

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to share my thoughts concerning the challenging state of education in Detroit. Since its inception the Mackinac Center for Public Policy has advocated policy solutions that expand freedom to help improve the quality of life for all Michigan residents.

In this case, the residents are thousands of Detroit Public Schools students, who are receiving an inferior education that will not prepare them adequately for life and career. Many are crying out for something better. They need to see hope.

There are challenges and constraints within the political process, not to mention the other obstacles that stand in the way of needed change. Included among them are restrictive union contract provisions, limited access to transportation and school performance information for many parents, and a state constitution that rules out public support for educational options that might help rescue a significant number of Detroit students.

I don't have to remind you of the looming fiscal breaking point that faces Detroit Public Schools. The prospect of having to bail out DPS legitimately frustrates many state taxpayers. If the Legislature is to approve a fiscal package to pay off the district's debt, taxpayers need the assurance that the state will not have to return down this road again any time soon. And for the sake of students present and future, any bailout must be accompanied by dramatic changes, not business as usual.

The recent track record of DPS under state emergency management cannot be defended. Academic achievement is at the bottom of the nation, deficits continue to grow. And frustrating mismanagement most recently has evidenced itself in the terrible working conditions and facilities that fueled weeks of teacher sickouts and attracted national media attention.

But just restoring school board control over the traditional district model offers no real consolation. The past track record of local fiscal mismanagement prompted the need for emergency managers in the first place. Even so, proponents of "local control" may be onto something. But the form and function of that local control is still a really important question that needs to be answered. In short, we need to take local control even further.

Replacing or supplementing a locally elected school board with a politically appointed commission or board with unilateral control over what schools students may attend or which schools will be allowed serve students would be doubling down on the centralized, command-and-control system that has failed, and failed. And then failed some more. Such a move would represent a step backward for many Detroit families, because although they don't make perfect decisions about which school is best for their children, they know a lot more than a bureaucratic board does from its perch on high.

People of good will disagree about the right policy solutions to fix education in Detroit. No simple answers are apparent. But the goal of providing all Detroit students with the opportunity to receive an effective education remains at the forefront. Too much of the debate has been focused on preserving an ineffective institution, with the hope that tweaks to this institution will make a significant difference.

Some proposals offer limited hope of making a positive impact, but mostly work around the edges. State-imposed merit pay systems and caps on administrative expenses, alternative teacher certification, and more flexibility to operative on year-round calendars. All promise to do more good than harm, but none of them will truly succeed if the current bloated bureaucracy and strict union rules remain in place.

The time has come to imagine something dramatically different for the students and families of Detroit. This alternate vision, a hopeful vision, is one that follows the most promising path of urban education recovery, one that places greater trust and responsibility in parents, school principals, teachers, and community leaders.

The state should open the doors to more quality educational options, and put them within reach of more families. We should eliminate the old model of address-based school assignment – let a thousand flowers bloom and trust parents to find the school that fits their needs. In a way, they’ve already been doing this for years: DPS’ enrollment has plummeted because over time many parents have voted against DPS with their feet. Dissatisfied, thousands have found ways to enroll their kids across district lines or in one of the many area charter schools.

My colleagues at the Mackinac Center have documented some of these stories on our website, ChoosingCharters.com. Stories told in parents’ own words. Stories of LaTanya Dorsey, Janine McKinney, Cory Hughes, and Lisa Cobb, to name a few. Detroit mom Toya Putnam, who enrolled her two sons in a charter school, explained it best: “I wouldn’t want anyone else to pick & choose for my kids’ future.”

Her view is shared by many Detroit parents. In a recent public opinion poll, nearly three out of four Detroit voters said they want more educational choices.

Not every charter school is great. There is no reason to rest satisfied and say that the charter school sector has raised the bar enough.

But the best available research shows that, on average, they’re improving education in Detroit. The Center for Research on Educational Outcomes at Stanford University, known as CREDO, recently studied 41 urban centers and identified Detroit’s public charter sector as one of four “essential examples of school-level and system-level commitments to quality that can serve as models to other communities.”

