

 GOVERNOR'S BUSINESS COUNCIL 

FROM GOOD TO GREAT:
THE NEXT PHASE IN IMPROVING
TEXAS PUBLIC SCHOOLS

NOVEMBER 2004

Executive Summary

FROM GOOD TO GREAT: THE NEXT PHASE IN IMPROVING TEXAS PUBLIC SCHOOLS

A proposal for a comprehensive set of public education reforms designed to raise expectations and achievement, encourage innovation and choice, and create a more robust accountability system that rewards good schools and blows the whistle on failure.

Two decades ago, the State of Texas began a set of groundbreaking reforms that made performance-based accountability the centerpiece of its public education system. Texans should be proud of this progress. But now, twenty years later, Texas must meet a new set of challenges to continue its success in educating all children at the highest levels. The State must continue its legacy of leadership in public education reform.

Some of the most pressing challenges we face today include:

- Too many students are trapped in poorly performing schools and excellent teaching is not universally available, particularly to students in lower income areas.
- Students' academic accomplishments in the early grades are not being sustained in high school, with more than half of Texas students lacking the skills to succeed in college-level coursework.
- Too few of our students, particularly among our minority populations, are graduating from high school and college. Texas is a rapidly growing, diverse state with unique demographic challenges and we must close the gap with other competitor states in college participation and success.
- Taxpayers are demanding increased disclosure and transparency in the expenditure of public funds. Yet the Texas public school system lacks any clear and consistent structure for financial accountability that tells the public how their money is being spent. Establishing fiscal accountability is essential to maintaining public confidence in education.

Changing the way we finance public education is not enough to meet this new set of challenges. The reforms proposed are essential to further improve the organization, management and overall quality of the public school system.¹ By creating a more transparent, accountable and innovative system of public education, Texas can remain at the forefront of education reform and ensure our schools are not just adequately funded but focused on results.

It's time for Texas to seize the moment and move from good to great in public education.

¹This paper does not address the effectiveness or appropriate funding levels of specific education programs. The reforms proposed herein are intended to improve the overall system of public education.

These proposals build upon the success of the last 20 years and create a public education system of high expectations and achievement for all students by:

- **creating a more robust accountability system** by raising standards and expectations, broadening and strengthening the curriculum toward college and job readiness, establishing one measure for high school completion, and evaluating state supported pre-K and public K-2 programs on their success in preparing students;
- **rewarding student success** by establishing a sound system of incentives for improvement in low performing schools, a compensation system in which teachers receive significant financial benefits for improving the educational performance of at-risk students, and rewarding consistently high performing schools;
- **establishing clear consequences for failing schools** by setting forth specific and strong steps for state intervention to improve the failing schools, while allowing those schools to remain neighborhood schools and retain local student populations;
- **making Texas the national leader in attracting quality charter schools and promoting student and parent choice** by creating more charter school capacity, strengthening the criteria for granting of charters, expediting the closing of fraudulent or poorly performing charters, and equalizing funding between charters and traditional public schools;
- **giving principals maximum freedom and flexibility to manage schools effectively and allow for the development and retention of an effective teacher corps** by removing barriers to getting quality teachers in local schools, giving school leaders more authority to run their schools, tying educator compensation to skill, responsibility and performance, and removing outdated restrictions on school operations;
- **improving the public disclosure of the costs of education and hold schools accountable for the use of taxpayer dollars** by creating a standard campus reporting form to report annually to parents and the public the true cost of education by school campus, and bringing transparency to a complex public education financial reporting system.

The proposals set forth herein present a cohesive, integrated approach to public school improvement. Taken together, they build on the successes of the last 20 years, enhance improvements that have already been made and create a vision for the future. By enacting these measures, lawmakers can ensure existing resources are used more effectively and help bring greater educational opportunity and excellence to all Texas students. Only bold new reforms and a significant improvement in existing policies will produce the great public education system Texas deserves – and only that goal can justify significant additional funding.

