years were spent teaching, with the remaining five to six years spent in a role combining administrative or supervisory responsibilities with teaching. Additionally, Shah discovered that less than 1 percent of the principals came from outside of the New York City Public Schools. Two-thirds of those principals will be eligible for retirement in the next three to five years, while the applicants per principal vacancy have dropped dramatically from approximately 50 to less than 10.

Given that sort of need in a high-need, large urban district, which creates increasing demand for great leadership in public schools, Shah asks, why has the value proposition for becoming a principal dwindled so much? The answer may be that the job has just gotten hard, and much more complex than it was before. For example, those principals that aspire to be instructional leaders often find themselves forced to spend a significant percent of their time on issues not related to instruction. Principal candidates also want better work environments. This can mean more flexibility around decision-making or resource allocation, a safer and more respectful working environment.

For principals of charter schools, the burden also includes the challenges of managing a board of directors and becoming a facilities expert. “Becoming a charter school principal is a behemoth, mammoth, superhuman task that most of us probably wouldn’t have the courage to take on,” says Shah.

**Jon Schnur:** For Schnur, the greatest challenge in education is “transforming the culture and the expectations about what’s possible” and then figuring out how to ensure that the system of “human capital” – both teachers and principals – is set up to accomplish that. In Schnur’s eyes, one of the greatest – and most under-emphasized – benefits of the charter school movement is its “ability to attract, develop and retain the kind of leaders who ultimately are going to be part of transforming that culture.”

In this context, New Leaders for New Schools has a mission that is about more than principal training, and includes attracting, preparing and supporting the next generation of leaders and principals for public schools. The goal is direct impact, with high levels of success and achievement in schools led by New Leaders principals. Currently, there are 100 “New Leaders” in the field, some at district schools and some at charter schools, with a collective impact on about 50,000 students.

For New Leaders, the second piece is catalytic impact. New Leaders hopes to be a partner helping catalyze transformation of public education. The idea is to target certain cities, in order to be part of helping to transform results for kids as well as the culture of the school system itself. Right now, New Leaders is in five cities and also working with charter management organizations. Currently, about 80 percent of New Leaders' principals work in traditional district schools, with the split closer to half and half in Washington, D.C., one of New Leaders' five cities.

For New Leaders, selection criteria for principals comes first. Screening people successfully is a large process. Over 3000 applications came in for the organization's first 160 fellowship positions. Primarily, says Schnur, New Leaders looks for people who have "a real sense of moral accountability as adults for delivering on our kids' potential, regardless of what constraints there are."

Schnur suggests that NewLeaders is essentially creating a new human resources system for school leaders. Part of the challenge is that school leaders must have the right instructional background, but also the ability to build systems and manage them. Schnur hypothesizes that one way to optimize both sets of skills could be pairing an instructional leader with a sort of "executive director" of the school.

The New Leaders model rests on three pillars:

1. **Recruit aggressively.** Many organizations have seen a recent trend of very talented people entering the education sector. They want to roll up their sleeves and get involved at the teacher, principal and superintendent levels.
2. **Select based on clear criteria.** New Leaders currently has a 6 percent selectivity rate after screening for belief in the mission, expertise in instruction, and demonstrated record as a leader.
3. **Intensive training and development.** For New Leaders, this means intense coursework and a year-long, full-time residency in a public school. Schnur explains that the residency is an opportunity to practice leadership hands-on under the mentorship of the principal, rather than just observing best practices. New Leaders also provides two years of on-the-job coaching and support.

"Most of our leaders tend to have a very entrepreneurial background," says Schnur. "These are people who make things happen." Very few of the people that New Leaders accepts have been formally trained in education.

After the first two cities, New Leaders' strategy was to hold a national competition where cities could apply to become New Leaders sites. Schnur says the criteria for the city selection process was very clear, including information on funding, political leadership, support from the school system and the business world. New Leaders also requested that school systems create an agreement for more autonomy among principals who demonstrated that they were high-performing leaders. For example, in Memphis, New Leaders was able to secure a landmark agreement for leaders, in which high-performing principals are granted more authority over budget, curriculum and operations, as well as the ability to select teachers based on merit and not seniority.

**Allison Rouse:** Rouse suggests that KIPP has also taken risks, noting "We pilot a lot of stuff. We simply try everything. And we fail a lot. But we fail trying something great." Rouse and his family come from an underserved community similar to those that KIPP's schools serve, and in fact his niece went to KIPP Academy in New York and his nephew is currently attending the fifth grade there.

According to Rouse, KIPP founders Mike Feinberg and Dave Levin sought out common denominators for what worked in their schools, which now exist across the KIPP schools nationwide, including high expectations, power to lead, focus on results and more time, with autonomy for each KIPP school leader to build on this foundation.

Over its the first couple of years, KIPP focused on growth, says Rouse. The number of schools went from three, to 10, to 17, very quickly. Rouse believes that KIPP has built its reputation on quality and rapid growth. Initially, KIPP wanted to open 100 schools a year, but has since scaled back and started to refocus on quality.

In 2003, approximately 75 percent of the KIPP New York students are heading to college, including Rouse's niece, as a freshman at Cornell. "But 75 percent is not good enough for us. We want that to be 100 percent," says Rouse. "If you're

satisfied with 95%, if you're satisfied with 75%, you wouldn't be in this room. You wouldn't be trying to make the type of change we're trying to make."

For example, KIPP Gaston College Prep was ranked the number six middle school in the state of North Carolina based on test scores. The school is 99 percent African-American, with 90 percent of those students qualifying for free and reduced lunch. The top five schools in the state are predominantly Caucasian with average family income far above the poverty line, while KIPP Gaston College Prep is "literally built on a peanut farm" with classes held in module trailers.

Rouse believes this has been accomplished by a focus on teaching quality and driving towards results. KIPP has borrowed from Teach for America models for measuring potential for instructional leadership; however, in selecting school leaders, KIPP also considers a leader's "emotional quotient," their resiliency and commitment.

In KIPP's language, "trailblazing" is opening schools, and requires a focus on public and government affairs and building partnerships for development. For some time, KIPP thought of itself as a training organization. Though KIPP will continue to train future KIPP school leaders, Rouse suggests, there is a need to support the schools at the same time. KIPP has since moved to a competency model from the Harvard Institute to inform how training and support of school leaders can become more sophisticated. With its new school liaisons, KIPP has moved from providing 20 percent of the support school leaders need, to about 40 percent.

Rouse believes that KIPP has been very successful at building strong school cultures, by using knowledge management to collect and share best practices, as well as a rigorous school inspection process to evaluate schools every two years to three years. "You have to build training and assess that training," he says. "Then you have to see it in action at the school level, based on student outcomes and student results. And you have to evaluate that, helping people and schools continuously grow to hit that quality index."

**Elise Darwish:** Darwish says that Aspire Public Schools' goal is ultimately to "tip" the state of California by getting more kids into college. Although the teachers' union in Oakland doesn't want more charter schools to be opened, for example, once there are school clusters in a system like Aspire's, charter schools and their teachers can act as advocates within the political system to give kids a choice of schools.

According to Darwish, the four main things that Aspire principals need to succeed are the ability to hire, fire, support and evaluate their teachers. Aspire also provides day-to-day support for the principal. Darwish notes that many of the principals who come to Aspire from a traditional system are afraid of managing the budget, so Aspire both supports and trains in this area. Aspire also provides instructional coaches to help principals learn about the nuances of teaching.

Many of Aspire's principals come to the organization through New Leaders for New Schools. However, Darwish notes that Aspire is "constantly recruiting."

**Shah:** In considering all of the organizations represented on the panel, Shah suggests that they have all made a strategic shift recently. For New Leaders it was moving from doing just traditional district schools to doing charter schools. For both KIPP and Aspire, there have been two shifts: toward geographic clustering, and from K-8 or middle schools to high schools. Shah asks the panel how each of these different strategic shifts within your organization has or has not changed what types of leaders are sought.

**Schnur:** Across district and charter schools, Schnur says, all New Leaders believe that all kids can learn at high levels. They are demonstrated leaders with adults who can pull people together around a common goal and have a strong self-awareness. Over the last several years, New Leaders has learned not to overlook self-awareness and a hunger for feedback and improvement. "Everybody's going to fail at this in some way," he says. "The question is, do you keep getting up and learning?"

