How Well Did the Jeffco School Board Govern in 2014/2015?

By Tom Coyne

Jeffco Public Schools is the 34th largest school district in the United States, with about 5,000 professionals serving approximately 85,000 students and an annual budget of nearly a billion dollars. To put Jeffco's size into perspective, it is helpful to compare it to other professional services firms. For example, Baker & McKenzie, one of the world's largest law firms, has about 6,000 professional staff; similarly, BCG, one of the world's leading management consulting firms, also has about 6,000 employees.

In a professional services firm of this size, the governance performance of a board of directors is critical. So how well did the Jeffco Board of Education perform its critical governance functions during the 2014-2015 school year?

In common law countries, boards of directors are generally held to have two fundamental duties: to be loyal to the organization they govern (i.e., to avoid conflicts of interest) and to exercise due care, which is generally taken to mean acting and making decisions in a deliberate and informed manner. In many Anglo Saxon countries, this duty of care is further broken down into four key governance functions: (1) setting direction; (2) allocating resources (including hiring the CEO); (3) monitoring performance; and (4) governing risk. In this column, I will offer my opinion as to the Jeffco Board's performance during this school year in each of these areas.

Before doing so, however, I will pre-emptively respond to a potential objection to these criteria, which claims that school boards are somehow different from all other boards, and thus these core duties don't apply. Usually this objection is accompanied by the claim that school boards should follow the so-called "Carver Governance" model, in which the board essentially cedes to management virtually all of its governance responsibilities (apart from determining the ends to be achieved and hiring a CEO). In its most radical version, Carver Governance doesn't even require a board to approve an organization's annual budget! I have written elsewhere about why Carver Governance is at best unworkably utopian, and at worst an invitation to litigate against directors for shirking their duty of care. I will not go into those arguments here, but will only make readers aware of their existence.

Back to a board's four core governance functions, and how well the Jeffco Board of Education performed them in the 2014-2015 school year. There are three key elements in a board's duty to set direction: evaluating the situation confronting an organization, given that assessment, setting goals that will enable it to survive and succeed, and then approving a strategy to achieve those goals in the face of uncertainty, with limited resources and an acceptable degree of risk.

In 2014/2015, the Jeffco Board held a number of study sessions to evaluate various aspects of the situation facing our district, including meetings devoted to potential state legislative and budget changes, and innovations being undertaken in other districts. While I wish the Jeffco Board had devoted more time to this critical area (and in particular to successful achievement improvement strategies in other districts, states, and nations), I'll still give them a passing mark.

When it comes to setting clear goals, the current Board has recommitted Jeffco Schools to its long-standing goal of every student graduating college and career ready. More importantly, they have taken a step not seen in Jeffco since Jane Hammond was Superintendent more than a decade ago, and unanimously set forth very specific achievement improvement objectives in five different areas (e.g. third grade reading) that represent the necessary first steps towards achieving their college and career readiness goal. So high marks for the Board this year on this governance metric.

When it comes to evaluating and approving management's strategy for achieving these goals with the resources available, to its great credit, the Board this year unanimously rejected the initial short-term Uniform Improvement Plan that was presented to it by district management and the district's Strategic Planning and Advisory Council (SPAC) because of its poor quality. Similarly, at the end of the year, the Board told district management and its ad-hoc strategic planning team that its proposed long-term strategy for Jeffco needed more work. A board that is "in the pocket" of management does not take such steps, and history is filled with a long list of the organizational failures that too often result. So, again, high marks to this year's Board for not hesitating to challenge management to produce higher quality analyses and recommendations.

This year the Board also initially rejected the single alternatives that management presented for reorganizing the Jefferson High School and Wheat Ridge Articulation Areas, for restructuring teachers' compensation, and for addressing the rising student population in western Arvada, and directed that other options be considered. Regardless of your opinion on the Board's eventual decisions on these issues, the governance process it followed was commendable. When it comes to significant strategic decisions, a management team should always present its Board with more than one alternative, with supporting arguments for and against each one and its recommendation for the option it prefers. When this process is not followed, it is a sign of a dangerous imbalance of power between a management team and its board, which too often leads to organizational failure. To its credit, when the Jeffco Board was presented with a single decision option by district management, it repeatedly asked for others, a practice that it should continue in the future. So once again, I give the Board high marks this year.

