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Modernizing the State Education Agency: Different Paths Toward Performance Management

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Introduction

State education agencies (SEAs) in the 21st century face unprecedented challenges amid great expectations. Increased global competition is forcing states to raise standards and improve outcomes for all students. The Great Recession has hit state coffers hard, leaving SEAs to implement bold changes with fewer resources. And the pressures of federal regulations leave little wiggle room in terms of timing. Change is going to have to come, and come soon.

State education agencies will need to emphasize performance management if they are going to adjust to the demands they now face. Whereas SEAs have long focused on ensuring that local districts comply with a lengthy set of regulations, they now are being asked to manage the performance of schools. Of the myriad reforms that the SEAs are attempting to implement, none presents a greater challenge than that of addressing school failure. To tackle it, many state agencies are constructing performance management systems that allow them to identify low-performing schools that can be targeted for improvement. Once they have done so, states can improve the supply by many means, including reconfiguring existing schools, opening new ones, and closing chronic low performers. Conceptually, managing school performance is straightforward. In practice, though, it has proven to be an extremely complicated task.

This project examines how eight state education agencies engaged the charge of improving their lowest-performing schools. The states examined are among the most active and intentional in this regard. In many ways, they are at the leading edge of what could eventually become 50 different experiments in performance management. By focusing on states at the forefront of the turnaround effort, we hope to identify promising paths that SEAs can follow as they shift the focus of their departments away from ensuring compliance and toward managing for improved performance.

New responsibilities require new approaches—especially where there is not new money. Embracing performance management will require agencies to shift existing structures. Specifically, significant parts of the SEA will have to move from simply monitoring inputs to actually taking responsibility for education outcomes. As some states have already begun to

reshape their organizations in response to these challenges, it is instructive to take a closer look at their decisions and extract lessons for other SEAs considering such a shift.

This report begins by briefly discussing prior research on the role of state agencies in supporting struggling schools. It then identifies the logic of school reform that guides their processes. Importantly, all of the states examined here start from nearly the same point, a federally defined set of steps by which they are bound, and they share certain elements of change. For example, they all used data to guide their work, restructured their organizations, and embraced the principles of transparency and clarity in communicating their intentions. They established a sense of urgency to build momentum for reform, leveraged the threat of federal requirements, and relied upon strong leadership, though in differing manners and to differing degrees.

Finally, the report examines the overall strategic visions that guide SEAs' efforts to improve schools. These visions represent the greatest variation in terms of how SEAs approach school improvement. Undergirding these strategies are very different theories of action and expectations about the role of local education agencies (LEAs).

It is too early to identify one strategic approach that is best in all situations. Each was implemented only recently and is embedded in a particular set of circumstances. Interestingly, they all share a common implicit assumption that enough administrative, teaching, and school leadership talent—either in terms of individuals or organizations—can be developed or recruited to support the reform effort. While the overall prognosis is uncertain as to the best transformation path, it is clear that any approach relies on recruiting enough talent to drive the effort.

The Context for SEA Change

SEAs have been under federal pressure to take a more active role in identifying and improving schools for nearly two decades.¹ Since the mid-1990s, policymakers at both the national and state levels have been shifting the role of the SEA from an entity that monitors inputs to one responsible for outcomes. Yet little has been written about how this actually happens. A number of recent works describe how states have implemented specific federal programs,² but none provides an in-depth discussion of how the state agency can transform from a compliance monitor into a performance manager. This project seeks to begin that conversation.

For decades, the federal government has required state education agencies to ensure that school districts comply with regulations. In many states, an increasing number of state categorical programs have had a similar impact. SEA staff have played the role of compliance officers, with offices organized around program titles and reporting driven by legislative and regulatory requirements.

As both the federal government and states began to place increased priority on standards and accountability, it became evident that SEAs needed to take a new approach, focused less on compliance and more on performance management.³ In conversations with other researchers, reform-minded state education chiefs acknowledged that the traditional compliance approach was inadequate, but they provided only limited insight into how to bring about this type of change.⁴

The biggest change thus far in the functioning of the SEAs has been their use of data. Most have made progress in the collection and analysis of student performance information. For example, 36 states surveyed for a 2011 Center on Education Policy report said that they had moved beyond the planning and development stage and had begun to implement some of the elements necessary to create a longitudinal student database.⁵ Managing for performance, however, requires more than just the capacity to collect data. The survey found great enthusiasm on the part of SEAs to serve as a clearinghouse for school improvement efforts: 25 states reported that they were in the planning phase of gathering and disseminating information on the best practices of low-performing schools, while 13 had begun to roll out the effort. When it came to actually assisting schools and districts in improving schools, the survey found less progress. While 24 states reported having plans to help recruit and identify highly effective principals, for instance, only 4 were in the rollout stage. Only 17 states had begun to plan to help districts identify effective charter management organizations, 3 reported they were actively engaged in this type of activity, and 22 stated they had no plans to start such a program.⁶

SEAs might be reluctant to embrace a role in school improvement that extends beyond information-sharing, in part because of the modest resource investment they have made. One 2011 study found that SEAs have a relatively small number of personnel assigned to working to improve the lowest-performing schools and not nearly enough capacity to act as anything more than a clearinghouse for information.⁷

Observers have suggested expanding the SEA role to support school improvement. Some have noted the need to help build capacity in the LEAs and to create a supportive policy and political environment for reform.⁸ Others have cited the need for SEAs to take the lead in bringing about system-changing policies that

1. The federal *Improving America's Schools Act of 1994* contained language that required states to establish standards and accountability systems, and to identify and address the needs of low-performing schools.

2. See, for example, two 2008 research briefs from the American Institutes for Research: Kerstin Le Floch et al., *State Systems of Support under NCLB: Design Components and Quality Considerations*, and Andrea Boyle et al., *Help Wanted: State Capacity for School Improvement*.

3. Patrick J. Murphy and Paul Hill, *The Changing Role of States in Education: The Move From Compliance to Performance Management*, 2011 Pie Network Summit Policy Briefs, prepared for the Policy Innovators in Education (PIE) Network 5th Annual Policy Summit, Seattle, September 2011.

4. Cynthia G. Brown et al., *State Education Agencies as Agents of Change: What It Will Take for the States to Step Up on Education Reform* (Washington, DC: Center for American Progress and American Enterprise Institute, 2011).

5. Nancy Kober and Diane Stark Rentner, *More to Do, But Less Capacity to Do It: States' Progress in Implementing the Recovery Act Education Reforms* (Washington, DC: Center on Education Policy, 2011).

6. Ibid, p. 10.

7. Patrick J. Murphy and Monica Oujidani, *State Capacity for School Improvement: A First Look at Agency Resources* (Seattle: Center on Reinventing Public Education, 2011).

8. Jeff Kutash et al., *The School Turnaround Field Guide* (Boston: FSG Social Impact Advisors, 2010).

provide tools to empower LEAs, such as accountability systems and hiring flexibility.⁹ There even is a role for state agencies to help vet outside providers of school improvement services to provide more information and quality control for local administrators.¹⁰

In sum, prior research suggests that SEAs have made modest overall progress in moving toward a performance management model. But supporting school improvement appears to be only a small part of what SEAs currently do, and most of that effort is directed only toward compiling data. Being able to manage the performance of schools, and to improve those that chronically underperform, will require state agencies to build new capacities and assume new roles. Considerable obstacles stand in their way, including bureaucratic inertia and a limited supply of talent.¹¹

A sample of state education agencies

The purpose of this project is to examine the path taken by SEAs that committed to shift their role to that of a performance manager. These eight states in no way constitute a representative sample of SEAs in the United States. Instead, they were selected because education reform activists and other state administrators identified them as reform-minded: they have been among the more active state agencies in terms of reforming their departments and building capacity for performance management. They were, quite frankly, also willing to participate in the study, providing documents and making senior staff available for interviews. Given the self-selected nature of the sample, this report takes care to avoid suggesting that these 8 states somehow represent what is happening in the other 42 state education agencies.

While the collection of states in this project may share a similar commitment to play a greater role in improving the performance of their schools, they are a relatively diverse group. They vary in size and geography. As

shown in Table 1 (see page 5), five of them received awards from the first three rounds of the federal Race to the Top (RttT) competition; three did not. They did not universally apply for No Child Left Behind (NCLB) waivers in the first round, though as of June 2012 all but Michigan had been granted waivers by the U.S. Education Department. Finally, they represent more than one model of governance, with a mixture of chiefs who are elected, appointed by the governor, or selected by a state board.

The goal of the research was to be able to identify what these agencies were doing specifically with regard to school improvement, and what those steps might say about the shift toward performance management within the agency as a whole. To tell those stories, we reviewed public reports, state budgets, agency websites, and documents provided by state administrators. We also interviewed SEA personnel, particularly those responsible for school improvement, and, where possible, state education chiefs, in an attempt to garner a more complete understanding of their vision for reform. In all, we spoke with eight current or former heads of SEAs, plus a significant number of senior staff members.¹²

It is very important to note just how dynamic the reform process is. This report describes activities and decisions that were implemented in SEAs in 2011 and early 2012. Even during that period, states shifted strategy, emphases, and tactics as they responded to changes in their environments. The findings offered here represent a snapshot of the situation at a particular point in time. We have little doubt that many of the details will change again, some even before this report is released. We hope that the general lessons, however, will have a longer shelf life.

9. Michael A. Gottfried et al., *Federal and State Roles and Capacity for Improving Schools* (Santa Monica, Calif.: RAND Corporation, 2011), and *Enabling School Turnaround through State Policy* (Boston: Mass Insight, 2011).

10. Julie Corbett, *Lead Turnaround Partners: How the Emerging Marketplace of Lead Turnaround Partners Is Changing School Improvement* (Lincoln, Ill.: Center on Innovation and Improvement, 2011).

11. Brown et al., 2011.

12. Current and former chiefs interviewed were Deborah Gist of Rhode Island; Brenda Cassellius of Minnesota; John Winn, Eric Smith, and Gerard Robinson of Florida; Paul Pastorek of Louisiana; Chris Cerf of New Jersey; and Kevin Huffman of Tennessee.

