CREATING OPPORTUNITY SCHOOLS

A Bold Plan to Transform Indianapolis Public Schools

A REPORT PREPARED BY PUBLIC IMPACT

DECEMBER 2011
OUR MISSION
The Mind Trust’s mission is to dramatically improve public education for underserved children by empowering education entrepreneurs to develop or expand transformative education initiatives.

WHAT WE DO
The Mind Trust is a funding intermediary and local champion for entrepreneurial education ventures. We find the most promising and successful education reform initiatives in America, and support their launch or replication in Indianapolis. We provide intensive supports for them on the ground by helping them develop relationships with key stakeholders, overcome barriers to success, and expand their impact once they’ve proven their model. In addition, we engage in research and policy work to build a climate that supports greater innovation and reform. Ultimately, our goal is to concentrate in Indianapolis the most effective, innovative education initiatives in the country and leverage them to drive systemic reform.

OUR KEY INITIATIVES
- The Education Entrepreneur Fellowship
- The Charter School Incubator
- The Venture Fund
- The Grow What Works Campaign
- The Cities for Education Entrepreneurship Trust (CEE-Trust)
WHAT IF ...

• Struggling campuses in Indianapolis Public Schools were transformed into high-performing schools that gave every child a real chance to succeed?

• Every neighborhood had a school as good as or better than our highest-performing schools, such as the Center for Inquiry or Tindley?

• About $188 million now controlled by Indianapolis Public Schools central office was reallocated to school leaders to accelerate student learning and operate the school?

• The youngest students were guaranteed a strong early start in school, with high-quality universal prekindergarten programs paid for by the district?

• Creative educators — rather than a massive central office bureaucracy — called the shots on how to run each school, deciding whom to hire and how to manage their classrooms?

• Indianapolis parents could choose from a variety of outstanding neighborhood schools all across the city to find the best fit for their children?

• Every child had excellent teachers in every class and at every grade, from prekindergarten through graduation?

• The city became a national magnet for the most talented teachers, principals, education entrepreneurs, and operators of the top school models?
The Mind Trust’s ideas are ambitious. But we need bold actions if we are going to provide Indianapolis children with what they deserve: a world-class education. When only 45% of students pass the ISTEP+ in English language arts and math, only 58% graduate, and six of the seven most chronically failing schools in the state are in Indianapolis Public Schools, it’s time to think big. Generations of skilled leaders and educators have done their best to fix broken urban school systems in Indianapolis and across the country. Hundreds of millions of dollars have been invested in “reform.” Not much has worked.

Instead of trying yet again to “fix the school system,” let’s unleash the talent and creativity of our best educators to create schools that we know will help students learn. We’re calling this new kind of school an Opportunity School because that’s exactly what it offers: a unique opportunity to transform IPS, children’s lives, and our city’s future.

Our plan is based on more than a year of extensive research and analysis. It would eliminate top-down district regulations that now control curriculum, staffing, and budgets — and prevent teachers and principals from doing their best work. It encourages new schools to open and flourish. It would forge exciting new partnerships. It would replace business as usual with innovative approaches drawn from the best research, ideas, and practices from around the country. Above all, it would create the conditions that have enabled high-performing schools (district and public charter) to help low-income students make inspiring academic progress: graduation and college enrollment rates consistently above 90%.

If some schools can have this kind of success, there’s no reason why all schools cannot do the same.

Indianapolis is better positioned than any other city to implement this bold vision. With groups such as Teach For America, The New Teacher Project’s Indianapolis Teaching Fellows, and Teach Plus in place, we have access to a new generation of top teaching talent and school leadership. With The Mind Trust’s Education Entrepreneur Fellowship and Charter School Incubator, we are attracting the next generation of education innovators and best-in-class public charter school networks. And, Indianapolis has a remarkable legacy of civic engagement, community pride, and transformational accomplishments.

Now the challenge — and opportunity — is even greater: creating great schools in every single neighborhood. Given all of our assets, we can provide every student who lives in IPS an excellent education and become a national model of educational reform.

It’s time for our community to engage in a serious conversation about transforming IPS. We are confident this plan provides a blueprint. We look forward to the discussion.

Sincerely,

David Harris
Founder and CEO, The Mind Trust
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Indianapolis Public Schools (IPS) Is Broken — With Catastrophic Results for Kids

- Only 45% of IPS students meet state standards on the math and English language arts portions of ISTEP+. The achievement gap between IPS and the state in English language arts is large in 3rd grade — 20 percentage points — and even larger in 8th — 29 percentage points. Only 58% of students graduate on time. Six of the seven most chronically failing schools in the state are in IPS.

- Generations of skilled leaders and educators have done their best to fix broken urban school systems in Indiana and around the country. Indianapolis has invested tens of millions of dollars in “reform.” Yet our kids are still stuck in a system that produces abysmal results.

- IPS has made some progress in the past few years, but it still has not come close to meeting its 2010 goals. Even if IPS could sustain this progress, it would take many years — and in some cases decades — for the district to reach those benchmarks.

- It would be one thing if it were impossible to deliver excellent education to urban, high-poverty students. But a growing number of schools — in Indianapolis and around the country — are achieving remarkable success with students just like ours.
Great Schools Share a Set of Core Conditions that Enable Them to Help All Students Achieve

* Schools have the freedom to build and manage their own teams, create their own culture, focus resources on student needs, and empower teachers to innovate in the classroom.
* Schools are accountable for results. If they don’t perform, they are closed.
* As schools of choice, they empower parents and therefore have to effectively meet families’ needs to stay open.

But IPS doesn’t create these conditions for its schools:

* Only 41 cents of every dollar goes to school budgets; the remainder is controlled by a large central administration.
* Most principals have little say over who is on their team, limiting their ability to build the right school culture.
* Most teachers are fed a top-down, standardized curriculum ... and a rigid formula decides how much they’re paid.
* Most schools aren’t held meaningfully accountable by the district for improving student achievement.
* Most students are stuck going to poor-performing neighborhood schools, with few high-quality transfer options and long waiting lists for successful magnets.

We must confront the truth: The system is broken. Much of the best work happens only when talented educators find a way to work around the bureaucracy.

The question: Can we reinvent IPS to ensure it creates the conditions for great schools to thrive? The answer: Yes!

But we need a bold new vision that focuses relentlessly on creating those conditions for success.

Creating the Conditions for Success

To create the conditions for great schools to thrive, we must reinvent how IPS operates. Instead of the central administration making all the important decisions from the top down, we recommend that IPS:

* Shift the majority of funding control from the central office to schools — sending $188 million more a year to schools ($12,000 per student vs. today’s $6,600).
* Pay for all 4-year-olds to attend a quality prekindergarten program so they can start building the skills they need to be successful students.

### IPS IS MAKING PROGRESS, BUT STILL FALLS WELL SHORT OF ITS GOALS AND STATE AVERAGE

Percentage of students meeting goals

<table>
<thead>
<tr>
<th>METRIC</th>
<th>JURISDICTION</th>
<th>STARTING BENCHMARK (2004–05)</th>
<th>2009–10 GOAL</th>
<th>2010–11 RESULT</th>
<th>ADDITIONAL YEARS NEEDED TO REACH 2009–10 GOAL AT CURRENT RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation rates</td>
<td>IPS</td>
<td>51%*</td>
<td>95%</td>
<td>58%**</td>
<td>21.1</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>77%*</td>
<td>—</td>
<td>85%**</td>
<td></td>
</tr>
<tr>
<td>Academic honors diploma (% of grads)</td>
<td>IPS</td>
<td>10%</td>
<td>25%</td>
<td>12%**</td>
<td>32.5</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>31%</td>
<td>—</td>
<td>31%**</td>
<td></td>
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<tr>
<td>Language arts ISTEP+ pass rates</td>
<td>IPS</td>
<td>47%</td>
<td>73%</td>
<td>56%</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>71%</td>
<td>—</td>
<td>79%</td>
<td></td>
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<tr>
<td>Math ISTEP+ pass rates</td>
<td>IPS</td>
<td>47%</td>
<td>72%</td>
<td>58%</td>
<td>7.6</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>72%</td>
<td>—</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

*Graduation rates not available for 2004–05, so table uses 2005–06 graduation rates instead.

**2010–11 graduation rates and distribution of diploma types not available, so table uses 2009–10 data instead.

***Years needed to reach 2009–10 goal at current rate calculated by dividing the difference between 2010–11 results and 2009–10 goals by how much IPS improved in the six years from 2004–05 to 2010–11 (four years in the case of graduation rates and five years in the case of academic honors diploma).

Note: In some instances, 2004–05 data in the 2005–10 strategic report did not match state records, likely due to adjustments at the district. In those instances, we used the state data.

* Give schools with skilled leadership teams control over staffing, budgets, culture, curriculum, and services — as long as their schools meet and sustain high performance goals.

* Empower parents with many more good choices — in neighborhood schools or across the city if that’s what would best serve the individual needs of their children.

* Give great teachers more say in what gets taught and how — and pay them more for achieving great results.

* Invest in a major effort to turn around struggling schools — and replace chronically failing programs with schools we know can succeed.

* Unite all public schools (traditional district, magnet, and public charters) under a single banner of quality: Opportunity Schools.

We call these schools OPPORTUNITY SCHOOLS because that’s exactly what they offer: a unique opportunity to transform IPS, the lives of our children, and our city’s future.

We could do all of this with current funding ... without raising taxes one cent.

What Is an Opportunity School?

Today’s public school landscape is confusing; the labels “traditional district,” “magnet,” and “charter” schools don’t mean much to the public and none connotes quality. They are legal designations. By creating a unified designation for all high-quality public schools within the IPS boundaries, we would be sending a strong signal that the only thing that matters is educational excellence — no matter what kind of school it is.

Opportunity Schools would be given unprecedented freedom over staffing, budgets, culture, and curriculum, as long as they continue to meet very high standards. Over time, all schools in IPS would become Opportunity Schools. Excellent existing schools would become Opportunity Schools immediately following a planning year. Poor-performing schools would be given support to improve and seek Opportunity status. New leadership and new school models would replace persistently failing programs.

To support these Opportunity Schools, we propose:

* Drastically reducing the central office bureaucracy by $43 million a year;

* Sending $25 million of the savings directly to schools each year;

* Using $14 million to provide free, high-quality prekindergarten education to all 4-year-olds living in IPS; and

* Investing up to $10 million a year to attract the next generation of great principals and teachers and start great new schools.
Shifting over $163 million a year from services purchased centrally to schools, which are in a much better position to decide how to spend the money to educate their students. Some might have a longer school day and more enrichment programs. Some might pay their best teachers a lot more. Some might develop more community partnerships with counselors, health clinics, artists, and the like. Some might decide to buy back some services from the central office. But it’ll be their choice, not determined by the IPS central office.

Refocusing central administration on targeted priorities instead of trying to manage dozens of schools from afar. Key roles will include deciding who’s qualified to run Opportunity Schools and holding them accountable; conducting an annual districtwide enrollment process; ensuring special needs students are well served; and fulfilling obligations such as debt and bond payments.

We Need a Careful Transition

Sweeping changes such as these will not happen overnight. We believe IPS can open about 10 great new Opportunity Schools a year to replace failing programs. Many likely will be home-grown. But our reforms also will make IPS a national magnet for the most talented teachers, principals, and programs in the nation, which will accelerate our progress.

Everyone Would Benefit

Students: Better prepared for college, careers, life … with higher earnings, lower incarceration rates, better health, and more voting and volunteering.

Teachers: More say on instruction, more opportunities to start their own schools, and potential higher pay.

Principals: Much less red tape and the freedom to lead their schools.

Parents: Many more quality school choices.

All Citizens: Stronger community, higher property values, and more taxpayer accountability.
Mayoral Accountability: The Best Way Forward

The status quo won’t get us there. Urban school boards nationwide are struggling to govern well. For decades, many IPS boards have promised reforms but have not delivered.

It’s not the people. It’s the broken system that makes it nearly impossible to execute the bold transformation we need.

To make strong leadership possible, our best hope is to make the Indianapolis Mayor accountable for public education in IPS. We propose a new board with five members, three appointed by the mayor and two by the City-County Council. Other cities using this approach have seen many advantages:

❋ A single point of accountability for schools;
❋ Reduced influence of narrow special interests;
❋ More funding for instruction, less for general administration and debt; and
❋ Coordinated city services to support students and families.

Mayoral accountability is not perfect. No governance system is. But it’s much better than the alternatives: perpetuating a failed status quo with the current school board or a total state takeover.

Why We Will Succeed

Indianapolis is as well positioned as any city in the country to implement this bold vision. First and foremost, we have a remarkable legacy of civic engagement, community pride, and transformational accomplishments. With groups such as Teach For America, The New Teacher Project’s Indianapolis Teaching Fellows, the Woodrow Wilson Fellowship, and Teach Plus in place, we have access to a new generation of top teaching talent and school leadership. With The Mind Trust’s Education Entrepreneur Fellowship and Charter School Incubator, we are attracting the next generation of education innovators and best-in-class public charter school networks.

Now the challenge — and opportunity — is even greater: creating great schools in every single neighborhood. Given all of our assets, there’s no reason why IPS cannot become a national model of educational excellence.

It’s time for our community to engage in a serious conversation about creating the conditions inside IPS that will allow talented teachers and school leaders to thrive. We are confident this plan provides a blueprint. We look forward to the discussion.
CHAPTER 1
THE CASE FOR DRAMATIC CHANGE
Indianapolis Public Schools (IPS) is broken — with catastrophic results for students.

Only 45% of IPS students meet state standards on the English language arts and math portions of ISTEP+.

Only 58% of students graduate on time.

Six of the seven most chronically failing schools in the state are in IPS.

Indianapolis has made huge investments in IPS and the district has rolled out multiple reforms in the past few decades. Yet our kids are still stuck in a system that produces abysmal results.

IPS has made some recent progress in the past few years, but it still has not come close to meeting its 2010 goals. Even if IPS could sustain this progress, it would take many years — and in some cases decades — for the district to reach those benchmarks.

It would be one thing if it were impossible to deliver excellent education to urban, high-poverty students. But a growing number of schools — in Indianapolis and around the country — are achieving remarkable success with students just like ours.
The urgent need to improve public education in IPS is undeniable. IPS students lag behind their peers in Indianapolis and on state tests, with the gap large in 3rd grade and even larger in 8th grade. National studies reveal the district’s high school graduation rate to be among the lowest in the country. The most recent results on state tests show that the district is making insufficient progress; six of Indiana’s seven most chronically failing schools belong to IPS. Meanwhile, enrollment in IPS continues to decline as families seek alternatives in private and public charter schools and in surrounding townships.

Too Few Students Meet State Standards

Outcomes for IPS students remain dreadfully low. Only 45% of IPS students across all tested grades met basic state standards in both math and English language arts in 2011 on Indiana’s ISTEP+ test, compared to 72% of students statewide and 65% in Marion County. In other words, more than 18,000 IPS students currently do not meet the most basic expectations — let alone are prepared to succeed in college or careers.

This situation is hardly new. For the past decade, IPS’ pass rates in reading and math have hardly risen, and they often failed to outpace student gains across Marion County’s other districts and the state (see Figures 1-1 through 1-4). For example, although IPS’ pass rates on the English language arts (ELA) portion of the ISTEP+ have increased, pass rates have risen nearly twice as quickly across the state (12 percentage points vs. 7 percentage points). As a result, few of the gaps between student performance in IPS and other Marion County districts and the state have narrowed since 2002.

In addition, achievement gaps are greater in 8th grade than in 3rd grade, the first and last years students take the ISTEP+ in both subjects. In 2011, for example, the gap between IPS students and other students statewide on the ELA portion of the ISTEP+ exam was 20 percentage points in 3rd grade, while in 8th grade, the gap was 29 percentage points (see Figure 1-5). Similarly, the 2011 performance gap between IPS students and students statewide on the math portion of the ISTEP+ was more than 5 percentage points larger in 8th grade than in 3rd (see Figure 1-6). These data suggest that IPS students fall farther behind as they progress through school.

Among students with special needs, student achievement is even more troubling. IPS enrolled more than 6,000 students with disabilities, representing 18% of the total school population in 2010–11. That same year, only 27% of students with disabilities were proficient in ELA across all tested grades. In math, only 37% of students with disabilities were proficient.

“Public education in the large urban areas in the United States has failed. This is a somewhat heretical thing for a schools Chancellor to say. But if we are not going to be candid, I don’t think we can take the kind of steps we need to make the necessary changes.”

— Joel Klein, Former New York City Schools Chancellor


1 Public Impact analysis of ISTEP+ data from 2002 to 2011. Indiana Department of Education. “ISTEP+ Spring 2011 Results.” Retrieved Sept. 1, 2011, from www.doe.in.gov/assessment/2011/. In all years, the difference in the pass rate between IPS and the rest of the state was larger for the highest grade than for the lowest grade for which ISTEP+ results are available. The gap increased by as many as 29 percentage points by 10th grade (math 2006 and 2007).


4 IPS enrolled 33,080 students in 2010–11. Indiana Department of Education. “Find School and Corporation Data Reports: Corporation Enrollment by Grade.” Available: www.doe.in.gov/data/reports.html

5 Indiana Department of Education. Special request, Nov. 3, 2011.

6 Public Impact analysis of Indiana Department of Education data. Results reported are from 2011 ISTEP+ data. Available: www.doe.in.gov/assessment/2011/index.html
IPS TRAILS MARION COUNTY AND STATE ...

FIGURE 1-1. ELA, 3RD GRADE
Pass rates on the ELA ISTEP+ exam, 2002–11

FIGURE 1-2. ELA, 8TH GRADE
Pass rates on the ELA ISTEP+ exam, 2002–11

FIGURE 1-3. MATH, 3RD GRADE
Pass rates on the Math ISTEP+ exam, 2002–11

FIGURE 1-4. MATH, 8TH GRADE
Pass rates on the Math ISTEP+ exam, 2002–11

... AND GAPS WIDEN IN HIGHER GRADES

FIGURE 1-5. ELA, 3RD AND 8TH GRADES
Pass rates on the ELA ISTEP+ exam, 2011

FIGURE 1-6. MATH, 3RD AND 8TH GRADES
Pass rates on the Math ISTEP+ exam, 2011

Too Few Students Graduate from High School

IPS’ high school graduation rates are unacceptable by any measure. A 2009 report from America’s Promise Alliance, a national advocacy and research organization headed by retired General Colin Powell, showed IPS had the lowest on-time graduation rate among central city school districts in the nation’s 50 largest cities.7

According to official Indiana Department of Education (IDOE) data, only 58% of IPS students in the class of 2010 graduated from high school within four years.8 In other words, more than four in 10 students who start 9th grade in IPS do not make it to graduation on time. IPS’ 58% rate compares to 85% for the state and 77% for Warren Township, the next-lowest performing Marion County school district (see Figure 1-7).9

It is true that IPS’ graduation rate has improved by 7.2 percentage points since 2006, when just 51% of students graduated on time. But this improvement has barely affected the massive gap between IPS and the state as a whole because the state’s overall graduation rate has been rising at a similar pace. In 2006, IPS’ rate was 26.2 percentage points below the state’s. In 2010, it was 25.6 percentage points below. In four years, IPS has closed its gap with the state by only three-fifths of a percentage point.

In an economy where a postsecondary degree is increasingly essential, many IPS students are likely to find themselves relegated to low-skilled, low-paying work.

Few Failing Schools Improve

An analysis of the state’s accountability system illustrates just how much more dire the situation in IPS may be than in any other Indiana school district. Public Law 221 (P.L. 221), which establishes Indiana’s accountability system for K-12 education, measures school results on three criteria:

- **Performance** — the percentage of all students who pass the state’s English and math ISTEP+ exams and English 10 and Algebra I end-of-course assessments (and alternative assessments).
- **Improvement** — improvement in the percentage of students passing the state exams over a three-year period.
- **Adequate yearly progress** — whether schools make adequate yearly progress under the federal No Child Left Behind Act. Schools that do not make adequate yearly progress in the same subject area or in the “other indicator,” such as attendance, for two consecutive years or more cannot receive more than a “C” under P.L. 221.

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7 Swanson, C. (2009).
8 As of this publication in December 2011, 2010–11 graduation figures were not available.
9 Indiana Department of Education. DOE Compass. Retrieved from http://compass.doe.in.gov/
Based on those criteria, the state places schools into one of five categories:

- A (Exemplary Progress)
- B (Commendable Progress)
- C (Academic Progress)
- D (Academic Watch – Priority)
- F (Academic Probation – High Priority)

The state began categorizing schools in 2005, and it revised its grading system in 2011, adding the “A” through “F” designations. The state did not issue designations in 2009.

IPS performance under P.L. 221

Although only about 3% of Indiana’s public schools are part of IPS, they make up a disproportionate number of the lowest-performing schools in the state. Since 2005, when the state first rated its schools under P.L. 221, the number of IPS schools receiving the state’s lowest rating — academic probation — has grown from 14 to 24. At least one-quarter of all IPS schools have been on probation every year, with approximately four in 10 schools on probation in 2011.10

Compared to the rest of the state, the percentage of schools on probation in IPS has also grown. In 2005, 15% of schools on probation in Indiana were located in IPS. In 2011, IPS operated 22% of schools on probation.

The concentration of persistently failing IPS schools is even higher. Most schools on probation are able to improve over time, yet the worst IPS schools remain on the list. Seven schools in the state have been on probation all six years that the grading system has been used; six of those schools are in IPS. And IPS’ share of persistently failing schools has steadily increased (see Figure 1-8). The data show that not only are a higher proportion of the failing schools located in IPS but that IPS schools are more likely to remain persistently low-performing compared to schools in other parts of the state.

Most schools on probation are able to improve over time, yet the worst IPS schools remain on the list. Seven schools in the state have been on probation all six years that the grading system has been used; six of those schools are in IPS. And IPS’ share of persistently failing schools has steadily increased.

FIGURE 1-8. 96% OF STATE’S CHRONICALLY FAILING SCHOOLS ARE IN IPS
Percentage of schools chronically on probation located in IPS vs. the rest of Indiana, 2005–11

![Graph showing percentage of chronically failing schools in IPS and the rest of Indiana from 2005 to 2011.]

Note: The state did not issue designations in 2009.

Source: Indiana Department of Education. “P.L. 221 Category Placement List (sorted by school).” Available www.doe.in.gov/pl221/
Failure to Meet the Needs of Parents and Families

Meanwhile, as the district has struggled to make progress on student outcomes, Indianapolis parents have been voting with their feet. District enrollment has been declining for more than three decades, dropping from a high of more than 108,000 in 1967–68 to just over 33,000 in 2010–11. While multiple factors account for this decline, district performance is a central factor. Just in the past 10 years, IPS enrollment in the district declined 20% (see Figure 1–9). Over the same period, enrollment in other Marion County districts increased by 12%, in large part due to the movement of IPS families to surrounding townships. In 2011, nearly 300 additional students left the district, raising serious concerns about the long-term financial sustainability of IPS.

Enrollment in the city’s public charter schools grew to more than 9,000 students by 2011, with approximately 5,000 coming from IPS. The steep rise in charter enrollment serves as yet another example of parents’ demand for higher-quality public school options.

As the number of students enrolled in IPS has declined, the proportion of disadvantaged students in IPS has increased. The share of students qualifying for the federal free or reduced-price lunch program rose from 77% in 2002 to 81% in 2011. Racial and ethnic minorities now make up 77% of the student population, up from 63% a decade ago. And the proportion of students with limited English proficiency has almost doubled from 6% in 2002 to more than 11% of the district’s enrollment today. Given the strong influence of poverty on students’ academic achievement, these changes have increased the challenge of improving student outcomes in IPS.

12 Ibid.
13 Ibid.
   1. Find the proportion of all public charter students residing in the IPS boundaries in 2008–09, the most recent year for which those data are available. Source: Special request to City of Indianapolis, Office of Education Innovation.
17 Indiana Department of Education. “Find School and Corporation Data Reports: School Enrollment by Special Education & English Language Learners.” Retrieved from www.doe.in.gov/data/reports.html
Failure to Focus Resources Effectively

These discouraging results are not for lack of investment. Per-pupil spending in IPS has grown by 61% in inflation-adjusted dollars since 1988 (see Figure 1-10).

But pouring more money into the school system without a coherent strategy for how to use those dollars to drive improvements has not produced measurable progress. A 2011 study by the Center for American Progress found that IPS had one of the lowest productivity rates in the state, generally defined as results achieved per dollar spent. A comparison of IPS’ central office to the rest of the county and state illustrates part of the problem—a bloated bureaucracy. IPS has almost four times as many administrators per 1,000 students than the average of other districts in Marion County, and it has nearly twice as many as the average district in the state (see Figure 1-11).

In spring 2011, the IPS School Board approved a budget that reduces the number of central office administrators. This reduction is not reflected in the comparative data cited above, since new national data have not been updated. But based on our analysis of other districts, it is unlikely that IPS’ comparative rank has changed significantly. In fact, from 2008-09 to 2009-10, all but three districts in Marion County decreased their central office relative to student enrollment, most by a larger amount than IPS.

In November 2011, IPS mentioned that it may reduce the size of the central office, but no plans have yet been offered publically.

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CHAPTER 2

CREATING THE CONDITIONS FOR SUCCESS
IN THIS CHAPTER:

- Great schools share a set of core conditions that enable them to help all students achieve.
- Schools have the freedom to build and manage their own teams, create their own culture, and empower teachers to innovate in the classroom.
- Schools prioritize resources and are held accountable for achieving strong results.
- As schools of choice, they empower parents and therefore have to effectively meet families’ needs to stay open.
- But Indianapolis Public Schools (IPS) doesn’t create these conditions for its schools:
  - Only 41 cents of every dollar goes to school budgets; the remainder is controlled by a large central administration.
  - Most principals have little say over who is on their team.
  - Most teachers are fed a top-down, standardized curriculum ... and a rigid formula decides how much they’re paid.
  - Most students are stuck going to poor-performing neighborhood schools, with few high-quality transfer options and long waiting lists for successful magnet schools.
  - Most young children do not have affordable access to quality prekindergarten programs.
The previous chapter underscores the urgency of our challenge. IPS students deserve dramatically better public schools.

In light of the evidence, The Mind Trust and the Indiana Department of Education, a major funder of this report, agreed that this study should focus on IPS. Our purpose, however, is not to dwell on the system’s record of failure. Instead, our task is to look to the future, to outline a fresh approach for achieving dramatically better results for students across IPS.

There is an emerging consensus among educators and researchers that several conditions are necessary for “effective” schools to thrive. Scores of studies on school success, some focused on specific districts and schools, others on multiple districts, have been conducted in the past few decades. Many of them date back to the pioneering work of Harvard researcher Ron Edmonds, who more than 30 years ago began building a research base demonstrating that children from low-income households can indeed learn at high levels, and that “effective schools” make a critical difference in their life success. Since then, scores of research papers and journalistic accounts have confirmed the wisdom of Edmonds’ observations.

The existence of these conditions does not guarantee excellence. But when one examines the schools, school districts, school networks, and communities that have made and sustained the most educational progress over the past decade, these conditions are universally present. They are the common denominators.

First, school leaders should have the ability to establish a clear, focused mission.

Instead of trying to be “all things to all people,” highly successful schools tend to be those that focus on providing a particular mode of instruction (e.g., schools with an emphasis on the “basics”; experiential-learning schools; Montessori schools; schools with themes such as technology, science and math, or the arts; or credit recovery programs). One study of 100 public charter schools, for example, highlighted the paramount importance of a “unique mission aligned with [the school’s] philosophy and values” that guides the school’s decisions and fosters “distinctiveness, coherence, and focus.” In high-performing schools, everyone — the governing board, the staff, families, and students — understands the school’s unique mission and is relentlessly committed to implementing it.

Having everyone on board with the mission is the essential first step.

The structure of the IPS School Board, however, makes such coherence difficult, if not impossible. As in other urban communities, the IPS board is made up of individuals, each with his or her own priorities, values, and constituencies. And IPS board members are subject to shifting political fortunes, policy constraints imposed by the state and the federal

<table>
<thead>
<tr>
<th>Failed Change Has Been the One Constant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992: “IPS Chief Outlines Big Changes” — The Indianapolis Star</td>
</tr>
<tr>
<td>1993: “This is the real tragedy. No one is accountable. Teachers, administrators, parents, and students must become more responsible for achieving quality in our schools.” — 1993 report from the Indianapolis Adult Literacy Program on IPS</td>
</tr>
<tr>
<td>1995: “I believe the district is in crisis. This crisis deals with financial resources. It deals with accountability. And it deals with community perceptions.” — IPS Superintendent Esperanza Zendejas</td>
</tr>
<tr>
<td>2002: “It’s time for IPS to try some radically different approaches in its high schools.” — The Indianapolis Star</td>
</tr>
<tr>
<td>2005: Superintendent White announces: “We’re going to change the entire culture of Indianapolis Public Schools. We have to change the way people think about the district and the way children are educated. No one will be apologizing for public schools in Indianapolis.” — The Indianapolis Star</td>
</tr>
<tr>
<td>2011: “Indianapolis Public Schools’ ISTEP results are atrocious again this year despite everything the district, this community and the state have done to try to help thousands of students who are failing to master basic skills in English and math.” — The Indianapolis Star</td>
</tr>
<tr>
<td>2011: “The virtual absence of public discussion and discourse from the policy making body of Indiana’s largest school system is a gross embarrassment.” — Indianapolis Recorder columnist Amos Brown</td>
</tr>
</tbody>
</table>

For more on the history of reform in IPS, see Appendix B.

22 For summaries of the extensive research on what distinguishes “effective schools” and for more journalistic accounts of what makes these successful schools different, see Appendix A for a list of resources.
Second, school leaders should have the authority to build a team of capable, committed educators and decide how to use time and other resources.

Teams of educators. Highly effective schools maintain focus by building teams of educators dedicated to the school’s success. In a recent study of high-performing schools across five different states, all principals identified the ability to select members of their staff as a key autonomy that leads to strong student achievement.24

Principal must have the authority to pick teachers because excellent teachers are the most important contributor to student outcomes in schools. Researchers such as Jonah Rockoff of Columbia University and Thomas Kane of Harvard University conclude that students taught by the top quartile of teachers make dramatically more learning progress than students taught by bottom-quartile teachers.25 Researchers from The Brookings Institution report that “having a top-quartile teacher rather than a bottom-quartile teacher four years in a row would be enough to close the black-white test score gap.”26 Placing an excellent teacher in each classroom is a key objective of principals in successful schools, and they can only do that with the authority to decide whom to hire — and keep.

Principals also should have the tools to regularly monitor and evaluate their staff’s performance, provide support where needed, reward those who are getting great results with their students, and dismiss those who are not. New Indiana laws (Senate Bills 1 and 575) have helped pave the way to more strongly link teacher performance with pay and dismissal and to free districts from some of the constraints typically imposed by collective bargaining agreements (see Figure 2-1). Whether and how school leaders take advantage of these new freedoms has yet to be seen, but these policy reforms are a significant step in the right direction.


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**FIGURE 2-1. S.B. 1 AND S.B. 575 PROVIDE ADDITIONAL FLEXIBILITY**

<table>
<thead>
<tr>
<th>SENATE BILL 1</th>
<th>SENATE BILL 575</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENACTED 2011</strong></td>
<td><strong>ENACTED 2011</strong></td>
</tr>
<tr>
<td>NEW TEACHER</td>
<td>CHANGES TO INDIANA’S TEACHER</td>
</tr>
<tr>
<td>EVALUATION POLICIES</td>
<td>COLLECTIVE BARGAINING LAW</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Creates an annual performance evaluation that rates teachers highly effective, effective, improvement necessary, or ineffective.</td>
<td>Grants teachers collective bargaining rights for wages and fringe benefits only.</td>
</tr>
<tr>
<td>Specifies that a teacher rated ineffective or improvement necessary may not receive a raise the following year.</td>
<td>Removes the following topics from collective bargaining: class sizes, school calendar, dismissal procedures and criteria, teacher evaluation, restructuring options in the case that the school fails to meet federal or state accountability standards, or contracting dual-credit or postsecondary-credit courses for students.</td>
</tr>
<tr>
<td>Includes student growth and performance as a factor in teacher pay, along with tenure and academic degrees.</td>
<td>The length of the school day and year are now only part of individual teacher contracts, not collective bargaining agreements.</td>
</tr>
<tr>
<td>Requires parental approval before a student can be placed in a classroom with teachers rated ineffective two years straight.</td>
<td>Gives the board power to fire teachers, revoke licenses, and suspend teachers without pay pending cancellation of contracts.</td>
</tr>
<tr>
<td>Requires parental approval before a student can be placed in a classroom with teachers rated ineffective two years straight.</td>
<td>Allows the use of temporary teacher contracts to fill positions funded by outside grants.</td>
</tr>
<tr>
<td>Requires parental approval before a student can be placed in a classroom with teachers rated ineffective two years straight.</td>
<td>Limits the duration of a collective bargaining agreement to the end of the state budget biennium.</td>
</tr>
</tbody>
</table>

School leaders also need to be able to create a school culture that reinforces their educational mission; that’s nearly impossible if leaders cannot assemble a team of teachers and other staff highly committed to that mission. Following a recent extensive study of best practices in six urban districts, Education Resource Strategies recommended that districts “give school leaders the professional development, tools, support, and authority they need to organize all their people, time, and money in ways aligned with their school’s instructional vision for meeting student needs.”

**Time and other resources.** How time is used also matters. Researchers from Stanford University, the University of Pennsylvania, and the National Bureau of Economic Research found a longer school year and more English instruction time have positive association with student achievement. Nine “Leading Edge” urban high schools studied by Education Resource Strategies outperformed most high schools in their districts by embracing such practices as:

- Clearly defining an instructional model that reflects the school’s vision, learning goals, and student population and making tough trade-offs that prioritized use of people, time, and money to support that vision.
- Devoting an average of 233 equivalent days more over a four-year high school period to core academics than traditional district schools, primarily by strengthening core academic expectations and individual and small group academic support.
- Building a school schedule that strategically advances the school’s instructional model and addresses student needs.

These findings underscore the need for successful principals to be able to create unique instructional programs, including how they organize the school day. Perhaps double doses of reading or math instruction will help struggling students. Perhaps a longer school day or year is needed or weekend tutoring academies. As long as students are on track to meet state standards, school leaders and their teams should have that kind of flexibility.

And school leaders need to be able to control resources with a minimum of bureaucratic red tape. They need the flexibility to pay more for great master teachers ... or hire extra tutors or expand art programs ... or create partnerships with social service agencies — whatever it takes to improve student achievement. At IPS, however, restrictive policies significantly limit principals’ autonomy in selecting staff, shaping school culture, and using resources. The centralized human resources department is seen by many principals as an impediment. In a survey administered by the national nonprofit The New Teacher Project (TNTP), during the 2008–09 school year, 77% of IPS school principals said the system’s red tape and delayed hiring timeline had cost them their first choice hires. Fifty-nine percent also said that teacher placements by human resources prevented them from hiring more qualified teachers to fill

vacancies. “When school staffing decisions are not based upon an interview and selection process,” the study states, “schools miss out on filling vacancies with high-quality teacher candidates, especially in high-need schools.”