Their research found the average Detroit charter student gains an extra 2 to 3 months learning every single year. That means if a student enrolls in a charter school in kindergarten, by 5th grade, they'd have mastered an entire year's worth of extra learning compared to if they had stayed enrolled in the school assigned to them based on their address.

Notably, Detroit's charter schools are achieving these results with thousands of dollars less revenue per student. With total 2014-15 per-pupil revenues of \$8,900, Martin Luther King Jr. Education Center Academy earned the top spot on the Mackinac Center's most recent Context and Performance Report Card, which takes into consideration the impact that poverty has on average test scores. Close behind, in 2nd place out of over 2,200 schools, Ross-Hill Academy, brought in \$8,800 per student. These two homegrown DPS-authorized charters provide hopeful evidence of a better path. And clearly, based on the CREDO research, they are not alone. The growing system of University Prep schools, for example, is raising the bar as well—with philanthropic and operational support that comes from outside the dominant interests of the education establishment.

The protection of existing educational options ought to be the floor, and not the ceiling, of the discussion. It's time to let 1,000 educational flowers bloom across Detroit, to grow and attract more quality school models, and to expand students' access to them.

Some of that may come by attracting more high-quality charter operators willing to compete on a level playing field. Easier access to existing unused or under-capacity school facilities certainly would help. Incentives to attract more quality instructional talent also could be explored. Then there's the need for more equitable funding.

While DPS per se doesn't need more money, Detroit students themselves may. Currently, significant shares of funds that enter district coffers are diverted to MPERS pension contributions, union contract obligations, required debt payments, and central administrative costs. And it is well documented that those administrative costs are disproportionately high at \$2,000 per student, considerably more than state averages. Quite an accomplishment for the state's largest district.

Rather than pour dollars down from the state into a district apparatus that takes away its shares first, why not "backpack" dollars directly to individual schools based on enrolled students? Each individual student would bring to his or her chosen school a specified amount of state funds. The amount of funds could be based on significantly defined student characteristics — including economically disadvantaged or English Language Learner, or grade level. Regardless, enact a funding system that ensures more key educational decisions are made from the bottom up, not from the top down. State funding will go farther and have more of an impact if it goes directly to the schools and classrooms that needs it.

Making that model work means empowering and attracting great school leaders – a critical element of student academic success. Building-level leaders have greater opportunity to shape the destiny of school communities where they better know students, and are directly accountable to them and to their families. How does Detroit mold and attract more top-notch principals like Dr. Clara Smith of Thirkell Elementary, which rated as the state’s top elementary school on the 2013 Mackinac report card? Or Juan Martinez, principal of Cesar Chavez Academy in southwest Detroit? His high school topped our report card in 2014 by beating the odds with a high-poverty student population.

Of course, along with autonomy must come accountability for results. That starts with a reasonable and transparent school grading system, as some have proposed. Ideally, such a system would operate statewide, recognizing that many families in Detroit and elsewhere navigate their choices across district lines. An A to F grading system can be a beneficial tool, if done correctly. Florida’s success in this area offers some guidance to Michigan: Their report card measures a mix of student achievement levels and student growth metrics and does a good job of keeping a high bar, while not penalizing schools for simply serving relatively low-performing students.

Accountability means progressively raising the standards and expectations for the year-to-year academic growth Detroit students can achieve. But it does not mean dictating specific facets of school design and staffing.

This type of decentralized educational model entails rethinking the district’s role as a service provider rather than a command and control agent. While providing the core instructional services, *school* leadership should be empowered to purchase other services—student support, professional development, custodial, IT, human resources—from the district or an outside provider on a competitive basis.

It also envisions the school board or other elected agent as a contract or portfolio manager. Rather than focusing on enacting and enforcing district-wide policies, the governing body would negotiate performance standards, monitor results, and make quality services available.

