

One Alumnus' Views on the Value Proposition between CH-UH K-12 Educational Services and Property Taxes

Robert P. Strauss
CHHS Class of 1962

Professor of Economics and Public Policy

Carnegie Mellon University

www.Andrew.cmu.edu/user/rs9f

rpstrauss@gmail.com

Cleveland Heights Community Center
1 Monticello Blvd, Cleveland, OH 44118

Monday, March 9, 2020

7:00-8:30 PM

“To do what’s right is easy, to know what’s right to do is another matter.” LBJ

1.0 Introduction

- Thanks to TigerNation4lowertaxes for the invitation to speak to you this evening about the pending millage vote on March 17.
- Goal of my remarks: Give an independent perspective on both the tax and educational services issues at hand.
- Gist of my remarks is general skepticism about raising taxes now without first obtaining significant changes in spending habits/educational outcomes.
- Organization of Remarks:
 - 2.0 A bit about me, my policy experiences in the public education domain;
 - 3.0 Define the value proposition for public education;
 - 4.0 Discuss the governance/ethical environments in public education and what constitutes improvements and how they may be achieved;
 - 5.0 Discuss teacher quality and learning outcomes;
 - 6.0 Discuss school safety issues
 - 7.0 Provide a list of a few questions and comments on various aspects of current CHUH spending and tax practices with attention to words;
 - 8.0 Bonus: Some Ideas to the Improve the Value Proposition
 - Answer questions.

Backdrop to my remarks is Heights flight from excellence while asking for more money: Compare 8/27/2020 current Heights Teachers Contract Preamble Compared to that of Shaker current Teacher Preamble

Heights Contract:

For purposes of learning and growth, internal motivations are more valuable than the external, such as, grades and competition. The primary people in our school system are first, the students, and next, the teachers. Accordingly, they will be given primary consideration in any action taken by the Board of Education.

Our school system will provide training in the basic skills.

Shaker Contract:

That the professional teaching personnel have been entrusted by the Board and the administration with a primary responsibility of providing the best possible education for all students attending the Shaker Heights Public Schools

<https://www.chuh.org/Downloads/CHTU%202019-2020%20CBA%20Final.pdf>

www.shtaweb.org/media/442/shta-cbathru2020finalsigned.pdf (downloaded 3/1/2020)

Let's do an experiment with Zimbabwe Bucks!

- You each have a packet of 5 \$100 Trillion Z bucks. I'm no piker!

2.0 A Little Bit about Bob Strauss

- K-12 education:
 - Canterbury, (still have cinders in elbow from tumble on cinder path)
 - Wiley (cut from the basketball team, worked my way back onto it. 6th man)
 - CHHS:
 - Quarter Finalist in Ohio high school tennis competition.
 - VP of Graduating Class. National Honor Society
 - Invented class motto: “We’re all through in ‘62.”
 - Confusion my senior year; somehow asked two girls to be my date for CHHS senior prom; turned out they were friends, they played me. Chose 1, had bad time.

Who was our competition? Shaker Heights? University School?

- Higher Education
 - Michigan/London School of Economics (thrown off UM freshman tennis team, 1st man at LSE tennis team)
 - University of Wisconsin Economics Department (prelims passed in beginning of 3rd semester, out the door in 6 semesters)

2.1 A Little Bit More about Bob Strauss

As an academic:

Assistant, Associate Professor of Economics (tenured) at UNC-Chapel Hill 1969-79

Professor of Economics and Public Policy (tenured), Carnegie Mellon 1979-present

As a federal public servant:

Assistant to the Deputy Secretary of the US Treasury 1970-2

Staff Economist, Joint Committee on Taxation Us Congress: 1975-8

Recognition[s]:

Presidential pen from Richard Nixon

Presidential pen from Gerald Ford

See www.Andrew.cmu.edu/user/rs9f

2.2 A Little Bit More: Where did the Strauss children go to school?

Where did Sarah, David, and Elena go to school?

