

The “E” in Thorough and Efficient: How Can We Insure Efficiency in Spending School Tax Dollars?



POLICY RESEARCH INSTITUTE FOR THE REGION

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The “E” in Thorough and Efficient: How Can We Insure Efficiency in Spending School Tax Dollars?

February 6, 2009

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*This Executive Summary of the proceedings offers an overview of the symposium.
A recording of the conference may be viewed in its entirety at PRIOR's website
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The Policy Research Institute for the Region was established by Princeton University and the Woodrow Wilson School of Public and International Affairs to bring the resources of the University community to bear on solving the increasingly interdependent public policy challenges facing New Jersey, metropolitan New York, and southeastern Pennsylvania.

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Introduction

The New Jersey Constitution requires that the State provide all students with a “thorough and efficient” system of free public schools. In the *Abbott v. Burke* decisions, the New Jersey Supreme Court has defined “thorough and efficient” as requiring “a certain level of educational opportunity that will equip the student to become ‘a citizen and... a competitor in the labor market.’”

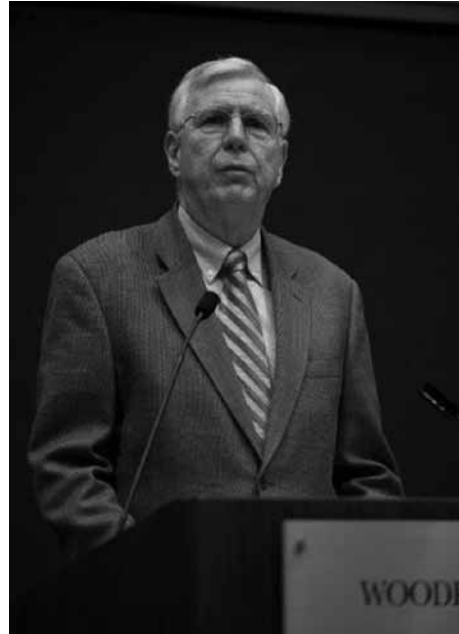
In addition, the Court has recognized that certain students have disadvantages that may require additional programs and services to have that opportunity.

To meet the constitutional mandate, a proper funding formula must ensure the resources necessary for all students to attain that level of educational opportunity and support those additional educational resources that disadvantaged students require.

According to 2008 data, New Jersey public schools spend more per student on education — \$14,630 — than their counterparts in every state but New York, yet the question often left unanswered is what value the state is getting from that high level of spending.

On February 6, 2009, The Policy Research Institute for the Region and the New Jersey School Boards Association co-sponsored the forum, “The ‘E’ in Thorough and Efficient: How Can We Insure Efficiency in Spending School Tax Dollars?” Experts gathered at Princeton University to discuss and debate how best to achieve efficiency in education. Five sessions allowed for in-depth examination of many facets of this issue.

In the first session, Professor Paul L. Tractenberg discussed the efficiency component of the constitutional mandate. Professor Tractenberg has been involved in a number of landmark constitutional cases about public education, particularly *Abbott v. Burke*, which New Jersey judges and lawyers have ranked as the most important state court decision of the 20th century.



PRIOR Director Richard F. Keevey

A panel addressed pros and cons of consolidation during the second session. Those providing their perspective and presenting examples from New Jersey consolidation efforts were: Dr. Ernie Reock, Professor Emeritus at Rutgers University; Gerald Vernotica, Assistant Commissioner for Field Services at the New Jersey Department of Education; Michael Ritacco, Superintendent of Toms River School District; and the Honorable Joseph Cryan, Chairman of the Assembly Education Committee in the New Jersey Legislature.

The third session explored the relationships between efficiency measures and school formulae.

The panel featured Dr. Thomas Corcoran, Co-Director of the Consortium for Policy Research in Education at Columbia University Teachers College; David Hespe, Professor of Educational Leadership at Rowan University; and Gordon MacInnes, Senior Education Policy Expert at the Woodrow Wilson School at Princeton. These experts discussed the formulae and whether or not they provide the necessary ingredients and linkage to foster the delivery of a cost- efficient education.

The luncheon featured Hugh Price, former President of the National Urban League and a Visiting Professor at Princeton. Mr. Price, a recognized expert on education policy, presented a broader view of education reform.

The final session focused on performance and accountability and the need for the development of meaningful metrics to aid in determining whether a district, its teachers, and its students are performing in an effective and efficient manner. This panel featured Dr. Margaret E. Goertz, Co-Director of the Consortium for Policy Research in Education and Professor at the University of Pennsylvania Graduate School of Education; Dr. Marc Holzer, Dean of the Rutgers School of Public Affairs & Administration; and Vincent E. Giordano, Executive Director of the New Jersey Education Association.

The conference presented a myriad of perspectives on educational efficiency. Ultimately, the results of this discussion – and others like it – will determine whether New Jersey can succeed in providing an excellent education for all of its children at an affordable cost.

Special thanks to Michael Vrancik, the New Jersey School Board Association's Director of Governmental Relations and a longtime friend, for his assistance in organizing this event.

Thanks also to Bridget Kelly for her work on this publication.

Sincerely,

A handwritten signature in black ink that reads "Richard F. Keevey". The signature is written in a cursive style with a large, stylized 'K'.

Richard F. Keevey, Director

The “E” in Thorough and Efficient: How Can We Insure Efficiency in Spending School Tax Dollars?

February 6, 2009

Executive Summary

The meaning of the constitutional requirement for a “thorough and efficient system of free public schools” has long been debated in the legislature and the courts, resulting in many adjustments to the state’s education system over the years. In particular, the *Abbott v. Burke* case has shaped the state’s answer to how it can assure a quality education for the most economically disadvantaged municipalities in the state.

Much emphasis is usually given to the word “thorough,” with considerably less given to the “efficient” aspect. The forum’s participants sought to address this imbalance by examining the many possible dimensions of an efficient education, spanning the themes of consolidation, accountability, funding formulas, and classroom practice.

