Seizing the Moment for Transformation:

Seven Ideas for How School Districts Can Restructure Resources for Student Success

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The Opportunity

Across the country, states are slowly adding back money to education budgets that were slashed during the Great Recession. According to a survey by the National Association of State Budget Officers, governors in all but three states proposed increasing general-fund spending on K-12 in the 2015 fiscal year.[1] Nonetheless, in many cases, the increases are small and their future uncertain, and districts still struggle to help their students meet ever higher standards on constrained budgets.

With the prospect of new money before them and the continued pressure to stretch every dollar, school districts face a choice: do more of the same, or seize this moment of change to re-envision schooling to better meet student needs. This means thinking strategically about the resources they have, and ensuring new funds go toward powerful ideas that will increase student achievement—not the same old systems and policies that haven't gotten us where we need to be.

For the past 10 years, Education Resource Strategies has worked with over 25 urban districts and four states to help them analyze how they're using their resources—including people, time, and money—and identify better ways to direct them to meet student needs. From our work, we have seen that when there is an influx of new funds—particularly following a period of budget cuts—there is a temptation to think first about reversing the cuts. For example, when budgets were slashed around 2008, many districts increased class sizes across the board or reduced staff. It's tempting to use any new funds to undo these changes, and certainly many stakeholders will argue for their favorite program or pet issue. But going back to pre-recession spending patterns will not lead to sufficient improvements in student progress.

First, it continues a cost-prohibitive pattern of spending. Across the country, most districts' spending patterns reflect antiquated cost structures—automatic increases in teacher salaries and benefits cost

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[1] Ujifusa, Andrew. "Fiscal Recovery Buoys K-12 Budgets as School Year Opens," *Education Week.* August 2014. http://www.edweek.org/ew/articles/2014/08/27/02schoolfinance.h34.html.

districts an estimated three to five percent more each year (before inflation) just to maintain services.[2] Rigid use of staff and time, and limited use of outsourcing for cost and quality purposes leads to inefficiencies. Second, many districts' student achievement scores were not growing rapidly under the old, expensive models. And now the stakes are even higher with the introduction of Common Core-aligned standards, a greater focus on teacher effectiveness, higher student need, and the exciting potential of new technology and data systems to deliver learning in new ways. So, given these factors, why would we want to go back?

To seize this moment of transformation, districts must learn how to make two big shifts:

1. **Think strategically**: It would be easy—and tempting—to simply "undo the cuts" of the last few years, but an influx of new funds presents an opportunity for districts to fundamentally transform the way they use people, time, and money.
2. **Think school leader empowerment**: Every school is unique, with its own set of student needs, teacher and administrator skills, and community issues. School leaders are in the best position to address those needs, but only if they have the capacity and flexibility to do so. Districts should consider new funding models and flexibility policies that give school leaders the funds to serve the neediest students, and the ability to make the right decisions for the school.

Think Strategically

Transformative change requires tough choices and tackling existing spending patterns, and the structures that dictate them. It requires a holistic review of all programs to ensure consistency of approach. Through our work across the country, we have identified seven opportunities we typically see to free unproductive resources while simultaneously moving toward higher-performing designs for schools and systems. Districts should pay particular attention to restructuring these key areas:

1. **Restructure one-size-fits-all teacher compensation and job structure** to foster individual and team effectiveness, and reward contribution and demonstrated effectiveness. Currently, most districts employ a teacher compensation schedule with increases based on longevity and educational attainment—factors that have little or no impact on student performance. And in most districts, less than two percent of compensation pays for things that do impact performance, such as teachers' increased responsibility, taking on more challenging roles, or generating consistently higher student results.[3] Further, because teacher salaries rise slowly and independent of effectiveness or contribution (while the structure and nature of the job remains unchanged), many districts lose highly effective teachers to other professions early on.[4] Before