Table 1. Characteristics of the Cases Examined for this Project

State	Number of K-12 students, 2009-10	Is the SEA chief elected or appointed?	Is the state board of education appointed or elected?	RttT experience: Round / amount awarded	State's RttT Round 1 application rank	Did state ask for NCLB waiver in first round of requests?	SEA has authority to take over low-performing schools
Florida	2,634,522	Appointed by state board	Appointed by governor	Rnd. 2 / \$700 mil.	4	Yes	No
Indiana	1,046,661	Elected	Appointed by governor	No award	23	Yes	Yes
Louisiana	690,915	Appointed by state board	Appointed and elected	Rnd. 3 / \$17 mil.	11	No	Yes
Michigan	1,649,082	Appointed by state board	Elected	No award	21	No	Yes
Minnesota	837,053	Appointed by governor	No state board	No award*	20	Yes	No
New Jersey	1,396,029	Appointed by governor	Appointed by governor	Rnd. 3 / \$38 mil.	18	Yes	No
Rhode Island	145,118	Appointed by state board	Appointed by governor	Rnd. 2 / \$75 mil.*	8	No	Yes
Tennessee	972,549	Appointed by governor	Appointed by governor	Rnd. 1 / \$500 mil.	2	Yes	Yes

*Minnesota (\$45 million) and Rhode Island (\$50 million) were awarded Race to the Top (RttT) Early Learning grants in December 2011.

Sources: Enrollment: National Center for Education Statistics, *Digest of Education Statistics*, 2011, Table 36 (Washington, DC: US Department of Education). Race to the Top application information: US Department of Education, "Race to the Top Fund, Applicant Info," available at <http://www2.ed.gov/programs/racetothetop/phase1-applications/index.html>. No Child Left Behind (NCLB): US Department of Education, "ESEA Flexibility," available at <http://www.ed.gov/esea/flexibility>. State education agency (SEA) and state board of education (SBOE) elected or appointed: Education Commission of the States, "K-12 Governance: Online Database," available at http://www.ecs.org/html/educationIssues/Governance/GovK12DB_intro.asp. SEA takeover authority: Institute on Education Law and Policy, *50-State Report on Accountability, State Intervention, and Takeover*, available at http://ielp.rutgers.edu/docs/developing_plan_app_b.pdf.

A Common Vision for Performance Management: Created by the Feds, Implemented by the States

Each of the state agencies examined for this project articulated, through interviews with officials and/or in their documents, a remarkably similar vision of their role in improving schools. This vision represents a significant departure from as little as 10 or 15 years ago. Then, many states had instituted standards and statewide assessments and reported the results, but few had developed systematic and successful programs to address the problem of underperforming schools.

Though the focus of this report is school improvement, it is important to note that that represents just one piece of a broader, federally driven performance management agenda. This agenda includes the adoption of common standards to ensure that high school graduates are ready for college or careers, merit pay requirements, expanded learning time, and the creation of data-driven teacher evaluation systems. This push for states to become performance managers did not happen overnight—it has been the product of a decade of federal programs offering a combination of restrictions and inducements.

Prompted by federal requirements and state legislatures, in the mid-1990s SEAs established standards and assessment criteria to identify low-performing schools and districts, and they were required to provide these schools some form of assistance.¹³

The stakes surrounding these early efforts to manage the performance of schools would rise dramatically at the turn of the century, in the George W. Bush administration. The No Child Left Behind Act of 2001, the landmark reauthorization of the Elementary and Secondary Education Act, placed specific requirements

on states' assessment systems and their reporting of student performance. The legislation also required underperforming schools to demonstrate improvement over time. States that failed to implement these changes risked losing federal assistance. For those who characterize the world of federal-state relations to be a collection of carrots and sticks, NCLB was a pretty big stick.

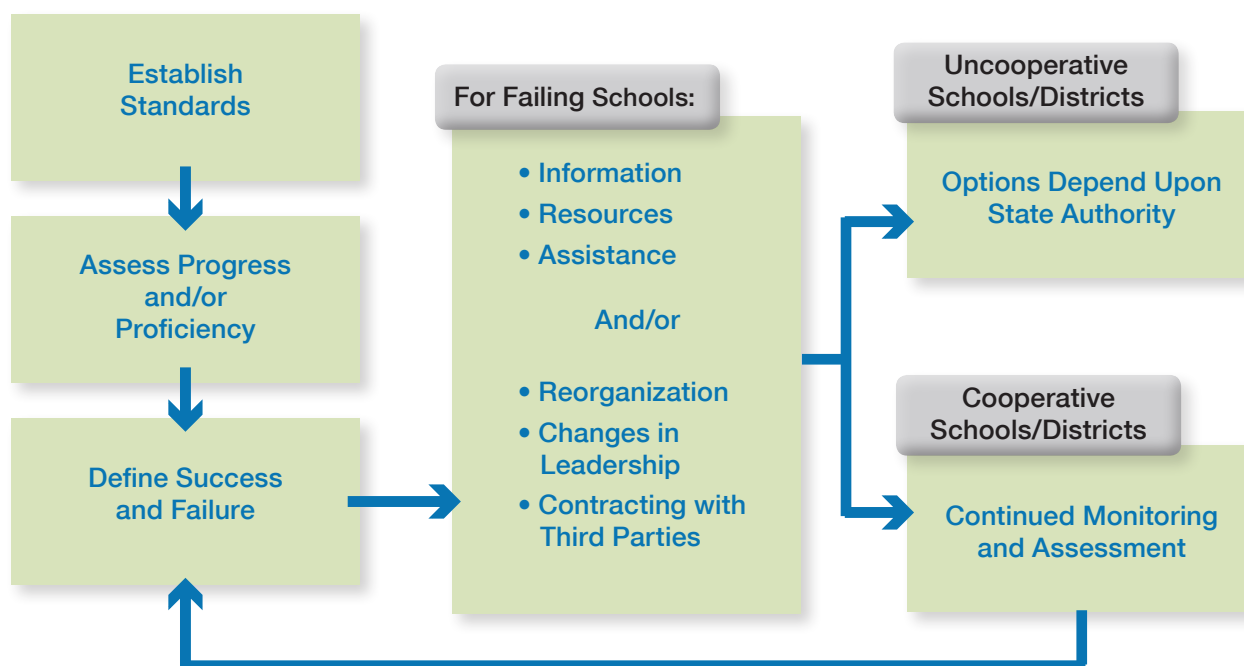
Several years later, a different administration offered up some pretty big carrots designed to encourage states to approach school improvement in a particular manner. In the Race to the Top competition, which the Obama administration established as part of the American Recovery and Reinvestment Act of 2009, states competed for millions of federal dollars on the condition that they were willing to make changes in how they managed school performance. Ten percent of the application's scoring system (50 points out of 500) was devoted to how states proposed to turn around their lowest-performing schools. Though only two states, Delaware and Tennessee, would win first-round RttT funding, several others followed through on their proposed reforms anyway, to improve their chances in the second round of the competition.

In addition to the RttT competition, the stimulus legislation also provided resources to be distributed to all states on a conditional basis. Section 1003(g) of the act defined the parameters of the School Improvement Grants (SIGs), which represented, in essence, both carrot and stick. In order to receive SIG funds, states had to comply with a number of regulations designed to ensure that the money would be used to turn around the lowest-performing schools. The particulars of compliance, however, reflected much the same standards and accountability structures required under NCLB. SIG funds would require some new procedures and reporting, but few SEAs found the regulations onerous.

Early analyses of SIG implementation suggest that it has led to few bold changes.¹⁴ For example, of the four intervention models that SEAs could choose to improve persistently failing schools, the Center on Education Policy found that of 45 states that responded to a

13. Margaret E. Goertz and Mark C. Duffy, *Assessment and Accountability Systems in the 50 States: 1999-2000*, CPRE Research Report Series RR-046 (Philadelphia: Consortium for Policy Research in Education, 2001).

14. Sarah Yatsko et al., *Tinkering Toward Transformation: A Look at Federal School Improvement Grant Implementation* (Seattle: Center on Reinventing Public Education, 2012).

Figure 1: The Logic of School Improvement

survey, only 12 closed schools and 14 employed the restart model—the most disruptive options. By contrast, every state responding had utilized the transformation model, the least disruptive option.¹⁵

In a sense, the feds have been pushing, and pushing hard, on a complete performance management framework. Today, more than a decade after NCLB passed, each of the states examined for this project share the federal government's vision of the school improvement process. It is tempting to take it for granted, but few students of education policy would have predicted 15 years ago that such a shift in the balance of federalism was possible. In the specific case of school improvement, the U.S. Department of Education has outlined the steps in the process and required states to collect the information necessary to carry out those steps. The feds even have established a common vocabulary for talking about school improvement.¹⁶

It's hardly a coincidence, then, that state and federal officials are on the same page regarding school improvement. Today, SEAs, at least those in this project, play a much more active role in holding schools and districts accountable for their performance than they had in previous years. In all of the cases, the SEA is responsible for setting performance standards and then establishing where the line between success and failure falls. For failing schools, the SEA is prepared to intervene with a variety of incentives and sanctions. The process then repeats, with the SEA assessing whether after intervention, a school is meeting the established standards (Figure 1).

The incentives and disincentives available to encourage district cooperation vary state by state. In many states, the preferred approach would be to work with a district to develop a mutually agreed-upon plan of action to transform an underperforming school. These actions could include access to teaching and leadership coaching, assistance from curriculum specialists, or resources for additional training. The disincentives could range from the withholding of resources to state takeover of the school, which would cost the district the funds associated with students in the seized school.

15. Jennifer McMurrer and Shelby McIntosh, *State Implementation and Perceptions of Title I School Improvement Grants under the Recovery Act: One Year Later* (Washington, DC: Center on Education Policy, March 2012). Under the SIG regulations, a school that replaces its principal and adopts new reform practices is a "transformation." Should that school replace its principal and over one-half of the instructional staff, it is a "turnaround."

16. See U.S. Department of Education, "SIG Final Requirements," *Federal Register*, Vol. 75, No. 208, Thursday, October 28, 2010.

