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## Transparency

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**For citizens and** state officials who want to make a more effective public education system, the old adage is wrong: what you don't know can hurt you.

This is especially true about school performance. Until recently it was not easy for parents or citizens to get simple measures of school performance. Until enactment of No Child Left Behind, schools in Arkansas could publish average test results that hid big achievement gaps between white and minority children. It is still impossible for Arkansas parents to learn about the performance of individual teachers.

Performance data are becoming more available. Private innovations like Just for the Kids' Arkansas School Charts now tell parents a great deal about individual schools. However, Arkansas still has a long way to go. Like most other states, it needs to keep records that follow individual students throughout their whole academic careers. Then it would be possible to tell the difference between schools and classrooms in which students learn a lot versus a little. It would also make it easy to tell whether students

gain or lose when they attend innovative schools like charters. As the numbers of charter schools grow beyond the current seventeen, performance measurement will be even more important.

Outcomes are becoming more transparent, but the system's inner workings remain hidden. This paper focuses on the new frontier of transparency—making it obvious how the system works and who gains and who loses when money, teachers, and other resources are allocated. Transparency on these issues is more than a matter of curiosity: it can reveal financial and administrative arrangements that are out-of-whack and call attention to problems that might explain poor student achievement results.

### **Why and How Resources Are Hidden**

The existing public education system was cobbled together over many decades, via uncoordinated legislative and regulatory actions, deals about funding, court orders, contracts, local school board decisions, and secret agreements among school districts central offices, principals, and teachers unions. As a result, nobody knows how it works.

Tiny rural districts are exceptions, but in districts with ten or more schools, nobody, not even school superintendents and chief financial officers, knows where the money is. A recent study of a middle-sized city revealed that the district kept over 200,000 separate accounts, many of which were managed by bureaus whose work was invisible to the superintendent. District leaders did not know—and guessed wrong every time—about how central office units spend their money and what schools benefit the most from central office services.

Similarly, school district and community leaders seldom know how teachers are hired and assigned. Everyone knows that the most disadvantaged students get the worst teachers, but few understand how that happens. District leaders want to get the best

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teachers but human resource offices seldom discriminate between candidates from strong versus weak preparation programs, and pay little attention to the desires of school principals.

Low-performing education systems are held in place by misinformation. Somebody benefits from every decision that allocates funds, resources, and opportunities, and they have no interest in making their gains visible. When it is not clear where resources are or how they got there, it is impossible to judge cost-effectiveness or reallocate funds from less to more productive uses.

Today, states and localities are under pressure from No Child Left Behind to increase performance, especially in the districts and schools serving disadvantaged children. State budget limitations and demands of the health and higher education sectors are also making it impossible to throw new money at K–12 problems. Thus, states and localities must ask, “Can we do better with what we have?”

This question can’t be answered if key resources and decisions are kept hidden. Governors, legislators, and school district leaders need to insist on knowing exactly: (1) How money finds its way to districts; (2) How money finds its way to students and schools; (3) Where teachers come from; (4) How teaching talent is distributed within districts.

Because the answers to these questions have been carefully hidden in most places, it is not possible to give perfect answers for Arkansas today. However, based on national research, the following are the likely answers.

**How Money Finds Its Way to Districts**

Chaotic funding practices, opaque and confusing accounting, and confusion about district discretion, all combine to limit districts’ capacity to solve problems and abandon unproductive programs in favor of effective ones.

Districts get money in myriad ways from federal, state, local, and philanthropic sources. Though some sources provide flexible funds, many try to control how funds are used, to insure that certain things are done, and so donors and politicians can get credit. This is how a large district can get to manage 200,000 separate accounts, and how district leaders often have no idea how funds are spent.

One thing for certain about districts' many funding streams: the purposes for which they were created do not sum up to a coherent approach to education. Most funders take the position "things are basically all right, except that the district needs to pay more attention to \_\_\_\_\_ (fill in the blank)." However, when things are not basically all right—when in fact the district has been unable to solve the problem of effective instruction for disadvantaged children—multiple earmarks render the district unable to formulate and adapt strategy.

Many funders will claim that they are flexible—that the formulas used to allocate money are not meant to control the ways districts use it. However, remembering the times they have been criticized for misusing funds, district leaders assume that uses of funds are strictly limited. Thus, districts that have surpluses in one budget (e.g., for student transportation) are loath to re-program funds even to meet other urgent needs.

