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State Capacity for School Improvement:

A First Look at Agency Resources

Patrick Murphy and Monica Oujdani

August 2011

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INTRODUCTION

The current emphasis on school performance and accountability is expected to continue.¹ As a consequence, the number of low-performing schools will increase as academic achievement targets become more stringent. In response, the federal government has begun to look to state education agencies (SEAs) to play a more direct role in turning around schools in need of improvement. This increased emphasis, however, takes place at a time when public resources are becoming increasingly constrained.

The expectation that SEAs will play an expanded role in turning around low-performing schools raises a critical question: Will SEAs have the capacity to fulfill their new obligations? This study from the Center on Reinventing Public Education takes a first step toward answering that question, by examining how SEAs currently allocate their resources. Specifically, researchers asked:

- What functions do SEAs perform?
- How do SEAs distribute their resources across these functions?
- How does resource allocation compare across states relative to the scale of their responsibilities?
- What are the funding sources of SEA activities and do these sources vary across functions?

To answer these questions, researchers examined SEAs in eight states: California, Colorado, Louisiana, Minnesota, New York, Tennessee, Texas, and Washington.

Overall, researchers found the current investment in school improvement activities to be relatively modest, though the distribution varied across the states. This current assessment presents a relatively bleak picture in terms of SEAs' capacity to play a greater role in school improvement. And this pessimistic impression is intensified by the fact that few additional resources are likely to be forthcoming, at least out of state general funds. In response to this fiscal reality, this report explores possible options for managing state agencies so that they are better positioned to play a central role in improving failing schools. The report concludes that greater flexibility in how SEAs allocate federally funded personnel would be a positive first step in an otherwise constrained environment.

1. The No Child Left Behind (NCLB) Act of 2001 and the pending reauthorization of the Elementary and Secondary Education Act (ESEA) both emphasize the importance of measuring student achievement.

CONTEXT

SEAs are in the midst of a critical moment in the administration of K-12 education policy. In a speech in late 2010, Secretary of Education Arne Duncan argued that education in the United States had entered an era of the “New Normal.” Among other things, he predicted that educators in this period would have to face “the challenge of doing more with less.” He went on to offer a more detailed description of what he felt lay ahead for education, as well as the types of policy choices that education leaders are likely to grapple with in the near future.²

If K-12 education is, as Secretary Duncan suggests, heading into a new period, it comes on the heels of what might be characterized as the “age of accountability,” where policymakers at the district, state, and federal levels have required a more systematic measurement of student performance. Consequently, it has become easier to identify low-performing schools. Under the provisions of the No Child Left Behind (NCLB) Act of 2001, schools are held accountable for student performance and can be subjected to a wide range of interventions, including the eventual closing of a school.³

All parties involved have an incentive for turning around a struggling school, but the expertise necessary to affect such an improvement may not always be available at the district level. While some school turnaround and improvement assistance is available from state agencies, looking forward, it is likely that SEAs will be asked—by both the federal government and their own legislatures—to expand the role they play relative to school improvement.

Federal Support of School Improvement

To some degree, the federal government has provided resources specifically to support the state’s role in school turnaround efforts. The most notable legislation is Title 1, Section 1003(a). Under this statute, states are authorized to reserve 4 percent of funds for school improvement activities; however, 95 percent of those funds (out of the 4 percent set-aside) must go directly to local education agencies (LEAs). SEAs also may use a portion of the school improvement grants (SIGs) under a different provision of Title 1 for turnaround. Section 1003(g) provides for up to 5 percent of SIG funds to be used by the SEA for administration, evaluation, and technical assistance.⁴ The balance is allocated to LEAs.

2. “The New Normal: Doing More with Less - Secretary Arne Duncan’s Remarks at the American Enterprise Institute,” November 17, 2010. Accessed February 11, 2011 at www.ed.gov.

3. P.L. 107-110, The No Child Left Behind Act of 2001, section 2141.

4. The No Child Left Behind Act of 2001, sections 1003(a) and (g). Available at <http://www2.ed.gov/policy/elsec/leg/esea02/pg1.html#sec1003>.

The American Recovery and Reinvestment Act (ARRA) of 2009 represents the most recent federal legislation to support school improvement. ARRA provided approximately \$100 billion in funding for education. Included in this allocation was \$10 billion in additional Title 1 funding. While this infusion of funding provided much-needed financial relief to states and districts, it was only temporary (all funds must be obligated September 30, 2011) and it was held to the same funding limitations as the original Title 1 statutes (i.e., most funds must go to LEAs).⁵ In addition to supplementing Title 1 funding, ARRA also provided for the most recent federal school turnaround initiative, Race to the Top (RttT), a competitive grant program that awarded funds to states with the most promising educational reform initiatives.

Given the current emphasis on school improvement, it is reasonable to assume that SEAs will be asked to *do more* to help struggling schools in the months and years ahead. It also is likely that SEAs will be working with *less money* as they head into the future. The recent economic downturn is hitting states particularly hard in 2011. Tax revenues remain depressed, the consequence of decreased economic activity. The demand for social services and assistance remains elevated, with unemployment levels high. And, though the resources were welcome at the time, ARRA stimulus funds that flowed to the states served to only stave off the inevitable for a year. As a consequence, more than 40 states were in deficit or anticipating facing a deficit heading into the 2011-2012 fiscal year; three-quarters of those states were facing a deficit of more than 10 percent of their total budget.⁶

It would appear, then, that the federal government will continue to put pressure on the SEAs to do more in the area of school improvement. What is less clear, however, is whether these agencies are being asked to fulfill this role while working with fewer resources. To determine how well situated they are to address such a challenge, the starting point is to determine how they currently allocate their resources.

