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# THE STATE EDUCATION AGENCY: AT THE HELM, NOT THE OAR

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Bellwether Education Partners

Foreword by Chester E. Finn, Jr. and Michael J. Petrilli





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# FOREWORD

by Chester E. Finn, Jr. and Michael J. Petrilli

Anyone concerned with the governance of public education in the United States in the early twenty-first century—and that should include everyone concerned with the reform and revitalization of our weakly performing K–12 system—understands that states are the most important decision makers, sources of the lion’s share of school dollars, and the only entities with constitutional responsibility for educating children.

Beginning in the nineteenth century, as states assumed this responsibility, they opted to place most of the heavy lifting in newly formed departments of education, commonly known today as “state education agencies,” or SEAs. These evolved over time into funding agencies, managers of federal programs, licensure and certification bodies, compliance enforcers, and much else. In recent decades, they’ve also been tasked with spearheading and managing innumerable “reform” efforts—some of them initiated by state leaders, some by Uncle Sam, some by private philanthropists, and others. Prominently included under this heading are the implementation of academic standards, assessments, and accountability schemes on the one hand, and innumerable school-choice programs on the other. In between are a hundred innovations and reforms in realms such as teacher effectiveness, school leadership, technology, special-needs children, and on and on.

The “chief state school officers” who head the SEAs have done their best to carry out this multitude of duties and initiatives, mostly with the encouragement (and occasionally the interference) of the state boards of education that are usually part of the governance structure. While some of them—including our board chair, former Massachusetts education commissioner David Driscoll—can take credit for remarkable accomplishments, the blunt fact remains that SEAs have been given far more to do than they’re capable of doing well.

Indeed, for as long as we’ve been working in this field, observers have lamented the fact that state education agencies lack the capacity to play the reform-leadership roles that they’ve been asked to take on. The conventional wisdom is that this capacity must therefore be enhanced with more money, more bodies, and more know-how for SEAs.

Enter Andy Smarick, former deputy to one of the ablest chiefs in recent memory (New Jersey’s former education commissioner, Chris Cerf) and one of the most astutely constructive critics in the ed-reform world, with what Jonathan Swift might term “a modest proposal.” In this informed and provocative paper, Andy (and co-author Juliet Squire) makes a compelling case for rethinking and reconstructing the SEA from top to bottom. He advocates scaling its direct duties back to what it can (or must) manage directly, but outsourcing just about everything else—especially the “reforming” parts—to entities better suited to such work.

The reasoning that underlies these bold recommendations will be familiar to anyone who has followed the “reinventing government” movement since David Osborne and Ted Gaebler introduced that term in 1993. And it’s consistent with the most interesting recent thinking about governance innovation in the K–12 sector, not only at the state level but also in such innovations as “recovery districts,” “charter management organizations,” and “portfolio districts.”

But Andy’s fine paper would stand on its own merits even if nobody had ever proposed anything like it, for it’s based on solid experience, clear thinking, true imagination, and more than a little courage. Give it a read—and give it a chance. The problem with “governance reforms” is that too many people start with the assumption that nothing structural can be changed, so it’s fruitless to bother suggesting alterations that “will never happen.” Hence, we must settle for getting as much mileage as we can from the structures we’ve got.

Talk about fatalism and defeatism! If education governance arrangements are immutable, we'd never have Louisiana's recovery school district, or Joel Klein's multi-faceted reforms in New York City, or the National Assessment Governing Board, the oversight body of the esteemed NAEP exams. Furthermore, some states are already embracing elements of the contracting-out of SEA duties that Andy envisions—and beginning to show promising results.

If governance is part of the problem, governance reforms need to be part of the solution. That's what animates Andy Smarick. Us, too. See for yourself.

## **ACKNOWLEDGMENTS**

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On the Fordham side, we would also like to thank Amber M. Northern for her help in bringing this paper together. Matt Richmond oversaw production, Michelle Gininger and Joe Portnoy managed dissemination, and Alyssa Schwenk handled funding and grant reporting. We also thank copy editor Shannon Last, layout designer, Ken Van Hoy, and cover artist, Catherine Lane.

# EXECUTIVE SUMMARY

Never before has more been asked of State Education Agencies (SEAs), commonly known as state departments of education. In recent years, policymakers at the state and federal level have viewed the SEA as the default entity for implementing new and sweeping K–12 initiatives—everything from Race to the Top grants and ESEA waivers to teacher evaluation reform and digital learning.

But SEAs were designed—and evolved over decades—to address a relatively narrow set of tasks: distributing state and federal dollars, monitoring the use of these funds, and overseeing the implementation of federal and state education programs. They were not created—nor have they developed the core competencies—to drive crucial reforms. Accordingly, we argue that despite the best efforts of talented, energetic leaders, SEAs will never be able to deliver the reform results we need.

But there is an alternative. We should view the SEA through the lens of *Reinventing Government* (1993), the path-breaking book by David Osborne and Ted Gaebler. In short, Osborne and Gaebler call for state agencies to “steer” more and “row” less. Here, we call for federal and state leaders to apply their thesis to SEAs, scaling back the tasks SEAs perform and empowering nongovernmental organizations to take up the slack.

We offer the “4Cs” model (control, contract, cleave, and create) for rethinking state-level K–12 reform work. In practice, this means pursuing activities on two parallel tracks. On one, we should make the SEA a far leaner organization, able to execute a narrow set of activities. On the other, we should foster the growth of a new state-level reform ecosystem composed of a range of entities—primarily independent public entities or nonprofits—able to carry out key reforms.

# INTRODUCTION: MAKING A U-TURN ON SEA REFORM

Never before has more been asked of State Education Agencies (SEAs), commonly known as state departments of education. For state legislatures, governors, and federal policymakers, SEAs have become the default agent for implementing major education reforms. Most recently, this decades-long trend culminated in the federal government's American Recovery and Reinvestment Act, the Race to the Top grant competition, and the Elementary and Secondary Education Act (ESEA) waiver process, all of which have spurred state education chiefs to promise better data platforms, improved educator evaluation systems, charter school growth, higher-quality standards and assessments, new accountability schemes, interventions for persistently failing schools, and more.

State governments have also placed an increasingly heavy burden on SEAs. State legislatures are tasking SEAs with everything from regulating digital learning (Florida),<sup>1</sup> to ensuring the cost-effectiveness of career- and technical-education courses (Texas),<sup>2</sup> to ending harassment, intimidation, and bullying in schools (New Jersey).<sup>3</sup> SEAs are asked to implement new policies, manage their states' regulatory process, and referee the competing demands of families, districts, interest groups, and politicians. Federal and state policymakers have placed SEAs at the center of today's education reform movement, and in consequence, there is endless talk about boosting the agencies' "capacity."

This has not always been the case. In its earliest days, the SEA was a small, anemic organization. Its role expanded thanks largely to the federal Elementary and Secondary Education Act of 1965, which tasked the SEA with distributing and monitoring the use of federal funds. In subsequent decades, SEAs developed the core competencies of compliance examiners, making sure districts spent funds properly and adhered to a range of federal and state policies. Until quite recently, SEAs had very little funding for activities designed to actually improve schools.<sup>4</sup>

The duties of a compliance examiner are important. But they are quite different than developing and executing pace-setting, far-reaching initiatives designed to significantly improve teaching and learning. Unfortunately, the SEA, created and shaped over decades to do the former, is poorly positioned to do the latter.

If you were building a new home, imagine that your loan officer insisted on also serving as your general contractor. He'd almost certainly be trained to understand the local housing market, assess your credit risk, and help you secure a mortgage. But is he likely to also have the skills to produce blueprints, obtain building permits, and hire subcontractors?

Knowing money and rules is not the same as knowing how to build something exciting and new—and then knowing how to wield hammer and saw with finesse.

Rather than allowing a diverse array of specialized actors to lead today's most important initiatives, the education sector has reflexively layered more and more reform work on the compliance-oriented SEA.

There's a better way.

Instead of putting the SEA on steroids, we should put it on a diet. The seminal 1993 book *Reinventing Government*, by David Osborne and Ted Gaebler, made the case that government often functions best by

“steering” instead of “rowing”—deciding what must be accomplished and then enabling others to execute it. We should apply this approach to state-level K–12 activity. **By delegating to the SEA only those functions for which it is well suited, policymakers can create room for the emergence of a vibrant, independent nonprofit sector better positioned to lead bold reforms.**

The pages that follow will provide a brief overview of how the SEA evolved into its current form, enumerate some challenges SEAs have experienced in implementing recent reforms, and explain the constraints that can confound even the most determined and skilled SEA leaders. The second section proposes a number of strategies state and federal policymakers can use to identify the responsibilities best suited to the SEA and delegate those better left to different—and possibly yet-to-be-created—organizations. The final section considers the implications, rewards, and risks of this new approach.