New Leaders has also learned the importance of screening for complex problem solving skills in its potential leaders, the kind of thinking that asks about the sources of a problem rather than just attacking the symptoms. A more recent insight for New Leaders, says Schnur, is that its leaders must have a deep sense of personal accountability for delivering on the potential of

each student. Schnur reflects that this is a delicate balancing act between the need to be decisive and collaborative. Finally, each of these leaders must have an entrepreneurial spirit, regardless of whether they're placed in a district or charter school.

**Rouse:** On the need for self-awareness, Rouse cites cognitive psychologist Martin Seligman, whose research focused on "learned optimism." KIPP tends to screen more for resiliency, because although learning optimism is fundamental, there is also a need to face the harsh facts of the moment, says Rouse. This is essential for those founding a school, and very different than what's needed in a leader who will take over an existing school and be an agent of change management.

Rouse notes that KIPP struggles to find the best method of training that fits this sort of leadership, and adds that the organization has recently become more risk-averse. "We're not as willing to take somebody who's 100% maverick," he says. Today, KIPP is learning that they need more people with more experience and more training.

**Darwish:** Although Aspire has been able to standardize some of its model, the organization has learned that the principal is very specific to each school and community. In Darwish's words, "Someone who may be a phenomenally perfect fit in Stockton is going to bomb out in Oakland." As such, there is an unofficial Aspire policy of not hiring brand-new principals who have never been principals in a startup school before. Darwish suggests that it would simply be too hard for these principals to run an Aspire school.

**Shah:** What is the cost of growth projections for each of these schools?

**Darwish:** In order to open 50 schools, which is Aspire's goal, the need is about \$50 million. The cost ranges per school – elementary schools cost roughly half a million dollars, secondary schools are 6-12 and cost about \$1.3 million. All of these numbers are for the first year; after that, school costs are covered by public funds.

**Rouse:** KIPP spends between \$10 and \$12 million per year on everything from starting new schools to training leaders.

**Schnur:** Per leader, New Leaders spends just under \$70,000 each year for three years, including the recruiting, selection, the year of training, and two years of support.

## **AUDIENCE Q&A:**

**Deborah David, DC College Preparatory Academy:** As a former recruiter for Edison Schools, the quality of principals that everyone is looking for in this room does not exist in the quantities needed for our schools. David suggests that the KIPP school leadership program is "brilliant" but that its sphere of influence is relatively small, with 10 or 15 new leaders per year. David asks whether KIPP has considered subcontracting to school districts to provide this kind of leadership to school districts that is struggling, or whether KIPP might open a school leadership program on a tuition basis.

**Rouse:** Although Rouse finds the latter suggestion appealing, he says that KIPP is focused on enhancing its current training program. Keeping the KIPP brand intact is the priority, then opening it up to other people becomes an option, he notes. Within the next year or two, KIPP may be able to open up the training program to others. Rouse adds that capturing KIPP's best practices in a multimedia or written format and sharing this information may help KIPP expand its influence. But for right now, Rouse emphasizes, "we are focused on building only KIPP."

That said, Rouse adds that other schools are adopting KIPP-like models, such as the new DREAM schools in San Francisco. "If we take the basic elements of what makes a high-performing school and we push it into a district school, you will see that change," says Rouse, suggesting that this is where KIPP will be headed over the next several years.

**Bridget Bradley Gray, DC Public Charter School Board:** How are you dealing with the selection and training of board members and governance?

**Darwish:** All Aspire schools have advisory school councils that include parents, but they are all housed under one 501(c)3 organization with one main board.

**Rouse:** KIPP's boards are very complicated. Currently, the model requires one KIPP Foundation representative on each KIPP school board. KIPP also brings the heads of the boards together at the KIPP Summit. Each school's trailblazing team is responsible for the creation of a board for each school, while people at KIPP Foundation provide constant guidance. KIPP does not control all 31 schools centrally; rather, each school has a locally based board that deals with governance at that level.

**Schnur:** Schnur acknowledges that board-related training is one of New Leaders' holes, but the organization has added training for its leaders related to board development.

**Question:** Setting aside cost, what is the biggest limiting factor to growth?

**Schnur:** If given a magic wand, Schnur would completely change education teaching. Schnur suggests that there are quality people out there, but organizations must do a better job of finding them. This requires building a pipeline for human capital. Teaching should also become a more professionally driven endeavor, to bring more high-quality people into schools. Schnur believes this need goes back to teachers' colleges, but also requires career ladders for teachers within schools.

**Rob Reich, Stanford professor:** Many of the undergraduates Reich teaches at Stanford see public education as "the civil rights movement for their generation" but find that there are few ways of entering the system. He asks the panelists what they would say to leaders of large colleges like Stanford in terms of their role in building a pipeline of new school leaders.

**Schnur:** "Help us raise the bar significantly for who we're attracting and bringing to education," says Schnur, particularly in terms of cultivating students that are mission-driven. Second, he recommends that universities create partnerships with schools, charter school systems and traditional school districts to work on getting college graduates into high-performing schools with high-performing principals, warning that new teachers who are sent into schools without support will burn out quickly. Finally, Schnur urges colleges to help create a knowledge base or system for restructuring teachers' career ladders.

**Eric Schaps, Developmental Studies Center:** To what degree are you successful in preparing principals in instructional leadership?

**Darwish:** Darwish suggests that you have to have taught for at least three years to be a principal. "The best teachers are not necessarily the best principals, but there must be some empathy for how difficult teaching is," says Darwish. At the same time, Aspire provides instructional coaches because not all principals are great at instructional leadership.

**Rouse:** All KIPP school leaders have teaching experience, but at the same time there has to be more site-based support.

**Question:** Is it hard to find people who can do the whole breadth of the activities required by school leaders?

**Rouse:** Rouse suggests that KIPP's goal is "really not to find somebody that can do all of it, but is comfortable with learning as much of it as she or he can in order to make decisions from the very top level and spend most of their time on instruction." Someone who is able to balance all those things out is critically important.

**Schnur:** Schnur believes there is a need for systematic training in instruction, as well as for external demands like fundraising.

**Rouse:** Rouse adds that KIPP has found that "there are going to be some people who just can't do it all," and those leaders must be paired with others, such as a COO-type leader for operations work.

## COMMUNITY SUPPORT FOR EDUCATION REFORM

Many community organizations share the goal of supporting high-quality schools in underserved communities. Some organizations focus nationally on an ethnic or racial community while others focus locally on a geographic community. Several of these organizations are now embracing new school creation as an approach for affecting public education and improving the opportunities available to children in their communities. For example, The National Council of La Raza has become involved in choice and supports charter schools nationally; St. HOPE Public Schools has focused on building charter schools in one neighborhood to supplement its other community-building efforts; and the Black Alliance for Educational Options has chosen to help parents and community leaders become more informed consumers of choice and quality and is also beginning to create its own schools. In this session, representatives from each of these organizations will explain how their involvement in education evolved, and the lessons they have learned along the way.

**Moderator:** Ralph Smith, Senior VP of Annie E. Casey Foundation

### Speakers:

- Anthony Colon, VP of Center for Community Educational Excellence, National Council of La Raza (NCLR)
- Margaret Fortune, Superintendent of St. HOPE Public Schools
- Lawrence Patrick, President and CEO of Black Alliance for Education Options (BAEO)

**Ralph Smith:** Celebrations are taking place across the country in honor of the 50th anniversary of the Brown decision made by the United States Supreme Court. At the time, the decision reflected an emerging political consensus about race relations and segregation. However, Smith suggests that despite the victory of Brown half a century ago, the full intent of the decision has not yet been realized in education. “The existence today of a significant achievement gap speaks powerfully to those who claim that Brown did not produce the educational equity that many envisioned,” he said.

In the decades since Brown, education reform has undergone myriad strategies to achieve educational equity that still eludes our public school system. One significant effort stems from within the communities themselves, often led by individual community leaders or small groups of concerned community members working to reform existing schools within their communities or creating the kind of schools they want to see. Smith believes this trend exemplifies the shift in how schools are viewed by communities. Rather than just places where education “happens,” schools have become an integral foundation for work in stabilizing neighborhoods as a whole. Community development professionals are getting more directly involved in education reform because they realize that “educational equity is important for them to achieve their objectives.” The community schools movement has gained strength by redefining the role of schools within communities. As a result of this trend, Smith noted, communities are beginning to see the full value that quality schools can provide when students and families are receiving the services and support that they need.

Smith believes that the leaders of these community schools clearly understand that schools cannot educate children alone, that the “transaction in the classroom is very much affected by what goes on outside the schools and what goes on inside the home.” Performance pressure on schools comes from external forces within the community and is coupled with internal pressures from within the school, suggesting that schools have become a more important focal point of action in a community. Smith then introduced the panelists, saying that they exemplify this understanding of the value of the community in education reform.