Sarah: Shady Lane, St. Edmonds, Pittsburgh Public Schools, Pittsford Public Schools (NY), Franklin Regional Public Schools, Oakland Central Catholic HS; Carnegie Mellon, University of Pittsburgh School of Law;

David: Shady Lane, St. Edmonds, Shadyside Academy, Franklin Regional Public Schools, Central Catholic HS; Carnegie Mellon;

Elena: Shady Lane, Sacred Heart, Pittsford Public Schools (NY), Franklin Regional Public Schools, Greensburg Central Catholic, Oakland Catholic HS; Lake Forest College, University of San Francisco.

Curious about dealing with our kids and cars? Read True Red Chronicles:

http://www.andrew.cmu.edu/user/rs9f/true_red_II.pdf

http://www.andrew.cmu.edu/user/rs9f/True_red_III_1_30_06.pdf

2.3 A Little Bit about Prof Strauss and Policy in Pennsylvania: Taxes and Education Policy

- 1981 Pa. Tax Reform Commission.
http://www.andrew.cmu.edu/user/rs9f/final_report_pa_tax_commission_March_1981.pdf
- 1987 Pa. Local Tax Reform Commission. http://www.andrew.cmu.edu/user/rs9f/casey_1987.pdf
- 1999 Pa. State Board of Education Study on Teachers Preparation and Selection
http://www.andrew.cmu.edu/user/rs9f/rpstrauss_teacher_preparation_selection_in_Pennsylvania_1998.pdf
- Should Teachers Know or Know How to teach?
http://www.andrew.cmu.edu/user/rs9f/sv_4_18_06.pdf

See www.Andrew.cmu.edu/user/rs9f for papers on teacher quality, supply and demand, effect of retirement incentives to decision to retire, teacher hiring choice and outcomes.

- As to where I am in the debate over pedagogy vs. content knowledge when hiring a teacher, it's content knowledge:

A one percent increase in Teacher General Knowledge/SAT → about an 8% increase in student achievement (!)

3.0 The Value Proposition of Public Education:

3.1 Community Pays vs. Kids' Educational Services

The Basics:

- All residents in a school district are subject to local taxes, primarily direct property taxes paid by property owners, and other indirect property taxes by paid renters to owners; property taxes are mandatory, but offsets or tax credits are provided. Raising the property tax millage requires citizen endorsement. (March 17 here).
- Locally elected school board members transform property tax monies, state and federal aid into spending through the budget process and spend in accordance with state and local laws governing public education. State and federal aid is financed by local school district citizens through income and sales taxes; \$22,000/student is the ratio of all resources coming into the CHUH budget/enrollment.
- Teachers, administrators etc. are hired and must meet minimal Ohio standards: BA, endorsement from a teacher preparation institution, passing scores on standardized (Pearson) exams. The Ohio State Board of Education sets the passing score; 99% of test takers pass.
- In Ohio, the right to strike by public employees, including teachers and administrators, is guaranteed by law, as is the collective bargaining process.
- Until the school leaving age, students must attend school (public or otherwise), and they are evaluated by the Ohio Department of Education through standardized testing (going on since at least the 1950's). The state proscribes areas/competencies to be tested of the kids.

3.0 The Value Proposition of Public Education:

3.2 The Property Tax:

3.2.1 Gross of Public Service Value

Think of the value of a house, H, (\$200,000) as the rental value of housing services the owner enjoys. If the market rate of interest is r, (.04 or 4%) then the annual value of housing services or rental value is approximately [forever]:

$$r \times H = .04 * \$200,000 = \$8,000/\text{year}$$

Now, suppose that property taxes of \$5,000/year are imposed, but only to pay retirement benefits to retired workers who move to Florida. Somebody forgot to fund the pension fund. How much does that depress the value of the House in the market place? How much will that destroy in the way of house value [forever]?

$$.04 \times ? = \$5,000/\text{year} \text{ or } x = \$5,000/.04 = \$125,000 !$$

A buyer of this house will now only pay \$200,000 - \$125,000 = \$75,000 for the house because of the tax needed to pay the unfunded retirement of \$5,000/year [forever].