The process described in Figure 1 is the product of a series of federal laws and regulations that have, depending upon your perspective, either encouraged SEAs to take on this responsibility or forced them to embrace an agenda that emanates out of Washington, D.C. Regardless of whether this triumph of federalism is perceived as a positive or negative development, one cannot ignore the fact that it has happened. The states examined for this project now approach the task of improving their worst schools in a framework that was defined by the federal government. And we suspect most states have adopted this vision.

Conceptually, then, the SEAs studied share a common notion of what their role is in the school improvement process. When it comes to implementing that vision, the states share approaches in some areas and diverge in others. The variations in strategies are discussed in the next section.

Moving Toward a Performance Management Model

In addition to a shared vision of how the school improvement process works—or should work—the SEA cases in this report shared a number of other common qualities. Perhaps the most significant element is a vision that effective school improvement cannot happen if the SEA itself does not evolve, from an organization preoccupied with compliance to one that manages performance. As a consequence, all of the SEAs examined had in place, or were in the process of putting in place, the pieces designed to lay the foundation for such a transformation. The basic building blocks include the use of data, transparent and clear operations, and a restructuring of the agency. On that foundation, SEA chiefs established a sense of urgency and leveraged the political cover afforded by federal education policies.

Data and measurement

NCLB made a requirement out of what many states had already invested heavily in: creating the capacity to measure performance and identify underperforming schools. All of the states examined had significant resources invested in assessment and accountability capabilities. And both the nature and purpose of the data collection efforts have evolved. In the past, state departments collected input and output data in order to supply information for various reporting requirements. In the cases examined here, states collected education outcome data and used it to guide policy and the allocation of resources. Structurally, there also was a change, with the assessment divisions moving up in the organization chart, so that there often was only one layer between those offices and the SEA chief.

Indiana DOE clearly defines success and failure

Indiana established its accountability system in 1999, with a law that placed schools into one of five categories: Exemplary Progress, Commendable Progress, Academic Progress, Academic Watch, and Academic Probation. Reportedly, Superintendent Tony Bennett wondered aloud how many local school administrators could correctly list the categories from worst to best. In 2011, the department replaced the labels with an A-F system. As Dale Chu, assistant superintendent for innovation and improvement, said in an interview, “People didn’t really pay attention until we went to A through F. But once we did, they knew what an F meant. They knew that a D wasn’t good.”

Clarity and transparency

Agencies and chiefs sought to clearly communicate how success was defined, which schools were succeeding or failing relative to that definition, and what the consequences would be. For example, though they had been assessing school performance since 2000, individuals at the Indiana Department of Education realized that they needed to simplify how they communicated what success looked like (see box). Though it may not be possible, or prudent, to disclose an SEA’s every move, the states examined have been intentional in communicating their plans and rationales. Transparent operations are seen as more than a public relations effort. Transparency can help build trust with the local individuals beyond the state capital. This push for transparency has been consistent, even when it does not always present the SEA in a positive light. In New Jersey, a survey of district superintendents presented an unflattering view of the efficacy of the New Jersey Department of Education (see box).

New Jersey DOE asks, “How are we doing?”

In the summer of 2011, the department surveyed its 580 superintendents and asked them to assess the DOE’s efforts to improve student performance. A 70 percent response rate suggested the local administrators were anxious to let the folks in Trenton know what they thought. The message was clear: Almost three-quarters of the superintendents responding said that the department did not play a role in helping to improve student achievement. The superintendents offered similar assessments regarding the DOE’s contribution to improving math or reading. Acting Commissioner Chris Cerf said he plans to conduct the survey annually.

Winnie Hu, “New Jersey Superintendents Call State Agency Ineffective,” *New York Times*, August 15, 2011.

Reorganization

All of the SEAs studied had undergone significant internal reorganization. In Louisiana, then-state superintendent Paul Pastorek sought to align the offices of his department with his specific student achievement goals. The old department organization chart was based upon state and federal programs, and each office's work was focused primarily upon ensuring compliance with its programs' regulations. The new SEA and its funding structure are organized around goal areas such as literacy; science, technology, and math education; and college and career readiness. Programs are associated with these goal areas to the degree officials can support them and provide resources. The compliance function, however, has been hived off as a separate activity. As a consequence, SEA staff members are responsible for identifying how to best support schools in achieving these goals, not filling out forms and enforcing adherence to regulatory minutiae. Most important, these divisions are held accountable for moving the needle on previously identified performance indicators.

While Louisiana's system was completely reorganized around academic outcomes, New Jersey's was restructured less dramatically, around educational processes. The Appendix of this report presents organization charts for the New Jersey Department of Education from June 2010 and June 2011—before and after the appointment of Acting Commissioner Chris Cerf. Prior to his appointment, the department was organized around six main divisions, with one being a separate office of compliance functioning on the same level as the office for curriculum. After Cerf took over, the department was streamlined to include four main divisions. All curriculum and content concerns fell under the chief academic officer. The office of the chief talent officer was responsible for issues related to teachers and administrators, including evaluation. Perhaps most telling was that compliance issues were organized under the chief performance officer, the same division that would be holding districts accountable for student performance. Finally, the chief innovation officer's department was given clear control over the programs designed to fix underperforming schools.

Some states also looked beyond the state capital in their efforts to reorganize and provide support for districts with struggling schools. Florida and New Jersey began to place a greater emphasis on the role of regional state offices. The idea is hardly a new one and comes with its own set of pros (such as the potential to develop

closer relationships with the LEAs) and cons (an added bureaucratic layer). What the regional strategy does accomplish is to take the relatively large problem of improving all of the state's failing schools and break it down into more manageable pieces. It also has the effect of clarifying accountability within the SEA. Cerf noted that the department might have had as many as 150 staff members in Trenton whose responsibilities included providing assistance to underperforming schools. But, he said, "They probably couldn't pick one another out of a lineup."¹⁷ The regional structure places responsibility for improving a group of schools in the hands of a team of about 15 to 20 professionals.¹⁸ They will work together to develop plans and coordinate assistance for the lowest-performing schools. Once the plans are implemented, Cerf intends to hold those team members accountable for demonstrating progress.

No two SEAs share the same history, and, not surprisingly, none reorganized in precisely the same manner. A structure that is appropriate for one state may not be a good fit for another. The one common denominator in all of the reorganization efforts was a decreased emphasis on the offices responsible for monitoring compliance with federal regulations, such as Title I and the Individuals with Disabilities Education Act (IDEA). Though it would be premature to declare the era of compliance-driven SEAs over, it is clear that this collection of states made a paradigm shift toward a goal-oriented strategy. Of course, as is often the case in reorganizations, the new structures solve old problems and create new ones. In this instance, the newly structured SEAs will face the challenge of how best to integrate the support of the federal programs across a newly defined set of program areas.

Leverage

The states examined were intentional and aggressive in using both the resources and political cover provided by the federal government. School Improvement Grants have been used to underwrite the costs of interventions at low-performing schools. Legislators in Michigan used the potential of bolstering that state's RttT application to help drive a tough school accountability and improvement law through the state

17. Unless otherwise noted, all direct quotations are from author interviews between October 2011 and February 2012.

18. New Jersey Department of Education, *ESEA Waiver Request From New Jersey*, November 14, 2011.

legislature in 2009. New Jersey saw the NCLB waiver application process as a way to articulate, and in some ways lock in, its plans for school improvement.

It is important to note that the leadership at the SEAs examined here were, for the most part, predisposed to trying to implement the reforms emanating from Washington, D.C. It is not as though they needed the federal government to convince them that these types of reforms were desirable. In most of these states, however, there was hardly a consensus in support of closing failing schools, taking them over, giving control to a charter organization or other third party, and linking teacher evaluations to student performance. Organized labor groups and other education policy advocates opposed the changes and continued to wield significant power at the state level. In several states, the presence of federal requirements was offered as a counterargument to reform opponents, as was the promise of additional federal resources—something that had particular resonance in tight economic times.

Urgency

It is easy to get the impression that serious transformation of an SEA needs to be jump-started by some dramatic event that pushes the issue to the top of the agenda, the way that the devastation caused by Hurricane Katrina made it possible for Louisiana to make sweeping changes in department offices. This narrative overlooks an important fact, however: the process of performance-driven education reform in Louisiana began years before Katrina hit. The Louisiana legislature created the Recovery School District (RSD) in 2003, and the RSD took over its first school in 2004. Katrina swept across the state in 2005. While the storm certainly allowed reform efforts to accelerate, the foundation for reform had been constructed before that time.

The experience of the states examined here suggests that reform does not have to wait for a hurricane to hit. Each state was able to create a sense of urgency around the issue of education, one that did not necessarily emerge from a single cataclysmic event. Instead, political leaders and education administrators worked hard to move the need for school improvement closer to the top of their states' policy agendas.

A significant number of schools in Detroit, for example, have been low performing for a very long time. Only with a concerted push from the governor's office was an

effort made to intervene in them. Overall, New Jersey has continually ranked high nationally in terms of student performance, yet Cerf has repeatedly pointed out that the state's achievement gap is unacceptable. Too often, he argued, a student's academic performance is determined by his or her zip code. Cerf's efforts to communicate this failure have been blunt. In a message accompanying the SEA's latest school performance assessment, he said about the persistent achievement gap, "It is a disgraceful legacy in New Jersey that leaves tens of thousands of students behind each year—and has for decades."¹⁹

When U.S. Education Secretary Arne Duncan visited Minnesota in 2011, he said the state lacked an urgent sense "to go to the next level" in terms of closing the achievement gap between white and minority students.²⁰ The recently appointed chief of the Minnesota Department of Education, Brenda Cassellius, was quick to point out, "I've brought that urgency." Like Cerf, she has done it by focusing on the state's worst schools, and in a few short months she has overseen Minnesota's successful application to Round 3 of RttT. Cassellius also has worked with the legislature to revise principal and teacher evaluations while at the same time securing more support from the state general fund for school improvement efforts.

In each of these cases, it is not as though an achievement gap suddenly emerged or widened. Nor did prior policymakers somehow lack a desire to improve low-performing schools. What is different is that these state leaders successfully drew attention to the issue of education and framed the problem in a way that made change seem imperative.

It may be too early to describe these elements—data, clarity and transparency, reorganization, urgency, and leverage—as necessary conditions to move toward a performance-based approach to managing school improvement. They appear to be, however, a good starting point for those seeking to shift away from a compliance-oriented agency.

