

**MINUTES OF THE 2015-2016 INTERIM
ADVISORY COMMITTEE TO DEVELOP A PLAN TO
REORGANIZE THE CLARK COUNTY SCHOOL DISTRICT**

FEBRUARY 26, 2016

The meeting of the Advisory Committee to Develop a Plan to Reorganize the Clark County School District was called to order by Chair Michael Roberson at 9:28 a.m. in the Grant Sawyer Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada, and via videoconference at the Legislative Building, 401 South Carson Street, Room 3137, Carson City, Nevada. Exhibit A is the Agenda and Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT (LAS VEGAS):

Senator Michael Roberson, Senatorial District No. 20, Chair
Assemblywoman Olivia Diaz, Assembly District No. 11, Vice Chair
Senator Moises (Mo) Denis, Senatorial District No. 2
Senator Aaron D. Ford, Senatorial District No. 11
Senator Joseph (Joe) P. Hardy, Senatorial District No. 12
Senator Becky Harris, Senatorial District No. 9
Assemblywoman Dina Neal, Assembly District No. 7
Assemblyman Stephen H. Silberkraus, Assembly District No. 29
Assemblyman Lynn D. Stewart, Assembly District No. 22

STAFF MEMBERS PRESENT:

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau
Risa Lang, Chief Deputy Legislative Counsel, Legal Division, Legislative Counsel Bureau
Julie Waller, Senior Program Analyst, Fiscal Division, Legislative Counsel Bureau
Jaimarie Dagdagan, Program Analyst, Fiscal Division, Legislative Counsel Bureau
Kelly Richard, Principal Research Analyst, Research Division, Legislative Counsel Bureau
Linda Hiller, Interim Secretary, Legal Division, Legislative Counsel Bureau

OTHERS PRESENT:

Marsha Irvin, Vice Chair, Technical Advisory Committee to Develop a Plan to Reorganize the Clark County School District
Annalise Castor, Break Free CCSD
Annette Dawson Owens, Break Free CCSD
Kim Scriber, Break Free CCSD

Elena Rodriguez

Lindsey Dalley, Chair, Moapa Valley Community Education Advisory Board Task Force

David Gomez, President, Nevada's Peace Alliance; Deputy Director of Education

Reform, League of United Latin American Citizens (LULAC)

Maureen Schafer, Council for a Better Nevada

William Ouchi, Distinguished Professor Emeritus, UCLA David Geffen School of
Medicine

Eric Nadelstern, Professor of Practice in Educational Leadership; Director, Principals
Academy, Teachers College, Columbia University

Michael Strembitsky, International Consultant, Former Superintendent of Schools,
Edmonton Public Schools, Edmonton, Alberta, Canada

Stephen Augspurger, Executive Director, Clark County Association of School
Administrators and Professional-Technical Employees

Pat Skorkowsky, Superintendent, Clark County School District

Chair Roberson:

I will open today's meeting with Item II, public comment. To ensure that everyone has an opportunity to speak, I would like to ask that anyone speaking keep their comments to no more than 3 minutes.

Marsha Irvin (Vice Chair, Technical Advisory Committee to Develop a Plan to Reorganize the Clark County School District):

I am speaking as a retired region superintendent from the Clark County School District (CCSD). I retired in 2008 after working in different capacities with different superintendents. In 2000, I was one of five individuals appointed as a region superintendent. For the first 6 months of 2001, we worked diligently to look at how the CCSD could be reorganized into five regions. We identified negotiables and non-negotiables of what services and duties would remain at the central office and what would remain in the five regions. The superintendent at that time said, "You have complete autonomy." I was not quite sure what that meant because we were working through site-based decision making, so there were many components to address.

About a year into the new system, I heard all three of today's speakers—Dr. William Ouchi, Eric Nadelstern and Mr. Strembitsky—speak to our school board. What was interesting was that CCSD at that time started to add in another area called the "superintendent schools." Those schools, with the help of Dr. Ouchi and Mr. Strembitsky, worked with Dr. Carleen Lee to identify empowerment schools and design those schools while we were running our regions. We had the pleasure of talking to these gentlemen about this.

When I wanted to better understand autonomy, I went to New York and spoke with Eric Nadelstern about how to operate in a school district where not all the schools or regions are autonomous. I visited with principals from elementary, middle and high schools in that New York City school district who said they had reduced paperwork and

signed agreements to autonomy with accountability. I was stunned at what these principals said about the successes related to student achievement and parent involvement. I brought this information back to CCSD and shared it with the other four region superintendents.

We are fortunate to work collaboratively with CCSD toward what a reorganization can look like. Any recommendations that come forth from these Committee meetings need to take time to implement and be meticulous with details. I do think we can combine the empowerment schools and the instructional precinct concept, but it has to be done carefully.

The empowerment schools were in a separate area under the superintendent schools. At one point, they were pulling the schools out of the K-12 alignment of the regions. Dr. Carleen Lee came to the five of us and the superintendent and said, "Do you want those schools to come back into the regions, because now we are interfering with that K-12 feeder alignment." We were unanimous that we did not want to do that because if you brought them into the five regions, they would be doing something different. As you move forward, if you are looking at something like the empowerment schools, think about the support that CCSD would need to do it and the time it would realistically take to implement. It can be very exciting. I am thrilled about this opportunity.

Annalise Castor (Break Free CCSD):

Our group, Break Free CCSD, started with six people in a living room more than 3 months ago. We decided we wanted to watch the proceedings of this Advisory Committee and follow it until there was a plan in place that we could push out with support to the community in a true grassroots effort. I have rarely been this excited about a legal proceeding. It is so encouraging to watch what has come from this small group of six people. We started collecting emails with a goal of 300. We were shocked when we got 500 emails. Then it was 1,000, then 5,000, then 10,000 and now we are past 14,000 email addresses. This has become a movement.

Annette Dawson Owens (Break Free CCSD):

I am currently on a year's leave from CCSD, teaching at a charter school. This move has caused me to have a new perspective as to how site-based boards can be so much more effective for me as a teacher, and more importantly, my students. We have been able to immediately implement programs and learning, such as a garden where I was awarded \$1,000 from my school and then a \$2,000 grant from Whole Foods to put toward healthy living. Our students use this resource daily to do experiments, make salads for lunch and learn, many for the first time, how to cultivate plants and where their food comes from. I was also able to get a \$600 grant from Nike and immediately start a running club that engages one-fourth of our school population.

I was approached by Break Free CCSD to be a Henderson representative and give input into this reorganization process. We put out a five-question survey this last week and received 351 results so far, relating to empowering our neighborhood schools. Here are the survey questions we asked:

Do you think CCSD is too big?

Ninety-one percent said "Yes," 9 percent said "No."

Do you think every school should control its own budget?

Sixty-nine percent said "Yes," 31 percent said "No."

Should parents and teachers have a voice in choosing a principal for their school?

Seventy-six percent said "Yes," 24 percent said "No."

Do you think every school should decide its own programs and curriculum?

Sixty percent said "Yes," 40 percent said "No."

Do you feel like you have any influence in decisions made by CCSD?

Five percent said "Yes," 95 percent said "No."

Kim Scriber (Break Free CCSD):

I am a mom and a product of the Clark County School District. Our next objective at Break Free CCSD is to do a change.org petition because we want to engage the community. Our two objectives are to return control of schools to their immediate neighborhoods and invested community members and to ensure that dollars flow directly to students and not to District programs.

Chair Roberson:

The community involvement in this process has been significant and it has made a meaningful impact on the work we are doing.

Elena Rodriguez:

I was asked to speak by Break Free CCSD as a parent, taxpayer, employee of CCSD and concerned citizen. I have worked for CCSD for more than 26 years in four departments and a high school. Prior to working for CCSD, I worked for a smaller school district in California. I have a total of 31 years in the field of education.

Break Free CCSD is correct in trying to return control of schools to their immediate neighborhoods. Schools thrive when decision making is placed in the hands of the parents and local community members. Small, locally-controlled precincts will have a voice in decision making and will control the spending of funds allocated to schools.

For years, I have emailed serious concerns to CCSD superintendents and the CCSD Board of Trustees because I believed they were not aware of some serious issues. I have attended CCSD Board meetings to voice my concerns publicly. I have also contacted the media and other organizations to bring about change. Unfortunately, this change never occurred and things have gotten worse within CCSD where there is fraud, theft, misappropriation of funds, sexual harassment towards staff, child abuse, serious and systemic waste of taxpayer money, and lies to the public, governors and legislators.

I have vast documentation to prove my allegations. The evidence will be handed to Break Free CCSD who will provide it to the Governor, mayors, your Committee and the Legislature. I will continue to bring issues to the CCSD school board and the superintendent. However, I do not believe they can bring about positive change since for years I have provided this documentation to CCSD to no avail. The CCSD is too big. It is like a huge, slow and bulky cargo ship that cannot move to correct its path to destruction. I think of the SS El Faro ship that sank last year. It was a huge cargo ship that was heading into a hurricane and the captain knew it. He could not correct the path and actually led the ship and its crew into destruction.

When you receive the documentation from Break Free CCSD, think of why you are here on this Committee and remember you are here to do what is best in the interest of the students and the parents, not what might be in the best interest of your political careers. I hope you can bring about change.

Lindsey Dalley (Chair, Moapa Valley Community Education Advisory Board Task Force):

The Moapa Valley Community Education Advisory Board Task Force is happy with the direction this Committee is taking to comply with Assembly Bill (A.B.) 394.

ASSEMBLY BILL 394: Creates an advisory committee and a technical committee to develop a plan to reorganize the Clark County School District and revises certain provisions related to collective bargaining. (BDR 22-900)

Our own community of Moapa Valley had a wonderful experience with empowerment at our high school for 3 years. We then witnessed firsthand the sad reality that without a strong governance structure in place to prevent recentralization, central power's good intentions will reacquire their death grip on parents and communities. That happened to us in less than 2 years.

Let there be no mistake, any centralized power cannot coexist with local school-based decision making. These two concepts are mutually exclusive. Centralized power destroys school community in spite of good intentions. I look forward to hearing testimony on how governance structures might be established to prevent recentralization and perpetuate local school-based decision making for the long term that will celebrate unique school communities.

David Gomez (President, Nevada's Peace Alliance; Deputy Director of Education Reform, League of United Latin American Citizens (LULAC)):

I work with the CCSD on the Attendance Zone Advisory Commission (AZAC). I have been speaking on a lot of issues for a long time, but many issues have not been addressed. I echo what Elena Rodriguez said. I am for the break-up of the CCSD because it is too much power for one person or seven trustees. We have too many problems and, like Ms. Rodriguez said, there are too many incriminating things going on. I have sent some of the information to Legislators via email.

I also have evidence that a lot of our issues with pedophiles being in our District came from the CCSD Human Resources (HR) Division. I do not need to name the HR person because it is public information. They required only one personal reference from people applying to be an educator. How do you determine a person can be an educator with one personal reference? That is like me saying, "Senator Mo Denis, I need you to give me a reference, I am going to be an educator." It does not work that way.

I understand some of the legislators are not for it because they lobby for each other for some of the Trustees. I know that some are in favor with them. It is a biased situation.

I am a parent. My child has been through so much in this District. I have four children in the District—one has graduated and one is 3 years old and has already read 100 books. That tells you what type of parent I am and what type of parent I am looking to be for everyone else.

I have been here on different issues. Senator Mo Denis helped bring \$70 million to the school district some time back. The question is where does the money go? They say, "Oh, it is public record, the information is there and the Chief Financial Officer has the information." But some of the information is not there. It is redacted. I requested some information from them and they redacted a lot of information from that as well.

They tend to hide things, and they hide it from you guys. Some Legislators are for this. I do not care if I have to throw them under the bus. They go along with it. If they are upset with me, that is fine. I am here in my children's best interest and I represent people in the Latino community and I represent people on the west side who need my help. They go to CCSD to ask for help and are given a deaf ear and are told to call some number. If you are a parent of children at CCSD and have been on the west side, you know what I am talking about. Some of these issues are hidden and they hide them very well.

I support Pat Skorkowsky, I like him very much. I like the equity and diversity group they have. I want the HR to remain in place if you decide to break up the District. I speak from my heart. My point is that I am a parent, number one, and a community leader, number two. I work for CCSD for free. I help because I want to help. When we look at meetings with the black caucus and NAACP, meetings some of you are not attending,

some of the information is distorted. They talk about certain things they want to talk about.

To do the right thing for the people, break up the CCSD. As a Latino member, as a black member, because I am half black and half Hispanic, and as a parent, there are some good people still in CCSD. We have to do what is in the best interest of children and if you lose that vision and do not do the right thing for CCSD, you are not in the right place. Do it for the right reasons; for our children. Our system is failing.

Maureen Schafer (Council for a Better Nevada):

My organization, the Council for a Better Nevada, is focused on quality of life issues that impact all Nevadans. The K-12 education issue has been the cornerstone of our group. So many of the people in the room here today have educated us on this issue from the day we first engaged in 2005. The gentlemen who will be speaking with you today are those who were with us from the beginning. They educated us on how to move public education forward.

We think there has been so much progress in education here in the past 10 years. Decentralization is a conjoiner of all those constituencies. We are all in this together and it forces everybody to participate. However you call it—empowerment, decentralization or autonomy—that is a system that brings people together.

It was exciting when we were introduced to this concept many years ago by these three gentlemen. Years ago, we lived what Marsha Irvin just spoke about—working to implement empowerment with four schools, eight schools, 16 schools, 32 schools and reintroducing a small system within a larger organization. This is hard to do in any area.

All those amazing educators and public education employees were buying into the process and these three gentlemen will talk more about the logistics of all the ways to do it from an implementation perspective. I have to hand it to the CCSD employees and teachers. What they were doing was so hard, but they were buying in every step of the way, with the technical difficulties of building a new organization within an existing one and educating our kids all at the same time.

I am grateful that 10 years later, we are making progress with this idea of empowerment schools and people coming together. Three superintendents kept this system going, beginning with Dr. Rulffes, Dwight Jones and now Pat Skorkowsky and many senior leaders, teachers and labor leaders. It is exciting. We wrote legislation with Senator Horsford and both parties passed it. We have a lot of people who lived it, thought about it and kicked the tires. We can go even further with it based on what we have done already.

Chair Roberson:

I will open Item IV, approval of this Committee's minutes from November 23, 2015, and January 8, 2016.

ASSEMBLYMAN SILBERKRAUS MOVED TO APPROVE THE MINUTES OF
NOVEMBER 23, 2015, AND JANUARY 8, 2016.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Roberson:

I will now open Item V, the discussion of management strategies for large urban school districts, including empowerment schools. We are very fortunate to have three of the most renowned experts on this topic here to speak with us.

Professor William Ouchi from UCLA has testified before our education committees in prior years. He retired as a professor from UCLA Anderson School of Management in 2015 and now works as Distinguished Professor Emeritus at the UCLA David Geffen School of Medicine. Dr. Ouchi's lifetime research has focused on how to restructure and manage large, complex organizations. He has been a consultant to other urban school districts seeking to decentralize, including New York City, San Diego, Honolulu and Colorado.

Professor Eric Nadelstern is a Professor of Practice in Educational Leadership and Director of the Principals Academy at Teachers College, Columbia University in New York City. Professor Nadelstern previously served as the Deputy Chancellor for the Division of School Support and Instruction for the New York City Department of Education, overseeing instructional and operational support of 1,700 schools. He was instrumental in establishing empowerment schools in that district. His latest focus is on creating a critical mass of new small schools to increase student performance and also establishing school-based autonomy.

Michael Strembitsky is an international consultant and the former Superintendent of the Edmonton School District in Alberta, Canada. Mr. Strembitsky transformed that school district from a highly centralized model to a school-site model. The Edmonton School District has been studied because of the success in its unique governance structure, a model by which the school district continues to operate 40 years later. Mr. Strembitsky worked for the National Center on Education and the Economy in Washington, D.C., as Director of High Performance Management to help restructure and install management frameworks in schools, districts and departments. He also served as a consultant to the Clark County School District and Washoe County School District with concentrated work

on empowerment schools. Mr. Strembitsky has also consulted to the governments of Australia, New Zealand, Hong Kong, Israel and England and has served as a consultant to the Department of Defense Schools in Washington, D.C., Germany, Panama and Japan.