3.0 The Value Proposition of Public Education:

3.2 The Property Tax

3.2.2 Net of Public Service Value

Now suppose that the government is a school district and taxpayers believe they are getting equivalent value from their property taxes paid. If on average the property market believes that \$5,000 of educational services are being received, then

Value of Services received - Taxes Paid = 0

So the House is again worth \$200,000.

Finally, if the value of services starts declining, then the market value of H declines because the taxes paid depress the property's market value. Conversely, if the value of services exceeds the cash property taxes paid, then the value of the house will actually grow. People bid up the home prices in high achieving school districts.

Homes with successful school districts (students learn more) sell for more than identical homes with less successful school districts. It's a fact and realtors know it.

3.0 The Value Proposition of Public Education:

3.4 Value Proposition Question for Heights Taxpayers

In CHUH, what's been happening to graduation rates, Ohio tests of competency, PSAT, SAT and ACT scores? I can't find answers on the web. Why?

What's happening to scale scores? Not proficiency?

If CHUH property taxes go up, and the trends in measures of educational outcomes continue to decline, what will that do to property values?

Thought experiment: suppose you double teacher salaries because they want it, and they need it. What will that do to student learning outcomes, to property taxes, to housing prices and apartment rents? To new car sales?

4.0 Governance and Ethics Environment of Public Education in Ohio

Does Ohio require a school board member to take an oath of office? **Yes**

Does the Ohio oath require support of Federal Constitution? **Yes**

Does the Ohio oath require one to perform to best of ability? **Silent**

Does the Ohio oath require one to perform faithfully or with Fidelity? **Yes**

Does the Ohio oath require one to perform impartially? **Silent**

Does the Ohio oath require one to perform honestly? **Silent**

Does the Ohio oath require one to avoid conflicts of interest? **Silent**

Source:

http://www.andrew.cmu.edu/user/rs9f/rps_severino_strauss_updated_9_18_2013.pdf

4.1 Governance and Ethics Environment of Public Education in Ohio

- Remedy: any local board can adopt governance procedures and ethics safeguards that exceed state standards.
- In my perfect world, I would not enable a property tax increase until and unless:
- Board members get paid \$1,000/month to create responsibility in the eyes of the Ohio courts (volunteers are usually not prosecuted), AND
- the oath of office, ethical standards and disclosure procedures below are adopted per the following:

<http://www.andrew.cmu.edu/user/rs9f/sb1234.pdf>

<http://www.andrew.cmu.edu/user/rs9f/sb1258.pdf>

5.0 Teachers, Learning Outcomes and Teacher Quality in Ohio

5.1 How teachers get admitted to an approved program, trained, certificated/licensed

- Ohio Dept of Education approves college/university teacher preparation programs through periodic 5 year reviews of program's curricula; Ohio Dept of Education stipulates relationship or alignment between teacher preparation and student curriculum and student learning goals;
- Typical prospective teacher takes general courses in freshman, sophomore year;
- Some courses in a typical college major taken junior year. but senior year one takes education courses in pedagogy (how to teach math); it's extremely rare for 4 year BA program to require a "true" major in conjunction with various school or department of education courses; not enough time.
- Some sort of practical student teaching required for 1 semester senior year;
- Senior year, prospective teacher takes standardized test; ETS and their Praxis I and II exams were used until recently; now Ohio uses Pearson;
- Ohio State Board of Education each year stipulates what the passing test score is;
- Approved program issues an endorsement letter for prospective teacher stating required coursework passed and student teaching was ok
- Prospective teacher passes a State/Federal FBI background review
- Student can get a certification or license from Ohio upon demonstrating all of the above is true

5.0 Teachers, Learning Outcomes and Teacher Quality in Ohio

5.1 How a teacher gets hired (in general, have not read HR policies of CHUH)

- District is advised of a pending retirement under teacher contract, early Spring
- District internally advertises a vacancy through internal posting, employed and furloughed teachers can apply
- District has an internal personnel process for selection of pool, conducts interviews, provides a list to the Board to consider;
- Board meets in private to consider recommended personnel from a list;
- Public vote of Board required to offer a contract
- Prospective teacher accepts/rejects offer;
- Once offer is accepted, teacher was required until recent Supreme Court decision to join the local union (Ohio Federation of Teachers Local 400) and pay mandatory dues.
- After a significant probationary period under Ohio school law, teacher gets tenured.

