

BUSINESS PLAN FOR K-12 EDUCATION REFORM

ISSUE

How can we ensure that the current and future workforce in Minnesota is competitive in the world market and meet the needs of Minnesota business?

POLICY

The business community supports initiatives to change the education system to improve student results. This will ultimately lead to a world-class workforce. The Minnesota Chamber believes Minnesota's global economic competitiveness depends on its school system producing a highly educated and skilled workforce. While many students in Minnesota perform well on U.S. standardized tests and graduate on time, it is clear that an increasingly unacceptable number of Minnesota students leave the K-12 system unprepared for higher education or the workforce. These shortcomings will have a negative impact on the state's workforce and, ultimately, our economy.

K-12 education needs major reform. Instead of focusing on Minnesota's graduation rates and high ACT scores, the business community, elected officials and community members must acknowledge that while this data demonstrates the education system is working for some students, it hides problems that, if not addressed, will have a significant impact on Minnesotans' standard of living.

Reports on graduation rates fail to mention that only 73 percent of Minnesota's high school seniors graduated on time in 2007¹. News of the recent ACT results failed to point out that only 33 percent of white students, 5 percent of African American students, and 17 percent of Hispanic students tested as being college ready. This is unacceptable and costly because unprepared students that go on to higher education must take remedial courses.

The scope and cost of the changes outlined below is considerable, and, therefore, we recommend they be implemented over time. We should begin with ensuring Minnesota's academic standards are benchmarked against international standards, rewarding high-performing teachers, recruiting charter schools with proven results, and increasing teacher accreditation requirements. Then, over time, move to more significant incentives to raise teacher quality and increase time on task for at-risk students.

Close the Achievement Gap

The achievement gap is the gap in academic performance among advantaged and disadvantaged students. If poorer performing students are going to catch up to their peers, they will require more support than higher performing students. They may need more time in class in addition to better trained, higher performing teachers. The following recommendations are targeted at students who fall into the achievement gap category.

The Minnesota Chamber supports increasing opportunities for underachieving students to boost their achievement. We specifically support the following:

- Recruit charter schools that have proven results for turning low-performing students into high performers. Research clearly shows that increased time spent in school contributes to better achievement among low-performing students. The following are charter school models that are examples of increased time on task:

¹ NGA Rate Minnesota Department of Education

- Knowledge is Power Program (KIPP) schools have proven they can turn low-performing students into high performers. KIPP operates under the notion that low-performing students need more time on task to reach global academic standards. KIPP schools use an extended school day successfully. KIPP students are in school for longer days, more weeks and longer years than their public school peers. Eighty percent of KIPP students are low income, and 90 percent are African-American or Latino. Yet, more than 90 percent of KIPP middle-school students have gone on to college-preparatory high schools, and more than 80 percent of KIPP alumni have gone on to college. KIPP is publicly funded and does additional outside fundraising.
- At Youth Engaged in Service (YES) Prep schools, 80 percent of students are economically disadvantaged, 95 percent are Hispanic or African-American, 86 percent are first-generation college-bound, and most students enter at least one grade level behind in math and English. Yet, 100 percent of YES Prep's graduating seniors have been accepted to a four-year college or university, and 90 percent of YES Prep alumni have either graduated from college or are still enrolled in a four-year or two-year school compared with the national retention average of 50 percent for all ethnic groups and 22 percent for low-income students. YES Prep students are competing with the best students in the country despite their disadvantaged backgrounds. They are enrolled at colleges such as Duke, Columbia, Cornell, Wellesley, Notre Dame, Rice, Yale, Penn, Stanford, Texas A&M University and University of Texas-Austin. YES Prep is publicly funded and does additional outside fundraising.
- Green Dot schools have a proven track record of successfully serving the highest-need students in Los Angeles. All eighteen schools are addressing the needs of students who have traditionally struggled in the public school system, and they are achieving far greater results than comparable schools in standardized test scores, graduation rates, and college matriculation. For example, five Green Dot schools have had graduating classes to date, and they have all produced outstanding results. Eighty percent of entering ninth-grade students graduate within four years, and 76% of graduating seniors have been admitted to four-year universities. Almost all the rest have gone on to two-year colleges. These graduation rates significantly outpace those of local school districts in Los Angeles. Green Dot schools have similar results, outperforming local schools on state exams and rankings despite operating with a larger percentage of low-income and minority students. The Green Dot model revolves around small, safe schools, high expectations for all students, local control, parent participation, professional development, and more time on task for students that require extra help.
- Support alternative pathways to teacher licensure. Programs such as Teach for America and the New Teacher Project attract unlikely candidates to teach in the poorest and underserved schools in the United States. Candidates are carefully screened, selected, and trained before they enter the classroom. The result is a supplemental cohort of educators that can teach in fields where there is a teacher shortage or offer new options in fields where school districts have expressed the need for higher quality applicants. Teach for America and New Teacher Project teachers achieve the same or greater gains in student achievement as the average traditionally trained teacher. Alternative programs offer new solutions for school districts and students who are struggling to close the achievement gap.
- Provide all students with access to, and information about, quality public school options. Information should be user friendly, comparative and easily accessible through multiple communication tools.
- Encourage community-based support of after-school, weekend, and summer mentoring and tutoring programs. Programs should provide academic support, build critical thinking skills, and offer students the opportunity for real world experiences. Programs should be modeled after programs worldwide that have proven track records in raising student achievement.
- Provide monetary incentives to bring high-performing educators to schools with the lowest performance and/or the highest numbers of at-risk students.

