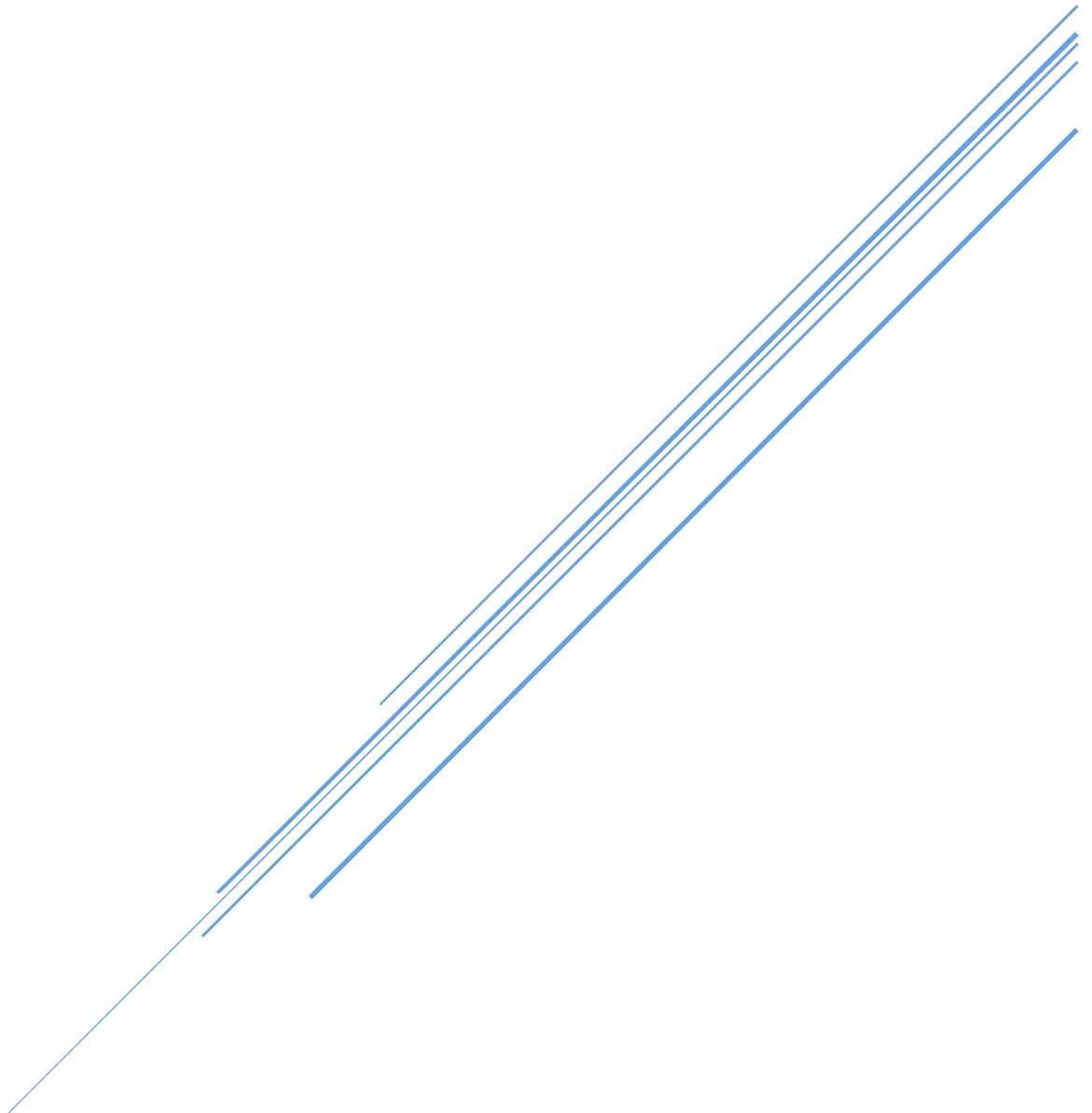


# ROUND LAKE AREA SCHOOL DISTRICT 116

An Independent Case Study of a School System in Transition

April 24, 2015



Dr. Rick Cox  
Dr. Kurt Schoch



## ABSTRACT

Round Lake Area Unified School District 116 serves over 7,000 primarily low to middle income suburban students in Kindergarten through 12th grade in Northern Illinois (RLAS CUSD 116, 2014). This study explores the district's decline into deep financial difficulty with inability to meet payroll, then restoration within nine years to financial health and a balanced budget. District 116 operates in a complex multi-cultural environment that includes relationships among students, parents, teachers, support staff, and administrators as well as among community organizations, local businesses, State regulators, and related educational institutions.

This research was designed primarily as an intrinsic case study. The unit of analysis was District 116 operating within the political, economic, and demographic environments of the five villages comprising the Round Lake Area — Round Lake, Round Lake Beach, Round Lake Heights, Round Lake Park, and Hainesville. Study participants included theoretically sampled District 116 administrators, teachers, parents, representatives of the Board of Education, and former members of oversight boards selected for their knowledge and experience of district history. The scope of this study includes mid 1990s through 2013, with some updates to current year. It is primarily a study of leadership factors bearing on the district's success. The study developed lessons-learned in leadership and related areas of long-range planning, parental involvement, management processes, communication, and education quality. Key turning points in the district's restoration to financial health included establishing a strong leadership team, implementing strict financial discipline in all business lines, developing a formal human resources competency, and developing a stable, well-credentialed Board of Education. The remarkable return of District 116 to financial health over the last decade and the work in progress to strengthen academic achievement provide insights for other districts nationwide managing change while operating in tight fiscal environments.

## Contents

Introduction—a Short History of Major Events in District 116 .....	4
Literature Review.....	6
Education Reform .....	6
Financial Management.....	7
Continuous School Improvement .....	8
Methodology.....	10
Scope.....	10
Research Questions.....	11
Sources of Evidence.....	11
Results.....	13
Data Overview .....	13
Survey of Community.....	13
Interviews.....	16
Lessons Learned.....	30
Leadership.....	30
Long-range Planning.....	32
Parental Involvement .....	32
Management Processes .....	33
Communication.....	35
Education Quality .....	36
Conclusion .....	38
Works Cited .....	<b>Error! Bookmark not defined.</b>
Appendix A —Types of Individuals Interviewed.....	44
Appendix B — General Interview Questions .....	45
Appendix C — Pre-interview Survey Questions .....	46
Figure 1-- Historical Revenue Sources.....	7
Figure 2—Discourse Arenas Map .....	13
Figure 3—Unpaid Volunteer Time.....	14
Figure 4—Health of Working Relationships .....	15
Figure 5—How the District Has Changed.....	15
Figure 6—Perceived Reasons for Financial Difficulty.....	16

Figure 7--Multiple Roles of Participants .....	16
Figure 8--Main Roles of Participants.....	17
Figure 9--Source Coding Similarities by Researchers.....	18
Figure 10--Summary of Interview Results .....	20
Figure 11 Theoretical Model .....	38
Table 1-- Population of Round Lake Area.....	4
Table 2—Unpaid Volunteer Time .....	14
Table 3—Health of Working Relationships .....	15
Table 4—How the District Has Changed .....	15
Table 5 --District Operating Environment.....	21

## Introduction—a Short History of Major Events in District 116

Round Lake Area School District 116 was formed as a consolidated unit in 1968 from separate elementary and high school districts. The district serves present-day Lake County, Illinois villages of Round Lake, Round Lake Beach, Round Lake Heights, Round Lake Park, and Hainesville. The district occupies 8.5 square miles of land. Table 1 illustrates that about one third of the population within district boundaries is of preschool or school age (Lake County, 2014).

	Population	Percent
Under 5 Years Old	3416	9.4
5 to 17 Years Old	7983	22.0
18 to 64 Years Old	22761	62.8
65 and Over	2105	5.8
Total	36265	100.0

*Table 1-- Population of Round Lake Area*

The compound growth rate for the Round Lake Area – zip code 60073 – was projected at 44 percent from 2010-2014, then 23 percent through 2019 (Hometown, 2014). Current population estimates exceed 60,000 (City, 2014; Hometown, 2014). Seventy-one percent of students in grades 8-12 were identified as low income (Round Lake, 2015). This census area includes some contiguous neighborhoods in school districts adjacent to District 116.

The teachers' bargaining unit formed in 1984, followed in the next decade by additional bargaining units for teacher assistants, bus drivers and mechanics, and secretaries. These bargaining units merged into the present day Education Association of Round Lake (EARL), a local affiliate of the Illinois Education Association (IEA).

The Illinois State Board of Education first certified Round Lake District 116 in financial difficulty or on a financial watch list in 1992. Several circumstances contributed to financial troubles. Foremost, from a structural and demographic perspective, is that the District is primarily a bedroom community with a high population of school-age children and a small business tax base relative that population. The district's physical footprint of under nine square miles contains predominantly single-family homes and apartments. With some of the lowest assessed valuations in Lake County, these homes contributed just 38% of District operating revenues in 2010-11, compared with the statewide average of 58% (ISBE RLAS 116 Report

Card). Just 4% came from other local sources. This dependence on State funding has left the District vulnerable to fluctuations in that source as the State of Illinois itself suffers through severe financial difficulties.

The EARL struck for eight weeks in October to December 1994 over long-standing differences with management about salaries, benefits, and working conditions. The issues were temporarily settled in August 1995 under the terms of a binding arbitration agreement. Damaged labor and management working relationships had developed before 1994. These damages hardened during the strike, the second longest in Illinois history.

Study participants said that management decisions were too often based on unrealistic projections of future revenues, rather than pragmatic evaluation of actual sources. Over time, these decisions resulted in a crippling debt load. By 1998, there was talk of dissolving District 116. In 2000–2001, the district found itself deeply mired in high-interest tax anticipation warrants. This short-term borrowing, intended only to smooth gaps in the timing of State revenues, had become a permanent burden with some debt aged over two years. The district had maximized its borrowing capacity for short- and long-term debt, making imminent financial failure a real possibility. The district could not meet immediate operating expenses.

In 2000, the State established a Financial Oversight Panel (FOP) at the request of the District. The FOP obtained emergency funding to sustain short-term operations and enable work toward a long-term solution. The FOP recommended that the Illinois General Assembly and Governor establish a School Finance Authority (SFA) to “appoint District top management, negotiate collective bargaining agreements, issue debt within specific limits, and establish tax rates necessary to pay off debt” (ISBE, May 2011). The ISBE accepted this recommendation. The Illinois State Legislature passed enabling legislation in 2002, authorizing the SFA for 10 years. Although the SFA had authority to disband the Board of Education, the Chair opted to leave it intact and to replace the Superintendent with an appointed Chief Executive Officer (CEO) assisted with a Chief Education Officer (CEdO) and a Chief Financial Officer (CFO).

