

“A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance of an efficient system of public free schools.” *Texas Constitution Article 7 Section 1*

WHAT KEEPS TEXAS SCHOOLS FROM BEING AS EFFICIENT AS THEY COULD BE?

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The framers of the Texas State Constitution did a good thing when they defined the state’s obligation to provide an “efficient” education system for all the state’s children. Like all states, Texas needs to make sure all children learn what they need to become self-supporting participants in the economy and self-directing citizens of a modern democracy. The “efficient” term adds something important, i.e. a concern with using taxpayer money and students’ time to the greatest benefit to the state and thereby protect the “rights and liberties” of the people.

Past education policy debates have ignored the “efficient” term. In particular, the educational “adequacy” movement has set questions of optimum resource use aside, implicitly accepting established ways of doing business that were never built for efficiency, and asking how much more money, given the way the system now runs, would be needed to get much better outcomes for students.

In a world where resources are always finite, it is necessary to consider effectiveness in light of expenditures, i.e. efficiency. The most efficient policy or program is one that produces the highest ratio of outcomes, however measured, per dollar spent. The point: there are multiple ways to get to effectiveness and some are more efficient than others. This, not the funding level for a system that is structured to be inefficient, should be what the court focuses on.

BARRIERS TO EFFICIENCY

Three things about today’s public education militate against efficiency:

- 1) Costs are hidden and unknown
- 2) Schools are forced to do many things that detract from their main work, and tie up resources that could be used more aggressively.
- 3) There are many barriers to experimentation with new ideas and transfers of funds from less- to more-efficient schools and programs.

Costs are hidden

Why is our current system not built to be efficient? There are many layers to the answer, but the most basic is that our system does not require, or even allow, schools to count the cost of what they do. Even if school leaders wanted to make the most effective use of every penny, they would not have the basic information they would need, about what different people, resources, and processes cost.

The same is true at the district level. Districts do not track how much is spent at the school level or on centrally administered programs and services, in a detailed manner which would allow them to make meaningful efficiency/productivity calculations. Districts can create estimates of how much is spent per school or per pupil, but these depend on simple averaging operations – for a school that means total district expenditures divided by the number of students in the district multiplied by the number of students in the school.

Results based on averaging are at best weakly linked to reality, since 1) in Texas the broad spending category called “instruction” accounts for over half of total spending in a district and these are unevenly distributed among schools; 2) some schools have more resident programs and resources (e.g. tutors, counselors, enrichment specialists) than others; and 3) some schools have more teachers per pupil than others, and 4) some schools – often those that also have disproportionate numbers of teachers and resident special programs – also have more highly paid teachers than other schools in the same district.

Thus, even if educators wished to calculate efficiency, and judge they could not do so with the information available.

Mandates tie up funds arbitrarily

The lack of data is just the tip of the iceberg. In general, schools are required to do things that have been mandated without any consideration for their cost or consequences for school performance. Moreover, these mandates must be fulfilled even if people in schools see better ways to use the resources available to them.

I won't try to provide a comprehensive list of such mandates here.¹ But examples will help.

¹ See, for example, Chubb, John E., *Overcoming Governance Challenges in K-12 Online Learning*, in Finn, Chester E. and Daniela Fairchild, *Education Reform for the Digital Era*, Washington, the Thomas Fordham Institute 2012, pp.99-134/; Hill, Paul T., *Picturing a Different Governance Structure for Public Education* in Manna, Paul and Patrick McGuinn (eds). *Rethinking Education Governance*, Washington D.C, Brookings Press 2012 (forthcoming). See also Murphy, Joseph, *Governing America's Schools: The Shifting Playing Field*, *Teachers College Record* Volume 102, Number 1, February 2000, pp. 57-84

Some come from state legislatures, which set days and hours of operation for schools; allocate funding in well defined categories to limit schools' freedom over how they spend their money; set licensing requirements that prevent schools from hiring people without specific (and often arbitrarily defined) training and experience; and mandate school staffing patterns – a teacher for every so many pupils, a minimum administrative structure for a school no matter how small (e.g. a principal, assistant principal, librarian and nurse) and an extra administrator for every so many students above some minimum.

