

Investing in Results

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ACCOUNTABILITY FOR PERFORMANCE: A FORMULA FOR THE CINCINNATI PUBLIC SCHOOLS

1. A Formula for Greater Accountability

At the request of Councilman Phil Heimlich, The Public Strategies Group (PSG) has developed a formula to increase the accountability for student achievement in the Cincinnati Public Schools (CPS). This formula will enhance the likelihood that the *Students First* plan will increase student achievement, safety, and discipline. As part of this proposed design, The Public Strategies Group would provide leadership for Assessment and Accountability under a new structure which separates the production of school programs from the decision to fund them. Introducing marketplace dynamics into the public schools is the key tool of this design.

Choice is used to make everyone in the system accountable for the desired results -- primarily student achievement. These dynamics can be cultivated by 1) separating the funding choice from the production of educational alternatives and 2) giving students and their families true choice of which public school programs to attend. The Public Strategies Group will lead the unit that makes funding choices, while the current Cincinnati Public Schools organization will provide the educational programs. When these changes are made all the stakeholders in the system will have incentives for performance built into their participation.

The Public Strategies Groups would be paid based on its performance. Performance will be judged according to the extent to which specific goals—outlined in *Students First*—are achieved. In turn, PSG will fund schools based on performance, putting more money into schools and programs which are performing well and redirecting funds from those which are not successful.

The following pages are divided into sections that 1) describe the situation in Cincinnati and what the problem is, 2) identify the tools that will create the change necessary to put students first, and 3) propose the role of the Public Strategies Group and others in implementing this change. An appendix follows that includes reasons why this formula will work for various stakeholders, describes the principles undergirding the formula, and provides descriptions of the accountability relationships in some detail.

2. The Situation and Problem

In the face of low test scores, major discipline problems, and a decaying infrastructure, the Cincinnati Public Schools have launched an aggressive new strategic plan called *Students First*.. The plan is designed to give the public schools direction to succeed in overcoming the discipline, infrastructure and achievement problems. It sets goals and it proposes strategies for teaching and administrative systems.

Student achievement, as measured by the Ohio Proficiency Test, demonstrates that approximately 17% of Cincinnati Public School's eighth graders pass the ninth grade test. The plan originally had a target of achieving the 50% passing level by 2001, which was lowered to a goal of 40% in the plan's revision. Strategies for achieving this goal include giving more authority to teachers and school sites, team teaching, and having teachers follow particular students for several years.

Discipline problems are cited by many people involved with the public schools as the biggest challenge in Cincinnati. Too many children come to school unprepared to learn and with limited respect for others. The school discipline policies and programs have not succeeded in improving this situation. The plan includes Project Succeed as the latest attempt to deal with discipline. It is a separate school for children with significant discipline problems.

Many public school buildings in Cincinnati are literally falling apart. In 1993 a referendum for \$350 million of infrastructure improvements failed even though it was recommended by a group of civic minded business leaders called the Buenger Commission. Things have not gotten better. The *Students First* plan does not address infrastructure, but there is a contract to develop a new facilities master plan.

Cincinnati is not alone in its anguish over student performance or its plans to improve. Big city districts are facing a tougher job of graduating students and helping students achieve proficiency in core academic courses. Cincinnati has done as well as many in facing the challenges of today's urban school district, despite the "red zone" ranking by *Expansion Management* magazine. Yet as Superintendent Mike Brandt has said "We're not a Cadillac that just needs a little fine-tuning. If we only tweaked around the edges, we'd be sitting here five years from now and the results would be even worse."

The new strategic plan follows a long line of reforms that Cincinnati Public Schools have adopted in attempting to meet the severe challenges of big city school district. Most recently the Buenger Commission made a number of recommendations that were enacted to improve the performance of the district. The district is stronger financially, has a balanced budget, and has a wonderful training facility in Mayerson Academy because of these efforts. Before Buenger there were efforts at measurement, the development of magnet schools, and other reforms that have been at the cutting edge of public school reform in the country.

Many committed individuals involved with the Cincinnati Public Schools have devoted great effort to improve the schools. First, the teachers have done excellent work and continue to toil to raise achievement. There are principals and other administrators who have taken on additional challenges in the face of mid-management cuts. The Cincinnati Business Community has dedicated time, effort, and talent to improving the schools; the Buenger Commission is an example. The Baptist Ministers have supported changes in the schools. The list goes on and on of the commitment of the people of Cincinnati to their schools.