A 2010 audit of IPS by Cambridge Education Associates found that “principals do not have enough autonomy to make [human resource] decisions about their teacher workforce.”

A separate 2010 report by Teach Plus, an organization with a cohort of excellent early career Indianapolis teachers (mostly from IPS), found high teacher attrition and noncompetitive pay in IPS, suggesting that many IPS principals have been unable to build and keep high-quality staffs.

According to the Teach Plus study, teacher salaries are higher than IPS’ at almost every level of experience in every school corporation in Marion County that surrounds IPS.

Too often seniority has trumped excellence. In TNTP’s 2009 report, nearly 50% of principals said they “frequently” lost and 73% said they have “sometimes” lost teachers they would like to keep because of involuntary transfers that allow senior teachers to bump others.

More than one-third of IPS teachers have been placed in their jobs without even having had an interview. And there is minimal accountability for results; despite the staggeringly low performance of IPS students, only 20% of IPS teachers surveyed by TNTP said they had received “unsatisfactory” or “needs improvement” evaluations.

IPS has taken some steps to address problems such as these, notably partnering with TNTP and Teach For America to source high-quality new teachers (see sidebar, this page). But the partnerships remain limited in scope. New contract provisions developed by Teach Plus, the teacher’s union, and the district have improved some policies but in a limited fashion, protecting some effective early career teachers from layoffs but leaving overall seniority systems intact.

In an exchange reported by Matthew Tully of The Indianapolis Star, Superintendent White estimated that 60% of teachers in several IPS high schools were ineffective. But IPS administrators told Tully it would take three to five years before they can seriously address the issue — meaning hundreds of IPS students may be subject to underperforming teachers.

Tellingly, in 1995 the state legislature gave the IPS School Board much of the flexibility needed to transform its staffing practices. But the board never took advantage of the flexibility through its repeal in 2001. As The Indianapolis Star reported in 2001, board members were unable to agree even about whether they thought the flexibility was good policy, much less about how to act on it.
Third, parents and families should have true choice.

All parents should have the opportunity to choose the school that best meets their children’s needs. No student should get assigned to one school without having other options. In systems where families have school choice, schools have to compete to attract students. The force of competition gives schools the incentive to provide parents with in-depth information about the kind of institutions they are, including their instructional focus, their approach to discipline and safety, the quality of their teachers and support staff, their commitment to families, and their community partnerships. Armed with timely and relevant information, families then decide which school will best meet their children’s needs. “Many middle-class families have plenty of choice (even beyond private schools): they can move to another neighborhood, or are well-connected enough to navigate the system,” wrote former chancellor of New York City Public Schools Joel Klein in the June 2011 issue of The Atlantic. “Those families who are least powerful, however, usually get one choice: their neighborhood school. That has to change.”

Just like staff buy-in, student and parent buy-in are essential in building a culture of achievement. A system driven by parent choice will create more diverse options to appeal to students’ varying interests and needs. Schools that fail to attract enough students should go “out of business,” and deservedly so. Beyond public charter schools, studies have found that when families have more choices — among school districts or between public and private options — public school students do better. Stanford University economist Caroline Hoxby, who has done extensive research on the implications of school choice on the quality of schools, found that in cities with more choice among school districts or between public and private schools, the public schools produce higher student learning results. What’s more, parents who have greater choice tend to be more involved in their children’s schooling.

Today, Indianapolis parents have limited choice among IPS magnets and public charters and far too few high-quality options. Parents have made it clear they want more — and better — choices. Indianapolis public charter schools enrolled more than 9,200 students in 2010–11, a sizable jump from the first year (2002–03), when 551 students enrolled. But it’s not nearly enough to meet parental demand; this fall more than 2,000 students were stranded on a charter school waiting list. IPS does offer 48 magnet programs in 19 schools, with 12,448 seats for 2011–12.

Sources:

42 Indianapolis Public Schools website. Available: www.magnet.ips.k12.in.us/index.php?id=3273. Overall number of magnet school seats and overall waiting list figure provided by IPS Office of Student Enrollment on Nov. 4, 2011.
In some cases, the number of slots is not enough to meet the demand, with 1,064 on waiting lists according to the latest figures. Many of those on the waiting lists are trying to win access to just a small number of high-performing schools, however. According to the Urban Times, nearly 300 students, about one-third of all students on a magnet waiting list, are trying to enroll in one of Center for Inquiry’s three campuses. The bottom line: A substantial majority of students in the IPS district continue to attend a neighborhood school which may or may not offer an instructional program that meets a given student’s needs.

Fourth, funding should follow students.

In a high-performing system of schools, most of the money ends up in classrooms, where teaching and learning occur, instead of staffing a central bureaucracy. Further, in a well-designed student-funding system, the money follows the student to the school that the student’s family selects. Plus, some students (such as those with disabilities or those learning English) receive additional resources to support their learning.

A six-year Center on Reinventing Public Education study on school finance funded by the Bill & Melinda Gates Foundation concluded that school finance systems must “fund students, not programs or adults” and “account for use of funds down to the school, classroom, and student.” In another study, Marguerite Roza, a research associate professor at the University of Washington, asserted that funding must be available to principals in “dollars, not district-bought resources, on a per-pupil basis.” That way, principals have the freedom to make decisions that meet the needs of their students.

IPS, however, has a very different approach to funding. According to proposed 2012 budget figures, only about 41% of funding will go to schools, much of it available only for specific uses (see Figure 2-3). Schools will receive an average of about $6,600 of the approximately $16,200 IPS will spend on behalf of each student in 2012–13. Plus, school leaders must spend the vast majority of this funding on salaries, over which they have little or no control because a rigid, districtwide salary schedule determines each staff member’s pay. A school leader who wanted to pay excellent teachers substantially more to keep them in the classroom would not be allowed to do so.

IPS spends the remaining $9,600 per pupil in two areas: services for schools (which schools might or might not choose to receive from the district if they had options); and shared costs, including administration, debt service, and retirement benefits (see Chapter 3 for details).

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46 Public Impact analysis of IPS budget data. See Appendix H for details.
Fifth, there should be rigorous accountability for results.

For high-performing schools, the flip side of flexibility is accountability for results. High-performing schools tend to be accountable to multiple parties: to families, who can choose to leave the school, taking student funding with them, and to their governing boards or their oversight agency, such as a charter school authorizer. As a result, these schools’ continued existence depends heavily on student performance. This focused accountability energizes school leaders and staff and drives the hard work and commitment necessary to achieve stellar results. Funded by the U.S. Department of Education, the Center for Reform of School Systems convened a panel of experts that included superintendents, a counselor to the U.S. Secretary of Education, and leading professors from Harvard and Vanderbilt universities. The panel designed four principles for successful district accountability:

- District accountability systems must empower schools but also provide strong capacity for excellence.
- Student achievement must be the dominant measure of school performance.
- All functional units — principals, teachers, and central office staff — must be held accountable for results.
- Accountability must mean both positive and negative consequences for everyone in the system.47

By contrast, there is little accountability within IPS today. Excellence is not rewarded and failure has been tolerated for years. “Academic probation” is the lowest of the state’s five performance ratings categories. IPS has only about 3% of the state’s schools, but 22% of the schools on probation. Since 2005, when the state began this grading system, the number of IPS schools on probation has grown from 14 to 24. And in any given year, between 25% and 40% of IPS schools have been on probation (see Figure 2-4). Many of these schools have been failing their students for years. But only this year did the state announce it was intervening in six schools, including taking over four. Meanwhile, another generation of students has fallen further behind.48

State law grants local school districts such as IPS significant powers to intervene in schools on academic probation.49 The fact that the state has had to act is clear evidence that IPS itself has not used these powers to make a difference for students trapped in these failing schools. The essence of accountability is setting clear expectations,

49 According to Indiana Code 20-25-15-3, state law grants IPS significant powers in the case that a school is on academic probation. The law states that “[i]f a school is placed in academic receivership, the superintendent and the board must take action to raise the school’s level of performance.” Such actions include changing or removing the principal, teachers, administrators, or other staff; establishing a new educational plan for the school; contracting with external organizations to manage the school; and closing the school. Indiana Code Title 20, Article 25, Chapter 15, Section 3. Available: www.in.gov/legislative/ic/code/title20/ar25/ch15.html
measuring results, and then taking action based on those results. On this score, the IPS School Board has failed to hold the system and its leaders accountable, as the citizens need it to do. The school board agreed on a set of performance goals for 2005–10, but still hasn’t come close to meeting them six years later (see Figure 2-5).

IPS has made some progress in the past few years, but it still has not come close to meeting its 2010 goals (see Figure 2-5). Even if IPS could sustain this progress, it would take many years — and in some cases decades — for the district to reach those benchmarks.

### Sixth, every child should have the best possible start in school.

Numerous studies have shown that high-quality preschool and prekindergarten can help boost a child’s learning for the rest of his or her life. For example, Chicago children who attended a prekindergarten program were 29% more likely to graduate high school than peers who did not; conversely, Chicago children who did not attend prekindergarten were 70% more likely to be arrested for a violent crime. Nationally, every $1 invested in high-quality prekindergarten saves taxpayers up to $7 in reduced costs for remedial and special education, welfare, and related costs.

Research by Nobel Prize-winning University of Chicago economist James Heckman shows that the public receives $48,000 in benefits for each at-risk child who enrolls in even a half day of public preschool. Numerous researchers, including Heckman, also conclude that students who attend high-quality prekindergarten programs are less likely to drop out of school or repeat grades, and they are more likely to enroll in college.

Today, however, IPS does not prioritize early learning opportunities for its students. More than 3,000 prekindergarten-age children live within the district boundaries of IPS. Data are not available for Indianapolis student enrollment in high-quality prekindergarten programs, but we know from statewide data that there is an acute need for more high-quality programs. According to the Indiana Department of Education’s Roundtable website, in 2000, 62% of Indiana families with children under the age of 6 had both parents in the workforce. Yet in 2002, there were more than 12,000 children on the waiting list for child care subsidies. According to the National Institute for Early Education Research of Agricultural Economics, H. J. Eckman, J. J. (2010). Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy. Available: www.huckmanoequation.org
51 Pre-K Now. “The Benefits of High-Quality Pre-K.”
53 Estimate assumes there are about as many prekindergarten students as there are kindergarten students enrolled in IPS. Indiana Department of Education. “Find School and Corporation Data Reports: Corporation Enrollment by Grade Level.” Available: www.doe.in.gov/data/reports.html

### IPS IS MAKING PROGRESS, BUT STILL FALLS WELL SHORT OF ITS GOALS AND STATE AVERAGE

Percentage of students meeting goals

<table>
<thead>
<tr>
<th>METRIC</th>
<th>JURISDICTION</th>
<th>STARTING BENCHMARK</th>
<th>2009–10 GOAL</th>
<th>2010–11 RESULT</th>
<th>ADDITIONAL YEARS NEEDED TO REACH 2009–10 GOAL AT CURRENT RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation rates</td>
<td>IPS</td>
<td>51%*</td>
<td>95%</td>
<td>58%**</td>
<td>21.1</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>77%*</td>
<td>—</td>
<td>85%**</td>
<td></td>
</tr>
<tr>
<td>Academic honors diploma (% of grads)</td>
<td>IPS</td>
<td>10%</td>
<td>25%</td>
<td>12%**</td>
<td>32.5</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>31%</td>
<td>—</td>
<td>31%**</td>
<td></td>
</tr>
<tr>
<td>Language arts ISTEP+ pass rates</td>
<td>IPS</td>
<td>47%</td>
<td>73%</td>
<td>56%</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>71%</td>
<td>—</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>Math ISTEP+ pass rates</td>
<td>IPS</td>
<td>47%</td>
<td>72%</td>
<td>58%</td>
<td>7.6</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>72%</td>
<td>—</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

*Graduation rates not available for 2004–05, so table uses 2005–06 graduation rates instead.
**2010–11 graduation rates and distribution of diploma types not available, so table uses 2009–10 data instead.
***Years needed to reach 2009–10 goal at current rate calculated by dividing the difference between 2010–11 results and 2009–10 goals by how much IPS improved in the six years from 2004–05 to 2010–11 (four years in the case of graduation rates and five years in the case of academic honors diploma).

Note: In some instances, 2004–05 data in the 2005–10 strategic report did not match state records, likely due to adjustments at the district. In those instances, we used the state data.


[54] Estimate assumes there are about as many prekindergarten students as there are kindergarten students enrolled in IPS. Indiana Department of Education. “Find School and Corporation Data Reports: Corporation Enrollment by Grade Level.” Available: www.doe.in.gov/data/reports.html

FIGURE 2-5. IPS IS MAKING PROGRESS, BUT STILL FALLS WELL SHORT OF ITS GOALS AND STATE AVERAGE
Research, Indiana was one of only 10 states that did not fund any prekindergarten programs in 2010. That’s a missed opportunity, which could be rectified by shifting funds controlled by the central office to subsidize districtwide prekindergarten programs.

The Evidence

These six principles not only make common sense, they are based on empirical research of what has worked in high-need urban school districts (see Appendix I). A growing number of traditional and public charter schools that operate under these principles are beating the odds and successfully preparing most of their students for college and careers. Models include some Indianapolis public charter and traditional public schools; charter school networks such as Knowledge Is Power Program (KIPP), YES Prep, and Achievement First; and school systems such as New Orleans and New York City. Many have made encouraging progress in the past several years, even as they acknowledge they still have far to go.

Successful local schools

Here in Indianapolis, a handful of quality IPS schools are helping low-income students to achieve:

- More than 70% of students who qualified for free or reduced-price lunch at IPS Ernie Pyle School and IPS magnet schools Center for Inquiry (CFI) and Center for Inquiry II were proficient in math and reading on 2011 state tests. CFI was named a Magnet School of Excellence by Magnet Schools of America for the last two years (see sidebar, this page, for details).

- At the Charles A. Tindley Accelerated School, a public charter school with 422 students, 100% of its first three graduating classes have been accepted to college and more than 85% are earning bachelor’s degrees (see sidebar, this page, and Figure 4-6.).

- At Herron High School, a public charter school near downtown Indianapolis, 90% of students graduate and 100% of graduates are admitted to college. After only a few years of operation, Herron High School was named by both Newsweek and The Washington Post as one of the nation’s top high schools.

- At IPS Merle Sidener Gifted Academy — a selective admissions school — 96% of poor students were proficient in 2011.

The Center for Inquiry (CFI) is an IPS magnet school serving K–8 students at three locations. There are no academic criteria for admission, but students must apply and are selected by lottery. Between 35% and 64% are low-income, depending on the campus. The school, which is built around student-led intellectual discovery, grew out of an exchange program for literature teachers funded in 1990 by a grant from Lilly Endowment. In 1993, the teachers founded a school-within-a-school that used experiential learning to teach 100 kindergarten through 5th grade students. CFI moved into its own building in 2000 and has since expanded to three schools, two of which are K–8 and one of which is K–5. The schools have received international Baccalaureate designation for their thoughtful and intellectually rigorous curricula designed to help children become informed, compassionate citizens of the world; the school has also won several education awards.

CFI operates with limited public charter-like conditions: teachers have a flexible contract; the curriculum is customized; and the school's leader has gained the authority to operate with more autonomy than usual. Because it is a magnet school, families choose to attend. This makes the school more accountable for student achievement.

CFI’s unique instructional approach has produced strong academic results. More than 80% of students at CFI’s first campus passed both the ELA and math portions of the ISTEP+ in 2011 while 87% of students at CFI II did so. Pass rates at CFI’s first campus also have exceeded the state average for the last eight years.

Charles A. Tindley Accelerated School is an Indianapolis public charter school that offers a college-preparatory curriculum to ensure every student attends college. Tindley opened in 2004 and serves 422 students in grades 6 through 12. Ninety-seven percent are black; 63% are low-income. The school has a strict code of conduct and requires all students to wear uniforms. All families must sign a covenant pledging that students will attend class, follow rules, and complete their work and that parents will support students’ learning. Parents report that school staff are focused, helpful, and committed to helping their students excel.

Tindley’s formula is working. The school serves a much higher percentage of low-income students than the state, yet the school has earned accolades from the U.S. Department of Education, is in the top quarter of schools in Indiana, and had the highest state test scores of any secondary school in Marion County in 2008–09. Every student in Tindley’s first three graduating classes was accepted to at least one college; more than 85% of alumni are earning bachelor’s degrees.


Some may argue that students at these schools have performed so well because their parents are more motivated than most, as demonstrated by their willingness to send their children to a school of choice. The only way to ensure that every parent has the opportunity — and motivation — to choose the school that best meets the needs of his or her child is to create a system in which every family has the opportunity to choose from among the district’s schools, even if that choice is to remain in the child’s current school.

These schools are doing so many things right. Their outstanding students prove it. But imagine if:

- Their talented leaders and teachers enjoyed even more autonomy.
- The public charters could operate in existing school buildings that taxpayers have already paid for, rather than diverting precious time and resources to finding and paying for separate buildings.
- These schools received greater funding for each student enrolled and could channel these resources to pay teachers more, extend the school day, or invest in innovative programs.

And imagine a network of schools like these, each offering a unique program but all meeting high standards and preparing their students to succeed in the real world. A CFI or Tindley in every neighborhood, for every IPS student. Why not? Nationally, some successful networks already have emerged.

Nationally, some large public charter school networks show promise

Nationwide, several public charter schools have not only achieved dramatic results with low-income students but also have replicated their rigorous approach across large networks of outstanding schools. These successful networks offer scalable models of excellence for Indianapolis and beyond.

- **KIPP** operates 102 schools in 20 states and Washington, DC, serving 32,000 students, 85% of whom qualify for free or reduced-price lunch and 95% are black or Hispanic. By 8th grade, 98% of KIPP classes outperform their district peers in reading and 90% of classes do so in math.\(^6\) Although proficiency rates at KIPP’s Indianapolis campus were about the same as the district’s, the percentage of students proficient in math and ELA improved by more than 10 percentage points from 2010 to 2011, among the highest growth of any charter or traditional public schools in IPS.\(^6\)

- Ten **YES Prep** charter campuses operate in Houston, where the vast majority of students are from low-income households and of color. Yet 96% of YES Prep students were proficient on state subject exams, and 90% graduated high school, compared to 81% statewide and 70% in Houston Independent School District (see Figure 2-7).\(^6\)

- **Achievement First (AF)** operates 19 schools in Connecticut and New York. Across the schools, the average student population is 98% black or Hispanic, and 76% receives free or reduced-price lunch. In Connecticut, more than twice as many AF students were proficient on the state exam

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in math, reading, and writing as their local peers. Elementary and high school students also outperformed the state average by more than 10 percentage points.64 Likewise in New York, AF students outperformed local peers, while AF elementary students outperformed their state peers.

To be sure, not all charter schools are achieving at these levels.65 But by understanding what works for high-performing schools, Indianapolis can create similar opportunities for its children.

Meanwhile, a recent analysis by the Center for Research on Education Outcomes at Stanford University (see Appendix D) found that across both Indiana and Indianapolis, public charter school students outperformed their peers in traditional public schools in both reading and math. The greatest gains occurred in the first two years of the student’s enrollment. On average, more than 40% of charters performed significantly better in reading than traditional public schools enrolling matched students, while more than one-quarter performed significantly better in math.66 However, it is worth noting that charters get these results even though they operate at a significant disadvantage. Consider how much more successful the high-performing charters could be once these inequities are addressed:

- **Funding:** In a national study of public charter school funding, for the 2006–07 year, Indianapolis public charter schools received substantially less funding than district schools.67

- **Facilities:** Indiana provides very little support through grant or loan funding programs for public charter school facilities. Because charters do not have access to existing district facilities, school leaders therefore must often divert considerable resources — finances, time, and attention — to build new facilities or renovate old ones.68

- **Incubation:** IPS has no concerted, ongoing, and well-funded effort to invite the city’s or country’s top talent to incubate new schools in the district or recruit successful national school models.69 This is a stark contrast from districts in cities such as New York or New Orleans, which have both engaged in intensive, well-funded efforts to incubate new schools (mostly public charter schools) through partnerships with external organizations. Such investment has great results (for details, see Appendix 1).

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64 Achievement First. “Achievement First Results.” Available: www.achievementfirst.org/results/across-achievement-first/

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### Indianapolis’ Mayoral-Sponsored Charter Schools

Although their performance is mixed, the 23 Mayor-Sponsored Charter Schools (MSCS) are generally outperforming and outgaining their IPS counterparts.9 One MSCS received an “A” in the state’s accountability system, as many schools as earned an “A” in all of IPS, although there are nearly three times as many IPS schools. Herron High School, a public charter school, had the highest pass rate in Marion County for English 10 on the 2010–11 end-of-course assessment.2

While accounting for less than 8% of the more than 170 public schools in Marion County with ISTEP+ data in 2010 and 2011, MSCS accounted for four of the top 10 (40%) schools in the county in growth on the math ISTEP+ and three of the top 10 (30%) schools in the county in growth on the ELA ISTEP+.3

#### Average Improvement in ISTEP+ Pass Rates, 2009–10 to 2010–11

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#### ISTEP+ Passing Rates

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New Orleans and New York City districts offer hope

Innovative public school systems, notably New Orleans’ and New York City’s, have embraced key strategies that mirror our proposed approaches and have succeeded as a result.

Since Hurricane Katrina in 2005, New Orleans has rebuilt its school system from the bottom up, relying on autonomy and choice as fundamental drivers of reform (see Appendix F). New Orleans has replaced many of its previously failing schools with new schools, each of which has the conditions that we know make it possible for schools to be excellent: autonomy, accountability, and parental choice. About 70% of the city’s nearly 40,000 students attend independent public charter schools, 46 authorized in the state’s Recovery School District and 11 authorized by the local school district. The state and school district directly operate 23 and 5 additional schools, respectively. Gains have been dramatic:

- The percentage of students across the city attending a failing school has dropped from 62% in 2005 to 17% in 2010, according to state performance reports.
- The percentage of students performing at or above grade level in New Orleans has increased by 17 percentage points between 2005 and 2010, more than doubling gains the state made over the same period.
- The district performance score, based on student proficiency, attendance, dropout, and graduation rates, has increased 33% since 2005, closing the gap with the state average by nearly half.
- Between 2005 and 2010, the dropout rate for all New Orleans schools was cut in half.
- The performance gap between black students in New Orleans and black students across Louisiana has decreased by 75% since the storm.

In addition, nearly 50% of the 46 open-enrollment New Orleans public charter schools evaluated achieved results well above their traditional public school counterparts, according to a September 2011 analysis by the Center for Research on Education Outcomes at Stanford University.

Changes have been just as sweeping but at a much larger scale in New York City, which has about 1,500 schools and 1.2 million students (see Appendix G). Under the direction of Mayor Michael Bloomberg, Joel Klein guided the school system as chancellor from 2002 to 2010. The hallmarks of his tenure were to give local principals far more control over staffing, budgets, and programs and to sponsor the creation of hundreds of new schools. He dramatically downsized the central and regional bureaucracies; instead, principals have been able to choose support services (from budgeting to professional development) from among a range of organizations (some independent, such as local nonprofits and colleges, others formed from the remnants of the regional offices).

71 See Appendix I for more details.
Increased independence came with increased accountability for results. Schools and principals in New York City are annually graded on an “A” to “F” scale based on student performance and staff, student, and parent survey results. Klein closed hundreds of the lowest-performing schools and replaced them with more than 350 new schools, many of them small schools offering more personalized learning. Again, results are promising:

- Proficiency rates for 4th graders and 8th graders increased by more than 20 percentage points in math between 2002 (when Joel Klein took over) and 2009.73
- Between 2003 and 2009, 4th grade proficiency rates in reading and math increased more than three times as much as proficiency gains made by 4th graders statewide.74
- In an independent and comprehensive study of student performance in New York City that examines state and national test results and graduation rates, the author concluded that “there is compelling evidence that the constellation of reforms instituted in New York City from 2003–2009 had a positive effect on ELA and math proficiency rates in grades 4 and 8 and on graduation rates, over and above continuing effects of prior reforms or conditions shared by other districts.”75
- Many of the new schools have been public charters. Stanford economist Caroline Hoxby summarized the findings of her evaluation of New York City’s charter schools by writing, “a student who attended a charter school for all of grades kindergarten through eight would close about 86% of the ‘Scarsdale-Harlem achievement gap’ in math and 66% of the achievement gap in English.”76

Creating the Conditions that Support Great Schools

Chapter 3 lays out a specific blueprint for how we can expand successful school models, develop new ones, and create an environment that attracts the country’s best and brightest educators to Indianapolis. Instead of a school system, with important decisions mandated by a centralized bureaucracy, we envision a system of excellent public schools — all accountable for preparing their students for graduation and success after high school, but allowed to do so in many different ways.

Our challenge and opportunity is to create the same conditions that have enabled outstanding schools to thrive — here and elsewhere. As long as these conditions exist — autonomy, accountability, and parental choice — we will attract and retain excellent and enterprising educators and make it possible for them to create consistently outstanding schools.

Why This Matters

Our children are trapped in a cycle of educational failure. It shouldn’t be this way — the resulting economic and social costs are nothing short of catastrophic. In recent decades, technological changes and mounting international competition have made education even more critical to future success. Not earning a diploma limits young people’s potential for the rest of their lives. And a growing body of research demonstrates that the benefits of a high school diploma go beyond a single student, strengthening the whole community.

Lifelong benefits to IPS students

Consider first the economic consequences of dropping out of high school. As noted above, the Indiana Department of Education reports that just 58% of students entering 9th grade in IPS in 2006 completed a high school degree within four years. In 2008, the typical high school dropout earned $24,300 annually, 72% as much as the typical high school graduate and only 43% as much as the typical college graduate.77

Because high school dropouts are more likely than other Americans to be unemployed, earnings figures understate differences in economic outcomes across groups with varying levels of education. During the recent economic downturn, for example, the unemployment rate for high school dropouts peaked at 15.7%. Among high school graduates, it reached a high of 11.2%; unemployment rates for college graduates never exceeded 5.2%.78 So it makes sense that in 2008 more than one-quarter of high school dropouts lived below the poverty line, compared with 12% of high school graduates and just 4% of individuals with a college degree or higher.79 In short, more than 40% of students starting high school in IPS each year can expect to leave without earning the most basic entry ticket to the mainstream labor market.

The economic benefits of education are also linked to cognitive development. Numerous studies document the correlation between students’ skills, as measured by standardized tests at the end of high school, and subsequent earnings. More specifically, one standard deviation improvement in test scores in math translates into 12% to 15% higher earnings.80 This research makes it possible to gauge the financial benefits of closing the high school achievement gap between IPS and the rest of Indiana. As of 2010, the average value of lifetime earnings for an American worker between the ages of 25 and 70 was roughly $1.16 million.81 Bringing IPS

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79 The College Board (2010), figure 1.14.
81 This calculation assumes that incomes will rise by 1% annually because of overall productivity growth of 1% and that future incomes are discounted at a rate of 3%. 

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students’ math abilities up to state levels would help each of them earn an average of $125,280 more over a lifetime. That’s $145 million more earned by the 2009 graduating IPS class of 1,159 students.

Beyond earnings, education improves quality of life. High school graduates are more likely to eat healthily and exercise, and they are less likely to smoke or be obese. Among Americans age 35 to 44, obesity rates for high school dropouts are nearly twice those for college graduates: 40% versus 23%. Nationally, incarceration rates of high school dropouts are nearly 20 times those of college graduates. Most important, high school graduates better prepare their children for an excellent education — breaking the catastrophic cycle of poverty for good.

Societal Benefits

An educated community is a healthy community: High school graduates earn more, spend more, and invest more, making everybody more prosperous. Good schools lead to higher home values, which attract valuable businesses and employees. Earning a degree saves taxpayers thousands of dollars in social services and incarceration costs. And young adults with a diploma are more likely to participate in civic life, volunteer, and vote.

In 2008, 18% of high school dropouts over age 25 lived in households relying on the Supplemental Nutrition Assistance Program, compared to 6% of high school graduates and about 1% of those with a bachelor’s degree or higher. And Medicaid participation among high school dropouts exceeded that of college graduates by a factor of five: 36% as compared to 7%. The Medicaid participation rate for high school graduates without additional education was 21%.

In the most comprehensive attempt to assess the fiscal impact of increased education, researchers at RAND compared tax revenue increases and savings on social programs and incarceration to the costs of providing additional education. As Figure 2-8 indicates, the net benefit for each potential dropout who instead graduated high school ranged from $74,000 to $186,000 in 2002 dollars. These results confirm that state and local governments’ fiscal health hinges on their ability to improve public education.

The community benefits in other ways from more educated citizens: Just 9% of high school dropouts report that they have volunteered in their community in 2009, compared to 19% of high school graduates and 43%

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82 This number is produced by multiplying the present value of average lifetime earnings ($1.16 million) by the size of the IPS-Indiana gap (0.72 standard deviations) and the estimated 15% return for a one standard deviation improvement in high school math skills based on the studies reviewed above.

83 The number of 2009 graduates is taken from: http://mustang.doe.state.in.us/TRENDS/graduate_time.cfm?year=2010&corp=5385


85 The College Board (2010), various figures.


87 The College Board (2010), figure 1.11.

88 The College Board (2010), figures 1.21, 1.22.

89 The College Board (2010), figure 1.15.

90 Carroll, S. J., & Erkut, E. (2009). The Benefits to Taxpayers from Increases in Students’ Educational Attainment. Table 7.2. Santa Monica, CA: RAND.
of college degree holders. And among Americans age 25 to 44, there was a 32 percentage point gap between the voting rates of four-year college graduates and high school graduates in the 2008 presidential election.

Finally, outstanding public schools draw residents and businesses and boost property values.

According to one study, if half of the students in the Indianapolis metropolitan area who dropped out of high school in 2008 had stayed in school, those young people would have:

- Increased local home sales by $95 million and car sales by $3 million.
- Earned $42 million more a year.
- Spent $30 million more and invested $11 million more a year.
- Supported 350 new jobs and boosted Indianapolis' economy by $55 million.
- Increased tax revenues by $5 million a year.

By comparing similar homes located in different public school districts, University of Texas professor Sandra Black showed that a 5% increase in student test scores led to a 2.1% increase in housing prices. And David Figlio of Northwestern University showed that the introduction of school accountability grades in Florida increased home prices near highly rated schools.

These studies illustrate how improving education in IPS yields benefits beyond school district boundaries. The entire community has suffered from IPS’ failure and would gain from an authentic transformation.

High school graduates are more likely to vote and volunteer — and they raise property values.
CHAPTER 3

OUR PLAN
IN THIS CHAPTER:

To create the conditions for great schools to thrive, we must reinvent how Indianapolis Public Schools (IPS) operates. Instead of the central administration making all the important decisions from the top down, our plan would:

❋ Send $188 million more to schools by shifting control of resources from central office ($12,000 per student vs. today’s $6,600).

❋ Invest $14 million a year in prekindergarten for all 4-year-olds in IPS.

❋ Give skilled school leadership teams control over staffing, budgets, culture, curriculum, and services — as long as their schools meet and sustain high performance goals.

❋ Empower parents with many more good neighborhood school choices.

❋ Give great teachers more say in what gets taught and how, and place an excellent teacher in every classroom.

❋ Invest in a major effort to turn around struggling schools — and replace chronically failing schools with better schools.

❋ Unite all public schools (traditional district, magnet, and public charters) under a single banner of quality: Opportunity Schools.

We call these OPPORTUNITY SCHOOLS because that’s exactly what they would offer: a unique opportunity to transform IPS, the lives of our children, and our city’s future.

We could do all of this with current funding ... without raising taxes one cent.
The components of a new system of schools described above — flexible, innovative, and relentlessly focused on excellence — is not just a dream. In this section we detail a specific plan based on more than a year’s worth of conversations with national and international experts; careful study of reforms in other cities and countries; detailed analyses of student performance and school finance data; the history of reform in IPS; and input from Indianapolis parents, teachers, and community and business leaders. Our plan would create a system of high-quality schools and a new district structure to support and grow those schools.

A System of High-Quality Schools with Excellent Teachers for All

All children can succeed if they have access to great schools with excellent teachers. But as in urban districts across the country, there are woefully few good — let alone great — schools within IPS. Simply put, the traditional urban school district model — the IPS model — is broken. If the district continues doing what it has always done, children will continue to suffer. National research confirms that incremental changes don’t make enough of a difference.96 One study tracked results at more than 2,000 bottom-ranked schools in 10 states over five years. Their finding: Fewer than 1% of the schools improved enough even to reach the state’s median level of performance, let alone rise above mediocrity.97

Our plan offers a different approach: a bold strategy to create the conditions in which great schools thrive and to provide excellent teachers for all students. That is, we want all schools in the city to be as successful as the city’s most successful schools.

Our plan draws heavily from research about the conditions that have made top schools successful across the country. It builds on a set of ideas developed in the past decade by scholars and reform leaders who have developed a new approach for operating urban schools. We are particularly indebted to the pioneering work of Paul Hill, who leads the Center on Reinventing Public Education, an education reform think tank based at the University of Washington. In Hill’s vision, the primary role of school districts is to cultivate a diverse portfolio of

schools tailored to the needs of particular neighborhoods and groups of students. Districts are open to promising ideas wherever they can find them, and try to engage cultural, educational, nonprofit, and business organizations in their work ... Leaders see their job as searching for new approaches to schooling that can better serve students, especially the disadvantaged, by closing ineffective schools, opening effective ones to take their place, and ensuring that every student within the district boundary has access to a high-performing school.98

“...It is clear that no single approach is likely to work for all the students and schools in a large urban district. Districts need to provide different forms of instruction for some students than for others. In neighborhoods where few students make normal academic progress, districts need to provide more intensive instructional programs and experiment with new combinations of teaching and support services. Districts also need to improve the teaching force and make sure disadvantaged students get access to excellent teachers.”

—Paul Hill and Robin Lake, Center on Reinventing Public Education

Source: Center on Reinventing Public Education. “Portfolio School Districts Project.”


Our plan has seven central components:

1. **A system of Opportunity Schools.** Today’s public school landscape is confusing; the labels “traditional district,” “magnet,” and “charter” schools don’t mean much to the public and none connotes quality. They are legal designations. Our plan creates a unifying designation for any high-quality public school within IPS boundaries that is given the conditions to succeed: an Opportunity School. Opportunity Schools — district, magnet, or public charter — would have the freedom to build and manage their own teams to give every child an excellent teacher, create their own culture, and empower teachers to innovate in the classroom (see sidebar, this page). They would be able invest more in talent and send more dollars to the classroom than to the central office. They would create more high-quality choices for parents so that where you live doesn’t determine educational destiny. In return, Opportunity Schools would be accountable for achieving consistently strong results for their students.

Excellent existing schools would become Opportunity Schools immediately following a planning year. Poor-performing schools would be given support to improve and seek Opportunity School status. And prospective new schools could apply to IPS to open as Opportunity Schools, replacing persistently failing programs.

Those who lead and operate Opportunity Schools would need to meet high standards to earn the designation, and they would keep that status only if they perform at high levels. As we will explain in future chapters, IPS would prioritize resources differently, dedicating up to $7.5 million annually to incubate new schools and up to $2.5 million each year as IPS transitions to a system of Opportunity Schools to attract top school leaders and operators. And by redirecting $188 million controlled by the central office to schools, IPS also would eventually be able to offer all schools serving its students, including new schools and high-performing public charter schools, as much as $12,000 per pupil on average — a $5,400 increase from today. (Details about the new resource allocations are found in Chapter 4.)