FROM GOOD TO GREAT:
THE NEXT PHASE IN IMPROVING TEXAS PUBLIC SCHOOLS

A proposal for a comprehensive set of public education reforms designed to raise expectations and achievement, encourage innovation and choice, and create a more robust accountability system that rewards good schools and blows the whistle on failure

Two decades ago, the State of Texas began a set of groundbreaking reforms that made performance-based accountability the centerpiece of its public education system. Texas put in place the first state-wide public school accountability system: directly relating tests to standards; using schools as the unit of accountability; utilizing annual tests; disaggregating data by race and ethnicity, gender and socio-economic status; publishing widely the results of annual school report cards; and developing consequences for school performance. These reforms proved to be both innovative and effective and served as a model for federal education reform through the No Child Left Behind Act of 2002 (NCLB).

The Texas public education reforms, passed with bipartisan legislative support and the strong backing of business and community leaders across the State, raised academic standards and held public schools accountable for the performance of all students. As a result, the performance of Texas students significantly improved, especially in the early grades. The reading and mathematics achievement of Texas 4th and 8th grade public school students is higher than the national average and well above students in other large, diverse states. In 4th grade math, Texas Hispanics rank 5th in the nation, and our African-American students rank 1st in the nation.

Texans should be proud of this progress. But now, twenty years later, Texas must meet a new set of challenges to continue its success and serve as an exemplar for educating all children at the highest levels. The State must continue its legacy of leadership in public education reform.

Some of the most pressing challenges we face today include:

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Too few of our students, particularly among our minority populations, are graduating from high school and college. Texas is a rapidly growing, diverse state with unique demographic challenges and we must close the gap with other competitor states in college participation and success.

Taxpayers are demanding increased disclosure and transparency in the expenditure of public funds. Yet the Texas public school system lacks any clear and consistent structure for financial accountability that tells the public how their money is being spent. Establishing fiscal accountability is essential to maintaining public confidence in education.

Changing the way we finance public education is not enough to meet this new set of challenges. The reforms proposed herein are essential to improve the organization, management and overall quality of the public school system.² By creating a more transparent, accountable and innovative system of public education, Texas can remain at the forefront of education reform and ensure our schools are not just adequately funded but focused on results.

It's time for Texas to seize the moment and move from good to great in public education.

The following reforms build upon the success of the last 20 years and create a public education system of high expectations and achievement for all students:

- 1. Create a More Robust Accountability System that Raises Standards and Ensures Students are College and Work Ready**
- 2. Reward Student Success and Establish Clear Consequences for Failing Schools**
- 3. Make Texas the National Leader in Attracting Quality Charter Schools and Promoting Student and Parent Choice**
- 4. Give Principals Maximum Freedom and Flexibility to Manage Their Schools and Remove Barriers to Getting Quality Teachers in the Classroom**
- 5. Improve the Public Disclosure of the Costs of Education and Hold Schools Accountable for their Use of Taxpayer Dollars**

Each recommendation is discussed briefly in the sections that follow.

²This paper does not address the effectiveness or appropriate funding levels of specific education programs. The reforms proposed herein are intended to improve the overall system of public education.

1. Create a More Robust Accountability System that Raises Standards and Ensures Students are College and Work-Ready

New, higher performance expectations and a more rigorous testing program are currently being phased in across the State. By 2008, 3rd, 5th and 8th grade students will need to demonstrate reading and mathematics achievement to be promoted. More high school students will take the more demanding curricula as part of the State's new required graduation plan. A more challenging exit test has been installed as a requirement for high school graduation. The State needs to enhance these important reforms by building a more comprehensive and robust accountability system that moves Texas to the next level of student achievement. The State should:

- a. Develop end-of-course assessments for those subjects that are most relevant to students' success after high school.** There is a growing body of evidence that course content and quality vary widely from one school to another. Standardized, end-of-course assessments will provide guidance for educators to provide solid content for students in all schools and help ensure all high school graduates are college and work-ready.
- b. Make student preparedness for college or the workplace a key measure of a high school's success.** Results of assessments of readiness for college or work should be included in school report cards. Current assessment results suggest that more than half of Texas 11th graders score below college readiness standards. The accountability system should make readiness for college and work part of the high school campus rating system.
- c. Improve accountability for dropouts by establishing one standard measure for high school completion.** High school completion rates should become more prominent in high school campus performance evaluation. Confusion over the calculation, reporting and meaning of current dropout reports should be eliminated by the use of a single, standard system for determining completion rates.
- d. Evaluate state supported pre-K and public school K-2 programs on their success in preparing students for further education and include such evaluations in the state accountability system.** Many programs now available to prepare young students for success in 3rd grade and beyond are not based upon good research. Schools that continue to receive poorly prepared students may have difficulty reaching satisfactory performance on the State's standardized assessments. Parents and the public should know whether these programs are successfully developing early learning skills. The Commissioner of Education should identify a list of scientifically-proven effective early childhood development programs that schools may use in selecting instructional materials.

2. Reward Student Success and Establish Clear Consequences for Failing Schools.

Rewarding high achievement and providing consequences for poor performance will not only drive change among the highest and lowest performing schools, but it will also motivate average schools to reach higher for incentives or fight harder to avoid backsliding. The current accountability system recognizes whether schools meet established performance levels. Little is done, however, to reward teachers whose students show exceptional improvement or to provoke fundamental change in schools with consistently poor student performance. The State has the ability to measure and rank schools according to student academic improvement, and the State should use such rankings as the basis for meaningful consequences. Texas should be more involved in providing rewards for substantial improvement and more forceful in reacting to poor performance. The State should enact the following reforms:

- a. Provide meaningful additional incentives for school improvement.** The State should reward schools and teachers that serve a significant population of disadvantaged students (perhaps 50% or more), whose school ratings are acceptable or better and who achieve the greatest annual growth in student achievement. These incentives are meant to acknowledge and encourage campuses that are closing the gaps in achievement by most effectively teaching at-risk children. Providing such incentives will also make it more attractive for high quality teachers to serve in effective schools that serve our most disadvantaged students.

Growth in student achievement should be measured largely by the success of schools in closing performance gaps on the TAKS test but should also consider improvement on other measures, including substantially increased completion rates, and increased college readiness. An incentive pool should be awarded directly to the campus that may be used for any lawful purpose, except that no less than 75% of the award must be used for additional teacher compensation as allocated by the principal with input from teachers. Annual incentive pools should be established and awarded by the State according to the following formula:

- Equal to \$7500 times the number of teachers for campuses in the top 10% of all campuses with respect to annual growth in student achievement for disadvantaged students.
- Equal to \$5000 times the number of teachers for campuses in the top 11% to 20% in growth for disadvantaged students.
- Equal to \$2500 times the number of teachers for campuses in the top 21% to 30% in growth for disadvantaged students.

- Equal to \$7500 times the number of teachers for campuses that are not in the top 30% in growth for disadvantaged students but who have 60% or more disadvantaged students and are rated by the State as exemplary.
- b. Reward consistently high performing schools.** In addition to rewards for improvement, campuses rated exemplary for three years straight should be granted special status and receive waivers from State regulation.
- c. Provide assistance and stiffen consequences for poor performance.** Texas must get more serious about improving our poor performing schools. We simply must not allow schools that fail at-risk children year after year to continue to do so without real consequences. The Texas Education Agency (TEA), as described below, must provide meaningful assistance to turn around these low performing schools. However, if schools continue to be low performing, the State must act in the best interest of the students by requiring more serious consequences for low performance. Existing state and federal law prescribe consequences for poor performance, but if Texas intends to transform failing schools, additional consequences should be applied. These failing schools, as described below, should be placed in a separate and new category in the State's accountability system below the academically unacceptable campuses.
 - For all campuses identified as either not making Adequate Yearly Progress (AYP) or who rank in the bottom 15% in the State accountability system, the Commissioner's approval of the school improvement plan required by NCLB must be obtained.
 - For all campuses identified as either not making AYP or who rank in the bottom 15% for two straight years, the Commissioner will select and assign a technical assistance team to help the campus execute an improvement plan.
 - For all campuses identified as either not making AYP or who rank in the bottom 15% for three straight years, the Commissioner will seek proposals from qualified entities to assume management of the campus under a state granted charter, a management contract with a proven operator or, if no qualified entity applies, to provide vouchers to the parents of the students on the campus. Charter or voucher funding will be equivalent to the funding of other schools in the district on a per weighted student basis so that in the case of a charter it would receive the same funding the campus would have received. If equal funding is provided, there will be strong interest on the part of successful charter operators to turn around these low performing schools. The charter schools or the schools that serve students with vouchers will