There is, however, an area in which the Jeffco Board could improve its performance when it comes to setting direction. At its first meeting in August, the Board should have district management clearly set forth the most important initiatives being undertaken to achieve the Board's five achievement improvement objectives, as well as the district's three most important innovation projects. Increased transparency and clarified priorities in these two critical areas will have multiple benefits, including better implementation (a longstanding problem in Jeffco), better alignment of resource allocation, and more transparent and effective monitoring of progress, results, and risks.

Let's move on to how the Board has discharged its duty to evaluate and approve the allocation of scarce resources, to support the implementation of the district's strategy, and the achievement of its goals.

In this area, I am far less positive about the performance of Jeffco Boards of Education over the past five years. In my experience, Jeffco's annual budgeting process has three glaring weaknesses.

First, it is focused on the allocation of marginal revenues, rather than the full billion dollars that the district spends each year. For example, for all their heat and light, most of this year's arguments were about how to spend just $26 million in incremental revenues. This is a classic case of missing the forest for the trees – or more accurately the twigs. The marginal focus of the current budgeting process creates tremendous inertia in favor of the status quo and makes it much more difficult to implement substantial changes in the way the Jeffco operates.

Second, Jeffco's budgeting process is disconnected from its strategy for meeting its student achievement goals. In private sector companies, this gap is often bridged through the use of a process known as activity based management. This methodology is quite straightforward: changes in activities over the next year (or more) that will be made to achieve an organization's goals are clearly specified, along with their implications for staffing and investment, and in turn for the budget. The lack of an activity-based approach in Jeffco in turn contributes to the third shortcoming in the district's budget process, which is the role of community input.

Many of the Jeffco Board majority's most strident critics apparently believe that the allocation of a billion dollar budget should primarily be driven by "the community" (a term which in practice seems to mean themselves), and need not be based on a clear and logical connection to the board's student achievement goals or the activities that must be undertaken to reach them. Apparently, anecdote, emotion, and ideology are supposed to suffice. Let me offer two examples. The first is the critics' continuing outrage over the Board majority's refusal to expand funding for the Jeffco's previous full day kindergarten (FDK) program that served some (but not all) students eligible for free and reduced lunch (FRL), despite the fact that the district's own analysis showed that after five years and $30 million in spending the program had failed to meet its goals (in fact, the new budget makes funding for full day kindergarten available not just to some, but to all FRL students, and gives all principals the option to offer it at their schools if they conclude that, in comparison to other possible initiatives, FDK will have a greater impact on their school's student achievement results).

The second example is the critics' claim that "the community's" top budget priority for Jeffco is increasing teacher compensation. However, they once again fail to logically explain how higher teacher compensation is related to higher student achievement. I suspect that this omission is intentional as there is no evidence that increased compensation serves as an effective incentive to improve how hard or how well any professional works – including teachers. The essence of professionalism is to be motivated by a calling, and driven by a desire for mastery. A doctor or lawyer doesn't give you better care and produce better results if you offer to pay them more money; regardless of how much they are paid, they will deliver their best possible performance because they are professionals. This is not to say that professionals don't expect to be differentially rewarded for producing superior results – the best doctors, lawyers, engineers, and accountants all make more money than their peers. When it comes to designing effective compensation plans for professionals, this distinction – between compensation as a performance incentive and compensation as a performance reward – is critical. Yet it is one the Board majority's critics continue to ignore, as they not only support higher teacher compensation (without any explicit linkage to better achievement results) but also its allocation solely on the basis of teachers' seniority and credentials, and not on their demonstration of superior results in the classroom.

In sum, moving to an activity based budgeting system that is clearly linked to the implementation of Jeffco's strategy for increasing student achievement cannot help but improve the Board's governance decisions regarding resource allocation, as well as the quality of the community input they receive.

Monitoring performance (including annual evaluations of the CEO) is also a critical governance duty performed by all boards. To its credit, the Jeffco Board of Education has, in the five years I have been observing its performance, regularly held meetings in which actual achievement results were compared to the district's goals. However, compared to the way private sector boards behave, the Jeffco Board's monitoring activities have been very disappointing in three key areas.

First, Jeffco's performance monitoring has mostly been focused either on short term crises (e.g., the proposal this year by the former Director of Special Education to reduce nursing support for students at Fletcher Miller school, which the Board blocked) or on very lagging indicators, like achievement and financial results, and not on leading indicators, such as the extent to which critical achievement improvement initiatives are being implemented on schedule, on budget, and with high fidelity.