In the preceding years, citizens in the five villages supported by District 116 had been expressing growing dismay with the management team. Some called for changes. Under growing pressure from all directions, the BOE began experiencing frequent turnover among its membership. The SFA Chair dismissed the superintendent and hired new administrators whose mission was to make whatever changes were needed to balance the budget. This included authority to negotiate a restructured collective bargaining agreement that would establish a sustainable labor-management business relationship. Although the Chair retained the BOE in place to work in tandem with the SFA, the BOE served with limited autonomy and decision-making authority under strong SFA direction.

The experiences of the district during the oversight years and since prove that the district’s issues were not insurmountable, as so many had believed during the times of greatest difficulty. The SFA, the new management team, the BOE, and the union succeeded in working together to restore financial stability.

The Board and SFA published goals in a 2003 strategic plan marking their intent to establish a collaborative working relationship. The community approved a bond referendum that enabled renovation of the Magee Middle School. Over time the BOE grew more stable. Some Board members earned ISBE Master Board Member certifications. A successor CEO worked closely with the BOE and SFA in setting conditions for an eventual return to local governance. In 2010, education leaders, teachers, community leaders, parents and community volunteers convened at the new Magee Middle School with the outgoing CEO and incoming superintendent. They created a new strategic plan that the leadership team has systematically implemented in the ensuing four years. This included a major milestone first envisioned in the 2003 plan to establish a human resource directorate. In 2011, the ISBE acknowledged the success of the 9-year effort when it disbanded the SFA and returned the District to local BOE governance.

## Literature Review

### Education Reform

In the 1983 report “A Nation at Risk” the National Commission on Excellence in Education found the state of US education in decline, a decline predicted to accelerate in the ensuing decades as the education systems of other nations advance (Gardner, 1983). The Commission stated the following principle of fairness.

All, regardless of race or class or economic status, are entitled to a fair chance and to the tools for developing their individual powers of mind and spirit to the utmost. This promise means that all children by virtue of their own efforts, competently guided, can hope to attain the mature and informed judgment needed to secure gainful employment, and to manage their own lives, thereby serving not only their own interests but also the progress of society itself. (p. 9)

The Commission defined excellence as learners in a supportive environment stretching toward challenging goals that increase their academic and work abilities. They found systemic issues that included unchallenging curricula, low expectations of learners from their education institutions, too little time devoted to classroom and outside-of-classroom learning activities, and underprepared and disempowered teachers. One response was the 2002 *No Child Left Behind Act*. In 2010, the Department of Education reported results of a longitudinal evaluation of implementation of this act in 2006–07 (Duncan, 2010). The investigators found that “states, districts, and schools have engaged in a high level of activity through 2006–07 to implement the NCLB accountability system requirements and to endeavor to improve educational outcomes for students.” They noted, however, “The effects of these efforts on student achievement remain to be seen” (p. 168). The NCLB has remained controversial for requiring changes in state and local education programs that some argue have not been adequately funded. Round Lake Area School District 116 is among the nation’s less wealthy districts that have found the greatest challenges in meeting NCLB requirements.

## Financial Management

Education funding in Illinois and nationwide faces growing pressure from competing demands placed upon State budgets. In a growing number of school districts, tax revenues are not keeping pace with the cost of operating the district (Smylie, 2010, pp. 5-7).

Funding is a major challenge for Illinois' less-wealthy school districts. Some face rising populations of lower income families, lower revenues from Illinois' challenged economy, and overdependence on unreliable state funding. In 2008-09, Illinois schools overall derived 60 percent of revenues from local sources and 28 percent from the State (Fritts 2012, p. 1). District 116, however, has derived under 50 percent of revenues locally. As illustrated in Figure 1, this has been a consistent pattern (RLAS D116, 2014).

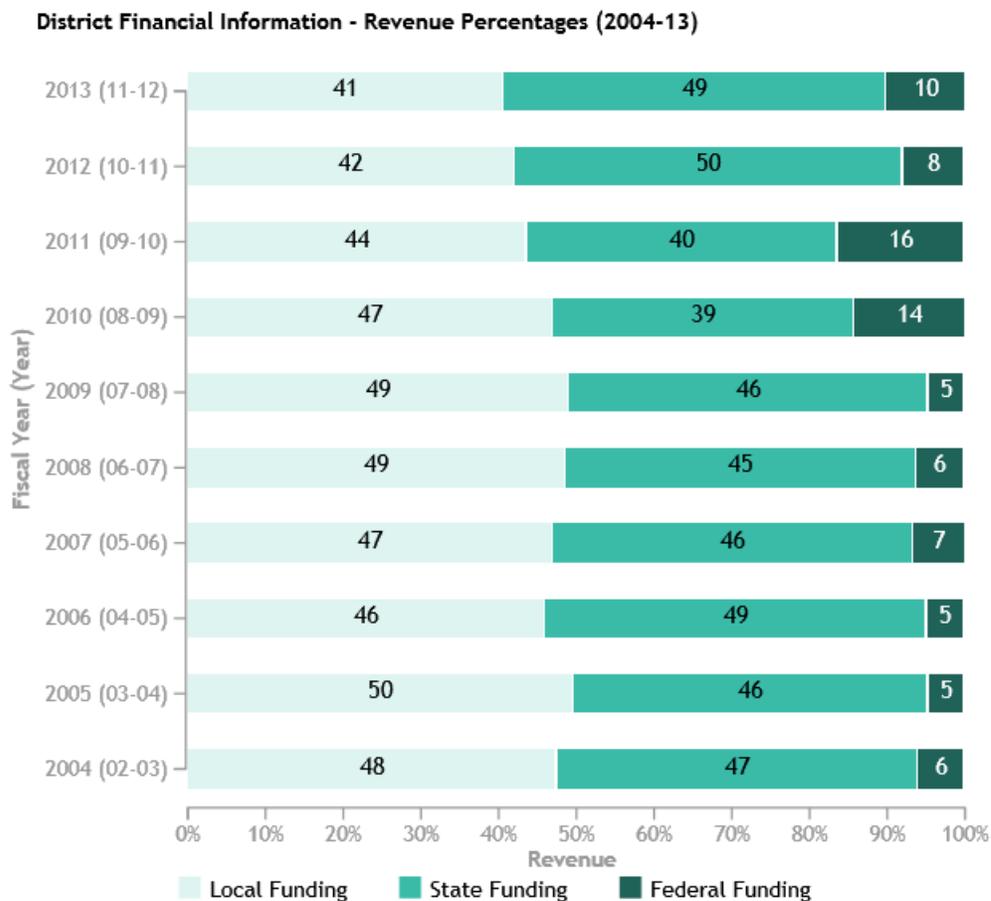


Figure 1-- Historical Revenue Sources

Illinois assigns a profile to school districts as an indicator of financial health. The profile ratings include the classifications of Financial Recognition, Financial Review, Financial Early Warning, and Financial Watch (ISBE 2014, School). When the Financial Oversight Panel arrived, the ISBE had certified District 116 in financial difficulty (ISBE 2014, Financial). Districts in watch categories get more ISBE oversight to monitor changes in financial health and evaluate the need for intervention. The profile compares district fund balances and expenditures

to revenues. It evaluates the days of cash on hand. It compares the amount of and long-term borrowing with district limits. District 116 moved from the ISBE financial watch list in 2003 to review in 2004 and 2005. The district was in recognition status from 2006 through 2012. In 2013, the district was classified in Financial Review, which means the ISBE gives limited review to district finances and monitors for the risk of downward trends. In 2014, District 116 was awarded the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (News-Sun Staff, 2014).

## Continuous School Improvement

Smylie (2010) wrote, “Most of today’s schools are yesterday’s schools built for purposes and contexts disappearing or gone. They are oriented toward the past, not the future” (p. 2). He observed that they are not designed to keep up with today’s rapid cultural, economic, and the technological changes. Citing a 2004 model developed by Kuklis and Klein, Smylie suggested that a “competent system” of school improvement “links together systems thinking, vision and core beliefs, collegiality, continuous improvement, and accountability (2010, p. 76).

Smylie addressed the importance of nonprofit organizations, such as school districts, engaging in continuous improvement guided by strategic planning goals and processes. He noted the importance of achieving effectiveness over time by focusing on the long-range needs of the district, as well as fixing leaky pipes and broken windows with limited available funds. It may not be possible to implement a robust comprehensive improvement process all at once; but it is very possible to think and plan for the long run even well acting on urgent short-term priorities. “The solution,” said Smylie, is “the ongoing development – the continuous improvement – of organizational capacity and performance” (2010, p. 48).

This need for continuous improvement will become more pressing as US schools populations continue, “growing larger... And more diverse racially, ethnically, culturally, and economically” with “immigration to account for almost two-thirds of the nation’s population growth” (Smylie, 2010, p. 7). Research on schools and diverse other organizations demonstrates that a strategy of continuous improvement “helps organizations be more adaptive to changing environments” (p. 60). Over the past two decades, the education environment in District 116 has certainly changed dramatically in the directions that Smylie noted. These changes will continue as long as housing remains available and relatively affordable to families with children. This environment demands a higher level of organizational and leadership adaptability than ever.

Beitler (2006) advised that “leading change is the responsibility of ... senior management” (p. 40). The experience of District 116 demonstrates that treating the health issues of the district was mainly a leadership solution, a solution that could only be initiated in the short term and sustained over the long-term through deep, good-faith collaboration and partnership among the administration, BOE, and union. The pre-SFA compromises of binding arbitration and subsequent collective bargaining were painful steps in a positive direction but lacked enduring impact because they did not treat the root causes of the problems that are addressed in this study. Beitler agrees with Cotter (1996) that changing an organization from complacency and underperformance begins with an event that triggers a “sense of urgency” (pp. 20 – 23). It was

this sense of urgency inspired by impending doom of imminent fiscal failure that finally brought the combined leadership teams of District 116 together with Illinois to solve the financial crisis.

Kotter (1996, p. 21) proposed an eight-stage process of leadership best practices for creating the kind of major change that has begun to emerge within District 116. This study found evidence that the approach taken by the current leadership team is rooted in principles such as Kotter's listed below. A few examples noted here for illustration only are explored in more detail throughout the report.