2. **An intense focus on improving existing schools and replacing the worst ones.** As new schools develop, IPS would act vigorously to strengthen its existing schools by empowering “transformation directors,” individuals who would be responsible for six to 10 low-performing IPS schools during the transition. Transformation directors would aggressively seek out leaders and operators to create Opportunity Schools within their buildings and oversee efforts to do whatever it takes to improve learning for students remaining in non-Opportunity Schools. Over time, the system’s low-performing schools would either improve or be replaced by new schools.

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99 Public charter schools are independently operated public schools that receive autonomy from many restrictions governing the operation of traditional public schools. In exchange for these freedoms, public charter schools must meet strict accountability benchmarks to continue operating. Charter schools are tuition-free, open to every child interested in enrolling, and nonsectarian. In Indiana, charter schools can be “authorized” by school districts, the Mayor of Indianapolis, universities, or the Indiana Charter Schools Board.
3. **A revamped, much smaller central office.** In place of today’s large school district headquarters, the new system would feature a substantially reduced and efficient central office that performs targeted functions only: determining which operators gain and keep the authority to run Opportunity Schools; managing a citywide enrollment process for families; providing fundamental citywide services, such as transportation and facilities maintenance; and ensuring a strong supply of great new schools, leaders, and teachers for IPS’ students.

4. **More funding to schools and classrooms.** In addition to creating a leaner central office, the new system would shift responsibility and funding for most services to schools. Together, these two changes would allow nearly 76% of funds to flow directly to schools and classrooms, in contrast to only 41% today. Our plan works within IPS’ existing resources without raising taxes one cent. But as previously noted, a much higher level of per-pupil funding would go to schools — more than $12,000 in today’s dollars compared to just $6,600 in the FY 2012 budget. Schools would have wide authority to use these funds to implement whatever would most likely boost student achievement, such as paying great teachers more, using new technologies, offering wraparound services such as more tutors and counselors, or extending the school day and year — whatever the school’s leadership team determines would get the best results for its students (see sidebar, p. 41).

5. **Better options for families.** With a diverse new array of higher-quality school choices, families would have more power to decide which public school they want their children to attend. The new, pared-down central office would inform families about their choices and manage a fair, citywide school lottery. Schools that attract families would thrive. Underenrolled schools would have to transform or be replaced by new programs.

6. **High-quality academic prekindergarten for all 4-year-olds.** Funds freed up from central administration also would pay for all 4-year-olds in the IPS district to have one year of academically enriching prekindergarten, helping students arrive at kindergarten ready to excel.

7. **IPS a top national magnet for talent.** Increased autonomy and funding at the school level — up to $7.5 million a year to incubate new schools across the district, $2.5 million a year for talent development across the district, guaranteed prekindergarten for all 4-year-olds, and much less bureaucratic red tape — would make Indianapolis one of the most attractive job markets for the best teachers and school leaders in the country, including those who are already here.

The following pages describe each of these components in more detail.

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The following pages describe each of these components in more detail.

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100 See Appendix H for sources and calculations behind our financial analysis.
Creating Opportunities for Everyone

For students ...

- A wider variety of choices would give every student a chance to find a school that fits his or her learning style and interests, making learning more relevant, challenging, and fun.
- Better schools would lead to higher graduation rates and more real choices after high school — whether college or a good job.
- We’d be able to attract and keep the best teachers in schools serving IPS students. In return, they’d challenge their students to meet rigorous standards. They’d have the skills to make instruction interesting. And they’d have more incentives and support (including universal prekindergarten) to help children from every background excel.
- Instead of dealing with the top-down control of the central office, teachers would be able to create new schools, submitting proposals with the chance to open Opportunity Schools that realize their own educational visions.
- Teachers would have more resources to do their job well: The Opportunity Schools plan shifts funds from central administration to schools to meet students’ needs.
- Teachers would have multiple opportunities for career advancement.

For parents ...

- Parents would have more and better choices of schools, making it possible to find the right fit for their children, whether they’re focused on science, the arts, or basic skills.
- Parents could join the nonprofit governing boards that would create or oversee a school or small cluster of schools, giving them a more powerful voice in their children’s education.
- Low-income, special education, English language learner, and other students with special needs would receive additional money for instruction under the new funding formula.
- With strict academic standards and built-in accountability measures, poorly performing schools would be gradually transformed into outstanding Opportunity Schools in every neighborhood, meaning parents would never again have to settle for a failing school.
- Principals could pursue exciting new career paths as transformation directors overseeing IPS’ transition or as leaders of a cluster of Opportunity Schools.

For teachers ...

- Teachers would be empowered to use creative instructional methods, from online learning to small group tutoring, and tailor classroom time to fit each student. They’d be working side by side with a talented principal to shape the school’s program and culture.
- Teachers could earn competitive salaries and be rewarded for their great work; the best teachers could earn more.
- Teachers would work alongside other talented educators who share the same educational vision and commitment to excellence.
- Better schools produce more high school graduates, who become more productive citizens and contributors to the local economy, relying less on social services such as Medicaid and food stamps.
- Improved schools boost local home values, attract businesses, and reduce crime.

For school leaders ...

- Principals, released from district regulations, could recruit the best possible team of teachers.
- Principals would control spending and the school schedule and would shape the school’s mission and culture of success.
- Principals would be able to choose to partner with a variety of vendors for technology, food service, back-office support, and other areas; a far more robust market would be more likely to bring about better customization, higher quality, and lower prices than the central bureaucracy achieves now.
- Principals could pursue exciting new career paths as transformation directors overseeing IPS’ transition or as leaders of a cluster of Opportunity Schools.

For taxpayers ...

- More taxpayer dollars would go directly to classrooms, rather than the school district bureaucracy.
- Schools would be accountable for student success; the best would expand, and unsuccessful schools would be replaced by high-performing schools.
- Citizens could join the nonprofit governing boards that oversee a school or cluster of schools, giving them a real voice in how their community schools are run.
- Improved schools boost local home values, attract businesses, and reduce crime.

This process will take time. But our goal is ambitious: to make Indianapolis a national center of education reform with excellent schools that attract and retain the best teachers and principals. Better schools in IPS will mean a better future for our city and for all of us.
1. Creating a System of Opportunity Schools

The centerpiece of our plan, over time, is to make each IPS school an Opportunity School. By breaking down confusing and unhelpful distinctions, all schools — traditional, magnet, public charter — could become Opportunity Schools, and all would have the autonomy and accountability central to school success. What would set Opportunity Schools apart is their wide freedom to operate as needed to meet the needs of their students and their accountability for results. Schools would have to meet high standards to become Opportunity Schools and produce outstanding student learning to maintain that status.

Freedom to do what’s best for students

All Opportunity Schools would operate with a contractually guaranteed set of freedoms (see sidebar, this page). Freed from constraints, these schools would have full authority to hire and fire staff, choose a curriculum, extend the school day and year, and decide how to spend money.

Of course, Opportunity Schools would have to abide by certain state and federal requirements, such as administering state tests, maintaining a non-discriminatory enrollment policy, meeting health and safety standards, and providing education to students with disabilities (see sidebar, this page). And all would be required to meet a high standard of excellence. But within those broad constraints, each Opportunity School would be free to offer an educational program and school culture tailor-made to the needs of its own students.

More accountability

In exchange for this far-reaching autonomy, Opportunity Schools would have to meet rigorous, results-based, accountability requirements. The schools must meet performance benchmarks every year or risk being replaced by a new school. An Opportunity School term of designation would be seven years, after which schools must apply for renewal. Opportunity Schools would be evaluated on an ongoing basis, and the Opportunity Schools designation could be lost at any time for inadequate performance. During the renewal process, the district would examine student performance, audit financial records, conduct site visits, and review other relevant information.

A performance framework would spell out the indicators by which Opportunity Schools would be judged, how schools’ results on those indicators would be measured, and how well schools would have to do to stay open. While this performance framework would be developed in detail during the planning year for the transition (see Chapter 4), the sidebar on page 45 shows its basic elements.

Diverse approaches

One key reason to move toward a system of Opportunity Schools is to foster a citywide network of schools that meets a wide variety of students’ needs. As a result, each Opportunity School would look very different from the others. They would offer different kinds of educational programs, different extracurricular activities, and different school cultures. They would engage parents and community members in different ways. This broader array of quality options would give families a wider range of choices as they consider their children’s schooling. Any family’s chance of finding a school that meets their child’s needs would be greatly expanded.
Opportunity Schools would be run by different kinds of leaders and groups, including:

- Existing community-based nonprofit organizations;
- Teams of excellent teachers;
- Successful school leaders;
- Organizations already operating schools, in Indianapolis or elsewhere, from charter management organizations to the IPS central office; and
- Teams of entrepreneurial citizens with strong track records of leadership and a powerful vision for new schooling options.

Some Opportunity Schools likely would stand alone as single schools. But the system’s leadership also would foster networks of schools with similar approaches: organizations operating two, three, five, or even more schools within the city. These mini-networks could expand successful approaches to more students over time, just as the Center for Inquiry (CFI) has done in Indianapolis and KIPP has done nationally. Families would be able to enroll in familiar schools even if they move across town; and it’s conceivable that their children would be able to stay within the same mini-network of schools from prekindergarten through high school.

**Becoming an opportunity school**

Opportunity Schools could form in several ways:

- **Already high-performing IPS schools could become Opportunity Schools.** High-performing IPS schools, including magnets such as CFI schools, could become Opportunity Schools immediately following a planning year. They could do so by entering into a contract or memorandum of understanding with IPS that guarantees them autonomy and accountability.\(^{101}\) If these schools meet their benchmarks, they would maintain their freedom. A successful school could also become an Opportunity School by converting to public charter school status.

- **Already high-performing public charter schools could gain Opportunity School status.** Under a reinvented IPS, the only question to determine whether a public school merits support from the district would be whether it is meeting the needs of IPS students. Accordingly, if an existing high-performing charter school such as the Charles A. Tindley Accelerated School wanted to receive Opportunity School status, it would have two options. It could keep its current charter with the Mayor of Indianapolis or other authorizer and apply to IPS for Opportunity School status. IPS would offer the same support for these charter schools as any other Opportunity Schools. Alternatively, a charter school with another authorizer could apply to IPS for a new charter to become an Opportunity School under the district. As described in text that follows, existing public charter schools would have several strong reasons to seek Opportunity School status, notably access to higher levels of per-pupil funding and district-provided transportation and facilities. They would have to meet the district’s high bar, however, to earn and keep these benefits.

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\(^{101}\) This option makes sense for high-performing magnet schools that want to retain selective admissions, rather than use the open lotteries required of public charter schools.

**Performance Framework for Schools**

**I. Academic Quality**

- Is the school consistently receiving “A”s or “B”s on the state’s report card?
- Are students who are initially behind reaching proficiency on standards?
- Are students making sufficient growth to maintain or exceed proficiency?
- Are high school students graduating on time?
- Are high school graduates successfully transitioning to college or high-quality employment?
- Is the school meeting its own school-specific academic goals?

**II. Financial**

- Is the school enrolling and re-enrolling a sufficient number of students?
- Are the school’s expenses in line with its budget?
- Is the school’s cash flow adequate to meet its needs?
- Does the school have a sufficient reserve to ensure long-term sustainability?

**III. Operations**

- Is the school providing every child with excellent teachers?
- Is the school’s leadership providing strong direction to the school?
- Is the school’s community board actively engaged and providing strong stewardship?
- Is the school complying with its obligations under the law and the district’s minimal policies?
Other existing IPS schools could become Opportunity Schools over time. For IPS schools that are currently performing too poorly to earn the Opportunity School designation immediately, there are two ways to become an Opportunity School. First, IPS could appoint new, carefully selected leadership teams with track records of success to run these schools. Such schools would immediately become Opportunity Schools with autonomy but would have to meet aggressive performance benchmarks to maintain Opportunity School status. Second, existing leadership teams in schools with a history of poor performance could earn Opportunity School status over time by improving their results to required high levels.

New schools could form as Opportunity Schools. If they meet rigorous guidelines, high-performing nonprofit organizations such as KIPP or YES Prep and new start-ups with strong local leadership could open Opportunity Schools within IPS facilities, replacing currently low-performing schools. New schools could operate as public charter schools or enter into a contract with the district that guaranteed charter-like freedoms and accountability.

As Figure 3-1 shows, the new system would provide organizations and educators with a range of different options for the legal form of the schools they create, giving them the flexibility to use the approach that works best.
Regardless of how each Opportunity School is formed, it must prove its potential to produce excellent student results. At the very least, this would mean meeting a high standard for academic proficiency and student growth, having a track record of success educating low-income students, and meeting other entry requirements. New applicants also must meet a detailed set of standards for educational programs, plans for giving every child access to an excellent teacher, financial plans, leadership, and governance. And all applicants must show that they have assessed the needs of the neighborhood(s) where they want to operate schools and can demonstrate a strong demand for the kind of schools they would like to open. (see sidebar, p. 48, and Appendix J for more on requirements to become an Opportunity School).

**Growing the supply of opportunity schools**

As we will describe in Chapter 4, a critical first step in the planning year for transitioning to this new system would be finalizing the criteria for Opportunity Schools based on the plan described above. Some existing IPS schools with ISTEP+ pass rates that exceed the state likely would meet these criteria immediately, including Center for Inquiry’s campuses, Merle Sidener Gifted Academy, Ernie Pyle School 90, and Rousseau McClellan 91. Many public charter schools likely would meet the performance bar if they chose to become Opportunity Schools. And we envision other schools quickly becoming Opportunity Schools, as we discuss in the following section.

But given the dire state of student performance in IPS’ schools, the district also would need to mount an all-out effort to create and recruit many new high-quality school organizations to fill the void. Key efforts would include:

- **Start-up funding for new schools.** The new system would allocate approximately $7.5 million a year to incubate new schools and expand successful ones during the transition to the new system and $2 million a year thereafter. Based on the experience of a small but growing group of public charter school incubators, it costs between $250,000 to $750,000 to recruit and train a new school leader and launch a new school.102 An incubation fund of $7.5 million would provide start-up funding for at least 10 new schools each year, allowing IPS to transform its school system over several years (see Appendix H).103 Incubation is a strategy that has worked well in several other cities with ambitious new-school creation plans, including New Orleans, New York, Detroit, and Chicago (see Appendix I).

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103 According to New Schools for New Orleans, with the right preparation and planning, aggressive chartering could take most cities to 50%–70% charters in a three to five year period. New Schools for New Orleans (2011). New Schools for New Orleans Strategic Plan April 2011.
2. Improving Existing Schools and Replacing the Worst Ones

It will take many years before every IPS student is attending a high-quality Opportunity School. In the meantime, IPS must do a much better job of improving the quality of education in its existing schools. As described more fully in Chapter 4, we envision a multiyear transition period when IPS is nurturing the development of new schools to replace the lowest-performing programs and simultaneously taking aggressive steps to turn around its current schools.

Central to our plan would be ensuring that IPS brings on board experts with experience turning around struggling organizations. IPS therefore would hire up to eight transformation directors, each responsible for leading clusters of 6–10 low-performing schools during the transition.

Transformation directors would have three main responsibilities. First, they would help as many of their schools as possible improve sufficiently to qualify as Opportunity Schools; that means nurturing a culture of excellence and high expectations among the principals and teachers in their schools, including reconstituting the staff when necessary, significantly ramping up remediation programs, and introducing creative approaches for accelerating achievement. Second, they would aggressively seek out highly qualified new school leaders and operators to create Opportunity Schools within their buildings. Third, they would oversee the orderly phase-out of school programs that do not make the grade.

Transformation directors would be turnaround specialists with the proven ability to set ambitious goals and lead and manage others to meet them. They would be held to a high standard of excellence, given wide authority (in particular to hire and fire their principals), and be compensated for their success at improving student learning. Some likely would see this as a short-term opportunity to make a difference in their community, others may move on to become leaders of clusters of Opportunity Schools.
3. Revamping and Downsizing Central Office

Only a radically streamlined IPS can support the creation, replication, and growth of great schools. Our plan calls for gradually cutting annual spending on the central office from $53 million to about $10 million — significantly refocusing its mission to targeting services where a citywide presence is necessary. These actions would cut waste, provide the autonomy that great schools need to thrive, and redirect $188 million a year from central administration and services to support schools and offer universal prekindergarten for 4-year-olds.

After the transition, IPS’ central office would no longer directly run schools. It would not make curriculum decisions or hire and fire educators. Instead, it would be a leaner and more efficient entity responsible for a targeted set of functions. This way, much more money would go to classrooms, rather than to administrators who are far removed from student needs. The smaller, revamped IPS central office would perform functions that fall into three main categories: authorizer, system coordinator, and service provider.

Role 1: School Authorizer

The IPS central office would serve as a gatekeeper, setting performance standards, determining which schools gain (and keep) Opportunity School status, and holding those schools accountable for achieving results and spending public funds responsibly. This relationship to schools is quite different from the one most school districts, including IPS, maintain today.

In the traditional model, schools are all operated directly by the central office, staffed by district-selected employees, and subject to numerous top-down directives. That approach requires a central office leadership team focused on administering a complex set of rules and procedures — largely a compliance role. Playing the authorizing role, by contrast, would demand much more entrepreneurial and results-oriented leadership. These leaders and staff would focus on identifying strong school operators, giving them autonomy, and then holding them accountable for their results.

As an authorizer, IPS would be responsible for:

1. **Setting standards for approval and renewal.** IPS’ authorizing office would set the standards for becoming an Opportunity School and maintaining that status. An existing school seeking to become an Opportunity School would need to already be performing at a very high level. An organization petitioning to create a new school based on one operating elsewhere would need to show equivalently strong results in its own state. And an applicant seeking to launch an entirely new school or turn around an existing low-performing school would need to present a strong plan and show a high level of capacity to operate an excellent school.

2. **Authorizing schools.** Applicants that want Opportunity School designation, including existing IPS schools, new schools, and public charter schools with a different authorizer, would apply to IPS for approval. Staff members with expertise in education, finance, law, and business operations would review each application to ensure it presents a clear, viable plan to achieve high levels of student performance.
with available resources and a team capable of executing the plan successfully. In addition, the authorizing office would need a keen eye for talent and the ability to judge whether the group presenting a plan for a new school truly has what it takes to implement the plan successfully based on its track record the way high-quality charter school authorizers do today.

3. Monitoring schools. IPS would monitor schools regularly and also review their formal applications for renewal of Opportunity School status every seven years. The applications would specify the indicators that the school and district would measure to assess the school’s performance, the methods the district would use to obtain those data, and the benchmarks the school must meet annually to be deemed successful. These indicators should focus on student results, graduation rates, postgraduation outcomes, and other measures of student progress. IPS also would monitor schools to determine if they are good stewards of public funds, have strong leadership and governance, are placing effective teachers in the classroom, and are legally complying with state and federal laws and regulations. “Monitoring” would not mean “running” or “micromanaging,” however. Schools would maintain broad authority to operate their programs as they see fit as long as they achieve results and meet IPS high standards.

4. Acting quickly when schools fail. When Opportunity Schools do not meet performance benchmarks, IPS would act quickly. It would not wait until the end of the seven-year renewal cycle to take action. The monitoring process would give schools an ongoing flow of data about their performance. Some struggling schools would be able to right themselves. But for those that do not, IPS’ performance agreement with operators would clearly specify the district’s authority to revoke or not renew an operator’s Opportunity School certification. This authority would enable IPS to replace failing programs with new ones, continually raising the quality of education occurring inside each school building.

Some struggling schools would be able to right themselves. But for those that do not, IPS’ performance agreement with operators would clearly specify the district’s authority to revoke or not renew an operator’s Opportunity School certification. This authority would enable IPS to replace failing programs with new ones, continually raising the quality of education occurring inside each school building.

Replacing school programs is not easy. Failing programs are bound to object, sometimes garnering the support of parents and community members. The new IPS authorizing office must be prepared for these challenges — most importantly, by providing compelling evidence to parents and others that the new program would be stronger.

Our plan would help the authorizing office play this critical function in at least two ways. First, our well-funded efforts to build the supply of new high-quality schools and develop the education talent pipeline would provide reassurance that the new options would be better; resistance to ousting a low-performing operator is most intense when parents fear the alternative would be worse. Second, as described above, the legal agreement between IPS and the operators of Opportunity Schools would give IPS the iron-clad authority to replace a failing program.
Role 2: System Coordinator

Instead of trying to manage schools from afar, which we know does not work, the streamlined IPS central office would instead focus on coordinating several essential functions to support students and schools.

- A fair and informative citywide enrollment process that ensures every child is in a school that meets his or her needs. IPS would be responsible for making sure every child is enrolled in an appropriate school every year. It would maintain a database of all IPS school-age children, administer enrollment, monitor attendance, and provide high-quality information to parents about school choices. (See p. 55 for more on the enrollment process.)

- Remediation for students who are behind in school. In a system of Opportunity Schools, it would be schools rather than the central office that would take responsibility for bringing all students up to proficiency — including those who need remediation. The central office, however, would take steps to ensure that schools undertake this essential function, including insisting on strong plans for remediation as a critical part of the approval process for new schools and holding schools accountable for bringing lagging students up to grade-level standards.

- Incubation and attraction of new schools in response to community needs. IPS students and families desperately need many more high-quality school options. Downsizing the central office and shifting funding and responsibility for most services would free up funds to establish an IPS New School Incubation Fund, which would encourage the best existing local operators to expand, recruit great school organizations to the city, and stimulate local education entrepreneurs to create new schools. IPS would distribute grants of $250,000 to $750,000 for carefully selected teams to plan and open new schools within IPS facilities — approximately $7.5 million a year during the transition and then $2 million a year after that. The priority would be to locate high-quality new schools in the most underserved neighborhoods.

- A robust talent pipeline. In addition to growing the supply of new Opportunity Schools and school networks, IPS would have to attract top educators to lead and teach in these schools. School operators themselves would invest heavily in this activity, since it would be critical to their success. But the revamped central office can assist by expanding current relationships with leading talent providers, such as Teach For America; The New Teacher Project; the Woodrow Wilson Fellowship; and TFA’s Indianapolis Principal Fellowship, a Columbia University-based training program for school leaders (see sidebar, p. 25). Thus, our budget includes $2.5 million a year for a Talent Development Fund.

- Meeting federal and state requirements. Finally, the new central office would continue to ensure that the system of schools meets federal and state legal requirements.

IPS would distribute grants of $250,000 to $750,000 for carefully selected teams to plan and open new schools within IPS facilities — approximately $7.5 million a year during the transition and then $2 million a year after that. The priority would be to locate high-quality new schools in the most underserved neighborhoods.
Role 3: Targeted Service Provider

Today’s central office provides a wide array of expensive services of limited value to schools, educators, and students. A revamped IPS would provide Opportunity Schools with the targeted services that are essential to the smooth operation of the system:

- **Administering local tax revenues.** IPS would continue to have local taxing authority, including setting local tax rates and receiving revenues from local, state, and federal sources.

- **Allocating funds.** IPS would continue to distribute funds to schools based on the system described in the funding section, pages 57–68.

- **Managing facilities.** IPS would continue to control all existing facilities, including levying bonds and managing bond proceeds to carry out necessary construction and renovation projects, if doing so is the most cost-effective way of providing affordable facilities to participating schools. As IPS is transitioning to a system of Opportunity Schools, the district would operate all existing IPS school buildings and allow approved public school organizations to use facilities free of charge (although existing public charter schools that become Opportunity Schools could opt to keep their current non-IPS facilities). Centralizing this function would give IPS maximum flexibility to allocate buildings to the most qualified Opportunity School applicants, which would be a critical tool in attracting the leading school networks to open schools or expand in Indianapolis. IPS immediately would be able to reallocate some facilities funds to school operators to use at their discretion. After the transition period, IPS would be able to reallocate all facilities funds to schools, which could manage their own facilities or pay rent to IPS for providing facilities. Schools that economize on facilities would be able to repurpose the funds into improving their educational offerings. (Details in Appendix H.) In addition, the central office would maintain responsibility for long-term capital planning in conjunction with other city agencies, including forecasting the need for and pursuing any bond issuance required to address growth or major capital improvements.

- **Student transportation.** Free transportation is essential to creating a system in which all families, regardless of economic circumstances or where they live, can exercise school choice. At first, arranging transportation would become more complex as choices open up across the district and as Opportunity Schools take advantage of their new flexibility to operate with different daily and annual calendars. To make transportation work in this new system, our plan includes several supporting elements:
  - Retaining central operation in the short term. Initially, IPS would continue to operate a districtwide school transportation system, guaranteeing all residents who live outside their chosen schools’ “walk zones” a ride to school.
  - Retaining the full transportation budget in the short term. While evidence suggests that most districts can realize substantial cost savings in their transportation systems, our budget does not assume any decrease in transportation costs. All of the resources IPS currently devotes to transportation would be fully dedicated to transportation in the new system to ensure there is funding for this more robust system.

Once all or most schools are Opportunity Schools, IPS would begin allocating all transportation dollars to schools, which could then elect to spend the funds on IPS-provided transit or other approaches. IPS’ own transportation offerings would then “right size” to meet whatever demand exists for them among Opportunity Schools.

Centralizing management of facilities would give IPS maximum flexibility to allocate buildings to the most qualified Opportunity School applicants, which would be a critical tool in attracting the leading school networks to open schools or expand in Indianapolis.
Auditing and streamlining operations. An early step in the transition would be a top-to-bottom expert review of all IPS operations, including transportation. This review likely would reveal opportunities to streamline operations, freeing up resources that could be devoted to the enhanced transportation needs that emerge as the system offers more choices.

Considering diverse approaches. As the system evolves, IPS leaders would want to pursue a variety of options, including direct-operated buses (as IPS does now), contracts with outside transportation companies, and coordination with the city’s public transportation system. Across the board, our goal must be to identify dollars now wasted on administration and operations so that we can more fully fund students within the current budget.

Incentives for schools to find alternatives. Schools that create alternate, more efficient transportation methods could receive up to an additional $1,400 per eligible student to use in the classroom — the amount IPS currently spends on transportation.

Ultimately, IPS would have a school-driven system with a right-sized central transportation offering. Once all or most schools are Opportunity Schools, IPS would begin allocating all transportation dollars to schools, which could then elect to spend the funds on IPS-provided transit or other approaches. IPS’ own transportation offerings would then “right size” to meet whatever demand exists for them among Opportunity Schools.

Special education. Under the new system, school operators would have maximum flexibility within the constraints of state and federal special education and disability laws to provide an excellent education for all of their students. We envision, however, that IPS would serve critical core functions related to special education (explained in more detail in Appendix N):

1. Help launch voluntary special education cooperatives. The cooperatives would be stand-alone “special education planning districts” under Indiana law, governed and financially supported by their members. Similar cooperatives operate in New Orleans and Washington, DC.104

2. Identify students with disabilities before they get to school. IPS’ central office would continue to identify children preschool-age and younger with disabilities, federally funded by Part C of the Individuals with Disabilities Education Act.

3. Serve as a liaison between schools and cooperatives. IPS would maintain a significant special education staff to serve as a liaison with schools and cooperatives and as a point of contact for parents with questions about their students with disabilities.

4. Pay for students whose needs cannot be met in IPS schools. It is possible that IPS would not have the capacity to serve well a very small group of special education students with very high needs. As IPS does now, it would continue paying for them to attend schools better equipped to provide these students an appropriate education.

REVAMPING SCHOOL SERVICES IN NEW YORK CITY

In 2004, the New York City Department of Education (NYC DOE) established its first Empowerment Schools, based on the belief that local schools should decide how to educate students. As a result, school leaders have more autonomy than in traditional schools, including greater control over budgets. Specifically, Empowerment Schools receive fewer direct services from the school district in exchange for more funding and the responsibility of procuring needed services themselves. Since then, schools across NYC have obtained similar authority.

As schools have assumed more responsibilities, NYC DOE has replaced many of its central services with freestanding, service-providing units within the DOE and in outside organizations. These providers help schools with human resources, transportation, food services, special education, and grant management, among other functions. While the specific structure has evolved since 2004, the focus of the reform has remained constant: enabling schools to choose services that meet the needs of their students!

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Optional fee-for-service functions

In addition to the targeted functions listed above, the streamlined central district office also could offer Opportunity Schools limited additional services where scale may provide efficiencies. These could include information technology systems, group purchasing, food service, security services, instructional materials, testing, auditing, legal, and accounting. New York City has developed a similar decentralizing approach (see sidebar, p. 53). As with all fee-for-service functions, individual schools could choose to purchase services from IPS or not, depending on their needs. As a result, our design of the revamped central office and its budget do not include any of these services. If, during the transition, the central office finds that Opportunity Schools are interested in and willing to pay for any of these services, the central office could provide them. But since there would be no fixed budget for the offerings, these departments would succeed or fail based on the schools’ interest in buying them.

Over time, we envision that a robust market would develop in the Indianapolis area to provide most, if not all, educational services through third-party vendors. IPS and the surrounding school districts have had a monopoly over school services, such as transportation, school maintenance, and food service, for so long that it is unlikely there are enough vendors to provide those services today. By giving Opportunity Schools the option of purchasing services elsewhere, however, our plan likely would create a competitive market over time.

4. Providing Better Options for Families

For the first time, parents would be able to choose among all IPS schools, rather than just a select few. Families would be able to identify which school best fits their child’s needs and have a fair chance to attend whatever school they choose. Over time, with families in control and money following children to their school of choice, this new system of high-quality Opportunity Schools would ensure that any child residing in IPS boundaries would have access to a great education. As the research cited in Chapter 2 indicates, giving families more options has positive effects on student learning — and not only for the families who make active choices. Public schools in an area tend to improve generally when families have more options, according to research by Stanford University economist Caroline Hoxby.105

The introduction of additional school choice requires a new process for informing parents about their options and enrolling students in schools.106 Over time, there would be great Opportunity Schools in every neighborhood of the city. Efforts to incubate new schools, described above, would strategically add great schools in neighborhoods that don’t yet have them. Families would be able to send their students to schools down the street and be confident in their quality. And they would be able to enroll their students in schools across town or an adjacent neighborhood if they see a better fit for their children’s needs.


106 It is difficult to predict how choice dynamics will evolve in Indianapolis. These suggestions are based on experience elsewhere, including New Orleans, New York City, and Boston.
Our plan seeks to both create additional choices and strengthen neighborhoods. To that end, current students and their siblings would be automatically re-enrolled in their schools unless they opt out, even if a new school opens in the building. Once in an Opportunity School, students would be able to automatically re-enroll in the same school until they graduate; in families with more than one child, a younger sibling would be able to enroll in the same school as his or her older sibling. These elements of the choice system would mean that, even though families have increasing options, they would be able to maintain stability if they want it by leaving their children in the same schools if they are working well and keeping siblings together if that is what they prefer.

For students graduating from their current school, entering IPS for the first time, or wanting a change, our plan recommends a lottery-based enrollment process that would include at least six steps on the following general timeline:

1. **Winter:** Opportunity Schools identify available seats so IPS knows how many students can enroll in each grade in each school the following year.

2. **Winter and early spring:** Families shop for schools, where they learn about their school options through visits and information (written and online) prepared by IPS and community groups.

3. **Spring:** Families submit their school preferences, ranking at least five school options.

4. **Late spring:** Students are matched with schools using a computer algorithm that considers students’ preferences but that includes a neighborhood preference — that is, students who live within a defined zone near an Opportunity School would be given a preference to attend that school if they wish.

5. **Ongoing:** Waiting lists form for students who do not get into their first choice. As vacancies open up in the desired schools, students on the waiting list would have the option of transferring.

6. **Ongoing:** Students who transfer into IPS after the initial matching process would be placed in a best-match Opportunity School, given their preferences and the availability of space. They could also get on the waiting list of up to three schools. Nonresident students could also enter the spring lottery if they express intent to move within the first three months of the school year, though they would only be able to keep their seats in schools if they do, in fact, move within the boundaries by the start of the academic year. Out-of-district students who don’t plan to move could apply as well, though IPS residents would have preference, with out-of-district students only filling slots unoccupied by residents.
One can imagine a system in which each autonomous school simply managed its own enrollment process, as private schools do today. Families could decide where to apply, and each school could have its own application forms and procedures. But evidence from the city with the most extensive system of school choice, New Orleans, suggests that this school-by-school approach has been very confusing to parents and educators alike.107

A single, citywide enrollment process would be easier for families to navigate, would ensure that every child has an equal chance to attend the schools they choose, and would enable IPS to guarantee every child a seat in a school. For this system to work, all Opportunity Schools, including public charters, would have to agree to two conditions: (1) participate in a common enrollment process and (2) accept mid-year transfers.108 By requiring all schools to accept mid-year transfers, IPS ensures that there would be a place for every IPS student, regardless of when he or she arrives.

Although Opportunity Schools would operate under a charter or a contract with IPS, they also could enroll out-of-district students, as allowed by Indiana law. Our plan, however, includes several incentives for Opportunity Schools to serve IPS students first:

- **Higher funding.** Schools would receive full per-pupil funding ($12,004 on average) only for students residing within IPS boundaries. For all other students, schools would receive the same amount as allocated by the state, an average of $7,700, plus whatever federal and other special funds would follow their students.

- **Free transportation.** IPS would provide free transportation to all IPS-resident students attending an Opportunity School or reimburse schools that supply their own transportation. Out-of-district students, by contrast, would have to find their own transportation to school, or the school would have to arrange and pay for it.

- **Free or low-cost facility.** Opportunity Schools also would receive free or low-cost access to IPS facilities if they set aside the vast majority of their available seats for IPS students.

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108 Schools with special admissions processes would be able to retain them and apply them to mid-year transfers.
5. Driving More Funds to Schools and Classrooms

Under the new system, the vast majority of funding would flow to the school level, based on the needs of the students a school enrolls. Although federal requirements would continue to apply to a portion of those funds, Opportunity School leadership teams would largely be able to spend the funds as they see fit to advance student learning and manage and operate a successful school. The result would be a new, fairer funding system that supports autonomy and flexibility and pushes more than $188 million in additional funds from central administration and services to schools and strategic citywide priorities each year.

How funds are allocated currently

IPS’ proposed budget for 2012 totals nearly $537 million, an average of $16,230 for each of the 33,080 students enrolled in an IPS school. Of that, IPS plans to allocate about $218.3 million to schools, 41% of the total budget, or about $6,600 per student.

IPS plans to spend the remaining $318.5 million — $9,630 per pupil — across three areas (see Figures 3-4 and 3-5):

- **Central administration ($53.4 million).** A large portion of central administration dollars would fund more than 500 full-time positions in the central office. The biggest portion of that funding — $16 million — would cover “teaching and learning” functions, such as curriculum development, testing, and other academic oversight. Most other funding relates to operations, such as facilities oversight, human resources, and finance and accounting.

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109 All calculations throughout this section use 2012 budget data whenever possible. 2012 budget figures are not available for special-funded projects or school lunch fund. For those funds, we use 2011 budget figures. Enrollment figures are from 2010-11 school year. See methodology in Appendix H for full details.