**Anthony Colon:** With 35 years of history in the fight against the discrimination and oppression of Latino / Hispanic groups in the United States, Colon said that the NCLR has evolved into a civil rights organization and a major voice in public policy concerning Latino issues and leader within the community with a network of 300 community-based affiliates. Across the country, these affiliates are often created by groups of parent organizations that have provided their community’s schools with many additional or “wrap-around” services and eventually led to spearheading efforts to create charter schools.

According to Colon, NCLR became involved with charter schools as a response to the organization’s affiliates, who were already embracing charters in concept by building community-based schools before the charter school movement solidified.

NCLR now has 90 charter schools affiliated with the organization. Educators and community-based organizations around the country have gathered momentum, starting hundreds of charter schools that share three general characteristics:

- They tend to be smaller than traditional public schools,
- They tend to have smaller class size than traditional public schools, and
- They are staffed by people who are committed to the mission that every child can learn.

These factors are highly related to student achievement, regardless of the kind of school in question, noted Colon. Essentially, the expansion of charter schools in the United States is the growth of quality schools that serve children, have adequate resources and facilities, are staffed with teachers who embrace rigorous curriculum, and are held accountable to high standards by their local communities. NCLR's charter schools have seen significant successes despite actively seeking to serve students who are the most at-risk and regularly face the challenges of obtaining resources such as facilities financing. "Among NCLR's affiliate high schools," Colon said, "approximately 80 percent of [Latino] students graduate, compared with about 50 percent of Latinos statewide."

Despite overcoming many serious challenges and achieving high levels of student performance, Colon believes charter schools have not been able to share their story with a broad public audience. The stories about charter schools that do permeate the general public focus on the failures of specific schools. Charter schools find that they have to defend themselves without media resources or solid research proving the effectiveness of charters in increasing student achievement. As a result, charters face intense scrutiny from the public, not yet fully utilizing the best advocates they have, the parents who choose to send their children to charter schools.

Colon urged the charter school movement to share its mission more effectively. First, there must be a focus on achievement in charter schools. Many of the NCLR affiliate schools bring students who are 1-3 grade levels behind up to grade level in a year or less. When reacting to news about low test scores, noting the low socio-economic status and limited English efficiency of many charter school students is heard as "at worst like whining and at best a rationalization." This presents the charter school movement with an inherent problem in the measurement of student achievement. Charter schools need a student achievement index or student learning index that looks at incremental progress on standardized tests while taking into account factors such as graduation rates, completion rates, and attendance. In addition to this index, Colon believes charter schools need a student information system that houses this vast amount of data, including information about the students' prior educational history.

This topic relates to how a quality school is defined, said Colon. Though academic scores are absolutely important, they must be considered with all other activities that occur within a school. Charter schools must also engage the research community and the press to create positive messages proactively, rather than responding to negative messages retroactively. Lessons learned by NCLR include the importance of both control and quality, which has led them toward using a CMO or EMO model for their schools. These models allow new schools to avoid recreating the wheel by providing them with a specific framework for learning that other schools have already created and tested.

**Margaret Fortune:** Founded 15 years ago as an after-school program by former NBA star Kevin Johnson, St. HOPE acted as a supplement for the public schools in Johnson's low-income neighborhood of Oak Park in Sacramento. With funding from the Irvine Foundation, the program grew into a college-prep charter school system that serves 1800 students who were failing in their public schools. St. HOPE's mission is to be one of the finest urban school districts in America. According to Fortune, St. HOPE operates according to the Five Pillars borrowed with permission from KIPP. The Five Pillars are: High Expectations, Choice and Commitment, More Time, Focus on Results, and Power to Lead. These pillars govern the day-to-day activities in the school.

In March of 2003, when the school was run by Sacramento Unified School District, the pass rate on the exit exam in math was 50 percent. St. HOPE 10th graders took the exam again in February 2004, resulting in a 68 percent pass rate. In English language arts, St. HOPE 10th graders produced a 66 percent pass rate, up 3 percent from the March 2003 exam. The Western Association of Schools and Colleges visited St. HOPE on March 15th giving a total of 8 commendations. Specifically, the WASC committee commended the St. HOPE faculty, leadership, and staff for their "caring attitude, no fear, professional belief, and support for each other and total desire to fulfill the school's mission."

St. HOPE works at the “nexus between economic development and education,” said Fortune. In 1989, St. HOPE began an after-school program. To house the program, land was purchased from a drug dealer, placing the school right in the middle of where drug transactions were taking place on a regular basis. Fortune noted that this purchase provided an important insight into the connection between our ability to physically create educational institution in the community and the economic impact the school could have on the neighborhood itself. Continuing to execute on this strategy, St. HOPE purchased and developed a piece of property the size of a city block, coined 40 acres, in the late 1980s.

A more recent example the tandem education-economic development strategy is the Woodruff Hotel, a place of prostitution and drug dealing, that was located on the way home for many students of Sacramento High Schools. St. HOPE purchased this building two years ago, inviting Starbucks to become the anchor tenant. St. HOPE then created a year long fellowship, bringing in 20 year olds to open other businesses in the development. They opened a bookstore, a barber shop, an art gallery, and a 200 seat theater. It was around this time that Sacramento High School was placed on the list to receive state sanctions as a result of poor academic performance. St. HOPE began to advocate for Sacramento High School to be run as an independent charter school, Fortune explained.

With the backing of the Bill and Melinda Gates Foundation, St. HOPE submitted a proposal to open a new school with six small high schools, each with their own team. However, the teacher’s union filed a lawsuit, arguing that the teachers would lose their positions and be placed in sub-standard working conditions at a charter school. Despite enormous parent support, the union won. Five days later, St. HOPE submitted a new charter with even more parent signatures in support of the charter school. Thousands of parents and community members organized to show support in court. “You had parents with their high school children and with their babies, literally in triple-digit degree heat, standing out on the sidewalk in front of a school board meeting,” noted Fortune. St. HOPE has since opened its high school. Eighty percent of the students returned, saying things like “I can’t fall through the cracks here. I know my teachers care because they’re staying here after school with me, and I know they don’t have to because I’ve seen the others leave. And I have more time to build on relationships and figure this thing out,” according to Fortune.

Fortune believes the significance of economic development in education is clear. She noted that St. HOPE took existing school buildings and improved the quality of those schools, thereby increasing the property value around the school. Though many of the homes in the area are not owner-occupied, there has been an increase in home renovation because of the development in the community. St. HOPE encourages their teachers to walk through the community on their way to Starbucks and those same teachers are purchasing homes within the community itself. The momentum of St. HOPE has even encouraged the Sacramento business community to contribute significant amount of funding to the school, investing in their community through education.

**Lawrence Patrick:** At a 1999 symposium sponsored by the Institute for Transformation of Learning at Marquette University, a group of 167 black activists, led by Howard Fuller, gathered for what would later become the Black Alliance for Education Options (BAEO). Individuals spoke of the terrible education conditions of their respective cities and soon discovered a powerful commonality. Because education occurs at such a local level, says Patrick, “people tend to think that the level of crisis in their community is unique to their community.” Unfortunately, when the diverse participants of this symposium, from teachers to civil rights leaders to parents and politicians to superintendents, began sharing their concerns, it was clear that education crisis was systemic.

A subset of the original group met again in Washington D.C. to begin discussion on what do to about the systemic problems in education. The group agreed that their new venture would be “unapologetically black” and serious about creating an organization that ultimately led to the liberation of black people. Patrick noted that was important from the beginning that the organization be rooted in its connection with parents, leading to its structure as a membership-based organization. There is also a focus on the importance of inter-generational leadership. With a diverse group of voices, consensus is sometimes difficult, requiring a disciplined focus on what Patrick calls BAEO’s “narrow strip of unity,” centered around two priorities: the mission of the organization – “to actively support parental choice in education, to empower families, and to increase quality educational options for black children” – and ensuring that there are excellent options from which to choose. In Patrick’s words, “being able to choose between Burger King and McDonalds is not a meaningful choice – that doesn’t do you a whole lot of good when you’re trying to eat healthy.”