1. *Establishing a sense of urgency* based on an understanding of situational reality. Although the sense of financial urgency has diminished with the restoration of financial health, district leaders have cautioned that there is little margin for error in managing within the district's tight fiscal environment. The present sense of urgency is for raising the level of academic achievement among students throughout the district.
2. *Creating the guiding coalition* with the power and will to work as a team in leading the change. This proved a hallmark of the district's recovery. The superintendent has championed the strategic vision and goals. She led development of sound trust relationships among the management team, union, and community.
3. *Developing a vision and strategy* to shape the change effort and provide a path to the vision. The district leadership team created this vision and strategy and has systematically followed the path.
4. *Communicating the change vision* using every possible means and by demonstrating positive behaviors that can be observed by employees, students, and the community as evidence of good faith determination to succeed. The district has established and staffed a formal communication function, thereby fulfilling an objective of the initial strategic plan leading into a financial oversight. The district website has been designed with the public in mind. It is accessible, provides useful information, highlights district and student achievements, and gives more public information about district operations. The superintendent has made it a priority to communicate effectively with district constituencies.
5. *Empowering broad-based action* by removing obstacles, making system and structural changes, and encouraging innovation. The superintendent has decentralized some elements of decision-making and resource management to principals in cultivating a strategy of site-based management. She has fostered a stronger working relationship with the Board of Education and the union. She has moved the district toward a more standardized curriculum that is integrated K-12.
6. *Generating short-term wins* by seeking and creating opportunities, and rewarding contributors to the wins. The community placed trust in the district leadership team by approving a November 2014 bond referendum to improve the high school. Members of the BOE have earned Master Board Member credentials from the Illinois State Board of Education. The district won recognition for excellence in financial reporting.
7. *Consolidating gains and producing more change* by providing systems, structures, policies, empowered personnel, initiatives, and change agents to fit the transformation vision. The district strengthened human resource and financial functions by establishing formal positions on the district staff for a human resource director and an assistant superintendent for business and operations. These leaders conducted zero-based

budgeting for all positions, and standardized position management district-wide. The district also created a position for a communication assistant to the superintendent.

8. *Anchoring new approaches in the culture* focused on customers and productivity with better leadership and management. The BOE hired a highly qualified superintendent and other senior staff. This team has made a continuing priority to raise the bar among all personnel for accountability and results.

In 2003, the district was focused on financial survival, restoring trust with the community and establishing accountability for decision making. In 2015, with a relatively stable financial position and a stronger partnership with the community, the district seeks to sustain these gains. The focus has shifted to the district's mission of educating students. The challenge ahead is to improve academic performance at all grade levels.

## Methodology

This research was designed primarily as an intrinsic case study, with the case itself, Round Lake Area School District 116, as the primary interest and focus. While there are some elements of instrumental case study, i.e., using this case, or bounded system, to understand the phenomena of leadership and finance within a public school District (Stake, 1999), it is primarily a study of the leadership and financial issues within the particular school system. District 116 operates in a complex multi-cultural environment that includes relationships among students, parents, teachers, support staff, and administrators as well as among community organizations, local businesses, state regulators, and related educational institutions. The qualitative case strategy was selected for this study to develop a thorough contextual framework for understanding this environment.

### Scope

The unit of analysis was Community Unit School District 116 (Yin, 2014, pp., 31-35) in its community, political, economic, and demographic environments. District 116 is defined as its administrators, teachers, support staff, students, parents, and the Board of Education. The scope includes District 116 as a distinct entity operating within this environment in the Round Lake Area. The scope included former members of now-disbanded oversight panels who served within the District from 2000 through 2011. This study addressed factors related to the leadership, environment, processes, and decisions contributing to financial and learning performance from 1995 through 2012. The focus was on the processes, activities, events, and outcomes, not on personalities and individual behaviors.

The authors reviewed leadership, economic, and other factors contributing to the passage of RLASD 116 into and through a crisis in financial health and reviewed the impacts of those factors upon delivery of educational programs to students. The study developed lessons learned from the experience of District 116. This knowledge will be primarily useful to District 116; however, some observers may find certain study results helpful in reflecting upon similar situations in other school districts.

This case study is by no means an exhaustive examination of all facets of the issues explored with participants and in other research data. It is, however, a first attempt to document the experiences of District 116 and develop insights that may prove useful for planning, decision-making, and further operational or academic research.

## Research Questions

The research questions were designed to guide the process of collecting data required for this case study. During the processes of obtaining and analyzing data, questions were added, changed, or deleted as the researchers discovered and followed new areas of inquiry. The researchers applied selected analysis methods from a qualitative grounded theory approach. Initial interview questions addressed the questions specified in this plan. Subsequent questions and other data collection followed pathways that emerged as the research progressed. The approach generally followed Charmaz's (2007) suggestions for theoretical sampling with analysis through successive rounds of coding and constant comparative analysis until achieving adequate data saturation.

Main research questions:

1. What were the effects of District governance and leadership and decisions upon financial and academic health of D116?
2. What were the effects of the operating environment upon the academic and financial health of D116?
3. What key factors led to the District's successful emergence from the financial crisis?
4. What lessons learned from the District's descent into and emergence from the financial crisis might be adopted by other school districts to avoid similar situations?

## Sources of Evidence

Yin (2014) proposes six sources of evidence as appropriate in case study research: documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts (p. 106). This research used three of those sources primarily (documentation, archival records, and interviews), with some limited use of observation and physical artifacts. Because this was primarily a retrospective look at the history of the District's entrance into and emergence from the financial crisis, little was to be gained from extensive observation. One of the researchers is a resident of the community, a parent of District 116 graduates, and a former board member. His observations from these experiences informed the methodology and analysis of data. The researchers also conducted an online survey of individuals in the Round Lake Area community, including parents, teachers, school leaders, graduates, and community leaders. The purpose of the survey, which was conducted before the depth interviews, was to gain insights into the survey respondents' experiences with the district in their roles as a school or community leader, teacher, parent, volunteer, or adult alumnus.

The study adhered to Yin's key principles of data collection: use multiple sources, create a case study database, maintain a chain of evidence, and use care with data from electronic

sources. (pp. 118-129). Primary electronic sources included the website for District 116, the website for the Illinois State Board of Education (ISBE), and Questia, a research database.

*Documents and Archival Records:*

These two categories of evidence have been combined in this report due to the similarities in the information obtained. Information of this type was reviewed to learn more about the history of the school district and the role of many different events in the district's move into financial struggles as well as its emergence from it.

The following were among records and documents reviewed for this study:

- Summary of the Interest Arbitration Opinion and Award in the Matter of Interest Arbitration between Round Lake Area Schools District 116 and the Education Association of Round Lake – this document of the State of Illinois Labor Relations Board describes the District history before, during, and after the strike which began on October 17, 1994, and continued for approximately eight weeks, ending on December 12, 1994.
- The School Finance Authority Annual Report, released February, 2008.
- The School Finance Authority Annual Report, released February, 2009.
- Joint resolution of the Board of Education and of the School Finance Authority of Round Lake Community Unit School District No. 116 Regarding Governance Transition.

*Interviews:*

Interviews were the primary method of data collection. These were conducted with a group of individuals selected for their ability to provide relevant and in-depth data about the sequence of events in the school district's recent history as well as their perspectives on the financial crisis. Desired background included information and perspective about the effects of district leadership, decisions, and behaviors upon financial and academic health of D116. A total of 10 semi-structured interview sessions were held with 21 individuals. Some interviews were in groups, while others were individual sessions.

A few general interview questions were asked of each person, followed by more specific, focused questions based on each individual's role, background, expertise, and the emerging content of the discussion. Questions addressed leadership history, financial history, education program history, business operations history, state and community relations history, and, at the conclusion of each interview, "lessons learned." Lessoned learned questions inquired about what participants would recommend to other school districts in a similar situation. Responses to those questions formed some of the key insights and conclusions to the research questions.

### *Participants:*

The researchers provided the district administrative staff with a list of the attributes of individuals they desired to interview. The superintendent provided access to school district administrative staff, along with names of specific individuals who are or were in leadership roles and who might have insights into the district's history. Individuals were selected for their knowledge, expertise, background, and perceived willingness to share information. Each interview participant was asked to sign a consent form, noting that their participation was voluntary, that there would be no compensation for their participation, and that they could withdraw from the research process at any time with no consequences for doing so.

## Results

### Data Overview

Figure 2 depicts a discourse arenas map (Clark, 2005) that illustrates some of the complex relationships among actors and stakeholders with leading or supporting roles for District 116, and with interests in the district's success. Participants interviewed for this study had roles that bridge across many of these depicted, often in very interactive relationships.



*Figure 2—Discourse Arenas Map*

The following sections of this report present results of the community survey and participant interviews.

### Survey of Community

In May 2013, the researchers conducted an anonymous opportunity survey of district personnel, parents, alumni, volunteers, and community leaders to learn about their experiences and insights with the district. The main purpose of this survey was to aid developing a frame of

reference and improve questions for the depth interviews that would follow. The survey results also aided the theoretical sampling process for identifying prospective interview participants. Some of the responses are also evaluated in this section of the report. The survey was hosted on the district’s website with an invitation sent to 2,600 email addresses in the district’s directory. Of these, 121 respondents returned a completed the survey.

Table 2 and Figure 3 summarize responses of those who estimated the monthly number of unpaid hours they contribute to the district in various roles. The table highlights an important strength of the district. Its strongest supporters have consistently volunteered substantial personal time to the district. Many of the 95 respondents reported contributing within two of the four answer categories, and with over half of reported contributions were at least one hour per month.

How much unpaid time do you now provide or have you in the past provided to Round Lake Schools in any of the following roles?							
Answer Options	Under 1 hour per month	1-5 hours per month	6-10 hours per month	11-20 hours per month	21-40 hours per month	Over 40 hours per month	Response Count
Parent	22	20	4	5	3	13	67
Volunteer	19	14	7	7	5	4	56
Village leader	16	0	0	0	0	1	17
Other unpaid support role	17	3	6	1	4	6	37
Please enter any additional comments.							20
	<b>answered question</b>						<b>95</b>
	<b>skipped question</b>						<b>26</b>

Table 2—Unpaid Volunteer Time

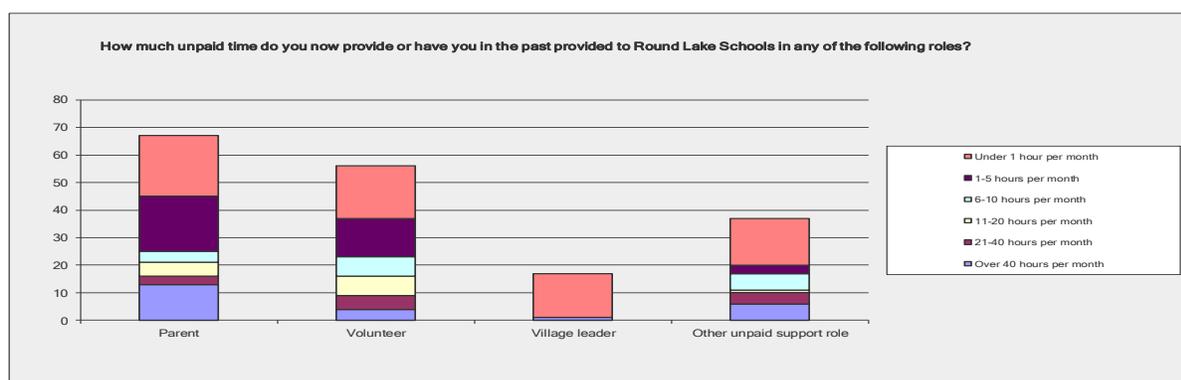


Figure 3—Unpaid Volunteer Time

Table 3 and Figure 4 summarize the perceptions that generally healthy working relationships exist among these key groups. The relationship among parents and teachers was viewed as stronger than any other: 77 percent of respondents to that question said it is moderately or very healthy. Of those who rated the relationship between the administration and teachers, 51 percent rated it moderately or very healthy. The relationships between administration and BOE and that between administration and community were viewed as weakest, with just over 38 percent of each viewed as moderately or very strong. These lower ratings may be because the relationships are more isolated from the public view. Few members of the public attend most bi-weekly open meetings of the BOE. The administration is implementing a communication plan. They communicate regularly with teachers and the public through the district website and other forums. Teachers and some parents communicate regularly through scheduled conferences and other settings.