The Board can and should correct this in the next school year, by requiring district management to regularly produce (and make publicly available) a comprehensive report that tracks the implementation of "Major Improvement Initiatives" contained in every school's annual Uniform Improvement Plan (UIP), the district's UIP, the initiatives related to the Board's five top achievement improvement objectives, and the district's three most important innovation experiments.

Ensuring high fidelity implementation of these initiatives is critical, because poor implementation not only slows down achievement improvement, but also makes progress evaluation much more difficult – if an initiative fails to produce expected results, is it because the underlying theory is incorrect, or is it due to Jeffco's poor implementation?

Second, the district's evaluations of its achievement improvement initiatives have been notable for their lack of rigor. To cite a very recent example, district management's initial presentation of 2014/2015 Acuity results to the Board merely noted that scores in some grades went up. What was missing was any frame of reference that would enable Board members to determine whether this performance was good, poor, or somewhere in the middle. To its credit, the Board directed management to return to the Board with this comparative statistical information (which showed that Jeffco's achievement results appear to have meaningfully improved this year, in both literacy and math). In the future, the Jeffco Board should make it clear to management that it expects this kind of rigorous performance analysis (including comparisons of results across student groups and schools) to accompany all presentations on achievement results.

The third shortcoming I have observed in the Board's performance monitoring activities has been a reluctance – or perhaps a lack of sufficient time — to ask more probing questions of management about the root causes of the achievement results they present (and here school to school comparison data is critical), what has been learned, and how those lessons will be leveraged across the district in the future. To be sure, these are difficult questions for any management team, and they can sometimes produce conflict. Yet this conflict is unavoidable if we are serious about improving student achievement results in Jeffco. You cannot generate substantial performance improvement in any area of life without making substantial changes, which will always produce conflict, however much we may dislike it. To demand that a board of directors avoid conflict is to demand that it avoids performance improvement too. And if we choose that route in Jeffco, our children will pay a terrible price in the years ahead.

A board also has a duty to govern risk. This goes well beyond simply ensuring that an organization has sufficient insurance in place to protect against operational risks, and sufficient reserves to mitigate financial risks. Rather, a board's most important risk governance role is to offset the natural shortcomings of management teams, including their very human tendencies towards excessive optimism, overconfidence, conformity, and giving too much weight to information that supports their views. Given this, a critical role for a board is to highlight the key uncertainties in management's assumptions and strategy, and establish processes for identifying and acting on developing risks before they become threats to an organization's success and survival. This does not constitute board interference in management; rather, it is simply good governance.

One way that boards can play this role is by requiring management teams to present the most important risks to the success of any strategy or plan they present, and to ensure that early warning indicators for these risks are established, monitored, and regularly reported to the board. Over the past five years, I have not seen this done by any Jeffco Board of Education – even as a succession of achievement improvement plans failed to produce a substantial improvement in the district's results. It is long past time for the Jeffco Board to take a more rigorous approach to governing the risks to the success of the district's strategy.

I have repeatedly noted my frustration with Jeffco's student achievement results, and the fact that they have remained stagnant for a decade or more, despite the billions of taxpayer dollars we have spent on our public schools. In an intensely and increasingly competitive global economy, it is unacceptable that on the 2014 ACT, just 26% of Jeffco Grade 11 students eligible for free and reduced lunch (FRL) met the college and career ready (C&C) reading standard, and 23% met the math standard, and 23% met the science standard. It is unacceptable that among Jeffco's Hispanic students, just 27% met the C&C standard in reading, 25% met it in math, and 25% met it in science. And it is unacceptable that only 52% of Jeffco's non-FRL 11th graders met the C&C reading standard, 55% met the math standard, and 52% met the science standard. (To those who respond, "but Jeffco outperformed fill in the blank", I will yet again note that our children face a world of absolute, not relative standards – if they can't do algebra they aren't going to make the cut, regardless of the districts that Jeffco outperformed).

Past Jeffco Boards of Education must bear some of the responsibility for these poor achievement results, due to the weak governance practices they employed (district staff are culpable too, due to their weak management and leadership processes). The good news is that over the past year Jeffco's current Board of Education majority — Witt, Newkirk, and Williams — has significantly improved the district's governance practices. To be sure, there are still many opportunities for further gains in governance quality, which are a necessary, if not a sufficient step towards realizing the substantial improvements in student achievement to which we have all committed ourselves, and that are critical for our children's future well being. But we are finally moving in the right direction.

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