BAEO is now a national organization with chapters all over the country formalizing a network of individuals who are focused on that mission. Patrick outlined lessons learned by BAEO in engaging parents on school choice, including:

- “You cannot look parents in the eye and say we’re going to fix this in three years,” says Patrick. Realizing that accomplishing the mission of BAEO at the scale of the problem will take a “very long time.” The sense of urgency must be balanced, with realistic expectations for everyone involved.
- There are people who oppose parental choice and the concept of expanding educational options, including charter schools, public-private partnerships, tax credit programs, voucher programs that benefit low income families, private scholarships, home schooling, supplemental services and others. The opponents are “relentless” and the debate will inevitably become politically charged. The key is to be politically savvy and use the systems that are in place to accomplish the goal of the organization.
- “Don’t go into it thinking that there’s going to be this massive majority of parents who are going to fight,” Patrick emphasized. Expanding education choice will be hard work largely accomplished by a small core group of parents and activists. Broad support from parents and the community is unrealistic in any social movement, including school choice.
- Explore the sense of community. Community is not necessarily geographically defined and school choice activists may do themselves a disservice by getting trapped in the neighborhood school paradigm.

**Ralph Smith:** How has NCLB affected community mobilization?

**Margaret Fortune:** NCLB included a program called the Immediate Intervention Underperforming School Program (IIUSP) that forced schools performing at the bottom of the academic performance index to participate in a state funded school improvement program. If results continued to show decline, the school would be closed by the state; Sacramento High School was on the list of 24 schools with declining test scores. Rather than face state sanctions, the school board closed the school, giving another agency an opportunity to run the school as a charter. Fortune said that Kevin Johnson and his team were determined to face the most challenging organization, the California Teachers Association, to open a quality charter school. In the end, the battle was successful. Mobilizing parents around the charter school was more than just parental support, but Fortune noted that it really became an issue of school survival, the difference between staying open and being closed by the board. The incentive for parent participation was high. Being a smaller operation, Fortune believes St. HOPE was naturally more conducive to quickly mobilizing support.

**Ralph Smith:** What has been the role of bipartisan support in accomplishing your mission? And what is being done to create the development of pipeline for entrepreneurs to enter into education?

**Lawrence Patrick:** According to Patrick, creating an environment for bipartisan support is probably the most important piece that is missing from the school choice movement both locally and nationally, particularly in the black community. To be effective in advancing any kind of social movement agenda requires support from both parties. One of the things BAEO is doing is identifying young black Democrats who are open to this issue and trying to encourage them to be more supportive and outspoken on this issue.

Regarding entrepreneurs in education, Patrick believes it is important to provide incentives for the creation of new organizations and new companies that attract entrepreneurs into the education space. From a classic business school perspective, an MBA running an analysis of new ventures will see the many difficulties of working in education. However, the kind of people who are naturally attracted to the start-up organization and the companies that the education sector needs, are a better fit. “The crazy ones” who are hard-headed and have raw leadership will be successful in education, says Patrick. He added that it is also important to make sure more black and Latino social entrepreneurs are present at events like the Summit.

## EXPERIMENTS IN PORTFOLIO MANAGEMENT

As public school districts work to align their systems and improve student achievement outcomes, some have tried a “portfolio management” approach in which the district oversees a diversity of school models or providers. In this discussion, we will hear from Paul Hill, who first published on this idea, and from former superintendents who led some of the earliest experiments on this concept. In the mid-1990s, Gerry House had all of the Memphis City Schools select or create a comprehensive school design model. Around the same time, Libia Gil, the superintendent in Chula Vista, encouraged a diverse supply of school providers, including education management organizations and charter schools. This session will delve into the different strategies and tactics involved in reinventing the district office as a “portfolio manager” and the conditions for success in this approach.

**Moderator:** Paul Hill, Director, Center for Reinventing Public Education

### Speakers:

- Gerry House, President and CEO, Institute for Student Achievement and former Superintendent, Memphis City Schools
- Libia Gil, Chief Academic Officer, New American Schools and former Superintendent, Chula Vista Elementary School District

**Paul Hill:** This panel will discuss how school districts see themselves as operating a vertically integrated system where teachers, pupils, principals, and equipment are managed like a portfolio. A district with a portfolio management model is designed to create and support strong schools that may not all be the same, but all have the freedom to hire and fire and have some predictability in terms of the curricular methods they use. At the same time, with portfolio management, a district understands it is ultimately responsible to children. Most importantly, a portfolio district carefully evaluates whether the schools are fulfilling the needs of the people.

Commonly found in many big city districts are schools that are consistently overenrolled. This begs the question: why these schools haven’t been expanded or replicated. A district using portfolio management would identify this need and make a change. Ultimately, these districts understand that “not every parent likes the same school and not every child needs the same school,” says Hill, who suggests that families are able to sort themselves among schools in the districts that have adopted this model.

**Gerry House:** As the superintendent of a district that experimented with portfolio management, House speaks about rationale behind creating school choice to raise student achievement in Memphis. In 1992, House arrived in Memphis, which was one of the largest urban districts in the country with 120,000 students and 15 schools. The student population was overwhelmingly African-American, 80 percent of which hailed from low-income households with very low overall student achievement. However, the most striking challenge for House was a complacency and satisfaction with the status quo.

First, there was a need to “create some disequilibrium and shake up the place, to help the school people realize that what they considered ‘good enough’ was really not good enough for most of the children in the district,” says House. The goal was to create a system of schools where all of the students, regardless of the school they were attending or regardless of the community or neighborhood in which they lived, would have equal access to high-performing schools. To achieve this goal, each school was expected to undergo a comprehensive school design process that would ensure that parents, teachers, and students participated in the changes. Tennessee did not yet have charter school legislation at the time, so school choices were created within the district.

Long before the No Child Left Behind legislation, House was looking at disaggregated data to see if there were subsets of students who were not achieving. Both qualitative and quantitative data indicated that Memphis did indeed have some high-performing and some great classrooms, but House says these were isolated cases. “Even in those schools that had high-performing students, there were still a lot of underperforming students as well,” says House. The district was committed rhetorically to a mission that said that all students would graduate from high school with the skills and competencies that they needed to lead productive lives. But even though that was the mission, the district was failing miserably at actually reaching

that mission.” At the same time, the business community in Memphis had been complaining that the school system was not preparing students for jobs in technology and other knowledge-based businesses.

The focus of the change process in Memphis, then, was on student learning, beginning with what House calls “the bookends” of standards and accountability: standards that defined what students should know and be able to do by high school graduation, and accountability for both students and the adults involved in their education. Evaluation systems for teachers, principals and superintendents were created according to those bookends, driven by student outcomes, which took three or four years and work with the unions. House’s administration also worked with the University of Memphis to train people to go into classrooms and observe whether there was high-quality teaching and learning going on.

“What was negotiable was the means to get there,” says House. Schools were allowed to choose a school design, such as a New American Schools design, or even one they created on their own. All designs had a common set of design elements, notes House: they were comprehensive, focused on curriculum and professional development, had an assessment component, and provided support for the children who were expected to reach higher standards. Schools that could show that all students and subgroups were performing would not have to adopt a design – but there were no schools in the district at that level. “Schools really had to go about looking at their own data, and I think that’s what empowered them: to look at their own data and to see where the gap was, and then to look at the selection of a design based upon what was appropriate and what was aligned with what they were doing,” says House.

All of the designs emphasized a great deal of professional development and most required ongoing collection of data – not just end-of-year tests but also course passing rates, attendance, in-course tests and student work. As such, House explained, part of the professional development was to help the schools become more data-driven. Schools chose from a variety of designs, and some schools chose to create their own designs, including the New American Schools design called Voices of Love and Freedom, which was inspired by a conference that dealt with literacy around discipline. Every design had a coach that worked directly with those schools around the implementation of the design. But even more important, House suggests, was the set of beliefs and values underpinning this approach.

1. The school site is the center of change, which means that schools have to have the autonomy and flexibility over budgets, site selection, curriculum and other instructional decisions. “If the site is the center of change, then there has to be a different role for the central office,” notes House. “The central office cannot continue to be a bloated bureaucracy that was focused just on compliance.” House redesigned the central office from one centered on compliance, to one focused on support for schools, partly by flattening the hierarchy and bureaucracy in the office.
2. Effective and sustaining change happens only when those affected by it have some buy-in. “With mandates, you do get compliance, but you don’t get commitment,” House believes.
3. Schools need external partners. “If the insiders could do what needed to be done, it would already have been done.”