How healthy are the working relationships among the following?							Response Count
Answer Options	Not	Slightly	Moderately	Very	Don't know		
Administration and BOE	5	13	25	17	49		108
Administration and teachers	12	25	41	16	17		111
Administration and community	16	30	32	10	22		109
Parents and teachers	3	15	47	42	9		115
Please enter any additional comments.							35
<b>answered question</b>							<b>117</b>
<b>skipped question</b>							<b>4</b>

Table 3—Health of Working Relationships

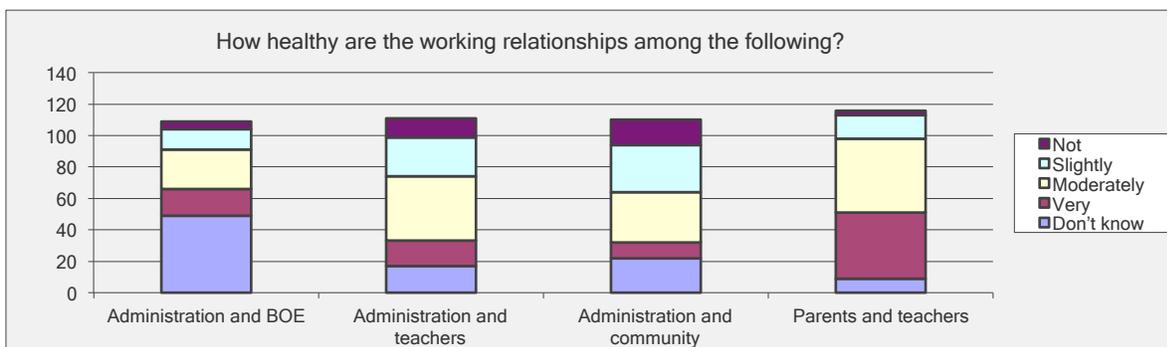


Figure 4—Health of Working Relationships

Table 4 and Figure 5 summarize respondent perceptions about recent changes in the district. Fewer than half of all respondents perceived improvements. Financial health fared best at 47 percent, followed closely by education quality at 43 percent, then opportunities for students a 41 percent.

How has D116 changed in the past five years?							Response Count
Answer Options	Much worse	Worse	No change	Better	Much better	Don't know	
Financial health	10	21	12	41	14	18	116
Community partnerships	7	8	31	39	6	25	116
Education quality	7	20	24	39	12	16	118
Opportunities for every student to have every chance	8	19	28	34	11	16	116
Opportunities for personnel to grow and learn	10	15	25	36	7	22	115
Other (specify)	1	1	4	2	1	15	24
Please enter any additional comments.							31
<b>answered question</b>							<b>120</b>
<b>skipped question</b>							<b>1</b>

Table 4—How the District Has Changed

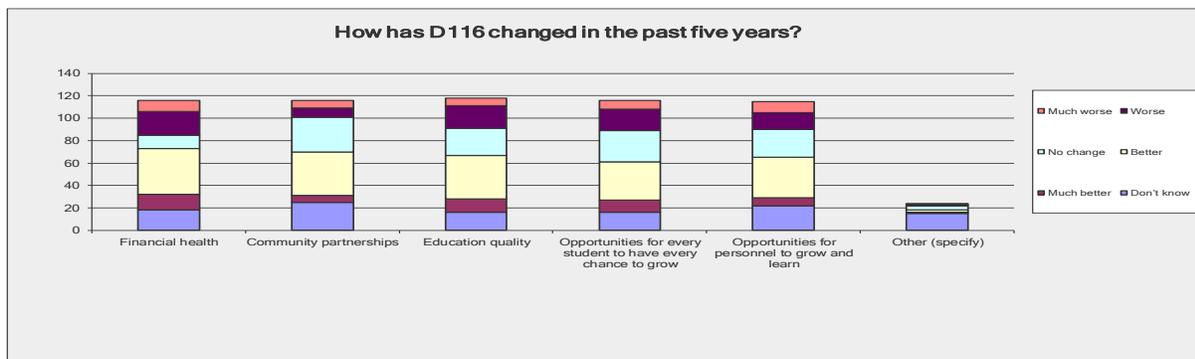


Figure 5—How the District Has Changed

Figure 6 summarizes perceptions about the reasons for D116's financial difficulties. Although there is clear recognition of revenue shortfalls that lie outside the control of the district, over 43 percent of the 120 respondents to this survey question attributed difficulties to financial management within the district. This perception proved similar to subsequent responses obtained interviews.

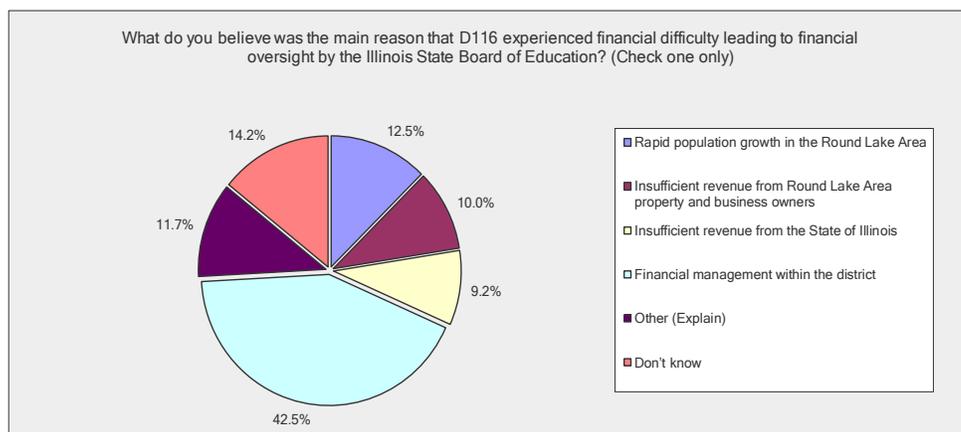


Figure 6—Perceived Reasons for Financial Difficulty

## Interviews

The researchers conducted depth interviews of 60 to 90 minutes with the 21 participants. Demographic attributes of participants included 12 female, 2 male; 2 Hispanic, 2 African American, and 17 Caucasian. Figure 7 depicts each of up to three D116 roles identified by each participant. For example, two of the three teachers also served as union leaders, and some of the nine parents also served as BOE members and community volunteers. Figure 8 depicts the main D116 roles of participants. Administrators include SFA members.

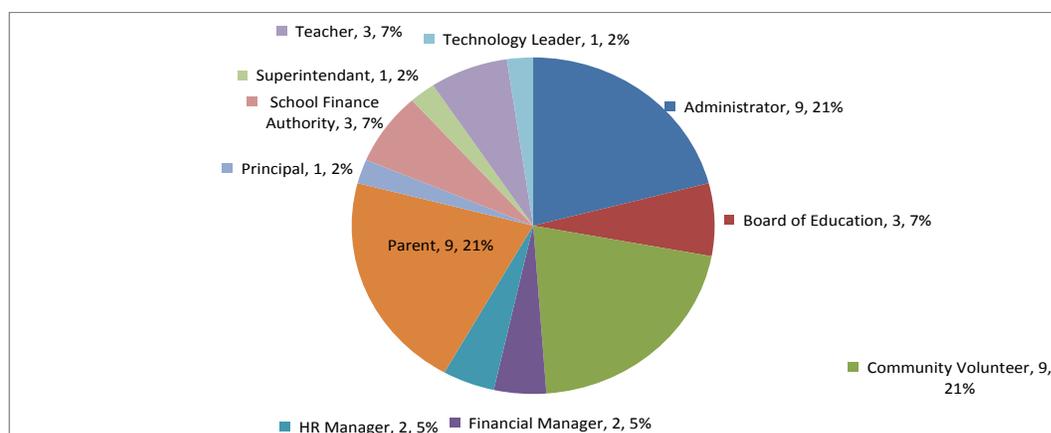
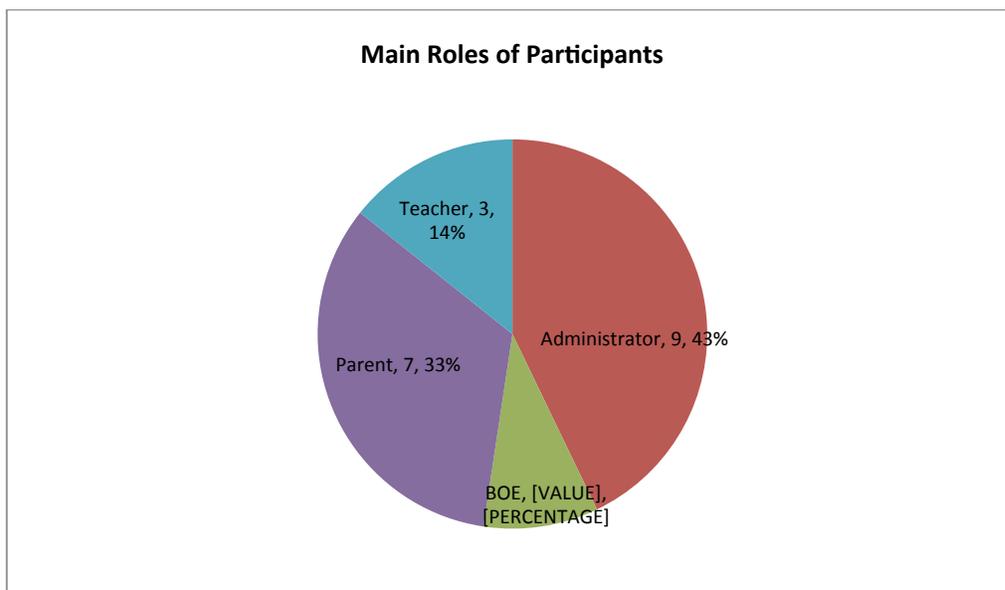


Figure 7--Multiple Roles of Participants

Figure 8 depicts only the main roles from the perspective of which participants responded to interview questions. Some participants have similar or prior roles in other districts; but only those roles acted in D116 are counted here. Although the attributes do not proportionally mirror

the demographics of the district, the interviewers perceived that the information they provided substantively addressed issues of interest to the major groups within the district: administrators, teachers, parents, students, and families. The interview information, taken in concert with the survey information, adequately addressed the researchers' information requirements. Interviews explored the district's leadership and financial history, changes in academic program, lessons learned, and other topics discovered during the interviews.