5.0 Teachers, Learning Outcomes and Teacher Quality in Ohio

5.2 About the PRC which takes k-12 education rather seriously

- In the People's Republic of China, students start taking English as a second language in first grade throughout the country, have separate teachers for English, math, social studies, language arts, science, art and music. Separate teacher comes to the elementary classroom to instruct.
- Class size is typically around 60+ even in first grade.
- They begin math fractions in 2nd or 3rd grade, and the national and provincial departments of education revise their entire curricula and standards every 3 to 4 years.
- They believe that all students can learn, and their learning standards dwarf those in the US
- Students face serious independent testing at the end of elementary school, middle or junior high school, and at the completion of high school for college admission. Admission to middle school and high school may require the successful student to live at a distance, especially to attend an elite high school.
- PRC families know there is no social safety net, so getting educated to find paying work is crucial
- PRC teachers are from the top 5% of their college classes.

5.0 Teachers, Learning Outcomes and Teacher Quality in Ohio

5.3 Some frank talk about US tests teachers pass

- ETS's Praxis I has been independently benchmarked years ago at the 5th grade level of difficulty. Historically, states using Praxis I have required the passing score to reflect only getting something like 50-60% correct answers on questions of average difficulty at the fifth grade level.
- ETS's Praxis II has been independently benchmarked years ago at the 10th grade level of difficulty.

Pearson tests “at the college level”, varies from 100 to 300 points, there is no penalty for guessing, and a passing score is 166. This means $60/200 = 30\%$ correct is what's required to become a teacher.

5.0 Teachers, Learning Outcomes and Teacher Quality in Ohio

5.4 Interpreting A Standardized Teacher Test Score as % Correct

- $\% \text{ Correct} = \text{Points from Answering Questions Correctly of average difficulty} / \text{Points Possible to earn}$
- Old National Teacher Exam (NTE) Example:

What does a NTE General Knowledge score of 644 mean? 644 is a big number, BUT:

Range of test is 250-990 or 740 points possible to earn

BUT: $644 - 250 = 394$ points earned because everybody gets at least a 250 for signing up to take test

So, 644 really means: $394 / 740 = \underline{\underline{53.2\% \text{ correct}}}$! Not very high score in fact, at 5th grade level!

Note: because there is NO penalty for guessing, % correct is NOT = $644 / 990$ or 67%

5.0 Teachers, Learning Outcomes and Teacher Quality in Ohio

5.5 Tightening the Belt in Pennsylvania?

Pennsylvania Teacher Examination Passing Scores			
NTE Test 1997	% Correct	Praxis Test 2006	% Correct
Core Battery: Reading	25.7%	PPST Reading (0710)	55.0%
Core Battery: Writing	25.7%	PPST Writing (0720)	57.5%
		PPST Math (0730)	57.5%
Communication Skills	51.4%		
General Knowledge	51.1%		
Professional Knowledge	51.0%		
Art Education	37.7%	Art: Content Knowledge (0133)	61.0%
		Biology: Content Knowledge, Part 1 (0231)	56.0%
Biology	42.9%	Biology: Content Knowledge, Part 2 (0232)	37.0%
		Biology: Content Knowledge (0235)	47.0%
		Chemistry: Content Knowledge (0245)	54.0%
Chemistry	32.5%		
		Earth and Space Sciences: Content Knowledge (0571)	57.0%
Earth Space	41.5%		

5.0 Teachers, Learning Outcomes, and Teacher Quality in Ohio, CHUH

5.6 What do your teachers really know?

- State of Ohio Department of Education's web sites do not provide information about the recently adopted Pearson teacher tests other than what the passing score must be. (166)
- By email I asked and was told by a state employee in the Ohio Department of Education they had no answers to the following questions and to contact Pearson for answers:

What is the range of test scores? Minimum, Maximum?