5. "American Recovery and Reinvestment Act of 2009: Title I, Part A Funds for Grants to Local Education Agencies." Available at <http://www2.ed.gov/policy/gen/leg/recovery/factsheet/title-i.html>.

6. "States in Crisis," *The Washington Post*, February 2011. Available at <http://www.washingtonpost.com/wp-srv/special/politics/state-budget-crisis/index.html>.

METHODS AND DATA

This project focuses on the distribution of resources in the central office of the SEA. Short of examining 50 states, it is not possible to claim that a small sample is representative of *all* states. However, the eight states examined—California, Colorado, Louisiana, Minnesota, New York, Tennessee, Texas, and Washington—do offer some diversity in geography, size, and structure. The group also includes two RttT winners. Given the scale of this project and the nature of the sample, there is no attempt to claim that the findings here are statistically representative of all states. The eight states discussed, nevertheless, are not so unique as to preclude the drawing of more general conclusions.

Given that no single source provides the detailed information required to make even the most basic comparison of SEA resource allocations, the research approach might be best described as *budget forensics*. The data collection effort included a review of each SEA website for agency information, such as organization, activities, and resources. SEA finance staffs were contacted in an effort to obtain budget and personnel data from both public and internal documents. These points of contact proved invaluable in providing clarification on reporting practices.

The first step of the analysis was the establishment of broad functional categories (Table 1). The project then coded SEA activities to correspond to each function. In some cases, certain activities were excluded from the totals in an effort to produce comparable figures. For example, California reports the personnel and costs associated with running the state's special schools for the blind and deaf as part of their SEA activities. The special schools' personnel represent 40 percent of the agency total staffing and would skew any comparison with states not operating special schools. In other cases, activities from other state agencies were included in the analysis. School nutrition programs in Texas, for example, are administered by the Texas Department of Agriculture (TDA) not the Texas Education Agency (TEA). In most of the other states examined, SEAs operate the federal school nutrition program.

Personnel numbers proved to be the most commonly available data element that could be compared across all states, though even these had their limitations. Most of the following analysis is based upon data from all eight states. Where findings, figures, or tables draw on data from only a subset of the eight states, it is noted.

Table 1. List of SEA Functions

Function	Description
Administration	
Executive Services	Responsible for developing policy, providing leadership to the state agency, and overseeing legislative and government affairs.
General Administration	Manages the agency’s operations, including human resources, facilities management, and information technology services.
Financial Management	Responsible for managing the agency’s financial resources.
Federal Compliance	Provides direct support to schools to ensure administrative compliance with federally mandated programs.
Nutrition Program	
Special Education Program	
Performance and Improvement	
School Performance	Monitors school performance and student achievement through student assessments and other measurements.
School Improvement	Responsible for overseeing efforts to close achievement gaps and provide turnaround support to local education agencies.
Teaching and Learning	
Curriculum Development	Develops curriculum and instructional practices (including gifted programs).
Teacher Certification	Responsible for licensing and/or credentialing of teachers.
Other Programs	
Community Programs	Provides resources and services to the community beyond the K-12 population (i.e., preschool, adult education, and after school activities)
Career and Vocational Education	Offers programs and services in support of career readiness and vocational training.

ALLOCATION OF SEA RESOURCES

Table 2 presents SEA central staff counts and scales those figures relative to total K-12 education expenditures and student population in each state.

Table 2. SEA Staff Count Relative to K-12 Expenditures and Total Students

State	SEA HQ Staff	K-12 Expenditures (2007-08) [Millions]*	Total Students (2008-09) [Thousands]**	Expenditures Per Staff Ratio [Millions]	Students Per Staff Ratio
California	1,672	\$61,571	6,323	\$36.82	3,781
Colorado	364	\$7,339	818	\$20.16	2,248
Louisiana	527	\$6,814	685	\$12.93	1,300
Minnesota	419	\$8,416	836	\$20.09	1,995
New York	1,288	\$46,443	2,741	\$36.06	2,128
Tennessee	483	\$7,540	972	\$15.61	2,012
Texas	1,171	\$39,033	4,752	\$33.33	4,058
Washington	403	\$9,332	1,037	\$23.16	2,573
All States	6,327	\$186,488	18,164	\$29.47	2,871

* U.S. Department of Education, National Center for Education Statistics, Common Core Data, "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2007-08," May 2010. Available at http://nces.ed.gov/pubs2010/expenditures/tables/table_02.asp.

** U.S. Department of Education, National Center for Education Statistics, "Public Elementary and Secondary School Student Enrollment and Staff From the Common Core of Data: School Year 2008-09," August 2010. Available at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2010347>.

In terms of total personnel, the eight states vary in a relatively predictable manner. States with larger student populations have greater K-12 expenditures and employ more headquarters personnel in *absolute terms* than do states with smaller student populations and K-12 expenditures. However, the states with larger student populations use *relatively* fewer staff to oversee more resources. Four of the five states with smaller student populations—Colorado, Minnesota, Tennessee, and Washington—operate with similar-sized state agency staff, both in relative and absolute terms. Each of those offices has one staff member for about every \$15-\$20 million in K-12 spending and for approximately every 2,000-2,500 students enrolled.