### How Money Finds Its Way to Students and Schools

Districts can report a per pupil spending figure—simply total spending divided by the number of pupils. However, this number reveals nothing about how money is distributed, and hides huge disparities in spending on individual students and schools. No one, including superintendents and chief financial officers, knows how big these disparities are or what causes them.

Special education creates some spending inequalities, but

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these are small relative to the ones caused by: (1) Differences in actual teacher salaries between schools in tougher versus nicer neighborhoods; (2) Numbers of teachers and other staff allocated to some schools and not others; (3) Uncoordinated and accident-of-history allocation of the 40–50 percent of all funds controlled by the district central office, which favors some schools and leaves out others. (Aggressive parents and principals get assets allocated to their schools, where they tend to stay.)

The consequences of these spending drivers are all hidden in one way or another. Districts apply average-salary accounting to allow senior teachers to cluster in the “nicer” schools without breaking those schools’ budgets. School staffing tables are kept separate from financial records, so nobody keeps track of the ways central office funds are allocated. Marguerite Roza, who has done the legwork necessary to expose these data in several districts, learned that per pupil spending in low-income schools can be as much as 20 percent below the district-wide average.

The resulting allocations of money are seldom what district leaders intend. Though everyone assumes that schools serving poor and immigrant children get the most money, this is often not the case. More advantaged schools get more senior teachers, and often more teachers, due to placement of special programs. Schools in the poorest neighborhoods get the newest and cheapest teachers, and rapid teacher turnover means that investments in teacher training ultimately benefit other schools. Larger schools get disproportionate shares of district central office funds, while new and small schools get little.

The net result: even with federal Title I funds added on, schools in poor areas get less money per pupil than other schools in the same districts. District leaders seldom intend this result, but they can’t fix what they can’t see.

### Where Teachers and Principals Come From

In public education, an industry that depends more than any other on the quality of its people, hiring and career advancement—processes and results—are kept out of sight. Most school districts delegate hiring entirely to a human resources office staffed by former teachers and principals, some “kicked upstairs” for the good of their schools. Human resource offices have a bias toward selecting the same kinds of people the district hired a generation ago. For teachers they turn to the familiar schools of education, often without regard to the track records of their graduates, and promote principals from the ranks of teachers who have selected themselves for administrator training.

Superintendents and principals complain that they can’t get the people they need to run and staff today’s schools, but hiring goes on out of sight, as before.

Few districts pay any attention to evidence of their status in the local market for teachers. Central city districts are notorious for putting job applicants through bureaucratic rigamaroles and making job offers much later than their surrounding districts. Late hiring is due to the district’s obligation to find jobs for displaced senior teachers—and principals’ efforts to avoid hiring such teachers by hiding vacancies until the last minute. As a result, central city districts often make offers only after the very best new teachers are hired elsewhere.

Delays, coupled with tough teaching assignments, can make city districts weak competitors in the local labor market. The same is true for principal hiring: many city districts cannot attract qualified principals even when the surrounding districts have many applicants for every available job. These problems could be fixed, but not if hiring is delegated entirely to a bureaucracy and leaders pay no attention to the results.

Rural districts have other problems. The poorest rural town

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often cannot attract enough qualified educators, and must make do. States might be able to address this problem with student loan incentives and wage subsidies, but no solution is possible if no one is able to learn about hiring processes and teacher quality.

**How Teaching Talent Is Distributed within Districts**

Teacher allocation is another process that takes place out of sight. Senior teachers' placement privileges count for everything and the needs of schools count for nothing. The result is that experienced teachers cluster in the nicer neighborhoods and avoid the most challenging schools.

This leaves low-income and minority students with the newest and least experienced teachers. It also throws green teachers together; thus the teachers who need mentoring the most are seldom able to get it. That is one reason why so many new teachers leave after a year or two, and why people who want teaching careers get out of the toughest schools as soon as they gain even a year or two of seniority.

Rapid teacher departure makes schools serving disadvantaged children turbulent: they are virtually new entities every year, and the money invested in teacher professional development ends up benefiting the schools into which the teachers transfer. Teacher allocation often doesn't help the schools where senior teachers cluster. Principals in those schools sometimes complain that their teaching staffs are uncooperative and resistant to changes. Many school leaders think a mixture of senior and junior staff is good for any school, and essential to the development of a good teaching force.

National studies have documented these facts, but these realities are often invisible at the state and local level. Visibility would almost certainly put an end to practices that do so much harm and so little good—the numbers of students, parents, principals,

and teachers hurt by these practices far exceeds the number of senior teachers that benefit from them.