The conference began with a search for a definition of efficiency and an examination of the gap between an efficient education system and New Jersey’s current situation. Paul Tractenberg put forth some of the

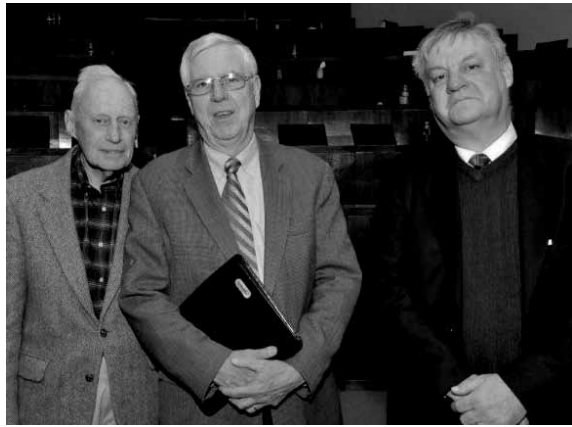
key questions to be answered to increase efficiency, including “How do we get the best and largest output from the large input of dollars?” and “Are we providing efficient instruction to students in order to maximize their achievement levels?”

During the second session, panelists examined whether consolidation is an effective way to increase educational efficiency. Ernest Reock presented his research on school district consolidations, revealing that consolidation does seem to reduce costs in the long term. Gerald Vernotica provided the New Jersey Department of Education perspective on regionalization and consolidation, focusing on the efforts of executive county superintendents to identify areas where efficiency can be increased, through initiatives such as encouraging shared services, the consolidation of school districts, and the elimination of non-operating school districts. Michael Ritacco spoke about his experience as a superintendent partnering with nearby school districts to share services, remarking that he has seen

“a tremendous amount of savings to the school district.” Assemblyman Joseph Cryan addressed the challenges of consolidation from a legislative perspective, and asserted that citizens must provide the impetus for increased consolidation.

Delving more deeply into the finance side of New Jersey’s education system, the third session addressed the relationship between school funding formulas and efficiency. The School Funding Reform Act of 2008 provides that funding for schools be distributed through a foundation formula. The calculations are based on a per-pupil adequacy budget, reflecting an analysis of what it should cost to educate a child according to New Jersey’s standards. Thomas Corcoran proposed that funding formulas are not good mechanisms for promoting efficiency, suggesting that the state should focus instead on how to ensure that students receive instruction that helps them reach academic proficiency. David Hespe provided additional support for that concern about funding formulas, and suggested that non-dollar incentives could provide a better means to create efficiency gains. Examining the specific case of Abbott school districts, Gordon MacInnes presented six specific measures that may indicate a failure to use resources efficiently.

Hugh Price reflected on urban school reform over lunch, concluding that “whole schools for whole children” and community mobilization are two methods of addressing the achievement gap. He called on conference attendees to help “reactivate the village” to find “new ways, methods and new will” to ensure that all students succeed.



PRIOR Director Richard Keevey (center) with Rutgers University Professor Emeritus Ernest Reock (right) and Michael Vrancik, Director of Governmental Relations for the New Jersey School Boards Association.

The day closed with a panel that connected performance accountability to efficiency. Margaret Goertz provided an in-depth introduction to the many aspects of accountability, separating it into bureaucratic, legal, professional, market, and political categories. Marc Holzer presented a model of improving productivity in education, adapted from the public sector, which consists of managing for quality, developing human resources, adapting technologies, building partnerships, and measuring for performance. Vincent Giordano suggested teachers already face many accountability measures and proposed that there should be more emphasis on providing teachers with the tools they need to be successful, namely better professional development and opportunities for meaningful input on educational issues.

Throughout the event, audience members actively engaged with the speakers, sharing their own experiences and broadening the discussion to touch on topics such as student assessments, surveys of school system stakeholders, and teacher performance pay. The points of view presented were highly diverse and

showcased the wealth of ideas on the topic of efficiency. Most participants seemed to concur that when pursuing efficiency in education, the focus on the quality of the educational system must be maintained, to ensure that we continue to expand the opportunities offered to all children.

Given the current economic climate, the issue of how to provide greater leverage for each dollar spent on education will continue to be debated across the state, and the nation. Those charged with shaping New Jersey's educational system have much to consider as they determine how efficiency will be pursued. As Professor Tractenberg said, "The challenge is great, the opportunities are great. We have almost 1.4 million students in our public schools in New Jersey who await your answer."

Session I—T&E's Step Child: An Efficient System of Free Public Schools

Paul L. Tractenberg, Esq.

Board of Governors Distinguished Professor and Alfred C. Clapp Distinguished Public Service Professor of Law, Rutgers School of Law – Newark

The forum's first session began with Professor Tractenberg presenting the education clause of the New Jersey Constitution, featured in Article VIII, Section 4, Paragraph 1: "The Legislature shall provide for the maintenance and support of a through and efficient system of free public schools for the instruction of all children in the State between the ages of five and eighteen years."

Asserting that the New Jersey courts have been very focused on the word "through," Professor Tractenberg stated, "It really is time – and probably overdue – to give more organized attention to the stepchild: the 'efficient system of free public schools.'" He reflected on that phrase, going through it word by word, backwards, to consider its meaning. That exercise prompted questions such as "How do we get the most bang for the buck?" and "Are we providing efficient instruction to students in order to maximize their achievement levels?"

Professor Tractenberg produced a working definition of efficiency in this context as a school system structure that maximizes economic and educational effectiveness. He then went on to list many essential elements of an efficient system of free public schools.

First, procedures must be in place at the state and local level to minimize waste, duplication, mismanagement, and political interference. Positive mechanisms also are necessary to encourage productive and effective behaviors.

Another important factor is a statewide database that tracks students in terms of achievement and other measures. New Jersey's SMART program is a step in the right direction. Also crucial are effective monitoring, evaluation, technical assistance, and, as necessary, intervention by the state. State research and development are necessary for identifying which educational programs work, so that those programs can be given funding.

Professor Tractenberg noted that the list of tasks necessary for administering an



Professor Paul Tractenberg noted that while the list of tasks necessary for administering an effective statewide system of free public schools continues to grow, due to cuts at the Department of Education the capacity to actually perform those tasks is diminishing.

effective statewide system of free public schools continues to grow, but due to cuts at the Department of Education, the capacity to actually perform those tasks is diminishing. Given that a third of the state budget and over half of the budgets of most municipalities are devoted to education, he called that policy “pennywise and pound foolish.”

The presentation closed with a series of provocative questions. First Professor Tractenberg asked, “Has the legislature or has the Department ever adequately defined the Constitution’s efficient system requirement?” He proposed that, despite the language of the Constitution, the State has failed to systematically address that issue, and that education simply cannot be efficient until the State has done so.

