



CIVIC VITALITY AND PUBLIC EDUCATION PRODUCTIVITY: The Harbormaster Mayor

VICTOR REINOSO AND MARGUERITE ROZA

Under Pressure

If you are a mayor working to improve quality-of-life and the economic base in your municipality, here's what you already know: the impact of public schools on the cultural and material well-being of your city or town is indisputable.

Whether you are the leader of a metropolitan area trying to stem the exodus of families to the suburbs, the head of a revitalized city facing an uptick in young professionals and families with children, or the manager of a suburb whose school district is an increasingly demanding part of your portfolio, sustaining and even increasing the vibrancy of your local school system is no longer optional. It is a critical means of restoring and/or preserving the vitality of your community. And just as you know that the health and effectiveness of your public schools are determinative, you also know why.

Globalization has accelerated, and our economy has become more fluid. The challenges that face us as Americans also face the world; they are more complex and less beholden to national boundaries. Technology shapes our lives in ways most of us simply could not have predicted even a decade ago, and thus the need for a highly educated citizenry has intensified. As a result, the strength and effectiveness of the American public school system has risen to the top of our national agenda in a way not seen since the Cold War. In short, the civic health of our communities, our states, and our nation is inextricably entwined with the capacity and the potency of our public schools.

The Perfect Storm

The pressure you feel when it comes to strengthening the public school system in your municipality isn't confined to your district or even your geographical region. It is bearing down on the leaders of cities and towns, large and small, across the nation.

The bursting of the housing bubble and subsequent economic pressure constrained state spending, which in turn put the squeeze on school district budgets. Add to that population shifts, rising health benefit and pension costs, and wage pressures, and you have the proverbial perfect storm. What lies in its path are the nation's public schools.

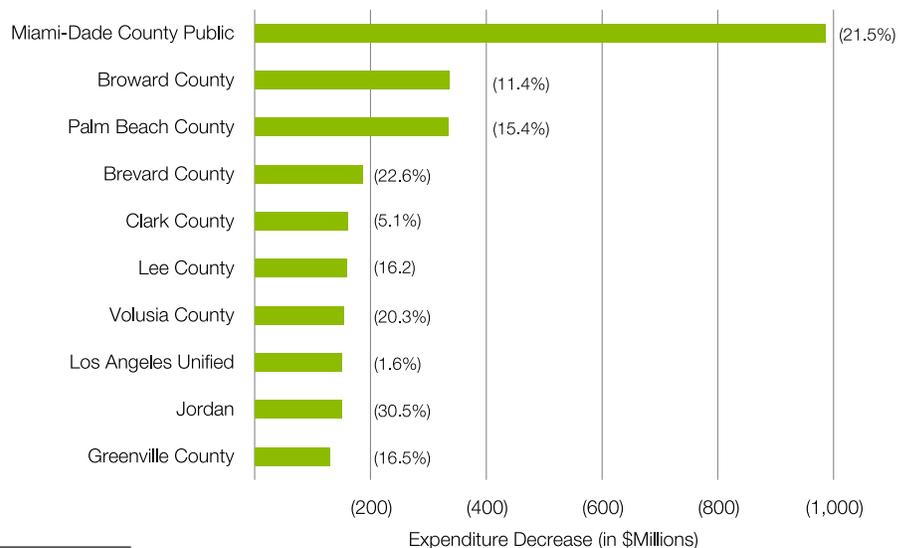
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Urban education, in particular, is at a moment of transition, but the financial strain on school districts is not confined to large metropolises. It can be felt in small cities like Fairbanks, Scranton, and Youngstown. And it shows no signs of abating in the next decade. With built-in expenditures likely to rise faster than the growth in public funds, districts may see themselves in a permanent state of budget cuts.¹

Districts that fail to rebalance their finances sustainably could find themselves subject to state takeover. In 1989, when New Jersey was the first state to take over a district, there were six states with state takeover powers. Today, more than half of states have that authority. While multiple state accountability frameworks provide for takeover of academically underperforming districts, fiscal distress is also singled out as a trigger for takeover in many states including California, Illinois, Michigan, New Jersey, Pennsylvania, and Texas, among others.²