# SECTION I: THE PROBLEM WITH TODAY'S SEA AND EFFORTS TO IMPROVE IT

## A BRIEF HISTORY OF THE SEA

State constitutions require their governments to provide primary and secondary schooling to their young people, but state governments have historically delegated this responsibility to school districts. Indeed, under Horace Mann, the first Secretary of Education in Massachusetts and one of the driving forces behind America's "common school" movement 150 years ago, state-level "authority was never conceived to be more than stimulatory and supportive in character."<sup>5</sup> As late as the 1950s, SEAs were small agencies that performed limited functions including administering small federal programs, distributing funds, and collecting data.<sup>6</sup> The vast majority of decision making concerning public education took place at the local level.

That changed a half century ago. The civil rights movement of the 1950s and 1960s and President Lyndon B. Johnson's "Great Society" legislation, including the Elementary and Secondary Education Act of 1965 (ESEA), focused America's attention on the educational needs of disadvantaged students and dramatically boosted federal involvement in and spending on K–12 education. The federal government looked to SEAs to administer these new federal activities.<sup>7</sup>

In particular, Title V of ESEA explicitly sought to strengthen state departments of education. It provided grants "to stimulate and assist States in strengthening the leadership resources of their State educational agencies, and to assist those agencies in the establishment and improvement of programs to identify and meet the educational needs of States."<sup>8</sup> Although Title V came to an end in 1981, these grants were replaced with federal SEA "administrative" set-asides—through which the SEA was allowed to withhold a percentage of federal funding streams to support program administration—to continue executing and monitoring compliance with federal mandates and programs.<sup>9</sup>

The SEA's growing role was not solely the result of Uncle Sam's expanded reach. The Soviet Union's launch of Sputnik in 1957 and the specter of the Cold War spurred state governments to push for improved and

**"Carefully formed over decades to be a compliance monitor, the SEA was then asked to gradually transform itself into something quite different."**

expanded math and science education. States soon began developing new programs, including student assessment systems and expanded policies on educator preparation and credentialing.<sup>10</sup> In 1983, *A Nation at Risk* laid the groundwork for more rigorous state content standards and graduation requirements.

As one study put it, "States responded to the school finance movement of the 1960s and 1970s and the standards movement of the 1980s and 1990s by introducing laws and regulations designed to monitor local compliance with federal and state requirements."<sup>11</sup> The SEA was charged with nearly all of this monitoring.

Understandably, this caused SEAs, in the words of scholar Paul Manna, to “mature with compliance-driven orientations.”<sup>12</sup> SEAs became “compliance monitors,” write education researchers Patrick Murphy and Paul Hill, “not because they were populated by bored, disinterested bureaucrats, but because it was the job that the federal government and their state legislatures had assigned to them.”<sup>13</sup>

Carefully formed over decades to be a compliance monitor, the SEA was then asked to gradually transform itself into something quite different. In 1994, the Goals 2000 Act and the Improving America’s Schools Act tasked SEAs with establishing learning standards, measuring student performance, identifying struggling schools, and overseeing school improvement plans. As Manna and Diane O’Hara wrote, “rather than serving primarily as a banker to transfer funds to local districts,” SEAs were suddenly expected to serve as reform leaders.<sup>14</sup> This became the “new normal,” as the SEA was assigned more and more reform responsibilities, culminating in recent years with its central role under NCLB, Race to the Top, and ESEA waivers. Figure 1 summarizes the functions commonly housed within the SEA today.

**Figure 1. Common SEA Functions**

Regulation	Operation	Administration	Leadership
<ul style="list-style-type: none"> <li>• Ensuring that basic administrative duties have been performed by LEAs in compliance with state and local laws</li> <li>• Ensuring public funds are used properly</li> <li>• Enforcing health and safety rules for construction and building maintenance, etc.</li> <li>• Establishing and ensuring minimum educational opportunities are provided for all children</li> <li>• Interpret and clarify state and federal policies, including civil rights laws</li> <li>• Create and enforce rules governing education including attendance laws, length of school day and year, etc.</li> <li>• Create and monitor standards for pre-service teacher training</li> </ul>	<p>Varies greatly from state to state but, for example:</p> <ul style="list-style-type: none"> <li>• Operate teachers’ colleges</li> <li>• Operate schools and services for students with special needs/ disabilities</li> <li>• Operate trade and correspondence schools</li> <li>• Operate cultural agencies (libraries, museums, archives, etc.)</li> <li>• Operate low-performing districts/schools (directly or contracting out)</li> </ul>	<ul style="list-style-type: none"> <li>• Determining and enforcing licensure qualification rules</li> <li>• Offer centralized services like retirement programs</li> <li>• Maintain statewide statistical database of student test scores, district report cards, etc.</li> <li>• Conduct research</li> <li>• Authorize public charter schools</li> <li>• Certify non-public schools, homeschooling programs, pre-K programs, and after-school providers</li> </ul>	<ul style="list-style-type: none"> <li>• Provide short- and long-term planning for the state’s educational program</li> <li>• Monitor the development of standards, performance measures, and assessments</li> <li>• Set academic standards and recommend textbooks and other curricular materials</li> <li>• Provide leadership training/ professional development to implement key state initiatives (CCSS, etc.)</li> </ul>

## SEAS STRUGGLE TO DELIVER

Today, most education reform leaders seem comfortable with this expanded SEA role and focus their efforts on remolding the SEA into an agency capable of implementing sweeping, ambitious reforms.

**Recent tomes have repeatedly suggested that SEAs must expand, reorganize, and reform to fulfill their new responsibilities.**

A 2007 symposium hosted by The Education Alliance and the Urban Education Policy program at Brown University found widespread agreement among state education leaders, district superintendents, researchers, directors of nonprofits, and other educational actors: SEAs are in need of a new organizational structure, a reorientation in their approach toward working with schools and districts, and greater expertise to effectively support districts and schools.<sup>15</sup>

**“Recent tomes have repeatedly suggested that SEAs must expand, reorganize, and reform to fulfill their new responsibilities.”**

A 2011 report from the Center for American Progress, titled “State Education Agencies as Agents of Change,” acknowledged the drastic changes in the SEA’s role, stating, “Heightened attention to issues such as turning around low-performing schools, fixing state data systems, and improving teacher evaluations all require state education officials to play a new and far more demanding role.”<sup>16</sup>

A recent report by analysts from the Center on Reinventing Public Education (CRPE) concluded “the prime mission of the new SEA” is “improving the performance of districts and schools.”<sup>17</sup> The report argues:

*“SEAs across the country are poised to take [today’s] reforms to the next level with deeper and more sweeping changes... [but] SEAs will need to restructure their work along several fronts, including providing direct support to schools and districts, raising standards and expectations, addressing weaknesses in the teacher and principal labor markets, and strengthening connections between early childhood education, K–12, higher education, and careers.”<sup>18</sup>*

CRPE has also written about the difficult challenges of enhancing SEA capacity, including the need to “acquire more resources; align agency organization with school improvement objectives, not federal programs; and obtain the necessary authority to influence recalcitrant and/or inept district partners.”<sup>19</sup>

In the pursuit of bold state-led reforms, education leaders from all corners of the sector have sought to change how SEAs operate. This has translated into efforts to make the SEA bigger, stronger, smarter, and more active. Unfortunately, those efforts have not always yielded the desired results.

States struggled mightily to implement the school- and district-improvement requirements under No Child Left Behind.<sup>20</sup> After the 2001 passage of NCLB, a number of researchers, including Marc Tucker, Tom Toch, Gary Orfield, and Gail Sunderman, wrote about the huge gap between the demands of the new law and the SEAs’ ability to deliver.<sup>21</sup> Indeed, Kenneth Wong would later report that it took four years for all states to have approved accountability plans.<sup>22</sup>

States have also struggled to turn around failing districts. In numerous states, statutes empower the SEA to take over chronically underperforming districts or a subset of struggling schools. Likewise, NCLB charged all SEAs with identifying schools “in need of improvement” and imposing escalating interventions on those that fail to improve. The results have been dismal.