Some come from the federal government, e.g. requirements that teachers paid from federal funds be given some duties and not others, that schools use particular forms of test to assess student learning, that handicapped children be educated in the least restrictive environment possible but be given whatever extra instructional services they may require without regard for cost.

Further mandates come from local school boards, which can decide what methods and materials schools may use, and assign staff to a school without regard for the school's needs and priorities. Local school boards also create mandates for particular schools when they intervene in staffing or programming decisions on behalf of constituents.

Nobody would seriously argue that all these mandates were put in place to make schools more effective or efficient. In fact, no single rationale can explain them, other than they are designed to protect adults. When adopted, by legislatures, school boards, or administrative agencies, most were justified as reasonable expedients in crisis or concessions to group demands.

There are some mandates that were initially justified as increasing school effectiveness – for example, class size limits, teacher licensing, seat time requirements, and mandates that drive salary decisions and protect school employees at the expense of students. Some of these mandates have certain logic, and there could be some examples of schools that adopted certain policies (e.g. small class sizes) to good effect. However none of mandates were based on evidence that the required actions made all schools more effective, or were more effective than other possible actions costing then same amount.² Nor were these supposedly effectiveness-oriented mandates coordinated in any way. Each was the product of

² Some governance constraints arise from perennial problems, e.g. schools' tendency to under-serve handicapped children and to try to hand pick the easiest-to educate so they can look good. Rules to protect students against discrimination are perennial

targeted advocacy, not an integrated theory of school effectiveness. Instead, they were enacted one at a time and often for different reasons.³

A special kind of mandate is the result of teacher collective bargaining agreements, or in states like Texas, state labor laws which are effectively just collective bargaining at the state level.⁴

Mandates that break the links between performance and expenditure include:

Automatic raises linked to seniority, given to any teacher whose performance remains above a very low minimum⁵

³ For a more complete account on the constraints imposed on experimentation and flexible use of public funds see Hill, Paul T., Marguerite Roza, and James Harvey, *Facing the Future: Financing Efficient Schools*, Seattle, Center on Reinventing Public Education 2008.

⁴ For a summary of scholarly work on these results of union-promoted provisions see Hill, Paul T, *The Costs Of Collective Bargaining Agreements And Related District Policies*, in Hannaway, Jane and Andrew Rotherham (Eds.) *Collective Bargaining in Education Negotiating Change in Today's Schools*, Harvard Education Press 2006m ch. 4.

⁵ There is an extensive literature in economics about the disconnect between the bases on which teacher pay is set in public education and consequences for students. Important examples include: Aaronson, Daniel, Lisa Barrow, and William Sander, *Teachers and Student Achievement in the Chicago Public High Schools*. Working Paper WP-02-28 (Federal Reserve Bank of Chicago, 2002); Aaronson, Daniel., Barrow, L., & Sanders, W. (2003). *Teachers And Student Achievement In Chicago Public High Schools*. Chicago: Federal Research Bank of Chicago; Goldhaber, Dan, & Brewer, Dominic (1997). *Why Don't Schools And Teachers Seem To Matter? Assessing The Impact Of Unobservables On Education Production*. 32, 505–523; Goldhaber, Dan, Dominic J. Brewer, and Deborah J. Anderson, "A Three-Way Error Components Analysis of Educational Productivity," *Education Economics* 7 (3) (1999); Hanushek, Eric A. (2003). *The Failure Of Input-Based Resource Policies*. *Economic Journal*, 113, F64–F68; Hanushek, Eric A, John F. Kain, and Steven G. Rivkin, "Teachers, Schools, and Academic Achievement." Working Paper 6691 (National Bureau of Economic Research, 1998); National Council on Teacher Quality, "Increasing the Odds: How Good Policies Can Yield Better Teachers" (2005); Kane, T. John, Rockoff, Johah. E., & Staiger, Douglas O. (2006). *What Does Certification Tell Us About Teacher Effectiveness? Evidence from New York City*. National Bureau for Economic Research Working Paper 12155. Cambridge, MA; Miller, Raegen and Marguerite Roza, *The Sheepskin Effect and Student Achievement: De-emphasizing the Role of Master's Degrees in Teacher Compensation*, Washington D.C. Center for American Progress 2012; Rivkin, Steven, Hanushek, E. A., & Kain, J. F. (2005). *Teachers, Schools, And Academic Achievement*. *Econometrica*, 73, 417–458.