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[2] Hawley Miles, Karen. "Transformation or Decline? Using Tough Times to Create Higher Performing Schools." Kappan (PDK). October 2011.
[3] "Misfit Structures & Lost Opportunities," Education Resource Strategies. April 2013. http://www.erstrategies.org/cms/files/1796-misfit-structures--lost-opportunities-pdf-doc.pdf
[4] Henke, Robin R.; Chen, Xianglei; and Geis, Sonya. "Progress Through the Teacher Pipeline: 1992-93 College Graduates and Elementary/Secondary School Teaching as of 1997." U.S. Department of Education and National Center for Education Statistics. January 2000. Quoted in "The Strategic Design of Teacher Compensation." Education Resource Strategies. November 2012.

restoring lost step increases to address the critical need to reward effective—and most likely underpaid—teachers, districts can use this moment to move away from across-the-board increases and ever-increasing benefits to rethink the entire "value proposition" of teaching—including work hours, benefits and responsibilities along with salary. For short-term actions, see our paper ["First Steps: What School Systems Can Do Right Now to Improve Teacher Compensation and Career Path."](#)[5] [6]

2. **Realign investment in professional development to focus on expert support and time for teaching teams to learn and implement Common Core** rather than one-off workshops. For too long, districts have focused on delivering new knowledge and instructional strategies in bite-size increments. Research suggests that professional development that works takes place over time and allows for ongoing practice and feedback. Further, it shows that some of the most powerful learning happens when embedded into the daily job of teaching.[7] Instructional coaches and teacher leaders can impact teachers' skills the most by modelling effective teaching practices as part of regular, content-specific planning, because it solves actual issues that teachers need to address. Providing expert support to a team of teachers—and allowing them to learn from each other—multiplies the effect.[8] As districts move toward implementing the Common Core State Standards, this kind of time-intensive, collaborative professional development will become even more critical.

3. **Rethink rigid class sizes and one-teacher classroom models** to target individual attention, especially for struggling students. Implementation of Common Core standards will only exacerbate achievement gaps, making it even more essential to find ways to adjust individual attention continuously to ensure learners don't get left behind. Most students spend their entire day in classes of the same or random sizes, regardless of the subject or their individual academic needs. A more strategic approach that more closely addresses individual needs would have students spend their day in a variety of settings. For one subject, they might be in a somewhat larger class, but for another subject, or a component of the first subject, they might be in a small group, a one-on-one session, or even have computer-based instruction. This kind of flexibility allows school leaders to get the most out of the school's highly effective teachers as well as provide a customized approach for each student.

4. **Optimize existing time** to meet student and teacher needs, and expand when needed. Many schools organize around an "everything's equal" philosophy. Students are organized in age-

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[5] Frank, Stephen; Baroody, Karen; and Gordon, Jeff. "First Steps: What School Systems Can Do Right Now to Improve Teacher Compensation and Career Path." Education Resource Strategies. July 2013. http://www.erstrategies.org/library/first_steps.

[6] For more on teacher compensation reform, see "Misfit Structures and Lost Opportunities: The Urgent Case for Restructuring Teacher Compensation and Career Path," Education Resource Strategies, April 2013, http://www.erstrategies.org/library/misfit_structures_lost_opportunities; and "Rethinking the Value Proposition to Improve Teaching Effectiveness," Education Resource Strategies, December 2012; http://www.erstrategies.org/library/rethinking_the_value_proposition.

[7] "A New Vision for Teacher Professional Growth & Support." Education Resource Strategies. May 2013. http://www.erstrategies.org/library/a_new_vision_for_pgs.