Second, he asked, “Can we have an efficient system of free public schools if we continue to rely heavily on a local property tax based system of raising money for the schools?” New Jersey has tended to rely heavily on localities, but the localities with the greatest needs often seem to have the fewest

resources, creating a problematic mismatch.

Then Professor Tractenberg asked, with what he called “fighting words,” “Are we [in New Jersey] inefficient because we have too many undersized districts?” A new state statute requires that by spring 2010 executive county superintendents submit plans for consolidation and shared services. Professor Tractenberg noted that, in his view, consolidation could help address a variety of major educational problems in New Jersey, including inefficiencies, unequal local funding capacities, and the serious racial imbalance in the State’s schools.

“If New Jersey is not providing an efficient system of public schools, what can or should be done about it?” he asked, adding that he is skeptical the legislative or executive branches, if left to their own devices, will solve the problem. Professor Tractenberg said a recent school funding case in Alaska points out ways that a court might focus on these questions of efficiency. He quoted one of the experts in that case, Linda Darling-Hammond, who said, “A more efficient state system operates when the state is able to fulfill its responsibilities well and doesn’t leave that to every little local district because the state hasn’t provided some of the foundation that’s needed for the districts to be able to proceed effectively.”

Professor Tractenberg finished with a few summarizing thoughts: (1) the need to get serious about defining and implementing an efficient system of free public schools; (2) the desirability of doing that through a voluntary or consensual process; and (3) the constitutional imperative to realize that efficient system.

Discussion

Audience questions touched on how educational litigation might be different in New Jersey if the Constitution used slightly different language to describe the state's educational responsibilities.

In response to a question, Professor Tractenberg offered his perspective on the recent School Funding Reform Act, calling it a "big step backwards."

One audience member asked about whether surveys of students, teachers, and parents could be useful in determining whether a school system is efficient. Professor Tractenberg stated that the Chicago Public Schools, in collaboration with the University of Chicago, has done annual or bi-annual surveys since 1990 to provide important baseline information. He said a similar survey was in the planning stages for Newark.

Session II—Consolidation The Ultimate Efficiency Approach: Is It?

Ernest Reock, Ph.D.

Professor Emeritus, Rutgers University

Dr. Reock started by defining the "3 E's" that he finds to be important in education research – economy, efficiency, and effectiveness. Economy is "doing something at least cost," effectiveness is "achieving the results that are desired," and efficiency is "getting the greatest results for the dollars spent."



In his presentation, Dr. Ernest Reock defined the "3 E's" that he has found to be important in education research – economy, efficiency, and effectiveness. Economy is "doing something at least cost," effectiveness is "achieving the results that are desired," and efficiency is "getting the greatest results for the dollars spent." His research primarily focused on the economy of reducing educational costs by consolidating school districts.

Dr. Reock explained that he has focused his research on the economy aspect, beginning in the early 1990s when he was working with the Education Funding Review Commission. That commission asked whether educational costs in New Jersey could be reduced by consolidation of school districts, which would decrease the overall number of school districts in the state. In 1995, Dr. Reock produced a report, *The Cost Impact of School District Creation and Consolidation*, that examined the six consolidations that took place between 1951 and 1993 in New Jersey. Recently there have been five additional cases, which Dr. Reock has added to his analysis. Two of those cases were actually dissolutions of regional high school districts, which some scholars might not consider a consolidation, but had the same effect of reducing the number of school districts in New Jersey.

The methodology for examining the cost impact of consolidation was as follows: Dr. Reock looked at the average cost per pupil in consolidated districts over the four years prior to consolidation, as measured against all other districts in the state. He then looked at that same relative expenditure level for the four years and ten years after the consolidation. In eight of the 11 consolidations, the expenditures per pupil in the first four years after consolidation were less than in the four years before consolidation. In seven of the 10 cases, the expenditures per pupil in the tenth year after consolidation were less than in the four years before consolidation. (One consolidation was too recent to be included.) Overall, the expenditure per pupil averaged 2.8% less in the four years after consolidation than in the four years before consolidation. More significantly, expenditures per pupil in the tenth year after consolidation averaged 10.5% less than expenditures per pupil in the four years before consolidation.

Concluding his remarks, Dr. Reock stated, “Yes, I think there is a possibility of reducing costs through consolidation. Maybe not much initially, but more as time goes by.” He attributed that to school boards becoming increasingly savvy as to how they can cut costs. Dr. Reock pointed out that his analysis does not address the quality of education in consolidated districts, their efficiency, or whether consolidation is “worth the trouble.”



Assistant Commissioner of the New Jersey Department of Education Gerald Vernotica noted that efficiency cannot come at the expense of educational quality—that there is, and must continue to be, a “keen awareness and a focus on our educational program and the opportunities that it offers to all of our children.”

Gerald Vernotica, Ph.D.

*Assistant Commissioner for Field Services,
New Jersey Department of Education*

Assistant Commissioner Vernotica spoke primarily about the implications of changes to the New Jersey state education system for regionalization, consolidation, and overall efficiency improvements. Since 1866, the county superintendent has been responsible for monitoring school districts, including approving transportation, reviewing budgets, business functions, certification, special education, and liaising between the commissioner and local districts. But in 2007, a new mandate created the new role of the executive county superintendent, with power over budgeting, planning, and regionalization and consolidation efforts. This change falls under NJAC 6A, 18A:7-8, the regulations regarding fiscal accountability, efficiency, and budgeting. In February there were 12 executive county superintendents,

with several more awaiting Senate confirmation.

Executive county superintendents are currently working on several projects to promote increased efficiency in education. By July of 2009, every executive county superintendent, in collaboration with local school districts and others, will complete a county-wide transportation efficiency study. A special education database is currently under construction to inform school districts about program and classroom types to improve upon operational efficiencies and special education placements within the constraints of the Individuals with Disabilities Education Act. Other projects include: elimination of all non-operating districts within the state and budget reviews to recommend specific operational and administrative efficiencies.

Dr. Vernotica emphasized that shared services create a great opportunity for increasing efficiency, and that hundreds of examples of shared services have been identified by NJEA, school boards, and the executive county superintendents. These include superintendencies, business practices, child study teams, and related services.

On the topic of regionalization and consolidation specifically, the executive county superintendents have created advisory committees and subcommittees to make recommendations regarding elimination of school districts that are K-8 instead of K-12. Dr. Vernotica emphasized that these are recommendations, not mandates. The committee reports must be submitted to the commissioner of education by March 15, 2010. After that, the commissioner will

approve or disapprove the elements of the proposals. Those approved proposals will be brought to public referendum.