Tenure for teachers who do not clearly prove their incompetence on the first 2-4 years of work

Automatic salary increases as teachers take additional training whether or not it is relevant to the teacher's responsibilities or the school's needs;

Extra pay for Masters' degrees

Strict limits of minutes or days that teachers can be in contact with students⁶;

Requirements that all tenured teachers be placed in jobs before new teachers can be hired, and reductions in force be made on the basis of seniority not performance.⁷

Requirements that senior teachers who are displaced from their schools can "bump" junior teachers from their jobs regardless of the consequences for the schools thus disrupted.⁸

Of all these mandates, there probably isn't one that is crushing all by itself. But mandates accumulate over time, as new ones are encoded in law, regulation, district policies, contracts, and court orders, and old ones stay on unchallenged.

As a result of these mandates:

Funds are tied up in uses whose costs and consequences are not known

Money is spent on things that but satisfy interest groups or keep labor peace have little or nothing to do with student outcomes. (e.g. teacher masters degrees, tiny decrements in class size, job protection for less effective senior teachers)

Uses of funds that might be good in some situations are mandated for situations in which they don't produce any advantage.⁹

⁶ Baker, D. P., Fabrega, R., Galindo, C., & Mishook, J. (2004). Instructional time and national achievement: Cross-national evidence. *Prospects* 34(3), 311–334.

⁷ See Sepe, Christina & Marguerite Roza, *The Disproportionate Impact of Seniority Based Layoffs on Poor, Minority Students*, Seattle, Center on Reinventing Public Education 2010. See also Marguerite Roza & Paul T. Hill, *How Within-District Spending Inequities Help Some Schools To Fail*, in *Brookings Papers On Education Policy* 201, 204, 216 (Diane Ravitch ed., 2004).

⁸ See Levin, J., Mulhern, J., & Schunck, J. (2005). *Unintended consequences: The case for reforming the staffing rules in urban teachers union contracts*. Brooklyn, NY: The New Teacher Project

⁹ For an exhaustive account how funds are now used and the counter-productive effects of regulatory, contractual, and accounting constraints, see Roza, Marguerite,

Experimentation, tradeoffs and transfer of funds to more effective uses is difficult

Mandates do more than tie up funds on uses whose effectiveness is not known. They also prevent experimentation with new methods of instruction and other student services that might be more effective, and movement of money, teachers, and students from less- to more effective and efficient schools and programs. Unless they want to violate express requirements law, contract, or policy, school and district leaders can't:

Change the way students are grouped (e.g. teach some courses in very small classes and others, that need less individualization, in much larger ones).

Shift money from non-instructional to instructional uses (e.g. from transportation, facilities, or rent to more class time, individualized instruction, student access to on-line materials, etc.).

Hire experts to teach subjects that regular teachers are poorly prepared to teach (e.g. advanced physics graduate students to teach physics).

Make tradeoffs between the use of live teachers and on-line resources that may do a better job of teaching some subjects (e.g. advanced math and physics, which are often taught by teachers who have not mastered the subjects themselves)

Trade off between a costly but mandated use of funds and a less costly but equally effective one.