William Ouchi (Distinguished Professor Emeritus, UCLA David Geffen School of Medicine):

My role here is to add to your introductions of Michael Strembitsky and Eric Nadelstern and to offer a few pieces of the research I have done on large school districts over the last couple of decades. I have submitted a short biography (Exhibit C).

I am having a hard time retiring. I am at the UCLA David Geffen School of Medicine because the only other organization I can think of to study that rivals school systems is medical systems. My fellow speakers, Mr. Strembitsky and Mr. Nadelstern, are doing no better than I in learning how to retire. We are all at a point in our careers where we have nothing to lose by being completely candid and telling you the truth about the issue we are here to discuss—school reform, bringing about change and decentralizing away from the natural human tendency for the top to control everything.

Page 3 of my presentation (Exhibit D) illustrates the percentage of adults with high school diplomas in the U.S. increasing from 21 percent in 1920 to 90 percent in 2012.

Page 4 (Exhibit D) shows the increase in the percentage of U.S. adults with a bachelor's degree or more in the same span, starting at 4 percent in 1920 and growing to 33 percent in 2012. On the very first day of school where I teach, we teach our graduate students that there are two kinds of people in the world. One is people who believe data is your friend and it will guide you and show you the way. Those people are fools. The other kind of person believes that although you cannot do without data, it is your enemy and it will trick you and deceive you at every opportunity so you can never turn your back on it.

We can look at data on student performance in the U.S. and we can either conclude that everything is fine or that we are very far away from everything being fine (page 5, Exhibit D). The idea that there is an advantage in localism seems to be more plainly evident today than ever before in my lifetime. We are going to have an increasingly diverse population in every city and school.

Imagine the diversity of views that exist within any polity, any group of citizens brought together in one way or another. Then imagine running a centralized framework for education for one large city. Every time a different kind of adaptation or variation from the existing policy is requested by one of the hundreds of diverse subsets that make up that student body, it would cause the people at the top to have to make a new policy that suits everyone in the district. There would be nothing but political turmoil and argument.

Now imagine that we instead decentralize the important decisions to the school level. It is extremely unlikely that one school would internally have as much diversity of backgrounds and points of view as does the entire school district. It would be far simpler for each school to arrive at an accommodation for the people who have the previously unknown need and for all to remain in harmony. It is inescapable from any practical point of view that as a country, we are going to move more and more toward independent decision making within schools.

I am involved in charter schools through a nonprofit organization in Los Angeles. We operate 27 schools, mostly senior highs with student populations that are 99 percent Latino or African American and 99 percent Title I. We have a graduation rate of 95 percent and a 4-year-college acceptance rate of 95 percent. For me, that answers one question that is frequently asked—we see that autonomy, independence or empowerment of schools can work in a small set of five or seven schools, but is it scalable? Yes it is, at least to our alliance of 27 charter schools in Los Angeles with 12,000 students and an annual operating budget of \$110 million.

Mike Strembitsky, the originator of this model, demonstrated that it is scalable to an entire school district in the City of Edmonton, Alberta, Canada, which is one of the lowest income cities in Canada. Eric Nadelstern initially scaled it to 600 schools in New York City, then ultimately to all 1,300 schools. The question of whether this decentralized school model is scalable has been answered.

If we look at all the data, we quickly descend into a mind-numbing attempt to understand student performance. There is a substantial gap in the wrong direction in this country regarding how much we spend per student (page 8, [Exhibit D](#)). The best and perhaps only way to fix that problem is to stop allocating money to schools or districts and to instead have the states allocate the money to students with the policy that the money will follow the student to the school of their choice and will be spent at that school according to the needs of the unique set of students, families and the skills of the unique set of teachers at that school.

Many people said to me that if I pursued this idea and put all these state funds into the hands of individual schools, there would be graft and corruption everywhere and we would be sorry we went down that path. No one had ever tried it in the U.S.; no one knew. So I added to my research team a faculty member from the John Jay College of Criminal Justice in New York who had been a special investigator for the District Attorney in Manhattan and who had experience rooting out waste, fraud, corruption and criminal activity in New York City schools. She came with my team of 11 research assistants when we visited Edmonton. She went through all the court records there for the last 10 years and more as well as all the newspaper files to scout out any reports of graft or corruption in the Edmonton schools that might have resulted from decentralization and autonomy.

She also interviewed many parents, teachers and school officials to see if they had ever heard of any illegal or criminal activity related to spending money now in control of the schools instead of at the central office. This process took about 1 year. She found nothing, except she did have one phone message from a woman saying she had, "something I ought to know about regarding bad goings-on in the Edmonton School District." My investigator called the woman back and was told that the woman had been working as a parent volunteer and heard through the grapevine that there was a principal who was stepping out on his wife. That was it.

Certainly, I would not stop worrying about the money, but as we have looked at this problem in other places that have tried decentralization, the possibility, the temptation and the likelihood are greatly reduced because, for example, a budget item for \$100,000 in a central office is a rounding error. But in a school, \$100 is a big item. When you adopt decentralization of budgets, you must do it in a transparent way where the parents, teachers, staff and central office see the budget. That way, there are so many pairs of eyes looking for an extra \$100 so they can do something useful at the school, and thus the odds of anyone getting away with anything improper are very low.

Long ago, I learned from Michael Strembitsky that if you focus exclusively on creating decentralized schools, what you will get will be decentralized schools. They may not be better schools and the performance of the students may not be better. So do not lose sight of the bigger objective, which is an opportunity for the students to reach their potential. An essential mechanism to get to that goal may be the autonomy of the schools, but schools make a lot of choices you need to think about and unfortunately, families do not get to make choices within our school systems.

For example, we have heard about the dangers of communicating low expectations to students. Here is how it is done (page 10, [Exhibit D](#)). Using a standardized test in California, the California Test of Basic Skills (CTBS), a student in a wealthy school who scores in the 87th percentile barely qualifies for a grade of A. If that student is in a low-income school, he or she has to earn 35 percent or higher to earn an A. I do not know how better to illustrate low expectations.

Another example is the difference in writing assignments between a low-income school and a high-income school. At the wealthy school, this is a 7th grade writing assignment (page 11, [Exhibit D](#)). It is reasonably subtle and satisfyingly complex, requiring a lot of thinking on the part of the student. Here is the same writing assignment in the same school district for a low income 7th grade student (page 12, [Exhibit D](#)). It is very simple and not as challenging as the assignment in the higher income school. So, keep your eye on the money and the amount of top-down tyranny, but never take your eye off the ultimate goal, which is for the child to succeed.

Unfortunately, many people have reached the conclusion that there is not much we can do about this (page 14, [Exhibit D](#)). There is a different way to look at it though. In the

study of large organizations covering every continent and industry with large empirical studies, the most outstanding result is that size matters more than anything else. As organizations grow in size, the administrative overhead rises, the decision making slows down and everything starts to go bad. What every large company does to combat these ill effects of being large is to find a way to internally decentralize its decision making while maintaining effective oversight through control audits and the setting of standards.

In 1932, the U.S. had 25 million students in school from kindergarten to grade 12. There were 127,000 school districts. Today, we have 50 million students, twice as many, but we only have 13,500 school districts (page 16, Exhibit D). We have eliminated, consolidated and combined school districts largely because of the effect of Sputnik, the first artificial Earth satellite launched by the Soviet Union in 1957. The conclusion in the U.S. was that the Russians were going to soon drop bombs on us from space because they had great big high schools that could offer advanced courses in astrophysics and mathematics to their youth, so we hurried to disestablish small schools and combine them into big schools.

When we look back on that now, we all conclude that consolidating was a huge mistake, although it is not small districts or schools per se that matter. You can have a district made up of many small schools while the central office tells every teacher what to do, what to teach, what books to use, etc. Then, instead of having a few large failing schools, you will have many small failing schools. The problem is, how do you get to a school size that a hard-working, well-meaning principal can manage? How many teachers can a principal effectively manage?

Each of us has our own answer to that question. If all students are identical in race, religion and family background, it is simple to run a very large place, but if they are diverse with different needs, it is devilishly and impossibly difficult to run a very big place. No one in the history of the world has ever voluntarily given up control, so it is unrealistic to expect the occupants of a central office to go through this kind of a reform on their own. They need help (page 17, Exhibit D).

In the U.S., education is the responsibility of the states, not of the federal government, counties or cities. Thus, this Legislative Committee is in exactly the right place to be leading this charge. Be patient. You can make enough change to see a difference within 2 years, but to feel you have reached into the things that really matter will take more like 5 years. Truthfully, I do not think you will reach full implementation or maturity for more like 20 years because you need a new generation of leaders to grow up as part of a decentralized system so they can understand how natural that is and how well it works. This is happening across the country now. There are more and more choices. Public education is no longer a monolith. In education, the monolithic, monopolistic K-12 system is a thing of the past (page 18, Exhibit D).

I did some empirical studies, one of which was a 2000 study of the three largest empowered school districts with the most control by principals over their budgets. There are lots of safeguards in these places to ensure that principals do not become tyrants. The way we determined how much of a school budget a principal controls in these study locales, my research staff and I lived in the field for about 3 years. We sat down with each principal and went over their budgets line by line. We asked them if they were free to make specific decisions or if they had to rely on someone in their district's central office. This was how we came up with the percentages (page 19, Exhibit D).

In Edmonton, principals were controlling 92 percent of their budget, which included mostly staff salaries. That meant it was up to the principals to decide how to staff their school. In Edmonton, that principal could decide whether to have a swimming team or not, or any other type of team he or she chose. That was a crucial decision point. The same was true in Seattle, where the principals controlled 79 percent of their budget. Houston was making a very strong move toward more autonomy with 59 percent of school budgets controlled by the principals. This gave me great heart because three big school districts had moved strongly and quickly toward decentralization.

I compared these percentages to the least decentralized school districts. In Chicago, principals only controlled 19 percent of their school budget; Los Angeles principals controlled 7 percent; and in New York City, pre-Eric Nadelstern, principals had control of 6 percent of the money.

A colleague of mine with a team from the accounting firm of PricewaterhouseCoopers had done a study of the flow of money in New York City to measure how much of the school budget actually reached the classroom. What they found 20 years ago was that in New York City, only 30 cents of every dollar that came to the school district reached the classroom. The rest was consumed in central office staffs and regional staffs, all of whom would argue that they spend their money on people they sent into the schools. Except, when you asked principals to choose from having the 10 people who are running around their school reporting to someone in central, or the money they could spend at their discretion after talking to their teachers, it was a no brainer. They wanted the money and the autonomy, not the central people running around their schools.

Senator Aaron D. Ford (Senatorial District No. 11):

Relative to the three empowered school districts you mentioned, what did the principals not have control over? Also, do you know of any studies that are more recent than 16 years ago?

Mr. Ouchi:

I can tell you of another study that is only 11 years old. There are a ton of more recent studies, but no scholar is likely to ever get a grant as big as the one I had. It is unlikely anybody else is going to take 11 research assistants and go live in the field for 3 or 4 years. Maybe someone else will do it; I hope they will. In Edmonton, the 8 percent

of what the principals did not control included the cost of building new schools, the cost of the principal, a share of the legal costs, finance, accounting, borrowing money, external communications and professional development for principals. However, the cost of professional development for teachers is allocated to principals. The principals can spend that money with the central office staff.

Michael Strembitsky had them calculate an hourly rate at which they each felt they could competitively bid their services. He then took his central office and divided it roughly in half, with one half working on functions that could not be delegated, including finance, legal, etc. The other half was people who provided services to schools. That money was allocated to the principals who were told they could buy the service they needed from the central office of the school district or they could shop for their own service sources and buy from them.

Principals would say to me that when their schools needed repainting, it used to be decided and scheduled by the central office. Once every 40 years, their school would be painted whether it needed it or not. But when they got their own school maintenance budget, each principal could decide when to paint their school, or maybe even do it one wall at a time so they could save money for computers or something else they needed.

Senator Ford:

Do you have any statistics on this? I would also like to know for Seattle and Houston what was not included for principals in their budgets.

Mr. Ouchi:

The biggest thing in Seattle and Houston was a decision their central offices made to withhold special education funds and keep that money coming out of the central office. I viewed this as a deal they made to placate some powerful interests in the central office and I thought this was a big mistake. It also happened in St. Paul, Minnesota, in a study I did later. The bigger issue was that this was done under a system where they did not have legislation. Instead, what they had was an executive—a mayor or superintendent—who looked at the system and said it was crazy so they changed it. It was changed successfully to a big improvement in student performance, but then that leader would move on and the next leader would set it back.

Senator Ford:

Was there a tenure system for principals in these models? Also, at our last Committee meeting we learned that there is an achievement gap between people of color and not people of color associated with moving to autonomous schools. What are your suggestions for minimizing, if not eliminating, that achievement gap?

Mr. Ouchi:

I will use charter schools as an example. We have a network of 27 public charter schools in Los Angeles. Each school has to compete for students. Parents do not get

assigned to one charter school closest to their home and parents are well informed about what their school choices are, down to the individual teachers they want to have teaching their child. If you go into one of our charter high schools, you will see one principal and two assistant principals who are basically full-time college counselors; plus you will see a third full-time college counselor. We have only 550 students in each high school, yet we have three full-time college counselors. In the Los Angeles Unified School District, the ratio is one college counselor for a school of 2,500 students. The difference is, we expect every single one of our students—99 percent of whom are Latino or African American and Title I—to go to a 4-year college.

We have one business office manager who wears about eight different hats and there will also be a custodian. Everyone else in the school is a teacher. That means, we have about 16 percent administrative staff cost in our schools.

I was a teacher for more than 40 years and one of my courses was managing urban school districts. I took my class to visit one of the famous public high schools in Los Angeles. My students pinned the principal down on how he spent his money. They found out that this large school had 135 credentialed classroom teachers and 180 non-classroom staff members, many of whom were fully credentialed teachers who were no longer in classroom jobs. This comes out of what I think of as a vicious cycle that occurs when a district wastes a lot of its money at the upper levels of administration. This pushes up class size to the point where it is no longer pleasant to be a teacher, which causes teachers to seek jobs, or get their union to create jobs, that are not in the classroom. This makes it even worse because class size goes up even more.

You end up with high school teachers teaching five classes a day with 45 to 50 students in each classroom. If they assign a paper to their classes, they have to read and correct 250 papers, thoughtfully commenting on the narrative, the assignment goals and correcting grammar. It can be so frustrating that teachers drop out and find other jobs. This can be a terrible situation.

But it can turn around when a school has an incentive because it has to attract students and also when a school has the power of decision-making autonomy. The school can then rearrange itself and outline its priorities by trying to figure out what the staff has to offer students so they can all succeed. That is the nut of this story. The tragedy is when you go through all the work and make it work, then the next head person comes along and changes it all back.

A second study was done in 2006. Look where New York City is now, post-Eric Nadelstern (page 20, Exhibit D). That district now has principals controlling an average of 85 percent of their budgets. Eric did not do this simply by giving principals control. He did it by at the same time creating small empowered schools, not big disempowered schools. How did he do this? Did he have the money? No. He did it the cheap way. He divided a school with 2,500 students into four smaller schools, painting lines down the

floors to divide the schools into School 1, School 2, School 3 and School 4. It was not perfect—the bells were not synchronized properly, the bathrooms were not in the right locations, the locker rooms had to be shared, the lunchrooms were not separate—but it was still a whole lot better.

The other thing I would observe is that in Houston, although the chart says 74 percent of their school budget is controlled by principals, they are not currently at 74 percent. They got a new superintendent and the school board never really understood the intricacies of this new model. When the superintendent who had implemented it left, they hired a new superintendent, but that person did not understand the empowerment model. The new superintendent looked good, but did not understand anything about decentralization. He said it was terrible to let principals control all that money because they could steal it.

There was a small silver lining. I went back to Houston after the new superintendent had come in and tried to recentralize the district. What I learned was that once you give people their freedom, it is hard to take it back. They will not let you. The principals were telling the new superintendent, “yes sir,” as though they were complying with him, but in actuality, they were wringing all of the autonomy out of the system that they could. It was not as much as they had before, but it was still pretty good. This gave me hope.