What is the penalty for guessing?

What is the grade level standard for each Pearson test?

- The Ohio State Board of Education used to publish on the web teacher test score information but no longer does. It is known that virtually all of Ohio's prospective teachers pass the test (90% + pass rates are reported.).

For more on Pa. teachers, see: <http://www.andrew.cmu.edu/user/rs9f/fordham.pdf>

Also, see my study for Pa State Board of Education, pp. 51-57, for examination of Ohio teacher preparation rules: http://www.andrew.cmu.edu/user/rs9f/rpstrauss_teacher_preparation_selection_in_Pennsylvania_1998.pdf

5.0 Teachers, Learning Outcomes, and Teacher Quality in Ohio, CHUH

5.7 What is best practice in screening applicants?

- Prefer those with true college majors and a 1 year masters in the art of teaching (MAT)
- Use the Petersen Guide to colleges to understand general quality of student body and curricula, and also US News Rankings of undergraduate majors;
- Look seriously at the education course background to ensure classroom management and understanding child development are part of what the prospective teacher has been trained about;
- Consider 2nd career folks with STEM backgrounds in the sciences and engineering who have worked for many years; work to hire these on emergency waivers;
- Recognize that the best k-12 schools of any sort (public, private, denominational) actively seek out and poach successful teachers from each other

5.0 Teachers, Learning Outcomes, and Teacher Quality in Ohio, CHUH

5.8 Findings from my close examination of Pa. teaching hiring processes and student learning outcomes for Pa. State Board of Education

- Pa. Districts that use a professional personnel process that excludes Board members from screening and hiring, and includes building principals wind up with teachers whose students score better on Pa.'s required standardized exams;
- Students from districts requiring prospective teachers to provide written letters of recommendation did better on standardized tests;
- Districts who hire from previously own high school graduates, holding all else constant, experience lower student test scores;
- A 1% improvement in teacher quality as measured by their general knowledge/SAT type scores raises student learning outcomes 8%;

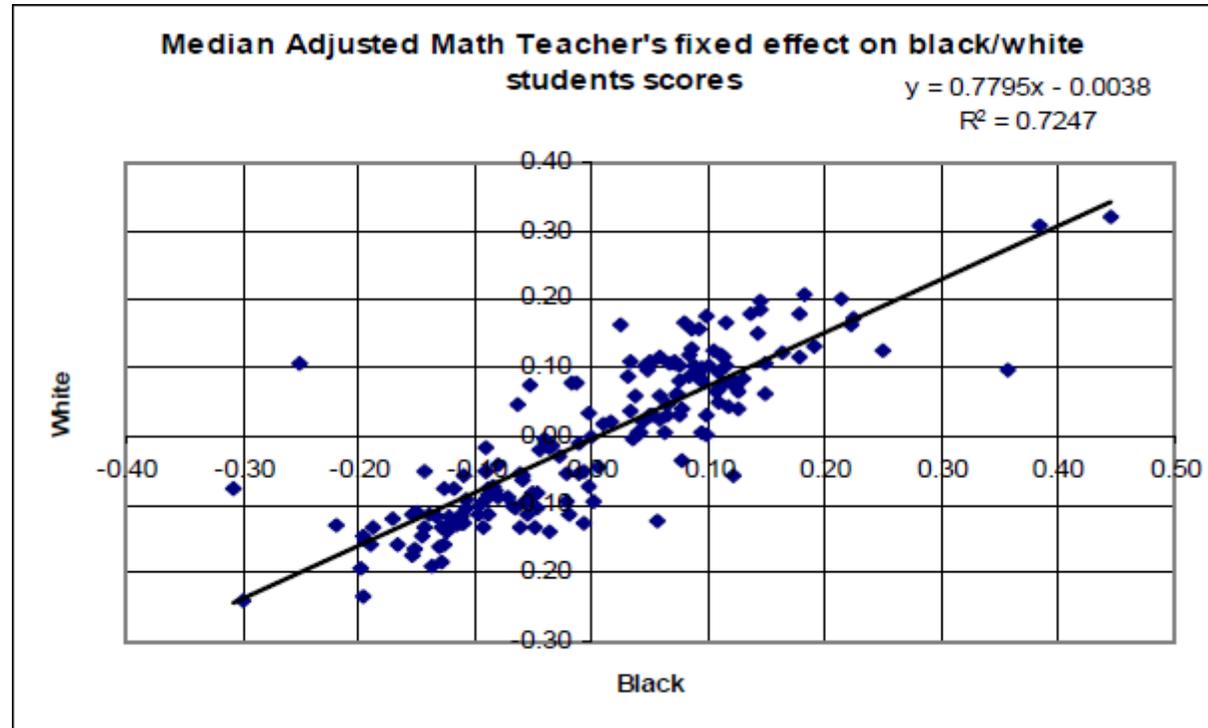
5.0 Teachers, Learning Outcomes, and Teacher Quality in Ohio, CHUH