For instance, the state of California ran Oakland Unified School District for six years; in its final year, 2008–09, the school district still failed to make AYP, with fewer than 40 percent of its students testing proficient or advanced in ELA or math (38 percent and 39 percent, respectively).<sup>23</sup> The state of Pennsylvania launched a takeover of the School District of Philadelphia in 2002; a decade later less than one-third of students tested proficient or higher in math or reading (21.7 percent in math and 29.1 percent in reading on 2011–12 PSSA).<sup>24</sup> The evidence demonstrates that the observation Todd Ziebarth made more than ten years ago remains true: “The bottom line is that state takeovers, for the most part, have yet to produce dramatic and consistent increases in student performance, as is necessary in many of the school districts that are taken over.”<sup>25</sup>

Early evidence from the now \$6 billion federal School Improvement Grants (SIG) program is also grim. Through SIG, SEAs approve and monitor school turnaround plans with some degree of actual state-level intervention. Despite millions of dollars per school on average, more than one-third of SIG schools have actually gotten worse, and the average progress in SIG schools was nearly identical to that in non-SIG schools.<sup>26</sup>

A recent study on state-level SIG implementation sheds light on how this could happen. In Colorado, the SEA did not use a rubric or other metric for assessing SIG applications; subsequently, it awarded grants to 95 percent of those that applied. To date, Colorado’s results have been tremendously disappointing: the SEA has spent about \$133,000 for each student whose scores increased from below grade-level to grade-level proficiency.<sup>27</sup>

Perhaps the most salient challenge facing SEAs today is the implementation of the Common Core State Standards (CCSS) or state-determined “college- and career-ready standards,” a condition for states to receive and maintain ESEA waivers. A recent Center for Education Policy report found that SEAs have been unable to obtain high-quality resources to support teachers and lack the technological infrastructure necessary to implement aligned online assessments. Many states reported that teacher-related challenges, including inadequate professional development and resistance to the CCSS, are further confounding implementation.<sup>28</sup>

Sensing the SEA’s struggles on this front, Secretary Duncan recently conceded ground, allowing the first two groups of ESEA-waiver states to postpone the use of student performance as a factor in hiring, firing, and promotion decisions for educators.<sup>29</sup>

Finally, SEAs have fallen far short of expectations when it comes to implementing their states’ Race to the Top (RTTT) grants. Under RTTT, not only did many states promise some of the most ambitious reforms in education history, they also received substantial federal funding dedicated specifically to building the capacity to accomplish their lofty goals.

The RTTT grant process provided a framework for states’ applications, laying out the “absolute priorities” that each proposal was required to address. But it also gave states leeway to offer strategies that fit state-specific circumstances. After a highly competitive process, only those applicants deemed to



have the highest potential were approved by the U.S. Department of Education. Each RTTT winner in Phases One and Two received eight- or nine-figure grants from the federal government. Per RTTT guidelines, half of this funding was distributed to local education agencies (LEAs) to support implementation of RTTT initiatives at the local level and half was retained by the SEA for state-level activities.

Despite hundreds of millions of dollars in funding to support state-authored plans, SEAs have routinely asked the U.S. Department of Education for amendments to their submissions. Our review of all RTTT Phase One and Two amendments showed that SEAs requested and received a total of forty timeline delays and forty-three weakening or scaling back of deliverables. SEAs have simply struggled to deliver on their promises.

New York State, for instance, won a \$700 million RTTT grant in 2010. It used a significant portion of this funding to hire personnel to staff the newly created offices of “RTTT Performance Management,” “State School Turnaround,” and “Educator Effectiveness Policy and Programs.”<sup>30</sup>

Nonetheless, New York had trouble meeting timelines related to its teacher evaluation system, creating an education data portal, revising its standards, and releasing RFPs for assessments.<sup>31</sup> New York City battled the state over the RTTT-funded educator evaluation system, and the Big Apple ultimately had the SEA’s plan imposed on it.<sup>32</sup>

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Maryland received \$250 million. According to its original budget, 15 percent of the state-level funding was dedicated to hiring new staff. Yet Maryland struggled to hire qualified employees to implement several of its key initiatives, leading to significant delays and a shortened educator evaluation pilot.<sup>33</sup> A local-level revolt led nine districts to initially eschew the SEA’s educator evaluation model, and two counties ultimately rejected their share of RTTT funds because of the spat.<sup>34</sup>

Hawaii has perhaps had the toughest time implementing its RTTT grant program. In December 2011, the U.S. Department of Education placed its grant on high-risk status, meaning it disallowed the state from drawing funds from its grant award until the state made sufficient progress.<sup>35</sup> Hawaii was removed from high-risk status eighteen months later, after considerable back-and-forth with the federal government.

In January 2014, the Inspector General for the U.S. Department of Education issued an audit of RTTT grant recipients and concluded, “There is increasing risk that projects with delayed or compressed timelines will not be completed within the grant period or will be implemented with poor quality, and that goals may become unattainable.”<sup>36</sup>

RTTT-winning states presumably had among the nation’s highest-functioning SEAs. They convinced federal reviewers that their ideas were strong and that they had the plans and the capacity to execute them successfully. If best-in-breed SEAs fell short, it’s safe to assume that the nation’s other SEAs would’ve struggled even more.

So why is it that SEAs have found it so challenging to drive reform?

As catalogued earlier, many have argued that we should significantly increase SEA capacity. SEAs and their staffs have long institutional histories, deep relationships with districts and schools, and great authority in the field—the thinking goes—so let’s ensure the SEA has the best leaders possible, the right management practices, and the resources needed to get the job done.

To be fair, a number of SEAs have successfully driven important reforms in recent years. For example, Rhode Island’s SEA has led the charge on a number of educator-effectiveness issues, and Tennessee’s has implemented a large-scale Common Core initiative. And without question, some of our field’s most visionary and able individuals serve as state chiefs and their top lieutenants.

Frederick M. Hess’s recent book *Cage-Busting Leadership* celebrates many of these bold education leaders who have been willing and able to overcome many institutional obstacles to accomplish important things. Indeed, numerous state-level successes have been earned by unrelenting state chiefs and their dedicated teams. For

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instance, Louisiana’s John White launched the game-changing “course choice” program, which allows students to shop for individual courses from a variety of public and private providers, while facing off with the U.S. Department of Justice to defend the state’s private school choice program.<sup>37</sup> During his time as state chief in New Jersey, Chris Cerf secured a Race to the Top grant and ESEA waiver and quarterbacked the state’s first tenure reform law in a century, including a complete overhaul of educator evaluations.<sup>38</sup> In Indiana, Tony Bennett developed a new accountability system and human capital policies and oversaw a massive expansion of school choice across the state.

These efforts, largely attributable to energy and force of will, are certainly commendable. But we believe such successes are occurring in spite of, not because of, the SEA. Energy and force of will are limited resources; bureaucracy, politics, and path dependency never tire. **We are doubtful SEAs will ever be able to deliver the dramatic reforms necessary, no matter how many dollars or great people flow through them.**

## **NOT SET UP FOR SUCCESS**

SEAs fall short of our expectations because they were not designed to accomplish the education work that occupies center stage across the country and is apt to remain there for many years to come. Constraints in human capital and procurement, extended processes for amending policies, all manner of politics, and institutional sclerosis prevent SEAs from reinventing themselves as the entities reform efforts demand.

### **Human Capital**

One of the greatest constraints for an SEA is the lack of flexibility in securing and retaining human capital. State civil service rules originated more than a century ago to prevent incoming governors from replacing state workers with their political supporters. But these antiquated rules now make it extremely difficult to smartly manage talent.<sup>39</sup>

Civil service requirements—which constrain salary ranges, require multiple levels of review for new hires, and make terminations a long and laborious process—make it difficult to hire and retain high-quality, permanent staff. Murphy and Jochim recently wrote, “The hiring process can be lengthy and salary structures may not be competitive.”<sup>40</sup> Instead, many SEAs depend on consultants who leave after a project is completed and often lack content or state-specific expertise.

The SEA’s role as compliance monitor also poses a challenge. Brown and colleagues write, “Customarily SEA employees have worked to ensure the SEA complies with the law rather than focusing on how to best help districts and schools increase student achievement,” and that “agency culture is stuck in outdated routines.”<sup>41</sup> Murphy and Rainey have argued that SEAs find that shifting individuals from one position to another is much easier said than done, and that SEAs’ greatest challenge is finding enough of the right people to do the work.<sup>42</sup> Moreover, an employee previously tasked with monitoring detailed compliance requirements simply may not have the skills to create and implement a program aimed to foster innovation or support low-performing schools.