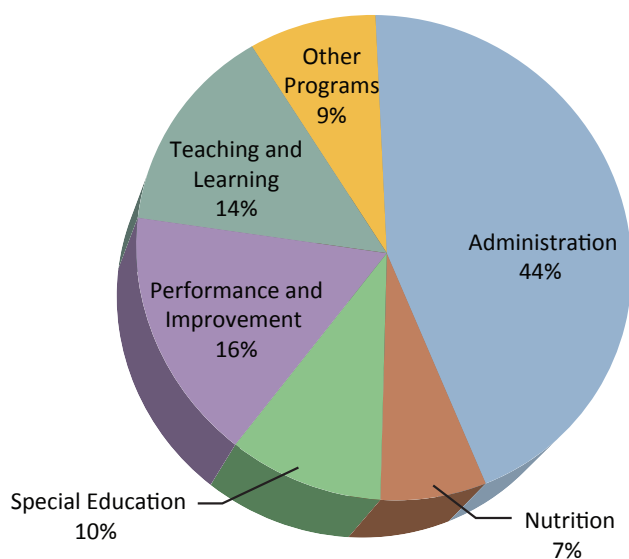
Louisiana stands out to some degree. Of the eight states examined, it has the lowest number of students and absolute level of K-12 spending, yet the size of its central staff (more than 500 employees) is relatively large. As a result, Louisiana has a ratio of one staff member for every \$13 million in spending and for every 1,300 students. One reason that the Louisiana Department of Education has a relatively high number of central staff is because it operates the Recovery School District (RSD). Established in 2003 by the Louisiana legislature, the state-run RSD provides support and intervention to schools

that have failed to earn the state’s minimum School Performance Score (SPS) for four consecutive years. For the 2010-11 school year, the RSD is providing support to 104 schools (including 69 in New Orleans).⁷

SEA Personnel by Functions

Drawing on the data collected for each SEA, Figure 1 presents an aggregate picture of how personnel are assigned to the broad functional categories listed in Table 1.

Figure 1. Average Staff Distribution by Function (2009-10)



Administration (for example, information technology, human resources, financial management, oversight of categorical programs, etc.) represents the category with the largest share of staff (44 percent).

Three broad functions account for nearly half (47 percent) of the remaining SEA personnel. The two major federally driven programs—school-based nutrition (7 percent) and special education (10 percent)—account for 17 percent of the total SEA staff, while programs designed to support curriculum and teacher certification make up 14 percent, and performance and improvement functions account for 16 percent. Finally, about 9 percent of SEA resources are devoted to other non-K-12 program activities, including preschool and afterschool support, adult learners, and career preparation.

7. Louisiana Department of Education, “Louisiana’s Turnaround Zone: Answering the Urgency of Now” (Baton Rouge: LDOE, 2011). Available at <http://www.louisianaschools.net/lde/uploads/16909.pdf>.

Table 3 presents personnel figures for each of the eight states, disaggregated by the functions in absolute terms.

Table 3. Total SEA Personnel By Function (2009-10)

Function	CA	CO	LA	MN	NY	TN	TX	WA
Administration	605	184	234	194	699	152	483	201
Nutrition Program	192	8	34	39	34	25	114	32
Special Education	142	70	31	45	124	71	46	24
Performance and Improvement	152	24	97	80	139	115	326	62
Teaching and Learning	291	70	82	21	219	48	159	64
Other Programs	291	9	49	40	74	72	44	21
TOTAL ALL FUNCTIONS	1,672	364	527	419	1,288	483	1,171	403

Source: Authors' calculations based on SEA personnel data.

A review of the relative distribution of SEA personnel reveals some noteworthy patterns. Most states commit between 40 and 50 percent of their staff to administrative activities. Tennessee and California, however, dedicate a smaller share of their personnel to this function, with 31 percent and 36 percent, respectively, assigned to administrative duties. It is difficult to discern whether these differences suggest a significant variation in the relative productivity or priorities of the offices examined. It is conceivable that California and Tennessee simply have a different organizational philosophy than the other states, where individuals performing administrative support tasks are assigned directly to the specific programs as opposed to having those tasks more centrally grouped.

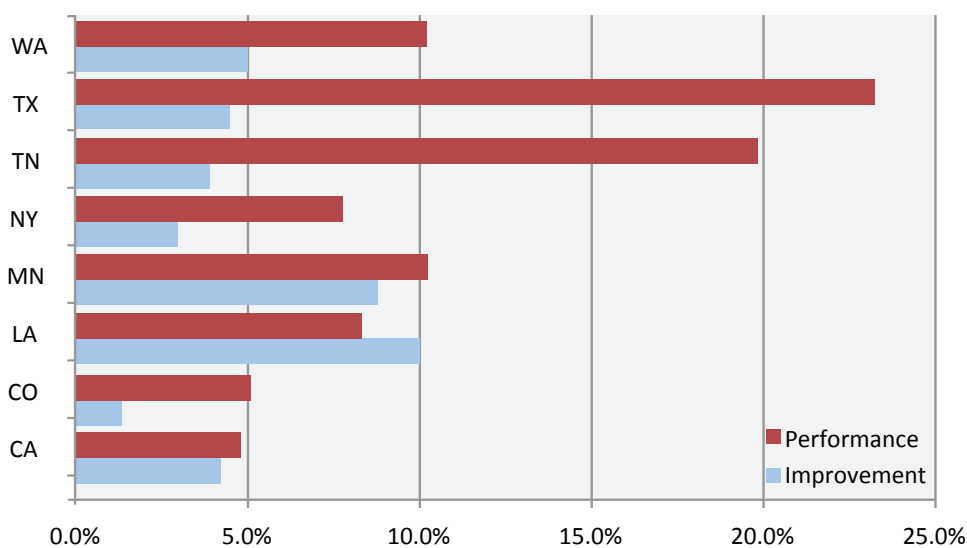
Some of the more distinct categories can be discussed with a greater degree of confidence. Colorado and New York, for example, devote less than 3 percent of their office staffs to school nutrition programs, while in California, the school lunch and nutrition programs account for more than 11 percent of central office personnel. These numbers suggests that Colorado and New York have chosen to invest a smaller share of their nutrition money to staff oversight relative to other states.