*Figure 8--Main Roles of Participants*

The cluster diagram in Figure 9 groups interview participants together by similarity in how the researchers coded the content of the transcripts. The coding was conducted at the linguistic level of complete units of meaning – sentences and paragraphs. These units of meaning were mapped to descriptive labels that summarized the meaning.



significant disagreement about priorities for managing the district. However, they struck upon surprisingly similar themes as they individually reflected upon the long-range history of the district and their perspectives on how the district got into and out of such severe financial difficulties, including the strike. All agree that dysfunctional leadership and communications were a root cause of the severe problems. Those problems existed on both the labor and management sides of the district. The former union president who said, “I’m a very militant union president,” found himself in a relationship of trust and respect with the second chief executive officer of the district with whom he worked in negotiating the final four-year labor contract of his own career and of the SFA oversight years. This constructive relationship broke the pattern of over 20 prior years of sometimes strident labor-management relationships.

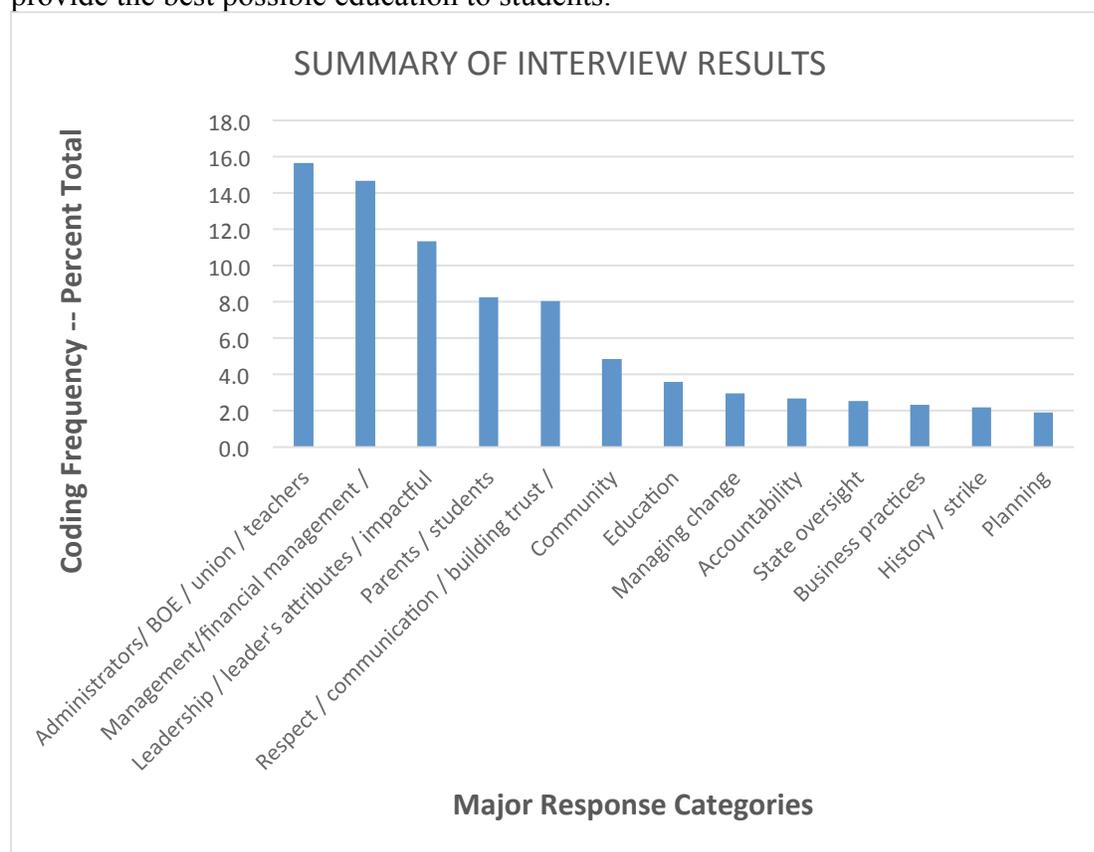
A grouping emerged in the coding similarity of past and present union presidents with the present senior administrative team. The current union president and administrative team have both made it a top priority of their leadership approaches to strengthen labor-management communication and collaboration. Both spelled out specific actions they have taken to forge a stronger working relationship. Both expressed trust and respect for one another. The former union president described a more constructive working relationship with the final SFA chief executive officer; whereas the present union president described a similar constructive working relationship with the present post-SFA superintendent and other members of the senior leadership team.

Another pattern was revealed in the similarities of responses by one school principal and the present administration, as well as between that same principal and the two groups of parent-volunteers. The similarities suggest understanding of and valuing the leadership strategy of accountability, inclusion, and respect. The similarity in coded responses between this leader and the two parent-volunteer groups reflect their shared focus on the importance of building positive relationships of trust and respect among principals and teachers in each school building, and with their primary customers, the students and parents. This balanced approach to leadership, one that embraces the priorities of senior leaders while respecting an understanding the needs of parents and students, is an important strategy for a principal with decentralized decision-making authority. With this authority comes accountability to operate a school building, manage staff, develop and execute budget, and implement a new standardized education strategy designed to bridge across all buildings in the district.

Another pattern is the similarity of perspective among the personnel with 10 or more years of experience observing, interacting with, and providing professional services to the district in roles as senior administrators or on the SFA. They differed in their perspectives and interpretations of historic events. But they generally agreed about the harmful impacts of the confrontational leadership environment, of inexperienced personnel in certain key positions, and of major financial decisions made on the basis of short-term needs without due consideration for the long-term cost.

Figure 10 summarizes main focal areas of comments by participants during interviews. It presents the top 13 of 31 categories that aggregate over 1400 instances of analytic coding into underlying sub-categories. The 13 categories include 81 percent of the total coding instances. The categories reflect responses to questions about district strengths and weaknesses, as well as

their perceptions about why and how the district got into and out of financial difficulties. The summary should be viewed as suggested areas for further reflection and communication among district leaders and staff. The categories illustrate participants' perceptions that the success of District 116 is bound up in the performance, conduct, decisions, and relationships of leaders, staff, and others who create the district operating environment. Economic issues such as overreliance on Illinois funding were addressed as significant challenges, but most participants viewed these as secondary to the main leadership issues of the district providing effective stewardship of available resources, of working effectively with parents and the community, to provide the best possible education to students.



*Figure 10--Summary of Interview Results*

Table 5 presents four essential characteristics of the district operating environment in the years before, during, and after intervention by the School Finance Authority. The scoring reflects the researchers' overall interpretation of feedback from interview respondents. In the years after the strike financial health continued to deteriorate until the school district reached a culminating point at which it could no longer meet payroll without immediate State intervention. From 2005 through 2009 the district's financial health steadily improved until by 2010 the school district was ready to return to local board governance with a stable prognosis for the future. This prognosis was accompanied, however, by a strong caution from former school oversight officials to manage financial resources conservatively or risk rapid return to fiscal distress (PID 44, PID 39, PID 22).

<b>District Operating Environment</b>			
	<b>Pre-SFA (2000)</b>	<b>SFA (2005)</b>	<b>Post-SFA (2010)</b>
Financial Health	1	3	4
Labor Relations	1	3	4
Facilities	2.5	2.5	3.5
Educational Program	2.5	2.5	3.5
<b>Scale</b>			
5 = <i>Healthy</i> — effective, efficient functioning of education enterprise; goals defined; meeting			
4 = <i>Minor Problems</i> — some reduced effectiveness and efficiency; goals defined; meeting goals			
3 = <i>Moderate Problems</i> — many reductions in effectiveness and efficiency; goals defined; not meeting some education mission compromised			
2 = <i>Major Problems</i> — many reductions and effectiveness and efficiency; goals may not be not meeting most goals; education mission severely compromised and at high risk of failure; state intervention may be required			
1 = <i>Extreme Problems</i> — imminent failure of education mission; goals may not be defined; not meeting any goals			

*Table 5 --District Operating Environment*

Post-strike labor relations remained strained as a district struggled through years of continuing financial stress. As the district verged on entry into State oversight, morale was low among many management personnel, teachers, and support staff. There was much uncertainty about the future viability of the district. By 2005, the union contract had been renegotiated. In the years between 2005 and 2010, labor-management relations continue to improve as the second CEO made it a priority to build a functioning district team among the union, administration, and BOE.

In 2000, facilities were severely overcrowded forcing the district to use temporary modular facilities to augment classroom space at some school buildings. The first CEO made it one of his

top priorities to improve the appearance and utility of district facilities. During the oversight years, the community voted to approve adding a new middle school adjacent to an existing elementary school, to renovate the existing middle school, and upgrade the high school. Cost overruns on the middle school renovation left no funds for the high school upgrade. In spring 2014, voters rejected a proposal to issue new bonds for the high school project. After that failed referendum, district leaders made further communication outreaches to district families to strengthen trust and explain the need to improve the high school. In the fall 2014 election, voters in the Round Lake Area passed the high school referendum.

The educational program has never been richly resourced due to the limited a business tax base. The strike of 1994 and subsequent additional cost borne by the district as it moved towards the brink of fiscal failure forced the leadership team to make very hard decisions about cutting less essential curriculum. The focus of the SFA throughout its nine-year tenure was on restoring fiscal viability and preparing the BOE to resume local leadership. The focus was not on the equally challenging need to address the education shortfalls of the district. In 2015, the leadership team is operating under a stable budget and taking steps to improve academic achievement.

### *Leader Impacts*

Participants had more to say about district leadership than any other topic. Decisions and actions of senior administrators, Board members, and union leaders all directly contributed in major ways to the district's movement into the financial crisis and the eventual recovery. It appeared that prior to the 1994 strike, they had lost most ability to listen to one another or seek mutually acceptable solutions. The strike arbitrator treated the symptoms sufficiently for the district to return to operations, but the underlying causes, the broken trust and anger between labor and management, continued well beyond the 2003 arrival of the SFA.

