



**“RESOURCE ALLOCATION, REINVESTMENT,
AND EDUCATION REFORM”**

**EFFECTIVE AND EFFICIENT USE OF RESOURCES
AND OPPORTUNITIES FOR ARRA**

MODERATED BY:

**RAEGEN MILLER, ASSOCIATE DIRECTOR FOR EDUCATION
RESEARCH, CENTER FOR AMERICAN PROGRESS**

FEATURED PANELISTS:

**KAREN HAWLEY MILES, EXECUTIVE DIRECTOR,
EDUCATION RESOURCE STRATEGIES**

**ANDRES A. ALONSO, CHIEF EXECUTIVE OFFICER, BALTIMORE
CITY PUBLIC SCHOOLS**

**PETER C. GORMAN, SUPERINTENDENT, CHARLOTTE-
MECKLENBURG SCHOOLS**

**9:45 AM – 11:15 AM
MONDAY, MAY 18, 2009**

**TRANSCRIPT PROVIDED BY
DC TRANSCRIPTION – WWW.DCTMR.COM**

MR. RAEGEN MILLER: I will keep my remarks very short so we can get into the substance of the day, which has been framed very well. I want to remind you of a law in political science called Sayre's Law. In the case of any dispute, the intensity of feeling is inversely proportional to the value of the stakes at issue. This is often the reason why academic disputes are so bitter, because there's very little at stake.

But as we've heard this morning, when it comes to public education, basically everything is at stake. Yet often disputes about money are quite bitter. So Sayre's Law is wrong. And we're going to talk about the resource issues, especially the money. And it's quite scary at times to think about resources, because of the stimulus and the huge investment in education reform that it represents.

One reason for bitterness in the discussions about resources and public education is there's a real disconnect between the industrial foundations of the way we spend money, and the need to spend money shaped by the information age. School districts can't keep spending money in the way they're used to spending money.

And as Arlene Ackerman found in San Francisco earlier this decade, there's a shady side to this. They found that the San Francisco Unified School District had a sewing machine repair person on the payroll many years after they completely shut down their sewing classes. I think we all would like to think that most actors have great intentions. Optimistic folk, who are trying their best to make a difference, can make a difference if we ask the right questions and push on the right levers. Most actors mean well enough to just need a nudge in the right direction – maybe more than one nudge, and they may not be gentle nudges either.

And I'm really happy to introduce today's panel because we have an ensemble that can speak like no other group to the challenges of redirecting spending in school districts.

Karen Hawley Miles is the executive director of Education Resource Strategies and is basically fearless in entering into school districts and helping them figure out where their money is going currently, which is a prerequisite in figuring out how to reallocate spending in a more strategic way.

And the next panelist is Peter Gorman. He is superintendent of Charlotte-Mecklenburg Schools, where they're really on the cutting edge of refining the way money is spent.

And also we have Dr. Andrés Alonso, the chief executive officer of Baltimore City Schools. Both Dr. Alonso and Superintendent Gorman are going to be able to provide us with a really valuable perspective on the challenges in redirecting spending and providing those nudges that are so necessary.

So without further ado, I'll turn it over to Karen Hawley Miles.

MS. KAREN HAWLEY MILES: Good morning. Twenty quick minutes. Anybody out there who knows me, knows I just have way too much to say. We are all really excited to

be up here this morning, because there's the tendency to feel like the schools and districts can't bring this stuff to sail, and are at fault. All they need is, as Secretary Duncan said, is the next new study to tell them what the problem is.

And what we want to focus on today is talking about what can be done to actually shift the way resources are used, and change the underlying structures to get to the places that all the studies are telling us we need to get to.

I have spent almost 20 years now trying to do work looking at how resources can be reallocated to bring great schools to scale. And you, in this room, are really critical to helping us solve the problems that I'm going to share with you.

John Podesta talked about the problems we have with getting to high-level achievement, and what our goals are there. I don't think we talk enough about what we're trying to do organizationally and structurally. And unless we have that vision of what we're trying to create in terms of schools' organization and structure, we won't be able to use that to guide how we should use resources.

Instead of starting with a vision of students walking across a graduation stage, which of course is our goal, I want to start by grounding us in what is the organizational experience students are exposed to, to get us thinking about how we need to change the resources around that.

And the way I'm going to do this is to talk about Tamika, who could be in any of the urban districts in this country. She's in sixth grade. She loves school. And her teachers love her. She's entering sixth grade reading at basic levels and is low-basic in math. She is one out of 100 students, sometimes out of 150 students that the teachers have to come to know. Just last year, she was one of 19 and her teacher knew all about her and her family. Two of her five teachers are brand new and the teachers don't actually know that she's having trouble in reading or in math. And they don't know what makes her smile.

This is Mrs. Jones. She is the new teacher in charge of teaching Tamika math. But she actually has no information about what Tamika knows or doesn't know, and she doesn't have assessment tools that will help her figure that out. She has one period free from instruction, but she doesn't share that free period with any math teachers who might provide her help. She actually does have a mentor, but that mentor doesn't work in her school, and that mentor doesn't teach math. Tamika doesn't smile in class anymore and, of course, Mrs. Jones feels alone and powerless and is wondering why she chose to teach in the first place, and whether she can actually pull it off.

And so today what I want to talk about—and it really reinforces everything that Secretary Duncan talked about—is that if you think about this new money as money on top, we're throwing good money after bad. We're putting new money on top of old structures that don't work. If we want to avoid this, we need to help districts address the fundamental misalignment of existing resources. The resources they need to create high-performing schools at scale.

And lastly, stimulus funds are very clearly allowed to be used for that. In fact, the thing that we in this room need to do is to really bring the political pressure to bear, create the incentives and conditions to guide it, and then provide concrete ideas so districts and schools know what it is they can do to invest in this transition to restructure.

To do that, we need a vision of what we're trying to do. Many of you in this room have worked over the years studying what it is that great schools do. And actually, we know a lot about what great schools do. What we don't know is how to bring that to scale.