In early 2014, the Office of the New York State Comptroller determined that 13 percent of the state's school districts were fiscally strained, with 12 districts under "significant stress," 23 districts under "moderate stress," and 52 "susceptible to fiscal stress." In 2013, Michigan reported that an unprecedented 55 school districts faced deficits. And in 2012, the California Department of Education declared that a record 12 school districts were unable to meet expenses; an additional 176 were flagged as struggling to meet their financial obligations.³

Figure 1. Top 10 districts with declining total expenditures SY 2006 – SY 2010 from the Top 100 U.S. districts⁴



1. Roza, M. "Leveraging Productivity for Progress: An Imperative for States," in *Prioritizing Productivity: The SEA of the Future*, Vol. 2, ed. Betheny Gross and Ashley Jochim (San Antonio: Building State Capacity & Productivity Center at Edvance Research, Inc., 2013).

2. Oluwole, J. and Green, Preston (2009) *State Takeovers of School Districts: Race and the Equal Protection Clause*, 42 *Ind. L. Rev.* 343. <https://journals.iupui.edu/index.php/inlawrev/article/view/3995/3953>

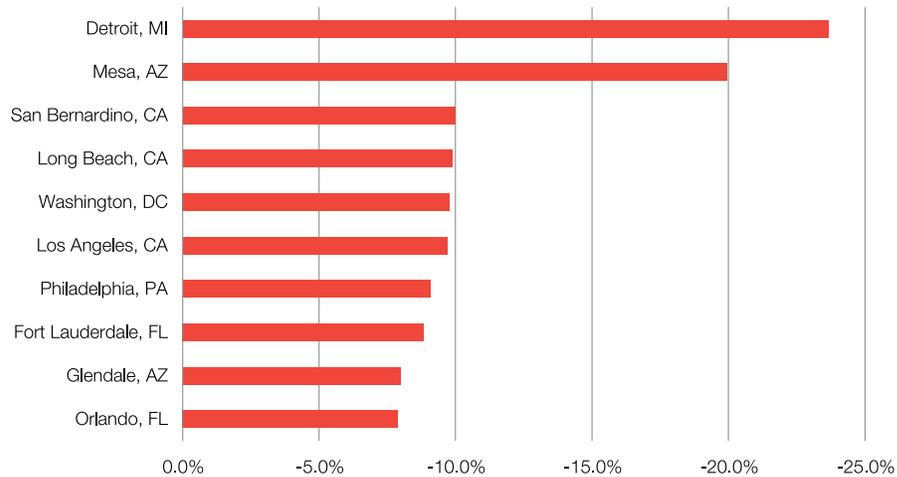
3. "Fiscal Stress Monitoring System, School Districts in Stress Fiscal Years Ending 2012," New York State Office of the State Comptroller, accessed March 2014, https://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/schools/schools_stress_list.pdf; "Record 55 school districts in Michigan facing deficits," *Detroit Free Press*, June 6, 2013. <http://www.freep.com/article/20130606/NEWS06/306060108/school-district-deficit-dissolve-record>; "Record number of school districts in state face bankruptcy," *Los Angeles Times*, May 21, 2012, (<http://latimesblogs.latimes.com/lanow/2012/05/school-districts-bankruptcy.html>); "List of Negative and Qualified Certifications," California Department of Education, accessed March 2014, <http://www.cde.ca.gov/fg/fi/ir/second1112.asp>.

