

# Redefining the School District in Michigan

by Nelson Smith

Foreword by Amber M. Northern and Michael J. Petrilli

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## FOREWORD

by Amber M. Northern and Michael J. Petrilli

Last month, editors of *The Youngstown Vindicator*, one of Ohio’s most respected newspapers, made an unusual appeal on their op-ed page. They asked the state superintendent of public instruction, Richard Ross, to take over their local school system.

The Youngstown Board of Education had, in their opinion, “failed to provide the needed leadership to prevent the academic meltdown” occurring in their district. They added that Mr. Ross was “overly optimistic” in believing that the community could come together to develop a plan to save the district. Therefore, they pleaded, “[W]e urge state Superintendent Ross to assign the task of restructuring the Youngstown school system to his staff and not wait for community consensus.”

It’s not every day that local citizens ask the state to take charge of educating the children in their community. Such a move illustrates the despair that many Americans feel about their own schools—and their inability to do much to improve them.

That’s why, over three years ago, we at the Thomas B. Fordham Institute, along with our friends at the Center for American Progress, began a multi-year initiative designed to draw attention to the elephant in the ed-reform living room: governance. Given its ability to trample any promising education improvement—or clear the way for its implementation—it was high time to put governance at center stage of the policy conversation.

Our “anchor book” for that initiative, *Education Governance for the Twenty-First Century: Overcoming the Structural Barriers to School Reform* (January 2013), laid out how our highly fragmented, politicized, and bureaucratic system of education governance impeded school reform. One promising innovation it identified was the “recovery school district” (RSD)—an alternative to district-based governance that became a household name after Hurricane Katrina pummeled New Orleans. As new state-created entities charged with running and turning around the state’s worst schools, these districts are awarded certain authority and flexibility—such as the ability to turn schools into charters and to bypass collective bargaining agreements—that allow them to cut the red tape that has made so many schools dysfunctional in the first place.

Yet, nearly a dozen years after RSD legislation was first passed in Louisiana, these alternative models have been met by policymakers and educators with way more resistance than welcome. By our count, recovery districts have been attempted in at least seven states since 2011, and most have died a premature death.

Last winter in Mississippi, house and senate bills establishing an “achievement school district” both died. The same thing happened last spring with a house bill in Texas (though gubernatorial hopeful Greg Abbott is now attempting to resuscitate it in his education platform). This summer, a Virginia circuit court judge ruled that statewide turnaround districts were unconstitutional in that state. More recently, in Georgia, Governor Nathan Deal urged lawmakers to “consider” the Louisiana model as one way to improve failing schools (it has yet to gain momentum). Likewise, officials in New Jersey and Wisconsin have toyed with the idea of statewide districts, but nothing more.

Why is it so hard for these new arrangements to gain traction? Opponents tend to complain that the districts divert funding from public schools (forgetting that they are still public) and that they remove control of schools from local oversight, handing them to state authorities and even (gasp) charter school operators.

Enter the Education Achievement Authority (EAA) in Michigan. It shares basic similarities with its brethren in Louisiana and Tennessee in that all three are charged with resuscitating the state's worst schools within the confines of a separate, autonomous district.

But unlike the RSD in the Bayou State—which has over eighty schools statewide—the EAA is so far a more modest effort, responsible for just fifteen schools, all in Detroit, with further expansion stymied. Like the Achievement School District (ASD) in the Volunteer State, the EAA was created in response to the Race to the Top competition. Yet it is an interesting hybrid of both existing models: it combines the governance reforms of the RSD and ASD with a big push for competency-based, blended learning. And that's what has made news: tech-oriented bloggers are singing the praises of the daring new learning platform the Authority developed, while those opposed to the whole idea of the EAA are lamenting that its students are being used as guinea pigs for market-greedy entrepreneurs.

This makes for good melodrama, but *really*, what are the takeaways of the EAA for other districts? To find out, we enlisted Nelson Smith, former head of the National Alliance for Public Charter Schools, who is now senior advisor to the National Association of Charter School Authorizers (NACSA). Nelson has also held senior positions at the U. S. Department of Education, the D.C. Public Charter School Board, and New American Schools. He's keenly aware of the challenges in forging alternative educational options for kids—and in implementing recovery districts, particularly after having authored insightful reports for us on such efforts in Tennessee and Louisiana.

As these pages attest, the EAA model—direct-run schools with limited reliance on chartering and a high-tech approach—is far from the catastrophe that some critics claim. Yet the critics aren't all wrong. There *have* been many hurdles, and there is some validity to both the EAA's claims of progress and the criticism that early results are disappointing. Some students don't respond well to the online component or can't handle the autonomy they're given over their own learning. An instructional cocktail for low-achieving students that mixes competency-based, blended, and student-centered learning is tricky—and doesn't work for all students.

In the end, the EAA was rolled out on a tight timeline. On a shoestring budget. Amid urban decline in Detroit. It would have taken a miracle for this to work out well. (Which is something policymakers might have considered before pursuing this path.) Further, its governance arrangement is a Rube Goldberg invention of epic proportions. Paper clips and Scotch tape are no way to keep this thing together.

What's more, officials needed adequate and dependable charter funding to woo high-quality operators to the Motor City. They didn't have it—and they didn't get them. And the inaugural superintendent of the EAA, John Covington, has since stepped down amid news of enrollment declines, budget woes, and other challenges.

Still, the EAA is not the complete disaster you may have heard it to be. But it's also not a success like the RSD or ASD—both of which are improving outcomes, albeit slowly, for kids. Which might make its cautionary lessons that much more important for other states thinking of going down this route.

The key takeaway is that neither statewide school districts nor blended, competency-based learning are silver bullets. Combining the two is a particularly precarious proposition. Furthermore, states that want to embrace this approach to school turnarounds need to create conditions that are essential to success. Michigan's effort—though laudable, and in many ways heroic—was hobbled from the start from too many compromises and too little political support.

As with most reforms—think charter schools, or teacher evaluations—this strategy is only worth doing if done well. When it comes to educational improvement, half measures and work-arounds are rarely enough.

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*Be on the lookout next spring for part three of this three-part series, which will update recovery-district efforts in Louisiana, Tennessee, and Michigan—as well as distill lessons from similar efforts across the country.*

## INTRODUCTION

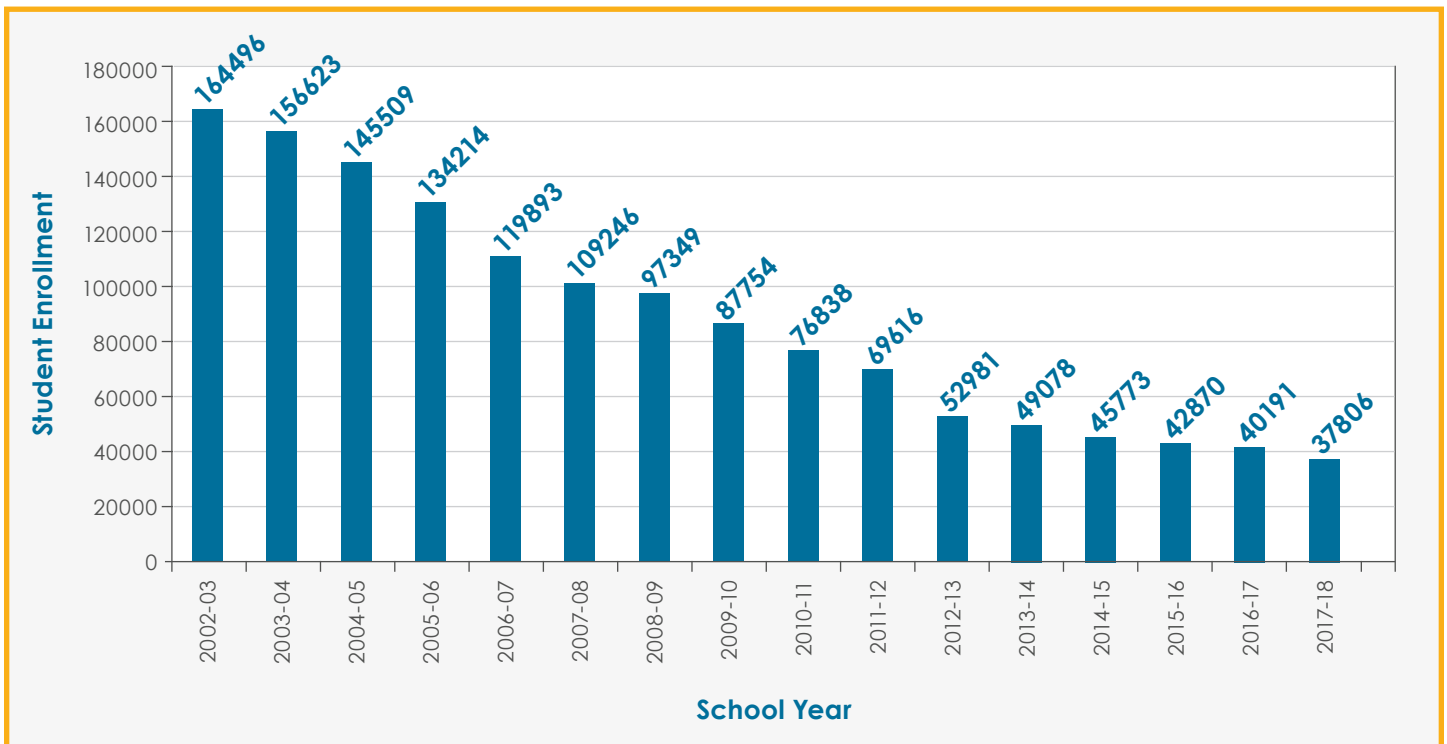
Turn from one of Detroit’s long avenues and you enter neighborhoods that go back a hundred years or more. These are neighborhoods that provided solid middle-class housing to families that moved there in the city’s heyday as the automotive capital of the nation and industrial hub of the Midwest. Today those lovely old neighborhoods are riddled with dilapidation and neglect. Houses sit with windows boarded and roofs needing to be patched. Drive through on trash collection day and on many streets, only a few bins await pickup. Many houses are abandoned; there are long stretches of overgrowth in the yards between them where homes have already been demolished. To eliminate all the blight by tearing down another forty thousand buildings will cost the city an estimated \$850 million.<sup>1</sup> That’s just the teardown, not the price to fix up and build new.