So, again, just for a minute, I want to focus on what organizationally great schools do. We know that great schools start with an instructional model that includes standards for student learning, assessment tools, and a curriculum. That instructional model fits the needs of the students, matches the capacity of teachers, and that's what's at the center.

Around that model we talk about the big three things that guide the way to use resources: investing in teaching quality; maximizing academic time; and individual attention.

When I first got into education, out of the business world, I thought I'd figure out the one best school that could be created with the resources that were available. Of course you are all nodding at me because there's no one best school. One key aspect across high-performing schools is that they adhere to a set of principles. And they all do these three things, even though they do them in different ways.

In this country we focus a lot on class sizes as the metric of whether we're providing individual attention. That is not what I mean here. The first thing high-performing schools do is think about what is it that students need to know and be able to do, and what are the places where they need individual attention? So it's targeted individual attention around the subjects, student needs, and in the grades where it's most needed. That's sometimes accomplished with lower class sizes, but it's also done through tutoring, small group instruction, personal relationships, and the structures within the schools.

Right now people talk about academic time as the total amount of time and how it's structured. Again, in high-performing schools we see they are thinking about the total amount, but are also thinking about time the same way they think about individual attention: how you match academic time to student need, to the subject, to the lesson, to the particular time and moment. And they don't think about time as a set thing. They think about it as a variable that they can move around to meet the needs that they have.

And lastly, when it comes to teaching quality we choose our words really carefully. We are not saying teacher quality here. We're saying teaching, and that's because quality is not only about great individual teachers. The new vision, and what high-performing schools know is it's about communities of great teachers working together in teams, with time to do work together, to improve student performance. So it's about first hiring great teachers and assigning them where they need to be.

Also, providing expert support to teacher teams, making sure they have the time to work together, and then making sure that a system to support their individual growth exists. A support system that provides them with new support on the job, creates compensation structures that will reward them, and evaluation structures that let them be rewarded.

How do we do this? We do it with transformational leaders, because strategic schools and high-performing schools aren't static. Their resources don't stay the same every day and every year. The school evolves to adjust to the different needs and capacities, and even to new learning about the instructional model. And to do that we need a principal to understand how to organize schools effectively. We need flexible resources. Andrés Alonso will talk about his pioneering efforts that try to get these transformational leaders to think more strategically about their resources and having flexibility around that.

We know a lot about what great schools do with resources, but as I said, it's doing that at scale that is so challenging. Our research suggests that schools districts are having a hard time rethinking the structures and systems that surround them in order to support these great schools. And the great schools that we see are exceptions to the rule. They figured out how to get around these systems, but we won't be able to create a whole lot more of them without changing the underlying systems.

And I'm not going to have time to go through each and every one of these, but we think there are seven things that a strategic system needs to do, starting with ensuring that all schools in the system have equitable resources. So many times when you go into these school districts, you'll see high-performing schools, with higher levels of resources, and different people in their schools. It's not just the level of resources that matters, but also who's in those schools and that the people in those schools are already working together.

You can see the other things on that list [referring to a Power Point slide], but another important thing on the list is ensuring an aligned curriculum and structuring material. You would think that would be a given, something that a school system would be making sure happened. But we don't see that in urban school districts, especially at the secondary school level.

In our vision you would see school systems organized to promote the strategic use of resources within school, to build teaching leadership capacity, to create accountability for results, to ensure efficient provisions of central services and operation, and to create partnerships with families and communities. What we see though this vision is you can assess to what degree do the resources align and then do the hard work to reallocate them.

So what I want to do with my remaining minutes is show you a couple of examples of how we assess resource use against these different things, and talk about the real challenges of reallocating resources. I think that guides the work that all of us need to do in order to make sure that the students are invested in these sorts of structures.

Districts need to be providing equitable resources. When we look in every single urban district in the nation, we see significant variation across schools in the resources that they

have on a per student basis. When you adjust for student needs, in other words if you adjust for high poverty or for the number of special ed students, and you compare across districts, you see that some schools have up to twice as much resources as other schools that are expected to make the same standard. And we also see significant variation in the quality of principals, students, and teaching across schools within districts.

The second thing districts need to do is provide aligned curriculum and assessments. Yet district after district that we looked at was really underinvested in providing formative assessment and the support to use assessments. And I really emphasize the support to use them because that's going to be fundamental in this whole effort.

We're going to see that it's not going to be hard for the school districts and states to invest in formative assessment packages. That's super easy as compared to the other things we're going to do. But what is going to be hard is changing the underlying structures.

What good will it do to have great formative assessments if teachers don't have time to meet in groups and discuss them, don't have the support to make sense of them, and they don't have teacher and expert leadership to figure out what to do with them? To do that, we have to restructure the underlying systems.

The third thing districts need to do is to help schools in making strategic use of their resources and to provide designs for schools that work. Right now, school districts allocate resources in the same way they've allocated them for the past 70 years. You get one teacher for every certain number of kids. You get one principal and one guidance counselor for every 250 kids, and so on.

Those individual boxes and those individual roles are not where we need to be going in the long term. So we need to do things that break up those patterns. And again, both Pete and Andrés have some great examples to share with you about how they're trying to do that.

But quickly, when we go into schools, we see class size is the same across every single subject regardless of the priority, and regardless of the student need. In fact, students who are higher performing are typically in the smallest classes, because they're fewer students in the advanced level. We see the largest class sizes in ninth grade English and math courses and in sixth grade English and math courses where kids need to be building foundations. And we don't see the resources available for the kind of individual attention that these kids need, or for adding extra time for them to do that.

We see limited time and support for teacher teams. In most urban districts we're lucky if teacher teams have 45 to 50 minutes to work together, one time per week.

And if we think about students like Tamika who are reading and writing way below grade level, this is nowhere close to the kind of time that teachers need to think about how to

problem solve. We see over and over again lots of investment at the end of the educational cycle, but not in the early years where we should have invested.