Dr. Vernotica concluded that efficiency cannot come at the expense of educational quality. That there is and must continue to be a “keen awareness and a focus on our educational program and the opportunities that it offers to all of our children,” he said. That means considering the value of improving depth and breadth of academic programming, extracurricular opportunities, sports programs, world languages, and technology in providing educational opportunity for New Jersey children.

Michael Ritacco

Superintendent, Toms River School District

Beginning his remarks with some personal history, Superintendent Ritacco explained

Superintendent of Schools Michael Ritacco discussed the improved educational outcomes that his district and others have seen from removing the organizational “distractions” through cooperation, and pointed to the positive effects of working together on projects such as aligning curriculum and shared preschool facilities.



that he grew up in Nutley, a two-square-mile town, so he never encountered a school bus as a child. In contrast, Toms River has a bus system that transports students from rural sections of town, across bridges.

The school districts in Ocean County, in which Toms River is situated, are very small, and Mr. Ritacco suggested that consolidation could easily bring the number of school districts down to below 600. Based on his 18 years of experience as superintendent, he detailed many “not too common sense situations” that have arisen as a result of these small school districts. For example, Island Heights students are within walking distance of a Toms River high school built in 1980, but they travel about 25 miles on a bus to Central Regional.

Mr. Ritacco then discussed the great success his district has had partnering with other schools. About five years ago, he began to work with Seaside Heights on a special project through the Department of Education to share services. For small schools, he said, it simply makes financial sense to share payroll, purchasing, and health care services. That kind of partnership has resulted in “a tremendous amount of savings to the school district, and to the taxpayers of the town.”

But Mr. Ritacco said he is even more proud of improved educational outcomes that his district and others have seen from removing the organizational “distractions” through cooperation. He also pointed to the positive effects of working together on projects such as aligning curriculum and shared preschool facilities. Toms River is working with other school districts on a preschool initiative that will help eliminate the inefficiency of school districts with only five or six children in a classroom.



Assemblyman Joseph Cryan pointed out that one of the challenges that legislators face when considering regionalism and consolidation is the diversity of each community. The needs of each municipality, their structures of government, their forums for participation in schools, and their priorities differ, which makes regionalism and consolidation that much more difficult.

There is no “cookie cutter” approach to creating efficiencies from shared services, he said. Each district is different, and cooperation evolves as those districts begin to work together to overcome each communities’ anxieties and address shared concerns. “It doesn’t happen in one swoop,” he said. “It happens with gaining the confidence of the people in the community.”

Hon. Joseph Cryan

*Chairman, Assembly Education Committee,
New Jersey Legislature*

“I do believe very much that the subject of our discussion is whether or not efficiency is the ultimate answer,” said Assemblyman Cryan. On the legislative side, his response was a solid “maybe.”

Mr. Cryan pointed out the challenges that legislators face when considering regionalism and consolidation. He emphasized that

the communities he represents – and New Jersey as a whole – are very diverse. To him that means that the needs of each municipality, their structures of government, their forums for participation in schools, and their priorities differ. For example, Kenilworth, in the Union county regional district, had a strong desire for its own football team, so it dissolved a consolidation arrangement.

Stating that the legislature will be “an active partner in terms of consolidation,” Mr. Cryan said that he and others will work to ensure that New Jersey does not assume a greater and greater share of the total number of school districts in the nation. Currently there are about 15,000 school districts nationwide, and 616 are in New Jersey. He said that ultimately greater efficiency and more consolidation cannot come about because of the legislature or Department of Education – the impetus must come from citizens. He concluded that consolidation is the “best tool that we have at the moment” to increase efficiency.

Discussion

During the question session, one audience member asked about financial obstacles to consolidation, such as one community assuming a greater financial burden than another. Mr. Ritacco responded that some efforts, such as a uniform teacher contract, can have clear gains for both communities. Professor Reock noted that the state has at times provided additional state aid as a “sweetener” to help overcome initial obstacles to consolidation.

Other attendees asked how voters would be equipped to compare the status quo and

the proposed efficiency agreements after the executive county superintendents submit their recommendations. Mr. Vernotica said there would be a standard format to clearly convey the proposed changes to community members.

Additional debate surrounded how to reduce transportation inefficiencies, (possibly through more use of public transportation), and the difficulties of ensuring that voters are properly informed about the timing and substance of votes on educational matters.

Session III—Relationships Between Efficiency Measures and School Formulae

Thomas Corcoran, Ph.D.

Co-Director of the Consortium for Policy Research in Education at Teachers College, Columbia University, and Visiting Lecturer at the Woodrow Wilson School, Princeton University

Dr. Corcoran believes that the current education system has done an efficient job at reproducing the class structure in our country. For that reason, he wasted no time in questioning whether the forum’s focus on efficiency was misguided. He conceded that the education system is not solely responsible for the current low rate of social mobility and large income gap in the U.S., but said that in his view, it has definitely contributed to those troubling realities. As a result, it is imperative that discussions of efficiency be linked to clear goals for outcomes and the distribution of those outcomes.



Thomas Corcoran noted that the big question in New Jersey education is how to provide instruction that actually helps students reach proficiency.

Efficiency is also objectionable to Dr. Corcoran on the grounds of inadequate measures. Intermediate outputs, namely test scores, are used by many researchers to measure effectiveness. “This leads to some very biased conclusions,” Dr. Corcoran said. “One reason for that is that the test scores don’t reflect our actual goals for education. They certainly don’t reflect the goals that most of us in this room hold for our own children.” For example, the focus on test results has driven some educators in other states to pay to attend workshops that claim to reveal which parts of the state standards are not covered on the state assessment.

The big question, Dr. Corcoran posited, is how to provide instruction that actually helps students reach proficiency. “It’s not the school buses. It’s not the swimming pools. It’s not the soccer teams. It really is instruction that’s the heart of the business of schools,” he said. Fortunately, research is underway to build up highly specified, evidence-based guidelines for teaching,

as well as better assessments. But more investment is necessary to make them a reality – and finding the political will to implement them will be difficult. Yet should those conditions be met, headway would be made on building a system that actually does deliver efficient instruction to all children.