19. New Jersey Department of Education press release, "2010-11 NJ ASK AND HSPA Overall School Performance Assessments Show Slight Improvement," February 1, 2012.

20. Christopher Magan, "Arne Duncan, U.S. Schools Chief, Gives Minnesota Thumbs Up," *St. Paul Pioneer Press*, January 20, 2012.

Costs

Like any proposed new public activity, it is appropriate to ask two critical questions: How much does it cost? And how do you pay for it? Putting a precise figure on how much such a transition would cost is difficult. Given the nature of how SEAs are funded and the current economic climate, however, there are some general observations about costs that can be made with some certainty. For example, nearly all the chiefs and staff interviewed did not anticipate new resources for building capacity. This attitude did not suggest that the transition was not going to incur costs. Establishing regional offices, reclassifying positions at higher salary scales in hopes of attracting personnel with the necessary skill sets, and procuring the expertise to match the needs of failing schools all cost something.

Recent cuts in state budgets and constraints on the reallocation of existing resources make it difficult to shift funds to pay for new activities. Legislators are not enamored with the idea of increasing the size of the state bureaucracy, regardless of the merit. And while federal programs such as RttT and SIG might provide an immediate source of resources, SEAs cannot count upon them in the future. In the long run, any sustained effort to build capacity for school improvement is likely to come from administrative set-asides in ongoing federal grants, as well as from small shifts in state-funded positions.

SEAs have not been immune to state budget cuts during the Great Recession. Nationwide, education spending for most states has dropped in real terms compared to 2008 levels. Of the states examined here, four (Florida, Michigan, Minnesota, and Rhode Island) were reported to be spending less in 2012 than they had four years previously.²¹ Data on resources allocated specifically for running a state's department of education can be difficult to find. But administrators in these states said they had no plans to request new positions, and most were facing cuts in personnel underwritten by their state general fund. For example, in Indiana, Superintendent Tony Bennett reduced the size of the state agency by about one-third, and there was little slack in the system with which to work.

Federal recovery dollars, such as RttT and SIGs, did help. RttT funds in Rounds 1 and 2 provided a degree

of flexibility to states such as Tennessee and Rhode Island that they otherwise might not have had. Tennessee's RttT application, however, states that of the 28 new positions that would be supported by the funds, over one-half will be for data management and performance monitoring. Florida's RttT application suggests that very little of the \$700 million award it received in Round 2 will help build capacity within the department; the budget it included lists funds for only 7 new program staff members.

Almost all of the states noted that SIG dollars had been rolled into their improvement activities. They were equally quick to point out the temporary nature of those funds, however. While the SIGs were a significant supplement in the short run, long-term plans did not count on that level of funding in the future. In some instances, the money from the federal sources simply softened the blow of deeper state-driven cuts to the SEA.

In addition to the recent impact of cuts driven by the economic downturn, the allocation of resources faces two additional constraints. First, funding for SEA headquarters has never been a favorite of state legislators. It is easy to envision a legislator protesting that the addition of a single position in the state capital uses money that could have funded a teacher elsewhere in the state. This aversion on the part of some state legislatures to see the SEA grow may help explain why many departments are less than transparent when it comes to reporting how they allocate their resources. At the very least, no one contacted for this report mentioned plans to submit a budget request to the state legislature with a "department capacity-building" line item.

The second constraint stems from the fact that the federal government underwrites a significant portion of an SEA's personnel. Prior research reported that federal dollars pay the salaries of 40 to 50 percent of the positions in a group of seven SEAs. That same study noted that the federal funds were tied to specific programs. For example, the federal government paid for 85 to 100 percent of the positions overseeing school nutrition programs and special education. Other activities, including school improvement and basic administrative functions, received a far lower share of support.²²

21. Phil Oliff and Michael Leachman, *New School Year Brings Steep Cuts in State Funding for Schools* (Washington, DC: Center on Budget and Policy Priorities, 2011).

22. Murphy and Oujidani, 2011, p. 15-16.

Therefore, when senior staff needed to look for offsets elsewhere in the agency, some parts of the headquarters budget were not on the table. Federal regulations restrict how states can use their administrative funds. State public budgeting and civil service regulations further limit the ease with which resources can be repurposed. In the best-case scenario, offsets come from activities or positions that are deemed unproductive. But in many instances, those unproductive resources can not be repurposed. As one senior staff member confessed, “In a way, we just have to make it up as we go along.”

Some of the elements discussed above—clarity, transparency, using federal requirements as political leverage—need not cost anything. Implementing strategies to turn around failing schools, however, does require resources. It appears that, though federal funds can provide some flexibility in the short run, the majority of the funds to build performance management capacity must come from elsewhere within the agency. SEA chiefs trying to free up those resources must navigate a myriad of regulations and other constraints.

Strong leaders drive transformation

Each of the eight SEAs studied here was led by a strong leader. They all articulated a specific vision of what they wanted to accomplish and were able to attract subordinates who shared that vision. In many ways, that is where the similarities end. These SEA chiefs reached their positions after following different career paths and brought to the office a variety of experiences.

There is an assumption that the only way to change the status quo within an organization set in its ways is to bring in a leader from another field. The logic is that an outsider will not be steeped in the existing education culture and therefore will push on the throttle of change that much harder. Paul Pastorek, a lawyer and former National Aeronautics and Space Administration (NASA) administrator who went on to transform the Louisiana Department of Education, is one such example. At the local level, Joel Klein, an antitrust attorney and former U.S. assistant attorney general, was responsible for dramatic changes in the New York City public schools.

The traditional career path to head an education agency typically passes through a number of administrative positions—assistant principal, principal, assistant district superintendent. While such a career may provide considerable experience dealing with a range of education issues, it also can have the effect of immersing the individual in a culture and worldview that favors the status quo. The outsider argument suggests that the traditional path will not produce leaders capable of implementing far-reaching changes.

Yet within our group significant change was not driven just by leaders from outside the education establishment. Chiefs in three of the states examined—Florida (Eric Smith), Indiana (Tony Bennett), and Minnesota (Brenda Cassellius)—were reform-minded despite their traditional education-world career trajectory, of teacher then principal then district administrator then state chief. These leaders either have implemented, or are in the process of implementing, significant changes in their SEAs. Bennett brought to the office a no-nonsense attitude and immediately reorganized his department around student achievement while downsizing it by one-third. Cassellius, drawing on her experience at the district level with school redesign and transformation, speaks of the need to move beyond a sense of complacency and wants to focus efforts on the state’s worst schools.

Smith, appointed in 2007, spent three years advancing the reforms started under Governor Jeb Bush. At a first glance, Smith’s resume appears to follow the path of someone who might be very comfortable with the status quo—that of a former science teacher, school principal, district administrator, and superintendent for districts in Maryland, Virginia, and North Carolina. He has, however, established a track record of reform at both the local and state level. As he observed, “For a long time, I thought my job was to run schools . . . but it hit me that my job was to educate children.”

The only true education outsider represented in the SEAs studied for this project is Pastorek. What has emerged, between outsider and traditional chiefs, is a third path: career transformers. These individuals have experience with public education, but mostly through reform-oriented organizations. Pastorek's successor, John White, is an example of someone whose path was not traditional, but he was not an education outsider either. White began his career as a high school English teacher, then moved on to work with Teach for America, running its operations in New Jersey and Chicago. He collected ample experience on the front lines of reform while working in the New York City Department of Education, and then served as superintendent of Louisiana's RSD.

Other career transformers include Tennessee's Kevin Huffman, who was an executive vice president with Teach for America before taking the job in Nashville, and New Jersey's Chris Cerf, a lawyer by training who spent eight years as president and CEO of Edison Schools Inc. and served under Klein as deputy chancellor in New York for five years.

These career transformers bring to their jobs years of experience working in education, most of them outside of the mainstream education establishment. They know their way around a classroom and can relate to the administrative challenges of running a school. This new breed of state education chief, however, also brings to the job a different perspective, a professional acculturation steeped in decentralization and accountability. It is not surprising, then, that they seek to reorient their organizations around these principles.

Career transformers are not supported only in one political environment. Several, such as Huffman, Cerf, and White, were appointed by Republican governors, while Cassellius was appointed by a Democrat. Gist was appointed to her position by a Republican but was retained by the independent Lincoln Chafee. Indiana's Bennett was elected as a Republican. While Republicans seem to have been responsible for most of these assignments, the chiefs don't necessarily share the party allegiance of those who appointed them. The capacity of a state education leader to transform his or her agency appears to be more a function of the strength of the individual than of party identification.

Strategies and Action

The prior discussion identifies some of the features shared by SEAs focused on performance management. Where the SEAs start to differ is in the strategic choices they are making to bring about the transformation—in particular, the manner in which they foresee interaction with local school districts. In each of these cases, the efforts to bring about change are happening in unique historical and political contexts. SEA chiefs, therefore, are making strategic choices based upon the resources available to them as well as the political environment in which they operate.

Within the small sample of states selected for this project, it is not possible to provide a definitive grouping of the strategies being employed. Some states are following similar paths, but even in those situations, significant differences emerge. Further complicating such an exercise is the fact that for each of the states, the process of shifting the SEA to a performance management mode is a work in progress. Changes are happening quickly, as SEA leadership teams shift tactics and direction in response to the dynamic environment in which they are working.

It is possible to use this set of cases, however, to construct ideal types of transformation strategies. No single state perfectly matches the characteristics outlined in a category here. But these categories do describe the array of tactical options that state chiefs are employing to change how their agencies engage LEAs and improve outcomes at underperforming schools.

As has already been noted, all of the states share a common vision of how the process of school improvement is to be carried out. And they all follow a similar path with regard to setting standards, holding schools accountable, and identifying which schools are successful and which are not. Their approaches begin to diverge at the point at which the SEA begins to intervene in those failing schools.

The most significant dimension of variance is the degree of disruption they introduce to the SEA and, by extension, to the entire K-12 system. At one end of the spectrum is the most disruptive strategy, *All-In*, which

dramatically restructures the department and creates a separate state entity to take over failing schools. At the other end is a more methodical approach, *Results Without Rancor*, which restructures parts of the SEA for performance management yet relies upon building relationships with local districts to turn around underperforming schools.²³ In between these two approaches is a *Bounded Disequilibrium* model, which seeks to structure the incentives and disincentives facing districts in an effort to encourage and/or coerce behavior that will improve school performance.

