

March 2, 2004

HAWAII BUSINESS ROUNDTABLE

REDESIGNING HAWAII PUBLIC EDUCATION

A POSITION PAPER

The Hawaii Business Roundtable is comprised of the chief executives of 50 major companies in our state, which collectively employ more than 67,000 Islanders. However, we are more than employers. We are parents and grandparents as well, people who believe there is no more important task before us in 2004 than improving the quality of public education. Indeed, working with all the stakeholders toward this goal is Hawaii Business Roundtable's No. 1 priority.

A successful education system is vital to: (1) allow our keiki to reach their full potential; (2) improve the quality of life of our communities; and (3) ensure a healthy and diversified economy;

The Business Roundtable believes that:

- The current statewide system of funding public education is fair and equitable. It should be retained.
- The teachers and administrators who serve our children are for the most part dedicated, talented professionals. These men and women are the *solution* to our educational challenges, not the problem. The *problem* is our system.
- The existing organizational system is obsolete; it lacks efficiency and effectiveness. Because the system has overlapping parts, responsibility and accountability are diffused. The system requires major redesign to unleash the creative energies of our teaching professionals. The key is to make the system school- and student-centered; today, it is system-centered.
- To accomplish their critical mission, Hawaii's educators must be given proper tools, better training, professional leadership, and a supportive organizational infrastructure. And all these elements must work together.

A SCHOOL-CENTERED SOLUTION

The business community is not made up of educators. We claim no special expertise in curriculum, testing or setting student performance standards. However, the members of the Hawaii Business Roundtable are all managers of organizations; we have experience in designing organizations to improve results, and in promoting and effecting change to make organizations work more efficiently and effectively. In that spirit, we respectfully recommend consideration of the following changes:

- **TRANSFORM THE SYSTEM.**

Hawaii must thoroughly redesign the DOE, using expertise both in and outside our community.

We favor a school-centered system, with operations funding controlled at the individual school level. Principals could choose to purchase services from the central administration (which should operate on a cost-recovery basis), or to purchase services from outside vendors, or to expend funds directly at the school level.

Principals should receive individual school budgets in a lump sum, and be free to determine the percentage allocation between staff, supplies and support services. Central administration should not dictate mandatory support services or school-level programs to achieve results for which the schools are responsible. In return, principals are responsible for all school-level results, including student achievement, staff performance and parent and community support.

As organizational managers, members of the Hawaii Business Roundtable believe that there are economies of scale to be had in centralizing such functions as new school development, capital expenditure prioritization, human resources, legal services, technology support, curriculum development and school standards. However, the primary role of the central administration should be to support the schools in improving student achievement.

In addition to moving more control over money and decision-making authority to the school level, DOE should:

- 1. Adopt a service culture.** Today, in many ways, the principals work for the system. As long as that culture persists, principals will never be empowered. Reverse today's roles; instead, the system should work for principals and schools. Reorganize the functions – and, especially, the culture -- of DOE to make central services departments accountable for timely, quality service to the schools. Administrators must view schools as their customers, not their subordinates. The role of State and District administrators must be to remove barriers to performance, not create them. A cultural shift will occur if schools control the budget for central office services, and the central staff operates on a cost-recovery basis by selling demand-driven services to the schools.
- 2. Clarify accountability.** The current system lacks clearly delineated roles and responsibilities. Establish specific goals and objectives with a focus on student achievement. Make all levels accountable for achieving them. Empower principals by giving them authority, autonomy and support and then hold them accountable for school-level results. Remove any programs or layers of bureaucracy that do not specifically support student achievement. Accountability should be at the core of the system, applicable to more than just principals, and always include appraisal surveys by internal “customers.” For example, surveys should allow principals to rate the support they receive from central administrators.
- 3. Increase autonomy.** Similar to the State Judiciary and University of Hawaii models, the DOE should be given more autonomy by “de-linking” -- eliminating its fiscal and administrative ties to the bureaucracies of the other State agencies (DAGS, Personnel Services, B&F, etc.) Give the school system more authority over the tools that will lead to success, then hold the Superintendent accountable for getting the job done.

- **EMPOWER OUR PRINCIPALS.**

The primary solution for education excellence lies in the classroom teacher and school principal. The primary role of all other participants in the system – Board members, Superintendent, District Managers and others -- should be to support success in the classroom. Principals should

have the ability to determine how school resources will be used, and then be held accountable for achieving goals.

1. **Budget and Authority:** Give principals more control over how school funds are to be spent. Beginning by the 2007-2008 school year, principals should control at least 90% of all operations funding. Principals and their District Managers are the decision-makers at the school level. Principals should have decision-making authority and be held accountable for those decisions. While successful principals need the benefit of all stakeholders in working through issues, decision and accountability should reside with the principal. Principals should be the supervisors of the staff at the school level.
2. **Accountability:** With added responsibility comes accountability. Consideration should be given to placing principals and District Managers on three- to four-year performance contracts, with rights to return to positions for which they are certified and receiving full recognition for time spent as a principal or District Manager. Performance should be evaluated based on measures of student achievement and staff performance, such as improvement in test scores, attendance and graduation rates, as well as surveys of parent, staff and student attitudes about the principal's performance. Incentive compensation should also be considered.
3. **Flexibility:** Principals should collaborate within their complex, and with other schools at their level with similar programs. The means and method of collaboration should be up to the principals and District Managers, not dictated by law or policy.