As for lessons learned, House says they include:

- “Do not be surprised and put off by failures and setbacks and backlashes and naysayers.”
- This approach did make a difference. House’s administration worked with the University of Memphis to chart progress. Schools that adopted designs aligned with their needs performed better on state assessments, and they also had higher quality learning going on in their classrooms.
- Converting schools with “decades-old policies and rules and regulations and procedures and habits” is “very, very, very hard work,” says House.
- Leadership at all levels is critical, but especially leadership at the principal level. “We had to have principals who believed in a shared vision, who believed in collaboration, who knew how to hold the adults in the building accountable,” House noted.
- It takes a long time (House was in Memphis for eight years).

**Libia Gil:** The Chula Vista school district is in San Diego County, one of the fastest growing cities in the region, with a student population now of about 26,000 (while Gil was there in the 1990s, it was about 24,000). Not surprisingly, about seven miles north of the international border, 60 percent of Chula Vista’s population was students of Hispanic origin and about 20

percent white. At that time, about a third of students were English language learners, and about half of the students were eligible for free and reduced lunch.

Gil believes that when she arrived in Chula Vista, the status quo was not acceptable. “The goals for our students – high standards, high expectations, rigorous curriculum, high-performing outcomes – were non-negotiables,” she says. But because of the diverse population that the district was serving, Chula Vista emphasized flexible strategies to reach those goals. “If there’s one lesson learned out of my thirty-plus years in public education, it is that there is no single solution to meeting the needs of every single child.”

The Chula Vista school district’s motto is “Each child is an individual of great worth.” Like House, one of Gil’s first actions as a superintendent was “to disrupt the complacency, the culture of low expectations, and the satisfaction with pockets of excellence.” She believes that questioning process was one of the first levers for creating change, and established a series of “listening forums” as a newcomer to the community. In the process, Gil uncovered a surprising belief: that schools existed to serve the central office. The Education Center, which housed the central office, was quickly renamed the Education Service and Support Center. “Historically and traditionally, that central office is seen as the command and control,” says Gil. “It was absolutely one of the most painful processes to shift from that expectation to the one of service provider for all schools. So we worked on structure and culture simultaneously that would lead us to the impact on instruction.”

In order to do that, Gil began by assessing the functions represented by people in the central office and consolidating them to eliminate redundancy by asking each person “what are you doing, why are you doing it, and how does it support the school and student learning?” Some services, where it was important to have economies of scale, were maintained centrally, such as transportation and food services. At the same time, the school leadership structure was revamped so that all principals were direct reports to the superintendent, so that there was a direct line of communication and reporting. All told, this shifts cut overhead costs in Chula Vista from 21 percent to less than 5 percent of the budget, with all discretionary resources shifted to the school sites. This model – which included increased autonomy and increased responsibility for outcomes at the school level – was the foundation of school-based decision-making or SBDM. Schools were encouraged to research and adopt holistic change processes, either self-designed or adopted models.

Gil notes that the district did not call its work “portfolio management,” but did understand that the district could draw on other resources, including school designs such as Success For All, as well as charter schools. One of those was the first Edison Schools partnership in the state of California. The board established a policy of open choice for parents and students, but also for staff, space permitting.

Among Gil’s lessons learned:

- “Merely shifting decisions to the schools did not guarantee that there was a student focus,” says Gil. She notes that this was a painful lesson because the district had assumed that “people working closest to students ... were in the best position to make decisions regarding the needs of students, given appropriate data and resources.” To help address this, Chula Vista redefined SBDM so that the “S” stood for “students.”
- The most important aspect of Chula Vista’s transformation was not just to collect data but to publish and share it widely. Even before NCLB, Chula Vista published school-level data, both quantitative and qualitative, and administered a “customer satisfaction survey” to collect feedback from parents, teachers and the larger community. “The initial reaction, from the schools especially, was horror,” says Gil. “If this is an accurate reflection of where our students are, then so be it. Because this is not about how we look as adults, and if we do look bad, then that does tell us something about where we need to go so we don’t look so bad.”
- There is no single solution. Context does matter. Culture, history, structure, would all be inhibitors or facilitators of instructional change and focus.
- Partnerships do matter, but there must be a clear framework for alignment. Often, having multiple providers in a school district can actually contribute to fragmentation of the work in a district. Chula Vista had to terminate a relationship where there was misalignment between values and strategies.

Chula Vista also wrestled with creating a balance between the individual identities of its schools and the collective identity of the school district. Ultimately, Gil believes “authentic accountability is simply taking responsibility and really shifting that external locus of control to internal, because we want to do what we do for kids, not because the superintendent said so.”

## AUDIENCE Q&A

**Question:** Gerry suggested that the Memphis experiment was successful, that when schools implemented designs fully, there was significant or identifiable improvement in performance. However, the RAND study suggested otherwise. Could you explain the disparity?

**House:** House believes that the Rand study looked at several of the schools that were implementing New American Schools designs, while the University of Memphis, Johns Hopkins, and the University of Tennessee collected data from the Memphis schools each year. They found a correlation between academic improvement and design implementation. The schools that had implemented the design longer showed more growth. Some schools didn’t choose compatible designs or didn’t fully implement and therefore didn’t show the results they needed.

**Question:** Were teachers able to align themselves with the designs in Memphis?

**House:** Schools researched their own designs by looking at their data to see if they were satisfied with what they were doing. Changing teacher contracts to implement this plan required a lot of dialogue, but in the end, the union became a partner in the process. For example, some principals were concerned about teachers not fully cooperating in the process. House was able to an addendum to teacher contracts which allowed school principals to document whether a teacher was being disruptive to the process. The consequence for this behavior would be involuntary transfer to another school site.

**Question:** How did you maintain the support of your board through this process? How much time is necessary to do the kind of culture change that you’re both talking about?

**Gil:** Gil believes one of the basic responsibilities crucial to creating an effective team is the ability to select staff. While the local union challenged the process in Chula Vista, the board was 100 percent supportive. In fact, Gil notes that the top concern of school leaders was flexibility with teacher selection, and suggests that the battles with the union was worth the effort. Gil said it would take at least five to seven years to really make significant change in the district.

**House:** House wonders whether her eight years in Memphis was enough. She believes it was highly effective to engage the board early on, along with the community, around the question: what do we want our schools to do, and how will we know that they’ve succeeded? House committed herself to stay for at least eight years to see out the implementation of the strategic plan.

**Question:** I don’t hear anything about consequences. Who pays for this in terms of punishment and rewards?

**House:** Memphis built an evaluation system for principals and the superintendent that was tied to student achievement. Those who did not meet goals over a three-year period were forced to leave. On the incentive side, Memphis implemented a performance-based pay system, but it was not complete even after eight years.

**Question:** Could you reflect on the skills that your school leaders needed and lessons that you may have learned in preparing them for that kind of new responsibility?

**House:** “School-based decision-making is not the answer in and of itself,” says House. “Trying to shift authority or give schools more authority without some training and some support in what that means will also be a recipe for disaster.” Memphis created school-based committees, but had each committee member go through 10 to 12 hours of training.

**Gil:** Gil adds that it was fundamental to have skills in facilitating the group consensus process. In addition, Chula Vista encouraged not only staff involvement but also community, especially families and parents who had traditionally been under-represented.

## LIGHTEN THE LOAD: ENTREPRENEURIAL SOLUTIONS FOR CHARTER SCHOOL INFRASTRUCTURE

Opening and operating a single charter school – not to mention an entire system of them – currently demands deep and broad skill sets that few charter school leadership teams can (or should) assemble. This session will explore emerging solutions that begin to provide a common infrastructure that supports school leaders, helping them to tackle some of the biggest collective challenges they face today: facilities development and financing, student data and assessment, and special education. Ultimately, these innovative solutions will enable charter school leaders to focus on their core mission – instructional leadership and student achievement – while helping to jump-start the growth of new, high-quality charter schools by making it possible for more entrepreneurs to take on the task of opening new charter schools.

**Moderator:** James Willcox, Principal, NewSchools Venture Fund

### Speakers:

- David Umansky, CEO, Civic Builders
- Doug McCurry, Executive Director, Achievement First
- Jean Hatch, Co-Director, Shasta County Charter Schools Special Education Consortium

**James Willcox:** This discussion is about the load that charter school leaders carry every day within charter schools and thinking about some solutions to lighten their load. The bottom line is that opening and running a charter school is a “superhuman” effort – and it shouldn’t be. If running quality schools or opening new ones can be made more manageable, Willcox suggests, more charter schools will be opened and more children will be served. Three of the “biggest boulders in that backpack that they’re carrying” are facilities, data assessment, and special education.