Despite the *Students First* plan and the hard work of committed individuals, more fundamental change is needed. The bigger problem has to do with the lack of structural accountability that has developed over fifty years of bureaucracy in the public sector. The organizational system of public education in Cincinnati is broken. This bureaucratic system must be fixed before *Students First* and committed individuals can bring real success to the public schools.

This is not a problem of intentions, nor of people. It is a problem with the way accountability is arranged in the district. The same organization which is accountable for acting as an agent for each child is also accountable for operating schools. District leaders thus find it difficult to vigorously pursue the children's agenda and simultaneously meet the legitimate needs of those who are stakeholders in school operations.

A **separation** between the part of the district that operates schools in Cincinnati and the part of the district that ensures accountability for a good education for each student would alleviate this problem. The former should include a market of alternatives in the public schools. The latter should be provided by a separate group that is focused on standards, performance measurement, and reporting results to the public. With a clear singular focus, **both parts will produce better results** than the current arrangement of trying to "balance" the two roles.

Changing leaders isn't the answer. More money isn't the answer. New strategic plans are not enough. Committed individuals can only do so much. The new strategic plan is an excellent start in the right direction. The plan is necessary but insufficient. **Goals in *Students First* can only be realized when the accountability arrangements actually do put students first.**

3. Cincinnati Marketplace for Educational Results

When we visualize a farmer's market, images filled with a variety of colors and a cornucopia of shapes come to mind. There are fruits and vegetables to meet the assorted tastes and kitchen needs of a wide audience of consumers. Prices are posted over each item and are changed often based on supply and demand. The truck farmers learn to vary their crop and to tend it in a manner that meets the desires of the market's customers.

The dynamic of the marketplace is that those buying produce have a direct impact on the producers. The producers are *accountable*; that is, they are in a position to experience the consequences of their decisions. When farmers produce excellent crops, they do well in the marketplace. Farmers seek to innovate, so that they can meet changing consumer needs. Investments are made to develop a supply that catches the consumers attention.

The Cincinnati Public Schools are not a business. Nor should they be run as a business. But there are ways to appropriately introduce marketplace dynamics in a way that makes schools accountable to those whom they serve. Market accountability is much stronger than hierarchical accountability in influencing producers to meet consumer needs. The metaphor of the market has much to offer public education in strengthening the accountability of a broken bureaucratic system.

This formula uses market metaphors to strengthen accountability in three ways:

1. We propose to organize the consumers and make them powerful by giving them choice and making them smart "choosers". Students and families will be powerful if they can make the choice of attending the educational programs that will be most beneficial for them. Markets can only be efficient if consumers have the information and advice necessary to make informed decisions. To help with these choices information on the performance of schools and programs will be readily

available in understandable form. In addition, community advocates will be mobilized to help families understand and exercise their choices.

2. We propose to separate the *suppliers* of educational services—Cincinnati school administration—from *the Assessment and Accountability role of PSG*— a small but important new "buying" function— whose only purpose is to seek the best possible return on public education dollars regardless of who supplies the educational services. Because they are accountable to the public, buyers will seek a rich variety of suppliers from which to choose. Suppliers will concentrate on meeting the needs of students and families. They will be more accountable, however. Student choice and buyer choice will create powerful incentives for improving results which benefit students.

3. Building on the excellent initiatives in *Students First* we propose to allow schools to use a range of alternatives to produce a rich supply of educational programs to meet the needs of all Cincinnati students. The school operations will need to be flexible and willing to change to meet the demand. Successful programs will result in increased demand and will be replicated while unsuccessful programs will need to be phased out. PSG will not put money into programs that do not succeed.

CPS will continue to be the principal supplier from which The Public Strategies Group purchases educational results. Current state law limits the alternatives that the Board can turn to for school operations. This may change in the next few years to include charter schools and other alternatives. However, even now, The Public Strategies Group could choose which public schools to fund and which to not fund. A buyer separated from the supply side will be able to make these tough decisions because of the change in accountability. Also within schools, alternative programs can be purchased from private sources to bolster current options. For example, the Sylvan Learning Centers are offering remedial services to public schools. They can put a complete learning center within a school and operate it with either their own faculty or current school district faculty. The Dayton school district is currently using Sylvan in their schools. They have

demonstrated some very positive results in a number of different public school districts.* Many other appropriate suppliers can also be developed over time.

The choices of students and families will help to force this development of alternatives. Families making choices with their feet send powerful messages to the schools about which alternatives need developing. The information on student/family choice will have a major impact on PSG decisions. If no one is choosing to attend a school, that school will need to be changed and have a fresh start with more desirable programs and staff. Also, just the act of making a choice will increase the involvement of families with each students' education.