In the end, school formulas will not be able to maximize all of the goals of education stakeholders. Equal educational opportunities for children, equitable distribution of the tax burden, local control of education, responsible management of the state budget – these are incompatible objectives, asserted Dr. Corcoran. Adding efficiency into the mix makes it even less feasible to maximize all of those goals at the same time. To encourage efficiency, earmarks may be used to target funds, or caps may be set on certain classes of expenditures. But these measures may lead to more bureaucracy – which is perceived to be detrimental to efficiency – and redefinitions or deception on the part of districts. Formulas, Dr. Corcoran said in closing, are “pretty crude mechanisms” for promoting efficiency.

David Hespe

Associate Professor, Educational Leadership Department, Rowan University

Recalling the sleepless night he and others spent before New Jersey’s Quality Education Act (QEA) was passed in 1990, Mr. Hespe reflected on the challenges the state has faced creating funding formulas and implementing them. He noted that funding formulas in New Jersey look great in statute books, but they never run. “You

really can't use funding formulas to promote efficiency if they are not fully funded," he said. Fluctuations in the state's revenue base, changing priorities, and school equity law suits can all contribute to underfunding and discontinuation of formulas. "Freezing" of aid may also take place, which ultimately reduces efficiency by failing to take into account how school districts may have changed since the "freeze" was instituted.

Even if the formula is fully operational, Mr. Hespe believes that it may fail to promote efficiency in most school districts. For example, some districts do not receive regular education aid, making it difficult for the state to influence their decision-making. Also, the struggle to establish a formula can cause policymakers to forget that many other elements influence the education system, including local budgetary decisions and approval, local district collective bargaining agreements, and accountability measures. "Local districts are responsible

Instead of relying on funding formulas to promote efficiency, David Hespe suggested a more direct approach, such as non-dollar incentives, specifically for efficiency gains. School districts that operate efficiently could then be offered freedom from certain regulations.



for education," he reminded the audience. "Our formula just distributes dollars."

Instead of relying on funding formulas to promote efficiency, Mr. Hespe suggested a more direct approach, such as non-dollar incentives specifically for efficiency gains. School districts that operate efficiently could be offered freedom from certain regulations. Regionalization and school choice could also help, he said.

Mr. Hespe proposed that continued dissatisfaction with school districts' level of responsiveness to the formula may require that the state "totally reassess how we fund our schools."

Gordon MacInnes

Lecturer and Senior Education Policy Expert, Woodrow Wilson School, Princeton University

What is the most important component of a quality education? Not the level of resources, but how they are used, Mr. MacInnes said. He framed his remarks as a series of recommendations on how to examine whether resources are used efficiently, particularly in the 31 Abbott districts in New Jersey, which currently receive 60% of operating school aid. "If the resources are well used, and they are focused on improving academic achievement of Abbott students, then I think we could all step back and say, 'That was a worthwhile investment to make,'" he said. "And if they are poorly used, if they are incoherently used, if they are recklessly used ... this is a tragedy for the children who were supposed to have their life chances improved."

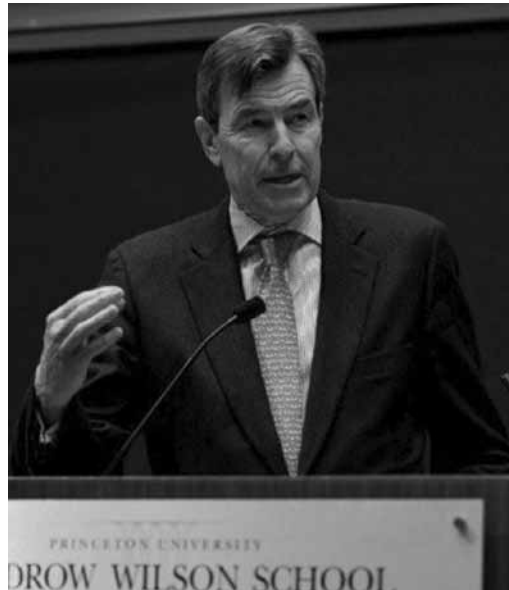
Mr. MacInnes discussed six "red flags" to look for to see if public funds are being spent

efficiently and effectively for instruction. First, look at the percentage of teachers who are certified but not in the classroom. Are they strong master teachers who help struggling teachers with the challenges they face on a daily basis? Or are they teachers who simply have seniority and have opted out of classroom teaching without taking on a clear role?

Second, assess the use of technology. Computer-assisted instruction and other technological advances are “vastly overrated” as an ingredient in improved instruction, Mr. MacInnes asserted. If computers are valuable to instruction, they will have been maintained and replaced. Technology coordinators may not be necessary at each school, particularly if computing technology has already been effectively integrated into classrooms.

Third, examine school district finances for the amount spent on contracted services in the classroom. Each district’s audited finance report is collected and disseminated through a state report that is available on the internet. In two districts that have seen strong gains in literacy, Union City and Orange, the amount spent per student is \$43 and \$183 respectively. In Newark and Asbury Park, where literacy gains have been much less evident, \$1,482 and \$2,615 per student are spent on such services. According to Mr. MacInnes, this may indicate that some schools are spending a good deal on services that are not particularly effective.

Fourth, note the turnover rates for first-time teachers. Since teachers inevitably retire, move, or quit each year, large districts are continually hiring new teachers. If teachers are treated well and supported, they will be



Gordon MacInnes framed his remarks around the belief that it is not the level of resources that is the most important component of a quality education, but how those resources are used.

more likely to stay. Mr. MacInnes believes that high turnover rates may be a sign that poor quality instruction is taking place in that school.

Fifth, the percentage of funding that goes for instruction may speak to a school district’s efficiency in providing education. Mr. MacInnes noted that the definition of “instruction” is open to interpretation, which may change how those figures are reported, depending on the regulatory or budgetary guidance provided. One district, he recalled, issued new job descriptions at year’s end presuming that every administrator spent 20% of their time in direct instructional supervision. As a result, 20% of the salaries and benefits of those administrators was transferred from “administrative” to “instructional” costs, in the hope of avoiding increased scrutiny from state auditors.

Finally, consider the treatment of special education students in the district. Mr.

MacInnes said that it is difficult to use the available indicators to determine the overall quality of special education instruction. But he suggested that if there is a large number of special education students separated from the other students for instruction, then they may not be receiving a quality education.