The concept of weighted student funding (page 21, Exhibit D) is an important piece of decentralization. States generally allocate money to education based on what it costs to educate each child. At the extreme, if you have a child who is deaf and blind, has a speech pathology or is wheelchair-bound, you allocate extra money for that child. If a child comes from a low-income neighborhood, the U.S. government allocates a Title I allocation of funds. Those are weights. What happens is the state allocates that money to the school district by category, usually called “categoricals.”

In California, we have 144 categoricals, which means strings on the money. There is no system for determining what school districts do with that money. What the districts usually do with that money is they send it to the squeaky wheels, which are the schools with the most upper middle class parents who are the vocal parents who will go to school boards and make trouble. Thus, the money does not get spent the way the state intended and the students are then inequitably funded.

What is the solution for this? Take the weights you already know that exist and assign them per student. Houston did its own weighted formula, as did Seattle. Eric Nadelstern did more like what we are looking at in Nevada. Mike Strembitsky did the weighting in Edmonton (page 22, Exhibit D), building that model from ground zero after inheriting a district that was in trouble. The weight figures changed a little every year through negotiating, but you can see that a limited English proficient student, what you call ELL, got 126 percent of what the base student received.

The changes they were making in Edmonton were constantly in the press and everyone had an opinion. It turned into a giant food fight. Mike Strembitsky decided to start with a few schools and do a little experiment based on his experience as a principal. He called the teachers' union president who said the idea sounded great, so they did it.

Eric Nadelstern came into New York City where there were 1,150 schools. He could not sneak up on them. He did his own little act under the radar in the Bronx. He was able to try out his new approach, which was the same as Mike Strembitsky's approach, and get it going. Suddenly, the spotlight turned on him and he had to do it with 600 schools. He got a sizeable research group together and they cranked the data to come up with a set of weights and choices. They also took their criticisms from the public. You cannot openly reallocate monies and not take a hit from somebody. In the end, it worked so well it was worth it. I visited several schools that he had developed by hand and he is the single-most creative designer of a school in this country. The problem is, there is a fixed amount of money for a school, a fixed set and number of students and a faculty you inherited. How are you going to move those three things around so they click into place? He did that.

Eric Nadelstern (Professor of Practice in Educational Leadership; Director, Principals Academy, Teachers College, Columbia University):

There are very few places that I am aware of where the state legislature leads anything effective, least of all an effective school reform initiative. Congratulations to you for raising these issues. Bill Ouchi is my mentor and Mike Strembitsky and I only met in person yesterday but I have been learning from his work for the past two decades. I have submitted a short biography ([Exhibit E](#)).

My experiences are with New York City Department of Education, the country's largest school district. We now have 1,700 schools with 1.1 million students. When Bill Ouchi started working with us, we had around 1,300 schools. Through our small schools initiative, we created more than 500 new small schools. Our annual budget is currently around \$28 billion.

Clark County School District is the 5th largest school district in the U.S. at this point, with 320 schools. The difference between a district this large and other large districts becomes minimized at some point. When you go beyond a certain size, the problems are very similar.

I came into this having been a principal for 18 years. I moved from teacher to principal to see if what I had learned as a teacher could be applied to my work as a principal. Then I moved from principal to Chief Schools Officer in the central office to see if what I had learned at one school as a principal could be applied to a larger school system. In both cases, I believe they had.

The belief set to begin with is that most people who work in schools feel they cannot accomplish something with children until poverty ends. We came in believing that you cannot end poverty until you educate all our children. That was our basic belief and our slogan became, “Children First.” I have submitted a report titled *Working Papers*, detailing how we evolved the New York City Department of Education (Exhibit F).

In many large urban school districts, the needs of everyone other than children are taken into account long before the needs of students. This can be teachers, principals, the companies that make money doing business with us and the needs of people well beyond the school system who have some contact. Our decision was to place the needs of children first. Not to ignore the needs of teachers, principals and guidance counselors, but to understand that all of us work on behalf of the children with the goal of improving their achievement and nothing less.

Our theory of action rested on three legs. The first was the importance of leadership, not only at the district level, but also in every principal at every school. We determined early on that the principal was the key change agent in the system and that our efforts had to focus on improving those principals. For decades, local universities had produced an ample crop of new school leaders but they were shy of accepting responsibility for the failure those people experienced when most of our students did not graduate from high school. We took those university programs to task, including the one I am responsible for now, and started our own NYC Leadership Academy. We had determined that we could no longer rely on institutions of higher education to provide principals for our future schools.

One of my colleagues, a director of a principal’s academy at a college down the street, recently said that his program is structured around building leadership to meet the needs of the schools we currently have. I kept thinking the goal cannot be to produce leaders of failed schools. The goal has to be to produce the kind of strong, entrepreneurial leadership which will create schools we do not currently have—schools that can educate all our children regardless of race or socioeconomic status to the highest level of their potential with high school graduation being the baseline and often, if not always, including some level of post-secondary preparation. The Leadership Academy still exists after initially producing 70 to 80 leaders each year that we easily absorbed. We have about 150 to 200 principal vacancies every year and our Leadership Academy now produces up to 35 principals per year.

The second leg of our theory of action was empowerment, which is another way to describe decentralized decision making. We firmly believed that the people closest to the kids—principal, teachers, parents and students themselves at the high school level—need to make the important decisions about the kids and what they need because they know their names, they know the families and understand the communities these kids live in. The further away you are from the kids in the classroom, the less adept you are to make key decisions about how kids learn best. Unfortunately,

the way we set up education in this society, the power is not vested in the schools; it is vested in a central office far removed from the schools and a state education department even further removed and a U.S. Department of Education that has no clue about what is going on in your schools.

The third leg of our theory of action was equally important. You cannot empower principals and school communities without holding them accountable for the results of their decisions. Are the kids learning better this year than last? Is their performance constantly increasing? Is there a clear dataset that shows kids are attending in higher numbers, staying in school in greater numbers, making progress, being promoted and graduating? And not simply graduating, but graduating with the skills necessary to succeed at the next level. We based our accountability of schools on those measures.

We understood clearly that because schools are at different places, expectations for how much a school would grow in any one year could not be the same across all our schools. Given our target of 90 percent or more in attendance, retention, course and exam pass rates, graduation and performance at the next level, a school had to make up 10 percent of the distance between their prior year's results and where we wanted to see all schools. We had, and have, the same level of expectation for all schools and a reasonable target based on where the kids were when we started the project.

The strategies we used to implement the theory of action was to first create the Leadership Academy so we could assume the responsibility for creating our leaders instead of relying on the universities who not only do not have accountability for the leaders they produce, they do not want accountability. As Deputy Chancellor at New York City Department of Education, I had occasion to meet with heads of 50 principal preparation programs across the City. I challenged them to give us the names of their graduates for the previous 3 years. My goal was to track where the principals ended up and to align their performance with the performance of students in their schools. Not one of the 50 institutions took me up on that offer.

Ironically, I am now one of those principal training university individuals. What we attempt to do is follow our students into the public schools and determine the extent of their success so we can demonstrate the efficacy of our approach compared to other approaches. We know that in an industry where there are infinite choices, we have to demonstrate we are doing a better job. Accountability is key.

Senator Ford asked what the central office provides in a district like ours. Accountability has to reside at the central office, which is to allow the people in the schools to make the important decisions but have an entity beyond the schools in position to hold them accountable for the results of their decisions.

The second thing we did was to close large failed schools where barely 30 percent of the students graduated. In one school, there were 1,200 freshmen admitted the year

before, with 900 left back at the end of 9th grade. In a second school, there were 1,700 children enrolled, 1,200 of them freshmen. You could get into the school; you just could not get past 9th grade. In a third school, 20 percent of the students made it to junior year, and when I met with the principal and his cabinet and shared the data, what shocked me was how little they were shocked. In fact, their response to me was, "This is the way it has always been—if you want to see better results, give us a better building, send us better prepared teachers, pay us more, send us better prepared kids and we will show you how effective we can be." We closed that school as well as the other two I mentioned and 100 more bad schools that had failed their children for decades.

Bill Ouchi suggested that small schools are better because a school of 500 is easier to manage than a school of 5,000. That is true. Another reason for small schools is a class size issue. Many people equate small schools with small classes, but that is not always the case. I do equate the number of teachers in a school with the principal's class size. If you think an optimum class size is 20 students to one teacher, then you should not have more than 20 teachers in a school for the principal to oversee, which would result in a school of about 400 enrollment. You could bring the class size to teacher ratio to 15:1, which would result in a school with an enrollment of 300, or you could increase it to 25 which would make your school around 500 students. That is about the range in size if you want the principal to be an effective leader and teacher of those teachers because the class size of that principal is critical to the success of that school.

Summarizing so far, we created a leadership academy, we aimed for a critical mass of small schools and we closed failed schools because failed institutions never reinvent themselves. It has been decades since I considered owning a Chevy. I just cannot afford one; the repair bills are too high.

Our third strategy was in doing away with superintendents and districts and creating self-selected, self-governing networks of schools. That is, the principals got to decide which other principals they wanted to network with, which were usually people with similar philosophies they felt they could learn from or share with. The reason networking is a critical concept is because a school is too small an institution to be self-sustaining. It needs other schools to learn from. If we apply our maximum class size strategy, that organization of schools ought to be somewhere between 15 and 25 schools, no more.

Allowing principals to select outside of geography ensures that we address the issue Senator Ford brought up earlier. If you build your networks or precincts around a neighborhood, all you will succeed in doing is segregating because of housing patterns, which are based on economics and race, certainly in New York. If we keep schools and kids only in their neighborhoods, they do not get a chance to integrate and benefit from the diversity, both socioeconomically and racially, of attending an integrated school. My daughter went through the New York City school district and attended very diverse schools. It made her a much better person. Today, her range of friends easily cuts

across levels of race and economics in ways that would not have been possible if we had isolated her in a small homogeneous community.

School choice also drives diversity and innovation. Bill Ouchi talks about how the schools in his charter school network have to fight to recruit their students because kids and their families vote with their feet, wanting to attend the highest performing schools. In New York City today, at the high school level, which is decentralized, eighty-some percent of kids get their first school choice. They can select any school anywhere in the city, not just in their borough. At the middle school, some areas have school choice. Unfortunately, at the elementary level, kids most often go to the school down the block. The problem with this is that the school down the block may not meet the needs of the kid. The only ones who are comfortable sending their kids down the block are rich people who can afford to move to an area where the schools are well funded and functioning successfully. Poor people have been deluded into believing there is some value in sending their child to the school down the block rather than the best school for that child. School choice became a critical strategy we used to close the achievement gap. We have not closed it, but there is solid data showing we have made significant progress.

Finally, you cannot reform schools without reforming the central office. Central offices are structured pretty much the same across all cities in America. There are different offices or divisions that have a very narrow focus—personnel, IT, payroll, special education, etc. They are siloed and make decisions in a vacuum with no accountability. The schools have a hard time creating coherence around these conflicting and bombarding mandates from a central office that might be well meaning, but by its very structure, cannot support schools.

As principal, I learned not to call central because the answer was usually “No,” and then the negotiations began. When we redesigned the central office in New York, the goal was to begin with “Yes,” and then work with that school to figure out how to realize that decision. My staff had 24 to 48 hours to get to “Yes,” or explain to me why they did not.

Those were our approaches; three theories of action including leadership, empowerment and accountability; and five strategies—assume responsibility for developing our own leadership, close bad schools that are not working, replace them with small schools, school choice and allow schools to network with other schools regardless of geography. When I left the New York City Department of Education, we were organized into 60 self-selected mostly ageographic networks of schools. Speaking to school choice, which is critical, on the way over here I spoke to my cab driver who had a child about to enter school next year. I asked if he was happy with the school his child would be attending and he said, “I think we are going to move.”

Our results were interesting. From the point where I attended school in the middle of the 20th century to the end of the 20th century, graduation rates in New York were frozen at

50 percent. That was the highest graduation rate ever achieved in New York City. At the turn of the 20th century, only 10 percent of eligible school-age kids graduated. In the 1930s, most school-age kids did not graduate from high school. In the 1950s when I attended school, only half the kids graduated, but the other half could get a job in a factory, have a job on the line, work a 40-hour week, own a home and raise a family. Those days are gone. Those opportunities do not exist for most of our children. Kids who do not graduate from high school are doomed to a low-level service job where they will barely support their families. To send a child to college, they will have to assume massive debt that they will spend the rest of their lives paying down. This is if they are lucky. Today there is no alternative than to succeed with all our children if we are to have the kind of society we want to live in and bequeath to our children.

What are your biggest challenges at CCSD? One challenge is changing the culture, which is largely built around the needs of the adults, whether they work in the school system or the politicians who connect to the school system and look to schools for patrons. My boss, Joel Klein, endeared himself forever to me when a borough president called him one day and said, "Joel, I understand you are restructuring the central office. Who do I go to for constituent service?" Joel asked what he meant and the borough president said, "Well, there are times when I think I have someone in my jurisdiction who would be perfect for a job you have posted a vacancy for. Other times, I have a youngster who would really benefit from getting into a particular school. Who should I call to have those needs realized?" Joel slapped his forehead and said, "Mr. President, I am afraid to say what when we redesigned the New York City Department of Education, we forgot to create an office of constituent services."

I do get how in the performance of your job as Legislators, that relationship is critical, but that relationship, as it has been practiced in the past, is essentially a corrupt relationship at the expense of other children who need to get into that school. The people who do business with the school district may, especially a district like the one in New York City with a budget of \$28 billion, depend on walking into a superintendent's office and walking out with a \$50 million contract. When we changed things, they went from wholesale to retail all of a sudden and had to sell their products to 1,700 principals. It is very difficult to change that culture.

The second challenge for you is what I consider my major failure as a school leader. I assumed that if I modeled sharing authority as a way to increase influence and not give up control, it would continue with principals who would share that authority with teachers. What I did not bank on is how jealously the principals guarded that newfound authority. The fact that principals did that meant that teachers felt excluded from the reform, and if teachers feel excluded, the parents would feel excluded also because they are influenced by their child's teacher more than anyone in education or politics. Figuring out a way to be more explicit with principals that you are sharing authority with them so they will build a shared authority model in their school and pass it on with accountability is the challenge.

An early 20th century Nobel prize-winning physicist, Max Planck, once said, “A scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die and a new generation grows up that is familiar with it.” Bill Ouchi said the same thing in slightly different terms. Making reform last long enough so new generations can grow up understanding that this is the reality is one of the challenges. Eight years after we began in New York City, a new mayor was elected, a new chancellor picked and they turned the clock back. When you are lucky, school reform is two steps forward and one step back. When you go one step forward and two steps back, you know you are in trouble. Doing this in a way that will last legislatively beyond your own tenure is a critical component for making this work.

Another challenge you face is that simply decentralizing will not address the most insidious problem in this society—the fact that poor children and children of color have enormous hurdles to overcome. They cannot do it unless they are well educated and they will never be well educated unless they can leave their communities.

The worst thing that happened in my 39 years with New York City Department of Education was when a previous chancellor had identified the five worst performing elementary schools in the city so they could be turned over to Edison charter schools because nobody could do worse. The teachers’ union and parent organizations vehemently opposed this and ultimately, nothing was done. The day the fight was over, everyone walked away from those five schools and the children in those communities had to continue to attend one of the five worst schools in a city of 1,700 schools. Today, they are still the worst schools. The challenge becomes how to get kids to be able to choose from among the highest performing schools and close the schools that are not chosen, then create new schools modeled after the most successful schools.

In conclusion, the best schools are built from ideas on up, not precedent or tradition. The thing about education today is that a teacher could have fallen asleep in the 1920s, pulled a Rip Van Winkle and woke up in 2015 to feel very comfortable walking into a classroom today. Imagine a physician being out of circulation for 95 years, walking into a hospital and feeling comfortable with what was going on at that 2015 hospital. If the best schools are built from the ideas on up, the best school districts are also built from ideas on up.

To have these reforms led by the State Legislature places Nevada in a unique position to ensure the reforms stick and better fit our children for years to come.

Assemblywoman Dina Neal (Assembly District No. 7):

When you said close the schools that are not working and realign them to the schools that are, what do you mean?