Through the past three decades, other factors have also proved challenging. The district has run a continuous gauntlet of stress induced by rapid growth in the population of students, low average income of the community, low percentage of total revenue from a weak business footprint and tax base, and an unavoidable overreliance upon a high percentage of total revenue from state and federal funds. With all of these impactful factors taken into account, however, it was the choices and behaviors of the combined leadership team—the administration, BOE, and union—that led to the devastating strike of 1994 and beyond to the cliff edge of insolvency.

### *Leadership Environment*

One leader and long-time resident of the Round Lake Area said about the pre-strike leadership environment,

I truly believe the school wanted to do what was best for the children of Round Lake. And if that meant going into debt to further now, and little further here, that they were willing to do that. . . . I don't think we had veteran or competent money managers or business managers during that time. The board wanted to have as many programs to help children as possible.

So they weren't willing to draw the line and say, "We just can't afford this." So we just went deeper and deeper into debt until eventually there was no way that we could move. (PID 35)

Participants viewed the strike as mainly a leadership failure on the part of the administration, BOE, and union leaders. One participant said the BOE gave the superintendent a \$29,000 raise the year before the strike, a move that angered union leaders and exacerbated the conflicted working relationship (PID 58). This was viewed as a snub during a time when teacher salaries were a matter of contention, and, the participant said, triggered the strike. There was a perception that the management team was hiding money in accounts kept secret from the union, and that personnel decisions were made subjectively based on personal relationships and emotional reactions, rather than upon transparent, established business processes. Of course, perceptions can often differ from reality, but they also have a way of taking on a life of their own. In this instance, that life endured through two decades since the strike.

Other participants described intractable labor-management disagreements between leaders on both sides. In principle, both sides agreed that the needs of students were paramount, but in application, the communication barriers and competing priorities proved insurmountable. In August 1995, the strike arbitrator wrote that both sides agreed he would facilitate *a solution that they could have achieved through the bargaining process* [emphasis added]; but that process had broken beyond repair. It required intervention (Perkovich, 1995, p. 3).

The arbitration resolved the strike, but the underlying issues continued. Conflict between the union, administration, and BOE prevented working together to solve problems and make effective decisions. This contributed to an atmosphere of distrust, broken communication, unilateral decision making, and increasing conflict leading to both the 1994 strike and 2003 fiscal crisis.

One participant said, "They didn't have good leadership at the superintendent's level," during the post-strike years leading to the oversight. They had a not very functional board. It just spiraled out of control. It took six or seven years, though, to get to the point where the State [of Illinois] came in" (PID 44).

Of the leadership behaviors and consequences, this observer said, "It was just a disaster," noting that it was not necessarily deliberate wrongdoing by anyone, but rather inexperience in applying the principles and best practices of Board governance, district administration, financial management, and human resources (PID 44). Conflict within the BOE also prevented unified leadership vision. Board members were not properly trained in BOE roles and responsibilities. One participant said, "When I came on the school board, I sat down at my first meeting. That was it. No training. No professional development. . . . Past school board members didn't go to the conferences. They didn't go to the Chicago conference" (PID 96).

Some Board members were perceived to have been too influenced by their personal reasons for serving and did not practice a businesslike mindset. BOE micromanagement of the superintendent and principals eroded initiative, responsibility, and accountability. "The Board did not understand roles of boards. A lot of micromanaging. A lot of incompetence in this [the

district administration] building. Financial incompetence. Personnel issues that were badly handled.” (PID 44).

The leadership challenges continued leading up to the State intervention in 2001. Another observer from that time said:

The source of everything was poor leadership. They were fiscally irresponsible, completely irresponsible. They spent money like they had it. They ran deficit budgets. You cannot run a deficit budget. You simply cannot have a deficit budget. They had incompetence in the business office. While I was here . . . we had to repay \$2 million to the State because they counted kindergarten as full-time on their annual financial report. Attendance is a driver of state aid. So average daily attendance was – I mean, all you had to do was look at it. It was [reported to be] running at like 99 percent. Well that doesn’t happen. You don’t have 99 percent attendance. That went on for five or six years” (PID 6).

Some participants noted that some financial administrators lacked the expertise to manage district funds. The superintendents were not getting good advice, and funds were not under effective management control (PID 44, PID 16). Some noted that the business manager, who was subsequently hired as the SFA Chief Financial Officer, put in place an effective system of controls. He provided sound financial leadership support to the CEO and BOE in balancing the budget during the recovery to financial health.

A participant with a long history in the district said, “The Board . . . has gotten better in their governance. The State . . . has a lot to do with that. The Illinois Association of School Boards has done a pretty good job of developing training, getting training, and providing resources for boards. The Board of Education in Round Lake now takes advantage of those things. For years we didn’t have any money so we couldn’t train our board members” (PID 30). This participant said, “I think that you’re getting people on the Board that . . . pay attention and do the work that needs to be done. It’s a lot of work.”

Another participant said, looking back to the pre-SFA days, “I’ve heard different comments from Board members who were on the Board at that time wanting our kids to have everything that existed in other places. I think the Board is more savvy now. The Board has undergone a lot of training. I think that contributes to our not going back into a situation where we were before. We have a finance committee now, of the Board, which did not exist before” (PID 42).

A participant with experience on the BOE reflected upon changes in learning expectations for the BOE:

Dr. Collins’ expectation is that we are trained and we have a professional [approach], that we meet as a board. . . . We started going to the conferences, going to the breakout sessions, doing the networking that we needed. We have Targeting Achievement through Governance. We meet maybe every three months and we’re trained on different aspects of being board members. I believe that all but two now are master school board members. The rest are working toward it. Every member has their own expertise. I think that adds a lot to a board. We have one that’s a social worker. We have a finance guy. We have [many

years of experience]. . . . We have an attorney. We have a parent who's been in this district, who went to this district herself; she went to school here. And then we have the ex-president of the teachers' union. (PID 96)

None of the study participants reported BOE micro-management or over involvement in daily operations as a present concern. One participant said, however, that the present BOE is under-informed about details of district operations inside buildings and about the daily activities of students, making it difficult to appreciate the full impact of their decisions upon students (PID 27). This is another change from prior years when some Board members were perceived as being too involved in daily operations, to the point of giving directions to principals that properly should have come from the superintendent.

In 2015, the district operates with a more stable leadership model. The superintendent, assistant superintendent, and human resources director work as an effective team in partnership with the BOE and the union. Remarkably, interview participants from all three leader groups expressed appreciation for strengths noted in the other groups. The district is guided by strategic goals and uses data to manage operations. Most interview participants and survey respondents expressed confidence in the performance of the first post-SFA Superintendent, Dr. Connie Collins, who is in her fifth year of service. Under her leadership, the district established the first human resources directorate. The human resources director has implemented standardized position descriptions and hiring practices. The position of business manager has been elevated to assistant superintendent to emphasize these collaborative roles in advising and co-leading the district. The human resource director and business manager have established a constructive working relationship with one another for planning and managing the full spectrum district resources and for making well-informed, unified recommendations to the superintendent. These changes have strengthened district financial operations and made it easier for the district to attract highly qualified employees.

Dr. Collins has won respect from many of the participants for the impact of her positive approach to leadership, attitudes, and behaviors in steering the district in a more positive direction. One community leader and parent echoed a common theme, in saying,

She leads by example. I think it's one of her greatest attributes. She is as honest and ethical as the day is long. She works huge hours. She is always positive about our kids and our District. She is innovative. She is realistic. She is data driven. She wants to see results. What we think about it doesn't matter at all to Connie. What do the numbers say? Are these kids achieving? What do the tests say? What is their attendance telling? Everything is data driven, and I love that about her. She holds herself accountable and all others as well. (PID 10)

Most participants say the superintendent has fostered a collaborative leadership environment. They say she holds personnel accountable for performance. They say she has established and continues implementing a strategic management plan. She is fair. She takes a businesslike approach to managing the district. Her priorities are clear. She has been consistent in promoting strategic goals.

Participants who recalled prior years, said they are in a radically transformed leadership environment. Prior confrontational authoritarian relationships among the administration, board of education, and union have become more respectful and cooperative. Ingrained anger and mistrust have faded. Mismanagement, ad hoc decision-making, and chaotic working relationships have been substantially replaced with documented business practices, systematic decision making, and more respectful, business-like BOE relationships. Leadership strategies have become more collaborative and decentralized. Former crisis management modes of operating have transformed toward leadership by vision, goals, and sound planning. Among the most impactful changes have been the steps toward standardization of a district-wide curriculum and embracing the 2011 strategic plan developed in concert with other District and community leaders.

Speaking from the vantage point of 2013, the current union president said the leadership environment has improved substantially in the past five years during the return from SFA governance to full local governance. “I think [we’ve] been able . . . to build collaborative relationships . . . in the district. For years, whenever we would meet with administrators and with leaders of the union, it was always just fighting, fighting. It was a feeling that they were out to get us, and we needed to fight them” (PID 20).

The superintendent also noted that the district labor-management relationship has changed dramatically from the days of heated rhetoric and broken trust. Today, she said, management and labor leaders “can work . . . in a collegial manner. We are able to have conversations and . . . resolve issues. People know that they are being heard, and that their feedback is being taken into consideration when looking at issues. It makes a difference” (PID 11).

The union president feels respected in her partnership relationship with the current administration. She said she has a genuine voice with the administration in helping to foster change and in hiring effective leaders. She said, “Hiring has always been something that [the administration] has been open to talk about. They respect what I’m able to see in the buildings, because when I spend the amount of time I do in some of the buildings and have conversations with all of the staff, I can get different insights than sometimes what cabinet level administration can see” (PID 20).

The president said that the leadership environment has become a much more respectful partnership where decisions are made together rather than by directive, as was the prior experience. She noted that the superintendent “wanted to know the climate and culture of the district. So then, in my opinion, she gets the whole picture. When she talks about an issue she gets it because she took time to learn the workings of the District before she brought in change” (PID 20).

The president noted that under the SFA, the CEO held people accountable, but made decisions for people. She said, “I think it was that we needed to get things done. Every single day was a fire, getting fires put out so we could move on to the next fire” (PID 20). She said one reason the leadership environment changed was “hiring more qualified administration at the district office level and at the educational service level – hiring people who were confident in those positions and that could make the right decisions” (PID 20).