participate in the State accountability system or provide comparable performance data acceptable to the Commissioner.

d. Establish a top-flight “turnaround” team at TEA to save and improve troubled schools. The authority of the State to intervene in the operations of poorly performing schools is in current law and the TEA has taken the first steps towards building an effective “turn around” team within the agency, but more must be done to attract and effectively utilize individuals with successful organizational “turn around” experience. The authority and ability of the Commissioner to intervene should be increased.

- The TEA should establish and publish school improvement objectives, advocate the increased use of research based effective practices and coordinate the school improvement activities of the agency departments and the regional service centers.
- The Commissioner should continue the development and administration of a division within the TEA to execute the awarding of performance based contracts to public or private entities who will assume the responsibility of working with low performing campuses.
- Beginning with the 2005-6 school year, the Commissioner should have the discretionary authority to seek proposals from qualified entities to assume management of a consistently failing campus under a state granted charter or a management contract with a proven operator. A consistently failing campus is one rated low-performing by the State for the previous three years.

3. Make Texas the National Leader in Attracting Quality Charter Schools and Promoting Student and Parent Choice.

Even though federal and state law provide educational choice options to students, in many situations few, if any, real choices are available. Some districts have been proactive in creating alternative programs, initiating liberal transfer policies and setting up charter schools, but many have not. It is especially difficult for families with limited financial resources to move their students away from their neighborhood or community. Most often, choice is not realistically available to those students most in need. According to a recent study, more than one million students in the nation's largest urban school districts have remained at poor-performing campuses despite the new federal law that allows them a chance to escape to better schools.

Choice is a powerful engine to drive school improvement only if choices are actually available. Too many students are trapped in poorly performing schools. The State must build additional capacity, eliminate inequitable funding for charter schools, and develop more options for students in failing schools that provide real, not illusive, choice.

- a. **Create more charter school capacity and expedite the closing of fraudulent or poorly performing schools.** Existing law should be amended to dramatically expand the number of public school charters, establish strict requirements for new charter school operator approval to ensure high quality, and provide for the quick shut down of low performing or fraudulent charters.
- b. **Equalize funding between charter school students and traditional public school students.** Charters schools are public schools that are subject to the same accountability measures as traditional public schools. As such, charter school students should be funded in a manner equal to traditional public school students. The estimated disparity between traditional districts and charter schools is approximately \$1,000 per student for maintenance and operations.
- c. **Provide facilities funding for high performing, durable charters.** Charter schools do not have access to the traditional means of capital funding for facilities (i.e. taxing authority.) Therefore, charter schools operators with a strong operational track record that produce consistently high levels of student achievement should have access to funding for facilities.
- d. **Encourage multi-site operators.** State regulations should allow and encourage proven, successful charter operators to add additional locations with minimal procedural and regulatory burden and encourage the formation of multi-campus charter school franchises.
- e. **Create neighborhood charters.** Provisions should be made for poorly performing neighborhood schools to be reorganized on site as a charter school or, if an approved charter opportunity cannot be offered, to make fully funded vouchers available.
- f. **Encourage innovation in the delivery of instruction.** The State should recognize and encourage the use of new technologies and non-traditional methods of instructional delivery. Innovation funding should be appropriated for districts, community colleges, universities and private operators who wish to try different school schedules, dual credit programs, on-line/virtual charters, or other new delivery systems.

4. Give Principals Maximum Freedom and Flexibility to Manage Their Schools and Remove Barriers to Getting Quality Teachers in the Classroom.