And the last thing we find is that in a lot of these districts this takes real political will. We see a lot of schools that are subscale. And by that I don't mean small school by design. There's been a big push for that. I'm talking about schools that were meant to be schools of 450, 600, and 700 that are now down at 250 and 300 students. When you do this, you direct resources away from instruction and toward the infrastructure to support them. So we see districts that have to put more and more of their dollars towards supporting these schools that no longer fit the populations that they have.

When you talk about an underlying political struggle that districts are going to have to face, closing and reorganizing schools is number one on the list. And yet, when we quantify the dollars that are freed by closing and reorganizing, it's huge. And stimulus dollars on top of that is huge. A lot of those positions that are going to be reinstated are positions that shouldn't be there because the structures that are underlying them are not right for the future of these schools.

So I just want to emphasize, and I'm not going to be able to share with you all the examples I would love to, but emphasize how bringing data to bear on this is so important. And if we could have more folks bringing this kind of data to bear, it would help school districts. So here [referring to the Power Point] every blue bar is a school, and it shows you the dollars that are spent per pupil at these schools, in this district, adjusted for student type. So it's not because they're special-ed or high poverty. It shows you on the bottom that \$9,000 is spent in one school per pupil, as compared to a school at the top with \$17,000 per pupil. So that is an 84 percent difference, or in this case \$400,000 to \$500,000 difference from one school to the next. Think about what that does in terms of your ability to respond to that.

Analysis really helps pinpoint that difference is per-pupil spending. Of course, the next step is to say now I know what's going on here, how can I change it?

It's not just the level of spending that makes a difference, but also it's who's in there. And again, I'm not going to go too far with this chart [referring to Power Point], but the blue part of the bar is the percent of teachers who transferred into these schools within the last two years. The yellow represents the brand new teachers entering the school the last two years. This shows you the percent of teachers in each school that either transferred in or was brand new. You can see that we have called the far right unstable. In this district, 24 percent of the schools had more than 50 percent of their teachers were new to that school.

So we're talking about new visions of problem solving, where teams of teachers share expertise and teacher leadership to their capacity. All of these things we talk about in our groups are completely impossible in that sort of a setting, because you've done analysis last year and it's a different set of pictures again two years from now. So it's about rethinking the staffing in those schools to manage those changes.

And the last thing I wanted to say is this thing is about class size. We focus so much in this country on reducing class size, which is important and easy. You can measure class size across schools much better than you can measure teaching quality, which is why the focus on measuring teacher quality and evaluating it is so important. But I would argue in these urban districts that focus on class size, while very important as kind of a level set, has worked against high-quality teaching in many of the schools. Lower class size mainly needs more high-quality teachers, and since we've got to provide them teachers with more professional development.

This [referring to Power Point] just shows you one of the districts that we're working in that's really being aggressive about investing in teacher quality. They decided to raise class sizes in 4th and 5th grade from 20 to 23, which saved them \$3.2 million that then enabled them to start a new teacher residency program and change the way they were staffing to support new teachers.

So again, it's not that class size is a bad thing. It's that this work requires these strategic tradeoffs to say which is more important here and when. In fact, in agreement with Duncan's comment, it's not one size fits all. It's what fits the context. What are the right tradeoffs in the context of this particular district?

I want to summarize that there are four big kinds of things we'd want to move away from, and to think about instruction. Moving from counting to thinking about the quality of what it is that we're doing, and I don't mean just the teachers. I mean thinking about the supports that we're allocating as well. Moving from remediation to early intervention and prevention, and each one of these things has resource needs and uses. We want to move from autonomy to collaboration, which means teams of teachers working together. It means changing how central offices are organized. Move from only delivering instruction in terms of full-time teachers, to a very different model that envisions integration of part-time community providers, technology, and so on, to maximize resources. This will require thinking differently about the resources that are used, and how to allocate them to a much different level of flexibility.

One of the papers that is being released today has a manual or a list of different ways in which stimulus funds can be used to invest in building this capacity. Arne Duncan talked about enhancing student information systems, and revamping resource systems. I want to emphasize for a second establishing a theory of teacher evaluation systems. Again, this is one of those things where teachers are often made to be the victim or the villain. We're in urban districts and we find management is equally to blame. There are systems in place right now that really identify these people, which people couldn't use. They're cumbersome, they're difficult to use, and so on, but they can be used.

We really need to help with political will. All of this needs to happen or else in two years we will be in a place where stimulus funds now are gone, we're still in a tough economy, and having to lay off our best and brightest teachers because we haven't done the work to

evaluate the teachers appropriately. At that point we'll be in a worse off place than we were today.

So if we want to move from an old vision, in which all our resources are structured in a industrial model, where teachers work individually and pass students along whether they were ready or not, to a new model in which teams of folks work together creatively using information to solve the practical problems with urban education. We can do that with the stimulus dollars, but only if we think about the foundation and restructuring the people, time, and money underneath them. You could think about rebuilding the system and the supporting structures. And right now I would argue that the system and the structures that exist are supporting outmoded ways of organizing people, time, and money. And unless we help folks get to that, all of the city's money is going to go on top of the old, and we will end up building a bridge to nowhere. (Laughter.) So let's make sure we build it to somewhere. (Applause.)

MR. MILLER: Dr. Alonso you are welcome to react and feel free to do that from your seat over there for the more informal exchange part of the program.

MR. ANDRES ALONSO: We have worked closely with Karen and Education Resource Strategies over the past two years. We have really been thinking about the use of people, time, and money, and about the efficacy and effectiveness of our system and structures. So I'm not sure that I endorse more than I react. Let me tell you a little bit about what we found. We looked at Baltimore City, but the seven elements that Karen introduced are part of what is in play in most urban districts in America, and that is very much what we were responding to.

We found extraordinary inequity in terms of the distribution of resources across the school system. We saw there was a manage-instruction approach to the work in the school system. It includes a great deal of autonomy and adaptability in terms of how it was at play in the school, but with almost no accountability in terms of implementation and in terms of a response to the results. We found there has been a lot of innovation in the district in the past over the creation of new schools and chartering of new schools, but without a coherent approach to district needs. It was very much driven by accidental partnerships and influence, and initiatives that have come and gone with new superintendents. I was the seventh superintendent in 10 years.