Sources:
- Budget data
- IPS student enrollment: Indiana Department of Education. “Find School Corporation Data Reports: Corporation Enrollment by Grade Level.” Available: www.doe.in.gov/data/reports.html
- IPS residents enrolled in charter schools: Estimated using a two-step process:
  1. Find the proportion of all charter students residing in the IPS boundaries in 2008–09, the most recent year for which those data are available. Source: Special request to City of Indianapolis, Office of Education Innovation.

**Services ($194.3 million).** Capital projects, transportation, and special funded projects (such as federal programs and alternative education) consume most funds in the services category. In addition, IPS plans to spend about $20 million on school lunch, $20 million on transfer tuition related to desegregation, and $6 million on self-insurance.

**Obligations ($70.9 million).** General debt service accounts for more than half of IPS’ obligations ($40.7 million). The debt-exempt capital fund and repayment of bonds for retirement and severance make up the remainder.

How the new system would work

School funding would be dramatically different as IPS transitions to a system of Opportunity Schools. Four key features would underlie the new funding system:

1. **A much leaner, more efficient, and targeted central office.** Our new system would drive more funding to the school level by shrinking the district office and reallocating responsibility and funding for most services to schools. Without a large bureaucracy to absorb precious resources, schools would receive a larger proportion of per-pupil funding with which to address the particular needs of their students and operate their schools. Experience suggests that carefully selected Opportunity Schools with strong leadership would be well-equipped to take on the functions now carried out by the central office; and they could always purchase these services from central office if that makes the most sense; the choice would be theirs. (In Figure 3-6, we show how resources would detail the calculations showing how IPS can accomplish this shift in resources.)

2. **Student enrollment would determine how much funding each school receives.** In the new system, all school-level funding, accounting for approximately three-quarters of all public education dollars, would follow children to schools. As a school’s enrollment expands or contracts from one year to the next, its funding also would shift automatically. This approach would add an important layer of accountability to the system. Schools that fail to attract students would no longer be guaranteed enough funding to continue operating. Ineffective programs would be forced to give up their contracts or adopt reforms to meet the needs of students and families.

3. **Incentives for schools to serve all students well.** Students with greater educational needs would generate larger amounts of per-pupil funds. State funding for districts is already based on student counts and the needs of those students. The new system would further guarantee a transparent process for basing each school’s funding on the needs of the students it enrolls. Many of the federal funding streams that IPS currently receives are designed to support low-income students, students with disabilities, or students with other special needs. Schools that enroll larger numbers of these students would automatically receive a higher level of funding based on an explicit, well-understood formula, making it possible to establish themselves as havens for students with the greatest needs. As a result, school operators would have an incentive to create programs to serve all students, not just the students who are easiest to teach, because they would have the resources needed to serve all of their students well.
In FY 2012, IPS schools are slated to receive just over $218.3 million, approximately 41% of the district’s total budget, or $6,600 per student. Schools will receive the majority of this funding as staff positions, rather than dollars. According to the FY 2012 budget, direct school funding will support more than 3,200 positions.

IPS plans to spend another $53.4 million on its central office, which funds more than 500 full-time positions. Most central office funding will support teaching and learning ($16.1 million). Operational functions, including facilities oversight, safety, human resources, and finance and accounting make up another major share of the central office’s budget.

Services make up the second largest funding category after funding allocated to schools, totaling more than $194 million. Capital projects, transportation (including the school transportation fund and school bus replacement fund), and special-funded projects (such as federal programs, alternative education, and school choice) are the largest service categories, each costing more than $45 million. IPS plans to spend nearly $20 million on school lunches, nearly $20 million on transfer tuition, and $6 million on self-insurance in FY 2012.

IPS will spend more than $70 million paying for its obligations. Debt service accounts for more than half of this funding ($40.7 million). The debt-exempt capital fund, retirement, and severance make up the remainder.
4. **Flexibility to meet student needs.** School leaders would receive this vastly increased funding with few restrictions, providing flexibility to run a successful school and support the customized programs they’re using to address the specific needs of their students. Although Opportunity Schools would be responsible for many of the operational functions the district now provides, and spend a significant part of the funding they receive to do so, public charter schools already perform the same functions with much less funding than our system would provide each Opportunity School. As a result, Opportunity Schools would have more funds with which to meet their students’ particular educational needs, such as paying great teachers substantially more, introducing new technologies that give each child personalized learning opportunities, offering wraparound services such as tutoring and more counseling, or extending the school day and year.

### Figure 3-6: Shifts in Funding from Current to End State after the Transition*

In millions of dollars

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>End State</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Administration</strong></td>
<td>$53.4M</td>
<td>$18.5M</td>
</tr>
<tr>
<td>Superintendent &amp; school board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources (HR), finance, operations, &amp; legal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special education &amp; program administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teaching &amp; learning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Initiatives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prekindergarten</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New School Incubation Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Talent Development Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced/mostly shifted to schools:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities, HR, finance, operations &amp; legal, information technology, special education &amp; program administration, teaching &amp; learning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintained or enhanced central functions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>superintendent &amp; executive support, authorizing &amp; accountability, enrollment, community outreach</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Schools</strong></td>
<td>$218.3M</td>
<td>$18.5M</td>
</tr>
<tr>
<td>Reduced/mostly shifted to schools:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities, HR, finance, operations &amp; legal, information technology, special education &amp; program administration, teaching &amp; learning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entirely shifted to schools:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety, transportation, school lunch, self-insurance, facilities management, some special-funded programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>$194.3M</td>
<td>$10.0M</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td>Reduced/mostly shifted to schools:</td>
</tr>
<tr>
<td>School lunch</td>
<td></td>
<td>Facilities, HR, finance, operations &amp; legal, information technology, special education &amp; program administration, teaching &amp; learning</td>
</tr>
<tr>
<td>Self-insurance</td>
<td></td>
<td>Entirely shifted to schools:</td>
</tr>
<tr>
<td>Facilities management</td>
<td></td>
<td>Safety, transportation, school lunch, self-insurance, facilities management, some special-funded programs</td>
</tr>
<tr>
<td>Special-funded programs</td>
<td></td>
<td>Some special-funded programs</td>
</tr>
<tr>
<td>Transfer tuition</td>
<td></td>
<td>Transfer tuition</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>$194.3M</td>
<td>$31.0M</td>
</tr>
</tbody>
</table>

* Obligations funding not included in table because funding levels remain the same in current and end state.
A new budget for IPS — without any additional taxes

Any plan to reform IPS must be sound in terms of both policy and finances. We therefore set out to determine how IPS could pay for the plan described above from existing funds, assuming that the system needs to operate within its current means. As a result, all of the projections and calculations in this section hold IPS’ budget constant at the FY 2012 level and express amounts in terms of today’s dollars. Although it is possible that some costs, such as health care and private placements for special education, could continue to rise faster than inflation, any finance system, new or old, would have to face that reality and shift existing resources if needed.

In addition, we assume steady enrollment in IPS. Although the district’s enrollment has declined in recent years, we have every reason to think this new system would induce families to stay in or join IPS. Since we have no way of knowing how enrollment would play out in the new system, assuming flat enrollment is the most logical assumption. If enrollment grows or declines, the basic finance system we are proposing provides a structure with which to handle resulting changes in revenues and expenses.

By shrinking the central office to perform only targeted functions and shifting responsibility and funding for most services to schools, there would be enough resources both to fund new initiatives crucial to creating a system of Opportunity Schools — including universal prekindergarten, a New School Incubation Fund, and a Talent Development Fund — and to give schools, on average, about $5,400 more per pupil to educate each IPS student and operate a successful school. The rest of this section explains how.

More funding allocated to schools

The key to increasing the amount of funding schools receive would be redirecting more responsibility and dollars from a central authority to schools. After accounting for new programs, we identified $188 million that are now centrally controlled but that would be redirected to schools under our plan (see Figure 3-7).

As we discuss in Chapter 4, during the transition, IPS leaders would need to make a careful review of all central functions to determine exactly what could be shifted to schools and what should remain centrally operated during the transition and beyond. If the leadership determines that some functions, such as adult education, would be best administered centrally, they could make that determination within an overall intent to reallocate as much as possible to the schools.

As we show in Figure 3-6, responsibility and dollars for nearly all services would go from being controlled centrally to being controlled by schools, redirecting $163.4 million. In addition, the central office would be overhauled, with current functions completely, or mostly, shifted to schools. To reflect the central office’s new role described earlier, four centralized functions — superintendent and executive support, authorizing and accountability, enrollment, and community outreach — would be maintained or enhanced. The result would be a much leaner and more efficient central office, freeing up $18.5 million for new initiatives and $24.8 million for schools to support their instructional programs and operations.

The remainder of this section provides a more detailed description of how funding streams would shift under the new system. The numbers we present, however, are a projection of what we have concluded IPS can achieve, rather than a rigid line-item budget that IPS’ leaders and schools should
follow exactly. Schools would be responsible for handling many operational functions the district now provides, such as self-insurance, school lunch, and back-office operations. Schools could decide they need more funding to provide some of these functions than we show in our tables, but they also could find they need less funding in some instances. Ultimately, district leaders must be responsible for reviewing IPS’ finances and making good judgments on funding its schools, and school leaders must decide how best to address operational needs while aligning funding with academic goals.

It is clear, however, that an average of $12,000 per pupil provides an enormous opportunity for schools to offer a dramatically better education. As described above, public charter schools routinely accomplish all of the tasks we propose placing under schools’ control with an average of just $7,700 from public sources — much less funding than IPS would make available under this plan. Doing so is not easy, however, and many public charter schools are forced to rely in part on private philanthropy. To become a magnet for the best school operators in the country, IPS must offer a competitive per-pupil funding amount, and an average of $12,000 per pupil would place IPS second in the country behind only Washington, DC.111

Funding a new, leaner, and more efficient central office
As described above, the first step in our analysis was to identify which functions would be truly best served by a district office, and we settled on something radically different than what IPS does today. We contracted with Alvarez & Marsal, a firm of financial experts that has worked with several large districts restructuring their central offices, including New York City; Washington, DC; and New Orleans, to identify the type of staff and operational costs necessary to provide those functions. The result was a budget for a new district office of just over $10 million, freeing up more than $43 million for schools and new initiatives (see Figure 3-6 and Appendix H for more detail). In addition to providing the funding needed to perform targeted services, the central office’s budget includes a contingency fund of $1.5 million, nearly 15%, with which the district can address unexpected or large, one-time costs.

While the central office’s size would shrink gradually but dramatically over the transition period, a strong set of targeted operations would remain in place, reflecting the system’s new roles. As Figure 3-8 shows, the major emphasis of the central office would be authorizing and accountability: deciding which operators qualify to manage Opportunity Schools, and holding those schools accountable for achieving results. Community outreach would increase in importance, as a major role of the central office would be to understand the priorities of families and students and to ensure that families and students receive comprehensive information about their wider array of options. Other functions would remain in place but at a reduced scale, as schools take on these responsibilities or contract with other providers that offer them.

It is important to note that the transition to this new central office structure would occur over a period of years (outlined in Chapter 4). The accounting department within the central office, for example, would not suddenly drop from a staff of 33 to a staff of eight. But over a period of years, as schools take on a larger share of financial responsibilities, that department in the central office can become correspondingly smaller. It never would disappear entirely, however, ensuring strong ongoing fiscal management for the system as a whole. And as described in Chapter 4, the system’s leadership should work closely with city and state officials to help current IPS employees transition to new opportunities as the shape of the central office changes over time.

The budget shown and discussed here is the “end state” budget — the ongoing, recurring cost of maintaining the system after the transition period is complete.

While the central office’s size would shrink gradually but dramatically over the transition period, a strong set of targeted operations would remain in place, reflecting the system’s new roles. The major emphasis of the central office would be authorizing and accountability: deciding which operators qualify to manage Opportunity Schools, and holding those schools accountable for achieving results.

<table>
<thead>
<tr>
<th>CURRENT STATE</th>
<th>END STATE AFTER TRANSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUNDING CATEGORY</strong></td>
<td><strong>STAFF</strong></td>
</tr>
<tr>
<td>Special Ed. Admin.</td>
<td>41.8</td>
</tr>
<tr>
<td>Facilities</td>
<td>57.3</td>
</tr>
<tr>
<td>Human Resources</td>
<td>32.6</td>
</tr>
<tr>
<td>Finance and Account.</td>
<td>33</td>
</tr>
<tr>
<td>Superintendent</td>
<td>21.5</td>
</tr>
<tr>
<td>Information Tech.</td>
<td>33</td>
</tr>
<tr>
<td>Communications</td>
<td>5</td>
</tr>
<tr>
<td>Operations</td>
<td>12</td>
</tr>
<tr>
<td>Legal</td>
<td>—</td>
</tr>
<tr>
<td>Enrollment</td>
<td>11</td>
</tr>
<tr>
<td>Safety</td>
<td>74</td>
</tr>
<tr>
<td>Board of Comm.</td>
<td>9</td>
</tr>
<tr>
<td>Teaching and Learn.</td>
<td>167.1</td>
</tr>
<tr>
<td>Program Admin.</td>
<td>15.5</td>
</tr>
<tr>
<td><strong>Total (FY $ 2012 $)</strong></td>
<td>512.7</td>
</tr>
<tr>
<td>Authorizing &amp; Accountability</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total (FY $ 2012 $)</strong></td>
<td>65.0</td>
</tr>
<tr>
<td>Estimated additional funding to schools and new initiatives</td>
<td>—</td>
</tr>
</tbody>
</table>

Note: The end state section of this table only shows funds that would continue to be controlled by the central office. Schools would receive substantially more funds to carry out the same functions. For example, while the central office special education budget would fall in this scenario, the overall amount spent on special education would remain the same.

* IPS senior leadership would determine staffing levels for each function. Here, we only show the approximate total number of FTEs in the new central office.

** Costs for enrollment would rise to pay for a sophisticated computer system to manage a districtwide enrollment process in which families have many choices. We recommend a system designed to forecast the funding that would follow each student so schools know what funding they can expect based on the needs of the students they enroll.
Services tailored to students’ needs

To tailor services to students’ needs, principals and teachers who know students best must have a say in which services to purchase. Under the proposed system, the district’s central office therefore would be responsible for much less, while Opportunity Schools become responsible for making many more of the daily decisions that affect their students (see Figure 3-9). Schools would handle school lunch and facilities responsibilities best carried out at the school level, such as basic maintenance and upkeep through contracting for services. Schools also would decide which academic programs best meet the needs of their students, decreasing the need for a large Teaching and Learning department in the central office. Eventually, schools also would have the chance to provide or purchase transportation with their own funding if they identify providers that are more cost-effective or offer a better service than the district. Given the importance of transportation in enabling choice, however, the district would continue providing transportation for any Opportunity School that wants it through at least the transition period and potentially beyond based on what is most effective and cost efficient.

When the new system of Opportunity Schools is fully implemented, schools would receive an additional $163.4 million a year to pay for the services the district now funds. The schools could continue to purchase these services from the central office, buy them from other providers, or handle them in-house, depending on what works best for their students. In fact, it is possible that in some instances, such as for facilities, IPS would actually retain a central staff similar in size to today’s, but it would be paid for by lease payments from schools, rather than by the central office.

Bold as this change may seem, experience nationwide suggests that it is absolutely doable. Every day, thousands of independently operated schools around the country — including autonomous district schools, public charter schools, and private schools — take responsibility for obtaining the academic and operational services they need with less funding than our plan could provide to Opportunity Schools. In New York City, for example, every school in the district is semi-autonomous. To support principals, the department of education has created a variety of support organizations and partners with numerous nonprofit organizations to offer schools everything from professional development to data analysis. Principals select services that best fit their school’s needs, eliminating the need for a large central office (see Appendix G for more).

New centrally funded strategic priorities

In addition to the central office’s own operations and ongoing obligations, our budget for the new system includes three high-priority items that would be funded centrally:

- **Universal prekindergarten.** Universal prekindergarten would phase in during the transition, with increasing numbers of students funded each year. Once the transition is complete, the system’s budget would include $14 million a year to enable all IPS families to obtain one year of academic prekindergarten for their children. This fund would be large enough to enable every 4-year-old in IPS boundaries to attend


such a program. Our calculation assumes that new prekindergarten enrollment (not including students already enrolled in federally funded prekindergarten programs) would be about the same as kindergarten enrollment and that IPS would spend about the national average per pupil ($4,200). It also includes $150,000 to administer the disbursement of funds to providers.

**New school incubation.** After allocating up to $7.5 million a year during the transition, the ongoing budget includes $2 million per year for incubating new schools and school networks — a process described above. While all schools would be Opportunity Schools or in the process of becoming Opportunity Schools by the end of the transition, the system continuously would have to cultivate new supply to meet new needs, replace schools where performance lags, or capitalize on new innovations. Based on the experience of other programs and cities, this budget allows the system to continue incubating two to eight new schools or school clusters per year.

**Talent development pipeline.** Opportunity Schools would recruit their own leaders, teachers, and other staff. The system would maintain a $2.5 million annual budget, however, to enlist partners such as The New Teacher Project, Woodrow Wilson Fellows, Teach For America, TFA’s Indianapolis Principal Fellowship, or others on an ongoing basis to provide our schools with a steady stream of talented teachers and principals.

IPS also would continue to be responsible for its financial obligations. Our budget assumes that all line items currently in the category “Obligations,” such as servicing the system’s debts, would continue to be carried out at the same level centrally. These line items do not change at all in our new budget (see Figure 3-10).

---

**Every day, thousands of independently operated schools around the country — including autonomous district schools, public charter schools, and private schools — take responsibility for obtaining the academic and operational services they need with less funding than our plan could provide to Opportunity Schools.**

---

**Figure 3-9. Central Office Would Provide Far Fewer Services**

<table>
<thead>
<tr>
<th>Services Currently Provided by the Central Office</th>
<th>Services Provided by the Central Office Under the New System</th>
<th>Estimated Additional Funding to Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Category</td>
<td>Amount</td>
<td>Funding Category</td>
</tr>
<tr>
<td>School Bus Replacement Fund</td>
<td>$12,723,000</td>
<td>School Bus Replacement Fund</td>
</tr>
<tr>
<td>School Transportation Fund</td>
<td>33,475,000</td>
<td>School Transportation Fund</td>
</tr>
<tr>
<td>School Lunch Fund</td>
<td>18,707,195</td>
<td>School Lunch Fund</td>
</tr>
<tr>
<td>Self-Insurance Fund</td>
<td>6,000,000</td>
<td>Self-Insurance Fund</td>
</tr>
<tr>
<td>Capital Projects Fund</td>
<td>47,501,000</td>
<td>Capital Projects Fund</td>
</tr>
<tr>
<td>Special-Funded Programs</td>
<td>57,554,543</td>
<td>Special-Funded Programs</td>
</tr>
<tr>
<td>Transfer Tuition</td>
<td>18,363,093</td>
<td>Transfer Tuition</td>
</tr>
<tr>
<td><strong>Total Services</strong></td>
<td><strong>$194,323,831</strong></td>
<td><strong>Total Services</strong></td>
</tr>
</tbody>
</table>

Note: The end state section of this table only shows funds that will continue to be controlled centrally. Schools will receive substantially more funds to carry out the same functions.

---

### Figure 3-10. Schools, Not Central Office, Would Control Most Funds

End state budget after the transition

<table>
<thead>
<tr>
<th>FUNDING CATEGORY</th>
<th>FUNDING SUBCATEGORIES</th>
<th>AMOUNT</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Schools</strong></td>
<td>Funding Allocated to Schools Including funding for: • Transportation • School Lunch • Self-Insurance • Capital Projects • Some Special-Funded Projects</td>
<td>$406,534,458</td>
<td>Under the new system, IPS schools are slated to receive $406.5 million, an increase of about $188 million. Opportunity Schools would receive more than three-quarters of all available funding, amounting to $12,004 per IPS student. The additional funding would come primarily from a smaller central office and shifting responsibility and funding for most services to the school level. Opportunity Schools would receive funding in dollars based on the number of students and their special needs, rather than staff positions or services.</td>
</tr>
<tr>
<td><strong>Central Administration</strong></td>
<td>Special Education Administration</td>
<td>$1,350,000</td>
<td>The new central office would be much smaller, performing only core functions. As a result, it would be much less expensive to operate — just over $10 million per year. The additional $43.3 million currently allocated to the district office would be redirected to schools ($24.8 million) and new initiatives ($18.5 million).</td>
</tr>
<tr>
<td></td>
<td>Capital Planning &amp; Oversight</td>
<td>950,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human Resources</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance and Accounting</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Superintendent &amp; Executive Support</td>
<td>765,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information Technology</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community Outreach</td>
<td>755,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operations</td>
<td>710,162</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enrollment**</td>
<td>605,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Teaching and Learning</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Program Administration</td>
<td>375,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contingency</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Authorizing and Accountability</td>
<td>1,770,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Central Administration</strong></td>
<td></td>
<td>$10,030,162</td>
<td></td>
</tr>
<tr>
<td><strong>New Initiatives</strong></td>
<td>Universal Prekindergarten</td>
<td>14,028,540</td>
<td>$18.5 million of the funds freed up by shrinking central administration would fund three new initiatives in IPS: universal prekindergarten ($14 million), a New School Incubation Fund ($2 million), and a Talent Development Fund ($2.5 million).</td>
</tr>
<tr>
<td></td>
<td>New School Incubation Fund</td>
<td>$2,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Talent Development Fund</td>
<td>$2,500,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total New Initiatives</strong></td>
<td></td>
<td>$18,528,540</td>
<td></td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>Special-Funded Programs</td>
<td>12,589,486</td>
<td>Most of the services the central office currently provides would be controlled by schools under the new system, including school lunch, self-insurance, capital projects, transportation, and many special-funded programs (e.g., professional development, parent involvement, and funds for special populations). These changes to the services the district provides would shift $163.4 million to school control.</td>
</tr>
<tr>
<td></td>
<td>Transfer Tuition</td>
<td>18,363,093</td>
<td></td>
</tr>
<tr>
<td><strong>Total Services</strong></td>
<td></td>
<td>$30,952,579</td>
<td></td>
</tr>
<tr>
<td><strong>Obligations</strong></td>
<td>Debt Service Fund</td>
<td>40,681,000</td>
<td>Full responsibility for obligations would remain with the district, at a continuing cost of $70.9 million.</td>
</tr>
<tr>
<td></td>
<td>Referendum Debt Exempt Capital Fund</td>
<td>9,604,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retirement / Severance Bond Debt Service</td>
<td>3,168,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retirement / Severance Bond Fund</td>
<td>17,400,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Obligations</strong></td>
<td></td>
<td>$70,853,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget in FY 2012</strong></td>
<td></td>
<td>$536,898,738</td>
<td></td>
</tr>
</tbody>
</table>
Arriving at $12,000 per pupil

Our analysis found that IPS can provide targeted services, including new programs, and redirect an average of $12,004 to every Opportunity School for its IPS students. To determine a new average per-pupil amount for Opportunity Schools, we followed a four-step process (see Figure 3.11):

Step 1. Identify all funding that can be allocated to schools

This step includes all anticipated funding for FY 2012, broken down into four main funding categories — schools, services, central administration, and obligations. All of the funding currently designated for schools would continue to go to schools under the proposed system. In addition, the plan would redirect $163 million spent on services, including transportation, self-insurance, and school lunch, to schools. Another $43 million currently supporting the central administration could also be redirected. Altogether, we identified $425 million that IPS could allocate to schools.

Step 2. Add existing public charter school students to the system

For the purposes of this financial analysis, we estimated that about 45% of public charter schools serving approximately 2,200 IPS students eventually would meet the high criteria to become Opportunity Schools (see p. 45 for how charters can become Opportunity Schools). The new system ensures that these schools receive the same high per-pupil funding for students residing in IPS that other Opportunity Schools receive for students with the same needs. Public charters currently receive about $7,700 per student, significantly less than the amount IPS would be able to send to Opportunity Schools. IPS therefore would supplement the funding charter schools receive if they qualify as Opportunity Schools. To identify how much funding IPS could distribute among all students attending an Opportunity School, including those in charters, our model adds current charter funding to the amount identified in Step 1.

Step 3. Subtract new strategic initiatives

The plan calls for three new programs that the central office would administer — universal prekindergarten, the New School Incubation Fund, and the Talent Development Fund. Our model subtracts the cost of these programs from the total calculated in step 2. The remaining $423.7 million could be distributed to Opportunity Schools.

Step 4. Divide remaining funding by number of students attending

The final step was to divide all remaining funding that could be allocated to schools by all students attending an Opportunity School. Our model assumes that in time, all IPS students (30,080) and 45% of public charter students (approximately 2,213) would attend an Opportunity School, a total of 35,293 students.

Following these steps, on average, Opportunity Schools would receive $12,004 for every IPS student they enroll.

115 Actual per-pupil funding amounts would reflect student needs, so schools would receive more than $12,000 for students with greater needs and less than $12,000 for students with lesser needs.
Unrestricted versus restricted funds
Opportunity Schools would have extraordinary flexibility in how they could spend their dollars. As Figure 3-12 shows, they would be able to spend general funds (excluding transfer tuition mostly targeted for desegregation), administrative funds, and self-insurance funds for any educational purpose. Although schools would continue to use a large portion of those funds to purchase services the district currently provides, including self-insurance, facilities maintenance, and transportation, they would have complete flexibility with whatever funding they have left. Altogether, unrestricted funds would account for 63% of reallocated school funding.

The use of other funding sources, however, would be restricted to certain purposes. Together, restricted funds account for approximately 37% of the reallocated funds. The school lunch fund, for example, represents federal dollars earmarked for school lunch programs for low-income students. Similarly, the special program funds consist largely of federal Title I dollars that must be allocated based on student poverty, special education funding for students with disabilities, and other funding streams with specific intended uses. The amount of school lunch and special program funds that a particular school receives, therefore, would be determined by the characteristics of the students enrolled in the school. These funds come with federal strings that neither the state nor IPS can waive.

Unlike other restricted funds, capital projects funds are local funds. Since they are generated by local property taxes, however, they must be used to implement pre-approved capital plans. To the extent possible under these restrictions, IPS would allocate capital funding to schools on a per-pupil or per-square footage basis, granting schools the maximum spending flexibility allowable under these restrictions in their use of the dollars. If local tax-fund-use restrictions prevent per-pupil or building allocation of any of these funds, IPS would devise other fair and transparent ways to allocate the resources, such as the age of school buildings and the importance of a project.

Although about 37% of the per-pupil dollars that schools receive would be restricted, those dollars still would allow school leaders the opportunity to be innovative in their spending choices. More important, schools would receive far more unrestricted funding, maximizing their ability to spend each dollar in ways that best support the needs of their students.

A conservative estimate
We believe these are conservative estimates of how much funding could be reallocated to schools. As explained in Chapter 4, an early step would be a top-to-bottom expert review of IPS’ finances and operations to find waste and inefficiencies, savings which could be repurposed to schools. Given the experiences of districts such as Washington, DC; New York; and Chicago, this analysis likely would identify even greater cost savings from efficiency gains (see Appendix I).
6. Offering High-Quality Academic Prekindergarten to All 4-Year-Olds

To boost every child’s opportunity to start off his or her academic career on track, the budget includes nearly $14 million for universal prekindergarten. The budget allocates more than $4,200 per pupil (the national average for prekindergarten) to provide at least a half-day of prekindergarten to an additional 3,300 students (equal to IPS’ 2010–11 kindergarten enrollment). This $14 million would supplement the existing limited prekindergarten funding; IPS now provides 545 slots through federal special education and Head Start funding.116 Altogether, our plan would allow nearly 4,000 4-year-olds living in IPS to receive free, high-quality prekindergarten when the transition is complete.

IPS would not use this funding to provide prekindergarten services directly. Instead, IPS would allocate the funds to academic prekindergarten programs available to children living within IPS boundaries. These programs may be offered by existing schools or other organizations that meet IPS’ standards. To ensure quality of services, providers would only receive funding once they receive accreditation through IPS, giving parents the freedom to choose an excellent prekindergarten program that best fits their child’s needs, public or private. We anticipate that IPS would work with local nonprofits to manage this process.

In addition to following licensing guidelines for the state of Indiana, existing and new operators would apply for IPS accreditation through a standards-based process. When designing the accreditation process, IPS could look to reputable organizations such as The National Association for the Education of Young Children (NAEYC), whose accreditation is known for maintaining high quality. NAEYC’s accreditation process includes:

- A rigorous assessment of curricula and learning environment and evidence of best strategies from educators.
- A strict review of the qualifications of all program educators, from administrators to teacher aides.
- High standards for maintenance of the five-year NAEYC accreditation. Providers must submit detailed annual reports, commit to unannounced site visits, and update NAEYC of any major changes in the program.117

Building universal prekindergarten in IPS would take time. We therefore assume that during the transition period, prekindergarten would phase-in as more quality operators apply for accreditation and families become aware of their choices. Once the prekindergarten program begins, we assume prekindergarten enrollment would increase evenly over the transition period to include all 4-year-olds living within IPS boundaries. If demand for prekindergarten programs exceeds the supply during the transition, students with the greatest needs would receive priority in funding. If needed, IPS would use a lottery to determine which students receive prekindergarten funds until a greater supply became available.

117 Available: www.naeyc.org/academy/pursuing/overview
7. Turning Indianapolis into a National Magnet for Talent

We are confident that the steps previously described would turn Indianapolis into a magnet for the best educational talent in the country—both local and recruited from elsewhere. The most successful teachers, school leaders, and school network operators have identified the conditions our plan creates as key to attracting and retaining them. Our plan systematically addresses each of these conditions.

- **High per-pupil funding.** The new funding system would enable IPS to provide schools an average of about $12,000 per student, well above what public charter schools nationwide receive, adjusting for cost-of-living differences, and more than 50% higher than what Indianapolis charter schools or IPS schools now receive (see Figure 3-13).

- **Access to facilities.** Opportunity Schools would be able to use existing district buildings, saving them the expense of buying or building new campuses.

- **Maximum flexibility for school operations.** School leaders would have freedom over staffing, programming, scheduling, and budgeting—responsibilities for which the most talented school leaders are eager.

- **Opportunity to open multiple schools.** Public charter networks often require a commitment to open five to eight schools to maximize economies of scale, preferably without having to acquire individual charters for each school. Our plan would offer this option to school organizations with exemplary track records, contingent on their maintaining excellence as they expand in Indianapolis. Doing so would make it easier for great schools of all types to expand.

- **Dedicated start-up funds.** Through the new New School Incubation Fund, each new school would have access to the start-up funds it needs to recruit and develop staff, plan its educational approach, and recruit students.

- **Established pipeline of talented educators.** Successful schools want to establish and expand their programs alongside quality teacher-training organizations. Indianapolis fits the bill: Since 2007, 205 Teach For America corps members and more than 230 teaching fellows with The New Teacher Project have taught in the city. Both programs are extremely competitive and draw top talent to the classroom (see sidebar, p. 25). In addition, the Woodrow Wilson Indiana Teaching Fellowship has recruited, trained, and placed 106 individuals with backgrounds in math, science, technology, and engineering to teach in high-need secondary schools. An additional 52 fellows are in training.

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118 Based on interviews with selected school operators conducted in the preparation of this report, which largely parallels earlier research on this topic such as Mass Insight Education and Research Institute (2007), Considering School Turnarounds. San Francisco: NewSchools Venture Fund. Available: www.newschools.org/files/ConsideringSchoolTurnarounds_0.pdf.

119 Figures provided by The Mind Trust, Nov. 11, 2011.
The University of Indianapolis was selected by Carnegie Corporation of New York as a partner in a major national initiative to recruit and retain science and math teachers, called 100kin10, and Butler University partnered with IPS to create the Laboratory Schools at William A. Bell School 60.120 And since it started in 2011, six fellows have taken part in the Indianapolis Principal Fellowship, which enables talented TFA corps members to obtain rigorous graduate-level training in school leadership from Columbia University in preparation for leading schools in Indianapolis.121

While these conditions would help make Indianapolis a national magnet for high-quality school operators and new school start-ups, the community should not underestimate the challenge of producing a supply of high-quality options. Public education in Indianapolis would not transform overnight. Outside organizations, even if drawn to Indianapolis, would need time to establish a presence and could then expand slowly. The same would be true for successful local operators that want to open new programs. As a result, to serve students as Opportunity Schools expand, the city needs a sound transition plan, which we outline in the next chapter.

We are confident that the steps previously described would turn Indianapolis into a magnet for the best educational talent in the country — both local and recruited from elsewhere. The most successful teachers, school leaders, and school network operators have identified the conditions our plan creates as key to attracting and retaining them. Our plan would provide these conditions.

CHAPTER 4

A MULTIYEAR TRANSITION
IN THIS CHAPTER:

Sweeping changes such as these will not happen overnight. We believe Indianapolis Public Schools (IPS) could open around 10 great new Opportunity Schools a year to replace failing programs. Many likely would be home-grown. But our reforms also would make IPS a national magnet for the most talented teachers, principals, and programs in the nation, which would accelerate progress.

During the transition, IPS would:

- Refocus central administration on targeted priorities, such as deciding who’s qualified to run Opportunity Schools and holding them accountable; conducting an annual districtwide enrollment process; ensuring special needs students are well served; and fulfilling obligations such as debt and bond payments.

- Certify and open more great schools. Excellent existing schools would become Opportunity Schools immediately following a planning year. Poor-performing schools would be given support to improve and seek Opportunity status. Promising new schools would replace persistently failing programs.

- Gradually shift $188 million a year to schools.

- Spend up to $10 million a year to attract the next generation of great principals and teachers and start great new schools.

- Pay for a free, high-quality prekindergarten education for all IPS 4-year-olds.

- Hire “transformation directors” to help turn around 6–10 low-performing schools each, so that the schools are good enough to become Opportunity Schools.
To transform IPS into a system of high-quality, independently operated Opportunity Schools, the school district would have to embark on a challenging, multiyear transition that would both improve existing schools and significantly expand the supply of higher-quality new options. This chapter outlines our proposed steps. Ultimately, however, the system’s leadership should have as much flexibility as possible to adapt the transition plan to the evolving realities of the system.

<table>
<thead>
<tr>
<th>PLANNING YEAR</th>
<th>TRANSITIONAL YEARS</th>
<th>END STATE</th>
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<tbody>
<tr>
<td>Talent</td>
<td>• Employ top-notch leadership team</td>
<td>• Continued incubation and recruitment of new schools</td>
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<td></td>
<td>• Hire transformation directors to maximize student performance during the transition</td>
<td>• A growing number of students attend high-performing Opportunity Schools</td>
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<td></td>
<td>• Evaluate current IPS teachers and school leaders; replace as needed</td>
<td>• IPS operates remaining schools under the leadership of transformation directors until schools are successful enough to convert to an Opportunity Schools or are replaced by new schools</td>
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<td>• Focus efforts to build strong talent pipeline</td>
<td>• IPS continues to provide transportation and manage buildings</td>
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<tr>
<td>School Supply</td>
<td>• Define benchmarks for becoming an Opportunity School</td>
<td>• Amount of per-pupil funding schools control increases as IPS central office shrinks</td>
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<td>• Conduct a needs assessment</td>
<td>• Central office focuses on targeted functions</td>
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<td>• Vigorously incubate and recruit new school operators</td>
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| Finance and Operations | • Identify cost savings and develop plan to restructure the district’s operations to free up resources for schools | | How long would it take for IPS to transition to the new system of independently operated Opportunity Schools? The short answer: We don’t know, but it must happen as quickly as possible. To inject the transition with this urgency, we recommend that the system’s leaders declare clear and public goals for the transition timeline, enabling the public to hold them accountable for rapidly moving to achieve the new system’s promises.