Mr. Nadelstern:

What I mean is close the school and open a new school with a different principal and teachers. Allow the kids in that school to select to attend that new school which is opening or any of a variety of other schools. Grow the school slowly, one grade at a time. In New York, when we closed a school, we phased it out grade by grade. So if you know you are closing, you have 3-4 years to graduate students currently in your school while the district sends in no new students. As the closing school phases out, we are slowly building other schools to take its place. This way, a school can build a strong culture and as more students come in, it can carry on that culture. It is a management strategy. If a new principal learns how to manage a school of 200 kids, then they can manage a school of 200 kids and later 300, 400 and 500 students.

We closed more than 100 schools that failed our children for, in some cases, decades. Some of these were schools where 70 percent of the students were not succeeding. We replaced those schools with more than 500 new small schools. The educators in those schools being closed had the opportunity to band together with others and propose an idea for a new school. If it was a compelling idea, they could rejoin a team creating a new school. What they could not do was to continue to fail the students in that building under a culture of failure.

Assemblywoman Neal:

That leads me to another question. Looking at the data and overall school achievement for Houston, Seattle and CCSD, although we are lower for all students in reading at a score of 63.9, Seattle is at 62.3 matching 3rd grade to 3rd grade. Here we are in 2016 with management strategy applied, so why are we still similar in student achievement and in the 60th percentile? What are we missing in the strategy that is stagnating? We are trying to crack the code, are we not? If we are not decentralized now, why are we neck and neck in terms of academic achievement at the 3rd grade level?

Mr. Nadelstern:

First, I don't know if all the districts give the same exams. If they do not give the same exams, then the percentages are rather meaningless. I don't know where 65 percent came from. Probably some academics were asked in the past what should the passing percentage be and they put their great minds together and said 65 percent. It is an arbitrary number, and yet you will find most school districts gravitating toward that number because it is ingrained in what we believe.

In New York, where the graduation rate was 50 percent for more than half a century, today it is 70 percent, most of whom are female, white and/or Asian. The 30 percent of kids not graduating are largely male, African American and/or Latino. The hard work is still ahead of us, but I can tell you with certainty that if I am sitting in a central office or my office at a university, state education department or federal education department, I am not going to solve that problem. It is the people in the schools working with those kids and their families on a daily basis who have to crack that code. It is up the rest of

us in school and political leadership positions to support those people in that effort by creating the conditions under which they will likely be more successful.

Assemblyman Lynn D. Stewart (Assembly District No. 22):

How do the students travel in New York to their schools under the school choice option?

Mr. Nadelstern:

The older children get public transportation vouchers and the younger children are bussed using buses we lease.

Assemblyman Stewart:

Does the school have control over that or is it the central office?

Mr. Nadelstern:

The schools do not have control, but many principals would like it because some of their students travel or are on a bus up to 2 hours a day because of routing.

Assemblyman Stewart:

So, transportation should stay with the central office?

Mr. Nadelstern:

I am not so sure. One thing that should be decentralized is the school meal programs as they are not working. I do consulting work in Detroit which, in many respects, is the toughest place to do school in the U.S. right now. They serve the students as much as three meals a day and the kids are still hungry because the portions are too small. I would rather trust the leaders in each school to figure out a better way to use the monies allocated to them to provide students with more nutritious, larger portions of food so the teachers do not have to worry about whether their students are hungry.

Assemblyman Stewart:

You say you went from a 50 percent high school graduation rate to 70 percent. We rank last in the country on everything, but our graduation rate is 72 percent. I do not understand that and it seems like we are doing better than the country is giving us credit for.

Mr. Nadelstern:

You are, but to your credit, better is not good enough. What do you say to the parents of the 28 percent of kids who are not graduating? What are we doing on their behalf?

Assemblyman Stewart:

When you say principals did not share power, how did you deal with that?

Mr. Nadelstern:

The irony is that the person fighting hardest for principal autonomy and empowerment was the person firing 50 principals a year based on student achievement. If the students were consistently not learning, the leadership was replaced. I can proudly say that of the hundreds of principals I coached into other professions or reverted to previous positions, only one of those grieved his firing and he lost the grievance. In a city where the conventional wisdom was that you could not fire a principal because the union protections were too great, I found the unions did not want ineffective, unsuccessful teachers and principals among their ranks. It tarnishes the work they do.

Assemblyman Stewart:

Have things stayed the same in New York since you left?

Mr. Nadelstern:

Things are sliding back. The new chancellor is trying to reinstate what was. She is failing on two levels, though. One is that once principals experience autonomy, they will not give it up lightly. They lobby and they write to the New York Times and other newspapers talking about how valuable that autonomy was for improving the performance of their students. The other reason she cannot entirely succeed is that we gave back \$400 million to the schools. It is much easier to give \$400 million to the schools than it is to take it back from them. If she tried, the principals, teachers and parents would protest, so she has not tried. As I said earlier, if you are lucky, school reform is two steps forward, one step back.

Assemblyman Stewart:

Are you trying to change things where you are now?

Mr. Nadelstern:

I am. For the past 4 years, I have run a pilot project where two faculty members work with 25 students for the full 14 months, as opposed to having students superficially have relationships with 40 or more staff members. Whether that reform sticks, I cannot know. If you think school districts are hard to change, universities are that much harder. The reason you can change school districts is that in the final analysis, if they do not work for kids, they do not work for teachers. Universities are working very well for their employees. The three of us are good examples of that.

Senator Ford:

You have talked about principals, empowerment and accountability. Those are three important things I entirely agree with as an important focus for improving schools. We have the empowerment approach here at CCSD, although we have not entirely taken advantage of it. I believe this Committee intends to move more toward the autonomous school approach. The accountability approach is why we are here. We have heard from almost everyone that the key component for successful schools is leadership from the principal's perspective. How do you recommend engaging principals and what supports

did you give them to ensure they could be highly effective in their new role at an autonomous school?

Mr. Nadelstern:

We first tackled tenure with teachers. In New York City, 99 percent of our teachers got tenured in 3 years. This gave them a lifetime guarantee of due process. We essentially said tenure is the highest honor a school district can confer on our teachers and it is unfair to do all that is necessary to earn that honor in 3 years. If they could not do it in 3 years, they could do it in more years, but we would not grant tenure until there was data in place showing they were highly effective teachers. We reduced tenure by two-thirds that first year and that has continued.

Principals in New York have something called building tenure. They not only have tenure, but an administrator cannot easily move the principal to another school. So we created a super principal position and offered an extra \$25,000 per year for the first 3 years if that principal would leave a successful school and move to an at-risk school. Principals vied for that honor. It was more money and more recognition.

If you have a one-on-one meeting with a failing principal and you lay out the data about that school, showing the principal the missed targets year after year, telling them they need to be moved or relieved, it does not generally result in that principal arguing with the data, especially if you have established a culture of performance. Those principals are embarrassed at the fact that they could not move the needle at that school. The outcomes are public and undeniable. We gave schools letter grades based on student achievement compared to previous years. In one case, a school with a university affiliation threatened to sue us because they received a C, arguing that we should have given them a “gentleman’s B.” It is the dysfunctional part of university culture. We did not succumb. Instead, we told them what they needed to improve on to earn that B.

Senator Ford:

When you were talking about the five strategies, you mentioned the achievement gap. You mentioned if we continue to align our schools by neighborhoods, the gap will continue to exist. How do we realign our schools in view of our transportation issues? Should we do bussing? We have turnaround schools here that kind of do what you have indicated—closing down and reopening schools. I am interested in actual strategies. We acknowledge that the achievement gap is going to exist, but what strategies do you recommend so we can minimize, if not eliminate, the achievement gap if we go to a more autonomous approach?

Mr. Nadelstern:

Starting with your second question, there is nothing we can do today in New York to increase the performance of children of color better than to unzone the schools and let every kid choose their school. Then hold a lottery to determine who gets into each school. The real estate industry in New York would not like it because people are

accustomed to spending \$1 million to \$2 million on a co-op so their kid can go to PS 199 because it is a high-performing school. Six blocks away, the kids who go to PS 191 are all from the projects. The kids at PS 199 are all white and the kids at PS 191 are all African American and Latino. Unzoning all of your schools is critical. This would cost more in transportation, both in time and money, but you would provide poor families an opportunity that rich families enjoy.

Senator Ford:

When you spoke of decentralizing the food program, I am concerned because we get federal funds and nutrition programs and there are requirements tied to these funds. What do you suggest?

Mr. Nadelstern:

On every school visit, I always walk through a lunch room and in almost all of them, there is more food in the garbage can than there is consumed by kids. I would much rather give the money to a principal and tell them to find a local caterer who can do a better job for the same price. You could always monitor whether it is as nutritious as the food that is in the garbage can. What you should monitor is whether the food the kids are consuming is as nutritious as what the student would consume if the principal had a greater number of options.

People in schools eat all the time, except for kids in classes. In every endeavor of life, when you are working or learning, college students always have something to munch on. The idea that you cannot bring food into the classroom is an anachronistic notion. We should be trying to model how people learn best. Food ought to be part and parcel of everything we do with kids during the day as opposed to what I am currently finding when I walk into a school and a kid walks up to me, tugs on my sleeve and wants to know if I have brought any snacks.

Senator Ford:

Do you acknowledge that whatever approach is taken, it has to be in conformance with federal guidelines?

Mr. Nadelstern:

There is no reason not to monitor that and there are a variety of ways you could do it cost-effectively.

Assemblywoman Olivia Diaz (Assembly District No. 11, Vice Chair):

I agree we do things in education that are outdated. The other day we were reading about how much water we should be drinking. Ideally, we should be drinking 6 ounces of water every 45 minutes. We are not doing things that are brain friendly. My question comes back to the ideal school size you mentioned. My constituents feel their high school is just too huge of a monster. What is the ideal size for each school level?

Mr. Nadelstern:

Are you a parent?

Ms. Diaz:

Yes, I have a 5-year-old.

Mr. Nadelstern:

If you think ahead, what size class would you want for that child when entering school?

Ms. Diaz:

The smaller the better.

Mr. Nadelstern:

Not necessarily. Sometimes a class can be too small to generate the kind of dynamics needed for active and interested learning. Realistically, what size class would you be comfortable with as a parent for early childhood learning?

Ms. Diaz:

I think a good ratio is 1:15.

Mr. Nadelstern:

Okay, so you would have a school of 300 with 15 teachers. Twenty students in a classroom is easier to obtain because 15 is hard to sustain and 25 is probably too large. I would much rather teach a class of 20 students than a class of 25. The results are better when the class is closer to 20 than 25 in terms of the attention I can give each student.

Ms. Diaz:

Would this be the same for middle school and high school?

Mr. Nadelstern:

Yes, because I am serious about the school principal being the educational teacher for the teachers at that school. In most schools, that is not the case, but I am serious about a principal working with teachers in a way that improves the performance of that staff. To make that happen, a span of control of 15 or 20 is doable and 25 to 45 is much harder.

Ms. Diaz:

What was the cost to implement the smaller school sizes? Did it cost more or did you just shift costs around?

Mr. Nadelstern:

Small schools cost slightly more than large schools. There are no economies of scale in public education. If you base your cost calculation on enrollment, small schools are

more expensive. If you base your cost on attendance, they look a little cheaper. If you base your cost on how well your kids are doing, they are a downright bargain. And, if you base it on graduation results and how much it costs to produce a graduate, you could not do better.

Chair Roberson:

Everything we have been listening to today envisions a meaningful reduction in the central administration. To what extent would that offset these new costs?

Mr. Nadelstern:

It varies from district to district. In our case, we put \$400 million back into the schools. My principals would not admit it unless it was in private, but those who were around in those days said they had never been more richly funded when we put the \$400 million saved from district contrition back into the schools where it belonged. Bill Ouchi talked about what percentage of each dollar goes into the classroom. We started out with only one-third of every dollar going to the schools. We got it up to 66 percent in 6 years.

Mr. Ouchi:

You will have to get a small team of people who become expert on school financing and budgeting because it typically is the most opaque system in which they will label things strangely. For example, the Los Angeles Unified School District is an old organization with an old computer system that was not consistent across the district, so they had three cases of the same account number being used by different departments to refer to completely different, unrelated activities. When someone tells you that the total budget is \$9,000 per student, that is usually the starting point for a whole bunch of questions. The Los Angeles press would regularly report that the school district had something like \$8,400 per student per year. I took the time to become knowledgeable about the system with a team of people. Our estimate was that the district was spending closer to \$18,000 per student per year. What they were fessing up to was less than half of that. They were not including categorical funds, Title I funds; they were only including state-funded general fund accounts. It can be wildly misleading.

The same goes for calculating graduation rates. I sat with a principal who reported that her high school's graduation rate was 85 percent, which is what the district reports as its graduation rate. I said, "Wait, you have 1,500 9th graders and a senior class of 500, so how is it you have a graduation rate of 85 percent?" The principal said, "Well, if a student appears to be in danger of dropping out for not coming to school for a month, then I am obliged to send that student a letter recommending that he or she register in a General Educational Development (GED) program to get a diploma but not in school. The minute I put that letter in the mail, not knowing whether the student ever receives it or not, that student disappears from our system; from the numerator and the denominator. So our graduation rate of 85 percent is actually of those who begin 12th grade, 85 percent graduate." You cannot take at face value, unfortunately, any of the data that usually comes out of a school system.

Mr. Nadelstern:

In New York, a principal in the past was allowed to change graduation data up until March 30. So on March 23, I would ask my assistant principal in charge of this, "How many of our seniors are likely to graduate?" He would say, "About three-quarters," and I would say, "Okay, let us move this around and put them in the 11th grade, move it around a bit so we have a 96 percent graduation rate." Lo and behold, all the schools had a 96 percent graduation rate. It is easy to manipulate the data. Regarding the money, I do not think you are likely to save money in the long term. If you could make money in education, the private sector would have gone into this with a vengeance. Your cost per graduate will go down significantly though, and the money you might otherwise have put into schools can come from the central office for a while. That will slow down the need for new monies.

Senator Moises (Mo) Denis (Senatorial District No. 2):

Back to class size. If 20 students to 1 teacher is the right size class ratio, are you saying that is for the whole K-12 system?

Mr. Nadelstern:

No, I am saying the number of kids in a class is not the only equation to look at. You have to look at the number of teachers the principal is supervising. If you think optimal class size is a particular number, then the principal should not have more teachers than that. I have classes I work with where there are 90 students. I have other classes with 8 students. I can tell you that the classes with 8 students are getting much more of what I can offer than the classes with 90 students. A lot depends on teacher skill. A good way to think about optimal small schools is that what is good for the kids is good for the principal.

Senator Denis:

Do you have an issue in New York attracting teachers?

Mr. Nadelstern:

Right now there is a surplus of people who want to be teachers.

Senator Denis:

We have the opposite of that here. If we were to try to do something where we would need more teachers to implement, how do we address that issue?

Mr. Nadelstern:

Create the kinds of schools that teachers want to work in and they will come from all over the country.

Senator Denis:

You spoke of principals. We have leadership that is retiring here, and we have the pipeline, but it is not enough for the kinds of things you have been talking about.

Mr. Nadelstern:

Many of my colleagues tend to select principals from among their best assistant principals. What I came to understand is that those are two completely different jobs. People who make great assistant principals, who are number two in the organization, have a very different skillset than the CEO of that school. I selected my principals from among my best teachers. I found that the skills they evidenced in the classroom managing 25 young minds were exactly the same skill set needed for a good principal. I have had 8 to 10 different jobs in my 39 years in education but they were all basically teaching. The only difference was who my students were. The skills I learned as a teacher carried me through every job I had. First, my students were high school students, then high school teachers, then high school principals, then superintendents. It was always the same job requiring me to work with a group of people so they can be fulfilled in their work and achieve at the highest levels.

Assemblywoman Neal:

Dr. Ouchi, you said earlier that large size school districts equal organizational pathology. You said diversity has to be accounted for. The way I interpreted your statement was that when we look at a school, the students and the leadership, the decisions should be made by a diverse group. What did you mean by your statement?

Mr. Ouchi:

Empirical work shows us that an organization begins to acquire significant pathologies if it is engaged in repetitive work, like an assembly plant or a telemarketing firm. Once it exceeds about 1,200 or 1,500 employees, it starts to go downhill. If it is a professionalized organization made up of teachers, accountants, lawyers or doctors, for example, the limit is about 150 employees. The reason for this is that one of the fundamental tasks of senior management is to resolve staff problems. As the staff encounters changing circumstances and problems, it needs a ruling. Once you get past about 150 professionals in a school district, the organization starts to fail. You can substantially reduce the problem by decentralizing the decision making.