To better understand the distinctions between these ideal types, they are described in relation to the following parameters:

- **What is the theory of action underlying each strategy?** Which steps need to be taken, and what are thought to be the logical set of consequences resulting from those steps?
- **What are the “zones of wishful thinking”?** What are the events that are necessary conditions for success, but that may be beyond the control of the SEA? Paul Hill and Mary Beth Celio, writing about reforms in urban school districts, have noted that implicit in many implementation strategies are conditions that have to exist for an approach to be successful.²⁴ Similarly, the strategies described here have an explicit theory of action, but embedded within each are a set of conditions that must be met if the strategy is to be successful.
- **What will be the role for the LEA?** What is the explicit or implied assessment of the role local school districts can and should play in turning around the lowest-performing schools?

23. The label “Results Without Rancor” is borrowed from the title of a paper by Ben Levin et al., “Results Without Rancor or Ranking: Ontario’s Success Story,” *Phi Delta Kappan* 90:4 (December 2008) p. 273-280. Arguably, a more accurate label would be “results with less rancor,” as any significant change in an organization will be accompanied by a degree of acrimony. And, as is the case with all three typologies, the magnitude of the “results” to be realized is merely an assertion at this point.

24. Paul T. Hill and Mary Beth Celio, *Fixing Urban Schools* (Washington, DC: Brookings Institution, 1998).

Table 2. Ideal Types of Reform Strategies for School Improvement

Strategy	Theory of Action	Wishful Thinking: Substantive	Wishful Thinking: Political	Role of the LEA
All-In	The best opportunity to improve persistently failing schools is to move them to a new system with supports and resources to accomplish a successful turnaround. The state education agency (SEA) is in the best position to manage this transition.	Suppliers/new talent exist or will show up in sufficient quantities to operate/work in schools; the culture of the SEA can be changed.	The political tides stay in favor long enough to post wins/gains; alternately, reform opponents are too slow or politically too weak to respond to loss of control in the short run.	The local education agency's (LEA's) role is minimal to nonexistent. The strategy assumes local districts lack the capacity and/or will to fix the worst schools.
Bounded Disequilibrium	SEAs use incentives and disincentives to encourage and/or coerce LEAs to implement changes in failing schools. Since circumstances (legal/political/historical) impose limits on how far SEAs can go, they target limited authority where it has the greatest impact.	Enough suppliers/new talent exists or will show up in quantities sufficient to address priority areas; the culture in a portion of the SEA can be changed.	The legislature is willing to provide enough sticks and carrots to implement reforms; at some point, the politics may turn and a more aggressive strategy can be implemented.	The LEA plays a subordinate role and generally carries out the directives of the state agency.
Results Without Rancor	Fixing schools is a function of building the right relationships and capacity; the SEA's role is to drive reform by building partnerships with districts or programs.	The SEA's effort is focused enough to overcome years of inertia; enough root stock exists at the local level upon which reform can be grafted.	The pace and progress of change will be sufficient to satisfy the broader public.	Sustainable change requires the participation of districts as partners with the SEA to improve schools.

Ideal Type #1: All-In

How disruptive the strategies will be depends primarily on the role envisioned for LEAs. The All-In strategy assumes low-performing schools are found in low-performing LEAs. It also assumes that these LEAs are so broken that they lack the capacity, and possibly the will, to take the steps necessary to either close or re-constitute failing schools. In the absence of a viable district partner, a structure—a new district—must be created to carry out the transformation.

Louisiana's initial conceptualization of the Recovery School District (RSD) and Michigan's establishment of the Education Achievement Authority (EAA) in Detroit exemplify this theory. In both instances, the existing school districts were perceived as being incapable of addressing the problems of persistently low-scoring schools. Effecting change would require more than incremental adjustments.

The RSD and EAA represent entirely new entities with far-reaching authority. They were created as substitutes for the home districts and, to some degree, were independent of the state departments. Early on, the RSD adopted a portfolio model, both directly running and chartering schools.²⁵ The EAA is expected to adopt a similar management model. In both cases, the reach of these districts extends beyond the individual urban areas in which they began. The RSD eventually took responsibility for schools not just in New Orleans but also in Baton Rouge, Shreveport, and other parishes around the state.²⁶ Though the EAA will begin with Detroit schools in 2012-13, the plan is for it to eventually work with failing schools across the state.²⁷

The theory of action underpinning the All-In approach extends beyond the creation of a superdistrict to manage a state's low-performing schools. The approach represents a dramatic departure from the compliance-oriented focus of typical SEAs. It places the state in the position of managing a school's transition out of the district into a new management structure. In other school improvement models, particularly the process outlined in the SIG regulations, SEA employees play more of a caseworker role with regard to underperforming schools.²⁸ To move the Louisiana Department of Education toward a performance management approach, then-superintendent Paul Pastorek dramatically restructured the agency into one organized around performance goals (such as literacy and college and career readiness) instead of around federal programs and state categorical grants.²⁹

Implicit in each of the models is a set of assumptions that are necessary for the strategy to be successful, but over which the SEA has little control. These implicit conditions represent the "zones of wishful thinking." As Table 2 suggests, wishful thinking has both political and substantive dimensions.

25. See Christine Campbell, *The Portfolio Mindset: Innovation Starts from the Ground Up* (Seattle: Center on Reinventing Public Education, 2012).

26. Recovery School District website, "About Our Schools," http://www.rsdl.net/About_the_RSD/Schools.aspx.

27. State of Michigan press release, "Governor, Detroit Public Schools Emergency Manager jointly unveil dramatic education reform plan to restructure failing Michigan schools," June 20, 2011.

28. See Murphy and Oujidani (2011) for a discussion of the possible roles that an SEA can play: manager, caseworker, or resource.

29. Louisiana Department of Education press release, "Department of Education Announces Layoffs," June 11, 2010.

From a political perspective, the All-In model is a gamble, as its name would suggest. It represents a radical departure from the status quo. The political forces that stand to lose under such a model—local elected officials, unions, others with vested interests—are unlikely to sit by idly. Once the initial shock of change has passed, proponents of a return to the status quo undoubtedly will mount a political challenge. The wishful thinking is that the All-In model can realize a sufficient degree of visible success to keep these forces at bay. The notion that anyone can come in and, overnight, fix a group of schools that have persistently failed students is, of course, unrealistic. It is unlikely, however, that the reformers will be given the benefit of a decade or more to demonstrate results. Therefore, there is a need to post some early wins to counter efforts to roll back the reforms.³⁰

The All-In approach assumes that there is, or will be, enough talent to carry out the day-to-day tasks necessary to make the strategy work. Schools need principals and teachers who are either experienced with turning around schools or talented enough to be successful initially. Recovery districts demand creative problem-solvers who can help maintain the administrative exoskeleton necessary to address managerial issues while freeing school leaders to focus on student learning. SEAs need a new type of manager who, ideally, would combine the data skills of an insurance actuary with a knack for bureaucratic politics.

If the supply of talent does not currently exist (and often it will not), it needs to emerge quickly. Louisiana's experience suggests that the prospect of a new, more active, and focused SEA can attract the needed talent. With the establishment of the Recovery School District, an impressive array of charter managers, education support organizations, and individuals with experience in school turnarounds have emerged. The supply of talent to take over schools in Louisiana may still not meet the need, but few would have predicted that such a robust sector could have developed in such a relatively short period of time. It remains to be seen whether the RSD is a unique case. The experience of talent recruitment in Michigan's EAA and Tennessee's Achievement School District—a similar experiment—will represent important tests.

30. There is also an explicit time limit incorporated into the structure of the All-In approach. Both Michigan's EAA and Louisiana's RSD have timelines that provide for review of progress and whether a school is ready to be released from state control.

Internally, the All-In model also needs the culture of the SEA to evolve if it is going to be effective in the long run. SEA chiefs can hire a few new managers and reorganize the offices, but in the end, the concept of performance management has to be embraced by the entire agency if the reforms are going to work. There are, no doubt, individuals within every SEA who possess both the will and skills necessary to reorient their approach toward managing performance. Other employees may be less enthusiastic or simply lack the tools needed to take on new tasks.

The curious case of Michigan's SEA and the EAA

Reforms in Michigan appear to be moving forward on two separate, and possibly parallel, tracks. In 2009, the state legislature passed H.B. 4787, significant accountability legislation that appeared to have the support of the SEA. The 2010 election brought a change in party control, as Republicans won a majority in the House, increased their majority in the Senate, and won the gubernatorial race by a landslide. Since then, Governor Rick Snyder has been determined in his efforts to push reform beyond the 2009 legislation and was a driving force in the creation of the Education Achievement Authority.

The Michigan Department of Education (MDE) does not partner with the EAA; rather, Eastern Michigan University does. While MDE continues to move forward with a process of school improvement described in this report, it is not entirely clear how the EAA fits into the plan.

The 2009 legislation also authorized a state school reform/redesign officer and a reform/redesign school district. But the EAA was not created under that authority. In fact, one can spend considerable time reviewing the materials on the EAA website (<http://www.emich.edu/ea>) and find no mention of the MDE, H.B. 4787, or the reform/redesign officer. As the relationship currently stands, the reform/redesign officer can recommend that schools are placed within the EAA, but the EAA does not have to accept them.

Ideal Type #2: Results Without Rancor

The Results Without Rancor approach to reform focuses on building LEA capacity with the assistance of the state agency. The strategy posits that, in the long run, school districts will be critical to the process of improving schools. Therefore, the SEA seeks to strengthen relationships with LEAs that oversee low-performing schools and aims to build capacity for improvement at both the district and school levels. As Minnesota's Brenda Cassellius summarizes the approach, "It is taking what's good already and making it better." Standards and accountability are still the basis for monitoring performance and progress. But the district becomes a partner in the turnaround process.

Implicit in this partnership approach is an acceptance that change is going to be carried out for the most part by existing structures and personnel. In this manner, Results Without Rancor is just as much a gamble as All-In. By definition, the track record of principals, teachers, and district administrators associated with the lowest-performing schools has been poor. Now the SEA is looking to many of those same individuals to bring about a level of improvement that thus far has eluded them.