None of these options is proven effective in every case, and there is no reason to suggest that they should be imposed on all schools by mandate. However, they do open up possibilities for much more effective instruction in some cases. Moreover, experimentation with these ideas single and in combination could lead to new approaches that would benefit most or all schools. Experimentation with such ideas – and others that could arise as educators experiment with new forms of instruction and student motivation – is the only way schools can become more effective. However, the rules under which public schools operate assume that there is one best way to teach students, and that existing schools should all use it.

Education, like any other field, can make progress only by exploring new possibilities (which means experimentation with new uses for time and money and methods) adopting what works, rejecting what doesn't, and promoting widespread "uptake" of the most effective known methods. This means that the people

Educational Economics: Where do School Funds Go?, Washington D.C., The Urban Institute Press, 2010.

responsible for producing student outcomes, particularly the heads of schools, must be able to change with they do and make tradeoffs, deciding to spend less on one resource or activity (e.g. the number of administrators in a school) and more on another (e.g. on-line resources that permit individualization).

Also like any other field, education cannot afford to assume that the “state of the art” at any one time is the best possible. It needs instead to assume that today’s state of the art could well become tomorrow’s old news. Unfortunately, education policy discourse often presumes that the best way of promoting student learning are well known and can be encoded in rules. These convictions persist against strong evidence to the contrary, for example that some students learn at a high level despite never setting foot in a school building, and that some students learn well in on-line courses that have effective class sizes in the hundreds.

Pursuing continuous improvement requires levels of flexibility that public education resists. Our current governance system for public education both prevents the tradeoffs necessary for experimentation and discourages schools from picking up good ideas created elsewhere. Such systems clearly fail the efficiency test.

How would Texas create an education system that did not tie up funds in inefficient uses, encouraged constant search for more effective ways to use money and children’s time, and abandoned less efficient methods of instruction in favor of more efficient ones? I will take up those questions next.

HOW TO MAKE AN EFFICIENT PUBLIC EDUCATION SYSTEM

Texans could have an education system that strives for the most efficient use of all resources for the benefit of students. But it would have to be very different from the current system. It would need to have four attributes:

- Transparent about expenditures at all levels as well as outcomes
- Holds schools accountable for their efficiency, not just effectiveness
- Is constantly open to new ideas and encourages competition
- Provides incentives for students and families to maximize their own effort and results
- Encourages schools to use services provided by others when they increase efficiency.

Expenditure Transparency

The need for transparency about expenditures is straightforward: to assess the efficiency of a school or instructional program it is necessary to know everything that is spent on it, as well as its outcomes. Given the likelihood that efficient schools will not all be alike – that the most efficient use of resources for one group of students might not be the most efficient for another – this requires a degree of

granularity of evidence that current public education accounting systems cannot provide.¹⁰

Use of these data to inform decisions at the system level – about inefficient schools or instructional systems to be closed, efficient ones to be reproduced, and better targeting of schools and programs to particular groups of students – would require that expenditures be followed to the child level and be merged with outcomes data in the same school year that they were generated. The state and school district would also need capacities for detailed analysis to find and take action on evidence of efficiency outliers.

Schools would also need the same data to assess their own efficiency, overall and for particular pupils, and to identify high efficient on-line programs to which they might assign students for whom particular courses offered by the school were not efficient.

These requirements imply significant investment in data and analytic systems at the state and district levels, whether employees or contractors do the work.

Accountability for Efficiency, not Just Effectiveness

In a system built for efficiency, schools would be held accountable for how much students learned per dollar spent. Though highly effective schools would be unlikely to be closed, efficiency would be a tiebreaker. If, for example, two existing schools were serving an area suffering population decline and one had to close, the more efficient one would stay open. The state or a local board could also close a reasonably effective school if a group offering a dramatically more efficient approach challenged its charter renewal.

This requires that both real cost and actual student growth be calculated, for each school each year. A state that controls inputs (e.g. says every class must be of a particular size, mandates schools' administrative structures, controls salaries and use of time) can never know whether it is making the most efficient use of its funds.