If you happened to be in New Orleans in the months after Hurricane Katrina hit, the parallels are inescapable. In both cities you would see mile and after mile of devastation and desolation. Detroit hasn’t had a literal flood, but it’s been the victim of equally destructive forces: globalization, the hollowing-out of the industrial workforce, and the final blow—the housing bust and recession of the late 2000s that led to mass home foreclosures.

This has all had a disproportionate effect on the public schools. According to Kurt Metzger of Data Driven Detroit, “the Motor City lost 25 percent of its residents between 2000 and 2010, [but] the number of children ages 5 to 9 dropped by 47 percent as families left because of the quality and safety of schools.”<sup>2</sup>

The most ignominious blow—albeit a necessary one by all accounts—was struck in July 2013, when the city filed for bankruptcy in light of a debt estimated at \$18 billion.

**Table 1: Denver Public Schools PK-12 Enrollment History and Projections (2002-2018)**



Yet, for all the challenges of recent decades, there are stirrings of rebirth, driven in part by substantial state support. Controversy erupted after the current financial manager Kevyn Orr floated the idea of selling off the Detroit Institute of Art's treasures as a way to stave off bankruptcy. Even more alarming was the possibility that the city's retired employees would have to forgo all or most of their pension rights. But as of June 2014, the energetic new mayor, Mike Duggan, and state leaders hammered out a deal (referred to in Michigan as the "Grand Bargain") under which the state will send \$195 million to the city while vouchsafing the art museum and guaranteeing most of the pension payments.

The private sector has stepped up as well. Led by Quicken Loans, which moved its headquarters to downtown Detroit in 2010, businesses have begun populating abandoned commercial corridors, with loft renovations following and coffee shops popping up. On a recent visit, investor Warren Buffett told Crain's Detroit Business that he was bullish on the city and "ready to buy a business here tomorrow."<sup>3</sup> The tabloid website BuzzFeed touts "Detroit's evolution from motor city to recessionary wasteland to hipster hotbed."<sup>4</sup> Downtown workers sport locally manufactured Shinola watches.

But the emerging recovery has yet to reach the broader Detroit community, which is 85 percent African American and marked by the most racially concentrated neighborhoods of any major American city.<sup>5</sup> Every city and state leader acknowledges that Detroit's long-term viability depends not on a cool downtown but on a stable and growing middle class—and that nothing is more critical to achieving that goal than turning around Detroit's public schools.

Michigan's public school systems run from sublime to appalling, and the state gets an overall "below average" rank from the U.S. Chamber of Commerce. It does better on the "parental options" indicator, with the sixth-largest community of charter schools in the nation. But Michigan's big urban centers fare worse—a "failing" grade from the Chamber—and Detroit the worst of all.<sup>6</sup> According to the *New York Times*, in 2009 "Detroit public schools had the lowest scores ever recorded in the 21-year history of the national math proficiency test." The system was in a downward spiral, with eight thousand students leaving annually. In 2010, emergency financial manager Robert Bobb announced the closing of thirty public schools.<sup>7</sup> Controversy erupted, but in fact the city had already closed another 150 school buildings since the beginning of that decade.<sup>8</sup>

Michigan law permits the governing boards of local and intermediate school districts, community colleges, and state public universities to authorize "public school academies," as charters are known under state law. Detroit's 108 charters now enroll a 51 percent majority of Detroit K–12 public school students, and are overseen by twelve different agencies, including Detroit Public Schools (DPS) and the Education Achievement Authority, or EAA. According to Robin Lake of the Center on Reinventing Public Education, this has resulted in "turf battles rather than leadership and problem solving, and splintered government oversight."<sup>9</sup> A 2013 study by the research organization CREDO at Stanford University found that students in Detroit charters are "on average gaining nearly three months achievement for each year they attend charter schools" compared to their peers in DPS.<sup>10</sup> Yet absolute performance in both sectors is depressingly low.

Under the state's "Schools of Choice" program, a local district can allow non-resident students to enroll within its boundaries, and plenty of Detroit families have seized on that option. According to Data Driven Detroit, "Nearly 8 percent of Detroit resident K–12 students attended school in suburban traditional public school districts in 2011–2012."<sup>11</sup>



State leaders have spent years trying to get Detroit schools out of the ditch. This paper focuses on one aspect of those efforts, the creation of a nominally statewide (but Detroit-centric) “turnaround” agency known as the Education Achievement Authority (EAA). Like its predecessors, the Louisiana Recovery School District and the Tennessee Achievement School District, the EAA was created to be the sharp point of the reform spear, pulling the state’s very worst-case schools into a separate, autonomous district that would either manage them directly or charter them out, eventually returning them to district control.

Michigan’s EAA is an independent agency born of a partnership between Detroit Public Schools and Eastern Michigan University, and is currently responsible for the operation of fifteen of Detroit’s most troubled public schools, now in their third year under its jurisdiction. Three are chartered to the Michigan Educational Choice Center (MECC) and run by Ohio-based Performance Academies; the rest are directly managed by the EAA.

By any reckoning, the EAA has gotten off to a wobbly start. Its ambitious vision has been clouded by confusion about goals, set back by political attacks, and complicated by self-inflicted wounds. While its own governing structure is clearly laid out, its architecture is patched together through contractual agreements that can be (and already have been) terminated, without ever being codified in state law. The original chancellor resigned less than three years after taking office, and it remains to be seen whether his successor can stem the bleeding and get the effort back on track.

This report is part of a series commissioned by the Thomas B. Fordham Institute to examine how statewide turnaround districts affect traditional governance relationships among the state, school districts, and public schools. Prior reports studied Louisiana’s Recovery School District and Tennessee’s Achievement School District. Both can be found on the Institute’s website, [www.edexcellence.net](http://www.edexcellence.net).

## ORIGINS OF THE EAA

Like Tennessee's ASD, the EAA was conceived in response to the federal Race to the Top (RTTT) competition. In the wake of the 2008 economic collapse, RTTT offered budget-stressed states the opportunity to win large grants provided they took action on their lowest-performing public schools, among other reforms. This emphasis on the toughest cases was designed to align with similar provisions in the separate School Improvement Grants program. Four "turnaround" models were deemed acceptable. One option was direct takeover by the state, and a few states created statewide zones or districts to serve that purpose.<sup>12</sup>

Michigan's then-Governor Jennifer Granholm included the idea of a statewide district in the state's RTTT application. On January 4, 2010 she signed a sweeping ed-reform bill that authorized state takeovers, expanded charter schools, and established an alternative teacher certification program. The legislation created a new School Reform and Redesign Officer within the Michigan Department of Education, who would identify the bottom 5 percent of schools and monitor district-level turnaround plans. If the plans were found wanting, or if the schools made insufficient progress on them, the officer could place the schools in a new State School Reform/Redesign District (SSRRD).

Despite the legislation, however, Michigan failed to win a Race to the Top grant in either of the first two rounds of competition. (See *A Push from Washington*, pg. 20.) Some reforms moved forward nonetheless; the state superintendent of education appointed a School Reform and Redesign Officer, endowed with conventional oversight authority, who reviewed the plans and progress of districts with "bottom 5 percent" schools. The proposed SSRRD, however, was another story. Without an infusion of Race to the Top funding, there was no way for it to set up shop as a functioning district.

Enter a new governor: businessman Rick Snyder, swept into office in the 2010 GOP rout. His campaign had focused mainly on economic issues and its education content was limited mostly to calls for "accountability." But six months into his term he announced the creation of the instrument that would finally wield the powers authorized for the statewide turnaround district eighteen months earlier: the Education Achievement Authority, known as the EAA.

The EAA was created through an Interlocal Agreement between Detroit Public Schools and Eastern Michigan University (see *What Is an Interlocal Agreement?*). Detroit Public Schools contributed its status as a local education agency, or LEA (allowing the EAA to act as an

### What Is an Interlocal Agreement?

All states permit some form of joint powers agreement, and Michigan's Urban Cooperation Act of 1967 has provided a particularly popular vehicle for obtaining economies of scale through inter-jurisdictional cooperation. A frequently used provision allows the state and its political subdivisions—"two or more counties, townships, cities, villages, or districts"—to enter into contracts, share functions, and lend their credit in connection with public undertakings.