[8] For more on this topic, see "A New Vision for Teacher Professional Growth & Support," Education Resource Strategies, May 2013, http://www.erstrategies.org/library/a_new_vision_for_pgs.

based grades and 50-minute blocks regardless of subject or need. High-performing schools use time more flexibly to respond to student needs and devote a higher percentage of time to literacy and math when appropriate. These schools are deliberate in organizing longer periods for more intensive instruction or labs and shorter periods to practice skills.[9] These schools also extend time as needed, making sure the use of additional time is coordinated with existing time. One way to capture more time and more flexibility for scheduling creatively may be to link increases in teacher salary to extending time for teachers and students. On ERS' [Strategic School Design in Action](#) site, you can browse profiles of schools from across the country that are implementing innovative strategies to rethink rigid class sizes and optimize existing time.

5. **Redirect special education spending to early intervention and targeted individual attention for all students**. While no one doubts that educating a special education student should cost more than educating a general education student, spending on special education in the U.S. has skyrocketed—growing from four to 21 percent of average district spending between 1970 and 2005 while the dropout rate for students with disabilities is twice that of general education students.[10] Special education is one of the remaining state categorical spending streams; however, there is often more flexibility in how these funds can be used than is commonly believed. For example, IDEA funds can be used for early intervention, which could, in the long term, help reduce the number of students placed in high-cost special education programs. There may be similar flexibilities in how state special education funds can be used. In addition, in our work with urban districts across the country, we have learned that many districts spend significantly more on special education than they are allotted through categorical streams—in essence taking from general education funds to support special education. This portion of spending can be redirected. Imagine a world where most students with special education needs learn together with their peers, where teachers with special education training push in to general education classes, and where teachers collaborate and all students benefit from individualized teaching strategies.

6. **Support and develop leadership teams.** Investment in school leadership—recruiting, professional development, career growth, and support—varies widely from district to district and clearly represents a highly leveraged opportunity. Some districts spend very little on this, and few districts have systematic plans for measuring and developing existing school leader capacity. However, strong school leadership is critical to school success, and we know it is one of the things that teachers value the most. A recent study by Eric Hanushek, Gregory Branch, and Steven Rivkin shows that "highly effective principals raise the achievement of a typical student in their schools by between two and seven months of learning in a single school

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[9] Shields, Regis and Hawley Miles, Karen. "Strategic Designs: Lessons from Leading Edge Small Urban High Schools." Education Resource Strategies. 2008.
http://www.erstrategies.org/library/strategic_designs_lessons_from_leading_edge_small_high_schools.
[10] Hess, Frederick, "Rethinking Special Ed Spending," Education Next, June 2011; 2006 U.S. Budget, Historical Tables; Orfano, Finn, "Why Special Needs Students Dropout—And What You Can Do About It," October 2010, Bright Hub Education (quoting statistics from the U.S. Department Of Education).

year…[and these results] affect all students in a given school."[11] To move to a model that builds principals' capacity to initiate, lead, and maintain instructional improvements, districts must clearly define what effective leaders need to know and be able to do. Districts then need to use that definition to hire and develop the right leaders, place them in the right situations over their careers, measure their performance, hold them accountable, and give them the right support. In addition, being deliberate about leadership development with consistency across the district will ensure a ready pool of high-potential leaders to draw on as opportunities arise.[12]

7. **Leverage outside partners and technology** to maintain or improve quality at lower cost. In tough budget times, many districts have been forced to cut all but the "core," eliminating positions like librarians, elective and non-core teachers, and social and emotional support staff. Before reinstating these positions, consider the alternatives. Many communities have a variety of resources, such as community colleges, local businesses and artists, youth service organizations and others that may be able to provide some of what was traditionally only offered by schools—and they may be able to do it at improved quality and/or lower cost. This may also be the case with technology providers that can offer online courses and expanded curricular offerings.

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[11] Branch, Gregory; Hanushek, Eric; and Rivkin, Steven. "School Leaders Matter." Education Next. Winter 2013. http://educationnext.org/school-leaders-matter/.
[12] For more on this topic, see the School System 20/20: Leadership page on the Education Resource Strategies site: http://www.erstrategies.org/strategies/leadership.