The variation is somewhat surprising since most of the nutrition funding comes from the federal government, along with guidelines as to the level of oversight required and funds provided to perform this oversight. Under these conditions, one would expect little variation in the level of resources SEAs would be able to devote to nutrition programs. This does not appear to be the case.

Performance and Improvement Personnel

In the area of greatest interest to this report, school performance and improvement, a similar degree of variation between the states can be observed. In Figure 2, the distribution of personnel for performance and improvement (which includes the tasks of both monitoring performance and school improvement activities) ranges from 7 to 28 percent. On the low end, California and Colorado dedicate less than 10 percent of SEA personnel to these areas. Texas and Tennessee, in contrast, dedicate more than one-quarter of their central staff to performance and improvement activities.⁸

Figure 2. Distribution of Performance and Improvement Staff (2009-10)



Source: Authors' calculations based on SEA personnel data.

Given the history of education reform in Texas and Tennessee, it is not surprising that they would have invested relatively heavily in these functions. What is noteworthy, however, is that the emphasis within this category is much more heavily weighted toward the performance function (see TX on Figure 2 above). To the degree that one can make the distinction, only 19 positions in the Tennessee Department of Education focus on school *improvement*, while 103 monitor *performance*. The Texas Education Agency has a similar 1:5 ratio of improvement personnel to performance staff (53:272 positions).

8. It is possible that these figures include some positions funded by ARRA. The ARRA Title 1 funds were released to states in the middle of the 2009-10 fiscal year. Though most of these funds were targeted to local schools, it is possible that the SEAs may have used a portion of these resources to support school improvement. See the earlier section on federal legislation for a breakdown of state and local allocations.

School Improvement in Louisiana

The history of school improvement in Louisiana is often misstated and misunderstood. Many assume that the Louisiana Department of Education (LDOE) began its efforts to turn around failing schools in the wake of Hurricane Katrina and devastation of the city of New Orleans 2005. In fact, the state of Louisiana instituted strict accountability and performance monitoring in 1999—before the passage of NCLB. The LDOE created the Recovery School District (RSD) in 2003—two years before Katrina. Though the RSD has stepped in and taken over the management of over 100 schools in the state, the LDOE also is committed to working with underperforming schools in an effort to avoid taking them over. Such a strategy is labor intensive. The personnel data collected by this project appear to reflect these priorities.

Source: LDOE, Louisiana's Turnaround Zone, 2011.

While Texas and Tennessee represent the most extreme cases, as Figure 2 suggests, five of the six other states examined also have invested more resources in performance monitoring than in activities designed to improve that performance. Only the Louisiana Department of Education has the opposite relationship, as it utilizes more resources for improvement activities than it does for monitoring (see box).

The focus on school performance measurement found here is consistent with the responses of SEA officials to the survey conducted by the Center on Education Policy (CEP) in late 2010.⁹ In response to questions regarding reforms associated with the implementation of the 2009 ARRA, researchers found that states had made significant progress in the rolling out of measures associated with the collection of data. These data systems track the performance of students as well as teachers and schools. In terms of school improvement and turning around low-performing schools, however, the self-reports indicated that SEAs were more likely to be in the planning stages as opposed to rolling out the reforms. And, many more states reported that some of the key school improvement strategies were not part of their plans at that time.¹⁰

The CEP researchers conjectured that the lack of progress on these reforms was due to “a tradition of local control”, which limited state involvement.¹¹ The research here suggests

9. 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 for Education Policy, February 17, 2011).

10. See Kober and Rentner.

11. *Ibid.*, p. 9.

an alternative explanation, however: State agencies simply did not have the resources to pursue all of the strategies with an equal degree of intensity. Though it is beyond the scope of this project to prove a causal relationship, taken together—the CEP survey and the staffing levels from Figure 2—it can be observed that SEAs have relatively few resources allocated to school improvement and that they report to be implementing relatively fewer measures in this particular reform area.

How Much Is Enough?

Given the degree of variation involved, it is difficult and probably undesirable to state a “correct” number of state agency staff needed to help low-performing schools improve. It is possible, however, to provide a sense of the scale of the challenge.

For each of the eight states, Table 4 reports the ratio of schools to SEA improvement staff, broken down by all schools, schools not making annual yearly progress (AYP), and the number of Title I schools in need of improvement according to the NCLB statute.¹²

Table 4. Ratio of Schools to SEA Improvement Staff (2008-09)

State	Ratio of All Schools to SEA Improvement Staff	Ratio of Schools NOT Making AYP to SEA Improvement Staff	Ratio of Title 1 Schools Identified for Improvement to SEA Improvement Staff
CA	139.37	69.85	39.20
CO	353.80	162.00	32.80
LA	27.47	6.13	1.42
MN	60.19	31.38	7.65
NY	118.87	15.90	10.95
TN	90.00	20.32	5.63
TX	157.62	30.53	6.64
WA	113.40	69.40	23.40
All States	108.80	37.94	15.69

Source: U.S. Department of Education, ED Facts State Profile, 2010, and authors’ calculations.