“Often SEA staff on the federal dime are more loyal to their federal program than the agenda of the state chief.”

When state and federal reform agendas are not aligned, staffing can create even more complex challenges. Through the administrative set-asides discussed earlier, the federal government funds more than half of all SEA employees.<sup>43</sup> Gene Wilhoit, former Executive Director of the Council of Chief State School Officers and former education commissioner in Kentucky, explained, “**Often SEA staff on the federal dime are more loyal to their federal program than the agenda of the state chief.**”<sup>44</sup>

Former high-ranking SEA officials reported that in the states with which they were most familiar, about 70 percent of the SEAs’ operating budgets came from federal sources. This is a massive challenge because these federal dollars support existing programs and people—limiting the chief’s ability to alter how funding is allocated.<sup>45</sup>

These policies and practices systemically inhibit SEAs from getting, keeping, and properly deploying great staff to accomplish intended reforms.

## Procurement

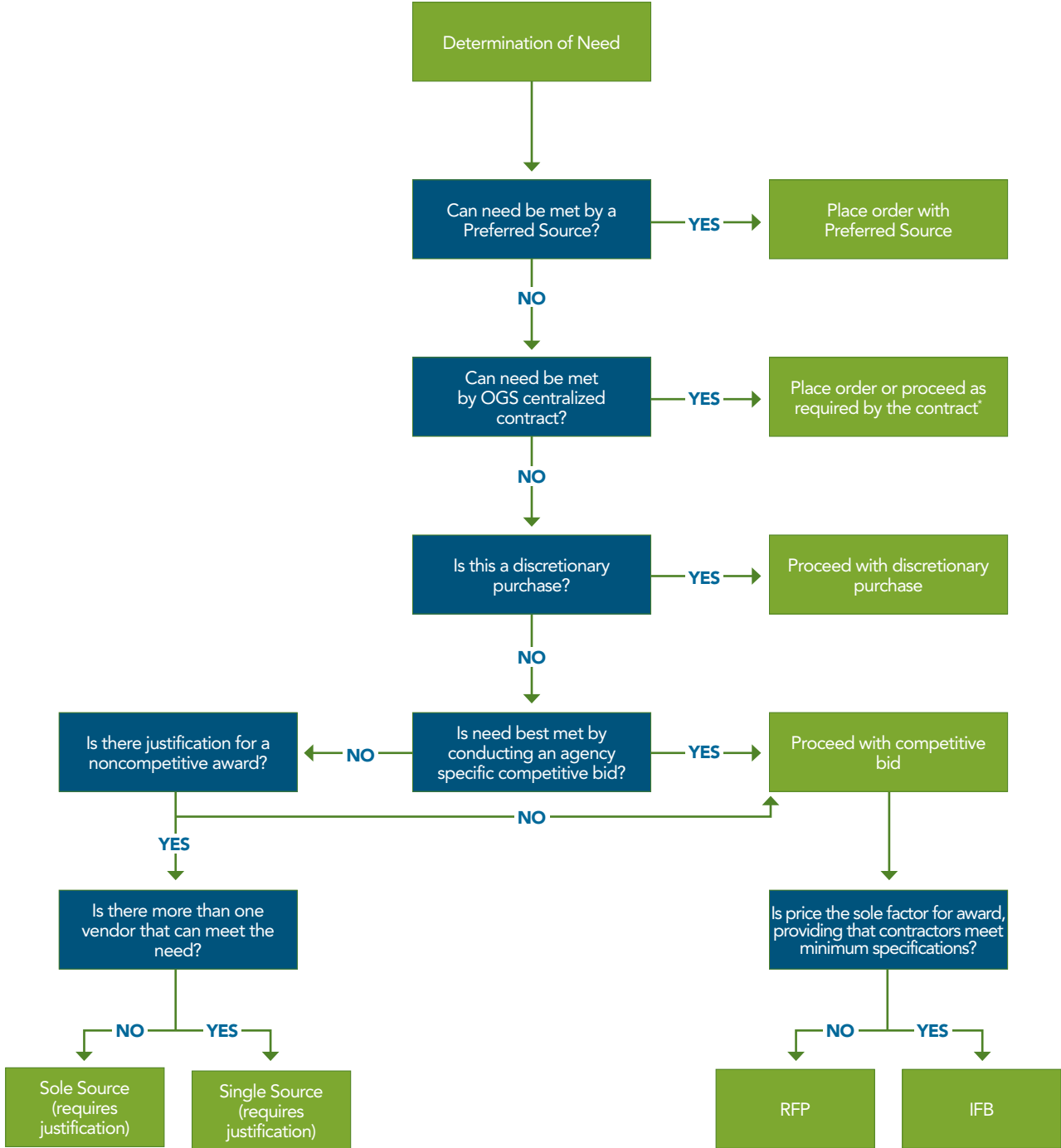
Lengthy and often convoluted rules governing procurement also hinder SEAs. In its audit of RTTT grants, the Inspector General at the U.S. Department of Education found, “All of the States in our sample encountered significant challenges with regard to contracts. These included difficulties navigating through complex legal and regulatory requirements, technical systems issues, and vendor quality concerns.”<sup>46</sup>

In Texas, the procurement-process manual issued by the state comptroller is 192 pages long.<sup>47</sup> Linda Gibbs, New York City’s Deputy Mayor for Health and Human Services, and David Gagan, Washington, D.C.’s Chief Procurement Officer, write, “Over decades we have built a wall, stacking a new layer of control on top every time an imperfection is identified and then ‘solved.’ The hard truth is that our procurement processes work contrary to our original goal of efficient stewardship. Worse yet, they stifle creativity and innovation.”<sup>48</sup> In New Jersey, it is not uncommon for any Request for Proposal for over \$35,000 to take nine months to process. For SEAs, and public agencies across the country, procurement consumes significant personnel time to navigate rigid rules and processes—and then often delivers subpar results.<sup>49</sup>

Burdensome procurement and contracting processes consume hours of staff time and prevent SEAs from responding and adapting quickly to changing needs or new developments in data platforms and technology.

Figure 2 illustrates the various procurement options in New York State. Amazingly enough, this chart simply depicts the various options for procurement and does not begin to cover the subsequent steps that each option entails.

**Figure 2. Selecting a Procurement Method<sup>50</sup>**



<sup>50</sup>Agencies are not required to use centralized contracts to acquire services and technology



## Rulemaking Processes

State Education Agencies also find it exceptionally difficult and time-consuming to change direction in rules and regulations. For instance, in New Jersey, the process of promulgating new regulations can take nearly a year. The State Board of Education website states, “The administrative code adoption process can be described in 12 steps. Each step, after the discussion phase, takes about one month and corresponds to the State Board’s public meeting schedule.”<sup>51</sup> The process includes the development of a policy paper, two public discussions, the publication of draft regulations, and two opportunities for public testimony.<sup>52</sup>

In Ohio, the “Joint Committee on Agency Rule Review” must pre-approve any new or amended regulation. Among a long list of other considerations, the committee determines whether the proposed policy has an adequate summary, financial impact statement, and business impact analysis; passed muster with the “Common Sense Initiative Office”; falls within legislative intent; and reflects the agency’s statutory authority.<sup>53</sup>

The Vermont Board of Education outlines a process that takes up to eight months, and includes at least eight different steps, including public testimony and the publication of draft regulations.<sup>54</sup> The Minnesota Department of Education readily acknowledges on its website, “The rulemaking process in Minnesota is lengthy and complex.”<sup>55</sup> Indiana’s rulemaking process includes sixteen separate steps, including the production of an economic impact statement.<sup>56</sup>

These practices are defensible and possibly even appropriate. They are designed to provide a process through which new rules can be publicly vetted and adjusted before becoming binding policy. They are intended to slow the pace of change, provide transparency, require public officials to weigh pros and cons, and offer stakeholders a means of informing the debate. These are all valuable aims, but they thwart an organization’s ability to be forward thinking, make mid-course corrections, and respond nimbly to new challenges.

## Politics

Political conflicts between state leaders and teachers unions around educator evaluations stymied the implementation of Race to the Top-funded programs in several states, including New York, Maryland, and Hawaii. In Idaho, reform initiatives passed by the legislature were overturned in a 2012 referendum with the help of significant union funding.

