The Strategic Role of Human Capital Management

2019 Leadership Development Meeting

April 25, 2019
Many efforts for reform and strengthening educators have been initiated over the years.

### Human Capital Strategy Initiatives Over Time

<table>
<thead>
<tr>
<th>Era</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1980s</td>
<td><strong>“Mastery Teaching”</strong>&lt;br&gt;• Emphasis on clinical supervision&lt;br&gt;• Focus on teaching quality&lt;br&gt;• Lesson quality&lt;br&gt;• Developmental / Reflective</td>
</tr>
<tr>
<td>1980s – 90s</td>
<td><strong>“Teacher Quality”</strong>&lt;br&gt;• Emphasis on clinical supervision&lt;br&gt;• Focus on teaching quality&lt;br&gt;• Lesson quality&lt;br&gt;• Developmental / Reflective</td>
</tr>
<tr>
<td>2000s</td>
<td><strong>“Teacher Effectiveness”</strong>&lt;br&gt;• Linking teacher evaluation and student learning&lt;br&gt;• Teaching overly focused on credentials rather than instructional effectiveness and student achievement&lt;br&gt;• Backlash to teacher evaluation&lt;br&gt;• NCLB teacher quality requirements largely ignored by states – just 14 states required annual teacher evaluations&lt;br&gt;• “Widget Effect”</td>
</tr>
<tr>
<td>2010s</td>
<td><strong>“Performance Management”</strong>&lt;br&gt;• Race to the Top: “Great Teachers and Leaders” system&lt;br&gt;• Evaluate all teachers and principals 1X/year+&lt;br&gt;• Multiple levels of effectiveness in multiple categories&lt;br&gt;• Use teacher evaluation results to inform key personnel decisions&lt;br&gt;• Performance pay&lt;br&gt;• Reward top teachers and weed out poor teachers → doesn’t work&lt;br&gt;• Gates Foundation invested heavily, but RAND study found no correlation to higher teacher quality or student learning (2018)&lt;br&gt;• Report recommends shift focus toward improving curriculum</td>
</tr>
<tr>
<td>2015 and beyond</td>
<td><strong>“Strategic Human Capital”</strong>&lt;br&gt;• ESSA: 43 states require student growth / achievement included in evaluations&lt;br&gt;• ESSA rolls back requirements for states to implement teacher and principal evaluation&lt;br&gt;• Erosion of teacher evaluation movement&lt;br&gt;• Anti-testing backlash&lt;br&gt;• Vast majority of teachers end up with a rating equivalent to effective or higher</td>
</tr>
</tbody>
</table>

Changing environment and context necessitate (re)evaluating human capital strategy.

Human Capital & Performance: A Causal Link

Environment / Context

- Student population
- Regulation
- Accountability
- Competition
- Technology
- “Political” environment
- Funding and compensation
- ....Others?

Overarching strategies drive development of the HR system

HR system directly impacts employee skills, motivation, and the structure and design of work

Resulting employee behavior translates into organizational performance

Source: Adapted from Becker Huselid 1998; Wright et al., 2005.
### Select Student Populations as a Percent of All Students

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free and Reduced Priced Lunch</td>
<td>38%</td>
<td>52%</td>
</tr>
<tr>
<td>English Language Learners</td>
<td>8%</td>
<td>10%</td>
</tr>
</tbody>
</table>

With ~13% of students continuing to receive Special Education services (6.7 million)

Source: National Center for Education Statistics.
The student population is becoming more diverse, potentially already reaching “minority majority” status nationwide.

Changes in Mix of Student Race / Ethnicity, ELL as a Percent of All Students

The percentage of white students decreased from 59% to 50%, and the percentage of black students has gone down from 17% to 16%, from 2003-2013.

The percentage of Hispanic students rose from 19% to 25%, and Asian/Pacific Islander students went up from 4% to 5%.

The percentage of ELL public school students was 10% (4.8 million students) in 2015, up from 8% in 2000.

In 2015, the percentage of ELL students ranged from 1% in West Virginia to 21% in California.

Source: National Center for Education Statistics.

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>2003</th>
<th>2013</th>
<th>Projected 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>59</td>
<td>50</td>
<td>46</td>
</tr>
<tr>
<td>Black</td>
<td>17</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Hispanic</td>
<td>19</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>American Indian/Alaska Native</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>n/a</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics.
There is a growing need (and demand) for a more expansive definition of success.