If you add complexity in any way to the organization, making extra products instead of just one, for example, it will be a lot more complicated. If you add students with different needs or who respond to educational approaches differently, you have to figure out how to match up students and their specific needs with the array of offerings you have. That is a much more complex task. So to be effective, the organization has to be even smaller.

Assemblywoman Neal:

You have mentioned needing diversity in school administrators and leaders when you have a diverse student population. At CCSD, 73.6 percent of the administrators are Caucasian, 9.7 percent are African American, 9 percent are Hispanic and 2.6 percent are Asian and so on. So if the idea is trying to match leadership that understands the student characteristics and issues, how do we deal with what may be a systemic issue

when we do not have diversity in our leadership? This is a legitimate problem that has been a part of the CCSD. These are the highest numbers we have had and the numbers are still low.

Mr. Nadelstern:

This is a priority for me. My leadership team had five people on it—two were African American, two were Latino and one was white. That was important to me because it sent a message to the system. More importantly, that team helped select the network leaders and principals and, given their diversity, they selected a more diverse group of people.

Diversity is critical, as is making sure students attend diverse schools. In New York there is a series of specialized schools created by the state legislature. Students have to take math and reading tests to get into these schools. There is a significant underrepresentation of minorities because the tests are biased against minority students. In that mix, there is a school dedicated to the arts and performance where the smartest kids of color who could not get into the specialized school would figure out a talent to present in a way to get into the school. The highest performing kids in that school are kids of color. My daughter is a white Jewish kid from the Bronx and she attended that school. She participated in a student society where the highest achieving students were kids of color. They became her friends and it created a very different way for her to think about issues throughout the rest of her life. You do not want kids going to schools that only have kids of one race; you must aim for more integrated schools, which often means getting kids of color out of their neighborhoods and into other schools and neighborhoods.

Mr. Ouchi:

If we are talking about a supervisor and a subordinate issue, where the supervisor needs to assess the performance of the subordinate, there is research showing that you have to vary the gender and race of each position. The question is how many systematic disagreements are there between the supervisor and the subordinate in what would constitute a fair appraisal of the performance of the subordinate. Do they agree or not? The data shows that it is clear that when both the supervisor and the subordinate are of the same gender and race, you have the smallest number of disagreements. When they are both different, meaning race and gender, there are more disagreements. It is a problem. Is there a solution that could be implemented in a few years? Not to my knowledge.

Assemblywoman Neal:

That is excellent, I will think deeply about that for months.

Mr. Ouchi:

You have to get more people of every kind in supervisory positions.

Assemblywoman Neal:

I am trying to look at this decentralized issue holistically, not through the lens of race. I am trying to look at it from the lens of students and what they need most to achieve, no matter where they live in the District. It comes down to asking what the characteristics of leadership are that will lead these children to achievement and learning at the level we expect for them. You can only look at the facts, and I heard you say that when you look at the data, if you only look at the data you are a fool. But the data is telling a story that CCSD has not been diverse in its administration—in who got promoted and who was the subordinate under the leader, even in assistant principal positions. I also heard what you said, that an assistant principal does not necessarily make a great principal and that a great principal could be found in a great teacher.

In the decision-making pattern that may be occurring, are we not looking at the great teacher or leader with the components and characteristics to lead and drive the school where we need it to go? Or, are we not truly training the existing principals or allowing the pool to be wide enough for who is eligible to actually be an administrator who was never a teacher? I am trying to look at these issues holistically and put race aside to look at the facts.

Mr. Nadelstern:

You can never put race aside entirely.

Mr. Ouchi:

When our charter school organization was getting going, I went to a long-time board member, John Mack, who was then President of the Los Angeles Urban League and who marched at Selma many years before. I said to him, “John, if we do this, because charter schools are choice-based schools, one result could be that we will increase the degree of segregation in our schools because housing patterns are such that they tend to be segregated and, as a result, we may end up increasing segregation in Los Angeles.” He said, “Bill, during the civil rights era, desegregating schools was never a goal of ours. Our goal was better schools for poor black kids. Later on, desegregation became a tactic. We thought if we had white kids in our black schools, they would be less likely to nuke our schools. But we were wrong, because what happened instead was that all the white people moved out of the city limits and then they nuked the entire district. Look around and tell me, is it possible we could increase the segregation in Los Angeles schools?”

The proportion of students in Los Angeles Unified School District who are native born Anglos is 1 percent. If there are not teachers and managers reflecting that composition, you are not doing the intelligent and right thing. I agree with what Eric Nadelstern just said. Almost every problem in K-12 education is so devilishly complex because of race. That is the challenge we have; that the world has. After thousands of years of living side by side, people of different ethnicities are trying to annihilate one another in Eastern Europe, Africa and Asia. These are our biggest challenges as a country.

Assemblywoman Neal:

I appreciate this dialogue. I want to clarify that it is not that I do not see race. One of the best lessons I learned was in law school when I had a tort case. It was a health law and I zoned in on the fact that a woman was not transferred because of her color. My professor forced me as a freshman to realize that is not the issue. So I force myself to see the issue outside of race. Then when race or any other factor is needed, I apply it, like a cake layer. I try to see the issue for what it is and if it is a six-layer cake where I have to examine all the layers together, then I do that. It was for me an early experience where I was forced to logically think through a fact pattern instead of taking my bias into the fact pattern and come up with the wrong results.

That was my life lesson that causes me to approach a problem so I am treating all children who are in this school district and not achieving equally, seeing their value and worth without saying, "It is just black children, or it is just Latino children." As a legislator, I need to be able to examine all the things placed in front of me because I do not have the option to see just one type of child. I have to see all types of children and understand the characteristics and examine the issues fairly and with as little bias as possible to come to real and effective solutions.

Mr. Nadelstern:

In my district, on the first day of kindergarten we can predict with frightening accuracy based on race, gender and how well or poorly kids are dressed, who will graduate 13 years later. The reason we are spending \$28 billion on public education is to defy those odds. Otherwise, why would you need a public education?

Senator Joseph (Joe) P. Hardy (Senatorial District No. 12):

Would there be problems with things like Title I funds when we move budgeting in the schools? What has to remain at the central location in the way of federal requirements so it works?

Mr. Ouchi:

That is a great lead in to the next speaker, Mike Strembitsky. He has pushed the envelope farther than anyone else. He is the originator of much of what we are talking about today. He is a man of great strength and conviction and like Eric Nadelstern, he is a man of great tenderness, compassion. They both have the tremendous ability to delegate to others and trust them.

Michael Strembitsky (International Consultant, Former Superintendent of Schools, Edmonton Public Schools, Edmonton, Alberta, Canada:

Title money has a compliance factor. Some people say that because it is compliance, the money has to stay central. That is not true. Schools can spend Title I money, but it has to be done legally. Compliance can be checked, but the carrying out of it could be at the school level.

My initial encounter with this work was simple. It was a humble beginning. I had wanted to be a teacher ever since I was in 6th grade. I wanted to be as good as my teachers were and I also wanted to serve the students and the community. Then I ran into reorganization, which was a whole new education. It led to many other things. In some respects, we were like those two Wright brothers on December 17, 1903, when they decided they had a simple thing they wanted to do—to get off the ground. They actually got off the ground a number of times to prove it was repeatable. Where we started was very simple, but once we got on the right road, there was no holding us back. I have submitted a short biography (Exhibit G).

I was a critic of the central administration where I worked. There was a culture in the district that had been in the schools too. I had been a principal 3 months when central asked me to work in the central administration. I said “No,” because I was involved with my staff and my community and we felt like it was us against them. After the third request to work at central temporarily, I said “Yes,” to protect my principalship and I wanted to let them know what they were doing to us. I went to the cafeteria for coffee before my meeting in the central office and people there were talking about all the crazy things the schools were doing, as if central was doing the right thing and the schools were gumming it up. I soon discovered that in the central office, there were enclaves fighting with each other and all of them were united against the finance department.

I got to work in the central administration in four jobs that first year. A new superintendent from America came through town and took over. The district hired him because they were unhappy with what was going on. He interviewed me for a lower level position in his office and asked me why I should get it. I said, “I do not know why I should get it, but I know why I should not get it, because I am a critic of this district. This place needs to be set right-side up, but apart from that, if I am appointed, I will work faithfully in your office.” So for the next 2 years I had the best job because I was in the kitchen and could observe all the heat.

When that superintendent left town, I became the acting superintendent. I was eventually appointed superintendent and the school board said I was their man. I knew better. I was a place holder until the next highflyer came through town. I met with senior staff and we decided to be long on delivery and short on promises. That was what would guide us forward until the next superintendent came to town.

I started telling the people I worked with that there was a better way to do things and that schools fighting with the central administration and all the internal fighting within central was wrong. They kept telling me I was too young with crazy ideas that would not work. I kept telling people it would work, they kept telling me it would not. If a school wanted to do something different, it was deemed a deviation. You correct deviants, right?

One Monday morning, I came in with an epiphany. I said, "I keep telling you it would work, you keep telling me it will not, and it hit me that with you, it will not." I told them to relax; they were just doing the job they were hired to do and that I was trying to look at doing something different. I told them they had been schooled a certain way, but that sometimes you have to have an idea and believe it before you see it. I told them to keep doing their jobs.

I also told them I wanted to peel off a small number of schools that would report directly to the superintendent, so they would not be responsible for those schools anymore. They would not be responsible for student achievement or anything else. I learned that when you start on something like this, there are no right answers. If I am at all knowledgeable, it is because the path is strewn with debris of things we tried that did not work.

I knew that we could not do anything about changing the staff at those schools and I did want to know if this idea would work for all people. Many people will pick the best people, flood the place with money and it works. We decided to keep the money and staff the same. For leadership at the schools we peeled off, we picked two principals whose reputations were that they were somebody's gift on earth; three who were down the middle and one who was being documented for termination. We picked high schools, middle schools, elementary schools from the inner city and outside. There were 61 schools out of nearly 200 schools that volunteered for the project. I picked seven schools and when I showed the list to the senior staff, they saw the school with the principal being documented on the list and implied I picked that school to get rid of him. I said, "No, I want to know whether this will work."

We met with the seven schools and one person with a similar philosophy to me was appointed to work with them. We met with those schools and I said, "No matter what we do from central, you tell us it is wrong. How would you put it together?" We reversed it, something I learned from Henry Ford, who had observed the Chicago stockyards and saw a steer become dismembered in a line until there was nothing left. So he reversed that in his car factory, building parts up until you could steer something off the assembly line.

I learned from the old adage, if you can't beat 'em, join 'em. I asked the seven schools what their suggestions would be to improve our system, and suddenly these people who had all the answers before were not so sure. They asked what the rules or guidelines would be with the new system. I said, "You are the test pilots, you tell us what it should be, this is your chance." They had a hard time with it, so I said, "If it is not immoral, illegal or inane, propose it." Later, I added that it had to be for the kids.

What happened with the careers of those people and what they did was unbelievable. They first wanted to know how much funding they were getting. When we told them, they did not believe it. When we told them what a teacher or a secretary cost, or what a

typewriter cost, they did not believe it. They wanted to know why we were doing this. I said, "All this time, you wanted to be involved, now you are." They said, "We wanted to be involved, and you would not give it to us, and now we are involved and we want to know what is the catch." It was not a totally peaceful position because although we had separated those seven schools, they still had to coordinate with the district; they were not completely independent.

I tried to work with them by asking if the district could give the schools a service. The first week of July in 1976, the senior financial person in the district threw a requisition on my desk, very upset. He said, "See, I told you it would happen." I looked at the paper and asked him what was so upsetting about that requisition. He said, "It is an elementary school that ordered a typewriter of the quality reserved for central office." I found out that every elementary school in our district got a 10-inch Underwood typewriter. If the school had 350 students or more, they got a primary as well. The junior high schools got a 15-inch carriage because they had to work with 14-inch paper. The senior high schools got electric typewriters for the students in business classes and the office also got those. However, only the downtown central office could have IBM Selectric typewriters. The idea that an elementary school could have a typewriter with a bouncing ball just blew the financial officer's mind. I said to him, "They might have a typewriter they should not have, but they will have to do without something else," to which he responded, "You will not follow through." But we did follow through, we had a framework.

After we had done the seven schools, I was ready to double the number to 15. One of the problems was that the Province of Alberta and the school board operated on a calendar year but the schools ran on a school year. It was difficult to figure out how to make it work. Finally, those resisting these changes decided if we went to 25 or 50 schools, it would be difficult to operate and they knew where it would be headed, so the issue went to the school board and it voted 5 to 2 to do it after hearing from our schools and other schools. They gave us a year district-wide to do the program. We gave the district offices one year to retool the information systems so the schools could function.

The previous system had operated by dealing with problems that come up and solving them. But if the money is to go to the schools, planning had to be done more on the front end, which involved a different skillset. On August 31, we closed shop the regular way and on September 1, we opened the new way. We had very few casualties because the day we changed the rules, the staff behaved differently in the new environment. Like at the seven schools we started with, a creative energy emerged. People went to work, took on ownership, involved their communities and they treated the money like it was real so they wanted value for their funds.

The financial people did not believe it would work. The head financial officer refused to be bonded, so for a 2-year period, I was the superintendent and the first in the province to also be the chief financial officer. I found that you had to pull it in to push it out

because the people who had it were not ready to push it out. When we put the money out the end of the first year, the financial people approached me and said there would be a scandal in Edmonton, so we should call a meeting of the school board because there is too much money for education. They said there was a carry forward of 2 percent of the money. I told the board that for 100 years we have been telling these people they do not know how to handle money, and the first year they get a chance to do it themselves, they carry forward 2 percent. Would you think having 2 percent of your earnings left over at the end of the year means you are living high on the hog? There was no ripple in the community whatsoever.

Once you are on the right path, you move on to other things you did not think were possible. Under the old setup with a central budget, a certain amount went to schools, but some was saved back in case there were problems. At the end of the year when there were no more problems, if there was money left, you had to spend it or else how would you justify the next year's budget? We found that if the schools thought their costs were going up the next year, they would budget accordingly to plan for that. If they found out their costs were going up 6 percent, we would give them an education cost index, but if they were only getting 2 percent more money, they had to plan for the 4 percent loss. The greater the change the coming year, the bigger the carry forward a school would have. Under the old setup, you would freeze all the accounts and say you could not spend any more. But this system produced a bigger carry forward the worse the situation was.

In organizing for achievement, we had to decide what the central office would be responsible for and what would the schools be responsible for. It is equally important to honor and decide what should be at the central office. That is important. This is not schools against central and central against schools. It is a balance. You align the money with the responsibility because it is a mistake to put the responsibility one place and the money elsewhere. If your chances of getting the money you need is better from a donation than from your district, you know you are in trouble.

In 1980, we had 98 percent identifiable funds at the central office and 2 percent at the schools (page 5, Exhibit H). By 2008, we had switched to 92 percent at the schools and 8 percent at central (page 6, Exhibit H), so the schools have the money and they drive the demand. Under the old setup, the schools were the recipients of everything coming down, but with the new system, they were the initiators coming for service.

The behavior of people was unbelievable. People said the schools would go off all over the place. On the contrary, schools initially were very cautious. As they became more adventuresome, they did new things in their schools, identifying the barnacles which were the things they wanted to discard. It was a form of obsolescence. If you tried something new and it spread like wildfire because it was successful, then it was a diffusion of innovation. If it did not work, you did not repeat it. It is common sense. In many cases, the decisions made by the schools were exactly the same as the ones that

would have been made for them, but they thought hard about these decisions and then were committed to those choices.

Before, when I was in a school, we got so much allocation and if it did not work, we found that if we could create a problem, our chances of getting more were better. Especially if after you got your first “No,” if you could write a blistering letter or get some community members involved, your chances were even better. When you discover that what gets you rewarded is failure, you go into business. It did not take me long as a principal to learn that.

With the new system where schools were empowered with their own money, they were looking for solutions instead of problems. It is different if your mindset is to solve problems rather than create problems. The schools and the central office started to work together. We had three casualties who were people who left the school district because they could not move money around with the two differing budget years—the calendar year and the school year. They said they could not do that because it did not fit into the right year. I said, “That is right—do it right the first time and you do not have to balance anything.”