Schools would be the entities held accountable for efficiency. Teachers working for a school would gain income and job security, depending on whether the school was so efficient that it could expand or make money selling its services to other schools; they could also lose out if their school was closed for low efficiency or abandoned by parents who found something better. However, no one outside the school could determine who was hired or how much they were paid. That would all depend on the school's success and how central individual teachers were to it.

¹⁰ For example, in Texas the financial reporting categories are so broad that it is difficult if not impossible to know how much is spent to actually teach any particular subject or any student.

Making the school the accountable unit also means that parents could not get direct access to the money available for their child's education. Families would have choices among schools, and schools would get the whole amount allocated for each child's education. But families could not allocate these funds in detail after choosing a school. Schools could attract parents by offering many options for remediation and enrichment, but they would remain responsible for student outcomes and efficient uses of funds.¹¹ Schools' incentives to purchase courses and other experiences that are both effective and desired by parents will create enough opportunities for new business to stimulate a rich supply of on-line instruction and enrichment providers.

Openness to new Ideas and Competition

Incumbent educators need freedom to make tradeoffs on behalf of student learning and to experiment with new ideas. But there is no reason to think the group of people now employed in schools and school districts have a corner on ideas about how to accelerate student learning. To the contrary, many ideas about how to make k-12 schools more efficient – and how to match instructional and student services approaches to the needs of definable groups of students – will come from other levels of education and from people with backgrounds in learning theory, on-line instruction, and computer simulation.

Some important ideas might eliminate factors that are now considered basic to public education (e.g. school buildings that house all students 6 hours/day 5 days/week) in favor of much more parsimonious approaches (e.g. blended learning models where students attend school one day/week, so that one building can contain 5 schools). Even if instruction were no more effective in the new schools, they would have lower costs and therefore be more efficient.

In conventional public education, there are many barriers preventing the trial and use of ideas from those sources. Though schools and districts might adopt some ideas for special courses or extracurricular supplementation, they are extremely resistant to changing the ways they use time, people, and money. This means that externally derived innovations are normally kept on the margins and not allowed to invade what conventional educators consider the “core” of their work.

Innovators on the outside can't hope to implement big ideas that will totally transform students' learning experience; to the contrary they know that any use of their ideas in public schools will be marginal and not well funded. For many that

¹¹ I have argued elsewhere that parents really can't be held accountable for inefficient uses of public funds – they can't be fined or have their children taken away – but schools can. Thus the insistence on schools serving as the manager of funds and purchaser of services. See Hill, Paul T., School Finance in the Digital Learning Era, in Finn, Chester E. and Daniela R. Fairchild, *Education Reform for the Digital Era*, Washington D.C., The Thomas W. Fordham Institute 2012. See especially pp. 91-95.

means that their talents can be used more lucratively elsewhere, particularly in adult training and computer gaming. Thus, education does not get the benefit of all the available ideas that might improve efficiency.

To get full access to all the possibly relevant innovations, public education must be so open to ideas created elsewhere, and so willing to use promising ideas on a large scale that innovators can hope to make a good living from it.

Innovators must be able to start schools that public school students can attend, and receive all of the money that students bring with them. Successful innovative schools should have no limitations on the numbers of schools they serve or the numbers of times they replicate their core ideas. This requires a reliable mechanism for licensing of innovative schools, ensuring that students who want to attend them can do so, and that money will flow directly to innovative school operators.¹²

Today, school chartering meets that broad description, though state caps on the numbers of charter schools allowed, and funding policies that give charters less money per pupil than other schools constitute grave barriers to implementation. However, a state law allowing innovators to apply for a charter, be fairly judged on the plausibility of their plans, admit students without limitations and get the same amounts of money as do neighboring school districts, is a necessary ingredient of an efficiency-oriented public education system.