### Why Resource Transparency Matters

Transparent accounting for money and talent is not an end in itself. In general, resource allocation data do not drive action all by themselves, but they raise good questions and they identify problems that are otherwise hidden.

Taken together with outcomes data, however, this information can be powerful. It can identify entities—districts, schools, and groups of students—whose outcomes are poor and get less than their fair share of resources. Inadequate resources might not be the whole cause of low achievement, but remedying them is an obvious first step. Transparent accounting can also identify entities that get more than their share of resources yet do not perform particularly well. Simply taking their resources away is unlikely to improve matters, but there is reason to ask why they are making poor use of what they have.

### **How Arkansas Can Get and Use Resource Transparency**

The raw data that could be used to create transparency in the state's education system exist. There are data files on salaries, teacher placements, and central office staffing. District human resource offices keep records about job applications and hiring, and neighboring districts could pool their recruitment files to get an understanding of the local labor market for teachers. Currently, these data are not pulled together or analyzed in useful ways for two reasons: First, it takes some work to gain transparency; and second, there is always someone who gains from keeping the facts hidden.

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However, the costs of opaqueness are high. State and district leaders can't tell what things cost or whether there are resources that can be allocated more effectively. District leaders have no leverage over hiring and don't know whether they are losing out in the competition for the best people. No one can tell whether struggling schools have been given a fair chance to succeed.

In a time when improved performance is imperative, lack of resource transparency shouldn't be tolerated, especially if there is reason to think that the most challenged schools and students get the least the system has to offer. Developing a resource transparency project in Arkansas would be a good first step toward solving this problem.

A resource transparency project could start at the state level, with a merged accounting system for all state funding streams. Ultimately, a single state account, with funds allocated on a per pupil basis directly to the school would make the whole system more transparent. If per pupil funds were weighted for student characteristics (low-income, English learners, handicapping conditions) the need for separate state categorical programs would disappear.

Building a merged accountability system would take a few months, but nothing stands in the way of it other than the need for two or three hundred thousand dollars and some good data management consultants.

Under the governor's leadership, the state needs to take steps to use the data aggressively once it has it. Localities have had the data they would need to make many things transparent for a long time and just haven't done so. The reason for local inaction is simple: transparency threatens the status quo, which benefits many people. It is better if the state uses its authority to mandate, and uses its funds to design—two layers of report cards.

The first report card layer would focus on districts. It would give local citizens, elected officials, and parents a basis on which

to judge the district as a whole: how do its funding, its programs, and its results compare with nearby districts and comparable ones throughout the state? Is the district a magnet for teachers and principals, or is anyone who can find a job elsewhere getting out? Does the district allocate its funds transparently or do some schools get a lot more money to spend than others? Does extra money go as intended to schools serving the disadvantaged, or does it go elsewhere?

Mary Beth Celio has suggested a simple data display that would do most of what's needed from a layer one report card.<sup>1</sup> She suggests a report card for the fictitious Rebel Valley School District that would provide a snapshot of the district's elementary, middle, and high schools. The information is displayed simply, in a "Consumer Reports" fashion, showing whether the district's performance on a given indicator is better, worse, or about the same as a comparable districts', or when compared to the state as a whole. Just by looking at Figure 1, citizens can understand the district's overall performance and identify key problem areas that need work.

Layer two is a school report card. Celio's version, Figure 2,<sup>2</sup> is laid out very much like the district report card, but it compares individual schools in the district, and gives both current status and change measures. Thus, parents and civic leaders can tell both how a school is doing today and whether it is improving or getting worse. The school report card gives a simple picture of student

1. A full explanation of the indicators used and their significance is available in Mary Beth Celio and James Harvey, *Buried Treasure: Developing a Management Guide From Mountains of School Data* (Seattle, WA: Center on Reinventing Public Education, 2005). The entire document is available on-line at <http://www.crpe.org>.

2. Other excellent report card formats are available from Just for the Kids at <http://www.just4kids.org/jftk/index.cfm?st=Arkansas&loc=Home> and the Florida Department of Education at <http://web.fldoe.org/NCLB/reportCard/default.cfm>.