4. Data sources: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "School District Finance Survey (F-33)," fiscal year 2011, Provisional Version 1a and fiscal year 2007, Version 1a

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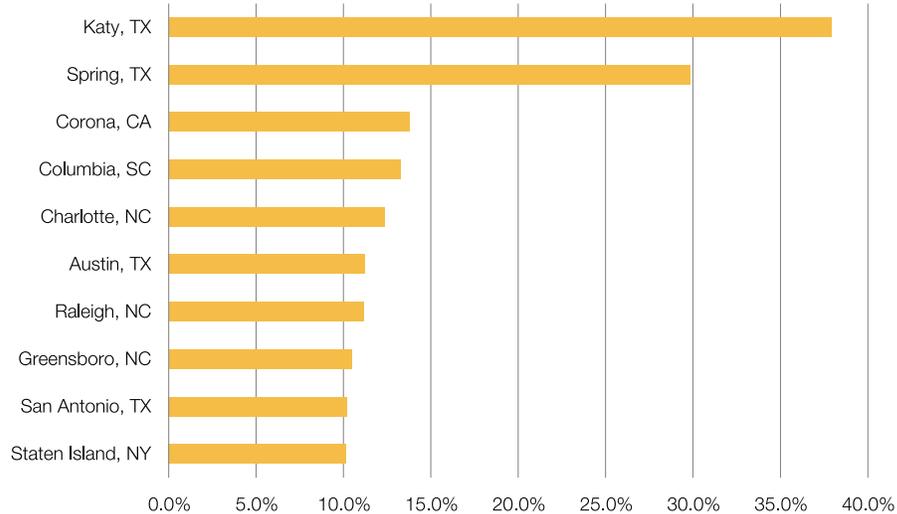
In some municipalities, economic constraints or demographic shifts mean fewer families are living in big cities thus decreasing school enrollment. In others, expanding education options—including charter, magnet, and virtual schools—are enticing families (and their public funds) out of the traditional public school system and straining the budgets of traditional district schools.

Figure 2. Top 10 districts with declining student populations SY 2006- SY 2010 from the Top 100 U.S. districts⁵



Elsewhere, cities are struggling to finance and open new schools fast enough to keep up with enrollment increases.

Figure 3. Top 10 districts with increasing student populations SY 2006- SY 2010 from the Top 100 U.S. districts⁶



5. Data Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/ Secondary School Universe Survey," 2000–01, Version 1a; 2001–02, Version 1a; 2002–03, Version 1a; 2003–04, Version 1a; 2004–05, Version 1a; 2005–06, Version 1a; 2006–07, Version 1c; 2007–08, Version 1b; 2008–09, Version 1b; 2009–10, Version 1a.

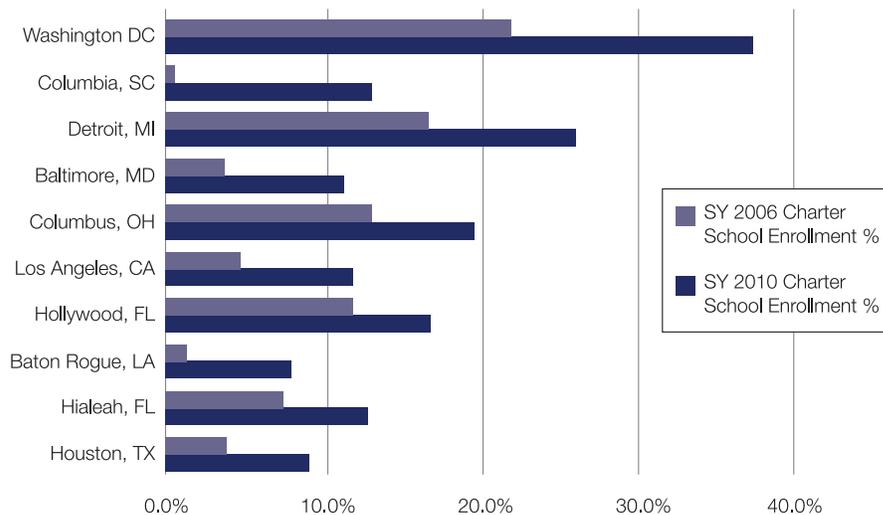
6. Data Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/ Secondary School Universe Survey," 2000–01, Version 1a; 2001–02, Version 1a; 2002–03, Version 1a; 2003–04, Version 1a; 2004–05, Version 1a; 2005–06, Version 1a; 2006–07, Version 1c; 2007–08, Version 1b; 2008–09, Version 1b; 2009–10, Version 1a.