Political backlash has often frustrated state efforts to adopt, protect, and implement the CCSS. Tony Bennett, Indiana’s chief, was defeated in an upset election by Glenda Ritz, who ran largely on an anti-CCSS platform. In May 2013, Indiana governor Mike Pence signed legislation to halt implementation of the CCSS pending further study; this pause opened the door to Indiana becoming the first state to withdraw from the new standards (in March 2014).<sup>57</sup> In Michigan, a measure blocking the state’s department of education from spending any money on implementation of the CCSS passed the legislature in June 2013.<sup>58</sup> After public outcry in both Pennsylvania and Wisconsin, lawmakers in both states decided to reevaluate the implementation of the standards.<sup>59</sup> In early 2014, South Carolina’s conservative Republican Governor Nikki Haley and New York’s progressive Democrat Governor Andrew Cuomo both announced deep concerns regarding the implementation of the new standards.<sup>60</sup>

These kinds of political dustups appear to be completely unavoidable given our state-level governance structures. Elected chiefs like Indiana’s Bennett have fallen prey to changing political winds. Appointed state leaders—both state commissioners of education and members of the state board of education—may enjoy a small degree of protection from electoral politics but can be beholden to the elected officials who appoint them. Even when a governor, state chief, and state board are aligned, an expansive diversity of elected state legislators and local board members have a say in education legislation, budgets, and much more. **SEAs must not only contend with internal constraints on human capital and procurement, but also balance competing political demands outside the organization.**

“SEAs must not only contend with internal constraints on human capital and procurement, but also balance competing political demands outside the organization.”

### Institutional Sclerosis

Over time, SEAs, like all organizations, build up knowledge, practices, and policies designed to help them accomplish their central responsibilities. Successful organizations tend to do a small set of things very well; they do not veer far from their core competencies even if they are around for decades. Jim Collins, in *From Good to Great*, famously refers to this as the “Hedgehog Concept.”<sup>61</sup> This is why Paul Manna’s argument that SEAs have “mature[d] with compliance-driven orientations” is so relevant.<sup>62</sup> It is not that SEAs won’t change into engines of reform; it’s that they can’t.

Large corporations have a long history of attempting to remake or adapt an existing business model to meet new demands—but with little success. One approach, Total Quality Management (TQM), has proven largely ineffective. Arthur D. Little and McKinsey and Company have both conducted studies of TQM programs and concluded that only about one-third produce the desired outcomes.<sup>63</sup> A more aggressive strategy, Business Process Reengineering, focuses on remaking businesses processes from the ground up. A study by John Kotter of Harvard Business School found that “less than half [of BPR efforts] survived their initial phases.”<sup>64</sup> In the private sector, the failure of established companies to successfully pivot to new and better business lines might explain why IBM did not become Apple and why AOL did not morph into Google. In education, the disappointing results of TQM and BPR should cast doubt on efforts to remake the SEA.

“Organizational leopards do not change their spots.”

Organizational leopards do not change their spots. The failures of the SEA to successfully implement reforms and improve chronically failing districts and schools is a testament to this, and helps to explain why new models of public education delivery (like Louisiana’s Recovery School District), new approaches to state

takeovers of urban districts (like the strategy CEE-Trust has outlined for Kansas City), and Neerav Kingsland’s concept of “relinquishment” have recently gained traction.

Today’s reform-oriented state chiefs have inherited organizations designed for a different time and different work. As one study put it: “Most chiefs arrive at the SEA to find an agency moving at a snail’s pace and entrenched in decades of procedural work.”<sup>65</sup> Their newly hired staffs find themselves encased in clumsy, antiquated bureaucracies beset with eons of sclerotic beliefs and practices—not to mention ossified policies on everything from personnel decisions to the allowable uses of funds.

Despite great efforts by great people, SEAs are struggling mightily to pivot to the crucial, difficult work of reform.

## SECTION II: A NEW WAY FORWARD

SEAs have struggled to deliver on at least two decades of state and federal education reform priorities. Policymakers and other education leaders should not blame the SEA. But nor should they give in to calls for better resourcing or increasing the capacity of the SEA.

Let us instead acknowledge that the SEA is well suited to perform one set of functions and is ill equipped to lead today's—and tomorrow's—reform agenda. Instead, in the parlance of *Reinventing Government*, policymakers should expect government agencies to “row” less and “steer” more. The SEA should not attempt to implement the nuts and bolts of school improvement, but instead create an environment in which a variety of other organizations can fill the void.

To be clear, states have an essential role in public education. Taxpayers contribute hundreds of billions of dollars to our schools annually, and we believe that our public schools should be publicly governed. We are simply arguing that changing the SEA's role will lead to improved results for students and help us use funds more effectively and efficiently.

In 1993's *Reinventing Government*, Osborne and Gaebler argue that “Governments that focus on steering actively shape their communities, states, and nations....Rather than hiring more public employees, they make sure other institutions are delivering services and meeting the community's needs.”<sup>66</sup> Governments consumed by rowing, on the other hand, lack the capacity and flexibility to “respond to complex and rapidly changing conditions.” They are stymied by their own bureaucracy.<sup>67</sup>

Applying this approach to state-level education activity would have SEAs and state policymakers pursue activities on two parallel tracks. On one, the SEA would become a leaner organization, able to efficiently execute its original duties of delivering funding, monitoring compliance, and measuring outcomes. On the other, we would create a new reform ecosystem composed of a range of public entities and private nonprofits able to carry out key reforms.

This approach to the delivery of government services, known as the “4Cs,” has been successfully applied to numerous fields where government has struggled to spark innovation and reform—health care, libraries, transportation, low-income housing—including education at the city level (through chartering). The 4Cs would take the SEA back to something more akin to its initial form and function.

An array of other entities would then take over much of the reform work now attached to the SEA. Under this model, the SEA rows only in a narrow set of cases and steers in many more.

Figure 3 explains the new approach. Today's SEA activities and authorities can be placed along a continuum; on the far left are areas where the SEA ought to have strong authority and be highly active (“Control”). This includes the SEA's core competencies and areas where it makes sense for the government to row (e.g., owning the statewide longitudinal data system). In these cases, the SEA should continue to control the work.

“Let us instead acknowledge that the SEA is well suited to perform one set of functions and is ill equipped to lead today's—and tomorrow's—reform agenda.”

Moving to the right are areas where the state should be involved but where the SEA's direct control is not necessary and/or not ideal for producing strong results. In these cases, the SEA should outsource the work, empowering single-purpose public entities or private nonprofit organizations to lead in areas like educator certification, technical assistance, and professional development ("Contract"). The SEA would channel funding and monitor performance, renewing contracts with those organizations meeting expectations and terminating contracts with those that do not.

Lastly, farthest to the right are areas where the SEA currently does—but should not—operate. In these cases, neither the state nor the SEA needs be involved at all. This might include fostering innovation or charter school authorizing. We should separate these activities from the SEA and allow them to live independently in the private and nonprofit sectors ("Cleave").

In the face of this transformation, it will be essential for private sector educational leaders to establish a state-level reform ecosystem ("Create"). As the SEA does less, new organizations need to take on more. In some cases they will be explicit partners of the SEA, in others they will work at arm's length; sometimes, they will work across many functions, sometimes, they will specialize. And as the ecosystem matures, tracking and advancing the new reforms of the day, it will evolve in ways currently unknowable.

**Figure 3. SEA Authority and the 4Cs**



Instead of doing “more, better,” tomorrow’s SEA should do “less, better.” The SEA must empower the field rather than trying to unilaterally lead it.<sup>68</sup> Let’s look at how this approach might work in practice.

### **THE 4CS APPROACH**

Below is a discussion of the four categories (Control, Contract, Cleave, and Create) that can guide the application of the “steer, not row” maxim to the SEA.

#### **Control**

There are some activities that the SEA does well and should continue to control. As Sally Bachofer, a former Assistant Commissioner of the New York State Education Department (NYSED), has remarked, “SEAs need to go back to their core functions and make sure they get really good at those. They need to get out of the business of doing things like leading teacher evaluation reform, holding statewide trainings, and constructing curriculum.”<sup>69</sup>

The core SEA functions would include channeling federal and state dollars to districts; adopting statewide standards and assessments; creating and maintaining statewide data systems; and monitoring compliance with federal and state laws.



The Council of Chief State School Officers' former executive director Gene Wilhoit captured the nature of this new, parsimonious approach to SEA activities: "The state has a core role: set expectations for the system, set accountability measures for districts and schools, ensure fiscal resources are well used, and make sure federal funds are appropriately distributed. Everything else beyond that becomes questionable."<sup>70</sup>

The responsibilities controlled by the SEA should have three key characteristics. First, they should be long-term in nature, unlikely to require or be affected by mid-course policy shifts. Second, they should also be outcome-focused, providing partnering entities with expected performance levels instead of regulating the processes used to achieve them. Third, they should include those functions where transparency is essential for public accountability, both for families in assessing the quality of their children's education and for taxpayers in assessing the use of public dollars.