Mr. MacInnes concluded his presentation by advocating for support for a high-quality student database that covers every student in every school in the state of New Jersey, including those enrolled in preschool programs. “Otherwise we are left to an assortment of randomized trials and sampling that will not produce the information that we need on how well we’re actually educating the real kids in our system,” he said.

Discussion

The difficulties facing New Jersey’s Department of Education were a source of lively conversation. Dr. Corcoran said the legislature prefers a “tamed” department to a proactive one. “I wish we had the Ministry of Education in Singapore right now, because we’d be a lot further along with Abbot if we had it rather than what we have. But the legislature in this state has never wanted a Ministry of Education,” Dr. Corcoran said.

Panelists and audience members also engaged in a dialogue about ways to improve instruction, particularly through support of teachers. An audience member asserted that changes to teacher compensation are necessary to achieve efficiency. “Couldn’t disagree more,” Mr. MacInnes responded, explaining that he does not believe the problem of instruction is related to the link between compensation and instructional results. Instead, he believes the difficulty is

a chain of events relating to many failures in the multiple layers of supervision, state statute, and court decisions. “The districts that did the best, and therefore are spending less money, are the districts that honored the court’s mandates in a paperwork way, but maintained the focus on raising student achievement and making sure that young children were strong readers,” Mr. MacInnes concluded.

Session IV—A Long Range View of Education Reform: Thinking—and Looking—Outside the Box in Urban School Reform

Hugh B. Price

The Weinberg/Sachs Visiting Professor at the Woodrow Wilson School, Princeton University and former President, The National Urban League

Mr. Price began his luncheon talk on urban school reform by telling the audience, “Educators are my heroes.” Noting that he is a lawyer, not an educator, he said he is grateful to have had the chance to work on education issues for most of his professional career. For example, when he was head of the National Urban League, the organization launched a campaign for African-American Achievement. While he was at the Rockefeller Foundation, he created the National Commission on Teaching and America’s Future. Another favorite initiative is the National Guard Youth ChalleNGe Corps, which is designed for young people who have dropped out of school.



Noting that America's children are the "human infrastructure" that will allow our nation to compete globally, Hugh Price believes there is a continued need for improvement in the educational system. Studies have shown that many Latino and African-American children are a notch or two below grade level and that dropout rates remain high, with roughly 50% of African-American and Latino young people failing to graduate from high school.

America's children are the "human infrastructure" – the basis of the knowledge economy – that will allow our nation to compete globally, Mr. Price said. While American young people have made headway in recent years, the results of the National Assessment of Educational Progress in 2007 show that there is still room for improvement. According to the NAEP, about 50% of Latino children and 54% of African-American children in the 4th grade scored below "basic" in reading – meaning that they are a notch or two below grade level. Dropout rates are also very high, with roughly 50% of African-American and Latino young people failing to graduate from high school.

Mr. Price asserted that research shows that factors both in and out of school contribute to academic achievement. As

the Educational Testing Service study *Parsing the Achievement Gap* shows, school elements such as rigor of the curriculum, teacher preparation, class size, and the learning environment are significant. But external factors such as birth weight, exposure to lead, parent participation, hours of television watched, and student mobility also matter. There are also differences in these factors that impact achievement along racial and income lines.

There are many ways to address the achievement gap, Mr. Price said, but he focused in his remarks on two in particular: "whole schools for whole children" and community mobilization.

Mr. Price became convinced a few years ago that the most stubborn of the achievement gaps could not be closed without a more holistic look at what is happening in the lives of children. He served as co-chair of a Commission on the Whole Child which was established by the Association for Supervision and Curriculum Development (ASCD). That experience caused him to reflect on how schools and communities, parents and teachers ought to be collaborating to address the issues that impact the readiness and capacity of young people to achieve. Dr. James Comer, who served on the commission, used to recount how when he was growing up, there was a conspiracy among the adults in his life to ensure that he was successful. The commission's members determined that their mission was to promote the physical, social and emotional health of children through an emphasis on developing a whole child.

The military arguably knows "more about the development of the whole adolescent

than educators do,” said Mr. Price. The military’s systems for training new recruits incorporates the elements of belonging, teamwork, motivation and self-discipline, structure and routine, accountability and consequences, safety and security, and believing that every young person can succeed. Using mentoring and monitoring, rewards and recognition, the military shapes recruits into men and women capable of completing complex missions.

Building on that example, and inspired by the transformative experience he saw peers have through military service, in 1989 Mr. Price proposed to the head of the National Guard that they create a quasi-military youth corps for school dropouts. This became the Youth ChalleNGe Corps. Started in 1993, the Corps now operates in roughly half of the nation’s states, including Fort Dix in New Jersey, and more than 81,000 youth have participated in the 22-week residential program. Key elements of the program include: training in leadership and “followership,” to help youth be comfortable in life’s diverse roles; responsible citizenship through service to the community; job skills; physical fitness; health and hygiene; and academic excellence. Other programs that use a similar model, such as the Public Military Academy at Leeds in Philadelphia, have also shown encouraging results. Mr. Price recommended further examination of military-based approaches, stating, “This is a place to look for new ways of thinking about teaching, instruction, and development.”

On the subject of community mobilization, Mr. Price emphasized that educators cannot educate young people alone. “Communities have an obligation to pull on the oars as well,” he said. At the National

Urban League, Mr. Price worked to mobilize African-Americans to promote achievement in their communities. The National Urban League created a National Achievers Society to honor African-American students who earned at least a B average in school. That effort met with great success in places like San Diego, where 350 students were inducted, half of whom were boys, in a ceremony that drew more than 1800 parents, grandparents and teachers.

Mr. Price suggested large-scale events, such as Read-A-Thons in stadiums, rallies, and parades as ways to raise awareness about academic themes, such as the SATs, and celebrate student achievement.

He concluded that today we need to “reactivate the village” to raise our nation’s children, stating, “For a significant number of young people who are absolutely indispensable to this country, who are a part of the infrastructure of the knowledge economy, we must find new ways, methods, and new will in order to ensure that they, too, succeed.”

Discussion

Responding to a question about institutions other than the military that have been instrumental developing young people’s potential, Mr. Price praised KIPP and Historically Black Colleges and Universities. He said that everyone must constantly be on the lookout for places where there are “big changes” happening, so educators and policymakers can learn more about transformative systems.

During a discussion about the role of the federal government in closing the achievement gap, Mr. Price discussed the

current federal plan to provide grants to state education agencies for innovative, evidence-based practices. He also spoke of some “wacky ideas” he has about enlisting more community members to promote education, envisioning Kennedy Center Awards for community organizations that promote achievement, and barbers asking clients, “Have you taught your child to read?”