Indicators		Rebel Valley Elementary Schools		Rebel Valley Middle Schools		Rebel Valley High Schools	
		Compared to state	Compared to other urban districts	Compared to state	Compared to other urban districts	Compared to state	Compared to other urban districts
Achievement	Math	●	●	●	○	○	●
	Reading	●	●	●	●	●	●
Elimination of achievement gap	Math	○	●	●	○	●	●
	Reading	○	●	●	●	●	○
Status	Student attraction	○	○	●	●	○	○
	Engagement with school	○	○	●	●	○	○
	Student retention/completion	●	●	●	●	●	○
	Teacher attraction and retention	●	●	●	○	○	●
	Funding equity	*	*	*	*	*	*
	Achievement, change from 1999	Math	●	●	●	○	●
	Reading	●	●	●	○	●	●
Reduction in achievement gap, change from 1999	Math	●	○	●	○	●	○
	Reading	○	○	●	○	○	○
Change	Student attraction, change from 1999	○	○	●	●	●	○
	Student retention/completion, change from 1999	●	●	●	●	○	●
	Engagement with school, change from 1999	●	●	●	○	●	●
	Teacher attraction and retention, change from 1999	●	●	●	●	○	●
	Funding equity, change from 1999	*	*	*	*	*	*

Worse ● ○ ● ○ ● Better

- = In bottom 10 percent of group
- = In bottom third of comparison group, but above bottom 10 percent
- = Within 15 percent (±) of comparison group
- = In top third of comparison group, but below top 10 percent
- = In top 10 percent of comparison group
- \* = Not available for comparison group

Fig. 1 District and State Comparison Chart

		Middle Schools						
		Guy Fawkes	D. B. Cooper	Monmouth	Troy Memorial	Edsel United	Crispus Atticus	
Status	Achievement	Math	●	●	●	○	○	●
		Reading	●	○	●	○	●	●
	Elimination of achievement gap	Math	●	●	●	○	○	○
		Reading	●	●	●	○	○	○
	Student attraction	○	●	●	●	●	●	
	Engagement with school	●	○	○	●	●	●	
	Student retention/completion	●	●	○	○	●	○	
	Teacher attraction and retention	●	○	○	●	●	●	
	Funding equity	○	●	○	●	○	●	
	Change	Achievement, change from 1999	Math	●	●	●	○	●
Reading			○	●	●	○	●	●
Reduction in achievement gap, change from 1999		Math	●	●	○	●	○	○
		Reading	●	○	●	○	○	●
Student attraction, change from 1999		●	●	○	●	○	○	
Student retention/completion, change from 1999		●	●	●	○	○	○	
Engagement with school, change from 1999		○	●	●	●	○	●	
Teacher attraction and retention, change from 1999		●	●	○	○	●	●	
Funding equity, change from 1999		*	*	*	*	*	*	

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- = In top third of comparison group, but below top 10 percent
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Fig. 2 Rebel Valley Middle Schools Comparison Chart

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learning, gaps in outcomes between advantaged and disadvantaged students, student participation in school affairs, whether parents with choices prefer or avoid the school, the probability that children entering the school will complete its instructional program, and whether teachers seek or avoid jobs in the school. It also measures the degree to which the funding the school receives is higher or lower than the district average for schools serving students with similar racial and income characteristics.

Districts are more likely to issue transparent report cards on individual schools than on themselves, but some might be tempted to fudge especially troublesome school-level data. A state-mandated and designed report card, best issued by the state itself, would eliminate any possibility of withholding or tampering with data.

### *Recommendations*

1. A resource-transparency project should be undertaken in Arkansas, starting at the state level, with a merged accounting system for all state education funding streams. Ultimately, a single state account, with funds allocated on a weighted per pupil basis directly to the school, would make the whole system more transparent.
2. The state needs to use its data aggressively. Localities have long had the data they need to make many things transparent but have not made use of this information. The state should use its authority to mandate—and its funds to design—two layers of universally available report cards, one at the district level and one at the school level:
  - a. The district-level report card would track how its achievement and spending compare with districts serving similar children; whether its teaching staffs are more or less stable

than those in other districts; and whether the district is a net importer or exporter of experienced teachers vis-à-vis other districts. The report card could treat student information similarly. Is the district, for example, continually losing families and only keeping enrollment because of immigration into Arkansas? Does the state fund schools equally on a per pupil basis, or is there a lot of variation, either random or biased in some way.

- b. The school-level report card would include spending data, staff turnover and absenteeism data, number of applicants for teacher vacancies relative to the district average, student attendance and turnover, the proportion of families making this school their first choice (when appropriate), and achievement trajectories by grade and subgroup.