The system’s greatest challenge will be finding high-quality operators to open and run new Opportunity Schools. Based on its experience in New Orleans, the nonprofit New Schools for New Orleans estimates that most cities could transition about 10–15% of their schools each year into independent operation. Together with a small group of existing schools that would be eligible to convert to Opportunity Schools immediately following the planning year, a five-to-seven-year timeline for IPS seems both ambitious and feasible. Throughout this chapter, we use the five-year period to underscore the importance of moving quickly.

Priorities During the Planning Year

A successful transition requires careful planning. The system's leadership should use a planning year to lay the essential groundwork for implementing the ambitious plan described in Chapter 3. During the planning year, all IPS schools would remain directly run by the district, while leaders focus on three critical activities:

1. Identifying talent for the system and schools,
2. Creating a supply of high-quality operators and leaders to manage the first Opportunity Schools, and
3. Revamping and beginning to downsize the central office to free up additional resources for schools and other strategic priorities.

Identifying and recruiting talent

The planning year would offer IPS a chance to assess its current talent supply and identify and recruit highly qualified administrators, principals, and teachers to lead the district, schools, and classrooms.

Superintendent and senior team. District leadership would be key during the transition. The superintendent must be able to build a strong, experienced team of like-minded individuals — such as a chief financial officer, chief operating officer, and general counsel — with experience turning around large organizations to assist the implementation of the plan.

Although filling positions such as these with extraordinarily talented people is always challenging, Indianapolis has an immense advantage: we would be offering these leaders a unique opportunity to reshape an entire urban school system into a system of independently operated high-performing public schools. To date, the city that has done the most to offer leaders such an opportunity is New Orleans in the wake of Hurricane Katrina. High-powered talent flocked there, and the results have been impressive (see Chapter 2 and Appendix F). Indianapolis will be able to offer leaders a similar transformative opportunity, but without the massive clean up and relocation effort required just re-opening its schools.

Transformation directors. The majority of current IPS schools would not likely meet the performance criteria to become Opportunity Schools. Creating the high-quality system described above therefore would require IPS to replace many existing school programs with new, better schools. Even if IPS opens 10 or 15 Opportunity Schools per year, it would take five years or more before every student is attending one.

But current students can’t wait. We have an obligation to do everything in our power to provide them with the best education, including an urgent need to provide top-notch remediation to students who are behind. We recommend that IPS address this challenge by hiring a cadre of eight carefully selected transformation directors, each of whom would take responsibility for six to 10 low-performing IPS schools.
Transformation directors would need to be:

❋ **Vigorously recruited and carefully selected.** Transformation directors would need to be highly competent and driven to succeed. In all likelihood, they would need to be recruited from large organizations or successful entrepreneurial ones, seasoned leaders who are eager to take on an unprecedented but rewarding challenge. IPS would need to enlist the city’s public and civic leadership to issue a call to service that attracts the region’s best and brightest leaders. Our community has immense talent, including many people seeking opportunities to make a difference. Some may have deep experience in educational management. Others may have honed their skills in the private or government sectors. The ability to set ambitious goals, drive vigorously for results, and manage others to meet those targets would be the hallmarks of these leaders, rather than a specific background as a school system leader. Those coming from outside would, of course, need to carefully select school principals and other educators to ensure that leaders of their clusters of schools are well-prepared for education-specific management and leadership challenges.

❋ **Held to high standards.** Transformation directors would be held accountable for results in three ways. First, they must quickly transition their schools to Opportunity School status — recruiting new school operators or individual school leaders to replace failing programs in their buildings, and assisting current principals to raise their schools’ performance sufficiently that they qualify for Opportunity School status. Second, transformation directors’ performance would be assessed based on the degree of improvement in student learning in their 6–10 schools, regardless of whether the schools are being managed by new external operators, new principals, or holdover principals. In all likelihood, not all transformation directors would succeed. IPS would use these performance assessments to phase-out unsuccessful managers over time and give successful ones authority over additional schools. And third, transformation directors would be held accountable for overseeing the successful closure of the lowest-performing schools.

❋ **Given wide authority.** Transformation directors would need wide authority to do what is needed to boost student results. Of paramount importance would be their ability to hire school leaders who meet their exacting standards and fire those who do not.

❋ **Compensated for high-risk, high-reward work.** To attract this level of talent, IPS would need to offer sufficient base salaries with the ability to earn substantially more if transformation directors meet or exceed their ambitious performance targets. This job requires high-risk, high-reward work, and while such compensation would be higher than typically offered by school systems, it would be necessary to compete with the private sector to yield a good, long-term return on investment. Shifting funds from the central office, as described in Chapter 3, could finance this compensation. Along with a strong superintendent, hiring exceptional transformation directors will be among the most important tasks IPS undertakes during the transition.
**Offered future opportunities.** The transformation director’s job would be temporary by definition. As schools become Opportunity Schools, his or her responsibilities would decrease within a given building and, ultimately, disappear altogether. Some transformation directors would assume the job is only temporary, perhaps eager to return to a career after a multiyear experience in schools. But for successful leaders who want to make a career in educational leadership, IPS would need to offer opportunities for advancement, such as taking on additional schools, leading a cluster of Opportunity Schools, or taking one of the core leadership positions within the revamped central office.

**School leaders and teachers.** The most important contribution schools can make to a child’s education is to ensure every school has a great leader and staff of highly effective teachers (see sidebar, this page). In large measure, the success or failure of our plan would depend on the system’s ability to (1) retain the many excellent teachers and leaders already working in IPS schools; (2) attract the next generation of talented teachers and leaders; and (3) ensure that as many students as possible benefit from these effective teachers and leaders. Identifying and retaining the best educators and exiting the lowest performers should be an immediate priority for IPS. We fully expect that effective educators would prefer the new system, where they would be empowered to help design, launch, and operate excellent new schools, and where their talents would be recognized and rewarded.

But inevitably, some staff would leave IPS. Research across sectors suggests that during dramatic restructuring, some voluntary staff turnover would be natural. To ensure that the best and brightest remain, however, IPS should work proactively to educate teachers and school leaders about the advantages of the new system and explain the clear and transparent processes that would guide the transition. IPS should continually collect feedback and ensure that educators have multiple avenues to seek information, express their concerns, and receive support throughout the transition.

During the transition, many existing IPS schools would continue to operate under central office control, with the number dwindling over time. To ensure that students in these schools receive the best education possible during this period, IPS should work with transformation directors to recruit great principals for each school. School leaders who commit to new, higher expectations and show measurable improvement would have many career advancement opportunities — perhaps becoming a transformation director in charge of multiple schools, leading an Opportunity School or cluster of schools, or taking a leadership role in the revamped central office.

IPS’ leadership also should work closely with teacher and staff organizations to negotiate contracts that enable schools to attract and retain the best possible educators for the students of IPS. This should include limiting the scope of collective bargaining to what is required by Indiana law, which is limited to staff pay and benefits, and structuring staff compensation to enable top teachers to earn substantially more.

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Building a strong talent development pipeline, IPS should immediately focus on developing a strong pipeline of principals and teachers — both to staff new Opportunity Schools and low-performing IPS school programs that cannot immediately close. Singling out and recognizing talented current educators would be a start, but IPS would need more new hires every year to replace staff members who retire or leave for other reasons. Leading talent providers already have begun working in Indianapolis. To reach the scale required under the new system, however, IPS should proactively grow programs such as these, find and recruit others, build on partnerships like the IPS/Butler University Laboratory School at William A. Bell School 60, and bring as many new high-quality teachers to IPS schools as possible. IPS also should explore additional ways to craft programs that could prepare and recruit great teachers and leaders, including nontraditional experts, as transformation directors. As previously noted, starting in the transition period, IPS would have up to $2.5 million annually to support these efforts.

Creating a supply of high-quality operators and leaders to create Opportunity Schools

Set clear, high standards to become an Opportunity School. Our vision for a new IPS rests on the creation of high-quality, independently operated Opportunity Schools. A critical activity in the planning year, then, would be to define quality benchmarks for these new schools. An existing school seeking to become an Opportunity School, for example, would need to be already performing very well, such as receiving a grade of “A” or “B” in the Indiana accountability system. An organization seeking to replicate an out-of-state program would need to show equivalently strong results. And a prospective operator or leader seeking to launch a new school or turn around an existing low-performing school would need to present a plan for the school’s educational program, financial viability, and governance and leadership that meets a very high standard. (See Chapter 2 and Appendix J for suggested performance benchmarks.)

Establish a transparent process for granting Opportunity School status.

For existing, high-performing schools, the process should be exceedingly streamlined, with an emphasis on minimizing the burden placed on schools. For new school applicants, the process should include a written application, due diligence by highly capable experts, interviews with applicants, and other hallmarks of rigorous new school application processes (see details in Chapter 3).

Conduct a community needs assessment. IPS should conduct a community needs assessment to inform decisions about what kind of schools are most needed — and in which neighborhoods. Factors likely would include population density, the quality of existing education options, and community priorities. One neighborhood in the city, for example, might want schools that specialize in helping younger students who are behind catch up and excel. Another neighborhood might be home to a large number of older students who have dropped out of high school and need a route to get back on track. Another part of the city might want programs to help high-achieving students take their success to the next level. Information such as this could drive decisions about what kinds of school leaders to recruit and where to place new programs. Overall, our plan creates a diverse system of high-quality options across the city.
Vigorously build the supply of high-quality schools. The new conditions IPS creates — notably school-level autonomy, about $5,400 more per student sent to the school level, and access to buildings and transportation — would be attractive to quality school operators locally and around the country. But IPS also should be proactive in actively recruiting the best school operators to Indianapolis. Our proposed budget includes up to $10 million a year — an unprecedented investment nationally — to help talented educators open new Opportunity Schools by providing up to $7.5 million in start-up funding and up to $2.5 million for talent development. We envision that these funds would pay for:

- Recruiting existing charter management organizations from around the country with a strong track record of success in urban school systems;
- Incubating new school leaders and teams of school leaders with the potential to open new high-quality schools;
- Identifying current IPS school leaders who have the potential to lead successful city schools; and
- Recruiting and training citizens to serve on the boards of these Opportunity Schools. Boards will play a critical role in overseeing schools, including hiring and evaluating each school’s leader.

Improving operations and identifying more savings
Freeing resources currently devoted to unproductive uses would be another key lever for implementing our plan. IPS should take advantage of the planning year to reassess its spending to identify additional opportunities to increase per-pupil funding available to schools and other citywide priorities, such as universal prekindergarten for 4-year-olds.

Locate and take advantage of cost savings. At the beginning of the planning year, IPS leaders should hire experts to conduct a detailed analysis of all IPS budgets and expenditures to identify additional potential cost savings. As described in Chapter 3, IPS would be able to reallocate almost $188 million from central office bureaucracy by decentralizing responsibility for specific functions. We believe significant additional savings also could be achieved by re-evaluating how IPS and schools deliver services. This review would look specifically into IPS’ own contracts, employment patterns, and financial policies and practices. IPS should contract with one or more expert consulting and accounting firms to:

- Conduct a top-to-bottom review of all IPS operations;
- Benchmark the best practices of other districts and similar organizations; and
- Make detailed recommendations for substantial administrative changes that could lead to additional and, we believe, significant cost savings.

The new conditions IPS creates — notably school-level autonomy, about $5,400 more per student sent to the school level, and access to buildings and transportation — would be attractive to quality school operators locally and around the country. But IPS also should be proactive in actively recruiting the best school operators to Indianapolis.
Evaluate current IPS contracts and obligations. Currently, IPS has relationships with numerous vendors and outside contractors for a range of services. The detailed review described above should identify high-quality vendors and then expand their scope and impact. In other cases, IPS may need to renegotiate existing contracts to account for changes in the system or discontinue contracts that no longer serve the system’s needs. When entering into new contracts, IPS should make every effort to work with local businesses, including the many Indianapolis-based firms that already provide quality goods and services to the district. IPS should aim to meet the same objective as city government for awarding contracts to minority- and women-owned businesses.

It is highly likely that IPS would identify contracts that are difficult or impossible to serve immediately, due to large severance penalties or other features that make them difficult to break. As part of the budget, we recommend that IPS retain a short-term contingency fund to help absorb some of the costs of unwinding current IPS obligations. While this contingency fund would slightly reduce the amount of per-pupil funding available for Opportunity Schools in the short-term, unwinding costly or wasteful obligations likely would free up more resources for schools in the long term.

Audit current IPS assets and liabilities. IPS currently holds substantial long-term debt and other liabilities, such as outstanding facilities debt. Based on the latest data, these obligations amount to more than $70 million. At the same time, the district has a wealth of assets in the form of facilities and infrastructure. To locate any inefficiencies or potential cost savings, IPS should hire expert financial analysts to conduct a thorough audit of its assets and liabilities and develop a strategic plan to maximize the return on these assets and minimize the long-term impact of liabilities.

Depending on the outcome of the audit, this plan could include:

❋ Restructuring the district’s debt obligations to reduce their drain on school revenues;

❋ Identifying underused or unneeded buildings and developing plans to use them more efficiently, lease them, or sell them; or

❋ Identifying other underused or unneeded assets such as vehicles, furniture, and technology and developing plans to use them more efficiently or sell them.

For example, if IPS were to identify a facility that could be useful in the future but is currently underused, it could lease the building to generate more funding for schools. In other cases, it might be more prudent to sell the facility and use the proceeds to reduce debt or purchase a new building in a higher-priority location identified by the site planning process. In any facilities sales, the system should prioritize buyers who would maintain some use of the building as a community asset, such as providing some form of youth or family services.
The Mind trust 

### Priorities During the Transitional Years

The transitional years would represent a time of great change for IPS, but also an opportunity for great progress. Continual improvement should be the transition’s trademark, as the lowest-performing programs gradually are replaced by higher-performing Opportunity Schools and existing schools make improvements under the transformation directors. This process would continue year after year until IPS has become a system entirely made up of Opportunity Schools — a system of excellent, autonomous schools and school clusters.

IPS would have three major priorities during the training years:

1. Shifting to Opportunity Schools.
2. Shifting resources to schools.
3. Mitigating the disruptions for families and staff.

#### Shifting to Opportunity Schools

Every IPS student ultimately would be educated in a high-quality Opportunity School. Over time, excellent schools would be available in every neighborhood across the city. Initially, however, the district would lack a supply of school operators with the capacity to operate all IPS schools in this way. IPS would need to (1) quickly phase in Opportunity Schools; (2) constantly improve student performance at schools that have not yet transitioned; and (3) consistently engage families and community members to ensure they are well informed and have regular opportunities to express their views about the priorities and the process. IPS would use a variety of methods to ensure strong community input into decisions about how individual school buildings would change over time, including public hearings when needed.

As IPS transitions from a top-down school system, with most schools run centrally from the IPS central office on Walnut Street, to a network of independent public Opportunity Schools, IPS would have three options to phase in these new schools:

- **Conversion.** Currently high-performing IPS schools and public charter schools, or schools that successfully turn around during the transition period, would be eligible to become an Opportunity School (see Figure 4-1).

- **Replacement.** Through concerted efforts to incubate and recruit more great Opportunity Schools, IPS also would be able to approve school operators and leaders to assume management of part or all of an existing IPS school facility. If an Opportunity School only operates part of an existing facility (e.g., an operator opening a 500-student school within a building that enrolls 1,500 students), transformation directors would continue to oversee the remaining portion of the building. In either case, existing students would have the option of staying in the school even as it transitions. Sharing space could create its own challenges, so transformation directors would need to be proactive brokers of collaborative relationships that work for all parties. They also would have to address issues that arise when multiple schools operate within one building, such as enabling the building to have a single set of athletic teams in which students from all schools in the building could participate (see Figures 4-2 and 4-3).
Interviews with officials in New York City and New Orleans, both of which have used space-sharing extensively as they replaced low-performing schools, suggest that such careful management can mitigate these challenges significantly (see Appendix M).

Our plan does not call for closing any school buildings, which are important neighborhood hubs. Instead, our total focus is ensuring that each building has one or more schools providing the excellent learning opportunities that every IPS child deserves.

**Phase-in.** One likely form of transition would arise when school operators wish to phase in their schools over time rather than assume complete operation of all grades within an existing school all at once (see Figure 4-4). For example, an organization wishing to operate a set of middle schools might wish to open them with only 6th graders in the first year, adding 7th graders the following year and 8th graders the year after that. In these cases, the transformation director would coordinate the orderly phase-out of the existing school, seeking to maximize student success during the transition. This approach has worked very successfully in New Orleans and New York City, and indeed it has been one of the core strategies they have used to transition from failing to high-performing schools. (See Appendix M for more information about the New Orleans and New York City approaches.)

IPS’ transformation directors would work with talent providers to identify high-impact teachers and leaders willing to accept short-term assignments in these schools. Since these schools are designed to phase out, educators would not be responsible for building a lasting organization in the buildings. Many talented educators understandably would prefer to work in Opportunity Schools. As a result, IPS and its transformation directors would have to make a special effort to recognize and reward these short-term turnaround specialists — and to present these assignments as a high-priority, critical specialty for the city’s future.

Not all educators will be interested, but a subset of them likely would regard this kind of high-intensity, nonpermanent assignment a challenge. Teachers and leaders taking these jobs should be eligible for significant performance bonuses directly tied to student achievement results. And their performance in this period also would position the most successful educators to take leadership roles in new Opportunity Schools as the transition proceeds.

Because of this mix of strategies, IPS would likely contain a diverse mix of school configurations during the transition. Some schools would be wholly operated by IPS, others by a single independent operator. Several independent operators may share a building, each operating a small school. Or, independent operators may share buildings with district-run schools.

While complex, we believe this mix is the best and most feasible way to transition to a new system in which all public schools are independently operated — with the additional flexibility and resources to help them succeed. And most important, every year of the transition, students and families would have more and more quality options.

It is important for educators, parents, and the community to recognize that replacing a school does not mean the school building would be closed. Instead, it means putting a higher-quality academic program inside that building. Our total focus is ensuring that each building has one or more schools providing the excellent learning opportunities that every IPS child deserves.
Gradually shifting resources to schools

Since all schools would not immediately become Opportunity Schools, average per-pupil funding across IPS would not jump to $12,000 overnight. In the early years of the transition, residual central office operations and unbreakable contractual obligations would continue to require more resources than during the end state. As a result, the $12,004 per pupil we project that ultimately would be available to Opportunity Schools would not be available immediately. Even during the transitional years, however, Opportunity Schools would receive substantially more funding per pupil than today’s district or public charter schools receive — we estimate a minimum of $9,000.

The central office would have to continue providing services to the schools it runs directly until these schools can convert to or be replaced by an Opportunity School. It also would have to provide training to support school leaders as they assume greater operational responsibilities. In addition, we wanted to be conservative. Our plan includes a contingency during the transition that retains between 5% and 10% of funds that could be allocated to schools to provide a buffer for the administration during the transition. This contingency fund would enable the system’s leadership to cover expenses such as winding up contracts that cannot be terminated immediately and handling expenses that we did not anticipate in our budgeting process.

As described above, we also recognize that it will take time for the market to develop the capacity to provide the many services schools will require. Our plan therefore calls for the central office to continue providing transportation services for any school that wants it, at least through the last year of the transition. Although schools would have the option of obtaining some transportation funds for transporting their own students, our budget assumes that all transportation funds would continue to be spent centrally through the transition. After the transition, our budget assumes that transportation funds would be allocated to schools, which could then use the funds to purchase transportation from the central administration or from private providers.

In addition, the financial picture would change in other ways over the course of the transition. Our model assumes, for example, that universal prekindergarten would phase in over multiple years as the market of high-quality operators grows and families become increasingly aware of their options and the new funding stream available to pay for prekindergarten. Our model also assumes that incubation and talent funding would be slightly lower in the first year of the transition as the new supply of operators begins to emerge. See the methodology in Appendix H for a full list of assumptions.

Figure 4-5 offers one year-by-year scenario for how Opportunity Schools could replace district-run schools during the transition. Figure 4-6 presents our best estimate of how funding would shift in response to those changes. Figure 4-7 breaks down the shifts year-by-year.
Mitigating disruption for families

To ease the transition for families, IPS should mount an aggressive campaign to educate families about their new options and new responsibilities — including their responsibility to make an active choice among the expanded school options they will have. IPS should partner with local leaders and community organizations to distribute information to families and others and solicit feedback to understand how best to meet the needs of the community.

Parents should be able to control the amount of change their child encounters:

- A child and his or her siblings should be able to remain in their current school as long as it exists, even if a new school opens in the building.
- If a school program is replaced by an Opportunity School, students previously enrolled in that school should be able to automatically enroll in the new school if they choose.
If a family would like to enroll in a new school, the district should work directly with the child’s family to find the best fit.

IPS should develop a system that gives neighborhood preference to students who want to attend an Opportunity School — that is, students living in a defined zone would get preferential treatment in the enrollment lottery.

Helping current IPS employees succeed in the new system or make a smooth transition

Throughout the transformation, IPS should treat all current employees fairly and honor their service to the city and its children. Many IPS employees would remain and thrive under the new system of Opportunity Schools. Our approach creates the conditions teachers and principals long for — professional respect, freedom to make decisions, and real opportunities to make a difference in students’ lives. Since some IPS employees may not stay with IPS, the district, city, and state need a robust plan to ensure they are provided the assistance they need to transition into other jobs. For too long, IPS has forced talented and committed educators to work in a dysfunctional system. This top-down, command-and-control system was designed decades ago and, as we described in Chapter 2, it has failed not just in Indianapolis but in urban districts nationwide.

Our plan’s key premise is that if IPS creates the right conditions, Indianapolis could become the nation’s most desirable city for talented and committed educators — including the many who already are teaching and working here. With the right environment, where their contributions are recognized and rewarded, many educators who have struggled in today’s dysfunctional district would succeed in the new system. Moreover, the total number of public education jobs is not likely to change under our plan — instead, opportunities would just shift from central office to schools and other organizations providing essential services to schools. Indeed, if our plan successfully convinces more families to enroll in IPS, then overall employment in the sector likely would increase.

Inevitably, though, some employees would be forced out or choose to leave. The changes would be too great or their services could no longer be needed. For example, central office employees whose job has been to force compliance with their directives may not be comfortable or well suited to thrive in a system that now gives teachers and principals control.

To mitigate this impact, IPS should provide or arrange personalized placement assistance for these employees. District leaders should work closely with the state’s Department of Workforce Development, the network of WorkOne centers, and other relevant city and state agencies to provide a comprehensive, robust set of transitional services for employees in search of new opportunities.

For the remaining educators who stay — and for the many talented newcomers IPS will now be able to recruit — the new system of high-quality schools would provide unprecedented opportunities to grow their talents, work with like-minded peers, and most important, help prepare their students for life in the 21st century.

In the process, they would be creating a model for educational excellence that would show other cities what’s possible.
CHAPTER 5
LOCAL EMPOWERMENT THROUGH MAYORAL ACCOUNTABILITY
In this chapter:

- Holding the Indianapolis Mayor accountable for Indianapolis Public Schools’ performance is the best way forward.
- The status quo won’t get us there. Urban school boards nationwide are struggling to govern well. For decades, many Indianapolis Public Schools (IPS) boards have promised reforms but have not delivered.
- It’s not the people. It’s the broken system that makes it nearly impossible to execute the bold transformation we need.
- The other viable option, a complete state takeover of all IPS schools, would mean a total loss of local control.
- Other cities with mayors in charge have seen many advantages:
  - A single point of accountability for schools;
  - Reduced influence of special interests;
  - More funding for instruction, less for general administration and debt; and
  - Coordinated city services to support students and families.
- Mayoral accountability is not perfect. No governance system is. But it’s much better than the alternatives.
Making a change this bold will be immensely challenging for IPS. It will be technically challenging, requiring new policies and practices, new roles and new talent to carry out those new responsibilities. And it will be politically challenging, as the new system’s leaders will need to focus on implementing what's best for the city’s children even in the face of inevitable controversy. The only hope of meeting such demanding challenges is very strong leadership at the top, held accountable by Indianapolis citizens for enacting change and achieving results for students and the city.

Where can we find this kind of strong, accountable leadership? There are three primary options:

1. **Continued school board governance.** Governance of the school district could remain in the hands of the elected school board. City and state leaders could urge the board and its administration to enact the plan described above, transforming itself from within to a system of autonomous, high-performing Opportunity Schools.

2. **State takeover.** Indiana policymakers could enact legislation giving the State Superintendent of Public Instruction or the State Board of Education the power to take over entire school districts that fall below some performance threshold, supplementing the powers the state already possesses under Public Law 221 to take over individual failing schools (see Appendix P). Once in control, the state’s appointed leaders could then create a system of Opportunity Schools.

3. **Mayoral accountability.** The state could transfer accountability and authority over the school system not to itself, but to a new local board with the majority of members appointed by the Mayor of Indianapolis. The mayor-led board could then appoint the school superintendent and direct him or her to create a system of Opportunity Schools.

Indianapolis does not have to make this decision in a vacuum. All three of these approaches have been tried extensively in cities across the country. Our year-long review of these strategies and the research about their effects leads us to a firm conclusion: **mayoral accountability is the governance approach with the best chance of enabling Indianapolis to implement and sustain our plan.**

The only way to make a plan this bold happen and succeed is if it is the focus of the city’s leaders and stays at the top of the city’s agenda for years. The mayor is best positioned to provide this sustained leadership. To be sure, no system of governance — including mayoral accountability — is perfect. However, mayoral accountability for public education exceeds other options in its ability to create the strong, publicly accountable leadership needed to enact sweeping change. And it does so while retaining local authority, leaving the citizens of Indianapolis in charge of their educational destiny.
Continued Board Governance: A Recipe for Continued Catastrophe

The national picture

Of the three options, by far the most widely used nationally is the continuation of conventional elected school board governance, with community leaders exhorting a sitting school board to try a different strategy. Yet evidence has led experts across the political spectrum to conclude that elected urban school boards are a deeply dysfunctional method of governing public education, one that is exceedingly unlikely to enact meaningful or sustainable reforms.

As former Clinton administration official and The Mind Trust board member Andrew Rotherham (Bellwether Education Partners) writes:

> Many boards are locked into destructive habits precisely because local political pressures prevent objective decision making and dispassionate analysis. Many boards are at once “public” in theory and profoundly un-public in their orientation and operations. The obvious victims are the youngsters, whose education is too often held hostage to various political agendas promulgated by conservatives and liberals alike. But school board politics and dysfunction can also create numerous challenges for school principals, superintendents, and teachers.124

Rotherham’s statement prefaced a report on school board governance by eminent school governance scholar Paul Hill of the University of Washington. Hill’s report summarizes:

> After many years of effort, public school systems continue to be fragmented, politicized, and dominated by concerns other than school performance. No one, not even people inside this system, approves of it. But when the chips are down, all the denizens of the system, starting with school board members, feel that others should change, not they. Everyone in the system frustrates and thwarts someone else, and is in turn frustrated and thwarted.125

Researchers’ critique of school board governance is wide ranging. Specifically, elected school boards in big cities suffer from:

- **Lack of voter engagement.** According to governance expert Francis X. Shen, the national voter turnout rate for school board elections is only 18% to 20%.126 These rates are typically substantially below the turnout for other elections, such as mayoral elections. After reviewing the experience of 57 urban school districts in the mid-1990s, education scholar Frederick M. Hess remarked that “[school board] members are elected in sparsely attended elections; the central issues are often defined and the candidates’ positions unclear.”127 IPS board elections recently have shifted to November, which should increase voter turnout as citizens participate in other contests but which will not necessarily increase voter interest in the school board elections.


**Lack of cohesion.** While effective governing boards tend to unite around a common mission, urban school board members too often pursue individual agendas that do not add up to a districtwide strategy. With each board member focused on specific concerns, taking bold, systemwide action becomes difficult or impossible. “Different board members have their own concerns and loyalties,” writes Hill. “They pay attention to particular causes, programs, bureaus, interest groups, and teacher factions.” The result, Hill concludes, is fragmentation of efforts and programs within the district and school buildings. “Every political and bureaucratic unit above the school makes its own demands. There is no central clearance mechanism to ensure that separate bureaucracies do not demand contradictory things, or that the sum of all demands is not greater than the schools’ capacity to respond.”

**Micromanagement.** School boards too often stray from policymaking into areas such as specific personnel decisions and vendor contracts or the details of school operations. Board actions ultimately translate into actions by the central office, including the proliferation of top-down directives that hamstring school leaders. Hill says that if principals save all the directives they receive from the central office in one 180-day school year, the stack can include as many as 400 items, all signed by a high official and issued under the authority of the school board. How can anyone direct the instructional program of a school and still comply with two new directives every day about how money is to be spent, time is to be used, employees are to be supervised, records are to be kept, or property is to be managed?

**Special interest dominance.** Scholars have found that urban school boards are subject to high levels of influence by special interests such as teacher’s unions that press for their own priorities rather than what would advance educational quality for all students. Low voter turnout makes it easier for special interests to wield influence. In addition, special interests thrive when elections are focused on a single issue — such as education — in contrast to multi-issue elections such as those for city council, mayor, or higher offices. These factors have led researchers such as Kenneth Wong, Shen, and Terry M. Moe to find what Wong and Shen call “an increase in special interest control in school governance matters.”

**Lack of focus on instructional quality.** The overall result of these multiple dysfunctions is that urban school boards too rarely focus on what matters most: the quality of education that students receive. Hill says:

> Local school boards meet frequently, sometimes more than once each week, and produce a steady stream of policies and initiatives. They spend the bulk of their time on budgetary and personnel issues and on resolving complaints, leaving little time for oversight of instruction or even reviewing data about school performance.”

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“If principals save all the directives they receive from the central office in one 180-day school year, the stack can include as many as 400 items, all signed by a high official and issued under the authority of the school board. How can anyone direct the instructional program of a school and still comply with two new directives every day about how money is to be spent, time is to be used, employees are to be supervised, records are to be kept, or property is to be managed?”

— Paul Hill, Center for Reinventing Public Education
The point is not that elected school boards can never function well. In nonurban environments, for example, where both the educational challenges and the intensity of interest group politics are substantially lower than in cities, school boards often can fulfill their functions adequately. Even in cities, school boards can experience spurts of positive activity. These often occur when slates of candidates campaign for election around a few specific priorities, earning a mandate of sorts. But few if any cities can point to sustained, consistent leadership that has transformed education for urban students.

State takeover: A viable option, but loss of local control

One possible alternative to continued elected board governance is state takeover of a school district. States as diverse as New Jersey, Mississippi, Pennsylvania, Missouri, Rhode Island, California, and several others have taken over struggling school districts because of financial troubles, academic failure, or both. Under Public Law 221, the state of Indiana already has authority to take over individual chronically failing schools, and the state announced takeover of four such schools and the appointment of “lead partners” to manage two others in IPS in August 2011. Individual school takeovers, however, would have to proceed for years before a significant portion of IPS was under state control. Thus, the question is: Should state policymakers extend this authority to cover failing districts as well?

Giving the State Board of Education the option of taking over failing districts is a natural extension of Public Law 221’s current policy. Since failure is often a system-level phenomenon, especially in large urban districts, adding district takeover to the state’s toolbox would enable the state to address these more systemic problems, rather than having to step in one school at a time. And placing the state (or a state-appointed board or trustee) in charge of a district with wide authority to make changes would enable the creation of a system of Opportunity Schools such as the ones described in this plan.

State takeover is not the best option in the case of IPS. While elected local school board governance has failed in IPS (and in other urban centers), elected local control of public education is still the ideal. A city’s residents are the ones most affected by the school system’s quality — both as parents of the system’s students and as citizens of the city that benefits (or fails to benefit) from the quality of education provided to its children.

If elected school board governance has not worked, therefore, the first option a city should consider is creating an alternative governance arrangement that leaves accountability in the hands of locally elected officials. As we discuss in the next section, evidence suggests that mayoral accountability offers the best form of local control of public education. This is especially true in Indianapolis, which has a strong tradition of mayoral leadership in education and in other city priorities.


Mayoral Accountability: The Best Hope for Success

Research and experience suggest that transferring accountability over schools to a city’s mayor has the best chance of enabling the kind of bold reforms our plan recommends.

Research and experience: Mayoral accountability makes bold reform possible

Big-city mayors recently have played an increasingly significant role in their cities’ public education, including assuming responsibility for troubled urban school districts in New York City, Chicago, and the District of Columbia (see Figure 5-1). The Education Mayor: Improving America’s Schools by Brown University professor Kenneth Wong and his collaborators summarizes multiple research studies that examine the many benefits of mayoral accountability. Key findings include:

Providing a single point of accountability. Since substantial school reform is so challenging, strong leadership with accountability to the public is essential. In contrast to multiperson school board governance, when the mayor is in charge the public knows precisely whom to hold accountable for success or failure. And voters can exercise that accountability directly in the next mayoral election, replacing a lackluster performer with a new mayor. Wong and colleagues concluded: “The mayor may have both the most at stake and the most capacity to establish a governing coalition among diverse interests that can be focused on system wide school improvement.”

Practitioners with deep experience working under mayoral accountability agree. U.S. Secretary of Education Arne Duncan led Chicago Public Schools during a period of mayoral accountability, which he strongly supports. “At the end of my tenure [in the U.S. Department of Education], if only seven mayors are in control [of big city districts], I think I will have failed … . The fact that so few cities have mayoral control, that’s a huge impediment … . That lack of stability, that lack of leadership is a huge part of the reason you don’t see sustained progress and growth,” he told the Associated Press. Michael Bloomberg, the New York City mayor who asked for and received control of NYC schools from New York’s legislature, argued that mayoral authority “establishes democratic accountability. And if democracy can be trusted to safeguard our social services, police forces and other essential services, why wouldn’t it work to protect our most precious resource, our children?”


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### Figure 5-1: Mayoral Accountability in Other Cities

<table>
<thead>
<tr>
<th>CITY</th>
<th>YEAR Began</th>
<th>ORIGIN</th>
<th>GOVERNANCE MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore</td>
<td>1997*</td>
<td>City-state consent decree created city-state partnership in exchange for increased state funding</td>
<td>Mayor and governor jointly appoint nine of 10 board members (one student voting member selected by student congress); board appoints CEO of schools</td>
</tr>
<tr>
<td>Boston</td>
<td>1992</td>
<td>City council approval and state legislation</td>
<td>Mayor appoints seven-member board; board appoints superintendent</td>
</tr>
<tr>
<td>Chicago</td>
<td>1995</td>
<td>State legislation</td>
<td>Mayor appoints five-member board, board president, and CEO of schools</td>
</tr>
<tr>
<td>New York</td>
<td>2002</td>
<td>State legislation Renewed by state legislation in 2009</td>
<td>Mayor appoints eight of 13 members of board, and chancellor of schools</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>2007</td>
<td>City council legislation</td>
<td>Nine-member advisory board elected; mayor appoints deputy mayor for education and chancellor of schools</td>
</tr>
</tbody>
</table>

* The current city-state partnership dates to 1997.
Enabling bold reform by insulating schools from special interest politics.