Establishment of the Texas accountability system with clear standards, explicit measurement of results and consequences for outcomes has permitted the State to delegate many operational responsibilities to local communities. The current educational code establishes state standards and the funds available, leaving to local communities much of the responsibility for organizing instruction. Increased local control has had a positive influence on student performance. However, important restrictions remain that

hamper local decision-making. Texas should remove any State-imposed barriers that impede getting quality teachers into the classroom and hamper a principal's ability to run a successful school. The State should further deregulate the educational delivery system as follows:

- a. Remove barriers to getting quality teachers in local schools.** Because any educational delivery system is only as good as the educators who manage and staff it, the enhancement of educator quality should be central to the State's efforts to improve results. It will be difficult, if not impossible, to further improve educator quality without transforming personnel management. Campus administrators cannot be accountable for student achievement if they have no ability to control the quality of their staff or have an inadequate supply of candidates for staff positions. The State should better align local authority with local accountability.

 - The preparation of teachers should become more customer-driven with programs that meet campus administrator needs. Certification alternatives should include completion of a rigorous standardized examination that establishes strong subject matter knowledge and teaching competence and a two-year apprenticeship with mentoring and value-added assessment based on student achievement. Local administrators should be free to put in place additional selection and training criteria for all employment candidates.
 - The State should aggressively encourage the creation of private and public sponsored alternative teacher preparation programs to develop more competitive training alternatives for individuals who wish to become teachers and to increase the supply of candidates from which campus administrators may choose.
 - The new Temporary Teacher Certificate should be protected and promoted to increase the supply of candidates available to local district and campus administrators.
 - The State should provide for the development of a system to assess the on-the-job success of the graduates of all traditional and alternative teacher preparation programs.
- b. Give school leaders the authority to manage and run their schools.** School districts should be responsible for the selection of competent leaders to plan and deliver the instructional services that best serve their student population. Campus administrators have similar responsibility to select and manage competent teachers and support personnel. Discharging these responsibilities requires adequate authority to set the means to select, employ, mentor, evaluate, compensate and retain the required personnel. State regulations

should be modified to better align district and campus authority to manage personnel with their responsibility for student achievement results.

- Administrator certification standards should recognize relevant experience rather than academic course work and the required two years of teaching. Districts should have the responsibility for setting administrator selection criteria beyond basic certification, including the amount and content of formal academic and work experience.
 - School districts should have the responsibility of terminating ineffective educators without going beyond existing legal requirements applicable to other public employees.
- c. **Tie compensation to skill, responsibility and performance.** Educator compensation should be restructured to provide for increased pay for campus and district personnel who provide special value in the instructional process. An effective compensation system should reflect skill, responsibility levels and performance. Accepting difficult to fill positions and delivery of above expectation results, particularly with at risk student populations, should be rewarded in annual salaries and incentives.
- The existing salary scale should be disconnected from academic credentials and seniority and restructured to represent levels of responsibility and demonstrated skill. The employment of part-time professionals and para-professionals should fit within the schedule.
 - The value of good teacher mentoring should be recognized as an important part of campus compensation and increased salary for effective mentors should be a standard part of the pay system.
- d. **Remove outdated restrictions on school operations.** Many state regulations are based on old customs and pre-accountability system needs for the State to exercise its responsibility to manage the use of public funds. In a well-developed performance-based environment, operational regulations should be largely unnecessary.
- Restricting local determination of school year and daily schedules and rigidly tying the average daily attendance determination to specific times and days restricts the ability of schools to use innovative scheduling to increase student participation and achievement. It is reasonable for the State to set minimum classroom time, but unreasonable to expect any one attendance and delivery scheme to fit all needs.

- The increased availability of computer-based technology may allow public schools to improve instruction by modifying the traditional one-teacher/one classroom model. Varying combinations of “master teacher” supervisors and para-professionals may be the best means of reaching some students in some subjects in some schools. State adopted materials may not serve the needs of new, local initiatives. State regulations should be specifically permissive to local initiatives for the selection of instructional organization, methods and materials.