## Contract

SEAs have undertaken reforms in recent years that they are poorly positioned to implement but which require a high level of accountability. According to Wilhoit, "Some SEA functions could be better handled by others. Direct technical assistance to schools and districts is a clear example."<sup>71</sup> In these cases, **SEAs should establish contracts with other organizations that are better equipped to accomplish the work.** Under a contract

**"SEAs should establish contracts with other organizations that are better equipped to accomplish the work."**

arrangement, the SEA would authorize outside organizations to take on these responsibilities, distribute the requisite funding, delegate authority, and develop performance contracts to hold partners accountable for meeting the state's explicit goals.

This process could be used for all types of services currently provided by SEAs, including professional development around standards implementation and new educator evaluation systems. While SEAs have delegated the provision of services before (often

to county or other regional education offices), we believe accountability mechanisms, including performance-based contracts, are essential to ensuring this strategy is deployed effectively.

Consider some examples where states have devolved services to other entities. Through legislation, Texas established "Education Service Centers" (ESCs) that deliver training and consulting assistance to districts and schools, provide professional development, and help districts implement cooperative purchasing agreements to reduce costs.<sup>72</sup> A 2012 study showed that schools saved more than \$830 million by working with ESCs, and ESCs are highly rated by their customers.<sup>73</sup>

ESCs are non-taxing entities and rely on funding from state appropriations, state and federal grants, and revenue generated from the sale of ESC services. Because state appropriations make up less than two percent of ESC budgets, these agencies depend heavily on fees from clients. This doesn't amount to contract-based accountability, but ESCs' reliance on paying customers seems to have the effect of keeping quality high.

In contrast, New York State has thirty-seven "Boards of Cooperative Educational Services" (BOCES), which provide professional development, career, and technical education options for high school students, as well as services for special education services.<sup>74</sup> Without performance contracts or the ESC-style customer dependence, BOCES appears to be doing less with more. A recent audit found that in twenty-eight of forty-seven instances (60 percent) where the costs of non-instructional services could be compared, BOCES offerings were 56 percent higher, on average, than districts' costs for delivering the same services.<sup>75</sup>

The SEA must not merely delegate the services it is ill equipped to deliver; it should ensure performance contracts are in place and delineate expected outcomes and consequences for persistent poor performance. This strategy, for example, could be used for teacher certification. Rather than having uniform state

**“SEA must not merely delegate the services it is ill equipped to deliver; it should ensure performance contracts are in place and delineate expected outcomes and consequences for persistent poor performance.”**

requirements for certification and credentialing—and myriad SEA staff charged with processing the necessary documentation—the SEA could identify and approve external organizations to certify teachers.

The SEA might set some minimum requirements (for example, candidates must hold a bachelor’s degree and have no criminal record) but providers could pursue very different strategies for meeting their contractual obligations to the state. The SEA

would focus on outcomes: monitoring the effectiveness of educators certified by the various providers. Similar to the arrangements being pioneered in Massachusetts, social impact bonds<sup>76</sup> could even be used to facilitate partnerships “between government and philanthropies, nonprofits and private-sector investors” in which “private-sector partners don’t get paid if they don’t produce.”<sup>77</sup> Successful organizations would be renewed, unsuccessful ones decommissioned, and new ones approved with competing approaches.

## **CONTRACTS FOR DISTRICTS?**

In the contracting model we recommend, the SEA delegates responsibility to independent entities, empowers them to provide a public service, holds them accountable for results, and revokes their authority for chronic poor performance. This model would have fascinating and far-reaching implications, should it be applied to school districts.

For generations, states have delegated their responsibility for delivering K–12 schooling to districts. Currently, if a district habitually underperforms, the state might require corrective actions, install a new superintendent, or even temporarily take over the district. But the district remains intact; it retains the right to run schools.

Instead, perhaps a district’s lifespan should be contingent on its performance. Paul Hill recently argued that governors should “sponsor legislation to give the state superintendent authority to sanction negligent school districts, by decommissioning them, replacing them, or splitting them up.”<sup>78</sup>

Two different paths might be contemplated. Under the “contract” approach, each district might set up a performance agreement with the SEA, which would hold districts responsible for outcomes. Alternatively, each district might enter into a performance contract with an entity other than the SEA. The SEA might oversee these authorizer-like bodies, but it would not be a party to individual school contracts.

The question remains: If a district loses its charter and ceases to exist, who will educate the kids assigned to its schools? A combination of approaches might fill the void. In advance of the revocation, the SEA, serving as a de facto portfolio manager, could ensure that new charter schools are created in the area to add capacity. Students could also transfer to schools in nearby districts in

good standing. The state could also create a variation of the Recovery School District: a statewide “district” with the power to take over and run schools, oversee other operators who take control of such schools, and create new schools. A decade ago, Ted Kolderie explored the idea of new state delivery systems, in which the traditional district is not the only allowable school operator.<sup>79</sup>

Certainly, decommissioning a district creates complications. Who gets ownership of existing facilities? Who assumes district debt? How does the local community exert some degree of democratic control over its schools? These questions are difficult—but not dispositive. They could be addressed to allow for true accountability through revocable/renewable contracts between a state entity and a school district.

## Cleave

In some cases, the SEA currently performs tasks well outside of its core competencies—for instance, charter school authorizing and generating educational innovation. SEAs should be entirely removed from this work, which should be left to new single-purpose government entities or nongovernmental organizations.

SEAs were not designed to approve and directly monitor autonomous public schools via performance contracts. With freedoms and flexibilities not possessed by district schools, charter schools aren’t a great match for SEA employees accustomed to the traditional state-district-school relationship. Housing both compliance monitoring and autonomous school models under a single agency is likely to create misalignment. For example, the charter authorizing office may want to have a report card for its schools that includes metrics (and consequences) that are different than those the SEA has for district-run schools.

The entire authorizing function could be removed from the SEA and turned into a single-purpose authorizing entity, such as a nonprofit or a state body. The SEA can be completely removed from the process. Models might be found in currently operating independent chartering boards such as the D.C. Public Charter Schools Board, the Georgia Charter Schools Commission, or the Indiana Charter School Board.

In addition, a number of SEAs now have divisions of innovation that seek to spur blended learning, technological developments, and other cutting-edge reforms. Such responsibilities are almost certainly better placed elsewhere. **The speed of innovation, coupled with risk aversion and glacial-paced response to change, means that SEAs are poorly positioned to identify and implement progressive practices, support districts and schools exploring new approaches, and nimbly adapt to innovations developing at a breakneck pace.**

## Create

Finally, state-level actors, both those inside and outside of the government, should work to create new entities designed to take on reform work.

**“The speed of innovation, coupled with risk aversion and glacial-paced response to change, means that SEAs are poorly positioned to identify and implement progressive practices, support districts and schools exploring new approaches, and nimbly adapt to innovations developing at a breakneck pace.”**

In the most reform-oriented cities, a vibrant ecosystem of nonprofit organizations, often led by an “intermediary” or “harbormaster” (e.g., New Schools for New Orleans, The Mind Trust, Philadelphia Schools Partnership), is changing the face of K–12 delivery. These groups are taking on more responsibilities as districts transition from a public education leviathan to just one of many school providers. Their functions include coordinating human capital efforts, incubating new schools, and providing portfolio management guidance.

We should aspire to create an analogous ecosystem at the state level: a group of entities that do more reform work as the SEA does less. Some groups associated with the Policy Innovators in Education (PIE) Network have started down this path, including Colorado Succeeds, the Rodel Foundation of Delaware, and the Foundation for Florida’s Future. There are also numerous subject-specific organizations, like The Achievement Network (standards and data) and BetterLesson (curricula), which could lead reform work and serve as models for newly formed groups. Existing organizations will need to grow their capacity and many new organizations will need to come into being if we’re to scale back the SEA.

This new ecosystem could be a powerful force. A major foundation’s lead program officer for SEA activities (who has subsequently entered government service) identified Colorado, Tennessee, and Delaware as states making significant progress. This expert noted that each had an external partner who conducted a range of reform activities: “That contributed to producing significant wins.”

It is impossible to know what the reforms of five or ten years hence will look like. That’s part of the point. As needs arise, new organizations can form and existing ones adapt. While we can’t predict everything these organizations might do, we can map how existing SEA activities could align with the 4Cs (Figure 4).