Scholars have found mayors are much less susceptible than elected school boards to undue influence by narrow special interests. Mayors are elected by a wider group of voters with a much broader range of interests and perspectives; school board elections, by contrast, attract a smaller electorate more exclusively focused on education issues. This narrowness gives interest groups a greater opportunity to exert sway. “A broader electorate voting on overall quality of life,” argue Wong and his colleagues, “rather than a school-board-specific electorate, is less likely to be captured by a particular education interest.” Writing about Boston’s experience with mayoral accountability, Stanford University’s Larry Cuban and the Institute for Educational Leadership’s Michael Usdan concluded that its mayor “has been willing to expend his political capital to provide a buffer allowing the superintendent to establish the infrastructure for student improvement.” This “buffer” enables system leaders to move decisively in implementing approaches like the system of Opportunity Schools we recommend.

More efficient allocation of resources. Wong and colleague’s study includes a complex statistical analysis of more than 100 districts over 11 years, some of which had mayoral control of schools during all or part of the period. This research found that those districts with mayoral control experienced:

- An increased percentage of funding going to instruction and instructional support;
- A decreased percentage of funding going to general administration; and
- Decreased school system debt.

In some cases, financial improvement has been dramatic. After assuming responsibility for Chicago schools, Mayor Richard Daley appointed Paul Vallas to manage the system — the nation’s third largest. Facing a budget shortfall of hundreds of millions of dollars, Vallas revamped operations and cut waste, ultimately balancing the budget. The result was a dramatic rise in the system’s standing with bond-rating agencies, which boosted the school district’s debt from BBB- to A-. This change, in turn, enabled billions of dollars to flow from private investors for capital improvements, the first substantial school building upgrades in decades.

Increased public commitment to education. A Rutgers University study of nine cities found that in cities where mayors became accountable for schools, the public’s commitment to public education increased. “In each of our nine cities, education has become a higher political priority, with more public discussion, more public and private funding, and more attention to successes,” the report stated. “In each case, the mayors have embraced the role of ‘education mayor,’ often lending their municipal powers, along with their ‘bully pulpit,’ to the myriad tasks of improving business and educational processes within their school districts.”

“Part of the reason urban education has struggled historically is you haven’t had that leadership from the top … . Where you’ve seen real progress in the sense of innovation, guess what the common denominator is? Mayoral control.”


“Mayoral control also clearly defines accountability. One person is in charge. If the schools succeed, the mayor gets the credit. If they don’t, the mayor takes the blame. In districts run by boards, the accountability isn’t as clear. For cities that need to take bold action to improve their schools, creating a clear line of accountability to one person is an important step in turning around the schools. Mayoral control isn’t the solution in every city. But it is an important tool to consider in cities that need to make dramatic improvements in their schools.”

— Arne Duncan, U.S. Secretary of Education


141 Wong, K., et al. (2007), Chapter 3.
Links to other city services. Mayors already manage a wide array of city services that could support students and schools. In many cities, police forces and fire departments enhance security and safety in school facilities and surrounding neighborhoods. Health departments increase students’ access to preventive care, vaccinations, and health services when students need them, helping students come to school ready to learn and decreasing absenteeism. Public libraries enhance the information resources available to schools, which otherwise might unnecessarily duplicate book collections and online offerings. Planning offices help the school system plan more effectively for growth and demographic change. City transit systems are linked with school bus systems, increasing efficiency and opening more options for older students. Facilities management offices make sure existing city-owned buildings are made available, when appropriate, for schools. Of course, some of these forms of collaboration occur in cities with elected boards. But with a single executive managing all of these services, including the schools, the prospects for successful links increase.

Deep experience finding talent to manage diverse key functions. Whichever entity governs a city school system, a primary responsibility and success factor is finding talent to lead the system, starting with the system’s top executive. Because they must find multiple leaders for multiple departments, mayors have unique and valuable expertise in this area. Highly talented leaders, in turn, see a great appeal in working for a mayor, in contrast to a multiperson elected school board.

Holding the mayor accountable
Making the mayor responsible for public education is no silver bullet. Some criticisms are valid. When mayors operated large city school systems in the early 20th century, for example, systems became havens for patronage appointments and other forms of corruption. And, of course, individual mayors vary in their own capacity for leadership and the quality of stewardship they provide. As noted before, however, if a mayor proved incompetent or worse, voters could act to replace him or her at the polls in a single election — a much more direct form of accountability than the multimember school board now offers citizens.

Recognizing the limitations of mayoral accountability, our plan recommends two additional elements that will increase the likelihood of success for IPS schools:

- **Appointed school board.** One option to consider is a five-member school board-run IPS. The mayor should appoint three members of the board, the other two by the City-County Council, and one by each major party’s caucus. This arrangement gives the mayor control with a three-member majority, while enabling other leaders with differing perspectives to influence the system’s policies.

144 For examples, see Coalition for Community Schools. “Home Page.” Available: www.communityschools.org
School-level governance. Under a system of Opportunity Schools, citizens will have a much more direct way to be involved in governance: serving on the boards of independent Opportunity Schools. Many Opportunity Schools (or clusters of Opportunity Schools) will be operated by independent nonprofit organizations. A board of directors on which residents of IPS will serve will govern each of these organizations. In contrast to today’s system, in which schools have little say over major issues, Opportunity School boards would have wide authority to set their school’s overall mission and educational approach, determine the budget, and hire (and fire) the school leader. As a result, the community will have a much more direct say in operating specific schools, in addition to its larger role in determining who becomes mayor in the first place. The systemwide appointed school board will not control these specific decisions. Instead, its role will focus on awarding Opportunity School status to schools good enough to deserve it, and holding those schools accountable for achieving results with students.

Conclusion

Transforming IPS into a system of high-performing Opportunity Schools offers enormous promise to the city and its children and families. But it won’t be easy. Strong leadership from the start will be a must. Giving the mayor responsibility over the schools provides the best hope for instilling that leadership — and giving citizens the power to hold the system’s leaders accountable. As one report on mayoral accountability in New York City concluded in 2008: “Strong mayoral leadership frees educators to do the transformative work that public education requires. Mayoral control does not guarantee success but it is a prerequisite. Such an approach offers a more accountable governance structure and the likelihood of stronger academic performance and improved efficiency.”

The Mayor of Indianapolis will need to act swiftly and decisively to put the plan into action. Top priorities will be to appoint three strong community leaders to the school board, begin planning year activities, and engage the community about how to transform IPS.

AFTERWORD
A Final Word from The Mind Trust
This plan is ambitious. It’s supposed to be.

Any change worth making is hard. And transforming the top-down Indianapolis Public Schools (IPS) system into a system of autonomous and accountable Opportunity Schools is a new frontier. Other cities are moving in this direction, but none has succeeded at the scale we envision: all schools, every neighborhood. To build our city into a center for education transformation will require vision, perseverance, and partnerships. But with the right conditions and supports, IPS schools can truly become the very best — a national model for innovation in urban education.

The need is undeniable. By almost every measure, IPS is failing. A multitude of school board members and superintendents have tried for years to reverse these disappointing trends, with little success. Our community has lived with the failed status quo for too long. Now, all of us must demand a fresh approach.

Instead of trying once again to “fix the system” from the top down, let’s build something unique to Indianapolis from the bottom up, school by school, neighborhood by neighborhood.

Let’s listen to our parents about what they want for their children. Let’s listen to our best teachers and principals about what they need to succeed. Let’s create conditions in each of our city’s schools that will attract the very best educators. Let’s give these principals and teachers the freedom to run each building as they see fit. Let’s make it possible for them to create a distinctive instructional focus and culture of achievement. Then let’s empower families to choose the school that works for them.

The end result: a system of Opportunity Schools each of us would be proud for our own children to attend.

Imagine the ripple effect if Indianapolis focused its civic energy on giving all our children the opportunity to succeed.

Indianapolis is precisely the place for a new movement in urban education to take root. Our city is special; a community built on civic pride and far-sighted leadership, where dynamic projects have brought new life to downtown. We have a dynamic, well-funded infrastructure for educational innovation that’s the envy of cities across the country.

People here care deeply about our collective future. We’ve invested in neighborhood revitalization, cultural initiatives, sports, and public green spaces.

But a transformative investment in the well-being of our children is long overdue.

We need your ideas and we need your input. Most of all, we need your support.

Let’s get started.
ACKNOWLEDGMENTS
The Mind Trust is grateful to its extraordinary team for their invaluable contributions to the design of this plan and production of this report.

The Mind Trust would like to thank the organizations that provided funding for this project, including the Indiana Department of Education, the Joyce Foundation, and the Eli and Edythe Broad Foundation.

Public Impact, an education policy and management consulting firm, provided overall direction to the project, with significant contributions from Bryan C. Hassel, Daniela Doyle, Jacob Rosch, and Grace Han. Adam Kernan-Schloss and Susannah Rosenblatt of KSA-Plus Communications also played a major role in writing and editing this document; Emily Plimpton designed it; and Jessica Palmer Kramer managed production of the final report. Kenneth Wong of Brown University and Francis X. Shen of Tulane University conducted significant initial research on school performance in Indiana, the history of reform in Indianapolis Public Schools (IPS), and IPS’ governance and management challenges. In addition, The Mind Trust assembled a national team of other experts to provide advice, conduct research, and draft portions of this report. The national team included:

- Robert M. Costrell, University of Arkansas
- Erin Covington, Alvarez & Marsal
- Beth Giovannetti, Educational Support Systems
- Sam Mehta, Managing Director, Alvarez & Marsal
- Nancy Opalack, Educational Support Systems
- Michael Podgursky, University of Missouri-Columbia
- Martin West, Harvard University
- Patrick Wolf, University of Arkansas

Developing the recommendations in this report required a process of careful study, analysis, generation of proposals, soliciting review of those proposals by experts and stakeholders, revising the proposals, and finally arriving at the plan presented here. We spent 18 months on this process. We reviewed a trove of information about school performance in IPS and other parts of Indiana. We examined information about high-performing schools, school networks, and districts elsewhere. We traveled to other cities, such as New Orleans, to learn more about their reforms. We studied research about the conditions that produce great schools and the governance arrangements most likely to enable bold transformation. We delved into the limited information available about IPS’ current finances to identify ways to redirect funding to more valuable uses. We considered numerous possible overall approaches to reforming IPS, ultimately deciding that the plan presented here offers the best chance to create great schools for all students in IPS.

Numerous other people provided commentary and input that informed this report, including Chester Finn, Frederick Hess, Richard Komar, Larry Maloney, Sara Mead, Andrew Rotherham, Ariela Rozman, Andrew Smarick, Steve Tegarden, Daniel Weisberg, members of the Cities for Education Entrepreneurship Trust network, and several Indiana civic leaders, public officials, and community members. Although we benefited greatly from these individuals’ counsel, all of the views expressed here are solely those of The Mind Trust.
APPENDIX A
Evidence Supporting the New Approach

Research on the Characteristics of Great Schools

A long history of research literature exists exploring the characteristics of “effective schools” — schools that achieve significantly better results than other schools with similar student populations. While the methodological quality of this research varies, the strong convergence of findings over multiple studies suggests that the qualities the research pinpoints are in fact common to successful schools. A more recent spate of studies has sought to characterize what distinguishes the best public charter schools from other public charter schools and from the district schools from which they draw their students. Accounts of the workings of top-performing schools provide additional nuance and examples useful for understanding what sets such schools apart. For summaries of the extensive research on what distinguishes “effective schools,” see: 1


For more accounts of what makes these successful schools different, see:


1 Note: Establishing causal links between factors such as the ones described here and student achievement is methodologically challenging. These studies generally show that certain factors are associated with high levels of student achievement or progress. The consistency of findings across studies lends support to the validity of these associations.
Evidence of Success

While large urban school districts persistently fail to generate substantial improvements in student outcomes, a steadily growing number of public charter schools are demonstrating that students from all backgrounds can achieve at high levels. These new schools are located in the highest-need school districts in the nation and serve populations that are disproportionately poor and traditionally disadvantaged minorities. Yet their students are achieving at levels that equal or surpass schools serving the most advantaged students in their states.

Consider, for example, YES Prep North Central in Houston, Texas, a grade 6–12 school serving a student body that is 99% black or Hispanic and 80% economically disadvantaged. In 2011, at least 90% of students in every grade passed the state exam in reading at North Central. In math the pass rate was even higher — 96% and above. In addition, all graduating seniors were accepted to four-year colleges.

Uplift Education Peak Preparatory is a K–12 school in Dallas that serves more than 960 students and holds some 940 on its waiting list. Peak Prep’s students are 94% Hispanic or black and far outperform neighboring schools’ students and state averages on standardized tests. Since the school’s opening in 2005, 100% of Peak Prep’s graduates have been accepted to college, and 100% of 2010 graduates are still enrolled in college. In 2011, The Washington Post ranked Peak Prep 12th in its national High School Challenge list of the top 1,900 schools in America.

Skeptics often suggest that public charter schools such as these attract motivated students and families and that this alone is responsible for their apparent success. Yet it is important to note that charters are public schools that cannot admit students selectively and are required to hold an admissions lottery if oversubscribed. Not only does the lottery requirement limit the extent to which public charter schools can “cream” the best students.
students from surrounding areas, it also provides researchers with a valuable opportunity to evaluate their results using experimental methods. In particular, researchers can compare the outcomes of students admitted to a school by lottery to those of applicants who were not. Because all that distinguishes successful and unsuccessful applicants is chance, any differences in outcomes are attributable to the impact of the school.6

There are a growing number of experimental studies of high-profile urban public charter schools, and the results are remarkable. Consider Harvard economist Roland Fryer’s evaluation of the Harlem Children’s Zone Promise Academy elementary and middle schools in New York City.7 Fryer found that elementary school students admitted to the school as kindergartners improved their performance more than enough to close the black-white achievement gap in both subjects. Students who enrolled in the middle school in 6th grade also improved performance in reading and math by 8th grade. The results, Fryer told New York Times columnist David Brooks, “changed my life as a social scientist.”8 While a generation of research had suggested the near impossibility of substantially influencing educational outcomes of disadvantaged students through traditional reform strategies, his evaluation demonstrated that schools could indeed make a real difference.

A recent study of a Knowledge Is Power Program (KIPP) school in Lynn, Massachusetts, similarly showed that admitted students made gains of more than one-third of a standard deviation in math and 12% of a standard deviation in reading for each year they attended the school.9 Moreover, it found that the gains from attending a KIPP school were strongest for students with limited English proficiency, students receiving special education, and students with low initial test scores. In other words, the most disadvantaged students benefit the most.

These are not one-off success stories. Studies from New York City and Boston both confirm that the public charter sectors as a whole in these cities are dramatically more effective than surrounding traditional public schools. In New York City, virtually all public charter schools are oversubscribed and can be evaluated using experimental methods. Stanford economist Caroline Hoxby found that, on average, students gained 9% of a standard deviation in math and 6% of a standard deviation in reading for each year they attended a New York City charter school. She writes: “[A] student who attended a charter school for all of grades kindergarten through eight would close about 86% of the ‘Scarsdale-Harlem achievement gap’ in math and 66% of the achievement gap in English.”10 A Harvard study that used both experimental and more conventional evaluation methods to evaluate the impacts of public charter schools in Boston found equally strong positive effects of attending a

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public charter school in that city. Interestingly, the study also evaluated the relative performance of “pilot” schools, which were created by the district in response to the presence of charter schools and given some expanded autonomy (although they remained covered by the district’s collective bargaining agreement). In contrast to the findings for charters, there was no evidence that pilot schools outperformed the regular district schools — suggesting the difficulty of trying to create charter-like environments in the context of a large urban school district.

To be sure, not all public charter schools are achieving such dramatic results. A 2010 experimental study of 36 charter middle schools across 13 states conducted by Mathematica Policy Research on behalf of the U.S. Department of Education found that, on average, attending a charter school did not have a statistically significant impact on student achievement in reading or math after two years. At the same time, however, the charter schools in the study serving large numbers of economically disadvantaged and low-achieving students had substantial positive effects on math achievement — perhaps suggesting the broader effectiveness of schools targeting urban populations. An even larger nonexperimental study of all public charter schools across 16 states conducted by researchers at Stanford University found that 37% of charter schools had a statistically significant negative impact on student achievement while only 17% had a statistically significant positive effect. Although the study is less definitive than those using experimental methods, it provides strong evidence that the performance of the charter sector as a whole is quite varied.

It is important to remember that all public charter schools are not somehow better than their district counterparts, rather that the charter vehicle has enabled enterprising educators and citizens to create some schools that perform exceptionally well. The relevant question for policymakers is how their success can be replicated.

APPENDIX B

Brief History of Reform in IPS

Much of this section was prepared for The Mind Trust by Kenneth Wong (Brown University) and Francis X. Shen (Tulane University).

Over the years, an array of well-intentioned reforms by district leaders has left a legacy of unmet goals and dashed expectations. Time and again, local leaders have tried to improve Indianapolis Public Schools (IPS), with little success.

Early reform efforts responded to the metropolitan area’s shifting demographics and legislative and legal action that have affected those demographic trends. When soldiers returning from World War II filled the city, for example, city schools provided training and education of veterans. In the decades immediately following the war, IPS experienced tremendous growth in enrollment. But, like many urban districts across the country, IPS struggled to meet the new challenges posed by a history of segregated schools and a rise in the number of low-income and African American students.

Legislative action on municipal and school governance played an important role in shaping the IPS student body. Specifically, the re-organization of Marion County governance after the 1969 passage of the Consolidated First-Class Cities and Counties Act (better known as “Uni-Gov”) ensured that, although Marion County governance and many government services would unify, school governance would remain separate. As IPS enrollment changed, IPS educators recognized the needs of their students were unique and thus required special student services. In 1962, for instance, more than 400 teachers met at Indiana University to hear from social and psychological experts about educating city students, and the federal Elementary and Secondary Education Act (ESEA), which passed in 1965, enabled IPS to launch a number of new programs aimed at compensating for its students’ high-poverty levels. An official publication from IPS published in 1970 reviewed more than 30 distinct initiatives funded either wholly or in part by Title I or Title III of the ESEA.

IPS has a history of “incremental, fragmented reform that only produces temporary or isolated improvements in student performance, without lasting, systemic impact.”

— Kenneth Wong and Francis Shen, 2010


2 In his seminal 1971 decision, Judge Hugh Dillin observed that “the total number of elementary pupils rose from 53,352 in 1954–55 to 82,853 in 1967–68, while the number of schools rose from 87 regular elementary and junior high schools and eight regular high schools in 1954–55 to 113 regular elementary and junior high schools and eleven regular high schools in 1967–68.” United States v. Board of School Commissioners of the City of Indianapolis, 332 F. Supp. 655 at 666–667 (1971).

3 As discussed by the United States Court of Appeals, Seventh Circuit, “Indianapolis and Marion County, before Uni-Gov, were not unlike dozens of other metropolitan areas throughout the country. The central city, Indianapolis, was losing population and becoming more predominately black and poor while the surrounding suburban areas were growing rapidly, but, with a few exceptions, remaining almost exclusively white. School enrollments were following a similar pattern. By 1970 IPS enrolled less than 60% of the county’s total students, but over 97% of the black students in the county.” United States v. Board of School Commissioners of the City of Indianapolis, 637 F.2d 1101 at 1106 (1980).


5 Indianapolis Public Schools (1970).
Despite these and other efforts, by the early 1980s IPS was still struggling. Following the publication of *A Nation At Risk* in 1983, reforming IPS became an even greater priority — as did school reform nationwide. Former Indiana superintendent of public instruction H. Dean Evans argued in the national publication *Phi Delta Kappan* that education reform should begin “everywhere at once: governance, school day, social influence, curriculum, recruitment and retention of high-quality teachers, and school finance.”

With the notable exception of governance — which has remained constant — IPS has tried to address a number of other areas in the last three decades. For example, in the 1980s, local foundations supported improved parental involvement through an initiative called Parents in Touch. Enhanced parent-teacher conferences, parental contracts, phone hotlines, and other resources were made available.

In 1989, Governor Evan Bayh joined the nation’s governors in adopting a series of national education goals, which stated that by the year 2000, “All children in America will start school ready to learn; the high school graduation rate will increase to at least 90%; and American students will leave grades four, eight, and twelve having demonstrated competency in challenging subject matter.” The 1990s featured additional reforms, such as a partnership with the Community Leaders Allied for Superior Schools (CLASS) and enhanced teacher professional development.

Despite the slew of reform efforts, the 1980s produced few lasting student gains. Although new superintendent Shirl E. Gilbert promised to deliver a world-class education, his tenure was marked instead by arguments with the school board. A 1993 report from the Indianapolis Adult Literacy Program on IPS summarized the critique: “This is the real tragedy. No one is accountable. Teachers, administrators, parents, and students must become more responsible for achieving quality in our schools.” Gilbert resigned in 1994.

In 1995, IPS welcomed a new superintendent, Esperanza Zendejas, and new state legislation aimed to hold IPS more accountable. Zendejas observed: “I believe the district is in crisis. This crisis deals with financial resources. It deals with accountability. And it deals with community perceptions.” Zendejas also had problems with the school board, this time over accountability plans, and she served only two years as superintendent.

The 1995 state law that limited collective bargaining rights within IPS was deemed largely a failure because IPS did not embrace it, partly because the school board objected that the new law was not homegrown. As school board member Michael Brown said: “None of us here are against teacher accountability. But I didn’t create the law. The legislature did. Why should I take a position on something that I have no control over?”

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11 Associated Press (1995, June 2). “IPS to Re-Interview Top Staff New Head Gives the System an F.”

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Other reforms (e.g., school-based committees) also failed to generate the intended results because the tools were not in place to support the improvements. District personnel were rhetorically making the case for major changes, but they shied away when implementation required a significant departure from the institutional norms. Reflecting on her experience at IPS, Zendejas said: “This city wanted a superintendent with the urgent passion of education, and they got it. Then when they got it, maybe it was too passionate and too urgent.” When asked to consider the potential of the system to embrace major change, Zendejas was skeptical: “I don’t think it’s possible. I think there’s a lot of closed-minded people on the board and in the system.”

The Zendejas episode is just one example of IPS leaning toward “insider” or “safe” choices for vision and leadership. From 1997–2005, Duncan Pritchett served as superintendent after many years of IPS service. His tenure was guided by the development of two strategic plans that focused on improving eight areas: academic standards, organizational structure, partnerships, parent engagement, communication, staff development, facilities, and fiscal responsibility.

Under Pritchett’s watch, the district:

- Created the Office of School Transformation, which collected and reviewed data from successful programs around the country. The hallmark of this initiative was the creation of Freshman Academies and Career Academies at each of the traditional high schools, Thomas Carr Howe Academy, and George Washington Community School.
- Partnered with the National Urban Alliance to improve reading across grade levels.
- Created the Math Initiative, which required high school students to complete a minimum of three years of math, with algebra as the foundation course.
- Received $16.4 million from a local foundation to fund instructional coaches in K–12 classrooms, dual-teacher classes at the 6th grade level, and a virtual learning environment that allowed high school students to use Internet-based learning tools.

During Pritchett’s tenure, Indiana also passed its public charter school law, and Mayor Bart Peterson became more directly involved in education policymaking.

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13 Quoted in: Fleming, L. N. (1996). “Zendejas’ Reforms Came Fast but Went Too Far for Some.” The Indianapolis Star. But even Zendejas may not have been bold enough. At least one report at the time, for instance, suggested that she was not intending to fire any central office personnel, just re-assign them elsewhere. The Fort Wayne News-Sentinel reported that “[w]hile Zendejas stressed that no one should worry about being fired, she acknowledged some administrators could be demoted to positions outside the central office.” Associated Press (1995, June 2).
A 1999 Hudson Institute report decried Pritchett’s incremental approach, arguing that “the time is long past for marginal changes. Indiana can no longer afford to experiment with the latest pedagogical fashions.”

The Indianapolis Star editorialized that “it’s time for IPS to try some radically different approaches in its high schools.”

But Pritchett responded by pointing to several of his programs and boasting that “IPS is proud to offer cutting-edge, research-based instruction to students.” Others in the community shared Pritchett’s sentiment that the Star was being unduly harsh.

20 A special report in The Indianapolis Star follow-up found that “the perceptions of IPS as a ‘troubled’ school system as portrayed by the Star and other media are inaccurate and unfair, according to the majority of this group. Many passionately shared their experiences with IPS as parents, teachers, volunteers and students, painting a picture of a school district where a lot of good learning is happening.” Daniels, T. E. (May 13, 2001). “Credibility Tied to Readers’ Perceptions.” The Indianapolis Star.
APPENDIX C

IPS’ Talent Development Strategy

From a special report prepared for The Mind Trust by Kenneth Wong (Brown University) and Francis X. Shen (Tulane University).

Indianapolis Public Schools (IPS) and education reformers agree that high-quality principals and teachers are the cornerstone of successful school reform. There is disagreement, however, on how effectively IPS is developing its leadership and teaching capacity. In this section, we review steps IPS has taken to improve school and classroom leadership, and we look at the work that remains to be done. Consistent with earlier analyses, we see a pattern of successful, but limited, innovation and a resistance to fully transform the district’s human capacity.

Critiques from Cambridge Education and TeachPlus

The state Department of Education hired Cambridge Education Associates, a private education consulting firm, to audit schools that failed to meet state accountability standards for consecutive years. The most egregious findings of failure in these IPS schools included:

- “A lack of trust between many students and teachers.”
- “The quality of teaching is variable, with few instances of effective practice.”
- “Teachers offer insufficient challenges and low expectations regarding student outcomes.”
- “Principals do not have enough autonomy to make [human resource] decisions about their teacher workforce.”
- The report faults teachers, principals, and central office administrators for most of these deficiencies

Current staffing is based on “forced placement,” under which school leaders have little say over which teachers are assigned to their schools.

In a separate report, TeachPlus, a nonprofit network that helps support teachers in urban schools, documented how IPS continues to use hiring policies that hamper the district’s ability to attract and retain effective educators. Specifically, they found that:

- **Teacher attrition is high** — “Between the 2008–2009 and 2009–2010 school year, 17 percent of teachers in the district were no longer teaching in IPS. Of the 2,462 teachers who were teaching in IPS in 2008–2009, 415 of them left their classrooms by 2009–2010. A troublingly high proportion of that attrition — 36 percent — is teachers with 2–5 years experience” (p. 2).

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Teacher pay is not competitive — “The data are alarming: in every school corporation in Marion County that surrounds IPS, teacher salaries are higher at almost every level of experience. The differences are stark: teachers in the Marion County districts that surround IPS earn thousands of dollars more annually in the early years and tens of thousands of dollars more in the later years” (p. 2).

IPS spends a lot on nonteacher expenditures — “Although Indianapolis Public School teachers’ salaries are the lowest in the area, the opposite is true of the district’s expenditures. In fact, IPS spends more than every Marion County district (except Lawrence) in per-pupil expenditures ... . Where is this money going? How is it being spent? The money is obviously not being allocated to teacher salaries” (p. 4).

The New Teacher Project

The New Teacher Project’s (TNTP) Indianapolis Teaching Fellows Program has proven to be an effective way to improve teaching quality in IPS. Over four cohorts, the program has brought in 50 teachers to teach in high-need subject areas. TNTP teachers are both recent college graduates and those making a career change into teaching. TNTP has developed a working relationship with IPS human resources, but TNTP’s practices generally remain isolated. TNTP has not, to date, transformed IPS talent development practices, although there have been some changes in reduction in force policies and more discussion of how best to use performance data. Nor has IPS fully embraced the suggested benchmarks recommended by TNTP. The benchmarks were aimed at accomplishing two goals.

Goal A: Promote instructional quality through the IPS staffing process.

- Develop a new reduction in force policy that considers teacher effectiveness.
- Ensure that all teacher placements are based on an interview and selection process.
- Allow principals to consider internal and external candidates for vacancies early in the hiring season.

Goal B: Improve IPS’ talent development infrastructure.

- Ensure that teacher evaluations are rigorous, differentiated, and provide meaningful feedback to support effective teaching.
- Support school-based decisionmaking in displacement and hiring decisions.
- Provide a high level of customer service to teachers and principals.

In thinking about why the district has moved on some, but not all, of these benchmarks, there is at least some evidence that IPS remains insulated from “outside” ideas that conflict with long-held policies. The notion that “that’s just not the way we’ve done things before” may be at least part of the reason that changes have not been more widespread. There remains much to do to empower teachers through a comprehensive strategy that
aligns talent development systems (professional development, hiring/firing policies, teacher evaluation metrics, and so on) in order to place an effective teacher in every classroom.

To help achieve this goal, IPS can learn from 2009 analyses conducted by TNTP.\(^3\) The report found that only 21% of IPS teachers surveyed by TNTP said that IPS had given them any “unsatisfactory” or “needs improvement” ratings in their previous three evaluations — despite the fact that student performance in the district was exceedingly low. Moreover, fewer than six out of the 587 teachers evaluated in 2008 were recommended for dismissal due to poor performance. This discrepancy indicates that IPS leadership must either (a) believe that its teacher evaluation instrument/system does a poor job of rating educators or (b) believe that the fault lies with students and families and is not a result of ineffective teaching. Fortunately, the evidence points to the former — IPS willingly admits that it has had systemic problems with its evaluations, leading the district to modify its old evaluation system.

IPS staffing policies do not consider teacher quality as a factor in placement and layoffs. Not only does this contradict teacher preferences — 74% of teachers told TNTP they thought this policy should change — but the policy contradicts research that demonstrates teacher seniority has little effect on student learning. IPS’ seniority-based human resource practices run against educator preferences and policies in many successful organizations outside the public K-12 sector. Human resource departments in IPS do not have mechanisms to support the timely recruitment of the teachers that principals say they want: 77% of principals say bureaucracy has cost them their first-choice hires. These deficiencies in IPS hiring and staffing should be a top priority in any future reforms.

**Teach For America**

The district has been slow to embrace, and at times hostile to, teachers from Teach For America (TFA). This is despite the fact that all seven Indianapolis principals with a TFA teacher in his or her school reported that they were “very satisfied” with the TFA teacher.\(^4\) All reported that TFA teachers were making a positive difference in the school environment.

Perhaps most telling, all principals rated TFA teachers above average beginning teachers, indicating that TFA was better preparing teachers than the traditional IPS pipeline. Unsurprisingly, all seven principals said it was very likely that they would recommend hiring TFA corps members to a fellow school leader. As one principal put it, “Teach For America has truly been a blessing to me and to my students. They bring to the table the much needed youthful energy, enthusiasm, drive, vision, passion and influx of new ideas to help our students prepare themselves both academically and socially for their successful transition to the 21st century.”\(^5\)

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By allowing TFA teachers into its ranks, IPS improved the experience of its students. But it can do more. There is no mention of TFA, for instance, in the 2010–15 strategic plan. It should be noted as well that resistance to so-called outsiders is not just a central administration issue but rather a districtwide culture.

**IPS’ Response to Talent Development Challenges**

In gauging IPS’ responses to the talent development challenges raised by TNTP and others, it is clear that Superintendent Eugene White is aware of the problem. Commenting in an article in *The Wall Street Journal* on urban education, Dr. White said, “If you are truly going to be fair to urban students, you have to provide them with the best teachers they can have. You shouldn’t have a mandate that says you are untouchable because you have been here longer.”^6^ Lofty language aside, it has been more difficult to actually improve the quality of the teaching force. White estimates that with a notable exception, 60% of IPS high school teachers performed at questionable levels. The *Indianapolis Star* reporter Matthew Tully, who has investigated IPS staffing, wrote “the district has exacerbated the problem by failing to aggressively push problematic teachers through that [teacher dismissal] process or implement an effective teacher evaluation system.” Tully was told by IPS administrators that “it will take three to five more years before they can seriously tackle the issue of bad teachers.”^8^ The lack of urgency is concerning, as three to five years means that entire cohorts of IPS students may be subject to underperforming teachers.

Responding to the Cambridge Education report’s findings on the need for improved human capital, White and IPS School Board President Michael Brown had this exchange with Fox59 reporter Gene Cox:^9^

**Reporter Gene Cox, Fox59:** “Are there some teachers you would like to replace?”

**Dr. Eugene White:** “Yes. There are, and there are some administrators we probably need to replace and we’re working to do that.”

Despite the new report, White said the situation is better than five years ago, and graduation rates are up.

Part of the resistance to changes in teacher hiring and retention comes from the Indianapolis Education Association, on record as defending seniority rules.^10^ But the deeper problem is that IPS leadership sees its current reform program as a sufficient response to the problem. Commenting on the Cambridge Education report, White said:

> These reviews don’t take into account the significant progress the district has made in the past several years. The district’s focus has been on improving the school environment and getting all the schools on the same page. The next step is to work on teacher quality. Most of

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^8^ Tully, M. (2010, Mar. 28).


the problems in teaching are among teachers who aren’t willing to step beyond lectures to make learning interesting for students who have already tuned out from that way of learning. The kids just don’t do lectures.”

Put another way, White and others believe IPS is solving the teacher quality problem incrementally: first addressing school organization, then teacher quality in the next three to five years. This incremental approach is likely to lead to fragmentation rather than fundamental change. Replacing a few bad teachers with better ones or transferring a few principals to different buildings is not enough. IPS must fully address the TNTP recommendations, starting with the recognition that the talent development pipeline for IPS needs to be rebuilt, not just repackaged. If the central office maintains the staffing status quo, it will continue to produce poor results.

Unfortunately, there is little indication that change is coming. For instance, the first accomplishment listed in the State of the District 2010 report under Administrative Supervision is: “Elementary administrators continue to do a very good job of enforcing the student dress policy.” While school uniforms are a politically popular and visible reform, their effects on student achievement are unclear. Moreover, the district believes “central administration has demonstrated effective district leadership and support this year.” This is problematic because of the poor performance: How can leadership that fails to meet its strategic objective be deemed effective? Also troubling is the uncertainty of how effectiveness is measured. There seems to be little consideration of capacity and little alignment of evaluation with strategic goals.

Given the inability of the administration to develop such measures after five years in office, one is skeptical of the current proposed School Board Action Plan, which lists as its first goal: “Create a process to decentralize district control in a systemic progression with accountability and performance benchmarks.” While partners TNTP and TFA have demonstrated positive results and produced talent development plans, nowhere does the Board Action Plan suggest:

- Collaborating with TNTP to adopt innovative talent development strategies.
- Collaborating with TFA to recruit more TFA teachers to IPS.
- Restructuring workforce incentives.

14 Indianapolis Public Schools (2010), p. 44.
IPS needs both improved teachers and better school leaders. In a foundation proposal to fund a new principal pipeline, TFA pointed out that:

This past year, several administrators were released or reassigned as a result of failure to meet expectations. Furthermore, a significant percentage of Indianapolis Public School (IPS) administrators are reaching or are past the retirement age. More than 34 percent of licensed administrators are over the age of 60, and 68 percent are past 50. Given the rate of expected turnover, it is critical that the district establish a pipeline of new leadership. While the need for this pipeline is immediate, the school leadership education programs state-wide, including a new MBA principal certification program at Notre Dame, are several years away from being robust enough to prepare the next generation of school leaders to face the challenges of the schools they will lead.15

IPS should embrace substantive reform of its principal pipeline. Rather than shuffling principals from school to school, or pushing bad principals into administrative roles, IPS should aggressively replace poorly performing school leaders.