As of 2011, the Act's Interlocal Agreements authority had been called on nearly one thousand times since the Act's passage in 1967. After a slow start they became increasingly popular, with 727 filed in the 2000s alone. According to the conservative Mackinac Center, the growth happened in part because the agreements grew beyond "core functions" of government, creating such things as a Michigan Home-Based Child Care Council. School districts have called on interlocal powers to create an energy consortium in 1997, to pool their investments in the Michigan School Board Associations' Michigan Liquid Asset Fund Plus in 2006, and to create a joint purchasing program involving some ninety-two districts in 2005. Until the EAA was created, however, no two agencies had merged powers to create a freestanding new K-12 program.

LEA for schools it would directly manage). Eastern Michigan University contributed its authority to authorize “public school academies,” as charters are known in Michigan. In addition, as one of the state’s first teacher colleges, EMU has separate statutory authority to operate K–12 schools in partnership with districts—a significant overlapping power.

An impatient executive, Snyder liked to think in “dog years” to get things done fast, and the agreement’s chief virtue was that it would spare him from jumping through legislative or bureaucratic hoops. It also made sense compared to other options available at the time:

- Ordering turnarounds through the state-appointed emergency manager (EM) of Detroit Public Schools was off the table because courts had ruled that the EM only had authority over finances, and not education. Moreover, the district was headed for possible bankruptcy and could not take on any new burdens.
- Snyder might have relied directly on the 2010 reform bill, which did authorize a statewide district—but without new legislation it would have to be set up as a state agency. Personnel would have been subject to state rules on hiring and firing, state procurement rules would pertain, and needed flexibility would have been severely curtailed.<sup>13</sup>
- The chances of actually getting a new bill passed were slim. It took a mighty effort to pass Public Act 4, which overrode prior court decisions and restored the broad powers of emergency managers in March 2011. (See *Emergency Management in Michigan Schools*.) Another big education-emergency bill would be too much for lawmakers to digest.
- Snyder was familiar with the mechanism. He’d served on the board of the Michigan Economic Development Corporation, set up through interlocal agreements with now more than sixty partner agencies throughout the state. And he knew EMU well, since its Ypsilanti campus was just down the road from his business in Ann Arbor.

Should the governor have taken a more conventional route, seeking legislation creating the EAA as an independent, statewide school district from the outset? Not if you consider the political track record since its inception, its supporters say. In each legislative session, there have been attempts to codify the powers and structure of the EAA as part of a plan for expansion beyond Detroit. All have failed, including the most recent bill introduced by House education chair Lisa Posthumus Lyons, which in its final form would also have limited the number of schools the EAA could take statewide to fifty.

## Emergency Management in Michigan Schools

Detroit Public Schools was first put under state-directed emergency management in 2009, when Governor Granholm appointed former D.C. deputy mayor and school board president Robert Bobb to the post. His powers straddled those usually divided between an elected school board and district superintendent, with direct authority over finance, operations, and academics. Yet the elected school board fought back, challenging in court his right to preside over academic decisions. Through a topsy-turvy series of decisions and appeals lasting nearly two years, the board initially regained its authority over academic matters. But passage of Public Act 4 in March 2011, which broadly expanded the state's powers to appoint emergency managers and allowed them to abrogate existing collective bargaining agreements, also restored Detroit's academic portfolio to Bobb. His authority over schools was subsequently upheld in Wayne County Circuit Court.

Bobb remained in the post until May 2011, when Governor Snyder named longtime GM executive Roy Roberts as the new emergency manager. He took some bold actions, including sending layoff notices to 4,100 teachers in early 2012 pending budget-cutting decisions. But his authority, and that of fellow state-appointed managers in the Highland Park schools and four Michigan cities (Benton Harbor, Pontiac, Ecorse, and Flint) would soon be challenged by a union-led referendum. On November 6, 2012, Michigan voters approved a ballot initiative to repeal Public Act 4 and eliminate emergency managers statewide, leaving distressed cities in "engulfed uncertainty," as the *New York Times* put it. But Republicans quickly regrouped, and in late December the governor signed new legislation, Public Act 436, restoring the state's emergency-manager powers, giving localities slightly more say over their terms, and paying for their salaries (which made it a spending bill and therefore referendum-proof).

Two other Michigan school districts have been put under emergency management by the state: Muskegon Heights in western Michigan, with an FY 2012 debt of \$12.6 million, and Highland Park, near Detroit, with a debt of more than \$11 million.

In July 2012, Muskegon Heights Public Schools emergency manager Don Weatherspoon announced a financial and operating plan that included the idea of creating a public school academy system to operate in place of the city's public school district. The city formed a nonprofit Muskegon Heights Public Schools Academy, with a three-member board. Weatherspoon then signed a five-year contract with Mosaica, a for-profit charter management firm, which then operated more than seventy-five schools in thirteen states, including Michigan.<sup>14</sup> Although the partnership showed some gains in student achievement, enrollment declined. Mosaica agreed to waive the bulk of its management fees, yet the district was still forced to borrow against future state funding in early 2014 to make payroll. The emergency manager terminated the Mosaica contract as financially untenable in late April, and in June it was announced that the district would self-manage, with the Public Schools Academy running academics and the traditional district taking over operations.

Highland Park, whose emergency manager was appointed in January 2012, has followed a similar route, establishing a Highland Park Public School Academy System and, in July 2012, contracting with the Leona Group LLC to operate the district's three schools. The for-profit firm currently operates twenty-three schools in Michigan, many in the Detroit area; the district states that the decision "was based on the determination that there is not adequate funding to continue the Highland Park Public School District's direct provision of quality educational services."<sup>15</sup>

## ARCHITECTURE OF THE EAA

Rather than inhabiting a straightforward set of powers and duties granted in a single legislative act, the EAA sits within a governance structure cobbled together from other sources. In addition to the 2010 reform law that set in motion the idea of a statewide turnaround agency, the EAA's corporate form is shaped primarily by two documents, the Interlocal Agreement itself and a separate contract that actually confers functional powers on the Authority.

### The Interlocal Agreement

The twenty-seven-page agreement creating the EAA includes a great deal of bland boilerplate saying how the Authority would “administer or execute the joint powers, duties, functions, responsibilities, and authority possessed by the District and the University as necessary to provide innovative, flexible, transparent, safe, efficient, and effective public educational services.” Its most important section describes how power is actually distributed. The Agreement sets up an eleven-member governing body, with the governor getting seven appointees (and naming the chair), while DPS and EMU get two appointees each. But it also creates an executive committee, consisting of five of the seven gubernatorial board appointees, who serve designated terms and who “shall exercise the powers of the Authority,” including appointment and oversight of the chancellor. So, while EMU and DPS are the two parties to the agreement, the EAA's design puts the governor in the driver's seat.

The agreement runs for fifteen years. EMU is allowed to withdraw by giving a 180-day notice as early as December 30, 2014 (i.e., effective the following June). DPS is allowed to withdraw at any time—with the approval of the executive committee—and an emergency manager can make that call if Detroit schools are still under state supervision.

What happens to the EAA if either party pulls out of the Agreement? Section 8.04 states that “[t]he withdrawal of the District or the University, shall neither terminate nor have any effect upon the provisions of the Agreement as long as this Agreement is amended to allow for the participation of another school district or state public university.” Practically speaking, from the DPS side there isn't much chance of termination so long as the district is run by a state-appointed manager—but a return to local control could spell trouble. (The incumbent is Jack Martin, who took office in July 2013.) The Detroit school board voted in 2012 to terminate DPS's role in the EAA when the emergency-manager act was suspended while the referendum on it took place. One board member called it a “Jim Crow district” that “takes our new buildings that we just built with our bond money, which Detroit taxpayers and parents are still paying for, and basically leases them to these private entities, whom we do not know and who do not have to answer to us, for \$1 a year.”<sup>16</sup>

The other partner, Eastern Michigan University, has also faced some serious turbulence over its affiliation with the EAA, including faculty and student protests.<sup>17</sup> Urged on by area teacher unions, several local school districts have been boycotting EMU's student teachers over the university's EAA affiliation.<sup>18</sup> In light of these developments, the chair of the university's board of regents said in March that the school would review the EAA agreement at the end of the year.<sup>19</sup> But a final decision would be made by the university's entire board—and since Snyder named five of its eight members, this would seem to constitute a firewall against any move to dissociate from the EAA.

In sum, while the legal underpinnings of the EAA might seem susceptible to unraveling, they've been bolstered by a set of interlocking political decisions that create a convincing safety net. But there's an election in November, and the same strategies used to maintain the EAA could be used by a different set of state leaders to take it down.

### **The SSRRD-EAA Contract**

Remember the State School Reform/Redesign District? It remained the district of record into which the state was required to place chronically failing schools under the terms of the 2010 law, but has never yet been used for that purpose.<sup>20</sup> However, that's where the legislation placed "functions and responsibilities" needed for running a statewide turnaround operation. So when the EAA was created, a separate contract between the SSRRD and the EAA was executed to convey said "functions and responsibilities" to it. (The SSRRD continued its other function, implementing and overseeing district plans for improvement of "priority"—formerly "persistently low-achieving"—schools.)