New Dimensions of Performance

**Traditional Measures**
- Test Scores
- College Acceptance
- Income

**New Measures**
- Whole Child
- College Completion
- Competency Based
- Career Readiness

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District Management Group
What are some of the biggest environmental changes affecting your district?

What strategic priorities and initiatives do you have in place to respond? What else may you need to consider?
1. More (and Better) Teachers
2. Increase Specialization
3. Develop and Train
4. Measure and Evaluate
5. ......Hope
More Teachers
The number of teachers in the U.S. has grown significantly…

- From SY 1988 to SY 2016
  - Public-school teacher population increased by 65%
  - K-12 student enrollment in public schools increased by 24%
  - Since SY 1988, the teacher force has gotten older, yet less experienced at teaching

…driven by a desire for lower student:teacher ratio…
...resulting in ~80% of U.S. K-12 public school system operating expenses committed to employee salaries and benefits.

### U.S. K-12 Public School System Operating Expenses

<table>
<thead>
<tr>
<th>Total SY 2014-15 Expenditures ($B)</th>
<th>% of Total SY 2014-15 Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries: $328.3B</td>
<td>Salaries: 57.1%</td>
</tr>
<tr>
<td>Employee Benefits: $130.9B</td>
<td>Employee Benefits: 22.7%</td>
</tr>
<tr>
<td>Purchased Services: $61.1B</td>
<td>Purchased Services: 10.6%</td>
</tr>
<tr>
<td>Supplies: $43.8B</td>
<td>Supplies: 7.6%</td>
</tr>
<tr>
<td>Tuition: $5.7B</td>
<td>Tuition: 1.0%</td>
</tr>
<tr>
<td>Other: $5.6B</td>
<td>Other: 1.0%</td>
</tr>
</tbody>
</table>

**Total SY 2014-15 Expenditures** $575.4B

**% of Total SY 2014-15 Expenditures** 79.8%

*Source: National Center for Education Statistics.*
Despite this growth, significant shortages remain, and hiring needs will continue to increase.

Teacher Shortages likely to get worse:

- Rising student enrollment: +3 MM by 2030
- Pressure to lower student:teacher ratios: additional 145,000 teachers needed from the current 16-to-1 to pre-recession ratios of 15.3 to 1.
- High levels of teacher attrition: nearly 8% of the workforce annually, responsible for the largest share of annual demand—majority of them before retirement age

### Annual hiring needs

- ~300,000 Teachers
- Increase from ~260,000 in recent years

### Percent of States and Territories Reporting Specialty-Specific Statewide Teacher Shortages, 2016-2018

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Percent</th>
</tr>
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<tbody>
<tr>
<td>Special Ed</td>
<td>95%</td>
</tr>
<tr>
<td>Math</td>
<td>89%</td>
</tr>
<tr>
<td>Computer Science</td>
<td>88%</td>
</tr>
<tr>
<td>Science</td>
<td>84%</td>
</tr>
<tr>
<td>Foreign Languages</td>
<td>79%</td>
</tr>
<tr>
<td>ELA</td>
<td>63%</td>
</tr>
<tr>
<td>ESL-Bilingual Ed</td>
<td>60%</td>
</tr>
<tr>
<td>Career Technical...</td>
<td>56%</td>
</tr>
<tr>
<td>Arts</td>
<td>51%</td>
</tr>
<tr>
<td>Social Studies</td>
<td>42%</td>
</tr>
<tr>
<td>Pre-K</td>
<td>39%</td>
</tr>
<tr>
<td>Health/PE</td>
<td>35%</td>
</tr>
<tr>
<td>Home Economics</td>
<td>32%</td>
</tr>
<tr>
<td>Librarians</td>
<td>32%</td>
</tr>
<tr>
<td>Counselors</td>
<td>30%</td>
</tr>
<tr>
<td>Nurses</td>
<td>18%</td>
</tr>
<tr>
<td>Gifted and Talented</td>
<td>16%</td>
</tr>
<tr>
<td>Industrial Arts</td>
<td>12%</td>
</tr>
</tbody>
</table>

Increase Specialization
Teachers now comprise ~50% of U.S. K-12 public school system staff, as additional instructional staff has continued to increase.