Margaret Goertz established that accountability is providing an account of one's actions to another, and that it is based on the Principal-Agent theory, in which principals establish an expectation about what is to be accomplished and to whom an account is owed, and agents are expected to perform based on that expectation.



Session V—Performance Accountability and Service Delivery

Margaret E. Goertz, Ph.D.

Co-Director, Consortium for Policy Research in Education and Professor, Graduate School of Education, University of Pennsylvania

Accountability, Dr. Goertz said, is providing an account of one's actions to another. It is based on the Principal-Agent theory, in which principals establish an expectation about what is to be accomplished and to whom an account is owed, and agents are expected to perform based on that expectation. Dr. Goertz set forth the five dimensions of accountability: (1) Who is held accountable; (2) To whom; (3) For what; (4) How; (5) With what consequences. In education, students, teachers, schools, and districts are held accountable by various means.

Dr. Goertz separated the “how” of accountability into bureaucratic, legal, professional, market, and political accountability. Bureaucratic accountability comes from within an organization, such as teacher evaluation. Legal accountability is external to the organization, like No Child Left Behind. Professional accountability devolves authority to the agents, deferring to their expertise and their need to tailor activities to the needs of the clients. Market accountability means that actions agents take have economic consequences that may cause them to alter their behavior. Parent choice for schools, as in the context of charter schools, is a good example. Political accountability relates to voters expressing their preferences through their voting behavior, such as election of school board members and passage or defeat of school budgets.

There are diverse accountability systems for each of the actors in the education system, and Dr. Goertz discussed them one by one. Students are agents held accountable to teachers and parents through their school attendance, behavior, and performance. Promotion and high school graduation requirements are two of the few formal consequences for students in accountability systems.

Teachers are held accountable to each other and to parents. Other than certification, teacher accountability is largely limited to internal evaluation of teaching, which has consequences for retention and tenure. Teachers largely have professional accountability, which means they have a good deal of discretion in teaching. But the recent movement to tie increases in pay to teacher performance may result in increased bureaucratic accountability.

Schools and districts are held accountable through No Child Left Behind and, in New Jersey, through the Quality Single Accountability Continuum (QSAC). The QSAC consolidates the monitoring requirements of multiple state and federal programs to identify if and when the state needs to provide assistance or intervene in the operation of school districts. Dr. Goertz noted that QSAC does not measure the level of or quality of instructional, fiscal, and physical resources, focusing more on compliance than outcomes. No Child Left Behind, on the federal level, is more explicitly focused on outcomes.

In considering what accountability systems are ideal, fairness and transparency must be taken into account, Dr. Goertz stated. But for education, most importantly, all those involved must keep in mind what is most important: “An accountability system has to focus attention on the information that’s relevant



Marc Holzer argued that the “E” in the conference title should really stand for “effectiveness,” and said that educators and policymakers must be driven by whether they are producing students with the skills and competencies required to function in our society. To be successful in producing those outcomes, a systematic approach to improving public education is needed.

to teaching and learning,” she said. “This is really what it’s all about.”

Marc Holzer, Ph.D.

Dean, School of Public Affairs and Administration, Rutgers University-Campus at Newark

“The “E” in the conference title should really stand for “effectiveness,” Dr. Holzer argued. He said that educators and policymakers must be driven by whether they are producing students with the skills and competencies required to function in our society. To be successful in producing those outcomes, a systematic approach to improving public education is needed. Dr. Holzer presented a model of such an approach, adapted from the public sector.

Currently in education, Dr. Holzer asserted, there is what he called a “soft view of accountability.” In other words, evaluations of schools are largely subjective or personal, based on impressions of whether the schools are working or not. That subjective evaluation is translated into a community’s reputation for providing a good education, which affects housing prices and preferences. “We want to get away from the soft side and move to something that’s much more objective, that’s a fairer picture of what’s happening in the schools,” he said.

Based on more objective evaluations, school districts can take steps to improve productivity through five strategies: managing for quality, developing human resources, adapting technologies, building partnerships, and measuring for performance.

Managing for quality requires a focus on education management. Citing Joel Klein’s leadership of New York City schools, Dr. Holzer pointed out that the trend in education has been to go outside the school community to find leadership. While those leaders may be trusted by the politicians who appoint them, they may fail to support professional educators because of their lack of experience in education. Other management challenges include the historic failure to get feedback from parents and children and the lack of community-based strategic planning.

In terms of human resources, Dr. Holzer said more attention needs to be paid to both teachers and the “back office” in terms of improvements, as well as a rewards structure that includes non-monetary rewards.

The “biggest payoff” for education may be in the area of adapting technologies. E-governance or e-government models can help make education more transparent to all

stakeholders. Dr. Holzer asked the audience to picture what might happen if the education system adopted the CompStat model, used currently for the New York City Police Department. “Take the data you have,” he explained, “put it up in screens around the room, convene your decision-makers there, your top managers, and have them start discussing what trends are going in the right direction or the wrong direction and what they can do to improve that.” Such a method might make it clearer what the most essential interventions are, and allow for better planning and coordination.

Measuring performance goes beyond assessing services delivered and immediate outcomes, Dr. Holzer said. It should track what happens to graduates over the long term, so that districts know whether they have prepared students to contribute to society.

To conclude, Dr. Holzer offered four recommendations to improve accountability and, by extension, performance. First, search more broadly for models that can apply to education systems through publications and networks, such as PPMRN.net, hosted by Rutgers. Second, do not automatically turn to the private sector for models of efficiency – public sector models are more useful. Third, consider a competitive model for outsourcing services, such as using a neighboring district to provide some services. Fourth, good use of data for accountability can help the public come to realize how much schools are adding value. “[That] would allow us to argue from a data-driven basis or a strategic basis that education is really the first priority for public expenditures,” he said. “That education drives everything else.”



Executive Director of the NJEA Vincent Giordano stated that the premise that New Jersey public education is underperforming or failing is “simply not true” and that accountability for student success is a shared responsibility between parents, the community, school administrators, politicians, the State Board of Education, students, teachers, and teachers’ unions.

Vincent E. Giordano

Executive Director, New Jersey Education Association

Mr. Giordano concluded the final panel of the forum with an energetic, bold appeal to the audience, saying, “If you have seat belts on those chairs, I would pull [them] over one more notch.”