Much of the contract deals with common district functions, but the bottom line is this: As long as the contract is in effect, the EAA remains the sole overseer of schools transferred into the SSRRD. But in February 2014, State Education Superintendent Mike Flanagan upended the arrangement, sending the EAA a terse letter saying that the state would withdraw from the contract with the required one-year notice, in February 2015.<sup>21</sup> Flanagan said he would continue to include the EAA among options for turnaround services, perhaps also using his agency's network of Intermediate School Districts (ISDs), but his action was widely seen as a critique of the Authority.

### **Leadership**

The Authority's founding board was a blue-ribbon group. Roy Roberts, the DPS emergency manager, served as the first chair, with Carol Goss, head of the Skillman Foundation, serving as vice-chair. Among the eleven original members was Michael Duggan, then heading the Detroit Medical Center, who would be elected Mayor of Detroit in 2013. The panel was sworn in on August 11, 2011. In an executive committee meeting that day, Roberts spoke of a forty-five-day timeframe for selection of a chancellor. But at their next meeting on August 26, members received a contract dated that day for John Covington, who two days before had resigned as superintendent of the Kansas City, Missouri school system.

Covington brought to the job a particular point of view about learning and a long-germinating method for producing it. A graduate of the Broad Superintendents' Academy, he had first observed a disconnect between testing and learning in his first district leadership job as superintendent of schools for Lowndes County, Alabama. Although students were coming to class woefully behind grade level, teachers were frantic about how they would do on state tests and were concentrating on the "bubble kids," those just below proficiency who could be urged over the line to make "Adequate Yearly Progress." After a stint in Pueblo, Colorado, he took the top job in Kansas City, Missouri. Having been impressed by a competency-based blended-learning system in Colorado's Adams-50 district, he had begun working toward a "student-centered" model, which got its first test in a group of Kansas City schools. When he came to the EAA, Covington got a full opportunity to put his ideas to work (see *Inside the Schools*, pg. 18).

## FINANCE

On paper, the EAA's finances are fairly straightforward, but the reality is more complicated, and has depended at crucial times on heavy injections of philanthropic dollars.

As with traditional Michigan school districts, school operations are funded by multiplying the state foundation amount by the number of pupils, accounting for the bulk of EAA's General Fund. But the Authority does not receive local property tax revenues. Per-pupil spending for the current fiscal year runs just under \$7,300.<sup>22</sup>

The EAA pays Detroit Public Schools for food services, information technology, and police services, but also has some stresses on the expenditure side not shared by the typical school district. Although technically it leases DPS buildings for \$1 a year, it also pays the district \$910 per Detroit resident (somewhat less per non-Detroit resident) to help retire DPS's long-term debt. In FY 2013 those payments came to just over \$7.1 million.<sup>23</sup> And although some of the inherited buildings had been renovated (and one, Mumford, was newly constructed with proceeds from a 2009 bond), many were underutilized and worn. So renovations were needed to bring them up to code, driving up per-pupil facilities costs.

EAA's administrative structure is lean but relatively expensive on a per-capita basis, with higher-cost staff than are common in district administration. (Covington's reported base salary was \$325,000, compared to DPS Emergency Manager Jack Martin's base of \$225,000).<sup>24</sup>

The direct-run schools have a more compressed teacher salary schedule than that of Detroit Public Schools. In 2013, the highest-paid teachers made less than those in the Detroit district, topping out at about \$65,000 per year; but the lowest-paid made considerably more—a \$50,000 salary compared to \$35,000 in the district, clearly a lure for Teach For America and other younger talent to come to the Motor City. (They also work a considerably longer school year than their colleagues in traditional system.) The base annual pay of EAA principals is reported as \$120,000, but the range goes higher than for their district peers, to \$131,000 compared to a top salary of \$117,000 among DPS school leaders.<sup>25</sup> While EAA teachers do not participate in the DPS pension plan, the Authority offers 401(k) and deferred-compensation 457 retirement plans through the state of Michigan.

### A Bumpy Financial Flight

From the outset, the Authority's finances were clouded by uncertainty about its growth trajectory and political prospects. A budget developed by the original finance chief projected expansion from 11,020 students in FY 2013 to thirty-three thousand in FY 2014 (assuming that EAA would take an additional thirty schools and move outside Detroit beginning in its second year), reaching a total of fifty-five thousand students by FY 2017.<sup>26</sup> Roughly the same overall figures were reflected in the 2012 strategic plan.<sup>27</sup>

Just as schools were about to open for the first time under EAA jurisdiction, the Authority suffered a huge cash-flow problem. EAA administrators had been counting on \$24 million in federal Title I funding—about one-quarter of its overall budget—to support programming for their predominantly disadvantaged students. But DPS refused to forward the entire amount, citing rules allowing it to withhold funds if the district would suffer disproportionate impact. So the EAA received just \$5.9 million—a loss that was not made up that year.<sup>28</sup>

When the problem surfaced, shortly before schools opened on September 4, EAA leaders appealed to private donors to step up the modest level of support they had initially provided. (See *The Critical Role of Philanthropy*.) The Authority's tenuous cash-flow situation was also addressed by two short-term loans from the state, in September 2012, and again in February 2013. Since EAA is not codified in law as a school district, it does not have

borrowing authority, so DPS served as the pass-through agency for the funds, which was permissible under state law. The two borrowings totaled \$11 million, and were fully repaid to DPS along with fees by June 30, 2013.<sup>29,30</sup>

There were other financial problems at the outset, related not to the amount of funding but to the way it was handled. An audit of the EAA's first fiscal year found several material weaknesses.<sup>31</sup> A new CFO, Harry Pianko, joined the EAA in April 2013, and a subsequent report in November 2013 found conditions improved, with no material weaknesses reported.<sup>32</sup>

In presenting the Authority's second budget, Pianko noted that it was based on a conservative projection of modestly lower enrollment.<sup>33</sup> But when the rolls were counted in late 2013, the drop was more precipitous—down 24 percent from the prior year, from 9,958 to 7,589 students. By contrast, enrollment in DPS high schools surged by 14 percent in the same period.<sup>34</sup> The resulting loss of state foundation funding again crimped the EAA budget.

## The Critical Role of Philanthropy

Private funders have played a small but essential role in the EAA. Many of its initial costs could not be funded by standard public formulae, including the intended 1:1 computing environment, an enhanced student information system, and the student-based learning program itself. Essentially, since there was no legislation authorizing the agency, and no appropriated startup funding—in fact, no public funding that could support the agency until students arrived—the EAA's initial planning year was underwritten by private donors.

The Michigan Educational Excellence Fund (MEEF), a multi-donor fund whose honorary chair is the governor, contributed \$9.5 million to the EAA in FY 2013, including a \$500,000 contribution from Detroit's Skillman Foundation. Another donor was the Battle Creek-based W. K. Kellogg Foundation, which contributed \$5 million through two grants, in 2012 and 2013.<sup>35</sup>

Within the MEEF, the largest contribution came from the Eli and Edythe Broad Foundation of Los Angeles—and for quite personal reasons. Eli Broad, whose homebuilding and life insurance fortunes have powered not only philanthropy but also an acclaimed modern art collection, is a 1951 graduate of Detroit Central High School. The city's oldest high school, now known as Central Collegiate Academy, numbers among its alumni James Lipton of *Inside the Actors Studio*, U.S. Senator Carl Levin, and food critic Gael Greene (who was in Broad's 1951 class). But it had fallen into decline and was taken into the Education Achievement Authority in 2012.

Although Broad had taken a personal interest in Detroit's recovery for some time, and made an initial gift of \$900K to MEEF in 2011, he went into high gear once the Authority's finances ran aground.<sup>36</sup> He rounded up other donors and contacted state leaders to impress on them the gravity of the problem and to make sure they understood that EAA students were not receiving the education they were promised.<sup>37</sup>

Skillman's Kristen MacDonald makes the point that more important than money, philanthropic involvement can help “change the national conversation about what's possible in Detroit.” One series of grants in particular has sent an important “thumbs-up” message for the EAA's student-centered learning model. EAA was one of just twenty organizations around the country to win a 2012 Next-Generation Learning Challenge grant, funded by the Bill and Melinda Gates Foundation. That was for \$300,000, and two subsequent grants added another \$750,000. The most recent grant was awarded to the EAA in May 2014 for the creation of a “breakthrough” high school model.

By FY 2014, private donors had contributed approximately \$18 million to the EAA. The 2012 plan envisioned running 100 percent on public funds after a three-year startup period.<sup>38</sup> The EAA is now on track to do so, with less than \$1.6 million in private donations included in the FY 2015 general fund plan.<sup>39</sup>



## SELECTING SCHOOLS AND DECIDING HOW TO RUN THEM

In August 2011, the Michigan Department of Education identified ninety-eight schools as among the lowest-achieving 5 percent of schools across the state, according to the requirements of Michigan's 2010 reform legislation. The process used the same formula prescribed for federal School Improvement Grants. Components include proficiency and growth in math and reading; whether a school was being sanctioned under No Child Left Behind; and, for high schools, a graduation rate below 60 percent.<sup>40</sup> Of these schools, thirty-eight were in Detroit. In March 2012 EAA announced the selection of fifteen schools, taking the hardest cases from among the thirty-eight Detroit contenders.