Figure 1
Tools to Strengthen Accountability

Schools more accountable to students:

- Students have choice of schools and programs
- Community advocates advise families
- Performance information provided to all

PSG more accountable to citizens:

- Exclusive focus on investing for results
- Has choice of suppliers
- Paid for results

4. A Working Solution

A new design that separates the provision of a quality education from the production of educational services within the Cincinnati public school system promises results. For the same dollars, all Cincinnati children will benefit from more -

- learning
- safety
- discipline.

In the formula, The Public Strategies Group will be accountable to citizens for producing the best possible results with the funds and the school operations will be accountable to students and their families for meeting their educational needs. Consequences associated with the decisions of both elements —PSG and CPS suppliers—will keep the organization sharply focused on results.

There are three new entities and a new funding source, but no new employees required to implement this formula. These entities are:

1. Assessment and Accountability Unit led by PSG
2. Management Board overseeing the Cincinnati Public Schools operations
3. Community Advocates
4. Better Cincinnati Fund.

The Assessment and Accountability unit is the group that will make the funding decisions for the School Board. A performance contract will be developed by this unit which will transfer funds to the schools of CPS in exchange for them producing educational results. The Board — in its role of ensuring a good education — will contract with PSG to organize an **Assessment and Accountability** unit to perform the following functions:

- manage the financial resources of the district
- establish the curriculum standards
- use these funds to purchase educational services for the children of Cincinnati

- negotiate annual agreements with the Superintendent/Schools
- measure the outcomes that those programs achieve for the enrolled students
- report the performance of these programs to the Board and the community.

INSERT FIGURE TWO HERE

The Management Board will support CPS school operations with the production of educational programs and maintaining compliance with state and federal regulations thus freeing the School Board to set educational policies, performance expectations, and resolve strategic issues. The members of the management board will be appointed from the community for their ability to oversee the business operations of the schools. Accountability for compliance with state financial and legal norms would flow through the management board to the Board of Education. The Board will perform its fiduciary role over CPS Schools as that part of the district creates and delivers educational programs, builds and manages schools, and hires instructional and support staff.

Community advocates will be community groups, such as the Baptist Ministers and the Urban Appalachian Council, that assist students and families with school choice. This will provide pressure for performance information and information on the choices made by families. Advocate groups will be funded to provide information and consulting advice to students/families on a per student basis.

Choices by students and families will help inform both the CPS operations and PSG. The choice by students and families is not a voucher program in which services can be purchased outside of the public system. Hopefully the public system can be made rich enough in options and responsive enough in quality so that students can get their first choices. It is up to PSG to help make this happen.

The Better Cincinnati Fund will be a fund established by the Cincinnati Business Community for the purpose of increasing the assets of Cincinnati's school children. It would have the goal of being a \$25 million fund. The money to pay for the community advocates and of PSG's role will come from this fund.

Public Strategies Group Work

Public Strategies Group will manage the Cincinnati Public School district's \$325 million budget on a performance basis. It will make decisions on which schools to fund each year. To do this PSG will need to lead the Assessment and Accountability unit composed of the budget department, assessment unit, communication employees, and curriculum standards employees of the current CPS. This would be a small but very influential work group.

The funding decisions that PSG makes will be closely tied to performance in terms of results and demand. Since PSG gets paid for performance, its incentive will be to increase achievement. The schools that are doing better at achievement will not only be funded but PSG will want to purchase more of their services from CPS operations. Efforts will be made to replicate the work of those who are successful and at the same time eliminate programs that are not succeeding. PSG will not fund schools with 1) poor records of achievement and 2) that students and their families do not choose to attend.

Under current statutes, services for most of the students must be purchased from CPS Schools. Charter schools, alternative schools, or private firms that operate schools cannot be contracted for services at this time. In the future, these options and other alternatives may present themselves. CPS Schools will prepare itself to compete with these alternatives during the interim. In the meantime, the critical difference is that PSG will be free to purchase the best possible education for Cincinnati's kids without concern for meeting the revenue, human resource, facilities, and other needs of the school operations organization (CPS Schools). PSG will not buy services from schools or programs that do not perform. CPS

Schools would need to close these non-performing schools and replace them with programs and faculty that are in demand by students, families, and PSG.

If a school or educational program consistently fails to improve, PSG will insist on dramatic changes before that school or program can continue to receive funding (and students). When a particular group of students is consistently lacking success, PSG will buy educational services for those students from a new alternative. PSG will demand the replication of successful programs and the disbanding of programs that do not produce results.