We also found there was extraordinary turnover of teachers in the district. I hired roughly one seventh of the total number of teachers in the district every single year, but there wasn't collaborative planning in the school system. This was due in part because teachers have not been paid adequately over the time. There has been a lack of dollars for our working environment, which was not necessarily about getting outcomes. Very little was spent on instruction, with no time for collaboration, and a "work into ruin mentality" that is problematic for teachers in charge who have limited flexibility. In the State of Maryland charters are out of the working labor contract.

In terms of support, there is tremendous cynicism about the central support and central office, and a community that felt that the district wasn't working with the community for the betterment of the schools. Everybody was pointing to somebody else in order to explain what was happening and, ultimately, everybody ended up pointing to the kids or parents as the reason for what was happening.

So we restructured operations in the districts as instruction reform. And I could say from the start, changing operations of the system was not about operations, it was about instruction. It became about addressing many things through a lever that was going to somehow touch every single part of the system. We moved towards a weighted student funding formula that eliminated the question of inequity, and at the same time thought about issues of student need.

We looked at reducing the central office to answer the question of what did a system mean in context of trying to transform every school into a great school. What was the balance between central control and school autonomy? We used this as an opportunity to rethink central guidance in a context where we were giving more dollars and greater flexibility to the schools. What were the things that we needed to hold tight? And what did that mean in the context of accountability in the school system?

We thought about optimum conditions for schools success. We thought about the question of choice and competition that Arne introduced, in the context of what did it mean when there were schools with only 300 kids and lots of space to expand, yet the kids were not going there. We began thinking about closing schools, which we're doing this year. Part of the question is what happens when you close the schools? We began creating new schools, which was a tradeoff of resources, because the creation of new schools is costly. So we thought about the issue of what does it mean to be able to close schools? It means that we're going to need a pipeline, and we're going to have to think very, very carefully about the issue of equity and support, in terms of the new schools versus the schools that have been there.

We worked very hard with the charter schools. We have 26 charter schools. In terms of how to level the playing field, we thought about what kind of flexibility we gave charters, and thought about how to figure out ways to ensure the entire system has flexibility. Then the entire system would have certain elements of support and accountability that are common to all schools.

And we began to think very carefully about the issue of labor, and how it is problematic in the context of reduced resources. Right now – and this goes to the last point that Karen made – we're negotiating a labor contract. We're not getting a cost of living adjustment. In that context, it becomes very, very difficult to push for the kinds of labor reform that I feel that we need to have in every school, such as school based options, and meaningful evaluation.

We also began a conversation about what are the things that we control. For example, at the beginning of every teacher's working period we have three years where we control if

they get tenure, and the reality is that tenure is granted. It's a problematic right of passage. A teacher stays and they get tenure, as opposed to meeting the standards that define teaching quality in the school system.

And we pushed very aggressively to do all of these things. As a matter of fact, Karen and I debated for a very long about whether we were going too fast. And my feeling was that we couldn't go fast enough, because this was very much about rethinking what it means to be a district and what were the standards of the district as a whole. Also, because we were already foreseeing what was happening around the funding in the state of Maryland where the extraordinary expansion of state funding for education was about to end. And we understood that if we were going to have a system that would work in the future, we needed to rethink operations and very fast. We ended up having to eliminate roughly 33 percent of the central office in my first two years on the job, in part, to ensure that the schools kept their funding. The question of what they did with the funding was very much part of the discussion, so we spent a lot of time on guidance that led to principals and school communities making decisions about their programs. But I think on the whole, even though extraordinarily imperfectly there have been decisions made in the right direction in terms of those elements that Karen introduced.

What I wanted to say, though, and I'll stop talking so that we have more opportunity for you to put it back and forth, is that this has been unbelievably hard and unbelievably messy work. The speed of the work was a very good thing in terms of allowing us to live with the messiness because there's no way to do this right the first time and no way to plan for all the elements that don't work. At some level, the speed gave us some license that's in the schools felt very strongly that we were going in the right direction in terms of giving them more resources as we were cutting the central office.

They also welcome the autonomy because they have been such a tightly managed system with the schools having very little money to control. So with the direction endorsed, then we went very hard at the problems, understanding that we were not going to do everything right. And it's still being unbelievably hard, in part, because most school systems are not organized in terms of the data systems and the conversation among the operational systems in place. To get us to the kind of analysis and the kind of immediate information—the formative assessments, if I might analogize, that would allow us to respond appropriately, but that in itself forced the conversation around whether we have the tools that we have to work with that have been useful in terms of how we meant the work.

Right now, we are in the midst of receiving the second round of school-based budgets this year. We're struggling with that issue of accuracy of information and information that we can turn around in way that allows to understand exactly what the schools are doing programmatically, which is very much part of our conversation right now. It shouldn't just be about numbers. It should be about understanding exactly what's going on at the school level, so that when we allow, we can differentiate in our support. And that's the conversation in the school system right now.

About the ARRA funds for us, local context matters tremendously. The recovery funds were distributed in Maryland essentially to hold us harmless in terms of the flexible dollars. It's been very much about figuring out a way to do some of these innovative things, in a context where we're still cutting our budget by roughly \$50 million. Thankfully, we were doing innovative things that are on this conversation way before the ARRA. The question for us is how to use categorical funds to do things that are going to strengthen the system beyond two years. What we're doing is very much what the conversation is going on around this table. We are thinking about data systems, about leadership developments, and about programs that are system-wide and school-level programs. We are looking at targeting particular children and particular practices over time, especially around time for certain types of kids. Also the expansion of early childhood is very important to us.

In Maryland, pre-K is not part of our per-pupil funding. So the ARRA expansion is very much a necessity. We're being very, very creative around figuring out ways to do it with some of the ARRA funds.

So I look forward to your questions.

MR. MILLER: Thanks very much. And now Dr. Gorman will be the next speaker on the panel.

MR. PETER GORMAN: It was great to hear Arne speak. One thing I think that I think is important is that context matters: where you are and what type of district you're in. Just a quick 30 seconds about Charlotte.