Figure 2: Summary of Transformation Opportunities

Opportunity Area	Tempting "Restore Old Ways" Option	Strategic Transformation Option
Teacher Compensation	▪ Across-the-board teacher salary raises regardless of performance	▪ Link portion of salary increase to more time ▪ Targeted raises based on teacher roles ▪ Targeted raises based on taking on hard-to-staff subjects or schools
Professional Development	▪ Extra salary for course credits ▪ Off-site workshops on varied topics	▪ Teacher teams with sufficient collaborative planning time and expert support ▪ Instructional coaches and teacher leaders who model effective practices and provide one-one-one guidance
Individual Attention	▪ Across-the-board class size reductions	▪ Flexible grouping and varied group sizes, providing individual attention for high-need students/subjects
Use of Time	▪ Traditional (equal amounts of time for all students in all subjects) ▪ School day 6.5 hours, 183 days	▪ Higher percent of time in core, as needed ▪ Use time more flexibly ▪ Extend time to fit needs, using new partnerships
Special Education	▪ High rates of referral ▪ High spending on remediation in specialized settings	▪ Emphasis on early intervention ▪ Special education and general education students integrated, with high level of coordination among teachers ▪ Push-in model that provides for targeted intervention for all struggling students
Leadership	▪ Low investment in school leader PD ▪ Undifferentiated compensation and career path	▪ Higher investment in school leader recruitment, PD, assignment, accountability, and support ▪ More opportunities for leadership with differentiated rewards linked to contribution
Partnerships	▪ Reinstating positions that were previously cut, such as librarians, non-core teachers, and social and emotional support providers	▪ Look to partner organizations to provide these services at improved quality and/or lower cost ▪ Look to technology providers for online courses and expanded curriculum offerings

It would be overwhelming to implement all or even many of these initiatives in a short time period, so districts should start by crafting an overall vision and a plan to implement pieces successively. There may be some quick wins that are either easy to implement or appease a particular stakeholder; but to achieve sustainable district transformation, districts must also plan to take on the bigger and more difficult changes. The matrix below can be used to help determine which initiatives to consider and how to stage the implementation:

Figure 3: District Action Prioritization Matrix

	Impact on Student Performance: LOW	Impact on Student Performance: HIGH
Easy	MAYBE: Quick win or to respond to a "pain point"	YES: Make the change NOW
Hard	NO	YES: Plan changes over the long term

Think School Leader Empowerment

Most district administrators can easily tell you how many elementary, middle, and high schools are in their district and the relative size of each. Insightful district leaders can also tell you which have a large English Language Learner population, which have more novice teachers, and which are struggling with safety issues. They know that each school is unique—student needs vary, teacher and administrator skills are different, and communities have their own sets of circumstances. Yet in our work across the country, we find that districts often treat schools the same, by distributing resources with one-size-fits-all staffing formulas and strict rules around resource use.

Studies of high-performing schools indicate that they have a certain kind of strategic nimbleness—if they notice something is not working, they change it right away. They deliberately organize the people, time, and technology in their building to address student needs. They don't wait for the next school year or the next round of official test scores to adapt. But to be nimble, school leaders must have the ability to make strategic changes, which only comes if they have flexibility over their resources.

What are the kinds of things should school leaders control so they can be strategically nimble? To answer this question, let's look more closely at those high-performing schools. In our work, we

found that high-performing schools organize resources in different ways, but that they follow a common set of principles[13], which include:

1. **Excellent teaching for all students**: Organize teachers and teams to maximize student learning and continuously grow talent.

2. **Personalized learning and support**: Match grouping, learning time, technology, and program to students' individual needs.

3. **Cost effectiveness through creative solutions**: Organize jobs, partnerships, and technology to maximize resources that support teaching and learning.