The principals were held accountable with the system we implemented. Accountability was very strong because there were those who thought schools would go off on a tangent. I defended what the schools were going to do, but it had to be within a framework. Just like on a busy freeway, where half a million cars are traveling safely and one accident makes the evening news, I knew that sooner or later, someone would do something dumb and that would be what would make the news. So we wanted information about the performance of all the successful schools who, like the half million cars traveling safely on that busy freeway, were doing things right.

We sent out a survey to parents, students and staff every year and our lowest response rate was 90 percent. The principal was accountable to involve the staff and community and to recommend a budget at a public meeting in his or her school. We tried to stay out of mandating process and instead focus on results. In one of the elementary schools a grade 5 student got up and presented that school’s budget and was able to answer questions about it. There were other students who would have also been able to do that presentation and answer questions. There were tears in the eyes of many members of that public audience because the kids at that school were so knowledgeable about what was going on at their school.

From our survey, we learned that 98 percent of parents felt welcome at their school. The first year we did the results, 82 percent of the parents said they felt welcome. In the old system, if a school board member would tell me he or she heard parents are not welcome at the schools, I would check it out. I would check with staff and 3 months later we would come back with a report saying we had learned there were some parents who did not feel welcome at school. We wanted to appoint a supervisor to help with this

issue and we wanted a \$300,000 budget to implement it so next year, parents would feel welcome at the schools.

Instead, in our new system we asked the parents in our survey and 82 percent of the parents said they felt welcome. The next year, when they knew there would be questions about this issue on the survey, at some schools there appeared a settee in the reception area to make parents feel welcome. There was no formal program; it was just done at each school.

From our survey, we also learned that 92 percent of the parents had confidence in their child's teacher. Think about how many of our teachers go to school in the morning knowing they are 92 percent supported by their community. If you wake up feeling you are a 50 percenter, by the time you get to school you are a 40 percenter and if you get a couple calls, you are drained. We also learned that 93 percent of parents had confidence in their principals and that 86 percent thought staff communication was good in the school district, a figure that had been under 50 percent before we empowered schools. We discovered that the closer you work with someone, the more faith they have in you.

From the survey, 75 percent of staff reported that they had an opportunity to be involved in school-level decisions affecting their work. We did not mandate site-based school councils initially, although later on the state mandated a few things and we met their requirements. There were schools where 100 percent of the staff reported they had the opportunity to be involved and there was one school where only 10 percent of the staff felt they were involved. That is a different school and if I am an area person in charge of 30 schools, that would be a different conversation. From that same survey, 85 percent of staff felt their work responsibilities were fair and reasonable and 98 percent of staff felt the school system was a good place to work.

The system we devised went into effect in 1980 district-wide and I left in 1994. The system continues today. There have been attempts to undo the system but the resistance in Edmonton was interesting. The principals fell into line and did not complain much about some things being taken away. The two strongest components in Edmonton were the staff members and the parents because it was so institutionalized after more than two decades.

Calgary, Alberta, the neighboring city, does everything opposite to what Edmonton does. More than 20 percent of the students in Calgary attend private schools and in Edmonton it is 1 percent. Six of the province charters in Edmonton have become public schools because everything they had as a charter is available within the school district with more services available, such as human resources, professional development and financial services.

One of the reasons the Wright brothers took off was that they knew nothing about retractable landing gear, infrastructure of airports or the sociological implications of

frequent flier points. The reason we took off was that we wanted to do something very simple, asking the question, "If it is wrong, how would you put it together?" That was where it all started.

Senator Hardy:

You answered the question about Title I funds being able to go in some way directly to the school while having some oversight by the central office. You did not break up your school district, but you gave individual schools the opportunity to be responsible for their own money and use their 2 percent carry forward the following year. How did the bonding happen with central versus school site responsibility?

Mr. Strembitsky:

Breaking up the school district was not the issue in that community. We started out very simply, unlike when I started to work with CCSD where the first four schools were reconstituted. There was a 17-page application. In Edmonton, we picked seven schools and decided to try it. I said to the school board one night, "When I take reports of the board, invariably, one board member or another asks me what the schools think about this?" I try to answer as the superintendent, but the truth is, I do not know because the schools do not write the reports. The people who do that are the people in central. What I want to do is find out what the schools think, so I told them, "We are going to try it with seven schools and if it works, you probably will not hear about it. If it does not work, you will be the first to hear about it, so please let me know."

In terms of what we did for governance, we initially divided the city into 12 parts, with 6 administrators overseeing about 30 schools. We later expanded it to 14 parts with 7 overseers, each with one inner city part and one outlying part. Demographics are different everywhere. Edmonton at one time had 80,000 kids. That part of the city today has 40,000 kids and a new district has been built up on the periphery of the city with 50,000 kids. This meant you had to provide new spaces on the periphery but on the inside where there had been spaces for 80,000, there are 40,000 today. I was very conscious of the socioeconomic breakdown.

Senator Hardy:

Regarding central function, what was left there that the principals did not have to do?

Mr. Strembitsky:

Initially, it was more than 70 percent of services. We had to get over a tipping point or else it was not worth doing. In subsequent years it moved higher. In the work I did in the U.S., I excluded items that were not comparable because of our different laws. The bond issue is different when you work with charter schools. The bond issues are now at the province level and not the district level because 100 percent of the taxation has been taken over by the state; same with the buildings.

Secondly, we have no federal food programs in Canada schools. There is no federal presence in public education. We have lunch programs, but it varies by school. Where they have it, it is an in-school program, not a district offering.

Thirdly, I did not include transportation, mainly because in Edmonton we took all the transportation money and the issue was whether we would put it to the school level. The special education transportation money went to the schools for special education transportation, but all the other money went to the parents. If the parents chose to buy a bus pass for their child, either through the city's public transportation or through yellow school buses, they paid a monthly subsidized fee by choice.

Those were the three big exclusions. The other things that were central for the most part were financial services and human resources for recruiting staff into the district and working with schools in the selection process. The difference was that schools did the selection of the teacher or staff member; we did not just send them staff members. We did not want 200 schools recruiting staff, so if whether or not someone was good enough to work at Edmonton Public, it was a job of the central district's HR department to find that out. The selection from within that pool was by the schools, however.

One thing HR found out when the schools got the money was that they hired people that the schools were not selecting. That required the HR department to find out what it was that the schools were looking for in teachers. They began to take teachers and department heads on recruiting trips. We worked out a system whereby if you took staff from a school for a trip like that, since HR had money for recruitment, they reimbursed the school for the time lost in that teacher being absent. We kept track of the funds going both ways, so if central wanted to use school staff, they paid for it.

Assemblyman Stewart:

What about teacher salaries? Were they set throughout the district or did each principal make that decision? Was there a teachers' union?

Mr. Strembitsky:

We are bound by collective agreement. Since 1935 under Alberta law, anyone who has a job that requires a teaching credential shall belong to the union. One of the big issues we had to decide was whether to go with actual salaries and benefits or with district average unit cost and benefits. In Edmonton, the decision was made, which I am responsible for, to go with average district salary and benefits.

Assemblyman Stewart:

Could a principal do bonuses or merit pay?

Mr. Strembitsky:

No, under the collective agreement that could not be done.

Mr. Ouchi:

Maybe Eric could comment on the issue of actual versus district average salaries. The question is, what do you charge the schools for their personnel? This is a really important issue for you.

Mr. Nadelstern:

When we charged average teacher salaries, which we did for many decades, we began to realize schools in the poorest neighborhoods were being underfunded by as much as \$2,000 per student because they had the least senior staff and a revolving door for staff. The most senior teachers always want to work with the kids who least need them. It is human nature among teachers. So the middle class schools would have the highest salary expenditures and the poorest schools would have the lowest. We opted for real teacher salaries and the principals had to decide, based on available funds, who to hire and in what stage of their career. The union argued that there was a natural bias against more senior teachers. We did not see that, but we did see principals with a newfound focus on whether they could afford the teachers they wanted to hire.

Since we were just talking about what to retain at central, I would add that legal needs to stay central, plus a small communications staff, accountability, budget payroll and new construction bonding. I would not keep HR centralized. The worst functioning offices in most school districts are HR or IT, and it is a tossup whether you centralize the meal program and transportation. Those are not extensive offices. Each one would require one or a handful of people.

Mr. Strembitsky:

We left the HR recruitment and the service to the schools at the central office. We would advertise a job, post it and receive the applicants, and that became a service to the schools. We would talk to the schools about the recruits. We would set up the interviews if the schools wanted that. We did it as a service to the schools, so HR was truly a service department. We still had a number of people providing service to schools and the schools were not paying for this. The demand for those services started to go up because schools were looking for free services. At one point, I said we would take money out of the allocation to the schools to pay for that service and the schools responded that we could not do that.

In 1985, we started charging for the services and we needed a system to do that and to design the system we needed information. So I asked people to log their time in three categories for 4 months—how much time does the school ask of you, how much time did you spend in the schools advertising what great things you could do to contribute to that school, how much down time did you incur in travel, professional development, staff meetings, etc. One person who had been a supervisor for 19 years had 1 hour of school-asked-for free time requested in 4 months for \$20,000 of salary. It is a rich school district that can afford someone at \$20,000 per hour. Two years later, that

person was not with us and two people replaced him and couldn't keep up with demand. It was not that they did not need the service; they did not need it from that person.

One of the things that happened with those 200 professionals in the old system is that you had to have multiple people—supervisor, assistant supervisor, consultant, etc.—with each department like physical education, music, drama, reading, math, etc. When we went to the new system, they became 200 consultants who were self-administered in providing services. There were two people who supervised them, looked after their professional development and things like that. That was one of the better things we did. At budget time, the budget for 200 people was \$0 because the schools were paying the consultants. The money was in the schools but could be driven and they learned how to manage that.

Senator Ford:

I am concerned about HR being decentralized. We have 336 schools in CCSD and we want to allow them to compete against one another for teachers. I am concerned about lower income and more diverse schools having to do their own HR and recruiting and being able to compete with the other schools. I do not know how you practically can allow that and expect us to be able to find good teachers in these schools. We already have several substitute teachers in most of the poorer schools out there. Can you speak to that?

Mr. Nadelstern:

I think teachers and principals follow the opportunities that are out there. The opportunities they are looking for are places to be thoughtful, if not innovative, educators where they have the authority to make important decisions. Most often they are willing to trade that off for accountability. If you can create the kinds of circumstances where people want to teach, they will flock to that circumstance. I am all for schools competing with each other because we know that competition breeds innovation. It is almost absent in public service, but we know that in other parts of the economy, competition breeds success. We are not all driving a Ford Fiesta. The ability to compete with each other drives the kinds of innovations we have come to expect.

Senator Ford:

My concern is that we already have a circumstance where our lower income neighborhoods have fewer qualified teachers and more substitutes. We are talking about a lot of change going on here. If we were to implement every bit of change at the exact same time, there is no way we are going to see equity.

Mr. Nadelstern:

I was once in the superintendent's office in Ocean Hill-Brownsville, a poor neighborhood in Brooklyn. The superintendent was saying, "I cannot beg, borrow or steal a math teacher. If I cannot find enough good math teachers, I am just going to eliminate math from the curriculum and have the other teachers integrate it into their classes." She then

told me she was on the chancellor's union contract negotiating committee and she thought we should do away with teaching preps. I pointed out to her that if her district was doing away with teaching preps, and the wealthiest district is increasing their teaching preps, then she is going to lose in that competition because math teachers are not going to come to her district.

So creating the circumstance where schools have to think deeply about creating conditions under which people will want to work there instead of at other schools is a healthy condition. I think schools in poor neighborhoods can compete effectively if they figure out how to get the rewards, consequences and conditions right. The bottom line is, it is a detail and you can agree with me or with Mike. If I were putting together that central staff, I would not include HR and Mr. Strembitsky would. It is not written in stone, you will decide for yourselves.

Senator Ford:

It is a great theory; I just wonder about the practical aspect of what happens to those kids while we are trying to get it implemented.

Mr. Strembitsky:

One thing we found that is the single biggest determinant of a school's success or lack thereof is the leadership of the principal. When I became superintendent, principals had tenure in a building. We found that the reality is about 2 out of 10 principals can take a school and zoom it. About 6 of the 10 principals are maintenance people—if they come into a school and find it where it is, they maintain it. About 2 out of the 10 principals can take the schools down. That is the reality of the tenure laws. Even though principals had tenure in their buildings, we had developed a culture where, if principals got an offer to move, they did not refuse. When we placed our best performing principals in the toughest schools, staff would flock there like you would not believe.

One thing that concerned me greatly was that in these schools when it came to staffing, there still is a management aspect. If you have a school of 20 teachers and you have 10 people who are either non-credentialed or substitutes, at some point there has to be some way of managing that in such a way that there is equitable treatment.

Mr. Ouchi:

This is important, the HR staff issue of whether you charge average or actual salaries. This is a high class discussion to be having. It speaks volumes to the degree of your seriousness about this venture. Early on in this process, the various constituencies who will ultimately have a voice are already well on their way to developing their interpretations of what they think you probably have in mind as well as their expectations for what they think is within the range of likely results they can try to influence. One of the biggest, hidden issues is this issue of when we send the money to the student and the student to the school, we are then going to cross-charge. The check is not actually going to go to the school. The allocations are going to go to the school,

but the check is going to actually be deposited in district headquarters for record-keeping purposes. But the decision making is at the school. The district will then charge the school for its employees. The question is, what will it charge?

In Oakland, California, a very diverse school district, there is a section in the Berkley Hills referred to as the Piedmont where the Piedmont matrons live. It is a very high income neighborhood. Down in the flats is where the poor folks live. The schools there have very high teacher turnover. Their typical teacher with a bachelor's degree is within their first 3 or 4 years of teaching, having started at a salary of \$42,000 and making around \$46,000 after a few years. Up in the Piedmont, the teachers have been there for 30 years, earning around \$85,000 on average.

What the Oakland Unified School District has been doing, which is what 99 percent of U.S. school districts do, is charging both the rich school and the poor school the same amount per teacher, around \$60,000 average per year. The poor school is being charged \$60,000 for teachers who are actually more like \$44,000 teachers. The rich school is being charged \$60,000 for teachers who actually cost \$85,000 per year. The poor kids are subsidizing the rich kids in a very big way.

New York City saw this and Joel Klein, the Chancellor of New York Department of Education at the time, anticipated that he was going to have to make a choice. He anticipated that if he was going to go with average salaries, there would be minimal conflict in the district, but there would be minimal change in the inequitable distribution of teaching resources. If he charged actual salaries, there was going to be hell to pay and people would come after his skin. So he went with actual salaries.

There are several interesting parts to this. Some will say an \$85,000 teacher is worth twice as much as a \$44,000 teacher. In what way? They do not teach twice as many students. Are they twice as effective? Giving the students twice as much value? Some would say yes, and others would say no. They might say a high priced teacher probably is less energetic than the lower priced teacher. They have more skills and less enthusiasm. Which is true? And is it true for all teachers?

From the principal's point of view, it makes an interesting strategic role and choice that most principals are not accustomed to having—I can have a larger number of teachers with less experience or a smaller number of teachers with greater experience. More teachers would translate to smaller class sizes, or maybe it is important to have more experienced teachers even though the class sizes would be larger. Many other variables could be factored into making this choice.

Oakland was in receivership; insolvent due to borrowing money the city could not pay back, so the State of California had to step in. They suspended the superintendent and the school board, removing all their powers although they were still in place. Their powers were then granted to a state administrator appointed by the California State

Superintendent of Public Instruction. That administrator was tough-minded and installed a weighted student formula and school choice, decentralization and actual salaries. Three years later, he told me that most everything worked out pretty well. There was historically a horrible skepticism from the large African American community in Oakland that they would never get a fair shake from the Oakland Unified School District. There was a huge gulf. It was greatly reduced, though.

The one thing that disappointed him was that when he went to actual salaries, the poor schools had more money and the rich schools had less. That was okay with the rich schools. They were still able to adjust and parents donated to the school. The poor schools were overjoyed with having more money than they had ever had, but they could not fill the teaching slots because so many teachers did not want to teach poor black kids. In any other city, it could be any ethnic group, but the bottom line is that many teachers do not want to teach poor kids.