In terms of facilities, there are three parts of the challenge that charter schools, in particular, face:

1. Provision of capital,
2. Real estate development, and
3. Complexity of charter school operations.

Data assessment is critical in an education environment where it’s more important than ever to understand where students are and to hold schools and their leaders accountable for results. There are a number of different data sets that must be integrated, including standardized tests, food services, finance and transportation. In addition, there is a need for:

- A diagnostic assessment system to understand how kids are doing over time,
- An instructional management system that helps to inform school leaders of what's going on in the classroom, and
- A student information system that provides general administrative support and information about students.

Some in the charter school movement refer to special education as “a sleeping giant, which is a very big and complex problem that everyone pretty much across the board is dealing with and trying to solve on their own,” says Willcox. He adds that for charter schools, providing special education is “high-cost, in a very complicated environment, and a lot of mismanagement and a lot of reliance on systems that are just not working today.” School leaders also face major challenges with funding for special education, which is an issue with a very direct impact on how many schools get off the ground and whether they will be high-quality schools.

**David Umansky:** According to Umansky, the facilities problem for charter schools is manifested in “bad leases, bad deals, renovations that aren’t done to code, and in a lot of extra time and money spent by school leaders on facilities issues.” He says that the system for acquiring and developing facilities for charter schools is currently inefficient, citing two different areas of the issue. First, it is extremely difficult for a young school to get the credit they need to fund facilities expenses. Second, building loans are generally amortized over 20 to 30 years, but charters are usually renewed every 5 years and face the possibility of being shut down at any time. And in general, there is a mismatch of capabilities, says Umansky, who notes that most educators just don’t have experience or background in real estate.

To solve the problem, his nonprofit organization, Civic Builders, has separated school operations from real estate. When a charter school fails today, Umansky notes, the education and charter school community loses not only a place of learning but also an investment and a piece of real estate. By separating out those two assets – the program from the real estate – the real estate asset is preserved, enabling another charter school to come in and operate out of the facility.

Civic Builders tries to serve the charter school community, which means that its stakeholders are the charter operators, but also philanthropic funders and other sources of capital. “Real estate involves more than just renovation – it includes assembling the financing, purchasing and renovating the facilities,” says Umansky. In line with that view, Civic builds its facilities according to district construction guidelines, so that if the charter school closes down, other tenants can be brought in. Charter schools pay below-market rent. The bottom line is the classroom, he adds, so that if money is saved on facilities, then that money can now be used for programs instead of buildings.

There is also a time and effort savings, Umansky points out. Many charter schools jump around from temporary location to temporary location, which is both expensive and disruptive to maintaining a sense of community. Civic Builders seeks to provide a path to eventual ownership where the schools can purchase the building.

To implement a solution like Civic Builders, entrepreneurs need access to equity as well as cash from government or foundation sources – debt and other capital are prerequisites. There must be a pipeline of demand among charter schools for space.

**McCurry:** In talking with education leaders across the country about student performance data, McCurry says he asks, “How many of you use data powerfully, and how many of you simply report data?” Most respond that they just report data. McCurry believes this is both a big problem and a great opportunity.

Standardized tests provide important information, but not necessarily in a timely fashion. Some of the data only comes in aggregate form, rather than per student. A school leader is able to glean, “We did a little bit better on math, and a little worse on reading,” which not extraordinarily helpful. McCurry suggests that “what’s helpful is the kind of ongoing data that really drives instruction and makes a change in your school.”

No Child Left Behind will require schools to be sophisticated in terms of reporting this data, which demands sophisticated data tools. McCurry believes it is important to begin by clearly analyzing the data needs of the school, then finding the best match. How will you use this information on a daily basis? How will teachers, students, and parents interact with this information? What functionalities would be helpful?

“For schools to really get high performance and a consistently predictable level of high performance that’s not left up to chance, a powerful interim assessment system is necessary,” says McCurry. “I think is important to have more than simply a system that reports your end-of-year test data, and just aggregates that, and carves it up, and shows you where your kids are doing well or not. I think that’s wonderful. You need that. There are companies out there that are now doing that. To really be able to do things, you’re going to have to have interim assessments along the way and a powerful technology tool that shows how your kids are doing on the suggested plan of action, records a plan of action, and kind of facilitates a discussion between teacher and principal, or teacher and teacher, that really allows you to use that data.”

At McCurry’s organization, Achievement First, the top priority was to have a student information system at the school level and also aggregated up to the level of the charter school management organization’s (CMO’s) home office. They partnered with Grow Network to design a system that reports both standardized test data and interim assessment data in the way that they needed. McCurry has found that some people are building other tools, such as Web sites or intranets to report data. Intranets could also be used to store and share best practices in curriculum, as well as things like teacher handbooks and expense reimbursement forms.

Another top priority for Achievement First is a financial system. Many charter schools and CMOs are using Quick Books or even Excel, but those systems are usually several steps removed from the work required to meet state reporting standards. Less important is to have a “whiz-bang human resource system,” says McCurry, who notes that fundraising, food service, transportation, and special ed are other important components.

**Jean Hatch:** Hatch has been in public education for about 25 years, including teaching of both special education and regular education. About five years ago, Hatch started a charter school and a special education consortium or cooperative. “Most charter school people go into charter schools and they’re thinking sort of outside the box. They’re starting new programs and they have these lofty ideas,” says Hatch. “Special education is often an in-the-box sort of thing with a quagmire of special regulations, its own acronyms, its own way of doing things.”

Generally, special education programs are provided through districts at a notoriously low level of quality. Often, charter schools are on the low rung of those services because of the relationship between districts and charter schools. “In a sense, [districts] provide for their own services first, and whatever is left over they give to the charter school,” says Hatch. Usually, the charter school has no control over who is hired to teach special education in their schools. At one of the larger charter schools in Los Angeles, Hatch found that services were being provided by a union teacher from the Los Angeles Unified School District who, according to her contract, was unable to travel more than 28 miles in a day – which severely limited her ability to reach the schools that needed her.

In addition, charter schools are expected to pay huge amounts of money for special education, which can cost as much as \$800 to \$1,200 per student, for services Hatch characterizes as “extremely poor.” Most charter schools aren’t properly trained to provide the services themselves, and Hatch speculates that the difficulties of providing special education may be a major cause of charter schools closing down, as some face compensatory education lawsuits which dictate that the charter school will be responsible for those kids through the age of 22.

Hatch’s consortium has provided high-quality special education services, as well as intervention and remediation programs, to at-risk and identified kids in a cost-effective manner – and also, to the extent the law allows, enable each student to participate in the regular curriculum. The consortium is made up of five schools, Hatch explains, who “basically pool their monies, their resources, and their liabilities.” Today, about 800 to 1,000 kids are being served by the organization, which is run by a board of directors that includes one director from each of the charter schools that's being served. Each school – and their charter-granting agency – also signs an agreement for participation.

The consortium also makes use of employees from hospitals, clinics, and other private organizations. While the success rates have been high, Hatch notes that there are limitations to implementing this solution in other areas: the schools must be relatively near each other in order to share services and resources; there is some political resistance; there must be a certain number of students to achieve critical mass; and finding the expertise to help charter schools get cooperatives started is extremely difficult. Hatch believes there are currently four such consortiums in the country – including Austin, Washington D.C. and Indianapolis.

**Willcox:** Based on what you’ve seen so far with your particular solutions, what are school leaders getting for what they’re giving up in terms of costs or control?

**McCurry:** “My vision for all of these systems is to allow the school leader to do what the school does best, or at least should do best, which is instructional leadership,” says McCurry.

**Hatch:** Hatch suggests this depends on the district, the amount of “encroachment.” Hatch suggests that the bigger the school district, the more extra costs a charter school is facing. Getting costs down means there’s zero encroachment, saving as much as \$1,200 per child, not to mention better quality services and more students served. A school leader also receives great customer service, saving both money and time.

## AUDIENCE Q&A

**Question:** Is there repetition amongst all of these new organizations/companies?

**McCurry:** On the surface it does seem like there is some duplication. There could be more sharing, swapping of services or common orientations. However there is some hesitation in combining too many services within one system. The Achievement First vision is to find the pieces that make sense to share and even to develop formal relationships.

**Question:** What sort of advice or examples do you have around financing for renovations?

**Umansky:** Financing renovations for a facility that the charter organization doesn't yet own is difficult, says Umansky, who notes that lenders want charter school operators to have a very long-term commitment to the facility and then the asset is the leasehold that is being borrowed against – which is only possible if you have a long-term lease for the facility.

**Question:** How does Proposition 39 in California impact the problem of renovating San Francisco Unified School District facilities?