We've got about 174 schools. We're urban, suburban, and rural. We're a 550 square miles – we are a whole county. So we've got a little bit of everything. One size doesn't fit all within the district, nor across districts. We were the leader nationally in implementing managed instructions. As a matter of fact, I think we did it better than anyone. We had a list of non-negotiables that was pages long, giving instruction for accountability team that came in and monitored where you were. And you get a ticket if you weren't where you're supposed to be. We nailed it. And it did some wonderful things raising the floor and got us where that we absolutely plateaued at. We decided long before there was ever stimulus funds that we needed to look at and reevaluate how we are using resources and how we were allocating based on time, people, and money. And with that in mind, how did it fit our reform model.

Now, quickly a little bit about the stimulus dollars. I was meeting with the governor of North Carolina on Friday, and it does not look like we will see any relief from the stabilization funds. It will all be determined at the state level and it will be used to back fill. We decided this is just another time to look at focusing on those reforms we're going to do regardless. Maybe we'll be able to use it as a bully pulpit to bring about changes that are good for children.

As we're looking at that, if you look at the data about CMS, you may see we were the highest performing of the larger of things, et cetera. We've got a lot to be proud of. We still got between a third and a quarter of our kids that don't graduate, though. So really I don't know. I don't want to be first in line and say that we're the best, but we still have this entire group of children that don't have a chance to be successful. We have a lot of work to do in Charlotte.

As we looked at our data and dug deeper, the first thing I realized was that if your HR, finance, and academic systems aren't linked and you can't cross reference that data, then you really don't have any idea of how you're spending your money. You know what you're spending, but you don't know how well you're spending your dollars. Some of the things we've found, first of all we've found that our gaps are certainly more across schools than within schools. Second, we've found that our resource use compared very favorably, as far as looking at what are central resource expenditures and what are school level resource expenditures. We spend our money in the schools, so we were pleased with that piece.

We also found that we demonstrate national best practices on resource use sporadically, meaning that we've got great models that we could go back and look at. We certainly spend more money on small schools. I'll talk about that in a second. Our student-weighted staffing formula allocates extra resources to those small schools, but in many cases it actually acted as a disincentive for best practices.

Let me give you an example. We have two schools with 850 students. One is the highest-performing school. One is a school that's in the bottom 10 of our 174 schools. The one in the bottom 10 has 18 more staff members due to our student-weighted staffing. Sounds like a great system. We've got more resources to throw at it, et cetera. Yet, we didn't add any more special teachers to the school, as far as extra science, or music, or art, or things like that. Some were the teacher assistants, who are wonderful group of folks. We didn't have any more academic facilitators or literacy facilitators or coaches, things like that. We had more folks. We added more rookie teachers who needed more support in resources, and yet we spread those folks thinner and thinner and thinner. So you may have a model that theoretically looks good, but if the application doesn't work, it's actually doing harm to children more than helping them.

And we've also been taking a look at our work we realize, just how disproportionately we're consuming resources in our high schools based on what we have, sort of an equity template to make sure all schools try to be all things for all people. We had class sizes of four and five and six students in some higher-function, higher-level classes. Then we find that we do have 9th grade English with 32 children in a class. So what would we be doing with that?

As we took a look at that and worked on redefining what we were doing, the first thing that we did was stepped back and realized that the long held equity template of Charlotte-Mecklenburg schools, which was focused on equity of inputs, was inherently inequitable for the outcomes for children. And as the district with *Swann v. Charlotte-Mecklenburg*

County, we were very driven by that template. We had to step back and work with our board and have deep discussions about what do they mean by equity. In having those discussions, we discovered that we had nine different definitions of equity and that our community was not united in what equity meant to them. We are having a lot of ongoing discussions about that right now and it has shaped what we are doing.

We're also looking at, besides equitable resources, at aligning the curriculum and instruction. We believe that we are aligned to some extent, as far as what the model looks like. But as far as carrying it out in actual application, what it means from school to school varied greatly. We have continuity within the schools, but it varied greatly. With support for strategic school designs, the next side that Karen talked about, we've had to go back and look at that. We moved from this very tight managed construction environment to putting in place what we call 'freedom of flexibility with accountability'. We gave our principals freedom.

And here's a lesson that won't surprise you. If you have a group of people that spent their entire careers in tightly managed, in tightly structured environments and one day you go to them and tell them freedom is yours, fly away, no one leaves the nest. And looking back at that, we realize that we need to support strategic school designs. We need to honor those folks and highlight those folks who are doing innovative and creative things. Support that, highlight that, and let them know that you will no longer have to operate under sort of a cloak of darkness that you need innovative things.

We actually had an undercurrent that people wore a badge of honor that they weren't following what we told them to do. They were enjoying being sneaky about it. It was just amazing that we had this counterculture going on. We've worked very hard on that with them. And ERS has stepped in to help us look at that. For example, we told folks that the class size kindergarten through 3rd grade in our high-poverty schools have to be 1 to 16. One to 16 no matter what, we monitored that. We went in and we looked at the rolls every year – every month really. And if the numbers weren't there we called them and had these discussions with them. Our principals were telling us "I don't need 1 to 16 in every class. Class size is that misnomer for us. Some classes we need 1 to 4. Other classes we can get by with 1 to 22." We need to meet individual students' needs and we need to match the time up for the students' needs.

Since we've started to do that, the principals are starting to spread their wings and fly again. But the piece I would point out is that if you've appointed all these folks in managed instruction, in many cases they just never had that opportunity or been encouraged or thought that way, you completely have to reshape what you were doing for your leadership group. Part of that led us to what Arne talked about, that we are going back and decided to grow our own leaders. Whether it'd be new leaders or for the new schools that we have. We've created our own cohorts. We've started to tap rising stars and created our own programs. We've discovered that self-selection is actually one of the worst models to actually determine preparedness for the principalship.

That's not a shot at people who want to be principals, but not everyone has that skill set. There is a group of rising stars that you need to reach out to and say, "You are on the rise. We need to work together. We need to partner with you along the way as well."