Assessment and Accountability includes more than the budget unit for making funding decisions. The curriculum standards unit will help to set the focus and target for achievement. The assessment unit will produce the needed information on how well each school is doing on achievement so that intelligent funding decisions can be made. It will be important to communicate standards and assessment information throughout the community. Administrators, teachers, and students need this information to learn.

Public Strategies Group Measures of Performance

The results that PSG would be paid for are results that Cincinnati wants for its school system. The targets and measures presented in the *Students First* draft are a good place to start. We are aware of the controversy over these targets within the Cincinnati community and would want the controversy settled before signing a contract based on these measures. Achievement is the first and foremost category of measures to judge performance. Following is the list of measures from the current plan.

Achievement

- Graduation Rates
- Drop-out Rates
- Drop-back Rates
- Ohio Proficiency Test Results
- California Achievement Test Results

- Student Attendance
- AP/IB Course Enrollment and Pass Rates
- ACT and SAT Scores

Safety

- Suspensions
- Expulsions
- Orderly environment surveys

Customer Satisfaction

- Surveys of Parent, Student, Teacher

One measure we believe should be added to this list is the achievement gap between white students and African-American students. Our experience and the statistics from Cincinnati informs us that an achievement gap exists between races. This would seem to be a significant community issue and that eliminating the gap should be added by the community as a goal of the district.

The Financial Arrangement

Would you trade a pair of sneakers for meeting the Cincinnati student achievement goals?

Payment to PSG will depend on meeting district targets set on the above agreed upon measures. A potential payment amount equal to approximately one percent of the district's annual budget or \$65 per student annually (out of the \$7,000 spent per student) will be targeted in this contract for improving the performance of the district to meet achievement goals. \$65 will buy a nice pair of sneakers these days. Because of the startup costs and the length of time to see results, this would be fashioned as a five year contract that will start with a base payment and a variable amount depending on performance. The total would be closer to half a percent in the first year and reach one percent after five years.

Year	Base	Variable (up to)	Total
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1997	500k	1.5m	2m
1998	250k	2m	2.25m
1999	200k	2.5m	2.7m
2000	100k	2.9m	3m
2001	0	3.25m	3.25m

Because of the major demands on the school district budget and political issues involved in taking money from the district budget, the source of PSG pay would be the "**Better Cincinnati Fund**". Money from the fund would be dedicated to building assets in Cincinnati's youth. Other uses of the funds could include paying for the community advocates services to students and families.

There will need to be a clause to cover the situation if the Board does not follow the funding recommendations of PSG. PSG cannot take the risk of increasing student achievement unless its recommendations are implemented. If the board chooses to ignore or act contrary to PSG's recommendations then a base buyout fee of \$1 million must be paid and PSG will leave the district.

APPENDIX

WHY THIS WORKS FOR THE

BOARD

State law puts school boards in a serious bind of conflicting roles. On the one hand, the Cincinnati School Board is required to see that each child living in Cincinnati who chooses to attend public school gets the best possible education (its "governance role"). On the other hand, the Board also owns and operates schools. In this latter capacity, the Board carries fiduciary responsibility for those schools (its "operational role").

When these roles conflict, the Board's responsibilities for operating schools inevitably dominate its responsibilities to ensure high-quality educational services for children. Day-to-day operational problems can overwhelm any longer term agenda regarding how to provide outstanding educational services to children and families in Cincinnati.

District leadership ultimately gets caught in this conflict. Vigorous attempts to focus on setting high expectations for student achievement, on closing the gap in achievement between students of color and white students, on making the system work for all kids (not just some), and on building community trust are often overshadowed by the necessity of making sure that the district lives up to its commitments to its employees, vendors, contractors and suppliers.

Under the Investing in Results plan, the Board would be alleviated of this conflict when these two roles are separated into the concentration on management through the management board and the concentration on performance through PSG.

STUDENTS AND FAMILIES

Students and families will choose what school they attend in PSG plan. When students and families choose schools they make a statement about school performance. These choices provide a great deal of information in identifying demand. Currently the Cincinnati Public Schools do not keep information about the choices that families and students make on enrolling at schools.

Although the Cincinnati Public Schools have offered some type of choice for many years, their lack of data on the results of choices indicate that no real choice exists. Magnet schools have offered some variety and choice to students and families; however, this has apparently had very limited results except in satisfying demands for racial integration.