**Figure 4. Mapping SEA Activities to the 4Cs**

Activity	Control	Contract	Cleave	Create
Adopt standards and assessments	X			
Maintain data system	X			
Disseminate funds	X			
Monitor program compliance	X			
Produce report cards	X	X		
Authorize charter schools			X	X
Foster innovation			X	X
Certify teachers		X		
Provide professional development		X	X	X
Provide technical assistance		X	X	X
Advocate for policy reforms				X
Conduct research			X	X



## ORGANIZATIONS OF THE STATE-LEVEL ECOSYSTEM

If one accepts the premise of the 4Cs, the question remains: To whom should the SEA's activities be given? Though the robust state-level ecosystem does not yet exist, its outlines are beginning to form. Below are four examples of entities that can step up as the SEA steps back: The Colorado Education Initiative (formerly the Colorado Legacy Foundation), the New York Regents Research Fund, Tennessee SCORE, and the Louisiana Recovery School District.

### The Colorado Education Initiative

The Colorado Education Initiative (CEI) is a nonprofit that partners with the Colorado Department of Education (CDE) and education stakeholders to “accelerate bold improvements in student achievement through innovation, collaboration, and capacity building.”<sup>80</sup> A large part of the organization’s mission is helping the SEA become more effective.<sup>81</sup>

This approach is particularly salient in Colorado, which has a nation-leading accountability system, recently passed major reform legislation, and has a strong strategic plan. However, the SEA has neither the funding nor capacity to successfully implement everything envisioned, much less take full advantage of these propitious conditions. CEI works side-by-side with the department and partners with districts on various activities, which include technical assistance, policy development, and the identification of innovative practices—but it does not engage in political advocacy. “We recognize the state’s strategic plan, and we find the areas where we can add the greatest value,” explains Helayne Jones, CEI’s president and chief executive officer.<sup>82</sup>

For instance, CEI’s team works with the state and districts to implement the new educator evaluation system. When a state team visits a district to provide assistance, the local staff doesn’t know which members of the team are from CDE and which are from CEI—such is the tight integration of their work.

Many foundations choose not to fund government bodies generally, and even more choose not to fund SEAs. CEI helps solve this problem; it is able to raise private dollars (from local and national sources) and has the flexibility to spend them in targeted and accountable ways that are closely aligned with the state’s plan. CEI is also able to engage national experts as consultants for discrete activities without the burdens of government procurement rules.

**“We are showing that the state can do its important monitoring functions but not own everything else. This is the new networked government.”**

CEI’s relationship with the SEA is both formal and informal. They have a memorandum of understanding; the commissioner, a state board member, and the lieutenant governor sit on CEI’s board. But it remains a standalone 501(c)(3). This enables CEI to maintain an important level of independence and serve as the department’s critical friend.

CEI is introducing an entirely new model of state-level work. Cue Jones: “We are showing that the state can do its important monitoring functions but not own everything else. This is the new ‘networked government.’”

Jones is skeptical that the SEA can truly shift from its historical culture of compliance to a culture of support. There is an inherent tension in having compliance and support live in the SEA. If a district is

struggling to implement a new state program, asking for help from the SEA could trigger not just a helping hand but also a wagging finger. A state team could descend to monitor activities, require documentation, audit, and even withhold funds. When CEI provides support, it is for formative, not accountability, purposes. Districts can share their challenges without the fear of compliance issues.

CEI is succeeding in its work, showing itself to be a loyal partner, and creating trust among state and local leaders. “A state just can’t make the transition to a smarter governance model without first having a [CEI]-like group lay the groundwork,” explains Jones.

### **New York State Regents Research Fund**

The Regents Research Fund is a philanthropically supported 501(c)(3) based in New York City that provides research, analysis, and capacity to support the New York State Board of Regents and the New York State Education Department’s core initiatives.<sup>83</sup> The Fund has been in operation for decades and historically participated in relatively traditional activities, such as distributing scholarships.

Recently, however, Commissioner John King and the state board have utilized it to help design new policies, programs, and systems to support implementation of the state’s agenda and its Race to the Top activities. Members of the state’s Board of Regents serve on the Fund’s board, making it clearly affiliated with the SEA. But its nonprofit status helps to preserve a degree of independence.

The Fund has identified five core initiatives in support of the state’s education agenda:

- Statewide Common Core-aligned Curriculum
- Teacher and Principal Effectiveness
- Performance-based College- and Career-Readiness Aligned Assessments
- Virtual Learning and Instructional Improvement Systems
- School Innovation<sup>84</sup>

The Fund partners with district-level and SEA staff to help build strategic plans for struggling districts, guide school turnaround efforts, and determine fiscal and human capital resource needs. Further, Fund staff work directly with districts to develop their plans and leverage federal SIG, RTTT, and federal Charter School Grant funds.<sup>85</sup>

Like CEI, the Fund serves as a vehicle for receiving and deploying private funds and has greater flexibility than a government agency when it comes to hiring, compensation, procurement, and more. This enables it to pivot quickly in terms of staffing and activities when the SEA’s priorities change or when unexpected hurdles require a mid-course correction.

### **Tennessee SCORE**

Tennessee’s State Collaborative on Reforming Education (SCORE) is an independent nonprofit but, unlike CEI and the Regents Research Fund, its governance model completely separates it from the SEA. Neither the commissioner nor state board members sit on SCORE’s board (a steering committee includes the commissioner, state legislators, and others serving in public capacities). Perhaps because of this greater independence, SCORE has an active communications and advocacy agenda—for example, tracking and publicizing the state’s progress (or lack thereof) on key metrics.

Interestingly, SCORE's President and CEO, Jamie Woodson (a former state legislator), also described her organization as a "critical friend" of the SEA. The organizations work together closely on a number of activities.<sup>86</sup> Like CEI and the Fund, SCORE serves as a fiscal agent for private grants designed to advance state-level work in conjunction with the SEA and is able to adjust course nimbly because of its flexibility in staffing, compensation, and procurement.

**"It's much easier to put policies on paper than to realize actual accomplishments. As a state, we won't get to our goals if we rely solely on the SEA."**

According to Woodson, the SEA's traditional compliance nature can be a hindrance when it comes to reform work. This is a particularly glaring issue when it comes to implementing major initiatives:

**"It's much easier to put policies on paper than to realize actual accomplishments. As a state, we won't get to our**

**goals if we rely solely on the SEA."** Accordingly, Woodson believes that some things need to be excised from the SEA and that more needs to be taken on by external organizations. In some ways, the SEA is already starting to adjust by focusing more on implementation supports.

SCORE has launched the "Expect More, Achieve More" project, an initiative to advance Common Core implementation, including building support among educators. Possibly because of its independence from the SEA, SCORE was asked by the governor to lead a listening tour on the state's educator evaluation system. The organization gathered information statewide, particularly from educators, and reported results to the state board of education.

### **Louisiana Recovery School District**

Louisiana's Recovery School District (RSD) is the product of one of the nation's most innovative K-12 reforms in recent memory. In 2003, the legislature created the RSD, a statewide district charged with taking over the state's most persistently underperforming schools.

Unlike the previous three examples, the RSD is a government body and it has a very narrow purpose: take over and turn around failing schools. But it is similar in that it takes over a responsibility long embedded in the SEA. SEAs have historically failed to dramatically improve chronically low-achieving districts and schools, so an activity that was forever assumed to be solely in the purview of the SEA was permanently moved into another entity—the RSD.

After the storms of 2005, the RSD was used to take over the majority of schools in New Orleans.<sup>87</sup> Initially, the RSD decided to convert some of its schools to charter status and directly operate others. Since then, its leadership has decided to stop directly operating schools and only oversee independently operated charters. In 2014, the RSD is slated to become the nation's first all-charter district.

Now that the RSD functions largely as a charter school authorizer it could be transitioned into the nonprofit sector. Interestingly, if it were, it would become a "single-purpose" version of CEI—a nonprofit entity doing work once housed in the SEA but taking on only one activity (overseeing once-failing schools) instead of many.

## SECTION III: IMPLICATIONS, REWARDS, AND RISKS

Besides relieving the SEA of duties it is ill equipped to perform, the 4Cs approach has several key benefits. First, the type of contracting process envisioned here would introduce differentiated solutions to a host of challenges, enhancing choice on the demand side and competition on the supply side.