Because of the increased emphasis on collaboration with local administrators, the Results Without Rancor strategy has the benefit of sustainability. As Eric Smith, Florida's former commissioner, asked, "Say you [the state] do fix a school. What do you do with it then?" By focusing on the district, the school improvement process has a built-in endgame. Eventually, it will be possible to return the improved school to what ideally is a stronger school district at some point in the future. It is less clear what happens with a school that improves under the auspices of a recovery district.

Partnering with the district also is pragmatic. Rhode Island Commissioner Deborah Gist observes that district personnel "know the schools and know the communities," which is valuable even if they do not have the tools to make the changes necessary to improve the schools. SEA staff, or third-party contractors, may not necessarily possess the same depth of understanding of the local situation. A partnership between the state and LEA, the argument goes, brings together technical expertise and in-depth knowledge of the situation at hand.

The wishful thinking associated with the Results Without Rancor model may be the most optimistic. The model assumes that the SEA can generate enough movement and maintain momentum long enough to shift both the SEA and LEAs into a performance management mode. To do so would mean overcoming years, and in some cases decades, of inertia.

The other assumption that Results Without Rancor implies is that there is an adequate foundation at the local level upon which new structures can be built. If the notion is to take what is good locally and make it better through relationships with the SEA, there has to be enough good at the outset. If there are not enough quality programs that can be brought to scale, or if there isn't a cadre of individuals who can lead a turnaround effort, the model is unlikely to succeed.

Results Without Rancor requires a shift in the culture within the SEA, but the shift is not so large as to push personnel beyond their comfort zones. The emphasis on relationship-building and strengthening the capacity of LEAs is likely to comport nicely with how SEA staff currently perceive their activities. Of course, the LEAs may disagree with that assessment.

The external political threats to Results Without Rancor stem from the fact that things stay the same more than they change. Since the theory of action does little to directly disrupt the status quo, it is less likely that opposition to the reforms will emerge. There is a possibility, albeit a small one, that the pace of change may frustrate some segments of the public. Should a faction emerge that demands bolder reforms, the Results Without Rancor approach could be threatened.

Ideal Type #3: Bounded Disequilibrium

The third ideal type, Bounded Disequilibrium, offers a different vision of the nature of the relationship between the SEA and local districts. In this model, the state agency seeks to structure the incentives and disincentives the district faces. While there is a desire for the SEA to play a more direct role, it is limited in how much it can do. Even when the desire for reform is strong, a variety of factors—logistical, political, strategic—can bound the degree of disruption initiated by the state agency. The politically powerful may find it more acceptable for the SEA to intervene in one part of the state (such as Camden or Memphis) but not another. There simply may not be enough SEA staff available to become more deeply engaged in the turnaround process and effectively oversee a broader scope of change.

Under the Bounded Disequilibrium model, the SEA seeks to structure incentives and disincentives so that districts will respond accordingly to improve underperforming schools. Access to resources remains one of the most significant carrot/stick combinations that the SEA can control. As the U.S. Department of Education does, state agencies can require that districts agree to certain conditions before making school improvement funds available.

The offer of assistance can take the form of in-kind services as well. For example, the SEA might offer access to curriculum specialists who can work with a district or school to improve teaching effectiveness. Or the SEA might advise districts pursuing a turnaround model on teacher and administrator evaluations and recruitment. The SEA also could help recruit and vet charter school operators or management organization for districts looking to restart schools.

Some of the states examined sought to provide these services through the use of regional offices, rather than running them directly from the state capital. New Jersey is planning to establish seven Regional Achievement Centers to work with districts to improve schools.³¹ Though staff from the main department headquarters may move to the regions, the SEA is looking to hire new personnel as well. The establishment of regional offices, which literally sets boundaries for the territory where those SEA personnel will focus, has the potential to foster stronger relationships between state and district administrators. Florida also has a system of regional directors and could follow a similar path.

If the SEA has the authority, the threat of state takeover may be the most significant disincentive it can wield. The Indiana Department of Education took control of five of the seven schools eligible for takeover under the state's accountability statute. Four of the schools were in the Indianapolis School District; one was in Gary. The department managed to negotiate an agreement with the district for a series of targeted improvements in the other two schools, both high schools.³² The district's willingness to agree to the changes was, most likely, colored by the possibility of losing control of the schools entirely.

31. New Jersey Department of Education, *ESEA Waiver Request From New Jersey*, November 14, 2011.

32. "Indiana Board of Education OKs Takeovers of 5 Schools," *Indianapolis Business Journal*, August 29, 2011.

The Bounded Disequilibrium ideal type, then, disrupts the status quo, but not to the extent one finds in an All-In approach. It also seeks to build relationships with districts, but the model does not assume that all districts will be cooperative in taking the necessary steps to improve schools. Instead, the SEA makes a set of strategic calculations to support districts that are motivated to cooperate and take action, while leveraging what authority it does possess to make progress with districts that may initially be uncooperative.

What further distinguishes Bounded Disequilibrium is that, unlike All-In, there is a sense that the SEA must demonstrate to the districts that it can improve their situations. In New Jersey, Cerf, under orders from the governor, conducted a review of 2,000 pages of statutes and regulations that govern the activities of the LEAs. From that review, a plan emerged to reduce the duplicative reporting and streamline the district/state relationship. By trying to cut through the red tape for LEAs, Cerf appears to be suggesting that, though the SEA will be asking more of its local districts in terms of improving schools, it will look for ways to reduce the day-to-day compliance burden.

The zones of wishful thinking relative to the Bounded Disequilibrium model overlap with the All-In approach. Both, for example, require a change in both the structure and mindset of the SEA. The absolute scale and scope of the transformation may be smaller under Bounded Disequilibrium, however. It may be possible, or even necessary, to implement the reforms with a smaller, select group of individuals within the agency who understand the tenets of performance management and have the skills to guide turnaround efforts. Though ideally the entire culture of the SEA could be shifted, such a change would not be necessary in the early stages of this more targeted approach. Florida Education Commissioner Gerard Robinson noted that in the past, the districts viewed his department to be “seventeen floors of ‘no.’” Robinson is in the process of working to change that but is realistic about the scale of the challenge. “In the end, I have the people I have,” he said.

Like the other two models, a Bounded Disequilibrium approach needs a supply of skilled school turnaround talent. Again, the numbers may not be as great as with All-In, but this model assumes that an adequate number of individuals will be available to staff state, regional, or district offices. In addition, suitable partners or managers to turn around the failing schools will have to be identified.

Politically, Bounded Disequilibrium needs the authority to structure the incentives and disincentives that districts face. This collection of carrots and sticks could be explicitly provided by a state legislature in the form of specific legislation. Alternately, a legislature may grant an SEA some broad authority and let the agency exercise discretion in how to structure the incentives. If the authority already exists, a reform-minded SEA needs to make sure it is not curtailed. As Eric Smith of Florida observed at a recent roundtable discussion, “Adults who worked aggressively to oppose reform will work even harder to dismantle it.”

Though the three strategies establish very different political dynamics that may affect their probability of success, they are all predicated upon the emergence of a sufficient supply of skilled professionals—at the district, in the SEA, or in the nonprofit sector. This supply may be fueled by the opportunity to start new schools under a new set of reduced regulations and constraints. How many people will find a new working environment attractive, however, is unknown. Uncertainty as to whether enough individuals and organizations can be developed or recruited to play these roles was the single most common concern cited by SEA chiefs and administrators interviewed for this project.

From Ideal Types to the State Cases

It would be incredibly convenient if our ideal types neatly mapped to the cases that comprise the focus of this study. Unfortunately, reality is never as tidy as one would like. As this section discusses in greater detail, the real-life cases are an imperfect fit to the models described above, and strategies change.

Fitting the cases

Figure 2 plots the eight states relative to the three ideal types. The spectrum represents the degree of disruption the various strategies cause—which, it should be noted, is only one variable that distinguishes the strategies.

As shown in Figure 2, Louisiana's approach to school improvement most closely fits with the relatively disruptive All-In strategy. At the other end of the spectrum, Minnesota's approach is a better fit with the Results Without Rancor model. Michigan appears twice in the figure; the SEA appears to be employing

one approach, while the governor's office (through the Education Achievement Authority) is pursuing another.

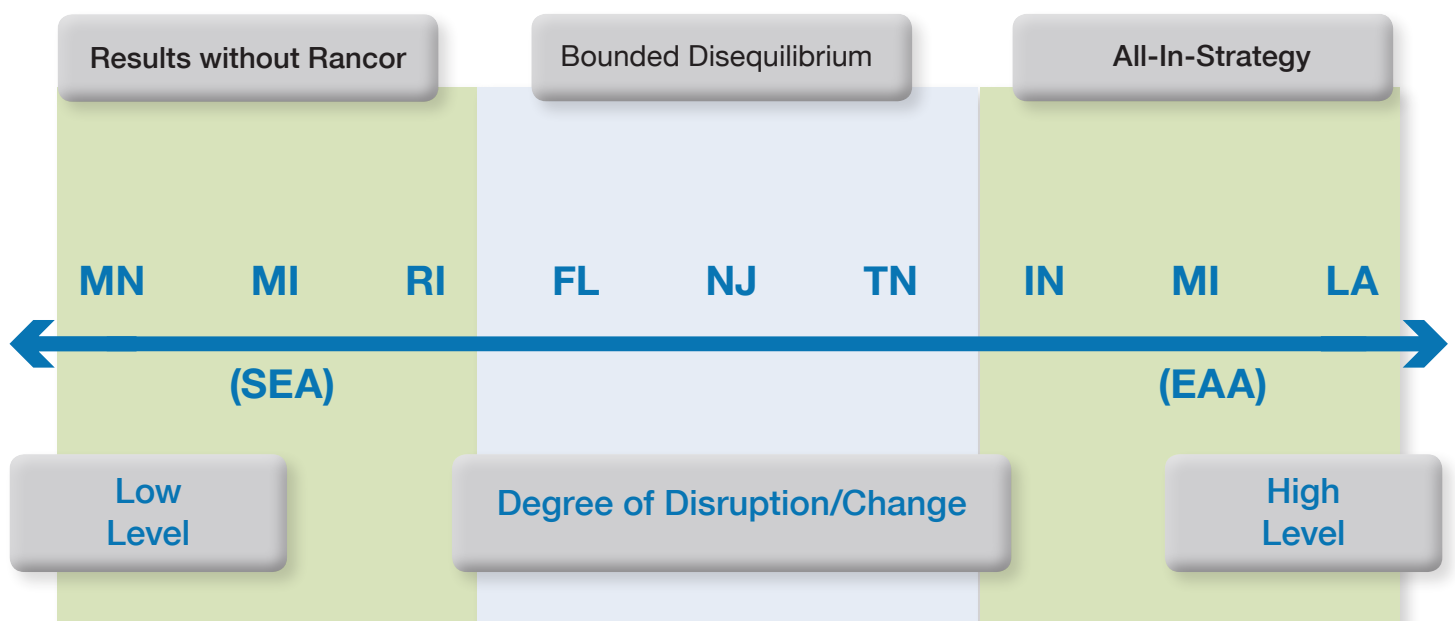
The ideal types and Figure 2 provide a useful framing to describe the strategies being pursued by SEAs, even though the models are not perfect fits. Tennessee, for example, has been very aggressive in its reform efforts. The state, however, would not be a perfect example of the All-In model. Instead, the department and its chief articulate a different vision that draws elements from both ends of the spectrum (see box).