**Willcox:** There are some innovative ways to look at legislative and state facilities financing solutions. For example, in Los Angeles, Pacific Charter School Development is trying to work out a deal with some local districts around Proposition 39, so that the district would use some bond funds to secure the financing they want. In return, charter schools would benefit from the lower cost of that financing, which translates into lower rent, so they would sign away their Proposition 39 rights for that school. In this case, Willcox explains, the district has not spent any money but lowers the cost of financing and saves the charter school money.

**Question:** One of the things I've noticed in working with charter schools on construction projects and facility projects is that there's not a lot of expertise. Do you find yourself working with the New York school district, which also has a fair amount of expertise in building facilities for schools, in any sort of partnership way? Is that communication path open between you and whoever the school district uses to outsource their construction and facilities projects?

**Umansky:** Umansky confirms that there are discussions taking place with the school district, although he adds that it's still early in the discussion. He suggests that being a resource to the department of education and the school construction authority is critical, as well as learning from each other about how to build classrooms and public space on the scale a charter school needs.

**Hatch:** A public agency has also recently contacted Hatch and her consortium for a potential experimental partnership on special education, and may be looking at the model as something that is worth duplicating.

**Willcox:** As Paul Hill of the Center on Reinventing Public Education has written, real estate trusts like Civic Builders and Pacific Charter School Development could get not only charter schools out of real estate business, but also get districts out of that business.

## RETHINKING HUMAN RESOURCE STRATEGIES TO DRIVE DISTRICT-WIDE PERFORMANCE

We all know that public education is a “people” business – it can only be as good as its teachers and leaders. One of the ongoing challenges a performance-driven school district faces is recruiting, placing, supporting, evaluating, and compensating high-performing teachers and leaders. To do this right, districts must rethink their human resource (HR) strategies, policies, and systems, which affect student achievement. Ultimately, school systems that are able to align their human resource strategies with their performance objectives will realize greater gains in student outcomes. In this session we will explore how a model HR system can be integrated into the instructional goals of the district, what leading practitioners are doing to overcome systemic barriers to achieving those goals and entrepreneurial opportunities to support these changes.

**Moderator:** Dan Katzir, Managing Director, The Broad Foundation

### Speakers:

- Chris Cerf, President of Edison Schools
- Julie Horowitz, Chief of Staff to the Deputy Chancellor for Operations, New York City Department of Education
- Michelle Rhee, CEO of The New Teacher Project

**Dan Katzir:** The Broad Foundation is a non-profit philanthropic organization with a mission to dramatically improve K-12 urban education through governance, management, labor relations and competition. The foundation is focused on results, not just dramatic overall improvement in academic achievement, for students in large urban systems but the elimination of achievement gaps, whether those are ethnic, language or economic in nature.

One of the major factors to consider in the pursuit of real movement of school system toward becoming high-performing organizations is to consider how to find money from the business side of a school system to direct toward the academic side of the district. The human resources (HR) area may be just the place to find this necessary cash if the system can be improved, Katzir believes. He notes that his foundation has made bets on human capital, by recruiting, training, and supporting entrepreneurial leaders for work on school boards, and as superintendents, central office leaders, principals and labor leaders. However, the Broad Foundation is new to the systems and tools that support those human capital bets. Like other parts of school systems, though, human resources departments tend to be highly compliance-driven and bureaucratic as opposed to customer-focused.

Teacher shortages are also a constant concern, particularly in large urban systems. The challenge is to attract and recruit really top-notch talent from the education sector and other industries and matching the skills of those professionals with an appropriate placement in schools. A paper published by the Progressive Policy Institute (PPI), *Compensation in Urban School Systems*, details the inflexible, non-differentiated compensation structure built over the past 100 years. Essentially, Katzir suggests, a move to a flexible compensation system in public education will not happen overnight, in part due to union-negotiated contracts, which are one of the biggest barriers.

Katzir also notes that school systems have “lots of data, but very little information and a real lack of technology.” Although other industries have made large investments in technologies like enterprise resource planning (ERP) software, these developments have not quite found their way into urban public education. Essentially, Katzir argues that education needs to “change from a compliance culture to a customer-focus in HR,” where people hired are treated, trained, and developed in their career. Toward that end, he believes that merit-based pay would have dramatic results for both students and adults in the system.

While education is often insular, with teachers doing their work behind closed doors and principals having the final say in their school’s operations, other businesses have shown that a more team-oriented approach and decentralized decision-making can be effective and borrowed by education. However, Katzir believes that schools of education have failed to prepare teachers, principals and central office administrators to lead high-performing organizations. He refers to this existing training structure as “drive-by training,” adding that “it’s not really integrated and aligned with organizational or reform mission at the organization.” For example, if there is a focus on literacy in the school, some dollars should follow teachers to train them for

literacy coaching.

Katzir presented a framework for thinking about human resources, which is linked to a concept paper that the Broad Foundation developed around principal management and development system. This starts with a detailed supply and demand analysis of principals, which leads to a clear definition of the role. The general steps of the HR process are: placement, compensation, performance, management, retention, promotion, and demotion. These steps should feed into each other; however, in the current system, the people who recruit do not talk to the people who train, the people who train do not talk to the people who evaluate, and the people who make promotion and demotion decisions don't talk to the people who evaluate. High-performance will require strong HR processes with those steps better connected.

**Michelle Rhee:** Rhee is the CEO of The New Teacher Project, a national nonprofit organization that works with school districts, state departments of education, and colleges and universities on the recruitment and retention of new teachers. “We think that unless people really begin to focus in on the teachers and the people who are in the schools that dramatic student achievement are not to happen,” says Rhee.

The New Teacher Project started 7 years ago, during the height of a teacher shortage. The U.S. Department of Education had stated a need for 2 million teachers over the next 10 years. Most urban districts were opening schools with a tremendous number of vacancies. Rhee began working with districts and creating partnerships to recruit young and mid-career professionals who wanted to move into education. They found that thousands of people wanted to become teachers, with an average of 9 applicants for every vacancy in the program. Even certified teachers started applying to the program because the traditional HR procedures were turning potential teachers off. At that point, the New Teacher Project began working side by side with districts' HR departments, and began collecting data on HR processes in districts with private funding.

Rhee suggests there isn't really a shortage of people who want to teach in urban school districts. “With aggressive strategic recruitment efforts, people will come,” she says. Her research has found that the best candidates often withdrew their applications early because of the poor communication. Whereas a large pool of candidates in the corporate world would be whittled down, education appears to be the opposite. Districts complained about applicants who accepted jobs in suburban areas rather than waiting for the urban districts to contact them – however, a survey of these applicants found that 80 percent would rather take the urban jobs if they were guaranteed an effective hiring process in which they wouldn't have to wait until August to find out about a job that starts in September.

The problem with district HR is a lack of customer service, Rhee believes, although there are also some policy barriers, such as the vacancy notification requirement, in which most urban teachers are not required to notify their district that they're returning or resigning until July 15<sup>th</sup>. This means that school districts must wait until then to make placements of new teachers. The New Teacher Project also found that traditionally certified teachers don't want to make a commitment to a district – they want to make a commitment to a principal and to a school, which makes it difficult to move teachers to where they are needed most in the district. Teacher union transfer requirements are also an issue that has a tremendous impact on a school district's ability to staff effectively. In most urban districts, no new teachers will be hired until all of these processes are complete, particularly in schools that are undergoing instructional changes.

Rhee also talked about the issue of firing teachers. “Most principals do not want to go through the process of formally dismissing their people because it's an incredibly cumbersome process,” she says. As a result, many principals “access” those teachers out by eliminating positions and hiding their vacancies so they can pick and choose from among the candidates. Principals who are less sure about how to “work the system” end up with a huge number of applications from teachers they haven't met. And principals who want to control their own budget don't want to make the commitment of hiring teachers until they know exactly what their budget is going to look like – which usually happens in the summer.

**Julie Horowitz:** In New York, there are 135,000 employees, 80,000 of which are teachers. According to Horowitz, between 7,000 and 9,000 teachers are hired every single year within that district. What's more, about 80 to 85 percent of the \$12.5 billion annual operating budget is made up of personnel costs. The HR budget is more than \$100 million in and of itself, for an HR department with roughly 300 employees, who are all former educators now with mostly administrative and clerical duties. “Imagine an operation of that size that is run by people don't know anything about human resources,” says Horowitz.