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Public school choice has always existed for those with means; what has changed is the extension of that choice to many more families. Over the past two decades, as states have adopted policies designed to offer more public school choice, the range of education options has grown substantially. The result is that, in an increasing number of municipalities, students have more options. Families can:

- choose between schools within districts;
- attend a charter school;
- take advantage of flexible transfer policies and attend a school in neighboring districts;
- use a voucher to attend the school of their choice;
- go to school virtually, blurring the lines that separate municipal school districts and even state boundaries.

Figure 4. Top 10 districts with increasing charter school enrollment SY 2006- SY 2010 from the Top 100 U.S. districts⁷



Some mayors have sought to increase publicly financed options in their jurisdictions by advocating at the state level for charter schools or voucher programs. Some have sought direct chartering authority (e.g., Indianapolis) or mayoral control of their school districts (e.g., Chicago, District of Columbia, New York City).⁸ And in other municipalities (e.g., Omaha, Memphis), leaders have sought to blur or eliminate the boundary between city and suburban school districts by allowing city residents to enroll in neighboring districts, or by merging a city's school district with neighboring districts.⁹

7. Data Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2000–01, Version 1a; 2001–02, Version 1a; 2002–03, Version 1a; 2003–04, Version 1a; 2004–05, Version 1a; 2005–06, Version 1a; 2006–07, Version 1c; 2007–08, Version 1b; 2008–09, Version 1b; 2009–10, Version 1a.

8. Debates about mayoral control are most common in large urban jurisdictions, where socioeconomic complexities that were once seen as endemic to the urban core have given rise to arguments for multi-agency coordination. Today, leaders in suburban and even rural jurisdictions face many of the same complexities. As others have noted, mayoral control is not a new idea. Prior to the Progressive Era, most schools were a part of city government, and some municipalities, like New Haven, CT and Jackson, MS, never transferred control to independent governing boards.

9. Mayors did not initiate the changes in these jurisdictions, but the changes nonetheless redefine the mayors' relationship with the public schools.

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That perfect storm? It's changed the educational landscape as surely and as irrevocably as any hurricane. So what's a mayor to do?

Follow the Money (The Harbormaster Mayor)

Whether or not you as mayor have any direct or formal role in its management, the strength of your city's local school offerings reflects on your municipality. It is also true that resources for public education are inherently limited. While some cities are feeling more financial pressure than others, none have unlimited funds. That means municipal and education leaders always face choices about where to put those scarce resources. While schools operate with funds from federal, state, and local sources (and sometimes a share of municipal monies), there are policies that emerge about what schools should operate and for whom.

Most cities have no obvious central advocate for all students. Often, out of necessity, habit, or natural self-interest, school operators—be they districts, charters, or digital providers—focus on their own schools, their own students, their own staff, and their own survival. Without a harbormaster at the helm, the different operators are left to fight it out.

As mayor, you have both a reason to investigate and a unique perch from which to take the long view. Without favoring one approach over another, you can seek fresh insights on behalf of all your schools and all your city's students.

You can step back and reframe the conversation: it's not about which provider to support, but rather which individual schools are able to translate the region's scarce resources in the best outcomes for students. In the face of our metaphorical perfect storm, you have the opportunity to steer your ship of state safely to harbor by focusing the conversation on individual school productivity.

Not Just Any Port In a Storm

All cities have limited resources. Mayors ought to understand—and help others understand—how well local dollars are spent. Unfortunately, there is little comparative data available today about which public schools are getting the best return per public dollar invested.

The first step is asking the right questions. Learning what kinds of outcomes your community is getting from each school and at what relative cost is a natural starting point.