### Direct-Run Vs. Charter

Each state turnaround district has the option to run schools directly or charter them to independent operators. When Paul Vallas took over Louisiana's Recovery School District (RSD), he initially split schools between direct-managed and charters, but swung heavily toward chartering in later years. The trend continued under his successors, and as of this school year the RSD is 100 percent charter. In Tennessee there has been a roughly even split between charters and direct-managed schools, but the Achievement School District (ASD) expects to stay in business as a chartering agency over time. The EAA, by contrast, decided to manage twelve of its initial fifteen schools directly.

According to Covington, the heavy emphasis on direct management was not a foregone conclusion. The Authority's June 2012 strategic plan proposed "a diverse system of effective schools" and said, "The EAA will adopt a portfolio strategy that operates from the vantage point that one size does not fit all—for students or parents."<sup>41</sup> In fact, at its May 2012 meeting the board received an ambitious outline for a portfolio-managed district, proposing metrics developed by the Center for Reinventing Public Education to gauge its progress. The report suggests that at least for the first batch of EAA schools, charter schools actually did have something of a "right of first refusal."<sup>42</sup>

However, there were problems on the supply side. In early March 2012, EAA met with twenty-three potential charter operators from Michigan, Ohio, and Georgia.<sup>43</sup> Of the twenty-three, six submitted applications but three arrived after the March 23 deadline. The remaining three were reviewed by an eight-member panel including prominent educators, civic leaders, charter operators, and authorizers. Two made it through this hurdle, and one of the two then withdrew.

Apparently, it was at this point that the EAA made the final sort between charters and direct management. In August a charter was awarded to a newly created Michigan Educational Choice Center (MECC) to serve as the single charter district overseeing the three campuses. It contracted with Performance Academies to operate the schools. The firm is a for-profit that also operates six Ohio charters and features a blend of Core Knowledge academics and an emphasis on fitness, with more than an hour of physical activity every school day. The remaining twelve schools would be run directly by the Authority.

Also in August, a Request for Qualifications from New Operators was sent to a group of high performing charter schools, networks, and new operators for schools that would open in the fall of 2013. But after the EAA's rocky opening, no additional schools were moved under EAA supervision, so the RFQ was moot.

Why so little response from the national charter community? There were several disincentives for charter operators that initially might have wanted to work with EAA. Of the twenty-three groups who attended the first briefing, some wanted to concentrate on high schools, while EAA was mostly offering elementary schools. Others were small, local outfits that might have been put off by the rigors of the application process (not to mention the tightly compressed timelines). Paradoxically, the 2010 lift of the state's charter cap also made it easier for successful operators to apply to more well-established authorizers.

Money may also have played a role. Where EAA charters are currently receiving about \$7,830 per pupil this year, jurisdictions that have been more successful in luring top-notch operators offer significantly more.<sup>44</sup> The per-pupil figure in New Orleans is about \$10,800; Los Angeles generates \$9,735 per pupil; and Tennessee's Achievement School District receives per-pupil funding at the same level as the surrounding district, which in Memphis is about \$10,200. (Apply that same formula in Detroit and EAA charters would pull in nearly \$17,000 per pupil.)<sup>45</sup>

Finally, there was additional sticker shock for the two charter operators who were approved in mid-2012: No per-pupil funding would flow until November. That news prompted one operator to pull out, and its school was turned over to Performance Academies—which spent about \$650,000 up front until public funding arrived.<sup>46</sup>

### **EAA as an Authorizer**

The EAA board routinely approves board members joining the MECC charter board, as is required under Michigan law. But with a portfolio of one charter on three campuses, it's not surprising that the EAA lacks a separate "charter authorizing" office or a full-time staff slot dedicated to charter duties on the central staff. Interviews with school leaders indicated that they deal with various officials and offices as needed, but that Chief of Staff Tyrone Winfrey has been a principal point of contact.

The EAA keeps 3 percent of charter revenues as a fee for authorizing services, and MECC pays another 2.5 percent for some back-office services, all totaling to \$312,696 in FY 2013. The Authority also has contracts with Eduwork Place Pros for assistance in oversight, including an accountability and monitoring system, school site visits, and compliance and performance reports to the schools.

### **Running Twelve Schools Directly**

The twelve schools that EAA wound up running directly would provide a test for Covington's vision of technology-based, individualized learning. (See *Inside the Schools*, pg. 18.) It's an audacious approach, and has drawn attention from ed reformers and tech gurus around the country. But rolling it out on a compressed timeline created problems from the outset.

When schools call their own shots in a charter or portfolio environment, the district may be able to get by with just a few central staff positions dedicated to accountability, compliance, and financial oversight. But the responsibilities of running an LEA, plus direct management of a radically new learning model, require a central office with greater capacity. In interviews, Covington and his team conceded that, in retrospect, they had underestimated staffing needs in the first year. And the office suffered a tragic blow in December 2012 when its original Chief Academic Officer, former Seattle Superintendent Maria Goodloe-Johnson, succumbed to cancer at age fifty-five. Dr. Mary Esselman, who had served with Covington in the Kansas City system and had joined the EAA staff in August 2011 as chief accountability officer, assumed the academic portfolio.

### Open for Business

In the run-up to opening day, the transfer of schools from Detroit Public Schools to the EAA was orchestrated as follows: DPS closed fifteen buildings, which were then leased by the EAA. Students who had attended classes in those buildings as DPS students were required to reapply as EAA students. The schools were then reopened as new public schools operated and controlled by the EAA, and students who chose to enroll were now EAA students.

But actually getting schools open was no easy task. Many schools inherited by the EAA were a mess—not just their academics, but also their physical facilities. When Principal Angela Underwood arrived to assume leadership of Nolan Elementary in the summer of 2012, she found corridors and storerooms piled high with broken equipment and discarded textbooks—not to mention junk food cartons tossed at random. Recruiting her husband and other volunteers, she filled dumpsters with 80,000 pounds of trash.

Similar stories were told by other EAA principals, who also reported other signs of academic surrender. One said that the prior DPS principal rarely left her office, and that when the new principal began greeting students and visiting classes, the students were stunned. One sixth grader interviewed spoke about how much the new teachers help with classroom problems—whereas the older teachers would just say “try harder.”

As might be expected, Authority schools and staff faced some stonewalling from those they were displacing. The school system was reluctant to part with student information, making outreach difficult. The district sent authoritative-sounding letters notifying families that their child had been assigned to a particular DPS school. Rumors were rife—for example, that Southeastern High School would be turned into a charter school, or a special-education school. Not surprisingly, none of that school’s staff reapplied for their jobs.<sup>47</sup> (To its chagrin, and amid much public consternation, the EAA itself sent out a letter in late summer of 2014, mistakenly giving parents the impression their child had been assigned to an EAA school.)<sup>48</sup>

## INSIDE THE SCHOOLS

### Instruction

Some facets of the EAA's model will be familiar to any student of ed reform. Additional time, for example: EAA schools have an extended day (7.5 hours compared to 7.1 in DPS) and a longer year. Students stay in class until early August for a 210-day school year. Michigan law prescribes a minimum of 1,098 hours of instruction annually; EAA students get approximately 1,600 hours.

But the Authority's biggest departure from current conventions, and the touchstone for EAA's direct-run schools, is Student-Centered Learning (SCL), a competency-based approach that EAA grounds in five principles:

- Students are grouped by readiness, not by grade.
- Students create and assume ownership for their respective personalized learning paths and are able to communicate their progress relative to their individualized learning goals.
- Students are allowed to work at their own pace using a blended delivery system to master rigorous standards aligned to next-generation readiness.
- Students provide evidence of mastery through relevant performance tasks and common assessments.
- Continuous feedback is provided to students, teachers, administrators, and parents.

Even though students may arrive with radically differing levels of achievement from their peers, EAA groups them with other students at the same level of subject mastery but separated by no more than two years of age. Covington provided an example: "In elementary, we don't have kindergarten or first grade... We have instructional levels where the standards are clearly identified for teachers, students, and their parents. When you demonstrate that you have mastered the standards at one level, you move to the next level, and that movement is not predicated upon the traditional model of time. That is not this system. Movement is based on mastery, not on the amount of time you sit in a seat."

"Buzz" is the technology platform that is a key delivery system for the curriculum EAA has developed. Developed in partnership with Agilix and the School Improvement Network, Buzz is bundled with an array of curricular materials—some open-course, others from commercial vendors including the Knovation library of learning resources and the web-based ALEKS adaptive-assessment system. Teachers can also load additional resources onto the system in response to specific student needs.

Students access learning modules and move through them at their own pace, as the system responds to how they handle the material. The interface is lively and, judged by classroom visits, seems to hold students' attention. Each unit ends with an assessment. Students must score at least 80 percent on the assessment in order to achieve "mastery" and move on to the next level. But they must also produce three pieces of evidence that they've mastered the material—and this can be anything from creating a PowerPoint to participating in a group project. Some teachers (especially those with younger students) provide hands-on instruction in how to compile evidence, while others suggest options, perhaps by showing students a portfolio of successful work.

Because assessment is seamless and constant, the teachers (and parents and principal) get real-time feedback about student performance. Teachers then engage students directly, in one-on-one conferences, to talk about their progress and see what other resources might be brought to bear.

The online environment supports teachers as well. In addition to being able to see videos of academic content and other EAA teachers delivering upcoming lessons, they also use the Edviation online social network to do cooperative professional development with peers in the Authority and nationally.