- Ensure competition at every level of education. It is clear that one learning model cannot serve the educational needs of all students. Competition stimulates innovation, flexibility and quality. This is true for all organizations including the education system. The Minnesota Chamber supports:
 - Expansion of results-driven charter schools with appropriate financial controls. Charter schools encourage innovation into the public school system and give students more opportunity to attend a public school that best meets their individual needs.
 - Increased participation in post-secondary enrollment options (PSEO), which allows students to earn college credits in high school at no cost to the student.
 - Continued support for open enrollment, education tax credits and deductions. These options force competition into the school system and eliminate barriers that students face in accessing programs that meet their specific needs.
 - Support a student-based funding formula rather than a program-based formula. A student-based funding formula allows competition among school districts for enrollment.
 - Ensure that the funding formula does not create disincentives for schools to encourage student participation in post-secondary enrollment options and early graduation. Currently districts lose a large portion of the funding linked to a student's attendance. In this situation, schools discourage student participation in PSEO.
 - Allow schools to share and bid/contract for all services – i.e. teaching cooperatives, building maintenance, IT, or food service. Contracting with teacher cooperatives may be the most cost-effective means of obtaining specific teaching skills and/or serving certain student populations.

Raise Standards to Ensure Students are Globally Competitive.

Recent international comparisons found reasons for optimism and concern. The most recent data (2007) from the Trends in International Math and Science Study (TIMSS) show Minnesota has improved its national position compared to 1995 in math and maintained its position in science. Minnesota 4th graders ranked 5th highest in 2007 up from 13th in 1995 while Minnesota 8th graders ranked 6th highest up from 19th highest. However, Minnesota's scores are still not at the level of the elite nations in either subject.

- Minnesota must train its students to be the best in the world. Without correspondingly high standards, the state cannot achieve this goal. To achieve high standards, Minnesota must:
 - Benchmark state academic standards and testing methodologies against international competitors. Minnesota should learn from top-performing countries and revise and raise standards accordingly.
 - Support Minnesota's on-going participation in the Trend in International Math and Science Study (TIMSS) and the Program International Student Assessment (PISA) and corresponding communication strategies for the public to be aware of Minnesota student performance on a global scale.
 - Support growth models that measure student progress against state standards. Sufficient progress must be made so all students master state standards before graduation.
 - Require high school graduates to demonstrate that they meet the minimum state graduation standards. The math GRAD requirement (or an equivalent) should be reinstated and the reading GRAD requirement should be continued.
- Making sure a quality teacher is in every classroom is the key factor to elevating academic performance to world standards for all students. Teachers play an important role in the lives of children, often leaving an impact that lasts a lifetime. Teachers are fundamental to guiding and training our future workforce. They are the heart of our education system and should be valued for their important work. Minnesota needs to ensure that our best people are leading our classrooms.

Evidence shows that the quality of Minnesota students will not exceed the quality of our teachers. According to a study by researchers at the University of Tennessee, if two average 8-year-old students are given different teachers – one a high performer and one a low performer – their performance diverges by more than 50 percentile points within three years. Similar studies in Dallas and Boston show that students placed with high-performing teachers will progress three times faster than students placed with low-performing teachers. In fact, students with low-performing teachers regress. Thus, the Minnesota Chamber supports proven measures to promote teaching excellence by recruiting, retaining and supporting the highest quality candidates:

- Reform teacher tenure laws. School districts are often unable to remove poor performing teachers because of tenure laws. Given the importance that quality teachers play in the education of children, schools should have the ability to terminate teachers that are not performing up to the district's or state's standards.
- Increase the minimum scores required for teacher accreditation. Teacher accreditation exams are one way to ensure highly qualified people enter teaching and protect the integrity of the profession. Minnesota's required minimum scores on the Praxis test are among the lowest compared with the other states that participate. For example, Minnesota has the second lowest cut-score (minimum score to pass) in communication, arts and literature among 30 states. Up until 2005, Minnesota had the lowest cut scores in the country on the main components of the Praxis tests: principles of learning and teaching grades K-6, 5-9 and 7-12. Since 2005, the cut scores were raised and Minnesota now ranks fifth lowest on all three tests.
- Provide sensible opportunities for experienced professionals to attain teaching skills and accreditation. Alternative paths should hold applicants to the same standards on teaching accreditation tests, but provide a timelier route to meet training and qualification standards.
- Require real-life workplace models in specific subjects as part of ongoing professional development. For example, a physics teacher should enlighten students about how an engineer applies physics in the workplace and the importance of engineers to the general public. Encourage employers to provide opportunities for teachers to job shadow to study various examples firsthand.
- Develop a fairer system of teacher compensation that encourages the most highly sought after college graduates to choose the teaching profession. Phase in an increase in starting teacher salaries and reduce the impact of seniority, steps and lane schedules, and tenure on compensation.
- Expand performance-based teacher compensation – i.e. Q Comp – to reward teachers who demonstrate the greatest growth in student achievement toward meeting and exceeding state standards from one year to the next. Measurements should consider individual, department and school results in a way that encourages the most successful teachers to share knowledge with fellow teachers.
- Support differential salaries for certain types of teachers – i.e. market-competitive pay for science teachers.
- As teacher salaries are adjusted to be market competitive, phase out the current pension system and tenure commitments, which are archaic and costly burdens to school district budgets. Provide attractive and competitive teacher retirement plans such as 401Ks.
- Support expansion of Principal's Academy. A growing body of research underscores the critical role that principals play in creating great schools and helping students succeed. Principals set the vision, guide instruction, build the budget, unite the team and lead the drive for results. Their jobs are an extraordinary mix of small details and big ideas, of crisis management and long-range