As Mayor, you should keep everyone focused on school-level productivity:

- Celebrate the schools that are yielding excellent outcomes for kids at fiscally sustainable costs
- Call out schools that demand a disproportionate share of public funds without corresponding benefits for kids, whether they are charter schools or district schools
- Advocate for replicating or expanding school models that outperform others in student outcomes and relative spending

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These days, most public education finance conversations start and end with gross per student averages calculated across an entire jurisdiction. Most debates about school funding are limited to comparisons of total or average spending relative to previous years or other jurisdictions, while most discussions of performance start and stop with test scores.

Faced with financial strain and data that fail to take into account nuances at the individual school level, district leaders more often than not resort to blunt maneuvers (among others, freezing or reducing compensation, cutting staff, reducing summer school, or otherwise limiting programming) with little evidence that these measures can or will work. In good times, well-intentioned leaders may double-down on programs that lack fiscal sustainability because those leaders lack good productivity data.

What mayors should insist on is an analysis that considers relevant spending and outcomes data at the school level so that the conversation moves beyond the system level turf wars. What mayors should initiate is a richer discussion about which schools are able to get the outcomes in a way that is sustainable with public funds.

What mayors—what you—should lead with are analyses of not just how many dollars are spent at each school, but how well those dollars translate to student outcomes.

- Ensure your city has access to school-level productivity data. Analyze school-level productivity data from all public school providers serving your municipality.
 - Which schools are getting the best outcomes at an expenditure level that is sustainable? Which are not?
 - Are resources allocated equitably? Efficiently?
 - Which schools are high spending/high performing vs. low spending/high performing? And which are high spending but lower performing?
 - Are there low or high return schools located in unexpected places?
- Prioritize productivity. A focus on individual school-level productivity rather than on the providers should yield a diverse and dynamic set of school models instead of a one-size-fits-all remedy.
 - Ensure all communities have access to productive schools.
 - Encourage the expansion or replication of schools that consistently produce a higher educational return.
 - Focus resource investment on high-return school models.
 - Protect high productivity schools from policies that threaten their success.
- Look beyond your city limits. Compare your school-level productivity data to neighboring areas and beyond. There are many examples of high-return schools outside of your local city limits. Identify and learn from them and allow them to learn from what your city is doing well.
 - Are there high return schools at similar funding levels, serving a similar student population, in other jurisdictions?

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- Do immediately adjacent areas have more high return schools than yours? Are there partnerships that can allow your students to access these models?
- Are there models nearby that could be replicated in your city?
- Are there policy or regulatory changes that would allow your local providers to achieve more?

Keep in mind that there are many paths to positive outcomes. Your job is not to choose either Scylla or Charybdis; it's to navigate safely between them. Avoid the temptation to micromanage school operators or advocate for a one-size-fits-all approach. Be disciplined in highlighting all the approaches that yield results for kids. Express concern about those that don't.

While performance on state accountability tests is one viable measure of return on investment, there are other ways to define and quantify outcomes that reflect the priorities of individual communities. Some communities might choose to create blended measures that include test scores along with other data. Your community might be most interested in student satisfaction and graduation rates. Whatever your priority outcomes, make sure you have schools achieving them cost effectively, so the benefits to students and your community are maximized.

Safe Harbor

In the end, whatever the findings, it is likely that the data you infuse will drive decisions toward getting the most for the public dollar. This is especially true if you compare your city, school district, or charter operators to others outside of your immediate geography or network. In order to expand or replicate the successful and fiscally sustainable practices of high-return schools—regardless of where they are located or who operates them—you first need to know that these models exist. And they do exist.

By taking this challenge on, mayors like you have the opportunity to drive a new path forward. Finding and promoting productive school models could mean the difference between being left high and dry or making headway in the face of the storm.



THIS SERIES OF RAPID RESPONSE BRIEFS IS DESIGNED TO BRING RELEVANT FISCAL ANALYSES TO POLICYMAKERS AND EDUCATION LEADERS AMIDST THE CURRENT ECONOMIC ENVIRONMENT.

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Edunomics Lab is a university-based research center dedicated to exploring and modeling complex education fiscal decisions and growing the capacity of education leaders on the topic of education finance. The Edunomics Lab is affiliated with the McCourt School of Public Policy at Georgetown University.