As far as creating accountability for results, the State of North Carolina is a little bit more ahead than some other states with that. We're looking a good model for that. However, we're now in deep discussion over how do we measure value added and what is growth. Is it Bill Sanders' black box theory? Is it Tom Kaine's work? How are we doing that and how do we measure that? And how do we use the state system where the algorithm for how growth is calculated isn't shared, so therefore you tell folks you grew by this much and you can't tell them how you actually calculated that. That leads to a little bit of a problem with that.

In creating accountability for results, we're working towards that as well and also bringing in pay for performance to the teachers incentive fund piece.

So I'm going to bring it to closure right now with this one piece. I think the most important thing we can do with the ARRA funds is use it for a moment in time to call into question what we have been doing and say what does the data show us. Let's step back. Let's look at the results we've had for children. How we've spent these dollars, and how we're actually going about that. And this has given us that bully pulpit to do that.

For example, we're in the process of cutting \$86 million from our budget. We're going to be doing a reduction of force, letting go over 1,000 people. We chose to use a performance as the measure for that. We are deeply, deeply involved with that process right now. It is a battle, but it is the right thing to do for children. And the support is there, even from our association to do that. Now, the question is how do we determine what effective teaching is? We're still fighting that a little bit right now. But this has given us that bully pulpit to go back and re-think how we use those funds. It's a moment in time that I think that we're looking at as we can either create that bully pulpit, move ahead with it, or we can look at it as one of the greatest opportunities lost ever in education. And what will we do with that?

MR. MILLER: Thank you very much. I'm going to get to your questions in just a moment. I want to start it off by identifying the tension that ran through your presentations and that is that there are two ideas that seem to be going both directions. One idea is autonomy and that there is too much autonomy and the other collaboration and discretion and if it hasn't been enough of that. Except a lot of the change that we're talking about is, in fact, more discretion at the school level and that's how flexibility and change are brought to bear on accounting. So would you like to comment on that or on some other way?

MR. ALONSO: I would reframe it slightly. I don't think the question is if there has been too much autonomy. As a matter of fact, I think both Pete and I stated that there is an unwillingness of people to fly from the nest because of the way the systems have been run in the past. As in, there has been a control approach to the running of the district.

What I've seen is that in the actual running of schools, people at some level do what they do. Once the door is closed, there's a great deal of inherent autonomy in the running of schools. Secondly, there are all kinds of ways that districts engineer failure. This is demonstrated by asking how do we distribute the resources? Where do we put the least experienced teachers or the teachers that other people don't want? Or, where do we put principals that have not necessarily been successful in some place else?

It's less about the question of autonomy, but more about the question of effectiveness—what is happening around the system piece versus what's happening at the school level. I think that we're all for collaboration.

What I do hear as the tension in the conversation about reform is that there is a lot of push in the last few years about competition, about choice. A lot of it is coming from the charter camp. There is still rhetoric about alignment, which is in Karen's presentation. What I communicated in Baltimore is that I'm more interested in alignment within the school and the theory of action: a vision at the school level that I can see in action, which is about all kids. And then, the district has to support that. Whatever the action is, as long as it's based on evidence of effectiveness, instead of based in somebody at the district level saying, "OK, you will do this". Then they have no practical way to ensure that it happens because, especially in a context where I'm reducing my central office by 33 percent, it becomes harder and harder to ensure. I don't think it's practical or wise that everybody is doing one thing. There's no such thing as one thing to get results as far as I'm concerned.

MR. GORMAN: With that autonomy piece, if I put it in four big buckets – curriculum, instruction, assessment, and improvement, I just think there is no negotiation over what are certain standards that need to be taught. You can choose to teach volcanoes in 3rd grade as a baking soda and vinegar lesson that is really cool for kids. If it's a 4th grade topic, do it in 4th grade. Instruction help needs to be done within a particular school. There are models and things we can offer, but we need that freedom and flexibility at the school site assessment. The school can't tell us if they're doing it well. We've got to come in and do some type of measurement, so there won't be all of that autonomy without comprehensive measurements. Now, there will be some things as far as formative assessment that will certainly be creative to that particular school. Then the improvement, whether it's improvement for children, mediation, or enrichment, or whether it's improvement for teachers through professional development, it's got to fit that particular group of students, those particular teachers. So some things you hold tight. Some things you let loose.

Our challenge was we really held tight on the instruction piece. When you hold tight on instruction, it just doesn't work well. And for us, the point of entry into our district has been through low-performing schools. That's where you get your first principalship, that's where you get your first teaching job. We've worked hard to change that. We've created a badge of honor now for our highest-functioning principals to bring a team of teachers into a perform initiative we have called strategic staffing. In the last year, we moved 14 of our finest folks with teams into our lowest-performing schools and now it's

an honor to be in these low-performing schools. We've also compensated them for that, given them more freedom and flexibility, given them some financial resources, and they're flying with that. But you've got to create models and structure when you get that autonomy.

MR. MILLER: We're going to have questions from the audience beginning with the press and I'll ask for three things. First, please give your name and your affiliation; make sure your question is a little question. And then you need to direct your question to a particular member of the panel, please do so. Some members of our staff will be around with microphones, so please wait for them.

Q: Good morning. I'm Arnold King, I'm involved in a program where we read to high school kids teaching them literature skills. My question to you guys is how is the local school system going to monitor resources in our workplace? Can they do it, and what academic structures fit the grade—first grade, second grade, seventh grade, eighth grade and so on and so forth?

MS. MILLER: Thank you. Would any of you like to field that?

MR. GORMAN: And you asked how do we monitor the particular resources?

Q: Yes.

MR. GORMAN: Well, the first piece is we're going to be pretty steadfast with it because we were one of the states that were selected for the special scrutiny, the close look by the Office of Accountability. I'll be entertaining the folks from that office on May 25th. We have yet to receive any money, but they're coming to town. So we're working through that process right now for how we attract the transparent fashion, all the way down. We're looking at it actually because of the volume of dollars for Title I in IDEA, specific staff that just does the tracking of that. So we're going to see the monitoring and how it fits at that piece.