Contrary to some of the misinformation spread about the SCL approach, the kids don't spend the whole day gaping at a computer screen. Working on the Buzz platform is just one part of a classroom model in which teachers provide much the same level of personal contact and attention as in less-wired environments, one-on-one or in small-group sessions. In some elementary grades visited, students were divided roughly into thirds, with one group tapping on laptop keyboards, another doing project work in groups, and the rest working directly with the teacher—for example, sitting in a semi-circle for a reading lesson.

That's not to say that all has been smooth sailing. Buzz was still in development when schools opened in 2012, and usage revealed some critical gaps. Teachers had to work around missing content for elective courses. End-of-unit tests sometimes disappeared, keeping students from moving on.<sup>49</sup> And there remain challenges. Students' grasp of the work varies considerably, making teachers' attention to assessment feedback all the more important. One school leader remarked that there had been mixed instructional messages from EAA central and “the pendulum may have swung too far” in the direction of online, rather than truly blended, learning—a point that merits continued monitoring.

The EAA has attempted to respond to these challenges. When the student-centered learning model was rolled out in 2012, some students grabbed hold and excelled, while others in the same classroom fell behind. Jeff Maxwell, then principal of Southeastern High—a splendid old 1917 building, with a 2002 addition—assembled his teachers and worked on options to accelerate those on track and remediate those who were behind.

The result was a bell-free, self-directed learning lab called Preparatory Academy at Southeast, or PASE. Opened in 2013, the program occupies a former media center now furnished in the style of a college library, with comfortable groupings of sofas and armchairs, as well as a snack bar and long, laptop-laden tables for online searches and paperwork. Rather than shuffling students through the standard class schedule, four content-area teachers provide a series of “learning opportunities” that include lectures and small-group work. Students also work solo and in teams during the equivalent of five class periods (followed by two elective periods with other Southeastern students.) Since the program is still germinating, it's currently limited to eighty students. Application is required but enrollment is nonselective, and it's a new world for students, according to Maxwell: “The kids have to learn to handle ownership.”

### **The Talent Pipeline**

When the EAA took over failing schools, incumbent teachers had to reapply for their jobs, and just 20 percent were rehired, which left a big recruiting job. The Authority reached out to Teach for America, which agreed to provide 200 teachers for the first year and a few additional for the second. In 2013, TFA teachers accounted for about 27 percent of the overall force. Only a handful of DPS principals were kept on, some in co-principal arrangements with new appointees.<sup>50</sup>

With wide outreach to fill teacher slots, the Authority had 3,600 applications by June 2012. Hiring involved a four-step process, devised in collaboration with doctoral students from the Harvard Graduate School of Education. It included a virtual interview to gauge alignment with attitudinal markers (do they see problems or opportunities, for example), and an in-person classroom demonstration lesson. Once on board, new teachers received four weeks of pre-service training and were introduced to ongoing resources like those provided through Buzz.

### Collective Bargaining

Detroit Public Schools negotiated a three-year teacher contract in 2012, but DPS teachers who moved into EAA schools did not remain in the contract. The Authority's position is that when teachers transfer, they do not remain part of the DPS bargaining unit, although they of course have a right to join a union. So far, EAA teachers have not been organized into any other bargaining unit. This situation was unacceptable to the American Federation of State, County, and Municipal Employees (AFSCME), which sued, contending that because DPS was a party to the interlocal agreement creating the EAA, the DPS collective bargaining agreement should be applied to EAA employees. During 2012, however, right-to-work legislation began moving through the Michigan legislature, finally passing in December. Because the new law would apply to collective bargaining agreements entered after its effective date, school boards and unions scrambled to renew or amend existing agreements before the law took effect in April 2013. AFSCME agreed to settle the EAA lawsuit.

## A Push from Washington

Four months after taking office, U.S. Education Secretary Arne Duncan used the term “Ground Zero” to characterize Detroit's position in American education, and promised to make it a focal point in the national ed-reform initiatives.<sup>51</sup> His agency has left a deep imprint on the city's subsequent direction.

Michigan received a whopping \$115 million in School Improvement Grants in 2009, distributed beginning in the 2010–11 school year to twenty-eight schools across the state, with an addition \$16.7 million awarded in early 2014. The target group of “persistently low-achieving schools” was far smaller than the many Michigan schools tagged as “needs improvement” under NCLB. Most pursued the “transformation” model rather than the more fundamental “turnaround” option.<sup>52</sup> An evaluation of the original cohort found little impact on reading and math achievement, with schools remaining far below state standards.<sup>53</sup>

Duncan's Race to the Top program also required that state leaders take action on the state's lowest-performing schools, and promised additional millions if they did. As noted above, RTTT was a catalyst for creating the state's turnaround district, even though Michigan did not win any of the original Race to the Top grants. (It finally competed successfully in the 2013 Race to the Top *Early Learning Challenge*.)

Michigan's NCLB waiver, creating a new accountability system featuring a top-to-bottom ranking system for the state's schools, led to the identification of the state's lowest-performing schools for “priority” action, including those that were taken into the EAA.

Finally, federal rules dealt a blow to the EAA shortly after schools opened in 2012, when DPS refused to forward the full per-pupil amount for students who moved to Authority schools. The district invoked a provision allowing the withholding if it would suffer significant impact, and the EAA lost an expected \$24 million that was not made up that academic year.<sup>54</sup> The full amount has been provided beginning in the 2013–14 school year.

## BUMPS IN THE ROAD

Certain members of Michigan’s political class have found the EAA an unending source of outrage. Some Democratic legislators see it as a stalking horse for ending local control of schools; other critics challenge its reliance on Teach For America teachers; and there have been recurring allegations about a lack of transparency.<sup>55</sup>

The fires have been fueled from within as well. In February 2013, Michigan blogger Chris Savage (aka “Eclectablog”) published a series of charges by EAA teachers ranging from denial of special education services to huge class sizes (in excess of forty-nine students) to physical attacks on teachers with no punishment for the students involved. The teachers’ identities were not revealed, as they feared retribution. After the item was linked in Diane Ravitch’s nationally read blog, Covington’s spokesman Terry Abbott responded with a detailed refutation based on reports from EAA principals at each campus, who were named as sources. The data were impressive; for example, rather than teacher turnover exceeding 20 percent in the past year as charged, Abbott said it was 6.8 percent; and he provided detailed, month-by-month stats on students with IEPs. But it hardly satisfied skeptics, who countered that the principals providing the data worked for the EAA. As one blog commenter noted, “So we’re treading into ‘he said, she said’ territory.”

During a hearing convened by Senate Democrats in April 2014 to discuss EAA expansion, the star witness was Jordan Smellie, who at that time was music director at EAA’s Marion Law Academy, a pre-K–8 school in northeast Detroit. He said, “There’s no oversight...nobody making sure that laws and ethics are being followed....Our students who need the most support are not getting it. Our students who need resources more than anyone else are not getting them.”<sup>56</sup>

It’s not possible to dig into each charge and verify or deny it. But one thing is for sure: A repeated cycle of claims and counterclaims has enveloped the EAA from the outset and made it a political football of Super Bowl dimensions.

### **Voting with Their Feet?**

In systems of choice, the single most important indicator of organizational viability is whether families continue to enroll their children in a given school. Last school year the EAA experienced a headline-grabbing reversal in that area, with 24 percent of students failing to return for the 2013–14 academic year.

EAA officials argue that although the decline is unwelcome, it’s largely confined to the high school level, and they cite three specific factors:

- Transition into ninth grade, where students often have to make a critical decision about whether to stay in the same school or feeder pattern, or go elsewhere;
- The year-round schedule, which gets in the way of summer jobs—even though they’re scarce—and crimps vacation time; and
- The online curriculum, to which younger students adapt more easily.

Perhaps the loss was mostly a one-time event, and as students become acclimated to the EAA’s expectations, culture, and technology, fewer will feel a need to peel off. But the Authority made some major changes in response, announcing in February 2014 a trimester system at the high school level, as well as new program

options that provide greater flexibility in scheduling. High school students could work online, without having to attend school every day; choose an accelerated program with a longer summer break; and attend internship programs and other vehicles to mix work experience with learning over the summer months.<sup>57</sup>

### **Denouement**

In the spring of 2014, new controversy broke out after press reports alleged excessive spending on travel and furnishings charged on Covington's credit card. The chancellor contended the travel was largely for professional development and reimbursed with foundation money. One provocative finding was that the chancellor had charged thousands on IKEA furniture to his business card. But it was hardly a personal shopping spree; on a tour of Southeastern High School, its then-principal pointed with pride to the IKEA tables at which students were working. His teachers, eager to get going, had asked the Chancellor if they could charge the furniture to his card and accompanied Covington to the store.<sup>58</sup>

In early June 2014, the EAA Board released an FY 2015 budget showing steep declines in projected revenues, from \$112.6 million in FY 2014 to a proposed \$86.2 million for FY 2015. In part the drop reflected the end of start-up costs (with corresponding declines in private startup funding), but it also took a conservative approach to projecting enrollment. Planned revenue includes \$53.2 million from the state, \$29.7 million from the federal government, and \$2 million in local revenue.<sup>59</sup>

The board accepted John Covington's resignation the same day. His public statement explained that he needed to take care of his ailing mother, but the revenue shortfall, coming on top of enrollment declines and a spate of other bad news, seemed to be the last straw.