Here’s the kicker. The idea isn’t new or radical, not even to Detroit. Former emergency manager Robert Bobb floated a similar plan back in 2011, a plan supported by then-school board president Anthony Adams. Bobb’s “bold step” was to convert up to 45 district schools into independent, charter-managed entities. But it never came to fruition.

The experience of other districts that have gone this direction tells us that some degree of school-level control may need to be phased in, and that some principals need additional support outside areas of traditional instructional leadership—like financial management. The good news is that a wide array of helpful resources and tools stand available to draw upon.

Making such drastic changes essentially would require pushing the Reset button on Detroit Public Schools, not simply changing the name over the door. It would mean getting Detroit out of MPERS, terminating union contracts, and restaffing the entire district. It would allow for a fresh start and a new trajectory, one that offers real promise of a brighter future and not a return down the same troubling path.

In December 2013, the California-based Reason Foundation published a study evaluating 15 districts across the nation that provide some level of portable student funding and decentralized budgeting systems. The study examined how well districts raised achievement levels and closed achievement gaps between rich and poor students. Both correlation and regression data strongly suggest that greater degrees of school-level budget autonomy are connected with better performance. A district that allocated half of its budget through student choice at the school level had almost 10 times greater chance of closing achievement gaps than a district that allocated 20 percent of its budget through a student-based formula.

Recovering from uniquely disastrous circumstances, New Orleans has taken an even bigger leap forward. There dozens of schools have been converted to autonomous charter models in partnership between a reconstituted school district and numerous management organizations. This transformation represents an unequalled level of parental choice and school-level autonomy among American urban education systems.

New Orleans' improvement in terms of closing the achievement gap is undeniable. State data shows that in 2004 one quarter of the city's low-income students tested at grade level, more than 30 percentage points below state average. Ten years later, nearly 60 percent of low-income New Orleans kids tested at proficiency, fewer than 10 points below the state average. The entire district has seen achievement go up by 15 percentile points. Graduation rates have also significantly increased. The all-charter system and its expansion of choice has succeeded while maintaining open admission policies and holding schools to account.

Education policy expert Andy Smarick has been quoted as saying: *"We tried to make urban districts better for 50 years. We tried more funding, more accountability, more pipelines of talent, more [professional development], more training, more certification rules, and on and on and on. After all of that time, and all of those cities, we still don't have a single high-performing urban district in America. Not one. But the very first time we try an all-charter system, the first time ever, we get dramatically better results in only a decade."*

One final note: Additional research has underscored the value of enhancing educational choice by giving parents access not only to information on school performance but also to transportation that expands the number of options within reach. While there are many examples of Detroit families finding means to reach

charters or cross district lines, the city's poor public transportation infrastructure is undoubtedly a limiting factor for many.

Rather than ignore the problem or to throw our hands up and wait for the city to fix the bus system, it's time to explore the idea of something like transportation vouchers that individual families could make use of to find their way to a better chosen school. There are details to work out, to be sure. But putting more power in the hands of parents gives an opportunity for entrepreneurship and private partnerships to start filling some immediate needs, and there's no reason that a new DPS service provider couldn't meet the needs, too.

Will every new charter or other autonomous school be a giant overnight success? No. But conditions are created to help improve the situation if those most directly affected have the freedom and power to promote change from the bottom up. Expanding access, attaching dollars to students, and giving more control at the school level moves the needle strongly in that direction.

Shifting control of funds and the direction they flow is key. Nothing could be more *local* than giving parents more choice and individual schools more autonomy. Within the larger transformation, I have shared but some of the further specific areas of policy change and only have begun to touch on key details. For example, how quickly could such a program be phased in? Or, how do we attract and equip enough talented school leadership to tackle problems more effectively?

No one today knows all the answers, but we've started by asking the right questions.

All experience and wisdom tells us that there are no overnight fixes to the deeply rooted problems in Detroit Public Schools, an ocean liner adrift. The courses of the present and the recent past offer no promise. The most hopeful course is not an easy, short-term solution. But the time to start turning the ocean liner is now, to break outside the box of traditional thinking and to create the right conditions that will promote future success.

Thank you. I am available to answer questions.