IPS administration must also diversify leadership, expand schooling options, and accelerate the use of rigorous evaluations to help improve or remove less effective educators. Equally important is a comprehensive audit on the effectiveness of the central office staff in meeting the goals of the district’s strategic action plan.

APPENDIX D

Summary of CREDO Public Charter School Study

The Center for Research on Education Outcomes (CREDO) at Stanford University conducted an analysis between 2004 and 2008 comparing student performance in Indiana's public charter schools to similar students in traditional public schools.21

Methodology

To identify a comparison group with which to compare Indiana’s public charter students, researchers built a Virtual Control Record (VCR) for each charter school student. For each charter student, researchers identified all students from the feeder school (the traditional public school from which the charter student came or would be likely to enroll) who matched the following criteria:

- Grade level
- Gender
- Race/ethnicity
- Free or reduced-price lunch status
- English language learner status
- Special education status
- Prior test score on state achievement tests

This process allowed researchers to find matches for 84% of charter students in reading and math. Only students in grades 4–9 were included in the study, as these grades are covered by the state achievement testing program and could be linked over time using the VCR methodology.

Results

Below is a summary of the research findings. All findings apply to public charters statewide unless indicated otherwise.

Overall

- Charter students across Indiana and Indianapolis outperformed their peers in traditional public schools in both reading (by .04 to .05 standard deviations) and math (by .07 to .08 standard deviations).
- The greatest gains for public charter school students occurred in the first two years of enrollment and tapered off in the third year.
- Charter students outperformed their peers in traditional public schools in both math and reading regardless of how long the charter school had been open.

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On average, most of the state's 42 public charter schools performed about as well as traditional public schools enrolling matched students. More than 40%, or 18 charters, had significantly better learning gains in reading, while just more than one-quarter, or 11 public charter schools, had significantly better learning gains in math. One charter had significantly worse learning gains in reading.

**Student subgroups**

- Black students in both school settings failed to make as much progress as white students in traditional public schools in reading. In math, however, black students enrolled in public charter schools improved at about the same level as the average white student in traditional public schools. In contrast, learning gains by black students in traditional public schools were below their white peers in both reading and math.

- The gains made by Hispanic students in reading in both traditional and public charter schools exceeded gains made by white students in traditional public schools. The gains were largest in traditional public schools but not statistically significant from the gains similar charter students made.

- Students in poverty enrolled in public charter schools made larger gains in math than their peers in traditional schools.

- Students qualifying for special education and English language learners performed no better or worse in traditional public schools compared to public charter schools.

- Students who had been held back a grade and attended a charter school made larger gains in math compared to similar students in traditional public schools.
APPENDIX E

New Schools for New Orleans: Building the Public Charter Sector

New Schools for New Orleans (NSNO) is a nonprofit organization committed to a vision of “excellent public schools for every child in New Orleans.”1 NSNO was founded in April 2006, shortly after Hurricane Katrina’s destruction of New Orleans’ school system in 2005. Local and state leaders began rebuilding the city with a new kind of school system — one in which multiple authorities (the Recovery School District, Orleans Parish School Board, and the State Board of Elementary and Secondary Education) governed schools.2

NSNO has played a key role in increasing the presence of high-quality new schools in New Orleans, launching 13 schools already, with plans to launch 19 additional schools in the next five years.3 In the 2010–11 school year, 71% of the city’s students attended public charter schools.4 “School performance scores are up nearly 20 points on average, and the achievement gap vs. the rest of the state has narrowed by nearly 50%,” says NSNO founder and CEO Sarah Usdin in the 2010 Annual Report. “There’s evidence that we have begun to change the public education experience and, as a result, the expectations of students, parents and communities in New Orleans.”5

NSNO focuses on three functions:

Recruit exceptional talent

❋ Recruit excellent teachers and leaders to new schools through partnerships with organizations such as Teach For America and New Leaders for New Schools.


Build and support high-performing schools

❋ Incubate new schools through the NSNO Founder Fellowship Program.

❋ Offer leadership training to schools and charter management organizations (CMOs).

❋ Support the expansion of high-performing public charters and CMOs.

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* Ensure quality in all of New Orleans public charter schools by subsidizing data-driven instruction through programs such as the Achievement Network and STEP.

Create a reform-driven environment

* Foster the creation of organizations such as the Parent Organizing Network that inform communities of reform efforts.
* Fight for policies that encourage public charter growth and accountability at the district, state, and national levels.6

With a staff of 15, NSNO’s 2010 fiscal year expenses were about $4.6 million. A combination of local and national philanthropies support NSNO, including the Bill & Melinda Gates Foundation, The Eli and Edythe Broad Foundation, and the Greater New Orleans Foundation. NSNO is also the recipient of the U.S. Department of Education’s $28 million Investing in Innovation grant.7

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7 New Schools for New Orleans (2010).
APPENDIX F

New Orleans Public Schools: Recovery through Reform

In the 2004–05 school year, just before Hurricane Katrina, 73% of New Orleans public school students qualified for free lunch. The Orleans Parish School Board (OPSB), which governed the schools, was mired in corruption and controversy. In March 2005, after a decade of budget issues, the school board ran out of money.¹

In the 2004–05 school year, 71% of students in New Orleans attended failing schools.² Five years later, that figure had dropped to 26%.³

What led to this stunning turnaround? Katrina’s destruction of an already crumbling school district left the state with no options but to transform. Changes included:

Expanding the Recovery School District (RSD)

❋ The RSD was established by the state in 2003 to fix failing schools. Before Katrina, five New Orleans schools were taken over by the RSD and turned into public charter schools. In November 2005, however, the state legislature passed a law tightening state expectations and allowing state intervention in schools in academic crisis. As a result, the state transferred 107 “academically unacceptable” schools from OPSB to the RSD, leaving only 16 schools under OPSB control. This left city public schools governed and operated by multiple entities.⁴

Partnering with external organizations

❋ The RSD works closely with New Schools for New Orleans (NSNO), founded in April 2006 shortly after the storm. Since its inception, NSNO has recruited excellent teachers and leaders through talent pipelines such as Teach For America and New Leaders for New Schools. NSNO also funds teachNOLA, The New Teacher Project’s New Orleans initiative. NSNO incubates new schools and supports the expansion of high-performing public charters, and it works with parents and community members to fight for policies that encourage autonomy and accountability for schools.⁵

Building a charter-friendly environment

❋ When the RSD was founded in 2003, it was given authority to turn its underperforming schools into public charter schools. After Katrina, both the RSD and OPSB turned to charter operators to reopen schools quickly with the support of federal grants created specifically for charters. NSNO set an early goal to launch five to 10 charter schools

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² The Cowen Institute (2010).
⁴ The Cowen Institute (2010).
each year; in 2009, the charter cap was removed from the state charter law. National networks such as Knowledge Is Power Program (KIPP) and the homegrown FirstLine began opening schools in New Orleans, and many more independent organizations arrived to operate single schools. When schools began reopening after Katrina, fewer than 5% of New Orleans schools were public charters. In 2010–11, 71% of students in New Orleans enrolled in a charter school.6

**Offering citywide choice to students**

- After the storm, schools in both the RSD and the OPSB, whether public charter or district-run, became schools of choice for all students. This meant that regardless of where a student lived, he or she could attend any public school. This system also serves as an accountability structure for schools, which must maintain quality to attract families.7

**Increasing per-pupil funding, with schools in control**

- The federal government and private donors responded quickly to the hurricane by offering New Orleans an unprecedented amount of money available for students. For the 2004–05 school year, the average per-pupil funding in New Orleans was less that $8,000; five years later, spending had grown to $13,040 per student.8 New funds allowed for longer school days and years, technology upgrades, and higher teacher salaries.

In the wake of the storm, these changes came quickly, and so did the results. In the four school years after Katrina, New Orleans public schools showed an average growth of 20 points on their school performance scores, compared with the state average of 6.5 points.9 About 90% of students graduated from high school in 2010, a huge jump from 50% in 2007.10 Figure F-1, from the Cowen Institute report The 2011 State of Public Education in New Orleans, shows the growth in the percentage of students meeting state standards between 2006–07 and 2010–11.

In 2010, the Fordham Institute ranked New Orleans as the number-one city most favorable to education reform.11 Often called “The Greatest Education Lab,” New Orleans continues to draw excellent school leaders, teachers, and organizations that push for innovative and effective reform for the city’s students.

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Sweeping Reforms in New York City’s Education System

It’s been almost a decade since Joel Klein became Chancellor of the New York City Department of Education, a period marked by uncharted reform of a broken urban education system. Klein’s sweeping changes transformed the central office, the role of school leaders, the district’s external partnerships, and the public education offered to the city’s students.

In June 2002, the state legislature decreased the authority of local community school boards, eliminated the citywide school board, and placed the district under one agency, the New York City Department of Education. State lawmakers also gave the mayor authority over school budgets, citywide educational policy, and appointment of a chancellor (what most districts call a superintendent).1 The shift of power from 32 community boards to the mayor gave Mayor Michael Bloomberg and Klein the opportunity to make swift changes on a large scale, such as:

Increased autonomy and accountability for principals

- Principals make decisions about educational programs, staffing, budgets, and external support from partners. This allows schools to develop their own identities and explore innovative programs. In return, school leaders are held accountable for their students meeting state standards and showing growth. Initially, less than one-fifth of the district’s schools were part of the “autonomy zone.” Today, the autonomy zone covers the entire district.2

Clear expectations for school performance

- School progress reports designate a letter grade for every school, based 60% on student growth from one year to the next on state English language arts and math assessments; 25% proficiency on state academic standards; and 15% on attendance and survey results from students, parents, and teachers on areas such as school safety, leadership quality, and communication. In addition, schools receive additional points for closing the achievement gap for special education students, English language learners, and underperforming students. In addition to progress reports, schools are evaluated through in-depth quality reviews, arts reports, and learning environment surveys. Finally, students are assessed several times a year to measure progress. Data are available immediately online to parents, teachers, and school leaders through the Achievement Reporting and Innovation System (ARIS).3

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Expansion of the talent pipeline

- The Department of Education (DOE) opened the New York City Leadership Academy, which recruits, trains, and places principals in schools through its Aspiring Principals Program (APP). As of 2010, APP had graduated 423 school leaders. The DOE also recruits talented educators through New Leaders for New Schools, Teach For America, and The New Teacher Project.

Partnership with external organizations

- In place of centrally provided services, DOE has shifted funding and control to schools, which now can determine the best way to obtain the services they need. The DOE has fostered an array of service providers, including both outside nonprofits and internal units. The common denominator is that these providers exist to serve schools and that schools can choose services that work best for their staffs and students.

Focus on opening new small schools

- More than 350 new schools have opened in New York City since 2002. Most of these schools are small schools, a stark contrast from the large “factory model” of the past. The DOE partnered with organizations such as New Visions for New Schools and the New York City Charter School Center to open and incubate public charter and district-run schools in neighborhoods with limited high-quality school options.

The results? When Klein came into office, fewer than 50% of 4th and 8th graders met state standards in reading and math. As of 2009, those numbers have grown significantly, with nearly 70% of 4th graders and 57% of 8th graders meeting state standards in reading. More than 80% of 4th graders and more than 70% of 8th graders met state standards in math.

“Traditional proposals for improving education — more money, better curriculum, smaller classes, etc. — aren’t going to get the job done,” Klein wrote in The Wall Street Journal shortly after his resignation in 2010. “We need to innovate, as every successful sector of our economy does … . In New York City we’ve experimented with new models and seen great promise, but it will take larger investments to see real results.”

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4 New York City Leadership Academy. “Results: Aspiring Principals Program.” Available: www.nycleadershipacademy.org/overview/results
6 New York City Department of Education (2009).
7 New York City Department of Education (2009).
APPENDIX H
Methodology and Assumptions for Financial Analysis

Data Sources

Budget data
We sought to use the most recent financial data available for our analysis. For most financial data, we used 2012 proposed budget figures for Indianapolis Public Schools (IPS). Data for 2012 were not available, however, for two funding streams: the school lunch fund and special-funded programs. For those funds, we used 2011 figures as a proxy.

Our model projects spending over a multi-year period. While costs and revenues are likely to change over that period, we have no valid forecasts of how. As a result, we present all data in today’s dollars and assume that revenues and costs remain the same.

Finance data came from the following sources:


Other finance data
- Per-pupil public charter school funding: An estimate of per-pupil charter funding in Indianapolis comes from a Ball State University study using 2006–07 finance data: Maloney, L., et al. (2010). Charter School Funding: Inequity Persists, Muncie, IN: Ball State University. Available: http://cms.bsue.edu/Academics/CollegesandDepartments/Teachers/Schools/Charter/CharterFunding.aspx. To ensure our estimate was conservative given economic volatility since 2006–07, we did not adjust charter funding for inflation.
Enrollment
Our analysis uses 2010–11 enrollment figures and assumes constant enrollment. Our enrollment data came from the following sources:


- Public charter students residing in IPS: The most recent data showing the number of IPS resident students enrolled in public charter schools come from 2008–09, and they only include students attending mayor-sponsored charter schools, not those attending schools sponsored by Ball State University. We therefore estimated 2010–11 values using a two-step process:
  1. We found the proportion of students residing in the IPS boundaries who attended a mayor-sponsored charter school in 2008–09, the most recent year for which those data are available. Office of the Mayor Greg Ballard, Office of Education Innovation. “Totals 97.” Personal communication. Sept. 16, 2011.
  2. We multiplied the proportion from step 1 by all public charter students in Indianapolis in 2010–11, including those chartered by Ball State University, the only other authorizer of Indianapolis charters that year. National Alliance of Public Charter Schools (2011). “The Public Charter Schools Dashboard.” Retrieved Aug. 29, 2011, from http://dashboard.publiccharters.org/dashboard/students/page/overview/district/IN-12/year/2011

- Prekindergarten students residing in IPS: Data indicating the number of prekindergarten students residing in IPS are not available. To estimate this figure:
  1. We determined how many kindergarten students attended IPS schools in 2010–11. We used this figure to serve as a proxy for prekindergarten students residing in IPS. Indiana Department of Education. “Find School Corporation Data Reports: Corporation Enrollment by Grade Level.” Available: www.doe.in.gov/data/reports.html
  2. We recognize, however, that additional kindergarten students reside in IPS who do not attend an IPS school. To ensure that our estimate for the number of students likely to take up the prekindergarten option was conservative, we did not subtract IPS students already enrolled in publically funded prekindergarten programs (approximately 545 students) from step 1. Our calculations assume that up to 3,840 prekindergarten students reside in IPS boundaries.

Number of IPS schools
We identified the number of IPS schools from: Indiana Department of Education. “Find School Corporation Data Reports: Corporation Enrollment by Grade Level.” Available: www.doe.in.gov/data/reports.html
Estimating Per-Pupil Funding for Schools During and After the Transition

Stage 1 — Identifying funds that can be reallocated after the transition (the “end state”)

1. To help with this work, The Mind Trust commissioned a leading financial consulting organization, Alvarez & Marsal, that has worked intensively in large school districts to restructure central office operations to achieve cost savings and improved results. These experts helped us categorize each of the line items in IPS’ various budgets into the major buckets identified in the expenditures budget summary in the district’s most recent budget book (2010). The experts also helped us break down various line items pertaining to central administration by function. In addition, they recommended the functions the new central office would need to perform to execute the plan described in this report.

2. Next we determined the staff and nonstaff costs associated with each of the functions identified in step 1. We estimate that the new central office would require approximately 65 full-time staff members and $8.5 million to run in the end state (see Figure H-1).

3. To be conservative, we added a contingency of $1.5 million (approximately 15%) to address any unforeseen costs. This figure is not based on any specific planned expenditures, and therefore we do not show any assumptions justifying the amount. The contingency is simply a fund that IPS’ leadership will be able to use as needed to carry out the district’s work.

4. The running costs ($8.5 million) plus the contingency ($1.5 million) yielded an overall central office budget of $10.0 million. The current central office budget is $53.3 million. We assumed that the difference — $43.3 million — could be reallocated to schools or used to fund new strategic initiatives.

5. Our experts looked across all funding streams to identify which funds represented essential centralized services and which could be reallocated to schools. We identified $117.2 million from services and another $46.2 million in transportation that could be reallocated, totaling $163.4 million.

6. Between the $43.3 million in general funds and the $163.4 million in other funds, our model assumes that $206.7 million could be reallocated to schools or redirected to new strategic initiatives. We call this “reallocation funding.”

7. Our plan calls for three new strategic initiatives — universal prekindergarten ($14 million), a New School Incubation Fund ($2 million), and a Talent Development Fund ($2.5 million), totaling $18.5 million in the end state after the central office has transformed its roles to match those listed in the table above. This funding will come from the $206.7 million identified above, leaving $188.2 million that can be redirected to schools in the end state.

8. In the intervening transition years, less funding will be reallocated. Stage 2 of our estimation process determined how much could be reallocated in each transition year.

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**Figure H-1. Staff and Nonstaff Costs**

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>FTE</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorizing &amp; Accountability</td>
<td>1.77</td>
<td>$1,770,000</td>
</tr>
<tr>
<td>Special Education Administration</td>
<td>1.35</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>Capital Planning &amp; Oversight</td>
<td>0.95</td>
<td>$950,000</td>
</tr>
<tr>
<td>Human Resources</td>
<td>0.15</td>
<td>$150,000</td>
</tr>
<tr>
<td>Finance &amp; Accounting</td>
<td>0.60</td>
<td>$600,000</td>
</tr>
<tr>
<td>CEO &amp; Executive Support</td>
<td>0.76</td>
<td>$765,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>0.15</td>
<td>$150,000</td>
</tr>
<tr>
<td>Community Outreach</td>
<td></td>
<td>$755,000</td>
</tr>
<tr>
<td>Operations</td>
<td></td>
<td>$710,162</td>
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<tr>
<td>Legal</td>
<td></td>
<td>$200,000</td>
</tr>
<tr>
<td>Enrollment</td>
<td></td>
<td>$605,000</td>
</tr>
<tr>
<td>Safety</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Board of Communications</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Teaching &amp; Learning</td>
<td></td>
<td>$150,000</td>
</tr>
<tr>
<td>Program Administration</td>
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<td>$375,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>65</strong></td>
<td><strong>$8,530,162</strong></td>
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<tr>
<td>Contingency</td>
<td></td>
<td>$1,500,000</td>
</tr>
<tr>
<td><strong>Total ($2012 $)</strong></td>
<td><strong>65</strong></td>
<td><strong>$10,030,162</strong></td>
</tr>
</tbody>
</table>
Stage 2 — Estimating how much funding can be reallocated during each period of the transition

The table in Appendix N shows the period-by-period reallocation of funds to Opportunity Schools. These amounts were calculated using the following six steps:

1. **Subtract transportation.** Given the importance of free transportation in creating a system in which all families, regardless of economic circumstances or residence, can exercise school choice, our model retains transportation funding in the central office during the transition. Our model therefore does not count transportation funds ($46.2 million) in reallocation funds until the last year of the transition. As we explain in the body of the report, however, Opportunity Schools that demonstrate they can provide quality transportation without the help of the district may receive their share of those funds sooner.

2. **Hold back the contingency.** Our model differentiates between two types of reallocation funds — funds that are already earmarked for schools ($218.3 million) and funds currently spent by the central administration that could be redirected to schools ($206.7 million). The model assumes that 100% of funds already earmarked for schools will be reallocated every year. But our model holds back 5–10% of newly identified reallocation funds as a contingency to provide a buffer for the administration until the last year of the transition. This contingency fund will enable the system’s leadership to cover expenses such as winding up contracts that cannot be terminated immediately and handling expenses that we did not anticipate in our budgeting process. The percentage is not based on any specific planned expenditures, and therefore we do not provide any assumptions here to justify the percentage. It is rather a cushion to give leaders flexibility. This contingency applies to the transition period only and is in addition to the contingency built into the central office budget in stage 1.

3. **Reallocate funding in proportion to students attending Opportunity Schools.** For each point in the transition, the model assumes that some percentage of students will attend new Opportunity Schools. The amount of funding reallocated corresponds with the percentage of current IPS students attending Opportunity Schools, minus transportation funding and the contingency for the relevant portion of reallocation funds.

4. **Pay for new strategic initiatives.** Before reallocating funds to schools, the model allocates funds to the plan’s new strategic initiatives — prekindergarten, the New School Incubation Fund, and the Talent Development Fund — with newly available funding. These programs consume up to $24 million during the transition and $18.5 million in the end state. During the transition, the model also allocates up to $1.05 million in additional funding under the central administration to pay for up to seven transformation directors in addition to a new permanent position in the central administration. For example, in the first year of the transition, the model assumes there will be seven additional transformation directors, earning between $100,000 and $150,000 per year, based on performance, for a maximum of $1.05 million. In the last year of the transition, however, the model assumes the need for just one additional transformation director, at a maximum cost of $150,000.
5. **Account for public charter students.** The model distributes the remaining funding evenly on a per-pupil basis across all Opportunity School students, including students attending converted IPS schools and converted public charter schools. To do so, the model accounts for the funding charter schools already receive for IPS students by adding existing charter funding ($7,738 per pupil) for each charter student to the total reallocation funds.

In the first year of the transition, for example, the model assumes that 10 schools enrolling 5,335 students would become Opportunity Schools, approximately 16% of students. As a result, 16% of the $218.3 million already earmarked for schools, which is $35.2 million, would be reallocated. As described above, our plan also identifies $206.7 million that is centrally controlled currently but that could be reallocated for schools and new initiatives. However, $46.2 million of that amount will be used for transportation during the transition, leaving $160.5 million. After multiplying the $160.5 million by the percentage of IPS students attending Opportunity Schools and withholding a 5% contingency, we are left with $24.6 million in newly identified reallocation funding in the first year of the transition. Next we subtract $10.6 million for new initiatives. Finally we add current public charter funding for the 984 charter students we anticipate will attend Opportunity Schools in the first year of the transition ($7.6 million). Altogether, $56.9 million therefore will be reallocated to schools based on student enrollment in the first year of the transition.

### Assumptions

Our model makes numerous assumptions to make projections possible.

1. **Constant revenue and enrollment.**

2. Although schools have the option of obtaining some transportation funds for transporting their own students, our budget assumes that all transportation funds continue to be spent centrally through the transition.

3. **Contingency:**
   a. 5% in the first year of the transition
   b. 10% contingency for all periods that follow until the last year of the transition

4. **Transformation directors:**
   a. 8 until 35%+ IPS students attend Opportunity Schools
   b. 5 when between 35% and 70% of IPS students attend Opportunity Schools
   c. 3 when between 70% and 85% of IPS students attend Opportunity Schools
   d. 2 through the last year of the transition
   e. 1 in the end state (as part of the central administration)
5. Universal prekindergarten initiative:
   a. Up to 3,295 new prekindergarten students will enroll (in addition to 545 already enrolled through federally funded programs)
   b. No new students enrolled in the first year of the transition, as providers are screened
   c. Enrollment phases in equally over time (four time periods in our model)
   d. Costs $4,212 per student (the national average cost)
   e. $150,000 per year to administer program once students enroll (assumes a partnering nonprofit plays a significant role)

6. New School Incubation Fund
   a. $7.25 million in the first year of the transition
   b. $7.5 million a year through the rest of the transition period
   c. $2 million a year in the end state

7. Talent Development Fund
   a. $2.25 million in the first year of the transition
   b. $2.5 million a year through the transition period and in the end state

8. IPS students attending Opportunity Schools
   a. 5,335 (16%) in first year of transition
   b. 10,671 (32%) in period 2
   c. 21,342 (65%) in period 3
   d. 26,677 (81%) in period 4
   e. 30,080 (100%) in last year of transition and end state

9. Public charter students attending Opportunity Schools
   a. 4,918 IPS students attend public charter schools now
   b. Up to 45% of current public charter students will attend an Opportunity School
      i. 20% in the first year of the transition
      ii. 30% in period 2
      iii. 40% in period 3
      iv. 45% in period 4
      v. 45% in last year of the transition
APPENDIX I

Incubating Excellent Schools: Lessons from Four Cities

Several cities have embraced the potential of innovative schools for improving opportunities and outcomes for students. Creating conditions for these new school models to flourish has helped produce encouraging, even dramatic results. The profiles that follow demonstrate the important role that incubators can play in stimulating the supply of great new schools.

New Orleans: Incubating Better Schools
Since Hurricane Katrina in 2005, New Orleans policymakers have aggressively replaced the lowest-performing schools with new schools designed to improve student achievement. This approach requires a continuous supply of people and organizations prepared to open new schools with a high probability of success. Facilitating and investing in school development are therefore critical to sustaining New Orleans’ system.

The nonprofit New Schools for New Orleans (NSNO) has responded by creating a school development “accelerator.” The accelerator:

- Recruits, selects, and supports operators both locally and from across the country.
- Recruits, selects, and supports experienced, high-performing leaders to launch new schools.
- Provides training for charter management organization leadership teams to raise start-up funding.
- Expands talent development pipelines so schools have greater access to skilled educators.

So far, NSNO has launched 13 new schools. In the next five years, NSNO plans to incubate another 19 schools in New Orleans, enabling the organization to ultimately transform one-quarter of all academically unacceptable schools in the city.1

Chicago: Stimulating a Renaissance of New Schools

In 2004, Mayor Richard M. Daley and then-CEO of Chicago Public Schools Arne Duncan launched an ambitious plan to “provide all families — regardless of their socioeconomic standing — with options for a high quality public education.”2 This initiative, called Renaissance 2010 (Ren10), set a goal to close more than 60 failing schools and open more than 100 new ones in high-need neighborhoods by 2010.3

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Under Ren10, three types of new schools were opened: public charter (independently operated), contract (independently operated, but with a performance contract set by the district), and performance (district school with district teachers and staff), all of which were given increased autonomy in exchange for high accountability.4 Chicago Public Schools (CPS) placed schools on five-year performance plans and measured achievement and progress through test scores, attendance, and graduation rates. In return, schools were given freedom over budget, curriculum, and the length of the school day and year. CPS’ Office of New Schools created a six-member “school support team,” which was responsible for supporting Ren10 schools through the five-year start-up phase.5

The initiative drew support from the business community, which raised $50 million for the Renaissance School Fund (RSF).6 As of February 2011, RSF, now called New Schools for Chicago, has invested $32 million in 69 Ren10 schools.7

Studies show that Ren10 schools are showing gains in student performance. According to a 2011 study, Ren10 elementary schools outperformed nearby schools 58% of the time, while Ren10 high schools outperformed nearby schools 65% of the time.8 A 2009 report stated that freshman attendance in Ren10 high schools was 10% higher than the district average in 2007–08.9 Achievement data are limited and mixed; researchers say a variable record is expected in start-up years. Still, observational studies cite numerous improvements in Ren10 schools: using frequent benchmark assessments from groups such as Northwest Evaluation Association to make data-driven instructional decisions; extending the school day to support students who are behind; increasing dedication to college-bound learning; and strengthening discipline.10

Ren10 has also helped high-performing public charter networks take root in Chicago. The University of Chicago opened three Ren10 public charter schools that show academic gains ahead of surrounding schools. Noble Street, a charter network of 10 high schools, launched four campuses under Ren10, all of which outperform neighborhood high schools in every subject.11

Current Mayor Rahm Emanuel and CPS head Jean-Claude Brizard plan to continue and improve on Ren10 as part of their school reform agenda.

4 Chicago Public Schools. “ONS School Types.” Available: www.cps.edu/NewSchools/Pages/ SchoolTypes.aspx
5 Reason Foundation (2009).
Detroit: Citywide Coalition Pledges to Open 70 New Schools

In 2009, fewer than 5% of Detroit’s 4th graders or 8th graders met national math standards, while about 2% of the city’s high school students were prepared for college-level math. Since then, Detroit has taken major steps to develop a competitive marketplace of higher-quality schools. Already, nearly 40% of students attend a public charter school; and many more are in a magnet or specialty school operated by Detroit Public Schools or nearby suburban schools, which recruit heavily in the city.

In 2010, Excellent Schools Detroit, a coalition that includes the mayor, DPS, high-performing public charters, leading foundations and community groups, and the chamber of commerce, pledged to create up to 70 new high-quality schools in the next decade. Leading the effort is Michigan Future Schools, a nonprofit that has raised more than $13 million from local foundations. Its “high school accelerator” project has helped open four new high schools since 2010, with three more to open in 2012, and two to three additional schools possible in 2013.

All district and public charter schools are open enrollment schools that will start with 9th grade and add one grade a year. School enrollment will not exceed 500. These schools agree to meet high standards:

- At least 85% of each school’s students will graduate from high school.
- Of those graduates, at least 85% will enroll in college.
- Of those who enroll in college, at least 85% will earn a two- or four-year degree.

Meanwhile, another coalition member, the United Way for Southeastern Michigan, has created the Greater Detroit Education Venture Fund to replace the metro area’s worst high schools with new schools. Already, it is operating five new schools, with five more in the works. A $27 million grant from the GM Foundation is helping to underwrite the effort.

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12 National Assessment of Educational Progress (NAEP) — Trial Urban District Assessment, 2009; Michigan Department of Education.
New York City: Supporting New Public Schools

Since 2001, New York City’s education system has changed rapidly through a series of reforms that closed failing schools, opened smaller new schools, and invited more external nonprofits to provide support for new schools. As a result, more than 350 new schools have opened in New York since 2002.17 New York has several efforts afoot to help great new public schools get started. Among them is the nonprofit New York City Charter Schools Center.

The New York City Charter Schools Center has helped plan and launch new schools in the city’s rapidly growing charter sector. Established in 2004, the Charter School Center supports schools in each stage of school start-up:

- **Pre-authorization** — The “Apply Right” program is a five-month seminar in which planning teams develop a comprehensive school design and submit applications to New York’s authorizers. The Charter Center also offers planning grants of up to $35,000 for future school leaders or teams for design and planning.

- **Post-authorization** — The “Start Right” program is a January through June course that educates school teams in planning, governance, finance, human resources, student services, and facilities before their schools open in the fall.

- **Incubation** — The Charter Center offers an incubation space that offers meeting facilities, phone lines, training sessions, and gatherings with other school incubators to share best practices and receive guidance as they prepare to open their schools. Forty schools have been incubated by the Charter Center since the program’s inception.

The Charter Center offers continued support to school leaders and staff while the new school is in session, including teacher certification consulting, special education and English language learner help, and an Emerging Leader Fellowship for excellent teachers who are pursuing school leadership.18

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APPENDIX J

Essential Information for Each Opportunity School Application

High-performing traditional district and magnet schools, public charter schools, and qualified start-ups will apply to become Opportunity Schools, which will give them more autonomy and access to additional resources.¹

A Quality Educational Program

- Description of the academic program aligned with state standards
- Description of the school’s instructional design, including the type of learning environment (such as classroom-based or independent study), class size and structure, curriculum overview, and teaching methods
- The school’s plan for placing an excellent teacher in charge of each child’s learning, including plans for organizing job roles and using technology to maximize the impact of excellent teachers
- The school’s proposed calendar and sample daily schedule
- The school’s plan for using internal and external assessments to measure and report student progress on the performance framework required by the authorizer
- The school’s plans for identifying and successfully serving students with disabilities, English language learners, and gifted students
- The school’s compelling, research-based plan for remediation of students who are academically behind
- A description of co-curricular or extracurricular programs and how they will be funded and delivered
- The school’s proposed student discipline policies, including those for special education students

A Solid Business Plan

- Start-up and five-year budgets with clearly explained assumptions
- Start-up and first-year cash-flow projections with clearly explained assumptions
- A description of the insurance coverage the school will obtain
- Evidence of anticipated fundraising contributions, if claimed in the application
- A sound facilities plan, including backup or contingency plans, if appropriate
- School budget sustainable on public dollars alone within five years

¹ Criteria compiled by Public Impact with significant excerpts from the National Alliance of Charter School Authorizers.
Effective Governance and Management Structures and Systems

- Background information, including resumes, for all the proposed founding governing board members, proposed members of the school leadership and management team, and any other co-founders who would play a significant role in the school’s management or governance.

- An organization chart that clearly outlines the school’s structure, including lines of authority and reporting among the governing board, staff, any ancillary or advisory governance bodies, and any external organizations that would play a role in managing the school.

- A clear description of the roles and responsibilities of the governing board, the school’s leadership and management team, and any other entities shown in the organization chart.

- A staffing chart for the school’s first year, and a staffing plan for the term of the charter.

- Plans and timelines for recruiting and developing school leadership and staff.

- The school’s leadership and teacher employment policies, including performance evaluation plans.

- Proposed governing bylaws.

- Explanations of any partnerships or contractual relationships central to the school’s operations or mission.

- Plans for providing transportation, food service, and all other significant operational or ancillary services.

- A detailed school start-up plan, identifying tasks, timelines, and responsible individuals.

- The school’s financial plan and policies, including financial controls and audit requirements.

- Plans and timelines for student recruitment and enrollment, including lottery procedures.
APPENDIX K

Potential Savings from a Streamlined District

A special report prepared for The Mind Trust by Sam Mehta and Erin Covington of Alvarez & Marsal, based on lessons learned in their work with large urban districts.

Large bureaucracies that run school systems are havens for ineffective and inefficient spending. New York City; Washington, DC; Chicago; Baltimore; Houston; and many other cities that struggle to overcome a seemingly intractable student achievement gap have found ways to direct more dollars to the classroom! These cities understand that a disciplined allocation of resources requires a willingness to change the status quo. They can serve as an example for Indianapolis Public Schools (IPS) as it seeks additional efficiencies to make more resources available for local autonomous schools and for citywide priorities such as new school incubation. These school districts and others have discovered wasteful spending resulting from:

❋ **Ineffective organizations** — Disconnected organization structures do not distribute control proportionally, keep departments isolated from one another, and limit accountability across departments.

❋ **Inefficient processes** — Redundant and manual processes do not reflect the changing needs of schools and students or leverage new technologies.

❋ **Antiquated technology** — Antiquated systems that are not integrated require significant manual intervention.

District officials must scrutinize every dollar of nonclassroom spending to evaluate student outcomes and customer satisfaction. While there is no single formula for assessing cost efficiencies, there are lessons to be learned from other districts. Examples include:

1. **Academic management, oversight, and support**

Many districts create administrative instructional support structures, such as curriculum offices, outside of individual schools. These management layers are intended to link schools to senior instructors with subject-matter expertise. Yet instructors serving multiple schools, students, and teachers often provide inconsistent help.

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An inevitable consequence of creating structures such as these is that individuals are often responsible for ineffective spans of control when put in context of number of schools, students, and teachers served. For example, school districts often feel compelled to have a specialist with a span of control over significant numbers of schools, which results in spending money on specialists who do not have the bandwidth to serve all schools or students equally and, ultimately (if indirectly), an inequitable and ineffective allocation of resources.