## EARLY RESULTS: DUELING NARRATIVES

With all the hubbub that has surrounded the EAA, it's sometimes hard to remember that the central question is whether its students are learning. Even on this point, there is contention. There are two diametrically opposed narratives about the early academic record of the EAA.

- The first says that students in EAA schools are making significantly faster gains than their peers in Detroit Public Schools, and that with more time these gains will produce the needed turnaround.
- The second says that EAA schools are producing static or even negative results, and that the EAA is a failed experiment that should be terminated at once.

### Off-kilter MEAP

Despite a creation story stretching back four years, academic results that matter have just begun to arrive. MEAP tests have been given in October for elementary/middle schools, not in the spring as is common in other states. Where most state tests measure what was learned during the current academic year, MEAP has been a gauge of prior-year achievement minus summer learning loss. So while EAA schools have now reported two years of test results, for the 2012 and 2013 administrations, EAA officials have a point in arguing that they cannot be held responsible for the initial set, based on a test given two months after their doors opened. (See *Timeline*.)

The testing schedule is now changing. In June 2014, Governor Snyder signed a budget bill that prohibited moving to Smarter Balanced Common Core-aligned assessments, as had been planned, and requiring the state to continue with MEAP while aligning it to Common Core.<sup>60</sup> So in the 2014–15 school year, the state will administer new “summative” tests in the spring.

### Different Goalposts

At heart, the controversy over EAA performance is one that's familiar to ed-reform types: proficiency vs. growth.

MEAP measures proficiency against state standards. On that metric, Detroit's public schools have been in the cellar for decades, and in the past five years combined reading and math performance has not exceeded 30 percent proficient (removing from this tally the schools sent to the EAA). The thirty-eight Detroit schools in Michigan's “bottom 5 percent” were in the sub-basement, and EAA intentionally selected the worst of these. As Covington described it, these schools had for years been not just in the “below basic” category, but in the very bottom tier of that lowest-ranking performance rung.<sup>61</sup>

To Covington and his team, it made no sense to aim directly at proficiency since it was so far out of reach in the short term. Rather, the EAA's job was to accelerate students' academic growth so they would be poised to attain proficiency within a reasonable period, say three to five years. In its public communications EAA has talked mainly about outcomes on Scantron's Performance Series tests, a computer-adaptive assessment administered three times a year that reports student and aggregated school-level growth using student longitudinal data. EAA leaders frankly concede that they have focused on these results and not on MEAP. Teachers are not evaluated based on MEAP scores, and according to academic chief Esselman, “there are no prep materials, no particular focus” on the state test.<sup>62</sup>

## Timeline

### 2009

**March:** Governor Jennifer Granholm names Robert Bobb as Emergency Manager of Detroit Public Schools.

### 2010

**January:** Gov. Granholm signs sweeping education-reform bill including creation of a State School Reform and School Redesign District (SSRSD).

**November:** Republican Rick Snyder wins governorship.

### 2011:

**May:** Roy Roberts named new Emergency Manager for DPS.

**June:** Gov. Snyder announces Education Achievement Authority created through Interlocal Agreement between Detroit Public Schools and Eastern Michigan University.

**August:** State designates ninety-eight schools, including thirty-eight in Detroit, “Persistently Lowest Achieving”.

**August:** EAA board is sworn in; Kansas City School Superintendent John Covington named Chancellor.

### 2012

**March:** Fifteen schools selected for supervision by EAA.

**August:** Michigan Educational Choice Center (MECC) receives charter to open three schools: Murphy, Stewart, and Trix to be run by Ohio-based Performance Academies.

**August/September:** Twelve direct-managed and three charter schools open under EAA supervision.

**August:** EAA encounters fiscal shortfall due to loss of Title I funds, leading to intensive fundraising and two state borrowings in early 2013.

**November:** Statewide referendum overturns Public Act 4, eliminating emergency managers.

**November:** Detroit school board votes to sever contract with Eastern Michigan and withdraw its schools from the EAA.

**December:** Gov. Snyder signs Public Act 436, restoring emergency manager powers, effectively nullifying school board action.

**December:** Chief Academic Officer Maria Goodloe-Johnson dies at 55.

### 2013

**February:** Blogger Chris Savage publishes allegations by anonymous teachers, including failure to provide required special education programs. EAA rebuts charges with survey of principals.

**July:** Jack Martin becomes Emergency Manager for DPS.

**November:** EAA announces 24 percent drop in enrollment from previous academic year.

### 2014

**February:** 2013 MEAP results released, provoking controversy over pace of EAA students’ academic progress.

**February:** State Education Superintendent Mike Flanagan announces that the Michigan Department of Education will withdraw from its contract with EAA in February 2015, enabling the state to use other agencies for turning around Priority schools.

**June:** EAA announces proposed FY15 budget showing projected \$26 million drop in revenue. John Covington resigns the same day. EAA advisor Veronica Conforme, former COO of New York City Public Schools, is named interim chancellor.

**August:** EAA is among eleven authorizers named by State Education Superintendent Flanagan as “at risk of suspension” for approving new charter schools.

**October:** EAA board votes to extend Conforme’s interim contract by three months after the other candidate drops out.

Here is what the EAA says about its own first-year results, using Performance Series growth data:

“Test results from the spring of 2013 show:

- 64% of students across all 12 schools that are directly run by the Education Achievement Authority achieved a year or more’s growth in reading, and 58% achieved 1.5 year’s growth or more.
- 68% of students across the 12 direct run schools achieved a year or more’s growth in math with 59% achieving 1.5 year’s growth or more.
- In more than 80% of the schools, special education students outperformed their district counterparts in both reading and math.”<sup>63</sup>

Under a 2012 agreement between the EAA, DPS, and charter authorizers, all three systems were to administer common assessments that would provide measures of growth-to-standard as well as proficiency. The nonprofit Excellent Schools Detroit included these along with school climate indicators in its annual School Report Cards for 2013. All six of EAA’s direct-run elementary and middle schools ranked in the top twenty schools having those same grade-level ranges.<sup>64</sup>

With respect to proficiency, the MEAP results released in February 2014 provoked a glass half-full-or-empty debate between EAA and one of its most persistent critics, Dr. Thomas Pedroni, an associate professor in teacher education at Wayne State University.

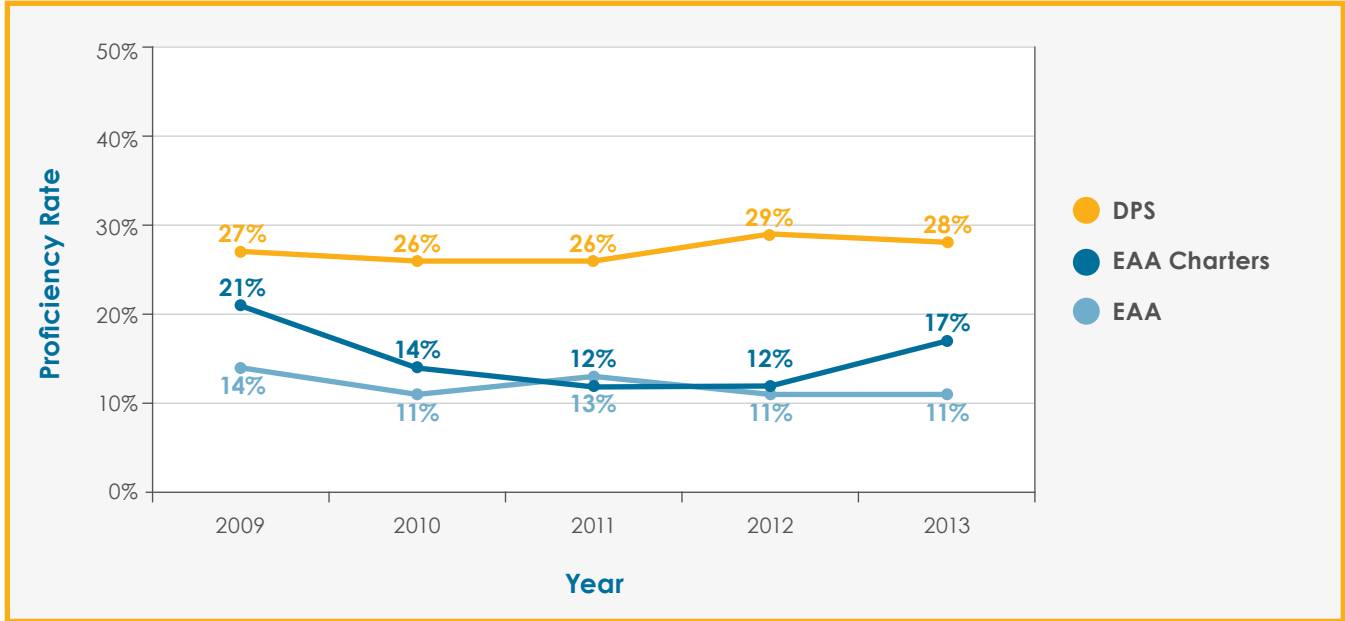
EAA said: “Overall, 38.2 percent of the EAA students tested on the MEAP made progress toward or beyond proficiency in reading, and 21.4 percent improved in math.” And they even took note of the modest numbers of students who actually made the leap to grade-level standards: “The state report shows 17.5 percent of eighth graders who had previously failed to meet the state standard became proficient in reading after one year in an EAA school.”