U.S. K-12 Public School System Staff

<table>
<thead>
<tr>
<th>Year</th>
<th>Teachers</th>
<th>Support Staff</th>
<th>Non-Teacher Instructional Staff</th>
<th>District Administrators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>2.6</td>
<td>23.8</td>
<td>70.3</td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>2.0</td>
<td>28.6</td>
<td>64.8</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>1.9</td>
<td>30.9</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>1.9</td>
<td>32.6</td>
<td>52.4</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>1.7</td>
<td>30.4</td>
<td>53.4</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>1.7</td>
<td>30.4</td>
<td>51.1</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2.2</td>
<td>30.8</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.4</td>
<td>31.0</td>
<td>49.4</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics
Increases in the teacher population are being driven by growing specialization in the teaching workforce.

The traditional classroom is also requiring different instructional practices and skills.

Classroom Transformation

<table>
<thead>
<tr>
<th>Traditional Classroom Settings</th>
<th>Transformed Classrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Diagram of traditional classroom settings" /></td>
<td><img src="image2" alt="Diagram of transformed classrooms" /></td>
</tr>
</tbody>
</table>
Personalization is accelerating the move to unbundle the teacher’s role.
Computers are increasingly relied upon for the content while teachers take on a greater role in social, emotional, and behavioral supports and tailored interventions.
3

Develop and Train
The U.S. makes a substantial investment in developing teachers.

~ $18 billion per year nationally spent on teacher PD

- 6-9% of district operating budget total: more than food (3-5%) or transportation (1%)
- On average, teachers spend 19 school days per year in development activities (10% of the school year)
- This is ~150 hours per year, ranging from 30 to 74 hours of mandated time
- 10th year teacher has spent a full school year in development activities

How can we think differently about development throughout our systems?

Measure and Evaluate
Efforts to measure and evaluate teacher performance have evolved.

2009

- $4.3 billion emphasis on improving and mandating teacher evaluation
- Gates Foundation invested $700 million on teacher-quality

• Use value-added measures to directly measure teacher impact on student achievement gains through annual test scores

• BUT can only measure in the few grades and subjects where annual testing is mandated: about 25% of K-12 teachers

• Use more comprehensive approach: overall classroom practices, instructional practices, classroom management, standards/content, and more

An effective organizational strategy includes human capital management and aligns with district strategy.

**District Strategy**
- Mission & Vision
- Theory of Action
- Priorities & Goals
- Implementation

**Organizational Strategy**
- Recruit
- Staff
- Develop

**Performance Measurement**
- Clearly define the district strategy and build a business case for HR as a strategic asset
- Theory of Action: fundamental belief about how change will occur and strategic goals will be met
- Positioning relative to competitors
- Identify organizational capabilities and attributes needed to successfully fulfill district strategy
- Create a strategy alignment “map” including key objectives, success factors, and indicators of performance
- Define organizational design and leadership competencies to develop and sustain organizational capabilities
- Design measurement system of leading and lagging indicators of performance and key factors for success
- Implement “management by measurement”
- Widely distribute measures to all levels of the organization
- Regularly test measures against strategy map

Source: Adapted from Becker, Huselid, Ulrich The HR Scorecard 2001; Boris Groysberg and Amanda Cowen, Developing Leaders, HBS Publishing
Think back on the strategic priorities and initiatives you discussed earlier...

What are the implications on your human capital approach, priorities, and performance measures?
Strengthen your district by aligning HR activities around human capital strategy.

DMGroup’s Human Capital Framework

Cultivate Pool

Recruit

Manage Process and Timeline

Screen, Interview, and Select

Hire and Staff

Induct

Develop, Evaluate, and Retain

Grow and Develop

Staff Based on Need

Plan for Succession

Reward & Recognize

Evaluate

Example areas where data should be used to answer crucial HR questions:

- **Cultivating a strong candidate pool**: What are our largest current sources of candidates and what is the hire rate from each source?
- **Screening and selecting**: What qualities does our interview process look for, and how well do those qualities predict future success?
- **Hiring and staffing**: What percent of offers made are accepted?
- **Development and retention**: What are the most common reasons for undesired departures? When in a teacher’s career do they depart?
### Key Takeaways

1. Start with a rigorous assessment of the current context to develop an overall strategy. Then make sure your human capital strategy is aligned with those goals.

2. The trend for greater specialization, use of technology, and unbundling the role of the teacher will lead to greater disruption and require us to think differently about recruiting, retaining, and developing teachers.

3. Taking a systemic approach to human capital will yield better results.
If you have any comments or questions about the contents of this document, please contact District Management Group:

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