Both metrics used to identify struggling schools (AYP and “in need of improvement”) are problematic in that they rely on individual state standards and performance measures. As a result, there is great variation from state to state. Therefore, these workload ratios provide only a conservative estimate of the workload faced by SEA improvement staff.

12. A school is considered to be failing if it does not make AYP. AYP occurs when a school meets the state’s annual performance targets for academic achievement. A school is identified as in need of improvement if it fails to make AYP for two or more consecutive years. U.S. Department of Education, “Explanatory Notes: 2010 ED Facts State Profiles.” Available at <http://www2.ed.gov/about/inits/ed/edfacts/state-profiles/index.html>.

For the eight states examined, the ratio of Title 1 schools identified for improvement to SEA improvement staff ranged from 1:1 in Louisiana, to 1:39 in California. School improvement personnel in Colorado would appear to face similar challenges as their California counterparts, with a ratio of staff to under-performing schools of 1:33. Texas, Minnesota, and Tennessee appear to be better positioned, with ratios of one staff member for every 6-8 such schools needing assistance. Even in states with relatively low ratios, it is unlikely that the number of schools requiring assistance will stay the same. In fact, it is more likely that this number will increase as performance targets become more difficult to meet.

Arguably, SEAs would not want to wait until a school has fallen into the “in need of improvement” category before intervening. One can make a strong case that the state would want to work with schools not making AYP as soon as they were identified, in order to avoid schools falling into the more severe category. From the perspective of helping schools not making AYP, however, the staffing picture is an even more pessimistic one: except for Louisiana, the other seven states would be significantly challenged to provide some level of assistance to all of the schools not making AYP. New York would have one improvement staff member for each 16 schools in this category, and that figure ranges as high as 1:162 for Colorado. For all eight states, the composite ratio is 1:38.

An alternative way of estimating the ratio of SEA improvement staff to schools in need of improvement is to make a broad, “back-of-the-envelope” calculation using an aggregate of all SEA improvement staff and schools in need of assistance. As Table 4 reports, each SEA improvement staff member is responsible for monitoring 109 schools. Given the fact that the average percentage of schools not making AYP in the United States has fluctuated between 29 and 35 percent since 2005-06, it is not unreasonable to assume that 25 percent of the 109 schools are in need of improvement.¹³ Using these assumptions, the ratio of SEA improvement staff to schools in need of improvement would be about 1:27.

The two methods of estimating the ratio of staff to struggling schools provide some sense of the scale of the challenge. Whether or not one SEA staff member has the capacity to work with 27-38 schools in need of assistance would depend upon the type of assistance being provided. The SEA’s role in school improvement has not yet been fully defined. Going forward, there are three possible roles that SEAs could play. Not surprisingly, these roles vary in their degree of labor intensiveness. In general terms, the SEA could play the role of either the *resource*, *caseworker*, or *manager* (see box).

13. Alexandra Usher, *Update with 2009-10 Data and Five-Year Trends: How Many Schools Have Not Made Adequate Yearly Progress?* (Washington, DC: Center for Education Policy, April 28, 2011), p.4.

Current staffing levels might be sufficient to play the role of resource, where a single individual can provide information in support of a relatively large number of schools. For the SEA to play the role of caseworker, however, it is likely that a greater commitment of resources would be required, at least for most of the states examined here. And, if the vision for the state agency is for them to more directly intervene and manage the changes designed to bring about improvement in a school, it will require a much greater investment of resources than is currently being provided.

It is important to note that the above analysis might well represent a *best-case* scenario in terms of the resources available to state agencies facing increasing fiscal pressures in the future. And while the federal government recently has made an explicit shift in support of school improvement activities, the associated resources are overwhelmingly targeted toward LEAs, not SEAs.

Resource, Caseworker, or Manager: What Role Will SEAs Play in School Improvement?

At one end of the spectrum, SEA school improvement activities might consist of the collection and dissemination of information, with the agency serving as a resource. For example, the SEA might identify effective strategies for the recruitment and retention of effective principals and teachers, which it shares with districts.

Some improvement strategies, however, envision a more extensive, and therefore labor intensive, role for the SEA. In this caseworker role, agency personnel would move from merely disseminating information, to assisting schools and districts in taking the steps necessary to improve. These measures might include assisting districts in identifying and preparing school leaders; helping districts in identifying and adopting appropriate turnaround models; or guiding districts through the process of selecting intervention experts.

At the far end of the spectrum, in terms of school improvement strategies, is a scenario where the SEA would oversee the transition of control to an outside entity (for example, charter or private management organization) or even take over operations of a school outright. At current staffing levels, it is difficult to imagine that many states are positioned to play the role of manager for these transitions. Even when talking about turning over control of a school to a third party, one would expect the transaction to be a complicated one.

WAYS TO EXPAND IMPROVEMENT CAPACITY

The above analysis suggests that though SEAs have invested in school improvement, they have generally devoted more resources to monitoring the performance of schools. Relative to other functions performed by the state agencies, the overall investment in school improvement has been fairly modest.

If, as expected, the federal government calls upon SEAs to take on more responsibility for failing schools, it is likely that many states will find it difficult to meet those expectations at their current staffing levels. The challenge becomes that much greater if the role for SEAs is conceived to be a relatively active one. Further complicating the picture is the current fiscal situation at the state level. Nearly every SEA official contacted for this project described ongoing 2011-12 budget discussions that included scenarios where their agency resources were being cut; the only unknown was how deep the cut was going to be.