A review of academic support management in one district illustrated that significant money was being spent without measuring its impact on student outcomes. This review revealed that:

- The structure placed too many managers in some areas and not enough in others.
- A limited number of schools received money for nonpersonnel needs such as professional development and curriculum, with little transparency about why these schools were selected.
- Schools were limited to services provided by the administration and had little flexibility to select resources that were best for their school and students. In most instances, some schools used administrative resources more than others, leading to an inequitable distribution.
- Control of funds was concentrated among a few administrators unconnected to day-to-day school operations.

It was apparent that streamlined support could generate additional money for schools without disrupting service; a plan was developed to provide schools more focused instructional help. The administrative organization was reduced by about half, and an average of $150,000 was reallocated to each school. Principals most frequently used the new dollars to hire more teachers — which had a direct positive impact on students.

2. Facilities management

Facilities costs — including repairs and maintenance, energy-related expenses, and custodial costs — are critical to operate school districts. But districts across the country have inefficient spending from ill-defined work rules, poor use of contractors, insufficient vendor management, and inappropriate staffing ratios. Areas for significant cost savings from several districts include:

- **Repairs and maintenance** — Using contractors rather than in-house personnel; consolidating vendor contracts; adjusting shift times of skilled and unskilled trade workers to maximize productivity and minimize overtime; and monitoring contracts to ensure that pricing and payments align with contractual commitments.
- **Warehouse costs** — In multiple school districts, efforts to audit inventory, liquidate obsolete assets, and reconfigure space have generated cash from asset sales and reduced lease costs. In other instances, outsourcing inventory management and logistics led to significant savings.
**Energy and utilities** — While school districts everywhere are major consumers of local utilities, centralized budgeting and invoicing leave schools with little financial incentive to conserve electricity and no ability to audit individual building’s energy use. In multiple school districts, energy conservation programs that combine building-level accountability in exchange for the flexibility to apply savings toward other school needs have saved money as well as energy. In addition, audits of past invoices and payments often uncover overbilling.

3. **Transportation and school bus replacement**
School districts have reduced transportation costs by using software programs to identify time-efficient bus routes that serve more students with fewer buses.

Districts also can save money by improving school bus replacement processes and evaluating costs and benefits of outsourcing school bus management. Analyzing metrics such as average school bus life span and student bus use can provide valuable insights into overall spending.

4. **Food services**
In many large school districts, food operations generate a deficit due to low student participation; significant variation across schools in the quality of food and service; and poor labor, inventory, and contract management. Several school districts have improved food operations by outsourcing or restructuring how they are delivered, managed, and measured.

With labor costs generally accounting for more than half of total food services costs, school districts have saved money by increasing productivity, changing scheduling to eliminate unnecessary overtime, and identifying kitchens with too many staff. Additionally, school districts have been able to increase the number of students who buy lunch by making food tastier and more appealing, thus improving profitability and economies of scale.

5. **“Back-office” functions**
These departments include human resources, procurement, information technology, payroll, budget, and communications. Efficiency reviews of these administrative functions in other districts have found issues with:

- **Payroll** — Numerous school districts have seen that lax controls over adding and removing employees from the payroll wastes money. Payroll resets that require active employees to resubmit official information have helped identify overpayments and erroneous payments.

- **Integration of human resources and payroll systems** — While some districts have outsourced these functions to third-party providers, others have streamlined management, codified processes, and automated manual tasks.
Information technology (IT) — As technologies evolve, IT spending by schools and administrative offices continues to grow. Many school districts have found IT savings in a number of areas, such as:

- Evaluating the expense of using contractors versus in-house programmers, depending on the project.

- Enforcing IT contracts to ensure that school districts receive “most-favored customer” status to guarantee a vendor’s lowest rates. Reviews of compliance with these clauses have resulted in retroactive cost savings for districts.

- Many districts have managed to cut spending on computer purchasing and support by limiting the length of warranties and service agreements purchased with each individual computer and using call center support. By reviewing this spending, one district learned that the cost of its out-of-warranty repair calls on computers exceeded the cost of a new computer.

6. Review of assets

School districts tend to have significant assets, including land, buildings, warehouses, technology, equipment, textbooks, and supplies. In many large districts, there is little tracking or oversight of these assets. A full review of district assets likely will yield opportunities to liquidate aged inventories of supplies and equipment, consolidate warehouse and other building space, and sell unused assets.
APPENDIX L

Special Education

Based on research for The Mind Trust by Beth Giovannetti and Nancy Opalack, Educational Support Systems.

The transformation of Indianapolis Public Schools (IPS) will create a more dynamic infrastructure designed to serve the individual needs of students with disabilities flexibly and efficiently. The plan shifts responsibility for special education to schools while maintaining oversight in a central office focused on student results.

Students with Disabilities in IPS

In 2010–11, there were 6,105 students with disabilities enrolled in IPS, 18.3% of the total student population.1 Although district-level data are not available, the most recent state-level data indicate that the majority of students with disabilities in Indiana are identified as Speech/Language Impaired (37%) and Learning Disabled (29%). Similar to other states across the country, students identified as Other Health Impaired (7%) and on the Autism spectrum (6%) represent growing populations in the state. Only 4% of students with disabilities have been identified as Emotionally Disturbed, with another 4% identified as Seriously Emotionally Disturbed. Seven percent of students with disabilities have been identified as Mildly Cognitively Disabled and only 2% as Moderately Cognitively Disabled.2

Elsewhere in the state, districts have joined with other school corporations to provide special education services under the Joint Service Supply Act, the Special Education Cooperatives Act, or the Interlocal Cooperative Act. In IPS, however, the district continued in 2010–11 to serve as its own special education planning district (Single School Corporation or SSC) under an approved comprehensive plan for special education purposes.

Across Indiana, students with disabilities who are educated in SSCs typically perform poorly compared to students educated under different governance structures. The performance of students with disabilities in IPS is no exception. In 2010–11, only 27% of students with disabilities were proficient in English language arts across all tested grades. In math, only 37% of students with disabilities were proficient. The gap between disabled and nondisabled students in IPS was larger than the district’s achievement gap between poor and more affluent students and the gap between black and white students.3 Statewide, SSC students are identified with more severe disabilities, are more likely to be placed in self-contained settings, and have higher dropout rates and lower graduation rates than students educated in non-SSC districts.4

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3 Public Impact analysis of Indiana Department of Education data. Results reported are from 2011 ISTEP+ data. Available www.doe.in.gov/assessment/2011/index.html
A Plan for Students with Disabilities

Research and experience in what works for students with disabilities reveal that students succeed when all staff members support academic achievement for all students. Schools create an inclusive culture by hiring special education managers who are responsible for the academic achievement of students with disabilities and who drive compliance with special education law. Special education managers serve on the school’s leadership team and support special and general education teachers committed to the school’s mission, purpose, and academic approach.

Under the proposed system, Opportunity Schools will be empowered to create this environment for students and be held accountable for achieving results. While the majority of special education work will be done at the school level, where educators have a direct connection with the children they serve, IPS will play an important role in facilitating the delivery of special education services and meeting specific federal and state obligations related to special education.

Facilitating services
To support work at the school level, in the first years of the transition IPS will invest to build a market of high-quality special education service providers. One of IPS’ first responsibilities will be to help launch one or more voluntary “special education cooperatives” to assist member schools in providing excellent special education to students with disabilities and provide guidance and support to meet legal requirements related to special education. The cooperatives will be stand-alone special education planning districts under Indiana law and governed by a board of representatives from member schools. Once cooperatives are started, they will be supported by dues and fees from members. Cooperatives have been instrumental in providing strong special education infrastructure in other cities with large sectors of independently operated schools, such as in Washington, DC, and New Orleans.

Even after the special education cooperatives are fully operational, IPS will maintain several full-time staff members to serve as liaisons with schools and cooperatives and as points of contact for parents.

Fulfilling obligations
IPS also will retain administrative and legal responsibilities in two key areas: identifying children preschool-age and younger with disabilities and providing special education for students enrolled in IPS-run schools. These areas are detailed on the next page.

Students ages 0–3
Students with disabilities in grades K–12 are served under Part B of the Individuals with Disabilities Act (IDEA) 2004. But Part C of the IDEA also specifies state and local education agencies’ obligations to younger children who require early intervention services. States have the same responsibility for ensuring that children ages 0 to 3 are identified and receive appropriate services and support as they do for children ages 3 to 21 years. In Indiana, this responsibility falls under the Indiana Family and Social Services Administration (FSSA). FSSA works with local education agencies (typically districts) to support early intervention programs; this will not change under the proposed plan.

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To ensure that children make a smooth transition from Part C to school, IPS also will work with special education cooperatives to provide technical assistance to help schools understand their responsibilities under the law.

**Students in IPS-run schools.** During the transition, IPS will operate a declining number of schools. IPS will remain responsible for special education in those schools, and our transition budget retains significant staff and funding for that purpose. Even once most schools have become Opportunity Schools, IPS may continue to operate a small number of schools and provide special education on those campuses.

**The authorizing function**

As IPS considers schools for Opportunity School status, it must ensure that approved operators have the capacity to effectively serve students with disabilities. IPS also must create systems that ensure all schools comply with state and federal requirements.

**Holding applicants to high standards**

To provide all students the opportunity to attend high-quality schools that meet their needs, IPS will require that all applicants for Opportunity School status present clear, viable plans to serve students with disabilities. These plans must offer detailed information about serving students with disabilities.

Although IPS will not require operators to join a special education cooperative if schools plan to deliver services on their own, it will require that operators present a plan that is fiscally viable under various enrollment scenarios.

**Ongoing accountability**

IPS will continually monitor every school to ensure students are served well, including those with disabilities. The district will require quantitative and qualitative data to prove students with disabilities are achieving and that schools are complying with federal, state, and local special education regulations.

To ensure that monitoring activities are constructive and not burdensome for schools, IPS will work with the Indiana Department of Education to develop a calendar and schedule for monitoring special education programs in the city’s schools. IPS and the state will agree on protocols to ensure that information gathered satisfies state requirements for students with disabilities.
School Phase-Out in New York City and New Orleans

New York City

After nearly a decade of innovative reforms and partnerships with external organizations, the New York City Department of Education (NYC DOE) has overseen the opening of more than 350 new schools. In the process, the NYC DOE has also “phased out” the lowest-performing schools by ending new enrollment, keeping current students until they move on to upper grades, or transferring students to better schools. Replacing failing schools with new schools comes with challenges. City and state officials have acted decisively to address these inevitable hurdles, which include:

Communication with the public

- When existing schools are phased out, public dissent is expected. It is important to include affected community members in the decision-making process.
- To ensure public involvement, state law requires the DOE to hold public hearings before ordering any school closings. School staff, students, parents, and other community members are encouraged to comment to the DOE about their schools before decisions are made.

Shared space

- More than half of all schools in New York City share a building with another school, with distinct identities but common spaces such as cafeterias and auditoriums. When two, or even three or four, schools share one campus, there must be structures in place so school leaders and students can maintain an environment conducive to learning.
- To help schools navigate this transition, the DOE requires new schools in shared campuses to receive special training. It also mandates that every shared building has a Building Council that includes principals, staff, and parents representing all schools on campus. These councils make decisions about scheduling, shared funding, and space allocation. If issues arise that councils cannot resolve, the DOE arbitrates conflicts as needed.

Support for phase-out schools

- Schools in the process of closing cannot be less of a priority than the new schools replacing them. In a closing school that is still operating, professional development and academic expectations must be maintained.

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Beginning with the 2012–13 school year, New York City schools that are phasing out will join networks of about 25 other phase-out schools. These networks will be staffed by former successful teachers and leaders who will support schools in resource management, communication with families, leadership and teacher development, and serving English language learners and students with disabilities.\(^5\)

Between 2002 and June 2010, the DOE has phased out 91 schools in New York City.\(^6\) Mayor Michael Bloomberg is committed to phasing out 10% of New York City’s lowest-performing schools by 2013.\(^7\)

### New Orleans

The Recovery School District (RSD) was created in 2003 by the Louisiana Department of Education to transform schools deemed “academically unacceptable” by state standards into successful ones. Once a school transfers into the RSD, it remains there for five years, after which Louisiana’s Board of Elementary and Secondary Education decides whether it will remain in the RSD or return to its original district.

At its inception, the RSD oversaw a handful of schools from the Orleans Parish School Board (OPSB). After Hurricane Katrina, the RSD took over about 100 schools in New Orleans, although some did not reopen.\(^8\) As of the 2010–11 school year, the RSD worked with 104 schools all over Louisiana, 69 of them in New Orleans.\(^9\)

After Hurricane Katrina, the RSD quickly took over many destroyed schools in the OPSB and transferred them to new public charter operators. However, in the haste to re-establish schooling in the devastated city, some community members felt excluded from the process of transforming schools. To address this issue, the RSD partnered with New Schools for New Orleans to notify families and other affected community members nine months before a school was transformed. Parents and community members are also involved in reviewing charter applicants and selecting operators.\(^10\)

One of the RSD’s most important strategies in transforming New Orleans’ schools is partnering with nonprofits that convert traditional schools into public charter schools. By encouraging autonomy and innovation, the RSD attracts successful charter networks such as Knowledge Is Power Program (KIPP), FirstLine, and Algiers Charter Schools Association. In the 2010–11 school year, 71% of students in New Orleans attended charter schools.\(^11\)

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In 2011, the RSD superintendent John White brought together educators, parents, students, and community members to consider what it would take to help every student in New Orleans graduate from college or succeed in a career. The result is a series of 12 commitments that the RSD has made to New Orleans, several of which focus on transforming low-performing schools.

The RSD plans to closely monitor schools — both charter and district — that are not achieving. The RSD has committed to make decisions on transformations with public input.\(^1\)

Below is the RSD’s timeline for the 2011–12 school year, which outlines the process of transitioning schools.\(^2\)

**August 2011**
- Applications to operate new public charter schools are due.
- State of Our Schools letters and meetings inform parents of potential changes in school operators due to underperformance.

**September 2011**
- Public release of school transition criteria and criteria for matching schools with charter operators.
- RSD takes into consideration input from State of Our Schools meetings.

**October 2011**
- RSD announces schools available for transition to new charter operators.
- Follow-up meetings are held at each announced site to answer parent questions and hear concerns.

**November 2011**
- Criteria for deciding the long-term site of schools that are not changing operators are released.
- Community sessions are held at transition sites to discuss parents’ vision for the school.

**December 2011**
- Board of Elementary and Secondary Education names newly approved charters.
- Long-term site assignments for all schools except transition candidates are announced.


January 2012
* Newly approved charter organizations meet with communities to incorporate parents’ vision for the school.
* Charter organizations prepare final proposals for communities.

February 2012
* Communities’ feedback on potential charter operators provided to the RSD.
* Matching and long-term site assignments for new and transition operators announced.

March 2012
* New operators meet with current school leaders and communities to plan for the transition.
* Common application for student enrollment is released.

April 2012
* Common application for student enrollment is due.
* The request for new applications to operate public charter schools is released for the following year.

The RSD has received national acclaim for its success. In 2004, 71% of RSD students began the school year in a failing school. By 2009, that figure had dropped to 26%.14 What’s more, nearly 50% of public charter schools in New Orleans are performing better than traditional schools today.15

## APPENDIX N

### Preliminary Transition Plan by Functional Area

<table>
<thead>
<tr>
<th>18% of IPS Students Transitioned to Opportunity Schools</th>
<th>32% of IPS Students Transitioned to Opportunity Schools</th>
<th>65% of IPS Students in Opportunity Schools</th>
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<td><strong>IPS Schools</strong></td>
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<td><strong>Enrollment at Converted IPS schools</strong></td>
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<td><strong>Enrollment from Converted Charters</strong></td>
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<td>984</td>
<td>1,475</td>
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### IPS/Authorizer

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<th>IPS/Authorizer</th>
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<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
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### Schools

| Total Schools           | 183,132,240         | 35,217,739              | 6,601               | 147,914,502              | 70,435,477         | 6,601                   |

### Services

| Services               | 176,369,865         | 17,953,966              | 3,364               | 160,305,791              | 34,018,040         | 3,187                   |

| Transfer Funds         | 18,363,093          | -                       | 18,363,093          | -                       | 18,363,093         | -                       |
| School Transportation Fund | 33,475,000         | -                       | 33,475,000          | -                       | 33,475,000         | -                       |
| School Bus Replacement Fund | 12,723,000        | -                       | 12,723,000          | -                       | 12,723,000         | -                       |
| School Lunch Fund      | 15,840,770          | 2,866,425               | 13,276,074          | 5,431,121               | 7,844,953          | 10,862,242              |
| Special Funded Programs | 50,664,736          | 6,888,807               | 44,500,172          | 13,054,371              | 31,445,800         | 26,108,743              |
| Capital Projects Fund  | 40,222,621          | 7,278,379               | 33,710,387          | 13,790,613              | 19,919,774         | 27,581,226              |
| Self-Insurance Fund    | 5,080,645           | 919,355                 | 4,258,065           | 1,741,935               | 2,516,129          | 3,483,871               |
| Total Services         | 176,369,865         | 17,953,966              | 3,364               | 160,305,791              | 34,018,040         | 3,187                   |
81% of IPS students transitioned to Opportunity Schools | Last Year of Transition | End State
--- | --- | ---
IPS Schools | 22 | 12 |
IPS Enrollment | 11,738 | 6,403 |
Independent Schools | 40 | 50 |
Enrollment at Converted IPS schools | 26,677 | 33,080 |
Enrollment from Converted Charters | 2,213 | 2,213 | 2,213 |

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<td>-</td>
<td>585,313</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operations</td>
<td>348,587</td>
<td>896,258</td>
<td>34</td>
<td>10,000</td>
<td>1,234,845</td>
<td>37</td>
</tr>
<tr>
<td>Legal</td>
<td>785,000</td>
<td>-</td>
<td>-</td>
<td>785,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Enrollment</td>
<td>775,080</td>
<td>-</td>
<td>-</td>
<td>775,080</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Administration</td>
<td>21,914,194</td>
<td>31,457,734</td>
<td>1,179</td>
<td>10,030,162</td>
<td>43,341,767</td>
<td>1,310</td>
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</table>

**Schools**

<table>
<thead>
<tr>
<th>Category</th>
<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td></td>
</tr>
</tbody>
</table>

| Schools | Total Schools | 42,261,286 | 176,088,693 | 6,601 | - | 218,349,979 | 6,601 | - | 218,349,979 | 6,601 |

**Services**

<table>
<thead>
<tr>
<th>Category</th>
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<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td></td>
</tr>
</tbody>
</table>

| Services | Total Services | 109,278,729 | 85,045,102 | 3,187 | 30,952,579 | 163,371,252 | 4,939 | 30,952,579 | 163,371,252 | 4,939 |
### 16% of IPS Students Transitioned to Opportunity Schools

<table>
<thead>
<tr>
<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
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</tbody>
</table>

### 32% of IPS Students Transitioned to Opportunity Schools

<table>
<thead>
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<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
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</table>

### 65% of IPS Students in Opportunity Schools

<table>
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<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/ Authorizer</th>
<th>Opportunity Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
<td>Per Pupil</td>
<td>Amount</td>
</tr>
</tbody>
</table>

### Obligations

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Fund</td>
<td>40,681,000</td>
<td></td>
</tr>
<tr>
<td>Retirement / Severance Bond Debt Service</td>
<td>3,168,000</td>
<td></td>
</tr>
<tr>
<td>Retirement / Severance Bond Fund</td>
<td>17,400,000</td>
<td></td>
</tr>
<tr>
<td>Referendum Debt Exempt Capital Fund</td>
<td>9,604,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total Obligations:** 70,853,000

### Total FY 2012 Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Existing Charter Funding</td>
<td>477,085,956</td>
<td>59,812,782</td>
</tr>
<tr>
<td>Budget After Adjustment for Charter Students Attending Opportunity Schools*</td>
<td>477,085,956</td>
<td>67,423,879</td>
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<tr>
<td>New Initiatives</td>
<td>10,550,000</td>
<td>-10,550,000</td>
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</table>

Per-Pupil Funding to Schools: 487,635,956

*Per-pupil amounts after adjustment for public charter students attending Opportunity Schools calculated by dividing total amount under Opportunity Schools by the sum of IPS and charter students enrolled in Opportunity Schools.
### 81% of IPS Students Transitioned to Opportunity Schools

<table>
<thead>
<tr>
<th></th>
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<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
<th>IPS/Authorizer</th>
<th>Opportunity Schools</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>PER PUPIL</td>
<td>AMOUNT</td>
<td>PER PUPIL</td>
<td>AMOUNT</td>
<td>PER PUPIL</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>40,681,000</td>
<td>-</td>
<td>40,681,000</td>
<td>-</td>
<td>40,681,000</td>
<td>-</td>
</tr>
<tr>
<td>Retirement / Severance Bond Debt Service</td>
<td>3,168,000</td>
<td>-</td>
<td>3,168,000</td>
<td>-</td>
<td>3,168,000</td>
<td>-</td>
</tr>
<tr>
<td>Retirement / Severance Bond Fund</td>
<td>17,400,000</td>
<td>-</td>
<td>17,400,000</td>
<td>-</td>
<td>17,400,000</td>
<td>-</td>
</tr>
<tr>
<td>Referendum Debt Exempt Capital Fund</td>
<td>9,604,000</td>
<td>-</td>
<td>9,604,000</td>
<td>-</td>
<td>9,604,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Obligations</strong></td>
<td>70,853,000</td>
<td>0</td>
<td>70,853,000</td>
<td>0</td>
<td>70,853,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total FY 2012 Budget</strong></td>
<td>244,307,209</td>
<td>292,591,529</td>
<td>10,967</td>
<td>111,835,741</td>
<td>425,062,998</td>
<td>12,850</td>
</tr>
</tbody>
</table>

### Obligations

- Debt Service Fund: $40,681,000
- Retirement / Severance Bond Debt Service: $3,168,000
- Retirement / Severance Bond Fund: $17,400,000
- Referendum Debt Exempt Capital Fund: $9,604,000
- **Total Obligations**: $70,853,000

### Existing Charter Funding

<table>
<thead>
<tr>
<th>Total Existing Charter Funding</th>
<th>17,124,968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget After Adjustment for Charter Students Attending Opportunity Schools*</td>
<td>244,307,209</td>
</tr>
<tr>
<td>309,716,497</td>
<td>10,721</td>
</tr>
<tr>
<td>111,835,741</td>
<td>442,187,966</td>
</tr>
<tr>
<td>12,529</td>
<td>12,529</td>
</tr>
</tbody>
</table>

### New Initiatives

- Transformation Directors: $450,000
- Prekindergarten: $10,557,852
- New School Incubation Fund: $2,500,000
- Talent Development Fund: $2,500,000
- **Total New Initiatives**: $21,007,852

### Per-Pupil Funding to Schools

<table>
<thead>
<tr>
<th></th>
<th>12,004</th>
</tr>
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<tr>
<td>265,315,061</td>
<td>288,708,645</td>
</tr>
<tr>
<td>9,993</td>
<td>136,014,281</td>
</tr>
<tr>
<td>418,009,425</td>
<td>11,844</td>
</tr>
<tr>
<td>130,364,281</td>
<td>423,659,426</td>
</tr>
</tbody>
</table>

* Per-pupil amounts after adjustment for public charter students attending Opportunity Schools calculated by dividing total amount under Opportunity Schools by the sum of IPS and charter students enrolled in Opportunity Schools.

Note: Figures may not add up exactly due to rounding.
School Governance in Marion County

By the 1940s, Indianapolis was losing residents to the suburbs, and although annexation of new developing areas was legal, it remained politically difficult. In all but a handful of cases, suburban Marion County residents chose to incorporate their own communities or to remain unincorporated rather than be annexed to Indianapolis since these suburbs received services such as public education from township governments. One result of this was a proliferation of local governments with varying taxing authorities. Indeed, by 1967 the U.S. Census of Governments recorded 60 governments within Marion County: the county, 23 cities and towns, nine townships, 11 school districts, and 16 special-purpose governments.

Notably, prior to the 1969 reforms, there had been a push for school district consolidation; one particular effort in 1957 that sought to consolidate Marion’s 11 districts was defeated. Historically, efforts to reform the fragmented governance of Marion’s 11 school districts ran the gamut from appeals for greater consolidation to subdividing IPS into smaller districts to promote site-based management. As recently as 1995, then-Mayor Stephen Goldsmith proposed decentralizing Indianapolis Public Schools (IPS) by subdividing it into five “mini-districts” as a way to improve neighborhood schools. The plan was vigorously opposed by both the teacher unions and the IPS Board of Education.

While governance reform has been debated for some time, school governance in Marion County looks a lot like it did prior to the 1969 Unigov reforms. Although most current discussions of governance reform as reflected in recent editorials in The Indianapolis Star remain fixated on the issue of consolidation and state takeovers of failing IPS schools, the issue has a complex history relevant to the current wave of reformers. A study conducted by researchers at the Education School at Indiana University Bloomington found that students in Indiana school districts governed by appointed boards tend to score higher on the ISTEP than students in districts with elected board members, controlling for other factors in a standard regression analysis.
School Finance in Marion County

After statewide property tax reform, school districts in Marion County and across Indiana have become more reliant on the state to fund schools. Because state revenue is less predictable (both politically and economically) than the previous system in which revenues were drawn from stable local property values, school districts in Marion County have begun relying more and more on local referenda to raise revenue and close the gap in tight fiscal years. The fact that the state recently cut education funding ($300 million or 3.5% of last year’s appropriations) has led at least five Marion school districts to put revenue-raising referenda on the local ballot in just the past two years.

At least five Marion school districts, including Franklin, Beech Grove, Perry Township, Washington Township, and Speedway have each had its voters approve property tax hikes under the referendum process. Moreover, the degree of goodwill that residents have toward district requests for funding is, according to anecdotal reporting, influenced by demographics, prior district reliance on local tax revenues, citizen perception about local government’s fiscal responsibility, and the varying burdens residents are asked to carry for the local schools. For example, Speedway residents now pay 31 cents per $100 of assessed valuation for schools, compared with Washington Township’s rate of 58 cents, according to an analysis in The Indianapolis Star. The same analysis calculates the average school district’s tax rate at about $1.20 per $100 of assessed valuation. The fact that each Marion district is governed separately with its own record of fiscal accountability affects district leaders’ ability to secure additional money. As a result, local governance and school finance help shape the broader school reform discussion in Marion today.

Several Marion districts are also engaged in efforts to secure federal grant dollars and/or continue previously successful efforts to work with local foundations to maintain reform momentum. For example, although the U.S. Department of Education (USDOE), under President Obama and Secretary of Education Duncan, is perhaps best known for the $4.5 billion Race to the Top grant program for states, the lesser-known but nonetheless lucrative district grant known as Investing in Innovation, or I(3) grants, has drawn considerable attention from Marion County school districts. Though the details of their grant applications — which require applicants to use research-based evidence in “proposing new initiatives to improve student achievement in their local school district” — have not yet been made publicly available, USDOE records indicate that the following Marion County school districts submitted applications for this grant in spring 2010: IPS, Lawrence Township, Perry Township, Warren Township, and Washington Township. None of these Marion County districts earned a grant.

In addition to local Marion education leaders attempting to ameliorate tight budgets by leveraging federal grant dollars, districts have relied increasingly on philanthropic support, both formally and informally. Formally, in 2002, the local Lilly Endowment gave a multimillion dollar grant to seven Marion districts: IPS and Lawrence, Perry, Pike, Warren, Washington, and Wayne townships. Each district received funding to

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pursue its own reform initiatives, some of which are detailed in district-by-district profiles. All 11 school districts in Marion County received planning grants of $50,000 from Lilly, and all submitted proposals for implementation grants with funding based on student enrollment ($400 allotted per student).

Informally, several area districts have been aggressively building alumni or resident foundations to raise revenues for year-to-year expenses (not just special projects). For example, in 2006 Decatur Township followed the lead of other Marion districts such as Beech Grove and created an alumni foundation. Since its inception, the foundation has supported teachers in launching innovative educational programs and curricula pilots. Based on an informal count, at least half of Marion County’s 11 districts employ similar strategies.

School Leadership in Marion County

One issue relevant to today’s discussion about urban education reform and school turnaround strategies is the degree to which continuity exists in a district’s key leadership positions. Not surprising, Marion County’s 11 school districts have vast differences in turnover of superintendents/CEOs.

Figure 0-2 (at right) shows superintendent turnover in Marion County districts since 1990. How do these results compare nationally — particularly urban districts? In 2003, a Council of the Great City Schools (GCS) survey showed that across the United States, the average tenure for urban superintendents was roughly 2.75 years; but the mean tenure for the immediate past GCS superintendents averaged more than 4 years. Similar to GCS’ findings, the Council of Urban Boards of Education found the tenure of urban superintendents to be between 4 and 5 years.8 IPS falls in the middle of average urban superintendent terms. Superintendents in several nearby Marion districts — including those that also have struggled with low student performance — tend to serve longer.

---

**FIGURE 0-2. SCHOOL LEADERSHIP IN MARION COUNTY**
Superintendent turnover in Marion County school districts (1990–2010)

<table>
<thead>
<tr>
<th>DISTRICT NAME</th>
<th>SCHOOL CEOs SINCE 1990</th>
<th>AVERAGE TENURE (YEARS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beech Grove</td>
<td>At least 3†</td>
<td>6.6</td>
</tr>
<tr>
<td>Decatur</td>
<td>2*</td>
<td>10.0</td>
</tr>
<tr>
<td>Franklin</td>
<td>2**</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>IPS</strong></td>
<td>4</td>
<td>5.0</td>
</tr>
<tr>
<td>Lawrence</td>
<td>4</td>
<td>5.0</td>
</tr>
<tr>
<td>Perry</td>
<td>3</td>
<td>6.6</td>
</tr>
<tr>
<td>Pike</td>
<td>4</td>
<td>5.0</td>
</tr>
<tr>
<td>Speedway</td>
<td>2***</td>
<td>10.0</td>
</tr>
<tr>
<td>Warren</td>
<td>2</td>
<td>10.0</td>
</tr>
<tr>
<td>Washington</td>
<td>3</td>
<td>6.6</td>
</tr>
<tr>
<td>Wayne</td>
<td>2</td>
<td>10.0</td>
</tr>
</tbody>
</table>

† Unable to identify Rex Sager’s (superintendent 2000–09) predecessor(s).
* Denotes only two superintendents since 1981.
** Denotes only two superintendents since 1983.
*** Denotes only two superintendents since 1987.

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7 National School Board Association (2002).
APPENDIX P

A Broader Framework for State Action in Failing Districts

We devised this plan with Indianapolis Public Schools (IPS) in mind. But other districts in Indiana are also in crisis. The broad outlines of the Opportunity Schools plan itself can be applied in any urban district. Any system could transition schools over time to independent operation, with wide autonomy over programs, personnel, schedules, and funds, while being held accountable for results. Significant funding could be shifted out of unproductive central office operations and into schools and classrooms. Families could be given choices among a wide variety of high-performing options. There is no reason to think students in other cities could not benefit from such changes, just as IPS students would.

Under current law, the state has no authority to initiate such changes systemwide in struggling districts. Public Law 221 enables the takeover of individual failing schools but not districts. A new policy, however, could extend this authority so that the State Board of Education also could act when failure is districtwide.

Such a policy would need to address several issues, each discussed briefly here.

Triggering state action

As with struggling schools, failing districts should face an escalating series of consequences if they do not improve. The state already has a system for issuing “grades” to school districts. For districts receiving Ds and Fs for a single year, the state could require intensified efforts by the districts to present viable plans for improvement, mandating state approval of such plans. For districts failing for a second year, the state’s intervention could increase, enabling the state to be more directive about needed changes. For districts continuing to fail after three years, the state could have the option of intervening more directly, changing the governance systems in ways that facilitate bold reforms such as moving to a system of Opportunity Schools.

Forms of state intervention

Our plan recommends that the state respond to IPS’ failure by shifting to mayoral accountability. The ideal approach to governance of a struggling district, however, may vary from city to city. Mayoral accountability makes good sense in Indianapolis, with its long history of strong mayoral leadership to improve the city and the constellation of civic actors who have, time and again, stepped up to support important projects that contribute to the city’s well-being. Mayoral accountability may well be the best approach in other cities as well. In some other places, though, the state might believe other officials might be the best engine of positive change.
In those cities, the state could consider other mechanisms to move toward a system of Opportunity Schools. State legislation would give the State Board of Education a menu of options, including but not limited to mayoral accountability:

a. Elected executive accountability. As proposed here for IPS, transfer authority to the mayor or county executive of the city that contains the district.

b. New authority. Create a new local authority to serve as the governing body for the system. The authority’s board members could be appointed by the State Board of Education, or a majority of members could be appointed by the State Board and the remainder appointed by the mayor or county executive.

c. Trustee. Appoint an individual or an organization to manage the district under a performance agreement with the state.

d. Merger or consolidation. Arrange a merger or consolidation between the failed district and a nearby higher-performing school corporation.

e. Chartering. Leave local governance intact, but aggressively use the new Indiana Charter Schools Board to enable more students in the failing district to enroll in independently operated schools.

Each of these options could create a strong foundation for a shift to Opportunity Schools in districts other than IPS.

Authority
Whatever entity assumes accountability for the failing district should receive wide authority to operate the district in ways likely to produce results for students, as discussed in our plan.

Long-term strategy
Vigorous state action could help set a new approach to public education in motion in a failing district. But state policy also must address the longer term. State policymakers should avoid a policy under which the district automatically reverts to elected school board control in a set period of years. Gains made under an alternative governance system may be jeopardized if that system gives way to conventional governance in the short-term. Instead, the State Board should have the authority to review the governance arrangement every five years, hear testimony from local residents about the system’s progress, and make a decision about the system’s governance going forward.
### THE MIND TRUST BOARD

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bart Peterson</td>
<td>Senior Vice President of Corporate Affairs and Communications, Eli Lilly and Company, and Former Mayor, City of Indianapolis (Chair)</td>
</tr>
<tr>
<td>Jean Blackwell</td>
<td>Executive Vice President of Corporate Responsibility, Cummins Inc., and CEO of the Cummins Foundation</td>
</tr>
<tr>
<td>Bob Clifford</td>
<td>Principal, Umbaugh</td>
</tr>
<tr>
<td>Mark Miles</td>
<td>President and CEO, Central Indiana Corporate Partnership</td>
</tr>
<tr>
<td>Ann Murtlow</td>
<td>Former CEO, Indianapolis Power and Light</td>
</tr>
<tr>
<td>Jane Pauley</td>
<td>Former Anchor, NBC’s TODAY, and Founding Co-Host, Dateline NBC</td>
</tr>
<tr>
<td>Beverley Pitts</td>
<td>President, University of Indianapolis</td>
</tr>
<tr>
<td>Joyce Rogers</td>
<td>Vice President for Development, Ivy Tech Community College</td>
</tr>
<tr>
<td>Andrew Rotherham</td>
<td>Co-Founder and Partner, Bellwether Education Partners</td>
</tr>
<tr>
<td>Ariela Rozman</td>
<td>CEO, The New Teacher Project</td>
</tr>
<tr>
<td>David Shane</td>
<td>President and CEO, LDI, Ltd., LLC</td>
</tr>
<tr>
<td>Bill Shrewsberry</td>
<td>President and CEO, Shrewsberry and Associates</td>
</tr>
<tr>
<td>Don Stinson</td>
<td>Superintendent, MSD of Decatur Township</td>
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