They noted that some schools did record substantial gains in proficiency, and they claimed some overall success in simply stopping the bleeding: “...[I]n the year before schools joined the EAA, 44 percent of students declined in reading performance. EAA schools lowered that number of students declining in reading to 36 percent...”<sup>65</sup>

Within weeks, Pedroni fired back in the pages of the *Detroit News*. He looked into reading and math results produced by the Michigan Department of Education that matched scale scores for more than 85 percent of EAA students on the 2012 and 2013 MEAP and found that: “[T]he majority of EAA students failed to demonstrate even marginal progress toward proficiency on the state’s MEAP exams in math and reading. Among students testing this year who did not demonstrate proficiency on the MEAP math exam last year, 78.3 percent showed either no progress toward proficiency or actual declines. In reading, 58.5 percent showed either no progress toward proficiency or actual declines.”<sup>66</sup>

As the table below indicates, the first full year of EAA accountability did produce flat results overall for their direct-managed schools. The three chartered campuses, however, showed a slight uptick.

**Table 2: Proficiency Rates for Detroit Public Schools and the EAA (2009-2013)**



None of the EAA schools has exceeded the third percentile of combined Math/ELA performance since the 2011 takeover year, although there is some movement among the charters in the 2013 results (two of which, Trix and Murphy, had plummeted before being moved into the EAA).<sup>67</sup>

The new MEAP testing schedule will provide EAA students with additional months of learning—but it will also elevate the stakes for EAA. All interviewed for this paper agreed that the next set of state test results must show significant improvement or the viability of the EAA will be sorely tested.

In the Michigan Merit exam data released in July 2014, there was additional reason for concern. The exams are administered each spring to juniors in high school, and cover reading, writing, math, science, and social studies. Apart from a very slight uptick in writing performance, the results showed no improvement from the prior year, and remained in the cellar statewide. Understanding that this is a small sample, a “snapshot” of proficiency, and might well have been affected by enrollment disruptions at the high school level, it still indicates the steep slope EAA must surmount in the coming school year.<sup>68</sup>

**Additional Indicators**

Parents don’t choose schools for their test scores alone. Especially in a place like Detroit, with more than its share of turbulence, order and safety are important, as is a school culture of respect. Schools visited for this report certainly looked solid in those respects, with sparkling facilities, well-organized classrooms, and an atmosphere of calm. (In fact, a power outage had occurred just prior to one visit, at Trix charter school—and the students took it in stride, proudly reporting that they’d kept on working when the lights went out.)

Yet the EAA reported five thousand disciplinary incidents in the first five months of the 2012–2013 school year, in a district of fewer than ten thousand students. The tally included one thousand cases of truancy, sixty-three cases of drug possession, and thirty-three instances of firearms possession. EAA officials attributed some of the jump in infractions to errant reporting, but the news provided critics with additional fodder.<sup>69</sup>

In the current school year, all eyes will be on some key indicators: Does enrollment recover? Do parents sustain confidence in EAA schools? Does the Authority move the needle significantly on student achievement? And do the numbers tell a story of safe, well-managed campuses? More than any external element, more than any political arguments, these are the measures that will determine the EAA's future.

## RECOMMENDATIONS FOR OTHER STATES

### **Develop a Statewide Strategy**

Although state law calls for a statewide district, and the EAA was discussed in public meetings around the state in its opening few months, it quickly turned into a Detroit program and has stalled there since. No question, Detroit is the epicenter of Michigan's academic emergency, but there are failing schools in other cities as well, and the state has no particular strategy for reaching them.

Because the Authority was constituted as a partnership between Detroit's school system and a university, and not codified from the outset as a statewide school district, it has never rallied the kind of broad political support needed for expansion. In several interviews for this paper, observers noted that legislators from outside Detroit thought about EAA as something for "those kids," not the ones in their own district. Even if taking an interlocal agreement-type route, leaders in other states need to think through how they will bring suburban and rural legislators together with non-urban interest groups so that either their constituents or their political interests are served by the turnaround district.

### **Pass a Law**

Related to the points above, Michigan has an idiosyncratic set of practices that make an arrangement like the EAA possible. Not every state can depend on emergency managers (nor should they have to!), not every state uses interlocal agreements like Michigan does, and not every governor can persuade a higher-ed institution to partner with a bereft school district (although power to appoint its regents certainly helps). Legislating is messy, but in most states, it would be preferable to emulating Michigan's convoluted (if creative) path. The law should also provide startup funding—as compared to the EAA, whose initial phase was run solely on private contributions.

### **Give It Time**

Impatience is a virtue when children's education is at stake. But those who formed and shaped the EAA underestimated the time it would take to put together the legal framework, create a personnel process, develop curriculum, fix up buildings, buy technology, and at the same time, wage the public wars of messaging and political persuasion. Even if it had been impossible to get legislation codifying the EAA, a longer timeline might have eliminated some of the financial and organizational snafus that undercut the EAA from the outset.

### **Use the Chartering Authority**

While the Buzz platform and other learning innovations have attracted national attention, installing and overseeing a uniform model at twelve schools has caused capacity problems—and has led even friendly observers to conclude that the existing organization could not take on many more schools. The EAA might have sidestepped this problem by a smaller-scale implementation of its own centrally directed model, and a more aggressive drive to recruit high-caliber charter operators that could act autonomously with less need to call on EAA's central office.

### **Communicate**

There is wide agreement, even among top EAA staff, that the Authority has done a poor job of explaining itself and responding to the myriad accusations and rumors that have swirled about it since day one. It's not clear why this has been a problem. Board minutes show that communications firms presented plans early on; spokesman Terry Abbott is a veteran shaper of policy communications (although headquartered in Texas rather than Detroit); and leaders like Covington and Winfrey are seasoned public figures. Moreover, in some respects the EAA has

been more forthcoming than most school districts and charter authorizers: Minutes and videos of board meetings are there for the taking, there is ample information about budgets and spending, and a separate website aimed at parent and school selection is crisp and user-friendly.

Yet the Authority seems to lack the gift of simplicity, of boiling down complex information into pungent, persuasive messages. And—as research for this paper attests—it requires tenacity to hunt through the mass of documents available. So it has been easy for critics to portray the EAA as secretive and opaque. Decisions about which schools to take over, for example, always come as a shock to parents, even when there have been months of discussion with clear criteria posted publicly. Official statements count for transparency but don't win hearts and minds in the neighborhood.

### **Run a Tight Ship**

Was the financial debacle of late 2012 avoidable? Apparently it could have been avoided through better cooperation between the Authority and MDE. But together with the adverse audit findings of the first year and the expense-account disclosures in early 2014, the budget problem helped reinforce the image of EAA as an agency out of control. While subsequent student attrition has made finances tight, financial management has improved, and the interim chancellor has imposed strict new rules on expenses. But getting it right, straight out of the gate, must be a top priority for any newly created district that will handle up to one hundred million dollars its first year.

### **Be Consistent**

Several interviewees who were otherwise sympathetic to the EAA seemed disillusioned by the course it took, saying in various ways that it was not the portfolio-based turnaround district envisioned under the 2010 law, and even in the EAA's own early publicity. Circumstances do change, and what changed in this case is that the EAA had difficulty recruiting other outfits to manage parts of the portfolio. That might have been avoided if planners had taken a hard look at the national market for strong CMOs and considered what it would take to draw them to Michigan. Closing the gap between charter and district funding would likely create a much stronger incentive.

## THE NEXT CHAPTER

On June 17, 2014, the board announced a national search to replace the departing John Covington. It named Veronica Conforme as interim chancellor. Conforme is a former chief of operations under Joel Klein in New York City's school system who had advised the Authority on technology and operations for the past six months.

In one of her first statements she said: "The EAA has shattered the status quo that once held them back. And it's time to move forward, and it's time for success." There's no question about the first part of that comment; whatever else may be said about the EAA, it has tried hard to attack the complacency that devastated Detroit schools for decades.

But events keep marching on, and in the summer of 2014, the EAA was buffeted by two further developments. Following a *Detroit Free Press* series critical of charter school oversight throughout Michigan, State Education Superintendent Mike Flanagan posted a list of authorizers at risk of suspension for lax performance—including the EAA.<sup>70</sup> And Excellent Schools Detroit, a nonpartisan education advocacy group that has generally supported the EAA, denounced Detroit's "fractured system" and proposed putting all Detroit schools, including those overseen by the EAA, under mayoral control.<sup>71</sup>

It's certainly time for success, and perhaps an expert manager can get enough cylinders firing for the EAA to start chugging forward. The Authority has got to stem the outflow of students, up its academic game, and restore its credibility for wider expansion to have any chance.

If and when a permanent new chancellor is hired, that person should take a hard look at the EAA model. If student-centered learning (and its support technology) is getting results, keep it. If not, diversify the portfolio and loosen the reins of central management.

Perhaps the EAA's greatest challenge is shutting out the political static that obscures the work of dedicated teachers, staff, and school leaders. It must be difficult to go to work each morning knowing that some people want to discredit everything you're doing, or ascribe any success to data manipulation. The EAA's leaders have to keep in mind that their colleagues have volunteered to serve the kids who need them the most, and must give them the moral and material support their efforts deserve.



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