- **PROVIDE PROFESSIONAL DEVELOPMENT TRAINING.**

Assist principals and other administrative officers throughout the system to prepare for and carry out new and evolving leadership responsibilities through a redesigned professional development curriculum including topics such as financial management, organizational efficiency and communications. Use both the CAPE Principals Leadership Academy and the U.H./HAIS education leadership program as models. Much of the assistance should be "in the field." There is no need to create a new training bureaucracy.

The new demands of education reinvention require a higher level of support for teachers. Teachers need to be trained to teach all students new skills. To support our dedicated teachers, we need to invest in teacher training and in the diagnostic assessment of students.

- **ALLOCATE FUNDS BASED ON A "WEIGHTED STUDENT FORMULA"**

1. **A critical concept.** Base financing of public schools on a weighted student funding formula that takes into account the unique learning needs of each student. This is a critical, essential component of improving student achievement. Dollars should follow students directly to schools, using a formula that gives different weights to different characteristics of students that may impact learning. For example: students with disabilities or where English is a second language may require more funding than others. Two schools with students of equal characteristics would receive similar funding. Parents can choose schools of their choice, outside of their District, if there are any openings. Funds follow the child.
2. **Design it right.** Designing such a system is a complex task requiring expertise and input from all stakeholders. The resulting formula should be simple and be easy to understand. The overarching goal should be improving student achievement.

3. Implementation of the formula. Phase in the formula to minimize major disruption to individual schools initially. Given a commitment, there is no reason why weighted student formula cannot be implemented by the beginning of the 2006-2007 school year.

4. Training and system support. Proper training and an automated information support system are essential to successfully implement this allocation system, and measure its effectiveness.

- **REDUCE THE GAP IN SCHOOL READINESS.**

Develop and implement an action plan to take school readiness from 50% of students entering public school up to the 75% level by 2008.

- **CONTINUE TO SUPPORT CHARTER SCHOOLS.**

Charter schools should be treated like an independent school district with equal funding and accountability. They should serve as research and development labs to improve school achievement and serve as alternatives for parents. Like all schools, they should also be held accountable for achievement.

- **ENCOURAGE AND PROMOTE COMMUNITY PARTNERSHIPS.**

Public education is everyone's business. The key partners are parents; their participation must be encouraged at all levels. Additionally, Hawaii's public school system must encourage and promote community partnerships that leverage talents, expertise and resources from outside the DOE. There are successful existing models for partnership involving the military, Kamehameha Schools, organized labor and private industries, among others. For its part, the Hawaii Business Roundtable commits its members to an active role in an expanded "Adopt-A-School" program.

- **CHOICE.**

Hawaii public schools should be operated with open boundaries. Parents should be given the right to enroll their child in the school of their choice, giving first rights to community students and those with legal rights to school enrollment. All open seats should be allocated via a public lottery system.

- **CHANGE SCHOOL GOVERNANCE.**

Discussion of the number of school boards and board members has dominated public debate. We believe that governance change -- in and of itself -- will have limited impact on student achievement. Yes, a functional, supportive governance structure is a vital element of any successful education system. However, we agree with the Chamber of Commerce of Hawaii that the other reforms described above need not be conjoined with the issues of governance and board structure in any legislative package.

That said, we believe that the existing governance structure is overlapping and ambiguous, in part because of involvement in the process by so many parts of State government, including both the Executive Branch and the Legislative Branch. This leads to an unclear vision, mixed priorities, conflicted leadership and a lack of accountability.

We respectfully suggest consideration of the following as one model for governance changes:

- 1. Establish a State Education Board:** The current Board of Education structure has blurred lines of accountability to constituents. In its place, we suggest a State Education Board with seven members appointed by the Governor and confirmed by both houses of the Legislature. Its primary responsibility would include: Securing State and Federal funds and allocating

State funds for K-12 via the weighted student formula; establishing clear statewide student achievement goals so that graduates can function in the new knowledge economy; appointing the Superintendent of Schools and holding that person accountable for student achievement; ensuring proper standards for maintaining and reporting fiscal accountability; monitoring and ensuring compliance with Federal and State regulations.

2. Establish elected Community School District Councils.

A. Establish Community School District Councils, comprised of seven members each.

We believe Council members should be elected by the parents of the schools they represent. We suggest a minimum of 15 Councils statewide. Each Council would have responsibility for approximately three School Complexes. (A Complex is a high school with its “feeder” schools.) One of the Councils would be responsible for all charter schools statewide. Each Council would be a resource/support body for the District Manager.

B. Each Council would: (1) accept or reject the appointment (by the Superintendent) of its School District Manager; (2) affirm all school budgets and major policy and planning initiatives; (3) evaluate District progress toward student achievement goals; (4) consider employee and parent grievances and appeals; (5) participate in performance evaluations of the District Manager and principals; and (6) help parents support their children’s learning.

C. We suggest that the Governor consider appointing at least three members from the Community Schools Councils to serve on the State Education Board.

3. The District Manager is a critical position in the success of educational reform. The Manager should be the supervisor, mentor and advocate for the principals and the schools within the District. The District Manager *serves* the principals, supporting their efforts to achieve student achievement goals. This would continue to be an exempt, non-union position with a three- to four-year, performance-based contract. The Manager’s direct support staff should, by law, be very minimal.

4. School Community-Based Management System. This system would continue to be a support and resource group for the school principal, as well as participate in his/her evaluation and appointment.

Hawaii Business Roundtable is committed to support implementation of the necessary changes to achieve significant improvement in student achievement. If the changes respectfully proposed are adopted, we are prepared to raise \$500,000 to support the funding of consulting services to facilitate the implementation of those changes.