5. Improve the Public Disclosure of the Costs of Education and Hold Schools Accountable for their Use of Taxpayer Dollars.

An important ingredient in improving student performance in Texas is the robust public reporting of campus level assessment results. The well-publicized annual school report cards have proved helpful to parents, community leaders and other taxpayers. There is similar interest, but less information available about, the financial performance of public schools. It is not easy, perhaps impossible, to find the actual costs of education on any specific campus. With current reporting, it is impossible to determine if public funds are equitably distributed or effectively used within a district. More transparency in financial performance will bring about more effective use of funds just as more transparency in academic results has brought about more effective instruction. Good management practice suggests that individual units in an organization should be responsible for their costs. The State should:

- a. **Report the cost of education by campus.** The State should allocate resources for the development of a campus level cost of education reporting system. The basis for the reports should be the actual expenditures for all personnel working on the campus and the additional operations and maintenance expenses incurred on the campus. Current practices of budgeting and accounting for expenditures based on district averages should be discontinued.
 - Differences between the fully weighted pupil funding by the state for students on a campus and actual campus expenditures should be reported.
 - Allocations to campuses for shared services and district support should be identified and reported separately.
 - Support services, administrative assistance and overall management activities provided at the district level that cannot be allocated should be reported separately and identified by administrative, instructional or support purpose.
 - Cost of education reports should be disseminated and easily available to the public.

b. Make state agency, regional service center and district expenditures more transparent to the public. District and statewide expenditures are not reported in an easily understandable form. Costs of instructional programs and student services are difficult to identify. Consequently, it is difficult to evaluate the cost effectiveness of basic programs and services. With accurate expenditure information, districts could make a more compelling case for additional funds, if truly needed.

- All expenditures of the Agency, service centers and districts should be cost accounted and reported separately by educational purpose.
- Administrative costs should be clearly identified and reported for the Agency, service centers and individual school districts.
- Adequate resources should be appropriated for periodic auditing of the accuracy of cost of education reports.

c. Begin financial accountability at the campus. Within good educational practices, district policies and proper budgetary approvals, campus administrators should determine and be accountable for the cost of staffing and instructional delivery programs for their building. True accountability for academic results includes both student performance and the effective use of resources. Arguments for increased funding begin with an evaluation showing that existing funds are effectively used.

- The state should develop standard campus accounting procedures, a financial statement format and report for annual dissemination to parents and the general public.
- District financial statements should identify and summarize program and support expenditures in a clear, understandable form.

Conclusion: Moving From Good to Great in Public Education

This set of policy options presents a cohesive, integrated approach to public school improvement by:

- continuing the strengthening of the accountability system, raising standards and expectations and broadening and strengthening the curriculum toward college and job readiness;

- establishing a sound system of incentives for improvement in low performing schools, including a compensation system in which teachers receive significant financial benefits for improving the educational performance of at-risk students;
- setting forth specific and strong steps for state intervention to improve failing schools, while allowing those schools to remain neighborhood schools and retain local student populations;
- calling for the best charter school system in America by strengthening the criteria for granting charters, assuring the prompt closing of failing charters (which will become rare if other measures are taken to improve approval and oversight), and funding charters in a more equitable manner;
- giving principals the ability to manage schools effectively and allowing the development and retention of an effective teacher corps, both of which are major impediments to proper instruction for students in the lowest performing populations; and
- bringing transparency to a public education financial reporting system that is complex and so uniquely coded that it prevents any meaningful oversight of districts or schools and leads to a poor allocation of resources and serious levels of waste and abuse.

Taken together, these proposals build on the successes of the last 20 years, enhance improvements that have already been made and create a vision for the future. By enacting these measures, lawmakers can ensure existing resources are used more effectively and help bring greater educational opportunity and excellence to all Texas students. Only bold new reforms and a significant improvement in existing policies will produce the great public education system Texas deserves – and only that goal can justify significant additional funding.

This policy paper is a product of the Governor's Business Council. It does not necessarily represent the opinion of individual members of the Council or individual contributors to the paper or their organizations. Contributors to the project include:

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