Ultimately, what Eric Nadelstern is saying is very important. A principal needs the resources, tools, flexibility and time to figure out how to generate a situation that is attractive to a teacher.

Chair Roberson:

On this Committee, we have talked a lot about money following the child. It seems to me there is no question that if we truly want the money to follow the child, the district needs to charge the schools for the actual salary, not the average salary.

Senator Ford:

You are spot on. On the one hand, I have said I have concerns about an immediate and abrupt change to the Human Resources Department (HR) going to the school site. But if the principal needs time to develop a marketing scenario to attract teachers, it makes more sense that we will have to offer time to the District to make the transition to the type of program you are talking about. An immediate implementation of HR going to the schools does not seem to be practicable or even possible. I think there is a difference in per pupil expenditures between New York City's public schools and Nevada. The last I heard, it is about a \$14,000 per year difference. This offers a little bit more relative to opportunity for innovation. I think that is also part of what we are talking about.

Mr. Ouchi:

I recently looked and in New York State, unlike in California, schools are supported by the property tax revenues in their area. For example, in Westchester County, New York, where the Scarsdale Public Schools is located, they spend about \$34,000 per student per year.

Mr. Nadelstern:

New York City Department of Education's per pupil expenditure is about half of that; around \$17,000. Schools might see somewhere between \$8,000 and \$9,000 of that.

I want to get to the heart of your question. For 18 years as a principal I never once wanted HR to send me anyone, primarily because my school had a specific philosophy and the teachers I hired were teachers who believed similarly about how kids learn best. The reason to give school communities autonomy is for them to figure out together what they believe about how students learn best. And HR, no matter how you structure it, is tone deaf to that question. I would rather have a vacancy in a hard to fill position than have someone come in with a differing philosophy. The most successful schools I have seen are those where the principal and teachers have come to terms with what their belief set is and what their educational principals are. Everything in that school comes back to those philosophies and belief sets. Often, the students can speak to those points of view as well. In that circumstance, I definitely want to hire my own teachers. There is no HR system in the world that I have ever seen that is capable of making those fine distinctions.

Chair Roberson:

Regarding the difference in per pupil allotments, we need to remember the cost of living is dramatically different in New York City than it is here.

Mr. Strembitsky:

This is where you have to parse words very carefully. When Eric Nadelstern says he has never wanted an HR department to send him a teacher, that is not what I said. I said HR would do the service work for the principal and if he or she wanted all the applicants' files, they could have them. But if they wanted some service work, the central HR office could help with the mundane things like recruiting and processing applicants. There is nothing wrong with asking for service.

Regarding the discussion on actual versus district average teacher salaries, when we did our change in 1960 in the environment of collective bargaining, we would not have gotten off the ground. It would have been union busting. For more than 100 years, the single salary scale has been in effect based on years of service and training. There is a very low correlation to what teachers are worth. As a free market entrepreneur, I believe the teachers should be paid what they are worth, but the collective agreement is not based on that. It is based on what the entire teaching body is worth and this is how the money will be distributed. When I say district average salary, I have glossed over the fact that some teachers are better than others. When they go to actual salaries, they have glossed over the fact that teachers are not paid what they are worth individually. They are paid based on years of training and experience, which is not what they are worth.

Mr. Nadelstern:

When I was principal of a small school, I would set aside as much as \$200,000 a year from my allocation. I could have hired four teachers with it, but instead I would compensate my staff for those who want to do additional work on behalf of kids. The rationale was that I did not want them running out at 3 p.m. and have to get another job

to make ends meet. I would rather pay them to continue to serve our students. You find that the people who work the hardest are the people who generally overlap with the most effective teachers. It is a way to compensate people when your contract mandates that they are all paid the same thing. In New York we call it “per session.” Teachers could be compensated by as much as \$8,000 per year over their base salary. Today when I talk to people who were teachers in my school 30 years ago, it is one of the things they remember—that they earned more than they could have anywhere else by taking advantage to do more work on behalf of kids.

Assemblyman Stewart:

You mentioned liking to hire teachers into a principal position. How did you pick a teacher for that potential job? How did that sit that with the unions?

Mr. Nadelstern:

My strong belief is that the best teachers make the best principals because supervision is adult education. The things good teachers learn in classrooms can be applied to their work when their “class” is the teachers in the school. The supervisors union was not thrilled because they noticed that in our small schools project, many more of the new principal appointees were teachers, not assistant principals. From my experience, I can tell you that the job of assistant principal and principal are two very separate skillsets. I have been in charge of things and also No. 2, and being No. 2 is very different, requiring different skills and personality traits.

Chief executive is a very clear personality type. The number two in the organization is processing the paper and dealing with other defined jobs, functioning less well under ambiguity. It is a very different personality type. Regardless of the union’s perspective, I picked the most effective teachers and those who were interested in leadership.

Assemblyman Stewart:

You did not answer how you selected the teachers to be principals.

Mr. Nadelstern:

We looked at those teachers who demonstrated the greatest effectiveness with their students, who had unexpected and positive student gains and those who wanted additional leadership responsibilities and were interested in working with adults in ways they had similarly worked with children.

Assemblyman Stewart:

Did they apply for the job?

Mr. Nadelstern:

Yes, and we would also cultivate them. We identified the teachers in our schools who we thought we should encourage to do that work. We did workshops after school for

teachers interested in school leadership. On a lot of levels, they self-selected so we chose from among the most effective of those teachers.

Assemblyman Stewart:

Mr. Chair, I think these three gentleman have done an excellent job of presenting some very helpful facts and situations for us.

Assemblywoman Neal:

I agree. Regarding the decentralization of HR, I like that idea. I have heard more often than not that HR at CCSD is more of a gatekeeper, where there are people who do not filter in or filter through promotions. Even though Mr. Nadelstern said that as a principal he would send back some of the teachers sent to him from the central office, at least there was a choice where he could say he wanted to pick who would join his staff to build the culture he was seeking. And with Mr. Strembitsky, there was also choice since central was servicing the schools and offering them their choice of potential teachers. Ultimately, this might allow for diversity to exist on a particular site location because the principal is aware of the characteristics of the school and can make the decision about the type of teachers that would fit that school population with the appropriate classroom management to deal with those at-risk students.

I personally have learned so much from all three of you in terms of things to analyze, issues to address and how to look at a system and some of the flaws we have been overlooking. We keep saying we want good schools, communication, access and we want to believe the principal is going to educate our kids and that there are quality teachers in the school. Ultimately, the decision making has to come to the school site. We call that empowerment but at the end of the day, it is a site-based decision to make sure diversity exists. With a majority/minority district like we have in Clark County, you have to make sure you are lifting those communities. What we have seen time and time again is that at-risk communities, largely children of color, are still behind and not meeting the needs, so this idea of decentralizing HR is a good move.

Ms. Diaz:

Nevada does not have weighted funding so our money is not following our students. Mr. Ouchi, can you tell us why it would be wise to decentralize before we implement a weighted funding formula?

Mr. Ouchi:

The heart of school empowerment is giving schools control over their budgets. To tell the public they are going to have school empowerment while you continue to allocate the money as you do now, is likely to lead to cynicism from the public about the whole idea of school empowerment. It is crucial that you get that ironed out in advance.

All the advice you have heard from Mike Strembitsky and Eric Nadelstern is, in my opinion, absolutely correct. Where it sounds as though they may be taking quite different positions, I think actually the positions are not so different. For instance, on the

HR issue, I doubt a school would want to do all the background checking, state-required criminal background checks, etc. You will want a centralized function to do that because you do not want mistakes, you want experts doing that. But when it comes to choosing which teachers you want at your school, the school should be able to choose and both of these gentlemen have always given that decision power to the school. Not only that, they do it in a way that de facto requires the principal to engage the teachers in the evaluation of those potential new colleagues of theirs.

My basic overall advice is that you continue to learn more and see to it that you have a small staff capability that is reliably expert at understanding at the state level and at the district level, school budgeting and school accounting. It would be helpful to have somebody, maybe from a university, who is expert enough about evaluating standardized test scores to continue to educate you on that, because that is an arcane topic that is misleading and deceptive. It is difficult to become an expert on that topic, but it is not difficult to get yourself an expert who could help you to understand.

Mr. Nadelstern:

School districts can hire service providers to do background checks in consultation with the FBI so you would not need to create a division for that task. It is much cheaper.

Mr. Strembitsky:

I have two observations. Regarding the HR function, when it comes to outside contracting, we took the position that if the services were provided in-district and people wanted to avail services within the district, that was fine. If they wanted to deal with outside vendors, those had to be preapproved for doing business with the school district. We would publish the list and schools could deal with those people directly. We did not want to run into a fly-by-night operation doing recruiting and evaluating.

The other observation is regarding services. We took the position that services within the school district or outside it had to compete with one another. For example, we had three full-time musical instrument repair people before empowerment, and the instruments and repairs were both controlled by central. When the schools went on the empowerment system, some people wanted to let the instruments go to the school level but leave the repair to central because they had the three tradesmen. We found you cannot do that. If you do one, you have to do the other. So we put the repair to the schools and they wanted to know if it was worthwhile to repair instruments or should they buy new. They wanted an estimate. We said we do not do estimates; we have a work order system. If you want an estimate, we will charge you. The schools said they could get an estimate in the private sector. The upshot was that the schools also wanted repair guarantees, which they could get in the private sector. We went down to one music repair tradesperson. When I left the district, more than 90 percent of the music repair business was going to a private firm owned by two former employees, now giving estimates, guarantees, etc.

To the question of the power of a school board and superintendent, we had someone go to a convention and come back with the idea to hire two reading teachers so reading achievement would go up. It went from two teachers to six, to twelve, to twenty-five and then we got a supervisor and a parent community and it grew and grew to equivalent 600 full-time positions. The previous superintendent wanted to question whether this was worthwhile, but found he could not take on the lobby of 600 employees, plus the supervisor, plus the parent community.

The big issue after he left was whether we would put the money to the schools to pay for it. We did. Initially, close to all 600 were retained by the schools. When I left, there were 6 people left out of 600 because each school figured out to do what they needed for reading achievement and they did not need those extra people. This is the power of a superintendent because previously that person could not touch it. But when you start doing what each school needed, and added that up at the district level, they did away with the service. Which is the more powerful superintendent? The one who is a prisoner in a cage, or the one functioning to provide the service you have been hired to render?

Mr. Ouchi:

Mike Strembitsky said earlier that the actual salary versus average salary issue would have been a nonstarter in Edmonton at that time if he had insisted on actual salaries, because the senior teachers would have prevailed on their union to refuse to accept such a provision. There was presumably at that time the fear among older, more experienced teachers that they would be singled out for elimination because they were expensive. In New York, the same concern was present and the decision was that while the new policy was implemented, they did their analysis and looked at the rate at which teachers were likely to retire so they could establish a policy that no teacher would be fired because of seniority. That would be illegal now. It ended up not being a barrier.

Ms. Diaz:

Mr. Strembitsky, you were involved in adopting the empowerment model in the past. We do not have it now. Can you render some insights? Is it because we have not increased the funding in the State of Nevada education system where we have come to a crossroad and could not go on with it? Do you have any thoughts on why we started it, then it fizzled out and we do not have it now?

Mr. Strembitsky:

I do not want to play on your words fizzled out, but that is probably very appropriate. When it got started, I was with CCSD as a consultant when it went from four empowered schools to eight, to sixteen schools. As a consultant, I was not in charge. We really moved, and I have to give full marks to the people involved. Candidly, what happened with us was that we hit certain crossroads. From there you have to decide to either take the next step, which is to move ahead, or you have to decide to not move ahead. At that point, what you should say is that you have decided to kill it, but there would have been an uprising because there was enough momentum. So you then take

a finesse action where you do not decide to move ahead and you do not decide to kill it, so you just diffuse it.

There were a couple of key events that happened in the CCSD as to why we came to a juncture and stopped. There was an attempt to maybe resurrect it, and then kibosh. The people in the District could answer better what happened. There was probably a reason. From working with that group, I couldn't believe the development and growth of the people I worked with, both in central and at the schools. We got to a certain point and the expectation was to move forward, and we did not. Bluntly, it was freeing up the money from the encumbrances. We made certain commitments. When I left the District, we were up to about \$80 million.

The schools believed they could do things. When they started to do something, as long as they did what was previously done, it was okay. As soon as they wanted to change it a wee bit, somebody would pull it back. I sat in on a meeting where somebody was told they could not do something with a position. This is hypothetical, but let us say that at the time, it was a \$100,000 position. The central person said the school could not do that and "If you insist on doing that, I will pull the position." Now you see it, now you do not. The central person explained the position was a gift, so they would pull it back. The only reason the central person had gifts to give is because there were students in the district. No students, no gifts. So then the principal asked, "Can I get half of the \$100,000 and use \$50,000 the way we need it?" The principal was told, "No, use the \$100,000 the way I want you to use it or I am pulling it." That is why we floundered.

Mr. Nadelstern:

The origin of CCSD even thinking of empowerment was from a superintendent search early in the millennium. The idea came from the outside, was supported by groups outside the District and the District reluctantly embraced it but never really supported it. Mike Strembitsky was the unfortunate one to have to create a real initiative out of something for which there was support in the field, but not at the central office.

Ms. Diaz:

The concept of giving the autonomy for teachers to do the best thing by their students is important. Many teachers like myself have been frustrated in the past when you are told to do things a certain way because you are a certain school and you have to abide by certain things. You feel like your training, intellectual abilities and creativity are all stifled, and when teachers are not happy, it trickles to the students and parents. The autonomy would bring a lot of joy back into the field of teaching where we are struggling to find people to be happy and say, "Yes, I want to be a teacher because I will be valued and seen as an asset." This model you implemented in Edmonton would bring a lot to Nevada.

Chair Roberson:

Mr. Strembitsky, you were telling the story of your experience with empowerment schools and the model here in Clark County. It sounds like there was too much deviation, and you know what happens to deviants, as you said before, so the school district got people back in line. Would that be accurate?

Mr. Strembitsky:

Yes. A number of the people tried and believed, but they also ran into established procedures that precluded their independent action. So much of this is that the organization determines people's behavior, whether we believe it or not. I like to believe that as an individual, I have a lot to say about what I do, but within the context of an organization, it was set up to do things differently than what this model requires.

Mr. Nadelstern:

Another way of thinking about that is that all organizations are perfectly designed to get the results they achieve. If you want to see different results, you need a different organizational structure.

Assemblywoman Neal:

You are finally saying what other people have said, which is, when it was decided that change was going to occur and then it got rolling, there was unwillingness to change the first ideology to the new ideology. So progress was stagnated within the organization. What I think is so weird is that how can you be an organization that is set up to serve and produce academic achievement and then when someone brings you the option to get it, you literally get in your own way. It is like we are walking in some mythical kingdom where the person keeps repeating the same faults and issues.

Ultimately, we should have a conversation around what were those procedures they were unwilling to change? This is pretty ridiculous because it sounds like they are a political organization rather than an organization that serves children. That is a problem for me, because a school district is not a political entity. You serve children. That is what you do; it is your first job. If it became something else, you either need to fire the people who have the ideology who will not perform the job of teaching and educating children and get them out of the way so we can stop this wheel spinning that is not moving us forward.

Mr. Strembitsky:

When I told you the story about the typewriter and that fellow who walked into my office and was upset, if I had said to him, "I am sorry you are upset, we have standards, you are right, we will not let that school buy that typewriter," then we would have killed it right there. It is not what you say, it is what you do. The big thing we found was that we were so long on the belief system and the buying in, but we were short on the delivery. That is going to be the challenge.

Senator Hardy:

The CCSD has a governance policy that I think has worn out its welcome with some of my constituents. We have had community education advisory boards that have been very good at bringing information from the trenches to the central office, but many people I represent are concerned with the ability to have access to policy directions and decisions. The CCSD is so big that it is difficult to have access to the decision-makers.

Is there an elected position either under, over or around a huge school district that is accessible to people so when a parent calls and says their child has a problem, they have access to somebody who can listen or write a policy that says this is what can be done? That is one of the challenges in my district—making sure the parents have access to policymakers so they can make institutional changes that will allow their child to get the education they need. Has anyone looked at the election representation angle of this, not just the financial empowerment?