Horowitz believes that the city's reform effort has worked to create a real culture change that included identifying HR as a priority. Recognizing that change begins with strong leadership, they conducted a national search, interviewed many people both from education and business, and identified a woman who had spent 24 years in human resources in school districts and most recently in Montgomery County, Maryland. They also built an advisory board of professionals from the corporate HR sector to guide and support her work.

With 55,000 employees who aren't teachers, New York City is redefining what a public education system's HR department is – "it's not just a compliance-driven regulatory organization that recruits and processes teachers and then stops there, but actually an organization that is strategic at its core, that focuses on all employee groups, not just the recruitment process, but recruitment through retirement," says Horowitz.

In Horowitz's view, there are three categories of HR reform that are all intimately linked:

- 1) Recruitment and staffing,
- 2) Process improvements, and
- 3) Valuing the employee.

The goal of HR is ultimately "to ensure a high-quality, high-performance employee in every position, to meet the needs of our students and the goals of Children First [the city's school reform effort]," Horowitz adds. Because it juggles employees, this is ultimately an area that a good HR department can adopt and incorporate into other departments. With a sub-committee of the HR advisory board, the HR department is going to implement a customer service project, beginning with literally renaming offices in the building.

**Chris Cerf:** "Everyone in this room represents an organization that's committed to improving urban education to allow kids to fulfill the dream, the equality of opportunity," says Cerf, who is the president of Edison Schools. "At the end of the day, none of it matters if you don't have effective teachers in classrooms who are well trained and motivated and work in a culture led by a site leader who knows how to make all the pieces come together toward student achievement."

Edison manages a system of urban schools that serves 66,000 students, either in charter schools or in schools where Edison has been asked to manage a school directly for the district. About 77 percent of Edison kids are eligible for Title I funding and the schools they go to are typically well below their district's average achievement levels, with about 25 percent of students performing at proficiency on standardized tests.

On average, Edison pays principals about 15 percent more than their surrounding district schools. Cerf suggests that many people go into teaching for "spiritual reasons," but an effective HR system can leverage that basic reality. Edison also offers bonuses and pays tremendous attention to professional development for principals through leadership development, conferences and other methods. Edison also generally pays teachers higher than the local district schools. Both teachers and principals are eligible for performance bonuses based on student outcomes, which is a response to the highly-qualified teacher (HQT) requirement of No Child Left Behind.

Edison also asks every principal to "identify the ten teachers that they would die if they lost, and the ten teachers they would love to lose," says Cerf. He suggests there should be lots of gradations for varying levels of teachers – lead teachers, senior teachers, teachers who are stipended for their curriculum expertise, etc. At Edison, it works as follows:

- Each school is subject to an annual performance plan, which is imposed on them through a collaborative process
- Each school and every principal has a bonus pool that is based on five points of accountability. If a school meets the hurdle, the principal is given a very substantial pot of money.
- The teachers then can allocate the pot of money to staff members, according to a system that is based on five different metrics: student achievement, financial management, budget, customer satisfaction, and the Harris Interactive Survey, which measures parent satisfaction, teacher satisfaction with their principal, etc.
- For principals, 70 percent of the bonus is related to academic success. For teachers, about 90 percent of the bonus is

related to academic success.

- With respect to student achievement, each school is given a very mathematical student achievement target, always in excess of the state's Annual Yearly Progress (AYP) goals or Safe Harbor goals. The target is calculated based on where the school is on the spectrum, where they've been, and a reasonable set of expectations based on that data. The schools also have to make AYP.

Essentially, says Cerf, "we do believe that just like in every other sector of the economy, that setting clear goals, tracking progress towards those goals, and rewarding those who hit or succeed in those goals, and having negative consequences when they don't, is a very critical part of the management of employees in any sector."

## AUDIENCE Q&A

**Amy Rosen, Public-Private Strategy Group:** How do you plan the amount of money that's going to go out for bonuses per year, and what's the average for a really good bonus at the school level?

**Cerf:** Edison accrues an amount of money as a pool in the aggregate across the entire system, but it's roughly 80 percent of the total pool. For principals, probably the average award is about \$20,000, although the eligibility is up to \$35,000. For teachers, on a per-capita basis for direct instructional staff, it's about \$3,000 dollars per teacher, but it doesn't always get awarded that way.

**Question:** First, regarding paying teachers and principals more money, do you have more revenue coming in, or are you just finding the savings on the cost side somewhere?

**Cerf:** There is actually less revenue coming in – the district holds back a substantial amount to cover their overhead costs. Cerf suggests that the process is actually related to how to deploy resources. "We think the data shows that deployment of resources towards building a motivated teacher and well-trained teacher corps is vastly more important than a lot of the dollars that are typically drawn into other programmatic interventions," he says.

**Question:** Do you have fewer teachers on average than other schools?

**Cerf:** Every district does it differently, but generally, the Edison teacher-student ratio is slightly better than the districts in which they operate.

**Question:** Are your schools unionized?

**Cerf:** Edison's charter schools generally operate outside the unions – or, if they do operate under the unions, they're not under the general collective bargaining agreements. Edison's district partnership schools tend to get a waiver from the union to allow differential pay in the Edison schools.

**Christopher Mazzeo, National Governors Association:** There's been a lot of talk here and in other settings about increasing the power of the principal for hiring and firing. How does the larger effort here to think about reforming HR fit with that other model of trying to increase principal autonomy?

**Cerf:** "There is a tremendous tension between command and control at central headquarters and site autonomy, and this is a great example of that," says Cerf. Referring to the HR system being built in New York, Cerf adds that "I imagine that when it works well, it provides the sites, the seamless tools, to make site-based decisions, and the data on which to make them, and it executes the sort of central transactional side."

**Question:** Could Horowitz speak a little bit more to the recruiting process in New York?

**Horowitz:** A teacher can apply in multiple ways: online, walk in, send a resume in by mail, go to the school, or go to the central office. Once the application is in, the first screen is to ensure that people are actually certified. If they're not, they immediately go into the office of alternative education programs. New York City is moving towards a system where the online component is going to be far greater, says Horowitz, who adds that "the vast majority of the intake happens centrally, and the

vast majority of the placement happens in the field.” Sometimes principals hire their own people, perhaps through a relationship with a local teacher college or through a friend, and then it comes to HR for processing. If principals do not go that route and they ask the HR department for help, they are sent a bunch of resumes to choose from.

**Question:** This morning, Joel [Klein, chancellor of New York City’s public schools] described an ideal district in which all teachers feel like they have stock options in the district. Is that something you’ve considered?

**Cerf:** It’s something Edison did when we were a public company, but something that’s not available as a privately-held company. The experience was very mixed. It did not solve the communication challenges.

**Horowitz:** Schools spend anywhere from \$4,000 to \$14,000 to hire a teacher.

**Rhee:** I’m wondering how you then relate the information about the costs of recruiting to the costs or cost avoidances of being able to retain these teachers? Have you given any thought to the kinds of metrics you would use to know whether or not the other two parts of your plan are working?

**Horowitz:** Not yet. When someone requests information like that, it takes days or weeks to actually pull together the report.

**Cerf:** It’s very important information, but Edison’s data is still “primitive,” says Cerf, who adds that retention of great people is very important, particularly when you consider the huge amounts of energy and money spent on professional development. One of the tools Edison uses is regular teacher surveys.

**Katzir:** There are a few things that need to be addressed, Katzir believes. First, recruitment and retention are an “inexact science.” Second, school districts are unwilling to hold people accountable for the decisions that they make.

**Horowitz:** There are a couple of districts who have really addressed those challenges head-on, by working with their state departments of education to enact policies in which if you accept a job with the district, and then you renege on that, your certification can be revoked.

**Question:** Making a first year teacher hire is a lot different than making a hire for a master teacher. So far, we’ve talked about teachers as a whole group, but there is a need to differentiate services.

**Rhee:** The New Teacher Project actually works on contracts that recruit mid-career professionals, as well as certified teachers coming straight out of school of education and experienced teachers. Generally, the underlying factors that everyone cares about are quick turnaround and constant communication. The other thing that Rhee has found is that there must be a differentiated message sent to each of those people.

**Horowitz:** There are a lot of assumptions out there that the solution is to move the veteran teachers into harder success schools, says Horowitz, with the assumption being that there’s some kind of correlation between being a veteran teacher and being an effective teacher. She notes, though, that organizations like Teach for America are proving this theory wrong.

**Cerf:** It’s important to agree that seniority is not a determinant of quality. Which level of teachers performs better for inner city children?

**Rhee:** Tom Kane at UCLA has done some work on this with LAUSD and he showed it actually plateaus after a year or two.