A school principal also emphasized the positive impact of new leadership and the move toward site-based management, an executive strategy that delegates substantial decision-making authority to principals:

Well, for me, for the school that I'm in charge of, I think it's very important that we work under a distributed leadership model and so I talk all the time with teachers about leadership capacity, developing leadership capacity in teachers; because, I'm not the only leader in the school. I have two assistant principals and a dean of students. We're not the only leaders in the school. Teachers have to be classroom leaders. They have to be leaders. Any opportunity for leadership that we can give them, we will. There are different teachers who are on the school improvement and leadership team. It's a brand-new team this year. There are some new leaders that I feel that we've hired for that position that were not on it before that I think will really helped both the school forward. (PID 8)

A participant noted that establishing effective leadership at all levels in the District is a primary focus:

I think the role of leadership has been to make sure that everyone is knowledgeable and is asking the right questions. It was imperative that everybody knew what was going on and then as a united front we moved forward and take the right actions to make sure we get through those turbulent times. Now in the process, there is a lot of turnover. That's very difficult. The leadership at both the District level and the building levels needs to remain constant. Now I hear our current superintendent talk a lot about, and I agree, getting the right people on the bus, because sometimes you don't have the right people on the bus. She has done a very good job of making sure that we do have the right people on the bus. You have to have the information, you have to have the right people, to as a united front move forward. I think that's been the most important piece for leadership, to be knowledgeable and know what the next steps are and saved move forward as a united front "(PID 8).

### *Leaders Managing Change.*

As the district teetered on collapse in 2001-02, the superintendent and BOE president recruited a community volunteer to conduct a strategic planning activity with the community. This activity, conducted in 2002-03, produced a shared vision, mission, and goals to help create a unified path within the district toward a healthier school system. The plan was also intended to set the stage for a good-faith partnership between the BOE and SFA pending its arrival in 2003.

### *Strategic management*

Some leadership decisions had major impact on the successful passage of District 116 through oversight to healthy local governance. The district 116 launched a comprehensive planning process in March 2002. The process was guided by a project plan approved by the superintendent and BOE. The plan incorporated best practices recommendations in school District planning (Dunn, 2001) with the knowledge and experience of district leaders and the

facilitator. The purpose was to create a roadmap to the future of District 116, a future that included financial stability, excellence in education, and strong partnerships among stakeholders. The parent-volunteer facilitated this activity with participation from district administrators, union leaders, teachers, parents, and a few students, as well as village leaders and other community leaders. This planning process was intended to help create a constructive dialogue among District and community leaders about the way ahead. The resulting comprehensive plan adopted core values for the school District including excellence in education, continuous learning, selfless service, and quality-of-life. It assigned actions and responsibilities for specific measurable objectives supporting each goal. A balanced scorecard was created to add further substance to this planning process.

After approval by the BOE and SFA, the plan was shelved due to difficulties in the working relationship between the BOE and SFA. It is a credit to the SFA leadership team that they recognized some core strengths within the BOE and decided against dissolving it, but rather elected to attempt to create a dual SFA/BOE partnership with the SFA in control. The comprehensive planning process did, however, yield important benefits of helping to strengthen unity among the BOE and community members who participated. It also demonstrated the potential for goals-driven collaboration between the BOE and SFA. This potential was realized as the financial situation stabilized and a new CEO restarted the comprehensive planning process as part of his strategy to prepare the BOE to reassume its independent role in local governance. By the fourth year of oversight, district finances were on the mend. The CEO forged a more collaborative working relationship with both the BOE and the union, supported development of local self-governance capability, and led the way for the transition back to local governance.

The CEO favored implementing a strategic planning process that included full participation among the SFA, BOE, and community. The 2010 community planning committee retained the core values from the 2002 plan and set a vision to “become a nationally top ranked school district in partnership with a diverse, unified community to maximize the learning of each student” (RL CUSD 116, 2013). The committee set goals for education, finances, facilities, human resources, leadership, and communication. Many of these goals echoed themes from the 2002 plan but were differentiated in one very important way. The incoming superintendent and the outgoing CEO joined with the community and the BOE in supporting the planning process. The superintendent played a key role in creating the vision. She took ownership of the strategic plan, its goals, and made it her personal mission to champion the plan with constituencies of District 116.

Recognizing the growth in BOE stability and governance ability, the SFA promoted this process of Board development and encouraged the CEO to help facilitate the required changes for an early transition. The SFA decision to retain the BOE as an intact, functioning entity, though with a limited role, proved an important strategic decision in setting the stage for eventual return to local governance. As a result, some members of the BOE from the beginning of oversight who remain on the board provide a long-range perspective, or form of experience-based wisdom about the passage through oversight. Another important step was including the BOE in the hiring process for the second CEO and later the transition superintendent at the end of the oversight years. As the BOE stepped back into its full governance responsibilities, it did

so with some members bringing experience and lessons learned from the earliest oversight years and the ongoing collaboration with the SFA.

It bears repeating that a fractured leadership team (administration, BOE, and union) had at least as much impact upon the district's slide into fiscal crisis as did the challenging economic environment of the district. In like manner, it has been through the efforts of more united leadership teams that the district has recovered its financial stability and is now able to focus credible efforts to address lagging academic performance. It is also noteworthy that the district has recovered financial health under conditions of continued economic austerity. These improvements reflect the impacts of the ISBE intervention and development of increasingly stable and prepared leadership teams since the start of State oversight.

### *Financial management*

By 2001, the district was powerless to recover unaided from financial straits. One alternative considered was to dissolve and merge with contiguous districts. Some members of the BOE considered this option, but other members did not agree, and contiguous districts objected. The State legislature adopted the ultimately successful oversight strategy that preserved district boundaries and reestablished solvency.

The weak business tax base among Round Lake Area villages has made District 116 over-reliant upon State aid, compared to most other Lake County Illinois Districts. Early decisions establishing boundaries of Lake County school districts did not account for future growth of population and businesses within those districts. Some study participants with a long-term historical perspectives noted that an increasing density of lower income families with larger numbers of children living in single homes reduced the per-student tax revenue to support district operations. They noted that the lower cost of housing in Round Lake Area also made it more affordable for lower income families (PIDs 50, 81, 62, 11; 44). Some of these and other study participants said that the State of Illinois had not adequately addressed this socio-economic reality in funding formulas for less wealthy school districts such as District 116.

Some participants noted that the main goals of the State rescue plan were to restore financial solvency and balance the budget. The secondary goal was to establish a successful leadership team in the superintendent's office and on the BOE. An obviously implied goal was also to establish a constructive working relationship with the union, a key partner in the combined leadership team. They said these successfully accomplished feats enabled maintaining a viable school district. The labor contract inherited from the 1990s was renegotiated to establish a more fiscally sustainable labor-management partnership and make the contract supportable within the constraints of the State funding formula and the tax-base of the villages comprising the Round Lake Area. The SFA imposed an involuntary, temporary increase to the property tax rate. With the added injection of limited additional State funding, these actions halted the growing backlog of unaffordable high-interest liquidity loans, some of which were up to two years old. By the fourth year of SFA intervention, with financial solvency restored, district bond ratings had improved and borrowing costs declined. Cash freed from servicing the high debt burden was thereby available for district operations. These goals have been met (PIDs 35, 39, 44, 46). The

district will, however, face challenges sustaining them long-term while facing the next challenge, to raise the level of academic.

Given the history since 1990 and the lean economic environment in which District 116 continues to operate, financial health can never be taken for granted. A former SFA member said, the leadership team must never repeat history. "They can't have frills. They can't spend money without a lot of thought. That's why I am . . . for the [strategic] planning process," referring to community planning events conducted at the beginning and end of the oversight years to enable goal-driven decision making. He said, "Managing money here is crucial" (PID 44).

This SFA member emphasized the benefits of the SFA and BOE working closely together during the oversight years. The SFA hired the first CEO without consulting the BOE. This decision contributed to a strained relationship between the SFA and BOE during the first three years of oversight. As the BOE proved increasingly prepared to reassume its governance role, The SFA subsequently included the BOE as a partner in helping select the second CEO who continued through the ninth, and final, oversight year. This CEO and the SFA included the BOE in selecting the incoming superintendent who took the handoff back to local BOE governance after nine years, a full year earlier than provided in the law establishing the SFA.

## Lessons Learned

### Leadership

Miller (2013) observed that "21st-century schools demand a special sort of leader, a person capable of handling not just day-to-day administration of a school, but of improving teaching and learning" (p. 1). Although he addressed specifically the roles of principals, the experience of D116 suggests his observation applies more broadly to the combined leadership team whose words, actions, and decisions affect the learning environment, and therefore the students. Miller referred to a Wallace Foundation report that said, "Leadership is second only to teaching among school-related factors in its impact on student learning" (Leithwood, Louis, Anderson, and Wahlstrom, 2004, p. 5). Leithwood et al. also found that "educational leadership comes from many sources, not just the 'usual suspects' – superintendents and principals. But the usual suspects are likely still the most influential" (p. 70). They said that strong leaders are an essential component of school improvement.

Especially when we think of leaders in formal administrative roles, the greater the challenge, the greater the impact of their actions on learning. . . . Existing research shows that *demonstrated effects of successful leadership are considerably greater in schools that are in more difficult circumstances* [emphasis added]. Indeed, there are virtually no documented instances of troubled schools being turned around without intervention by a powerful leader. Many other factors may contribute to such turnarounds, but leadership is the catalyst. (Leithwood, et al. (2004, p. 5))

The District 116 experience echoes these research findings, making it clear that leaders in many roles and functions must know their jobs and lead within their areas of responsibility. The overarching theme that runs among lessons learned is the impact of leadership upon all aspects of the district's business and education environment. Weaknesses in leadership behaviors in the administration, board of education, and union all combined in constructing a combative setting for management-labor relations. Any realistic hopes for long-range planning were forfeited to gridlocked communication and reactive decision-making. The most important lesson learned, therefore, is that the school district must continue recruiting, developing, and retaining effective leaders at the district and building levels. The community must continue providing effective leaders to serve on the BOE. The teachers must continue electing effective union representation.

Effectiveness must be measured by the ability to take a shared strategic, goal-driven view of priorities that embraces the needs of all stakeholders and partners in the school district. Effectiveness must be measured by the ability and determination to communicate and work together in a collaborative partnership. Information provided by participants in this study suggests that the primary reason for the near failure of the district prior to the SFA years is leadership failures in each of these areas among each of the groups responsible for providing education to children in the Round Lake Area. The primary reason for success of the school district in recent years is the more recently acquired leadership strengths in each of these areas. The combined District 116 leadership team interviewed for this study in 2013 exhibited the ability and determination to work respectfully together, to set shared goals and priorities, and to understand one another, and find win-win ways of working together in educating students.