In light of this pessimistic assessment, this report explores alternatives that may enable states to broaden and/or deepen their current capacity for school improvement.

Flexibility in Allocating Federally Supported Personnel

In a situation where an organization is asked to “do more with less,” the obvious first step is to look for ways to reallocate existing resources. For a state agency, however, that is far easier said than done. Federal resources are accompanied by restrictions as to the share that can be used to support administrative costs at the state level. State elected officials also have their own views and priorities with regard to how the SEA should allocate its resources. In the end, when it comes to shifting resources around to new priorities, the SEAs are stuck between the state legislature on the one hand and the federal regulations on the other (see box).

Caught in the Middle: State Education Agencies

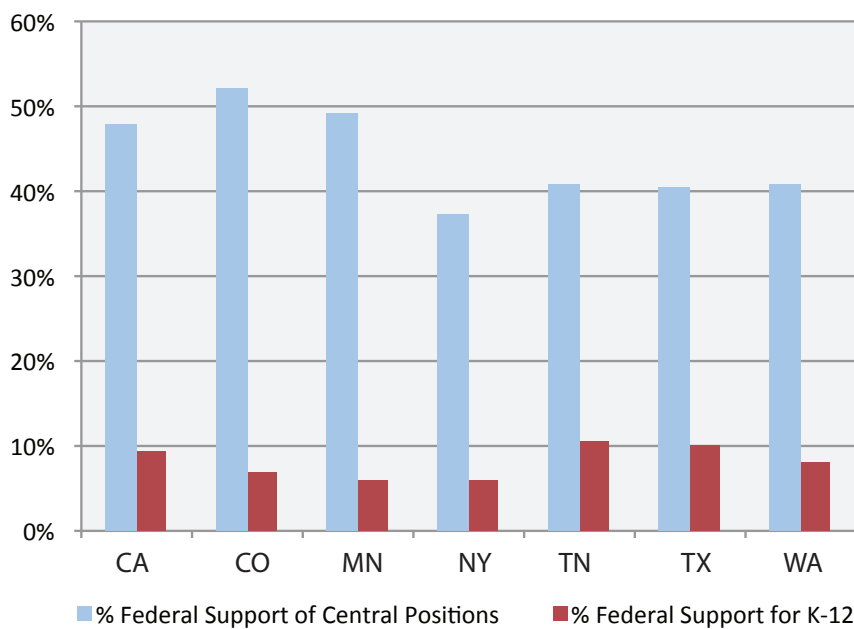
One CFO at a state agency described the challenge of moving resources around to address new needs or challenges as akin to trying to fix a leak in a dam, but with no authority to do so.

If there is a leak, it is difficult to fill it [the gap] if somebody doesn't pass a bill or create a new federal program. If you have a hole somewhere, most of the time you're just watching the water come in.

Absent a mandate from the federal government or the granting of authority from state legislation, the SEAs find it difficult to exercise discretion over resources.

The federal government is positioned to provide some relief in this regard. While the federal share of K-12 revenues is typically less than 10 percent, the federal share of central staff positions is between 40 and 50 percent. Given the significant contribution to central positions, the federal government could allow greater flexibility in how SEAs distribute their resources. Figure 3 provides a breakdown of each SEA's federal share of central positions and K-12 revenues.

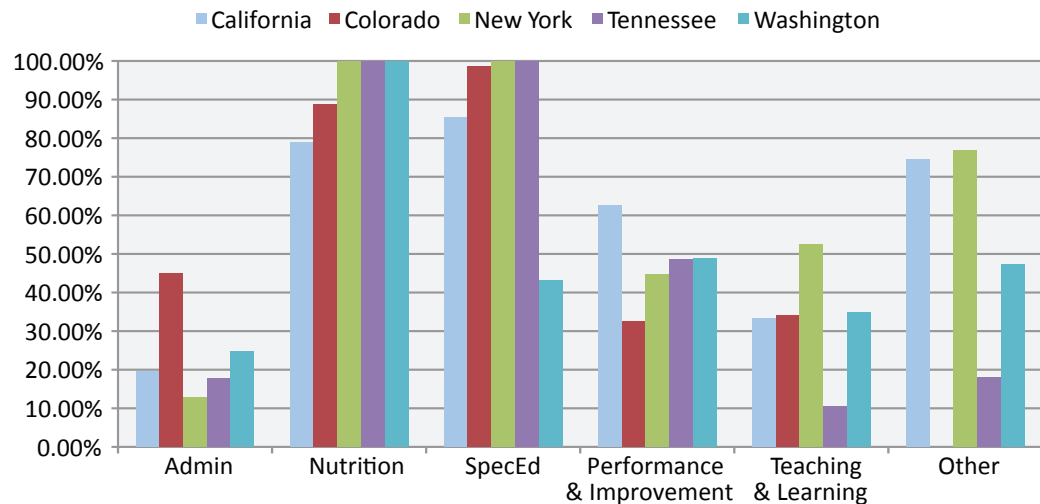
Figure 3. Federal Share of SEA Central Positions (2009-10) and K-12 Revenues (2007-08)



Source: U.S. Department of Education, National Center for Education Statistics, Common Core Data, "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2007-08," May 2010; U.S. Department of Education, National Center for Education Statistics, "Public Elementary and Secondary School Student Enrollment and Staff From the Common Core of Data: School Year 2008-09," August 2010.