Incentives for Students and Families

Student and family motivation is the great unsolved mystery of public education. As schools are now organized, students either come motivated or they don't; teachers can reach as few via personal contact, but many are unreachable. A public education system designed for efficiency could give students and families new incentives, and give schools new opportunities to experiment with student motivation.

A public education system meant to optimize efficiency could provide real financial incentives for students to use their time (and thus public funds) as efficiently as

¹² Inefficient schools would face severe penalties, including loss of students and possible loss of their charters. Should a school also be penalized in lesser ways, e.g. by fines if its students don't do very well, but not badly enough for the local board to revoke its charter? I have argued elsewhere that hair-trigger penalties for schools that run into minor trouble would discourage risk-taking and discourage people with promising but unproven ideas to enter the market. The efficiency perspective does not alter this conclusion. See Hill, Paul T., School Finance in the Digital Learning Era, in Finn, Chester E. and Daniela R. Fairchild, *Education Reform for the Digital Era*, Washington D.C., The Thomas W. Fordham Institute 2012. See especially pp. 91-95.

possible; and allow schools to learn about and get access to materials and techniques that have increased the efficiency of students in other schools.

As discussed above, students need incentives to work hard and master necessary material quickly, and parents need incentives to make sure they do. An education funding system could approach this by letting families benefit from student efficiency, letting them share in the savings from courses not taken or months of school not needed. Schools also need to benefit from their students' efficiency, so the savings could be divided equally.

Family incentives could reward students who were able to avoid or cut short course taking by passing rigorous proficiency exams. Then, funds saved could be shared between the school and the student, with the student's share going into an account that could be used to pay for instruction at any time the student chose, for the rest of her life. Students could use the money for elective courses or keep the money to pay for higher education.¹³

This proposal obviously applies to secondary students. However, some parents might see the advantage in sending their children to elementary school in an advanced state of preparation and using the savings for electives or saving for college.

For this to be possible schools would have to be able to realize savings when individual children test out of a course. That might not be possible for conventional courses taught by teachers in classrooms, but it could work for on-line courses or tutorials that schools could buy on a per-capita basis. The fact that both schools and families could benefit financially from this arrangement creates an incentive for schools to organize their courses so that the marginal cost of a student is easy to compute.

One possible problem with these incentives is that privileged families might be more likely to realize savings than disadvantaged families, which have fewer opportunities to build students' skills out of school. However, if the pupil-based funding were weighted for the difficulty of educating children with particular characteristics, families that simply prepared and supported their children better than others like them could also benefit.

Of course schools would also benefit when students who based on their demographic characteristics are expected to need remediation, pass their courses on time. Insofar as student weighted funding takes account of the likelihood of remediation, schools that prevent course failure could have extra money to share

¹³ Today, students who pass AP exams at high enough levels to gain college credits get some form of this reward. However, it is available only to the most advanced students at the best-staffed schools. The incentive proposed could be available for any student who could pass a proficiency exam in any course.

with families. Ultimately schools that do this for their disadvantaged students could avoid the most inefficient possible kind of expenditure, on preventable special education placements.

These incentives would also encourage schools to look for methods to encourage students to attend, do the work, and learn rapidly. Schools that identified ancillary courses that built student skills and motivation could assign students to them and share the benefits with parents.

Schools Buying One Another's Services

All the ideas in the preceding section presume the ability of schools to make available a wide variety of courses and enrichment experiences. This is impossible if a school spends all its money on employees and a fixed curriculum. But it is possible if schools consider themselves gatekeepers between students and the vast number of learning experiences available for per-capita fees on-line and from other schools.

Mike Johnston and I have expanded on this idea of schools as brokers of learning experiences elsewhere.¹⁴ The arrangements suggested here create strong incentives to search for the best way to meet any student's need, and to be indifferent about whether a student takes a course managed by his home school or some other source. Most schools will continue to offer adult supervision, counseling, and tutoring, and some will develop instructional specialties that both keep their students at home and draw students enrolled elsewhere. But to be competitive, especially under an accountability system that takes account of efficiency, schools will need to organize themselves for nimbleness, "making" only those aspects of the student experience at which they are good, and "buying" the rest elsewhere.

