

July 22, 2008

The Honorable Mitchell E. Daniels, Jr.
Republican Candidate for Governor
47 S. Meridian Street, 2nd Floor
Indianapolis, IN 46204

The Honorable Jill Long Thompson
Democratic Candidate for Governor
804 N. Delaware Street
Indianapolis, IN 46204

Dear Governor Daniels / Dear Ms. Thompson:

Your Charge With Education

Given the fierce economic competition between states and the rise of a global economy, it's crucial that our future workforce receives the proper education in high school and college. In K-12, continued attention to higher standards, greater accountability and broader parental options must be accompanied by new policies rooted in the recommendations of the Indiana Commission on Local Government Reform and those dealing with teacher compensation and qualifications. Additionally, long overdue structural changes to allow for greater cooperation among the K-12, higher education and workforce development systems must be put in place. Collectively, these actions will also help address what is arguably the state's biggest education challenge – our high school dropout rate.

A staggering one quarter of Hoosier students leave high school without a diploma. That translates to earning nearly \$8,000 per year less at a job than their counterparts who finished high school. That average salary of \$21,329 (according to the 2008 *Indiana's Adult Education Workforce Skills Performance Report*) is not going to take them very far nor is it going to contribute to Indiana's workforce of tomorrow.

While there's no magic bullet for the dropout crisis, a comprehensive, aggressive approach that generates long-lasting education reform across the board will have a positive impact.

Any discussion on education reform must start with recognizing the interdependence of K-12 with higher education and workforce development. If the schooling Michael and Susan receive as children and teens is strong, then they will have the tools to succeed in college and their professional lives. Conversely, if their educational foundation is lacking, Michael and Susan will find it hard to achieve beyond their high school graduation.

Today, however, our state's educational system is separated into three unique silos, each driven by its own governance systems, program goals and funding mechanisms. At the head of those silos are the Indiana Department of Education, the Commission for Higher Education and the Department of Workforce Development.

Within these state-level institutions are distinct and independent governing bodies, along with hundreds of regional institutions – with little coordination existing among the groups. To help

recognize the true and necessary connection of all educational and training institutions, the governor must use the power of his or her office to:

- develop a single set of goals and objectives to guide each of our state's education and workforce programs;
- require coordination of programs so that individuals can more easily find and access the services that they need; and
- establish accountability measures that are tied to statewide priorities rather than to the independent institutions.

Each of our last five governors has made education a high priority of his work. Sometimes that work has been accomplished with the elected superintendent of public instruction as his ally, but more frequently the result has been competing visions for education in Indiana, a floundering school reform agenda and disjointed governance. You should seek the authority to appoint the superintendent – one in line with your initiatives – because only the governor can truly provide the leadership that will enable real progress in education.

At the local level, school reform must start with the Kernan-Shepard report recommendations.

The first of these – consolidating school district administration – will likely be the hardest to accomplish. Within days of the Kernan-Shepard release, those who stand to lose the most under this proposal had already succeeded in confusing the issue by falsely suggesting it would lead to larger schools and larger classrooms. While that was the result of school consolidations in the 1960s, today's Kernan-Shepard recommendations focus squarely on central office administration. Educating the public on this difference will require careful thought and persistent communications, but it can and must be done.

The second of the recommendations – combined purchasing – is already a proven tool for savings and efficiency. A recent report conducted for the State Board of Education on shared services, cooperatives and consolidations estimates current savings from such arrangements at over \$90 million per year. That's nearly \$90 per student – and well over \$1,000 for each of our state's classrooms.

Despite these impressive savings, Indiana lacks any systematic process for widespread joint purchasing arrangements. So, while these agreements are saving tens of thousands of dollars in parts of Indiana, they are completely unused in other locations. It's time to encourage, if not require, every school and school district to display some common sense and take advantage of these cost savings.

The last Kernan-Shepard recommendation – moving school board elections to the fall – is a critical step for improving accountability. These school board positions are far too important to our communities and for our children's futures to be relegated to low turn-out primary elections.

No system restructuring would be complete without changing the way school finances are calculated and distributed. Today, Indiana's school funding mechanisms place the interests of educational institutions far above the interests of individual students.

Our school funding formulas are judged, first and foremost, by the percentage increase or decrease for each of our state's school districts. The result has been a series of formulas that

over-funds districts that are losing students and under-funds districts that are growing. The next governor can help change this approach by focusing his or her own public message on per student funding and by insisting on a formula that emphasizes students.

When it comes to policy reforms, two much-needed areas of attention are teacher/administrator compensation and qualifications.

In virtually all other professions, an employee's job performance and its impact on the organization are routinely considered when setting salary and raises. Why should public education be any different? It shouldn't. Performance-based pay – rewarding teachers for their effectiveness and how far they improve student learning – needs to be implemented in Indiana. It's a win-win, giving teachers that extra desire to do the best possible job in their classrooms, which can only benefit the students.

In addition, differential pay for teachers in shortage areas is something Indiana needs to make happen. Right now in every school corporation, an elementary physical education teacher is hired in at the same pay as a high school physics teacher. Yet, good teachers in areas like science and math are harder to find and keep. It only makes sense that we acknowledge that there is greater market competition for certain skill sets and alter our compensation scale accordingly.

Adjusting teacher and school administrative qualifications (in the right situations) could also yield positive results. Currently, an Indiana school administrator must also hold a teacher's license. A communications director or HR manager at a hospital, for example, isn't required to have a medical license. It's time that schools be free to hire administrators from a larger pool of candidates to ensure that those selected are the best suited for the jobs they will be performing.

Another consideration should be given to tapping into the wealth of professional knowledge in the state by allowing for part-time instructors in Indiana high schools just as colleges rely on professionals to serve as adjunct faculty. Through a proposed expansion to Indiana's alternative teacher licensing program, a retired CEO of a bank or a semi-retired journalist could teach finance and writing courses respectively at their local high schools. Connecting talented professionals with our students should be the overall goal.

Most of the recommendations discussed here will require much more than legislation. They will require your leadership and an effective bully pulpit – both during the campaign and while in office. They will require legislators doing what's best for our young people.

But, if accomplished, these reforms will go a long way to laying a stronger foundation for a more effective education system and better preparing our students for their working futures. Both will help ensure the economic vitality of the state for years to come.

Sincerely,

The 125 members of the Board of Directors of the Indiana Chamber of Commerce, representing 4,800-plus member companies employing 800,000 Hoosier workers.