Involving community groups as agents for children in the choice process will provide all students the opportunity to choose. The Baptist Ministers operating in this role are one example of a community group that can help provide information to parents and make demands on schools to meet the needs of its children. The Urban Appalachian Council is another group which can help to represent children who would otherwise not be able to choose. The use of these groups to support those students and families that need them will increase the accountability of the schools.

TEACHERS

Investing in Results works for teachers because they will have the opportunity to try a number of alternatives. There will be many models developed which can fit individual strengths while meeting the needs of many different kinds of students, and site/classroom decision making on the use of resources will make teachers more powerful. While PSG searches for results, the teachers will have more freedom to collaborate to discover programs and methods that work. They

will be encouraged to be creative to meet the needs of the groups of students who choose their program.

Teachers benefit from having students who have chosen them. This commitment and ownership from children and their families will make the relationship more positive right from the beginning. Family involvement and support is essential for good performance.

The work of the community groups as agents for children will also improve the connections of the teachers with the community. Community efforts to develop assets in students will make the teachers that much less lonely in their work to help students learn. Community groups can help address many student problems that are beyond the scope of what can be expected of teachers.

A cycle of success can be created in the Cincinnati Public Schools. Success will mean greater longevity, higher morale, improved ability to attract and keep the best, and a stronger, more stable workforce.

COMMUNITY

Information is what makes the new model work. Not only does the information about the choice of school programs help the schools and PSG determine demand, but information on performance in student achievement will be produced and communicated throughout the community. This information will allow students and families to make wise choices.

Performance measurement is the key to making market dynamics work in the schools. A market cannot work with uninformed consumers. Community trust depends on the public believing that they are well informed. Two key pieces of information for the community are the achievement results that the schools produce and the financial stability of the operations.

Communicating this information in a number of understandable ways will be a major responsibility of PSG. The Baptist Ministers and Urban Appalachian Council are examples of agent for children groups that will be enlisted to help interpret this information and transmit it to people throughout Cincinnati.

TAXPAYERS

By continuing financial management responsibility, investing in infrastructure, and tying contracts in the district to performance, the investment in results pays dividends for taxpayers.

Since the implementation of Buenger Commission recommendations, there has been evidence, such as balanced budgets, of decent financial accountability in the Cincinnati Public Schools. The new design hopes to maintain this accountability and increase the management orientation while at the same time freeing the Board of Education to concentrate more on performance in student achievement.

The Cincinnati business community will be called on to continue its efforts to maintain good management of the school district. Their participation on the management board will be essential for this purpose. They can, also, help the schools with the infrastructure problem.

State government investment in infrastructure based on the realignment of accountability of the district and improved performance in student achievement could be a solution. Taxpayers in Cincinnati may benefit from their efforts to support achievement through this realignment of accountability. Some state governments already have budget laws supporting infrastructure in local school districts, while states, also, have performance grants that they award to districts. The combination of these two tied to PSG formula could go a long way to solving Cincinnati's large and growing problem with school buildings.

By contracting for performance, the Board would be able to assure taxpayers that money is effectively spent. The Board's contract with PSG will be on a pay-for-

performance basis— PSG will be paid according to the results achieved. Results which the Board will set for PSG might include:

- Increased student achievement for all students
- Reduction in the achievement gap between students of color and white students
- Improved learning climate in schools (better discipline, etc.)
- Improved community trust in the school district

In the early years, the two systems (PSG and CPS Schools) will continue to be closely tied to one another on performance. But in important ways, each will have the freedom to pursue excellence in their diverging roles. PSG will only contract with the Superintendent/Schools for programs that work. Likewise, contracts with employees will have a performance element within them.

PRINCIPLES of the NEW ACCOUNTABILITY

The solution works if the stakeholders of the Cincinnati Public Schools will agree to base it on a commonly held set of principles. The newly designed system of accountability relationships within the Cincinnati Public Schools would be based on the following principles:

- *The Board of Education representing the community will agree on the desired results of public education in Cincinnati.*
- *A focus on results will be foremost for all stakeholders.*
- *Performance will be measured vigorously with the intention of the organization learning from the measurement information.*
- *Reporting on performance and communicating with the public -- families and other stakeholders -- will be thorough and continuous.*

- *PSG will be paid for producing results.*
- *PSG must have credibility with the community of Cincinnati.*
- *PSG and the suppliers of schools and programs will be informed by the choices of students and families.*
- *There will be the prospect and the ability of students and families to access a rich array of excellent educational alternatives within the Cincinnati Public Schools.*
- *Families and children will have **real** choice of programs and schools.*
- *The mobility of a student within Cincinnati will not be a barrier to his/her success.*