For instance, instead of providing school-level technical assistance in elementary reading directly, the SEA could enter into performance contracts with a range of organizations that provide these services. This would also allow a district to choose from an array of options, selecting the one that best meet its particular, local needs. Since districts often serve vastly different student populations in very different communities, differentiation on the supply side has a better chance of meeting the diverse needs on the demand side. The SEA could then evaluate each based on student outcomes.

**“The SEA is more likely to help improve student outcomes if, instead of serving as a monopoly provider to a monopoly, it creates an environment in which a market of agile organizations identifies and responds to diverse and evolving demands.”**

Second, following from the first, the contracting process would provide an opportunity for innovation. Providers would compete for customers and pursue improvements in quality and cost by piloting new approaches. For instance, a professional development organization could pioneer an online approach to providing teachers CCSS-aligned math modules, which would reduce costs and allow for more flexible and sustained support. The contracting process would create a marketplace for this type of innovation to gain traction and spur progress among providers.

Third, removing the SEA from the provision of services allows a vast array of independent entities to collectively adapt to diverse and changing needs based on continuous feedback from district and school leaders. A single entity, in this case the SEA, is poorly positioned to fully understand or meet the breadth and evolution

of needs. **The SEA is more likely to help improve student outcomes if, instead of serving as a monopoly provider to a monopoly, it creates an environment in which a market of agile organizations identifies and responds to diverse and evolving demands.**

Fourth, the contracting process could provide an avenue for high-performing districts to reclaim control of policy areas that have, over time, been assumed by the state. For example, some states have developed mandatory statewide teacher evaluation systems because some districts deemed all teachers effective despite low student performance data. Similarly, some states require all districts to regularly go through a burdensome financial, operational, governance, and academic audit process because some districts chronically ran afoul of accounting rules or had dysfunctional boards.

The SEA could develop performance contracts with districts that would enable them to earn back autonomy in these areas. For instance, a consistently high-performing, well-functioning district could agree to maintain and expand upon its academic successes and partake in a modified audit process in exchange for freedom from the inflexible, otherwise mandatory statewide systems.



Smart contracting could also create an organic and self-sustaining mechanism for districts to share successful practices. For instance, a district may develop an effective evaluation system for principals. A state contracting process could allow the district not only to pilot its own system but also to become a state-approved vendor for other districts.

## WHAT COULD GO WRONG?

Despite the benefits of the 4Cs approach, there are potential pitfalls to keep in mind. First, when the state uses taxpayer dollars to contract with private organizations, it should ensure transparency and assiduously guard against conflicts of interest. Myriad examples of past abuses on the part of public officials are at the root of today's byzantine procurement and hiring processes. Those processes have become counterproductive over time, but transparency and protection against conflicts of interest are nonetheless essential.

Done poorly, our recommended contracting approach would lead to SEAs' unfairly favoring certain providers, creating single-source contracts, not fully revealing the details of contracts, and engaging organizations with questionable histories or practices. Though SEAs already contract with various service providers, they will need to significantly increase their capacity to produce high-quality RFPs, publicize opportunities, judge proposals, and assess contractors' performance.

Second, not all contracts are created equal. Policymakers should ensure that when the SEA contracts out services, the contracts are based on outcomes, not inputs. It is not enough for a provider to deliver services; those services must lead to improved student achievement results. And when results don't materialize, there must be consequences. This system will not work unless contracts are revoked for poor performance.

**“Done poorly, our recommended contracting approach would lead to SEAs' unfairly favoring certain providers, creating single-source contracts, not fully revealing the details of contracts, and engaging organizations with questionable histories or practices.”**

Third, the reforms envisioned here have serious implications for the role of the state chief. He or she would preside over a much different organization. Less prominent and powerful, the new SEA might find it difficult to attract top-notch leadership. In some cases, governors might reemerge as the primary education agenda-setters. In others, it's possible that distributed authority among a number of nonprofit leaders and organizations would stabilize reform agendas and provide insulation from shifting political winds.

Fourth, federal policymakers will need to seriously reconsider how future law and regulations are written. Should states decide to implement the recommendations made here, the federal government would need to break its habit of reflexively delegating reform to the SEA. For example, the next reauthorization of ESEA will almost certainly have provisions related to improving failing schools, developing school report cards, and defining educator effectiveness. Federal policymakers must consider how this and other legislation could prevent states from adopting the 4Cs approach.

The final area of possible concern relates to alignment. Problems could arise if the newly empowered nonprofit sector and the scaled-back SEA begin working at cross-purposes. For example, a CEI-like entity could provide guidance to districts that's at odds with SEA guidance, or a SCORE-like entity could create an aggressive advocacy campaign against SEA programs.

In many cases, there will be a natural balance between the state and non-state agencies. For example, if the SEA seeks partners to implement an unpopular initiative, existing organizations may be reluctant to participate and new organizations may emerge. In addition, tension between the SEA and extant ecosystem organizations—including advocacy and research groups—could lead to stronger policies by fostering well-informed debates.

So far, the organizations discussed here have had, for the most part, tight mission alignment with their SEAs. CEI, SCORE, and the Regents Research Fund support the work of the state, and the RSD is a creature of the state. But changes in leadership, shifts in state politics, and the emergence of new issues could drive a wedge between the SEA and its nonprofit support ecosystem.

# CONCLUSION: THE SEA AND BEYOND

Under the 4Cs model, states will continue to be active in K–12 education. The state can continue to uphold its responsibility to provide a high-quality education without having its major bureaucracy be the driver of activities. “Give it to the SEA” can no longer be the default setting. Instead, policymakers and state education leaders must think of the SEA as an essential but limited agency and acknowledge that many of the reforms necessary to improve education across the country must instead be carried out by multiple, independent actors.

As Congress, governors, and legislators contemplate new education reform legislation, statewide programs, or funding streams, they should stop to consider whether the SEA must be involved and, if so, how. The first three parts of the framework introduced here can help guide them—is it something that the SEA must do, might oversee, or could be done outside of the SEA altogether?

The same framework should guide our state chiefs and state boards of education. Rather than taking on more, they should understand the SEA’s important but limited set of skills and duties, ask them to do those things extremely well, and let them delegate or divest themselves of the rest.

In some cases, changes in practice or regulations can bring about the adjustments suggested here. For example, SEAs and state boards typically have significant control over issues associated with credentialing, professional development, and technical assistance. In other cases, like spinning off a charter authorizing office, statutes will need to be altered. This will require forward-thinking and entrepreneurial legislators and staffs.

**But successful reform efforts are not just about scaling back the SEA. Someone has to do the rowing.** That means philanthropists and educational entrepreneurs should begin paying more attention to the state-level ecosystem. In the short term, we probably need three types of new organizations.

“But successful reform efforts are not just about scaling back the SEA. Someone has to do the rowing.”

Every state should probably have a CEI-like entity—an autonomous nonprofit that’s nevertheless aligned with the SEA. Whether it’s more tightly tied (like the Regents Research Fund) or more distant (like SCORE) will depend on local conditions.

The second set of organizations needed include content area specialists—groups with specific subject-matter competencies willing to partner with the SEA and intermediary organizations. Think of the RSD, but with expertise in an area other than school takeovers. Such groups could help at the state level to advance blended learning, teacher evaluation reform, changes in certification and licensing, school improvement, and much more. Some of these organizations do exist; for example TNTP has partnered with states to help on human capital issues, and Mass Insight’s School Turnaround Group has done the same with persistently failing schools. More organizations like these are needed.

The third set of organizations likely to emerge and grow—advocacy entities—are a bit different than the first two, which we contemplate taking over existing SEA functions. Political advocacy is not a role for the SEA, so it wouldn’t fit the 4Cs model. However, a robust ecosystem should be a place of not just implementation but also ideas—not simply how to do things well, but what things ought to be done well.

Some of these organizations already exist—for example, StudentsFirst, Democrats for Education Reform, Stand for Children, and 50CAN all have state affiliates—and new ones are certain to develop. How these groups interact with the “doers” will be a work in progress.

Despite decades of urban district reform efforts, the most important and exciting developments in inner-city education over the last twenty years have taken place outside of the traditional district. The charter sector, combined with an array of nonprofit partners, has transformed what it means to deliver public education in inner cities. Those of us who believe in the critical role of the state in K–12 reform should take that lesson to heart.

This means that state leaders serious about radically strengthening their education systems must recognize the natural limitations of conventional state education agencies and be willing to look outside of government for solutions to our most pressing K–12 challenges. If they do, the next twenty years will be marked by the evolution of a vibrant ecosystem of state-level support organizations, novel discoveries, and high-quality supports for districts, schools, and teachers.

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