Similarly, the experience of the Indiana Department of Education does not perfectly reflect one of the ideal models. Though the department demonstrates little confidence in the ability of LEAs to turn around schools, it made an explicit decision not to create an independent state school district. Instead, the Office of School Improvement and Turnaround directly manages the chartering of the schools.³³

The department chose this course out of concern that an RSD-like entity in Indiana would eventually become

33. From the Indiana Department of Education website. See <http://www.doe.in.gov/improvement/turnaround>, accessed May 10, 2012.

Figure 2: Ideal Strategy Types and the State Cases



a large, dysfunctional district itself. As Dale Chu, Indiana assistant superintendent for innovation and improvement, put it, “That is totally what we don’t want.”³⁴

It also is important to note that Figure 2 only portrays the experience of the eight states examined for this project, which were selected because they had a reputation for being relatively active in their efforts to change. Had the research encompassed all 50 states, we would have expected to find SEAs that have done very little to move toward a culture of performance management and would have fallen to the left of Minnesota on the diagram. Other states, such as Massachusetts, Connecticut, and Colorado, have been very active in their efforts to transform their SEAs and likely would fall somewhere within the boundaries of Figure 2.

Strategies change

One of the many variables that Figure 2 does not incorporate is time. Instead, this analysis only presents a snapshot of where these eight states stood between late 2011 and early 2012. Had this research been conducted as little as one year earlier, when Minnesota’s Department of Education appeared to be only lukewarm in its efforts to compete for the federal dollars that came with reform strings attached, it would not have even made an appearance on Figure 2. In fall 2010, however, the state elected a new governor, who appointed Cassellius. One indicator of her department’s new commitment to reform has been the staff’s willingness to pursue and ability to win competitive federal grants, including the Investing in Innovation Fund (i3), Promise Neighborhoods, and Round 3 of Race to the Top. Minnesota also was among the first group of states to submit and have approved its NCLB waiver application. As Cassellius described it, 2011 was “a pretty great first year.”

The Rhode Island case also provides an example of how strategies can change course. Deborah Gist, who became the Rhode Island commissioner of education in 2009, noted that the department’s authority to take over schools as a consequence of low performance was one of the factors that made the position attractive to her. Two years into the job, it appeared that her

strategy had shifted to focus more on building relationships with the districts where most underperforming schools were located, and that she had come to place considerable weight on building their capacity. Districts, Gist observed, understand the schools and people involved, and the role of the SEA is to build districts’ capacity to turn around schools.

Combining the types: Tennessee Department of Education

The typology of strategic approaches to school improvement represents ideals. While some of the states examined fit the ideals rather neatly, others are not so obliging. Tennessee is one such example. The establishment of the Achievement School District (ASD) makes it tempting to associate the Tennessee Department of Education (TDOE) with the All-In model, where the dysfunctional nature of districts calls for dramatic intervention. The TDOE is, indeed, in the process of taking over schools and placing them in the ASD. From a distance, the process appears to follow the pattern of Louisiana’s Recovery School District and Michigan’s Education Achievement Authority.

Where the Tennessee case deviates, however, is in the state’s assessment of the role of the districts. As Tennessee Commissioner Kevin Huffman described it, “We have a different theory of action than those [states]. We are going to hold districts accountable and then engage them deeply.” The TDOE envisions the ASD working closely with district administrators during the turnaround period. The plan is to build district capacity and improve the underperforming schools at the same time—an approach similar to Results Without Rancor.

The case of the TDOE points up just how difficult it is to generalize about the strategies being utilized to transform SEAs to become performance managers. The variation in approaches appears to be so great that it is tempting to have as many types as there are cases. Instead, we choose here to offer three ideal types, which represent not the final word on the transformation process but rather a starting point for understanding the decisions being made at the state level. The process of change in the SEAs is expected to go through several iterations and span considerable time.

34. It is worth noting that limited capacity at the state level can also bound a reform effort. In the Indiana example, where only a handful of schools have been taken over by the SEA, one could argue that the department simply did not have enough staff to directly manage the turnaround of more schools. One of the first things Bennett did after being elected was to cut the IDOE staff by about one-third.

Yet the Rhode Island case also suggests that there are limits to what an SEA can do to build that capacity. In April 2012, Gist signed an order that placed financial management of the Central Falls School District under control of the state agency.³⁵ Though financial issues, as opposed to academic performance, drove the takeover, Central Falls is home to several of the state's lowest-performing schools.

Even in Louisiana, the state with the longest history of actions designed to move the SEA toward performance management, tactical, if not strategic, shifts may be on the horizon. Paul Pastorek stepped down in the summer of 2011. His successor, John White, is clearly a leader committed to education reform, but it is an understatement to describe the situation he inherits as a dynamic one. For example, the Louisiana legislature was supportive of the RSD taking over schools from the New Orleans School District. When state accountability metrics led to Shreveport and Baton Rouge schools being included in the RSD, though, political support for an All-In approach began to soften in the legislature.

Finally, it is worth noting that a shift to performance management should be dynamic by definition. If state administrators practice what they preach, they should be assessing their own efforts through a lens of continuous improvement. A dogged adherence to an unproductive approach does little good for anyone. Therefore, we would expect SEAs to be making adjustments to their plans as conditions and, most importantly, results merit.

35. Jennifer Jordan, "Gist, Board of Regents to Take Over Budget and Teacher Negotiations for Central Falls Schools," *Providence Journal*, April 19, 2012.

The Future of SEAs: A Grand Experiment

The past ten years have witnessed increasing pressure on state education agencies to shift from being compliance monitors to being performance managers. This project examined a non-random sample of eight states in an effort to understand their decisions and strategies with regard to working to improve the performance of failing schools.

The SEAs examined began with a federally defined vision of how to conceptualize the task of school improvement. Agency leaders in these eight states all invested significantly in the collection of student achievement data and found themselves reorganizing their departments. They all also emphasized clarity and transparency when communicating with local administrators, teachers, parents, and the general public. To lesser and greater degrees, these agencies also created a sense of urgency around the need to change and used the leverage and political cover of federal policies to push for changes at the state level. Finally, each of the eight SEAs enjoyed the benefit of strong leadership, though the backgrounds of those leaders differed.

Where the cases demonstrated the most variation was with regard to the strategies they employed when approaching the challenge of school improvement. These strategies varied from a high-stakes All-In model, where the state takes direct control of underperforming schools, to a Results Without Rancor approach, which places a greater emphasis on building relationships with local districts. In between these types is the Bounded Disequilibrium strategy, which seeks to manage performance by restructuring the incentives and disincentives that districts face.

These eight cases offer important lessons for those interested in seeing state education agencies play a more active role in improving failing schools. Each of the SEAs examined here has made progress in moving toward a model of performance management. Conveniently, whether rightly or wrongly, the basic framework for approaching school improvement has been defined by the federal government. This research also identifies the basic elements that appear to be necessary in the process of building an SEA's performance management capacity.

What the project does not do is identify a single best practice that will guarantee the transformation. Instead, it describes three strategic types that differ significantly in their approach and implicit assumptions. Which approach is best? Which will have the biggest impact on low-performing schools? It is impossible to state, for two reasons. First, it simply is too early to tell. Student performance data from Louisiana are promising. From 2006 to 2012, the percentage of students scoring at basic or above for all grade levels rose 9 percentage points, from 59 percent to 68 percent. The district demonstrating the greatest gains was the state-run RSD.³⁶ Even in this case, though, where reforms began in earnest in 2007, it is too early to tell if the progress is sustainable. The process in the other seven states has been underway for only one to two years. In most cases, this group of education chiefs has made significant changes in the structure of their agencies. They are, however, working to change processes and, more importantly, a culture that have evolved over two to three decades. The reform process should not take tens of years to complete, but it will take more than two before we can determine whether one approach or another has succeeded.

A second reason why it is not possible to label one strategy better than another is that they each have been deployed within a particular environment. Each of the eight states brings to the table its own set of historical, political, and bureaucratic features that influence strategic decisions. As a consequence, an aggressive All-In strategy that makes tremendous sense in Louisiana may not be feasible in a state like Minnesota, with its long tradition of local control and strong unions. Michigan faces a set of circumstances similar to those in Minnesota yet has embarked on a more disruptive path. Which strategy will prove to be the best fit relative to the environment? Again, one is left with the somewhat frustrating, but honest, conclusion that only time will tell.

The one challenge common to all of the strategies, however, is evident in their implicit assumptions, their zones of wishful thinking. Each of the strategic paths is dependent upon the emergence of a steady supply of skilled individuals and organizations that can support the schools that need to be turned around. The strategies vary as to precisely where these skills will

36. John White, *Louisiana Believes: 2012 Spring Testing Report* (Baton Rouge: Louisiana Department of Education), May 23, 2012).

ultimately reside, in the SEA or at the local level, but they all rely on a vibrant network of providers who can do such things as coach principals, train teachers, or run schools outright.