Mr. Ouchi:

When you have a county district like CCSD, it is unique because there is not a mayor or one person representing all the families included in the county school district. Los Angeles considered a law when Antonio Villaraigosa was elected Mayor. They proposed a law that would have created a complicated governance system giving some indirect representation to several municipalities within the L.A. County and some outside of the county that also send students to the Los Angeles Unified School District. It was a beast and did not survive.

In Chicago, when young Mayor Richard Daley was elected, he did not want to touch the independent school board, but it was clear he had a dysfunctional district. He asked the Illinois Legislature to leave the apparatus alone with one change—give final decision authority over approval of the school budget to the Mayor of the City of Chicago, and they did. There was still a school board but they did not control the budget; the Mayor did. A lot of change took place during his tenure, but his service ended and the next Mayor did not have the same agenda that included K-12 schools. It is really not a stable solution. This is the hard part of your task—it is a pioneering effort to come up with a solution.

Chair Roberson:

To the extent you feel comfortable based on your knowledge of CCSD and the one day you spent here with us, I would like you to give us any general, preliminary recommendations for this Committee as we move forward in developing a plan. It would be my interest to have this Committee work with one or more of you in the development of this reorganization plan to the extent that you have the time and availability.

Senator Ford:

Can we ask questions of the CCSD personnel and the teacher and administrator union representatives who are here in the room?

Chair Roberson:

Yes, who would you like to come forward?

Senator Ford:

The Superintendent and a union representative would be great. We have heard testimony about the ratio of principal to teachers being similar to the ratio of teacher to students. I would like to ask the union representative if they had an opinion about that. It sounds good to have the same ratio between principals and teachers as with teachers and students. I would like to know what you think is the best ratio most appropriate for good leadership.

Stephen Augspurger (Executive Director, Clark County Association of School Administrators and Professional-Technical Employees):

It varies so much across our District. If you look at a big high school with 3,500 kids, you might have a principal who will supervise 200 staff, and 150 of those are teachers. Granted, that principal has other administrators that assist, but that is a lot of people for an individual to supervise. If you look at the ratio that exists in private business, maybe one to seven or eight is what a supervisor manages. I do not think that is affordable in the public sector. Even if you look in our small elementary schools with 400 students, they probably have around 20 teachers, so the ratio would be much smaller. It is not a simple ratio. It depends on many factors, like the kind of building it is, the kind of staff, the kind of children at that school, for example, because all of that gets rolled into how you supervise the licensed people in that building.

Senator Ford:

To the grand idea of open enrollment for every school in the District, do you have any thoughts? How would it affect transportation?

Pat Skorkowsky (Superintendent, Clark County School District):

I think it is a great concept and parents should have choice about where their kids go to school. Regarding the transportation issue, we currently run about 1,550 buses a day in three morning routes and three afternoon routes for each driver. In the past, we have used a citywide magnet transportation system, so we allow that choice to happen on a much smaller scale. We had hubs at elementary schools or middle schools, and we met the needs with our previous number of magnet schools. As we grew with magnet schools we found costs were getting high, up to \$40 million if we were going to do district-wide transportation just for magnet schools. We can work with our transportation department or work with outside entities to try to see if there is some sort of routing and scheduling issue we can address. The challenge we faced during the 2008 recession was that we changed our bell times and reorganized transportation to save about \$10 million per year. That included changing some of the ways we do business and some of the students we transport.

Senator Ford:

Could you estimate the cost of open enrollment for all schools? I do not think it is a practical approach that we can take in the short time we have, but I would be interested in understanding what that number would look like if we literally had open enrollment for all schools, not just magnet schools, and what the transportation issues and costs would be and any other items that would be affected.

Mr. Skorkowsky:

One of the things that would be a little more difficult for us is the fact that we do not have a robust public transportation system like New York City. We would not be able to utilize our Regional Transportation Commission (RTC) bus system as much as New York is able to use their transit system. We could look at those partnerships, though, with RTC; trying to get bus stops closer to our schools, and we know they have fiscal challenges with that. Maybe the competition about having schools with very few students would be illuminating because, as we have heard today, competition is not a bad thing. I would have to think about some of the bigger issues but we could look at those.

Assemblywoman Neal:

I want to ask about what Mr. Strembitsky said about the issue of being hired to create a program, then implement the program and then not being able to fully deliver on the program. We are talking around this enigma; the central office. My question is: who is the central office? What is getting in the way? Either it is a person, a process or an ideology. What is the issue and why is there a continuing cycle of stop and start?

Mr. Skorkowsky:

I think it had to do with some philosophical differences at the time. I would not say empowerment was killed; it evolved and morphed and was given a new name and new parameters. Something I realize as we go forward is that it takes a leader to lead this process, but some key things can happen to help us move toward this goal. We are already starting to decentralize services with our instructional design. Mr. Strembitsky talked about the 600 people they had in their central office; we are moving toward that happening this fall.

We will have a more streamlined piece that deals directly with Nevada's Department of Education and is a convene of teachers to be able to pull them together to do the work and ensure that teachers have the voice in how we develop our curriculum, look at our textbooks, etc. The same thing is happening within Education Services Division—we are looking at changing the way we do business there by making significant changes to the structure. With both of those, we want to distribute the funds back to the schools to make significant change in the way they do business in the school. We want to give them the resources necessary to make professional development choices or deal with students with behavior issues—to get into the preventative mode before we have to go into consequence mode.

The other pieces we have challenges with are our systems and structures. The speakers talked about the administrator ratio. We have given principals a lot of flexibility in creating the structure, especially with their administrative assignments. We have worked closely with the Clark County Education Association (CCEA), the teachers' union. In the past, we were strictly on a ratio system. If you had this many students, you got a principal, this many assistant principals and this many deans. When you went over that, you gained staff and when you went under that, you lost staff. We have moved to where principals have that flexibility but we need to make sure it does not do harm to the overall system to the point where I am hiring all these secondary assistant principals and then the schools do not want them, so I am left with the cost that has to be picked up somewhere else in the system.

There are great opportunities, but the challenge is our human capital system, which is a system that is 25 years old. We do not have the nimbleness and flexibility without going in and reprogramming school by school to get the allocations done. We think it is important to do. We have 180 schools currently on that system; 22 of which meet every empowerment requirement set forth in law, with the exception of their teachers being approved by CCEA. We believe this is the right step in the right direction. Decentralizing is important. Putting the decisions at the school level is important, as is giving them the autonomy to make those decisions with the accountability required by the State.

Assemblywoman Neal:

Do you have an opinion on actual salary versus average salary?

Mr. Skorkowsky:

I would love it if this Legislative Committee mandated something like that; it sure takes the pressure off me.

Mr. Augspurger:

I support that. I think the actual salary is the only way to do that fairly and that will be a better driver of the outcomes we want.

Chair Roberson:

This is great. Now we have agreed that needs to be a part of our plan. That is progress.

Mr. Augspurger:

As long as we are talking about things we agree upon, one of the most important things we heard today is that there has to be a cultural change that permeates every building in the school district. It is pretty simple. You have to work as hard at saying yes as you do at saying no. That will be a huge change in the CCSD. More than anything, that is what is going to make this work because ideas start in the building and move up from there. Eric Nadelstern said he had a priority on saying "Yes," and if you were going to say "No," you needed to notify him. That is going to be a real important part of this being successful.

Assemblywoman Neal:

That is awesome. In regard to administrative numbers and staff for Latino and African American administrators, we heard that diversity is important. We also heard that the complexity of a school needs to be representative of the folks leading that school or at least those making decisions on behalf of those schools. What can we expect to be the active efforts to make sure those dialogues and actions occur? I have heard that when folks push too hard for something, they are not necessarily continued in the conversation. At the end of the day, there are very low ratios for people of color across the board.

Mr. Skorkowsky:

Several things need to happen. We have a challenge across the nation when it comes to black males in the teaching profession because less than 1 percent of all teachers in the U.S. are black males. That is a major challenge. We need not only teachers; we need to find the best and the brightest to serve as building principals. We have tried to grow our own and have been somewhat successful on a limited basis. The bigger challenge is to do that for the Latino community as well. We have to go out and actively recruit those individuals to relocate here and be a part of this school district. This is not to disrespect the employees we have currently, because there will be enough openings in our growth for everyone, but we need to be on an active recruiting piece. We are doing that at the teacher level with our relationships with the historic black colleges and universities, but we are also going to have to do this on an administrative level.

Chair Roberson:

Thank you. I want to call the three guest speakers back to the table now.

Assemblyman Stephen H. Silberkraus (Assembly District No. 29):

When you pushed services to the schools, how did it help with parental involvement? Having a principal you could talk to with more control would be easier for the average parent than getting a hold of a school board member or superintendent. Have you found any other structures to bring in that community voice?

Mr. Nadelstern:

One thing I learned as a principal is that if you want more engaged parents at your school, do not focus on co-opting them into supporting your goals for their children. Instead, begin to think of the school as a hub of services for kids and their families. Kids exist in family units, not in isolation. The nature of urban families is such that you need an outlet in every community, not only addressing the needs of kids but addressing their families' needs as well.

As you start thinking about how you can best support their parents, you offer parent English as a Second Language classes, legal counseling, computer training, etc. If you have a robust set of offerings, as well as thinking about how to integrate the delivery of health services to where the kids and their families are, then it becomes a natural part of

the school. When I was principal, I taught the parent ESL class at my school. The next morning, the kids would come up to me and want to know how their parents did in my class. That is organic.

If you are talking about setting up a structure so parents are elected and get to decide what the teachers are teaching tomorrow, that becomes more complicated and that breaks down most often. Addressing the needs of families is a much more successful way to organically integrate parents into the workings of the school.

Assemblyman Silberkraus:

Obviously, once you push those services to the school, you said it is hard to pull them back because the parents and the communities want to keep them there. Did you ever put in any structural boundaries to prevent that pullback without the community trying to stop it?

Mr. Nadelstern:

In my case, we had recidivism—we had a new mayor, a new chancellor and an effort to return to the past. The two safeguards are that once you experience autonomy, you do not want to let go, and if the money is in the schools, it is much harder to take it back and recentralize it than to get it there in the first place.

Chair Roberson:

I will ask our three presenters to give your final thoughts.

Mr. Strembitsky:

It has been a pleasure. I have a couple observations. I am mindful that in reporting to you things we have done we are talking about particular solutions at a particular time in a particular environment. I realize how contextual this all is. This is not a recipe for you necessarily, but rather some general principles of things that do work. The one thing that probably surprised me more than anything was that we wound up with very tight accountability model. When we gave the schools things they needed, we gained more at the central or district level of what we needed to do and we got support to do it. It was not really centralizing or decentralizing, it was doing one to the extent that you balanced it with the other, having a real appreciation back and forth of the roles.

When I left the district, for the next 19 years I would come home on weekends commuting from the states. It is a real observation to be able to see, now more than 20 years later, the district, the operation and what it is today as opposed to when I left it. In some areas they moved forward and in some they regressed. The next superintendent was picked on the basis that he would un-Strembitsky the district. Ten positions were eliminated within a year, but the culture remains and the schools are as strong as ever. It is a way of doing things that is so powerful.

When Ben Franklin was asked what he had given the country, he said "I have given you a republic, now see if you can keep it." This is true of a lot of places. I am aware of places continent-wide that have moved in this direction, but the places that have regressed as well. For example, in Seattle the last superintendent was hired on the basis that she would do away with the last vestiges of this model.

My final observations are that our system was very tight. If you were a parent in our district and you had any difficulty, you would first tell your school principal. If you needed to go further, you would contact the supervisor who was in charge of 30 schools. Then you would contact the superintendent and lastly, the school board. That was the chain. It was a delight to know we had one stop shopping. You were not referred here or there, you would just follow this chain, and it went the same for budgets. You had to present a budget to a public meeting, then it would go to the supervisor in charge of 30 schools, then to me as the superintendent, and if there was anything I could not recommend to the school board, I would let them know. I took billions of dollars of budgets to the board and never once did anyone appear before a board and say they disagreed. When people have that kind of involvement, they work it through. It was a delight to see how that could work.

I will also give you a caution. We were emphatic that the person in charge of 30 principals had a car allowance and a secretarial support staff. That was it. If the person could not handle 30 schools, maybe he or she could handle 28 or 35 schools. We did not let anyone come between the principal and the superintendent other than this one supervisor position. That cleared up so much of what otherwise could have been a problem. Some schools have had an intermediary form. What happens with this is that you recreate yet another bureaucracy. We were very careful not to let that happen.

Lastly, what happened in Edmonton happened with ordinary people who got together and said they were going to make it work. The one thing that was so different was that in Edmonton, for every teacher we hired, we had a minimum of 10 applicants. People wanted to teach there. University students wanted to do their extended practicums there. When this system was implemented in 1980, anybody who has had 36 years of administrative experience or less has not experienced what I went through. When visitors come in today and ask how do you make your system work, the people look at you kind of funny and say, "Ours is easy, how do you make yours work?"

Mr. Nadelstern:

Where I come from, politicians do not think much about the schools because they get elected and reelected no matter how bad the schools are that they are responsible for. It is remarkably refreshing to me to spend time getting to know you and experiencing your deep passion for ensuring that the children of this school district have the finest education a district can provide. As importantly, I have watched you engage in this

conversation and it is clear that you are not only sincerely involved in it, you are learning as the conversation goes on. It is a great place to start a school revolution.

I have heard this reform referred to as restructuring, decentralizing or breaking up. I would caution you to avoid the terminology of break up. I am a language teacher and linguist by training and I think language conveys important things. Breaking things is never perceived as positive. However, restructuring and decentralizing for the benefit of children is critically important. If I have a suggestion to make, that would be the important one, along with continuing the dialogue because we all have to learn along the way. My hope is that my district in New York, perhaps even Edmonton and other school districts, get to learn from the great work that comes out of the work you have initiated.

Mr. Ouchi:

This has been a thrill for me. It is rare to have these two gentlemen together in the same room. You can see how powerful their ideas are. I look forward to being in the cheering section and helping you as I can, wishing you well. This goal has been bubbling within your District for a while, and now you are all going to, I hope, bring it all to fruition.

Chair Roberson:

Thank you. I will open Item VI, public comment.

Mr. Gomez:

That was very insightful. I wanted to make a statement on Senator Ford's comment about the low-income areas and the children in those areas. I think it was Booker Elementary School in a low-income area that was turned around by its Principal, Dr. Beverly Mathis. It was an empowerment school and she did it with the public's funds. If we are saying we are worried about those areas, that is a prime example of what a principal with power over her school, can do. She was very successful and everyone knows her for that.

Also, West Prep is one of the other schools that went from Edison Elementary, to Charles I. West Prep. Dr. Barton, who is here today, did a transformation at that school with a lot of help. In those areas, they can and they will stand up to the challenge when the opportunity is given. Matt Kelly Elementary School is working on that too, with Principal Lezlie Funchess. So when we say we are worried about those low-income areas, we have to give them an opportunity to succeed.

As far as Senator Ford's question about transportation and zoning, I am pretty sure you would be looking for Director Rick Baldwin, who is in charge of all that. He has all the answers to those questions. Better not to prolong something and make the Superintendent look for an answer when you can go directly to the source.

Dr. Martin Luther King, a true leader to me, said, "There's nothing in the world more dangerous than sincere ignorance and conscientious stupidity." I hope you make the right decision to move forward and empower these schools to give them the power they need to move forward so we can educate our children for tomorrow.

Chair Roberson:

Seeing no more people wanting to make public comment, I will adjourn this Committee meeting at 4:25 p.m.

RESPECTFULLY SUBMITTED:

Linda Hiller, Interim Secretary

APPROVED BY:

Michael Roberson, Chair

Date: _____

Exhibit	Witness / Agency	Description
A	3 Pages	Agenda
B	5 Pages	Attendance Roster
C	William Ouchi	Submitted Biography
D	William Ouchi	PowerPoint Presentation: <i>Empowering Schools in Large Urban Districts</i>
E	Eric Nadelstern	Submitted Biography
F	Eric Nadelstern	<i>Working Papers, the Evolution of School Support Networks in New York City</i>
G	Michael Strembitsky	Submitted Biography
H	Michael Strembitsky	Presentation: <i>Empowerment School System</i>