To meet these three principles, school leaders must have control over some aspects of staffing, scheduling, class and group sizes, and use of technology. For example, if a school leader knows he or she has some highly effective teachers on staff, he or she will want to leverage that talent—possibly by assigning those teachers to teach more students or by assigning them to coach other teachers. This only works if our school leader has flexibility over staffing assignments. Similarly, our school leader should have the ability to differentiate group size—if class sizes are rigid and dictated by the central office, there's not much he or she can do to target individual attention. Scheduling is another area where principals should have some control—the central office might decide that all high schools should have the same schedule, but then our school leader would not have the ability to offer more time in core academics for some students, or for certain subjects (particularly important for "themed" schools such as art or STEM).

One area missing from the above discussion is control over funds. School flexibility is often associated with Student-Based Budgeting (SBB), also known as Weighted Student Funding—a system that assigns dollars to students, giving more dollars to students who are low income or have special needs. This contrasts with traditional funding systems that allocate staff and other resources to schools, often absent any consideration of student needs. Under Student-Based Budgeting (SBB), each student arrives with a "backpack" of funds, which school leaders then use to serve their needs.

But is SBB necessarily the right thing for a particular district? The short answer is that SBB often makes sense and is something most districts should consider, but only when the right conditions have been created. We have found that the more diversity in school needs and programmatic offerings, the more critical the flexibility and equity created by SBB becomes. For a detailed discussion of this topic, see [Transforming School Funding: A Guide to Implementing Student-Based Budgeting.](#) [14]

Whether a district is moving to an SBB system or providing some or all of the flexibilities described above outside an SBB system, districts will need to make sure principals are ready for this new responsibility and that central office staff are set up to support them. Principals will need to

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[13] For more on this topic, see "Designing Schools that Work: Organizing Resource Strategically for Student Success," Education Resource Strategies, March 2015, http://www.erstrategies.org/library/designing_schools_that_work.
[14] "Transforming School Funding: A Guide to Student Based Budgeting." Education Resource Strategies. February 2014. http://www.erstrategies.org/library/implementing_student-based_budgeting.

understand the kinds of changes they can make, the reasons for making changes and the impact changes might have. They will have to carefully consider their school goals and the best way to meet these goals, as well as navigate the input and preferences of many stakeholders. Depending on the level of flexibility he or she is given, the school principal's job is transformed from a narrowly defined one—typically focused on implementing a standard instructional model, complying with district requirements, and representing the school in the community—to one that includes adjusting program, time, and staffing for student mastery, becoming an effective human capital manager and managing complex systems. Few principals receive this type of broad managerial training, so they will need support. While central offices would seem to be the logical provider of this support, most do not have the combined skill sets and attitudes to provide the needed strategic problem solving and redesign of school organizations principals will need. Many central offices have a focus on compliance that ensures schools meet with state, district, and program requirements. Thus, central office staff will themselves need support and an infusion of new knowledge, tools, and mindsets, along with changes in process, timelines, and incentives, to become enablers of school leaders.[15]

Conclusion

Urban districts are at a unique moment in time. In a world of higher expectations and greater need, as well as the prospect of new resources for education, we can't afford to keep doing the same thing. The question is whether districts will take advantage of this moment to fundamentally reinvent themselves for the coming generations or whether they will retain many of their current practices designed for an earlier time.

Education Resource Strategies (ERS) is a non-profit organization dedicated to transforming how urban school systems organize resources—people, time, technology, and money—so that every school succeeds for every student. For the past 10 years, we have worked hand-in-hand with more than 25 school systems nationwide and four states on topics such as teacher compensation and career path, funding equity, school design, central office support, and budget development. We also share research and practical tools based on our extensive dataset, and we collaborate with others to create the conditions for change in education.

In all of our work, we focus on the larger picture—how resources work together to create high-performing systems. Our non-profit status enables a different kind of partnership with districts and states: one where we participate in the transformation struggle, create insights together, and share lessons with others.

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[15] For more information, see "Transforming School Funding: A Guide to Implementing Student-Based Budgeting," Education Resource Strategies, February 2014. http://www.erstrategies.org/library/implementing_student-based_budgeting.