These resources are not evenly distributed across the department functions (Figure 4). In the states that could provide a breakdown, the impact of the federal resources was much more prominent in some categories than others. Federal funds accounted for nearly 80 percent of the child nutrition program personnel and 85 percent of the special education staff in California. In Colorado, the comparable numbers were 88 percent and 98 percent, respectively. Tennessee reported that federal support accounted for all of the personnel in the nutrition and special education programs. In contrast, federal funds played no role in the staffing of teacher certification positions (a sub-category of the Teaching and Learning function).

Figure 4. Share of Federally Funded Positions by Function (2009-10)



Source: Authors' calculations based on SEA personnel data.

The idea of giving SEAs greater discretion in the allocation of federally funded personnel resources is, on the surface, a relatively attractive one. Using the eight states examined for this project, the *potential* number of personnel who could be shifted to school improvement activities is quite large. In this hypothetical world of maximum flexibility,¹⁴ a pool of almost 2,500 federally funded positions could be drawn upon for bolstering the resources devoted to school improvement in these eight states. If 5 percent of those positions were shifted to improvement activities, for example, the personnel total assigned to that function would increase over 40 percent, to 421 positions. If one could reallocate 10 percent of this pool, the number of improvement personnel would nearly double, to 547.¹⁵

Estimating the number of positions that potentially could be shifted from a current federally funded position to school improvement efforts, however, is far easier than actually implementing the change. There are several obstacles to providing the SEAs with this degree of flexibility. First, it is very likely that the federal government would be reluctant, at least initially, to embrace the idea that SEAs would be empowered to shift personnel around as they see best. The reluctance stems from a sense that providing such autonomy could suggest that some current federal activities are unimportant.

14. It should be noted that the federal government does allow for the consolidated administration of some of its programs at the state level. What is being suggested here is that the U.S. Education Department would extend that amount of flexibility to all of its programs, including flagships such as special education.

15. See Appendix for calculations.

Even if such a change were made, it is not clear that it would result in more resources being devoted to school improvement. Some of the SEA financial officials contacted for this project reported that federal constraints were not really an issue for them in terms of resource allocation decisions. They identified overly attentive state legislatures as a key obstacle in their efforts to effectively manage their offices. It is easy to imagine a situation where, in the absence of federal restrictions on personnel assignments, eager state legislators would look for ways in which they could use newly granted flexibility to supplant positions that previously had been paid for out of the state's general fund.

Most importantly, the notion of shifting staff responsibilities around within an SEA rests upon an important assumption: SEA personnel are essentially interchangeable. It is not clear that this is the case. The skill set and training required to monitor compliance with federal guidelines are unlikely to be the same as those needed for playing the role of case worker to a district with struggling schools. This project represents only a first step in terms of assessing the capacity of SEAs to implement school improvement reforms. There is room for significant future research on the capacity of SEAs that would incorporate a more comprehensive examination of human capital.

Contracting Out Improvement Functions

Most of the discussion of resources in this report has focused on staffing and personnel numbers. Part of that focus has been driven by data limitations. Conceptually, there is no requirement that school improvement activities must be carried out by state employees. Though there was no indication to suggest that any of the states in this study had utilized independent contractors or consultants as a significant part of their school improvement strategy, it certainly is possible. Texas, for example, contracts out a significant portion of its teacher credentialing function. Consequently, Texas employs about the same number of staff members for teacher certification as does Minnesota, a much smaller state.

An approach to school improvement that is not dependent upon a large expansion of personnel at the state level is attractive:

- Contracting may be faster, as the process of adding personnel will be slowed significantly by state civil service rules and restrictions.
- Contracting could provide access to a broader and more dynamic set of skills.
- Contracting could enable an SEA to expand and contract a portion of their improvement workforce as conditions dictate.

Contracting out school improvement, however, is not a panacea. In addition to making resources available for the work, SEAs also need some capacity to oversee the contracts. Again, the number of personnel required would be dependent upon how active a role state personnel will play. One possible scenario is the SEA serving as a clearinghouse that simply directs the district in need to an array of potential school improvement consultants.

A more involved *caseworker* role would require personnel at the state level who could work more directly with districts working to turn around troubled schools. The SEA could develop important expertise and experience that would be invaluable to districts in their search for assistance. State personnel also could provide the institutional memory and a de facto point of quality control, directing districts to the contractors whose services would be the best match to the troubled schools' needs.

A school improvement plan that utilizes contractors is likely to be a sensible approach. While such a strategy reduces the need for additional SEA improvement capacity, it does not eliminate it.

The Impact of Race to the Top

A baseline assumption for this project is that new, additional funds are unlikely to be forthcoming from state or federal governments. In 2009, however, the Obama administration established the RttT Fund, a competitive grant program to encourage state-level education reform. Through ARRA, \$4.35 billion was set aside for this purpose. As of February 2011, 11 states plus the District of Columbia were awarded RttT funds to aggressively implement reforms. Continued support for RttT was signaled by the President's 2012 budget submission.

RttT, then, could emerge as the vehicle by which new resources could be allocated to school improvement activities. A brief examination of Tennessee's experience suggests that RttT has the potential to contribute additional resources to school improvement, but its current iteration does little to build capacity at the state level.

The Department of Education scored applications based on six criteria and nineteen sub-criteria. Each sub-criteria was assigned a point value, ranging from 5 to 65 points. Of the nineteen sub-criteria, only one of them considers the role of state-level capacity:

Criteria (A)(2): Building strong statewide capacity to implement, scale up, and sustain proposed plans.