planning. In this time of increasing national and international demands on schools and students, principals must be highly capable as instructional leaders.

- Support mentorship among business leaders and school leaders.

Fiscal Accountability

Misalignment between available revenues and local spending decisions is not sustainable. More than 70% of district revenues come from the state, a higher percentage than all but three other states. The national average is 46.6 percent. Overall, over time, per student revenues have continued to rise, but school boards generally sign employee contracts that consistently outpace available revenues. As one result, districts conduct levy campaigns to compensate for the gap in funding and committed expenditures from employee contracts. Given these dynamics, no amount from the state would ever be sufficient, and despite significant increases to K-12 funding, districts will continue to rely on local levies. As a result, the Minnesota Chamber recommends the following:

- Removing financial penalties if a union settlement is not reached by January 15.
- Basing teacher benefit and salary increases on student achievement; specifically progress toward meeting state standards.
- Establishing financial transparency. Support financial transparency so revenue and spending decisions are available and understandable to the public. Create a structural balance law which requires districts to report their expected revenues and expenditures. Reports should certify that revenues are sufficient to finance all contracted obligations. Hold superintendents and finance directors accountable for compliance.
- Eliminating ineffective and duplicative programs. Each year legislators create new laws for new programs. Many worthy ideas are implemented without a review of outdated or similar programs that need to be eliminated. Programs that are ineffective or duplicative should be eliminated to free up more revenue for basic education costs. All programs should have performance indicators, and programs that are not meeting performance standards should be eliminated.

Teacher pensions.

The current retirement benefit system for teachers is unsustainable. Teachers contribute 5.5% of their salaries while the state contributes 5.69% annually; still, according to a Teachers Retirement Association (TRA) Fund actuarial valuation report that used July 1, 2008 data, the TRA has a contribution deficiency of 3.33 percent, even with an assumed 8.5 percent rate of return. Given recent market turmoil, the contribution deficiency will almost certainly go up when the 2009 actuarial study comes out, and the funded status (currently just 81 percent) will continue to deteriorate. Consequently, a contribution increase will be necessary, and the state's back-ended compensation structure will damage the ability to attract and retain talented new teachers.

It is projected that over the next ten to twenty years half of the current teachers in Minnesota will reach retirement eligibility. This shift provides an opportunity to align teacher compensation and retirement benefits to a private sector model. Teacher pensions cost the state \$1.3 billion for FY 2008, a 76 percent increase from FY 2000. With baby boomer teachers retiring in droves in the coming years, more resources will be diverted from the classroom to the TRA. The original premise of offering teacher pensions was to entice a high quality workforce into teaching, but there is no evidence that pensions have attracted better teaching applicants. Accordingly, the Minnesota Chamber recommends aligning new teacher retirement benefits with private sector defined contribution plans. School boards should decide, based on their budgets, whether they can match a percentage of teacher retirement savings.

BUSINESS IMPACT

Better prepared workers are not the only challenge. Our state's demographer tells us that growth in our workforce is decelerating and will continue to do so until 2025. We cannot control a slower birthrate, but it does mean each young person counts more than ever. Every child must be educated and prepared to participate in the workforce. It's unfortunate, but a large part of Minnesota's current student population is lacking in such academic success. This year only 34 percent of 11th-graders passed the state math standards. Educating every child is not only important to families, but it is also a key factor in building the kind of economy that makes Minnesota a great place to live.

Almost every district unfortunately shows a significant number of students falling farther and farther behind in the skills necessary to succeed in today's economy. On the bright side, evidence shows that despite diverse challenges, all students can meet high standards. This shows that no student needs to be left behind.

Minnesota's educational challenge is clear: Bring student achievement up to world standards and simultaneously accelerate the learning of the students who are the farthest behind. Both of these problems are solvable. The Business Plan for K-12 Education proposes to do this by targeting resources to underachieving students and investing more in education's lynchpin – teachers. Both are the key to rise above our challenge and to preserve a high standard of living for all Minnesotans.