For the stabilization dollars, it doesn't look like we'll be monitoring that because it'll be hard to determine how they're included in the governor's general overall budget. We're still trying to interpret that piece.

MR. ALONSO: It's funny because in our case, even though the \$30 million that we get from ARRA federal inflexible dollars has held us harmless in terms of our general funds. We're going to have to track it, which is of course creating this extraordinary burden in terms of what we're doing. What we don't want to end up in audit hell. I keep telling everybody, "Folks, I want a scandal in two years."

We have been wrestling so hard with the questions that you pose, not simply around the additional dollars that we're getting, but fundamentally about everything that we do. Schools often function as a kind of black box. We give them the money. We tell them they need to do these things, but nobody actually looks at what's being done.

Our lessons learned about per-pupil funding and greater flexibility in year one has been very much about modifying our system. We want to have lots of information about how schools are approaching, sometimes granular levels of questions around instructional programs, or the use of resources. And it's funny because as we give schools far more freedom, at some level we are becoming more burdensome around the collection of information. I haunt my people around the question of how do we know the schools, and what do we know about our schools? I have a cabinet meeting, for example, every two weeks with a particular school. Part of the cabinet meeting is simply a conversation about what we know about that school as a way of shifting the nature of the work. I think the nature of a central office is to function as kind of central nervous system where we respond, not as a system that tells you this is what you do.

I know, for example, what mentoring programs are in every single one of our schools, with how many kids are participating. Part of the conversation is what else do we know and how do we link it to evidence of effectiveness: do the programs work? That's the next stage of the conversation.

MS. HAWLEY MILES: I just have a little plea. The history of accountability versus spending in this country tends to contribute to fragmentation. New funding creates all kinds of regulations around how those particular funds can be used. And we're in a situation where we're trying to say no, these funds are actually to be used to support the underlying, overarching strategy and structure. The challenge is that I don't know how to do this and I'm pretty sure that nobody does. So the question is, can we figure out ways of creating a much more integrated accountability system for the use of funds that still makes sure that the pieces get used well? How are we creating incentives to create these silos between the different sets of funding? So when we go into districts and they say well, you need to look at these funds first or these funds or these funds first. We can say no, we're going to look first at what are the sets of strategies that you're going to use, and then let our administrators figure out first what they're going to do and they put the patchwork of funds together to do that. So we don't want to create another kind of layer on there that doesn't honor the way that good leaders use these funding sources. I think that's going to be one of the biggest challenges that we face setting the guidelines and accountability around this.

MR. MILLER: Next question here.

Q: Good morning. In your presentations, how do you put parents and the community in your piece? Maybe I missed it. How do you get the involvement of the parents and the community in this mix?

MR. ALONSO: I'll go first only because this is so easy for me. Part of what we did with the fund shifting, fund for the school in responsibility for creating programs at the school level is we put in a community input process at the school level. And it was the first time that communities were actually given presentations about school budgets and accounting process. In the second year, we modified our family engagement policy to create a more

structured feedback. Now principals of release their budgets and there is a section on it for the family school counsel to endorse, not endorse, or endorse with comments Then there is another section just for the parent representatives alone to give me feedback about how the process went and their feelings about the budget.

It's become an opportunity to engage parents at the school level in a different kind of conversation about what the school is like. For me, it's been about every school should be redefining what an ideal school should be, and then, within the constraints of a budget, doing what needs to be done to make it happen. We're now in the second year of that process. There are about 25 schools where, at the last minute, they still have not submitted their budget. In part, this is because there was so much tension at the school level in terms of what the final budget should be. I thought that was a great thing that there was so much debate at the school level and they couldn't agree with each other. They couldn't reach consensus.

What was defined as a problem, I felt was an extraordinary thing because it meant that whatever was going to come to me was meaningful as opposed to not.

MR. GORMAN: I'll just throw one piece and that is we worked very hard to make sure we get the parents accurate information and data because we found in many cases parents believed they were pleased with performance and acceptance of what was going on at the school site, when really we're doing disservice for the children. So if we get them accurate information, they should be the ones leading the moral outrage. And we've worked hard to get them that information so that they could read that chart for reform.

MR. MILLER: The next question over here. And please, again, state your name and affiliation first.

Q: Good morning. My name is Tammie Cannon and I am a Ph.D. student at George Mason University. And Mr. Gorman, I'm asking you, but I'd like for both of the superintendents to respond. You mentioned in your discussion that you have a third to a quarter of your students that do not graduate. Can you talk about what you've identified as reasons why and what you're currently doing to address that situation?

MR. GORMAN: We've looked at it from a couple of different ways. The most valuable way we've looked at it is from having discussions with students who are on the road to dropping out or going out into the community and finding students who have dropped out already. We found it was a couple of different things. First, they see it as a lack of relevance to what impacts their lives. We have the general hopelessness with some parts of our community. We also have the one size fits all model in many way didn't fit students. I was meeting with a guy named Jim Goodman. He runs SAS, a large computer program, and he said, "Do you know when kids are least technologically in their lives now most of the time?" He said, "When they're in school." I go, "Wow that's got to be an indictment of what we are doing." What I think is most hopeful for us, and what we're trying to do, is looking at other models of delivering instruction. As far as we look at, we are looking at what we are doing with the online coursework, what we're doing with

changing the pace and time when we offer school. We're doing some things with performance learning centers, where we do different times, different paces, different environments.

Also, looking at how we particularly meet kids' needs early on. We're tracking it back. In elementary school, we can track the majority of our kids to predict when they're going to drop out. Sadly, it seems that we've just sealed the deal in high school. We start the paperwork in elementary school and get it done in middle school. So, we've gone for a different model, which involves counseling and other pieces at some of our more challenged schools. Another piece that we're working on is how we work with our community college and offer students the opportunity to finish at the community college. There they can add some training related – skill training related course work. So we're just changing our total delivery model for some kids, realizing that one size just didn't fit all.