Charter schools, charter management organizations, and other nonprofit educational organizations have proven to be promising sources of providers, with the right combination of skills and experience necessary to navigate this new environment. And these types of entities have grown significantly in recent years. It would appear, however, that the demand for this talent is outstripping supply. Nearly every state education chief and senior staff member we spoke with said the scarcity of talent is a major challenge. Compounding the challenge is a geographic mismatch between where the jobs are and where the talent may currently reside. State capitals are not always located in the cities that naturally draw professionals who have several options about where to live. State civil service hiring procedures can be slow and cumbersome. And state government salaries may come up short relative to other job opportunities. More than one state official observed that some larger districts could offer higher salaries than they could for comparable positions.

Of course, the ultimate measure of success will not be a function of organizational charts or legislative victories. Success will be determined by whether or not educational achievement in these states improves for all children. It is clear that SEA chiefs in these states have taken seriously the charge that they are responsible for the performance of all the schools in their state. But they have chosen different paths in pursuit of that goal. It is, from an academic perspective, a fascinating and grand experiment. Different states, facing different and similar circumstances, are pursuing different paths to achieve the same end.

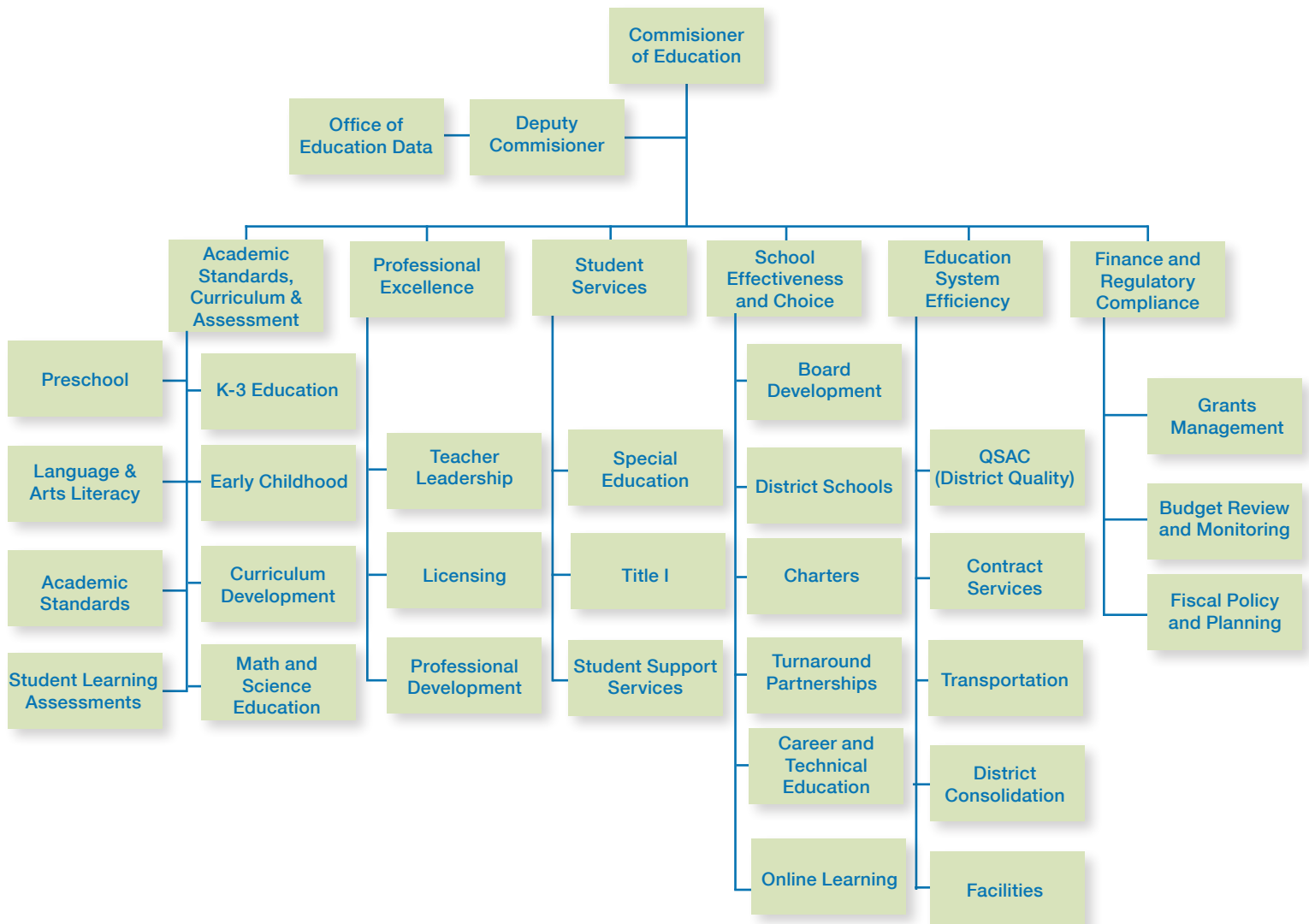
Substantively, the ideal outcome would be that they all succeed regardless of their approach and persistently low-performing schools become a thing of the past. More likely, some states will make more progress than others, and we will be able to attribute some of the progress to the strategic decisions made at the SEA. At this point, one simply cannot predict which ones those will be.

Finally, finding the magic formula to fix struggling schools is only a first step. Focusing on the lowest-performing schools can be an effective political strategy in that it appeals to a relatively broad section

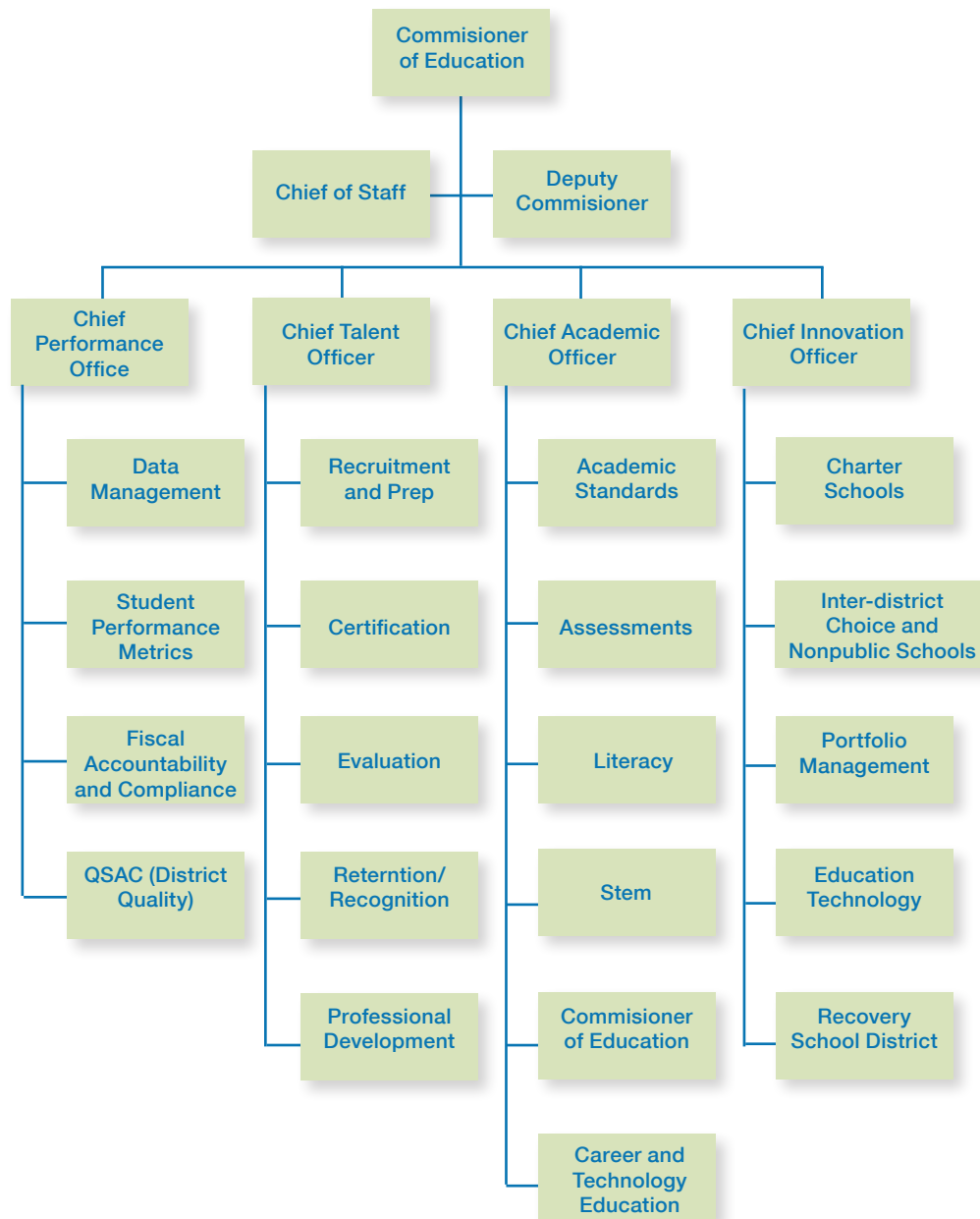
of the ideological spectrum—advocates focused on equity and those focused on accountability. If, somehow, one of the cases examined here holds the key to improving the lowest-performing 5 percent of a given state's schools, that would be a tremendous achievement. One cannot help but wonder, however, about the schools in the 90th percentile, or the 85th. It is daunting to contemplate the magnitude of the task ahead, but important to remember that at some point these experiments will have to be brought to scale.

Appendix: New Jersey Department of Education Organizational Charts 2010 and 2011*

NJDOE Organizational Chart, June 2010



NJDOE Organizational Chart, June 2011



* Note: The 2010 and 2011 organizational charts also listed a group of support offices that included such functions as communications, legislative affairs, and so on under the department chief of staff. In the 2011 reorganization, however, activities such as facilities, school finance, and some of the federal program compliance and administrative tasks were included under these support functions.

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