5.9 Close econometric examination of learning outcomes of a teacher's impact on each student by race in the Pittsburgh Public Schools

- In Pittsburgh Public Schools, examination of the impact of each math teacher on his/her classroom students' math scores by ethnicity showed:
 - If a teacher had above average results for the median black student, the effect was above average for the median white student.
 - If a teacher had below average test results for the median black student, the effect was below average for median white student.
 - [see next slide for scatter plot of results]
- See: http://www.andrew.cmu.edu/user/rs9f/rpt_pps_racialGap_9_6_07_1page.pdf

5.0 Teachers, Learning Outcomes, and Teacher Quality in Ohio, CHUH

5.9 Close econometric examination of learning outcomes of a teacher's impact on each student by race in the Pittsburgh Public Schools in 2007



6.0 Some Observations about School Safety in Ohio and CHUH Schools

6.1 In general, federal guidance

- Under federal No Child Left Behind legislation, each state was required in the early 2000's to submit a plan of how they define an offense for NCLB purposes, how they would measure it, and agreed to report it to the US Department of Education.
- Under NCLB law, the state education agency is obligated to notify a parent in writing if his/her child was in a “persistently dangerous school” and provide a Safe School Option to move said child to a safe school if a safe school existed in the district.
- On 7/23/2014 there was some information on the ODE web site, but it is no longer there.

6.0 Some Observations about School Safety in Ohio and CHUH Schools

6.1 2014 Ohio Basics (but no statistical data reported)

In Ohio, a school becomes “persistently dangerous” if any of the following 3 conditions is met:

- A school that has 2 or more violent criminal offenses on school property per 100 students (2% incident rate) in 2 consecutive years
- A school with 300 or fewer students if 6 or more violent criminal offenses occur in each of two consecutive years
- A school with 1350 or more students if 27 or more violent criminal offenses occur in each of 2 consecutive years

Comments: weapons violations in Ohio seem not to be relevant in the above as best I can determine. Also distribution and sale of controlled substances (drug dealing) would seem not to be covered either. Whether or not student assaults on teachers is a violent criminal act is worth finding out about.

7.0 Some Comments/Questions on your Finances and Collective Bargaining Agreements

7.1 Competitive or Negotiated Bond Sales?

Bond Transactions of Cleveland-Heights University Heights School District

Type of Sale	Number of Transactions (2012-2017)	Value of Bonds Sold
Competitive	19	\$60,724,999
Negotiated	41	\$175,864,915

Note: in 2012 all bonds were negotiated sales (\$6.7 M)

in 2014 all bonds were negotiated sales (\$169 M)

in 2017 all bond were competitive sales (\$60.7 M)

Source: Prof. Strauss' analysis of Mergent Muni-Bond Database

[chuh.sas]

7.0 Some Comments/Questions on your Finances and Collective Bargaining Agreements

7.2 Some questions about your teachers contract

The current contract, signed 8/27/2019, obligated bargaining to begin no later than 6 months before the expiration of the current contract, or 1/1/2020.