MR. ALONSO: We have been infamously right of the trend over time in some of these statistics. It's not the kind of thing that makes us happy. There's this study that came out of Hopkins in the last couple of years that essentially tells you that in 6th grade you pretty much know who is going to graduate and not graduate from high school. The answer, I believe, is better schools. There are some schools where kids are dropping out right and left, and other schools that are recuperative in terms of how they work with these kids. So I don't see it as a question of drop out prevention. I think it's a question of if we have better schools, we should see the impact.

We will have 1,200 fewer dropouts this year than two years ago in Baltimore City. And we only graduate around 4,000 kids. So I'm very, very hopeful about what we're doing. And what we're doing is really looking at every single child.

We had an initiative this year where we went out and reached out to students who had dropped out in the past six months and asked them to come back. We had 300 kids who chose to return. It's that kind of individual attention to every single child that I think is going to make the difference. Again, just like accepting tenure or getting tenure is something that happens problematically, even though it should be an event. Dropping out of school is something that should be an event for the system, and yet it happens in an unperceived way. It becomes a code in a data system when it should be something that's sends electrical currents throughout the school system.

We have tried to institute electrical currents. Every time there is a child where the code changes, then from the central office we're making phone calls to the school and to the child. It might be five kids in a week or 30 kids in a week. It should be possible for us to mobilize, to figure out exactly why it's happening and how we can prevent it.

MR. GORMAN: I think a lot of our community based organizations are helping us with some of the services that we just can't get enough resources for. Whether it'd be mentoring or whether it'd be counseling, we've been very lucky that the community's helping out.

MR. MILLER: Next question right here.

Q: First of all, thank you for having this discussion with us. My name is Mark Hannon and I'm an Albert Einstein fellow here in D.C., and I have a question possibly for all three of you on teacher availability issue that you brought up in the slides. Currently many districts, many urban districts in particular, have come to rely on a temporary teacher model for filling difficult staffing vacancies in difficult schools. And I'm curious with the additional ARRA funds, what things can you put in place to move away from this temporary staffing positions to one that promotes more of these teaching teams that you were discussing.

MS. HAWLEY MILES: Well, I'll start and then you guys can jump in. I think it comes down to a combination of the ARRA funds can be used to build capacity and certification in a short period of time. For example, one of the hugest shortage areas are in ELL or ESL and special ed. Part of the effort to make things too early rather than late – early intervention, rather than later – is that folks have a much broader toolkit that they can deal with students that have differences in learning. Atlanta, for example, is planning to use their ARRA funds to require that all teachers in elementary schools be dual certified in special education. They have 21 months or something in which they need to engage in beginning to do this.

So there's a huge way that those resources can be used in double capacity to serve a sort of more inclusive population.

The second issue I would say is about the use of temporary folks or people whom we know might not stay in the system such as Teach of America kinds of teachers. We find principals who are only too happy to have those folks in their school, but that's when they have strong future leadership in their school. If you have a strong principal and you have a strong future leadership and you have teams that work together, you can absorb teachers who have less experience. But if you're loading those teachers in the schools that already have limited future leadership and don't have strong leaders, then it becomes a huge problem.

We tried to work with schools about how we can be deliberate about our model of using people who we don't think are going to be there for a while, because we've got to. But we can be deliberate about where those folks go and how we're going to assign them. That gets us to a place where a lot of political will has to come in, because right now in a lot of the districts that we're working in, it's this teacher assignment to buildings and subjects. You have not only seniority right to your job, but the district can't tell you where you work, in which school, which subject, or even at which grade. And human resource managers at the district level or the school level have been thinking about the distribution of the teacher expertise.

We need to create incentives also to make it more attractive to move. But this is one of the biggest nuts that we have crack, both at the school level and the district level. The district level is where the higher need is.

MR. ALONSO: I think it's a bigger problem of how human resource officers are structured and how they function in school systems. They should be strategic arms and yet they function as transactional systems. That's just one aspect of the conversation.

The second aspect is that the economy is going to force us to rethink your question, as in we have been famously a school system that opens the year with vacancies. This year, we opened the year with surpluses and I have a feeling we will do the same thing again next year.

The third aspect is that we should not be thinking of teaching as a profession in the same way as we did in the past, as in people come in and they staying there for 20 years. We want people to be entrepreneurs in teaching also. I love Teach for America, love them to death. They're an arm of restructuring for me. And 60 percent of them stay within my school system, which is exactly the same percentage as people who get Masters at Hopkins, for example. Traditional recruits go on somewhere else as well. I don't think of temporary versus non-temporary. I think if we can figure out a way to get effectiveness, then we can keep the ones who are effective and figure out a way to making temporary the ones who are not. That's a larger conversation.

MR. GORMAN: We've been working with a woman named Justine Hastings out of Yale and looking at some of the laws of labor force; it's what she's referred to it as. What we have found is that the first thing that gets the quality teacher to go to one of the marginal schools is leadership. Without faith and trust in the leader of that school, it just won't happen. We've also determined that they need to go on with a team. People don't like being parachuted into challenging environments. They prefer to go with a team of folks. We've also found through our experiences that five is about the minimum number. Two is not enough—it needs to be about five. You need to have certain commitments for support and you need to uphold those commitments.

There's also compensation that has to be a part of it as well. The increase in the compensation for a period of time should be based on just going. Then, after three years, we may get contingent on specific results for children you have to provide. The final piece that we've done is, and I have some abilities to do things some other folks don't have, is we rule folks out in these more challenged schools by going and working with the principals. We pick any five they want to choose and they move those five out of the school. You can dramatically change a school by putting five in and pulling five out in one year.

TFA. I'm also in a love affair with TFA. We're bringing 100 more in next year, even though we are letting teachers go for a reduction in force. And we will have 100 more low performers who will leave to bring in. And our rate for keeping our TFA folks is rising every single year.

MR. MILLER: Thank you very much. Well we're out of time for questions at the moment. We're not out of questions and fortunately the conference keeps going, so I want to orient you towards the next session for the moment, but first please join me in thanking the panel. (Applause.)

(END)