The clamoring for greater accountability, Mr. Giordano said, seems to be premised on the notion that the public education system is underperforming or failing, but that, he said, is “simply not true.” He cited evidence that reading and math scores in New Jersey are among the highest in the nation, and that New Jersey schools rank first in the nation on how well they prepare students for college and for the work force.

He then challenged the idea that teachers are afraid to be held accountable, suggesting that teachers and other school employees

welcome accountability – if it is shared with all those who have a stake in education. Perhaps we should be calling for shared responsibility, instead of accountability, he said. That shared responsibility would be assumed by parents, the community, school administrators, politicians, the Department of Education, the State Board of Education, students, teachers, and teachers unions. Unless that happens, he asserted, there will never be an appropriate school funding formula to fully improve public education in New Jersey.

Elaborating further on teacher accountability, Mr. Giordano said it already exists “in spades” – in the form of report cards, parent-teacher conferences, educator conferences, and formal and informal teacher evaluations.

Two ways to help equip teachers for success, according to Mr. Giordano, are an aggressive professional development program and opportunities for meaningful teacher input on educational issues. On the other hand, merit pay or performance pay are officially opposed by NJEA because, according to Mr. Giordano, they create disharmony among staff and simply do not work.

Ultimately, the NJEA is serious about educational reform, he said, and supports the revamping of the accountability regulations currently underway at the Department of Education. “If it’s pro-kid, pro-education, pro-schools, we’re going to be there. We’re going to be for it,” he said. “Having said that, we are also going to remain vigilant and steadfast if somebody continues to try to peddle change for the sake of change.”

Discussion

Audience questions focused on testing, particularly whether the tests currently in place are adequate for achieving a diverse set of

goals. Dr. Goertz stated that assessments do exist that measure mastery of academic standards more deeply and more broadly. But those assessments do not align well with the current accountability system, as set forth by the federal government in No Child Left Behind. “There had been a lot of innovation in assessment and [NCLB] basically took us back to where we were twenty to twenty five years ago, back to multiple choice tests that could be scored quickly, cheaply,” Dr. Goertz said.

Dr. Holzer suggested that methods that assess students in different ways at multiple opportunities are more useful for accountability purposes – and less open to manipulation. An audience member pointed out that in New Jersey the Special Review Assessment (SRA), a portfolio-type assessment, serves as an alternative to more traditional test-based graduation requirements. Mr. Giordano acknowledged that some education stakeholders, including forum panelist Mr. Cryan, are opposed to the SRA, but urged forum attendees to examine it for themselves.

Closing Remarks

Michael Vrancik

Director of Governmental Relations, New Jersey School Boards Association

Mr. Vrancik remarked that, in light of the current economic climate, those in the education system may find it harder to find additional resources, and will likely have to justify their current level of spending. Thus he believes that information on the effectiveness and efficiency of education is essential for ensuring that the public continues to support schools. “I hope that today is the first part of an ongoing discussion on this subject,” he said.



Michael Vrancik, Director of Governmental Relations for the New Jersey School Boards Association.

Richard F. Keevey

Director, Policy Research Institute for the Region

Thanking all of the participants, Mr. Keevey urged attendees to visit PRIOR’s website to learn more about upcoming forums. He wrapped up by saying that education always seems to be a popular topic of discussion, doubtless because the outcomes are so critical, relating as they do to “the performance of our children.”

Appendix A

Conference Agenda

The “E” in Thorough and Efficient: How Can We Insure Efficiency in Spending School Tax Dollars?

February 6, 2009

Sponsored by the Policy Research Institute for the Region at the Woodrow Wilson School of Public and International Affairs, Princeton University

Welcome and Opening Remarks

Richard F. Keevey, Director, Policy Research Institute for the Region, Woodrow Wilson School, Princeton University

Michael Vrancik, Director of Governmental Relations, New Jersey School Boards Association

T&E’s Step Child: An Efficient System of Free Public Schools

Paul L. Tractenberg, Esq., Board of Governors Distinguished Professor and Alfred C. Clapp Distinguished Public Service Professor of Law, Rutgers School of Law – Newark

Consolidation The Ultimate Efficiency Approach: Is It?

Ernest Reock, Ph.D., Professor Emeritus, Rutgers University

Honorable Joseph Cryan, Chairman, Assembly Education Committee, New Jersey Legislature

Michael Ritacco, Superintendent, Toms River School District

Gerald Vernotica, Ph.D., Assistant Commissioner for Field Services, New Jersey Department of Education

Relationships Between Efficiency Measures and School Formulae

Thomas Corcoran, Ph.D., Co-Director of the Consortium for Policy Research in Education at Teachers College, Columbia University, and visiting lecturer at the Woodrow Wilson School, Princeton University

David Hespe, Associate Professor, Educational Leadership Department, Rowan University

Gordon MacInnes, Senior Education Policy Expert, Woodrow Wilson School, Princeton University

A Long Range View of Education Reform

Hugh B. Price, The Weinberg/Sachs Visiting Professor at the Woodrow Wilson School, Princeton University and former President, The National Urban League

Performance Accountability and Service Delivery

Marc Holzer, Ph.D., Dean, School of Public Affairs & Administration, Rutgers University

Margaret E. Goertz, Ph.D., Co-Director, Consortium for Policy Research in Education and Professor, Graduate School of Education, University of Pennsylvania.

Vincent E. Giordano, Executive Director, New Jersey Education Association

Closing Remarks

Richard F. Keevey, Director, Policy Research Institute for the Region

Michael Vrancik, Director of Governmental Relations, New Jersey School Boards Association

Commentary sponsored by the Policy Research Institute for the Region at the Woodrow Wilson School of Public and International Affairs at Princeton University.

The Policy Research Institute for the Region was established by Princeton University and the Woodrow Wilson School of Public and International Affairs to bring the resources of the University community to bear on solving the increasingly interdependent public policy challenges facing New Jersey, metropolitan New York, and southeastern Pennsylvania.

With a full-time staff augmented by project coordinators and guided by faculty associates and an advisory board, the institute reflects and understanding that the issues facing our region cut across not only state and municipal borders, but also across a range of traditional academic disciplines. Our mission is to bring together the University's greatest resources—its faculty and students, its research expertise, and commitment to public service—to find solutions across boundaries that improve the quality of civic life in our dynamic, multi-state region.

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