- Has the Board and Superintendent completed their negotiations for the contract ending on 6/30/2020?
- Has the contract been signed by all interested parties, with what effective date?
- Is this going to be made public and put on the CHUH web site before 7/1/2020?
- Why is the CHUH giving annual teacher raises of 4% when inflation is much lower? (This is the effect of 2% increases in salary which also go up due to step increases in the schedule)
- Why are co-pays so low and expenses for medical care so high as shown in the 2018/9 Audit?
- Why does CHUH allow teachers to raise their salary by taking courses in conjunction with professional development which are not required to relate to their teaching responsibilities?
- What happens during self-directed professional development which is CHUH financed?
- Why does CHUH not disclose the *total compensation* of its teachers, administrators, and support staff? (Salary plus other cash payments plus various benefits=Total Compensation)

7.0 Some Comments/Questions on your Finances and Collective Bargaining Agreements

7.3 Some questions about your administrators' contract

- Is professional study leave financially supported by CHUD's budget?
- Is 2 year foreign assignment leave financially supported by CHUD's budget? If so, using what account number?
- Why does somebody on 2 year foreign assignment leave get their years of experience increased and salary increased while away?
- How frequently are Superintendent's discretionary stipends of \$1,250 paid out? To whom and for what reasons?
- How much money and for what documented purposes is "Extended Service" paid out?
- Why is there no monetary cap on the fixed fee option to pay for Extended Service? Out of what account is the fixed fee option paid? Are the documents supporting such payment retained under Public Records requirements of Ohio law?

8.0 Surprise Bonus: What would I do to build some confidence in a Value Proposition here?

8.1 Governance Reform

Adopt as CHUH ordinances which raise the ethical bar for your administrators and Board members

See <http://www.andrew.cmu.edu/user/rs9f/sb1234.pdf> and
<http://www.andrew.cmu.edu/user/rs9f/sb1258.pdf>

Pay each Board member \$12,000/year and require they disclose their federal income tax returns and/or state income tax returns.

Publicly broadcast monthly Board meetings, and all collective bargaining negotiations over public tv.

8.0 Surprise Bonus: What would I do to build some confidence in a Value Proposition here?

8.2 Independent Evaluation of CHUH School District Learning Outcomes

Independent evaluation of learning outcomes for your taxpayers will help shore up their confidence in what CHUH accomplishes. How could this be credibly done?

- The cities of Cleveland and University Heights should sponsor and pay for the annual testing of each student by grade level by Sylvan Learning systems to nationally benchmark where your students are in terms of curriculum and achievement. Parents would get the results and summaries would be put on each City website.
- PSAT and SAT tests and/or ACT testing should be provided also by the cities and results publicly disclosed.

8.0 Surprise Bonus: What would I do to build some confidence in a Value Proposition here?

8.3 Independent Evaluation of CHUH School District Learning Outcomes

Create parental involvement by establishing an internet Dashboard so that each parent can see actual progress in real time along with things like attendance, behavioral issues, communicate with teachers and administrators via email.

Recognize that the racial achievement gap widens at 3rd grade and becomes very difficult by 5th grade. Does CHUH use “looping” of teachers in early grades? It’s used in the PRC.

- Be sure you are using Phonics and NOT Whole English as your language arts framework; use the University of Oregon’s Dibbels system of assessment and curriculum to develop and get to grade level reading skills. See: <https://dibels.uoregon.edu/>
- Do Dibbels assessment all the way through 8th grade to make sure that kids who transfer in can be brought to grade level.
- You have to build the kids’ math skills without much help from ODE as best I can tell, but you should set out as a goal that every student takes and passes Algebra I. To get there, best join the cognitive tutor movement. (see <https://www.carnegielearning.com/>)