Thus, schools will constitute a marketplace for instructional programs and other services, each trying to be an excellent provider (and thus seller) of some things and a buyer of others.

CAN ALL THE PARTS COME TOGETHER?

As presented above, re-orienting our public education system to emphasize rather than ignore efficiency would be a complicated endeavor. This is so largely because being oblivious to efficiency is so deeply engrained in the way we govern, finance, and assess public education today. Changes in the ways schools were funded would have to be integrated with reforms in the ways public officials oversee them. An integrated finance and government system for efficient public education would have the following features:

¹⁴ Hill, Paul T. and Mike Johnston, In the Future, Diverse Approaches to Schooling, *Phi Delta Kappan*, November 2010 vol. 92 no. 3 43-47

- A student-based funding scheme in which every student carries funds – actual dollars – to the schools or on line programs she attends.
- Movement of money moves whenever students transfer schools. The state could hold back small amounts of money for data analysis and oversight.
- Freedom for schools to use their budgets as they choose to support their instructional programs. No deductions from budgets for not renting facilities or employing staff.
- Total freedom for parents to choose any school in the district or state.
- A requirement that all schools would be chartered or run under performance contracts.
- Rigorous student learning standards and state maintained data files that allow tracking of each student’s annual learning and how money was spent on her education.
- Openness to charter applicants from any source
- Annual performance review of all schools and withdrawal of the charters of the least efficient schools.¹⁵
- Acceptance that cyber or blended schools eligible for chartering and funded the same as all other schools, based on enrollment.

The system sketched here is very different from that present in Texas and elsewhere in the U.S. However, the new system doesn’t have to be built from scratch. Many of the system elements described above – pupil based funding and accounting, school level control of spending, public oversight of schools based on performance rather than compliance, schools free to experiment with new modes of staffing and teacher compensation, and openness to new providers and technologies – are present in New Orleans and other “portfolio school districts.” State laws, most recently in Ohio, are also being changed to create new freedom to experiment in search of more effective forms of schooling.¹⁶

¹⁵ Performance oversight arrangements could include a state recovery district, like those now operating in Louisiana, Tennessee, and New Jersey, that could take control of consistently ineffective schools that the local Board had refused to close or replace. For more on recovery school districts see Hill, Paul and Patrick Murphy, On Recovery School Districts and Stronger State Education Agencies: Lessons from Louisiana, CRPE 2011 http://www.crpe.org/cs/crpe/view/csr_pubs/449
See also Smith, Nelson, The Louisiana Recovery School District: Lessons for the Buckeye State, The Thomas Fordham Institute, downloaded 6/27. 2012 from <http://www.edexcellence.net/publications/the-louisiana-recovery-school-district.html>

¹⁶ A portfolio school district is one that provides families the best choices among schools possible, using a combination of strategies – including traditional direct operation, chartering, and contracting out to private providers and on-line schools – and is willing to close low performing schools no matter who operates them and open the best new school possible no matter what the source.

It is my understanding that the courts in Texas are loathe to mandate specific changes to the educational system. Instead, the courts merely determine the adequacy, suitability, equity and now efficiency of the system. If it is found lacking in any of these, it then goes to the legislature to make the necessary changes. The ideas I have put forth above are proffered as a way of showing what could be in comparison to what is. This highlights the clear inefficiencies in the system.

Whether Texas can re-focus its public education system on efficiency depends on how strongly leaders outside of education are convinced that every penny of public expenditure must be used to the benefit of children.

For a full account of the portfolio district strategy and its main exemplars, see Hill, Paul T., Christine Campbell and Betheny Gross, *Strife and Progress: Portfolio Strategies for Managing Urban Schools*, Washington D.C, the Brookings Press, 2012 (forthcoming).