Criteria (A)(2) was assigned a value of 30 points, which represents only 6.25 percent of the total points possible. If the selection criteria are an indication of the RttT Fund’s priorities, state capacity building is relatively low on the list.

In July 2010, the Department of Education awarded Tennessee more than \$500 million over a four-year period. A review of that state’s RttT budget serves as a guide to the grant’s funding priorities. The funds allocated to SEA operations were used to fund 28 new positions (Table 5).

Table 5. Tennessee Department of Education RttT New Positions

Position	FTE	% of Total
Executive	5.00	17.73
Paralegal	1.00	3.55
Teacher Preparation Program Coordinator	2.00	7.09
Electronic Learning Project Coordinator	0.50	1.77
Technology Positions	14.50	51.42
Professional Development Managers	2.00	7.09
Teacher Effectiveness Research Director	1.00	3.55
Leadership Development Manager	1.00	3.55
STEM Project Coordinator	1.00	3.55
College Access Network Staff	0.20	0.71
Total	28.20	100.00

Source: Tennessee Department of Education, “Tennessee’s First to the Top Budget Summary,” 2010.

Of the 28 positions, approximately half of them are technology positions to assist with the new longitudinal data system, or, in the terms of the functional definitions in Table 1, for performance monitoring. The remaining 13.5 positions include 5 executive positions and 9.5 program staff. Explicitly building the SEA’s school improvement capacity was not a focus of Tennessee’s RttT plan.

Tennessee’s RttT budget is only a single case and it is very early in the implementation process. At this point, however, it would appear that it places a priority on local-level reform and makes only a minimal contribution to building capacity at the state agency.

Unless the Tennessee case proves to be an anomaly, it is difficult to imagine how the current configuration of the RttT program will encourage SEAs to devote more resources to improvement activities. If the RttT program agenda is representative of future education reform efforts, then SEAs will continue their struggle to do more with less.

CONCLUSION

This project makes three assumptions:

- School improvement is likely to remain a priority of the federal government, and in fact greater emphasis will be placed on that function.
- New money to expand the capacity of state education agencies is unlikely to be forthcoming.
- The role expected of state agencies in working to improve schools is an active one, not merely serving as a source of information.

These assumptions, combined with the analysis of the eight states here, suggest that the current allocation of SEA resources is unlikely to meet future expectations. Though it is difficult, and probably undesirable, to suggest some optimal investment in school improvement activities, it is hard to imagine a scenario where a single staff member could manage improvement efforts, let alone the turnaround, of 25-30 schools.

Most important, this conclusion is reached at what is likely to be the “high-water mark” in terms of SEA headquarters resources, as most states across the country are looking to cut budgets and reduce personnel. In other words, if the experience of these eight states is any indication, existing school improvement resources are spread fairly thin, and the future situation looks worse, not better. The situation presents a serious threat to continued progress on education reform in the United States.

Given this rather pessimistic scenario, it would behoove the federal government to identify any marginal resources that could be made available for school improvement efforts, while freeing up SEAs to move their personnel around to the maximum degree possible. The fact that the agencies examined here do not allocate their resources in precisely the same manner suggests that one size does not necessarily fit all when it comes to managing state education efforts.

Care would have to be taken, however, to ensure that states maintain their current efforts, when given the chance to reshuffle personnel. The threat of states’ legislatures perceiving flexibility in personnel assignment as an opportunity to back-fill for general fund-supported positions is a real one.

Lastly, the amount of resources available to SEAs as measured by positions and people is only the first of many measures to assess the state's capacity to manage education activities. There is still a considerable amount of research that needs to be performed in order to develop a better understanding of a state's capacity to implement education reform. .

Significant progress has been made in terms of establishing standards and monitoring how well schools manage to meet those benchmarks. It has become much more difficult to overlook or ignore underperforming schools. SEAs have played a significant role in making this possible. If, however, they are going to play a meaningful role in improving failing schools, many SEAs are going to need to find a way to make more resources available for this purpose. SEAs will, most certainly, be expected to do *more* in this regard. Under current circumstances, however, it would appear that the states are likely to find themselves in a position of doing *less* with *less*, much to the dissatisfaction of many.

APPENDIX

Table A engages in the hypothetical exercise of estimating the number of staff that could be available for reallocation based upon the eight states studied for this project. From the total staff reported for these eight SEAs, it first nets out those individuals currently assigned to school improvement functions. It also subtracts the staff assigned to school nutrition programs. The motivation for this second adjustment stems from the fact that the vast majority of these federal resources originate with the U.S. Department of Agriculture (USDA), not the Department of Education. It may not be realistic to assume that the USDA would endorse a portion of their funding be re-allocated to support school improvement efforts.

Table A. Estimated Resources Available for Reallocation

Resource Type	Personnel
Total 8-state SEA Personnel	6,327
Less total currently in school improvement	297
Less total currently in nutrition programs	477
Remaining personnel	5,553
Percentage accounted for by federal funds	0.45
Estimated federally funded, non-improvement, non-nutrition program resources	2,499

With these adjustments, nearly 2,500 positions could be drawn upon for bolstering the resources devoted to school improvement. The potential is significant. If 5 percent of those positions were shifted to improvement activities, the personnel total assigned to that function would increase over 40 percent, to 421 positions. The dramatic impact of these reallocation scenarios may be more a reflection of the relatively low base that is being added to, more than anything else. Nevertheless, the potential is not trivial.

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