The data from this case study demonstrates that the erosion of leadership effectiveness on all sides produced a broken labor-management partnership and broken management and decision-making systems. This led to maximizing long and short-term borrowing capacity until the district teetered on the edge of insolvency, unable at last to meet payroll without urgent-care interventions by the Illinois State Board of Education. These interventions enabled the district to erase short-term debt, regain financial stability, and implement a soundly goal-driven path to long-range financial health. The new leadership team found itself able to rally community support to invest in new and renovated facilities for two middle schools as well as, eventually, an upgraded high school. The BOE developed and applied essential competencies. An administrative team was hired with the right mix of leadership skills, education savvy, and business acumen to continue the district's strategic transformation to a sustainable education business model.

The new superintendent said that a leadership lesson learned is, "To really focus on high expectations and greatness for the district. I think that covers the people we hire, the work that we do – and never settle for mediocrity. Have high expectations and focus on greatness in everything that we do. I think that's the most important lessons learned" (PID 41). Her thoughts echoed those of an effective former business manager for the district who said the school district does not need to be wealthy to have high expectations or to succeed in education students (PID 39). The former union president said that the most important wisdom for leaders is to understand that "You can't have the perception that it's my way, or I'm the boss, all the time. You've got to be willing to dig in the dirt with your employees, whether it is going out and serving lunch with the kids, or doing things [with them], being in the schools, in the community.

Dig in the dirt (PID 35). These key leaders are among those who have influenced the district in profound ways during their respective tenures. Their observations illustrate a shared appreciation that emerged from conversations with all case study participants that leaders can make a bigger difference for good when they set and work toward high goals that engage everyone in the entire district. As suggested by a participating principal (PID 2), the quality of leadership interactions with each student, parent, and employee are among the most significant, meaningful indicators of the overall health of the leadership environment of the district.

## **Long-range Planning**

There is no clear evidence that District 116 was being systematically managed according to strategic goals during the 1990s and 2000s until the hiring of the current superintendent who made it a priority. Strategic planning and management are based upon principles of cooperation, teamwork, and communication among the key stakeholders with an interest in organizational success. There appears to have been an attempt to establish a comprehensive plan in the 1990s, but limited information was available for this study. That plan, in whatever form it may have developed, may have proven a casualty of the labor-management conflicts, reactive decision-making, and failed communications that culminated in the strike of 1994 and appointment of the SFA in 2002. The 2002 planning effort helped to unify the school board and community in preparation for the partnership with the incoming SFA. It proved a building block for the next strategic planning effort to smooth the transition back to local board governance. Strategic management by definition must be a strongly cooperative effort among these key stakeholders aligned on a shared long-range vision and fully committed to achieving the goals leading to the vision.

The more difficult the operating environment of the district and the more pressures that exist for short range planning processes to address the needs of the current school year, the more important it is for the combined district leadership team to create space to reflect upon the district's mission, to craft a vision that reaches three to seven years into the future, to define goals bridging to that vision, and to establish a measurable strategy to achieve those goals. These are fundamental responsibilities of leaders without which a school district cannot sustain enduring success in delivering efficient, effective educational services to its community. It is not enough to have a strategic plan on paper and published on the website. The leadership team must be fully engaged in the process of multi-year strategic planning and managing short-term priorities, decisions, and results within the goal framework.

## **Parental Involvement**

The district must continue making it a top priority to nurture strong relationships of trust and respect with parents. The most important stakeholders in District 116 are the parents and students who live in the district, and by corollary, all other taxpaying residents of the district. The conduct of these fiduciary relationships can have decades long impact on the financial health of the Round Lake Area communities and lifelong impact on the lives of students. The district has taken important steps to improve communication and working relationships with parents.

Parent participants in this study reported that they sometimes have felt excluded from participation in the district, that their voices and priorities do not get a fair hearing, or that it does not appear that actions have been taken upon their comments to district leaders. They appreciate district communication and outreach initiatives such as the Parent University, the Bilingual Parents' Advisory Committee, sending information home in children's backpacks, and the web page. Some participants believe, however, that collaborative outreaches by the BOE and administration do not always result in follow-through. They believe that issues brought up during these outreaches do not always result in actions to address those issues. These participants are active volunteers in the community and district. To this point, one parent participants said, "The lesson that I have learned being in this district, I have to fight for my child. I have to be my child's voice. Honestly I think you have to almost fight it every day" (PID 62).

Parent participants said that most parents are under-involved with their children's learning activities and teachers, with district volunteer groups, and with other district activities. They noted that many parents leave all the teaching responsibility in the hands of teachers, accepting little or none for themselves. The researchers also observed a long-term pattern of low community participation in public forums hosted by the district to discuss proposed bond referendums and improvements to the educational program. So this is a lesson learned that presents a continuing challenge to the district leadership team. It is a lesson learned that if not successfully addressed will constrain ability to increase educational performance. Improving parental engagement is critical to improving educational outcomes.

## **Management Processes**

A participant with many years of experience in financial management of Illinois schools said it is important to "pay attention to detail" and "once you identify problems, develop policies and procedures to fix them. Create a plan. Then with that plan go to the Board to get new policies and procedures in place" (PID 39). Another participant, a parent volunteer, said the most important lesson learned is accountability. "Stop blaming everybody else and making excuses," he said. "I think the lesson learned is don't wait. If you're facing a problem, don't wait until the bucket is filled. It's filling with little drops every day. Don't wait until the bucket is overfilled to worry about it. Worry now for the next, at least, one or two years" (PID 11).

Historically the district has not consistently implemented district-wide standard business practices that would underpin such accountability and situational awareness of details by the management team. A former business manager and chief financial officer, under the SFA, had developed a number of such practices that served well during his tenure. In fact, those practices were a key success factor in the generally positive working relationship between the retained Board of Education, the SFA, and the SFA's appointed administrative team. When that manager departed the district, however, the practices did not continue possibly because they were tied mainly to the personality and leadership style of the business manager, rather than deeply ingrained within institutionalized business practices and the leadership culture of the district.

The present leadership team has placed emphasis on developing and implementing standardized business policies, practices, and procedures for each functional business area within the district. This is an important step in strengthening the organizational capability maturity of

the district from ad hoc and personality driven ways of doing business towards systematic, repeatable business practices that can be observed, monitored, improved, and aligned with strategic goals. For example, the human resources director has developed systematic processes for maintaining situational awareness of human resources throughout the district, setting policies and priorities for assigning personnel, and standards for planning, recruiting, developing, and retaining personnel. This includes implementing standardized approaches for hiring and managing personnel. Job descriptions have been developed for all positions within the district, where before there had been virtually none. These job descriptions have been standardized based on industry best practices in classification standards to reflect the appropriate position titles, functions, and pay levels commensurate with the content of the work performed. This is a major step forward from prior informal approaches to defining work requirements. The hiring process now follows a standard procedure that can be managed and monitored. Quite predictably, the more systematic approaches have enabled the administration to manage more effectively in this business area. Some expected further benefits could be a greater sense of fairness in the minds of employees who understand more clearly the management expectations of their positions and the basis for management decisions.

The present business manager adopted a similar approach to the district's financial management. This includes zero-based budgeting strategy applied to reviewing all positions for the relevance and contribution to the district mission. Other steps included improved reporting and accountability practices. One result has been the district receiving a gold standard Certificate of Excellence in Financial Reporting award from the Association of School Business Officials International (News-Sun, 2014). This award acknowledges the district's progress in achieving "transparency and fiscal accountability" (ASBOI, 2014). The successes of these standardization approaches in these two major business areas of the district suggest the benefits of continuing the process for facilities, transportation, and other support lines of business, as well as within the educational areas. These successes represent major progress for District 116. The current union president offered the following wisdom for today's and tomorrow's leaders in District 116.

We always have to run within a balanced budget, first and foremost. We have to. When we make decisions for the District, we have to keep students at the forefront. Is this what's good for kids. How does affect achievement? How does this increase student achievement? Student achievement has to be a factor in everything we do. We're in business for the kids. Nobody should be here for a position of power. We always need to be willing to collaborate and work together. (PID 27)

The union president emphasized the need for situational awareness of the business environment. "If we didn't read our board packet every week or look at financial reports, we wouldn't know what was really going on in the district or question things." She said, "So it's really being a part of the conversation, and then trying to be part of the solution" (PID 27). This situational awareness enables effective conversations among union leaders, school boards, and administrators so the individuals involved are properly prepared for their roles and can work together respectfully for the larger goals of the district.

## Communication

District 116 operates within a complex communication environment comprised of multiple village governments, a high and growing proportion of students for whom English is a second language, and low rates of direct interaction between parents and teachers. The district has taken important steps to establish more effective communications with its diverse stakeholders and partners in the education process. These include students, parents, administrators, village leaders, local businesses, and legislative leaders at local, county, state, and national levels. Dr. Collins discussed some of her communication outreaches as superintendent.

We do presentations, district presentations on the current state of the district. Also, I've gone to all the villages. Bill and I have gone, the year before last, we've gone to all the villages, and we talked about where our finances are, where our facilities are. So we met with all the village trustees and anybody else who was in attendance at those meetings. . . . We have gone out and presented to all of the community groups. So we are trying to get the message out. One of the village mayors said, "This is the first time in all the years I've been in Round Lake that the superintendent and the district have come out to present and share what's going on in the school district." Even with all of that, it's never enough. There's always more that everybody wants, or somebody who misses something, even when you're trying to spend a lot of time doing that. (PID 41)

The district has established a formal communication plan and hired a communication specialist to implement the communication plan. The district has been working to establish more standard communication practices, including an improved public website. Research participants expressed appreciation for the steps that been taken to reach out to bilingual and other parents. The continued development, innovation, and professionalization of communication practices should be a priority in helping the district strengthen its relationships with students, parents, and other stakeholders.

A participant suggested the following lesson learned about the responsibility of leaders to foster effective communication among all stakeholders. "Always keep the bottom line [goal] in mind," he said (PID 2).

Make sure that everyone understands what is the [goal] and that you will not waver. If the goal is academic excellence, then any decision financially, staffing, or program must align. Whatever that vision, that mission, don't waver from it. Don't sit on the fence about anything. If you have that core value, then you can get through anything. And of course, get to know people. Don't wait. I look at districts that want to offer a referendum that don't talk to the community until they're asking for money from them. And then of course what happens: the referendum gets shot down. And I've always thought well it's not that they can't afford it, that households can't afford it – and sure, it is – but mostly, it's because you don't know these people. So, you get to know people and sometimes when you have to make a tough decision, it's a little easier to take when you know them. They trust that you're going to make a right decision, even though it might not be a popular one. (PID 2)

This is wise counsel for a district that only in recent years has begun to develop a more mature capability to communicate with the stakeholders inside and outside the district. Hard decisions can be made easier if those who have an interest in those decisions have a clear understanding of the issues and what is at stake. It helps if they believe their voice can be a genuine part of the solution. A participant said, “If those kids, and even those parents, don’t know that you care about them on a deep level, then why should they bother listening to what you say” (PID 2)? Other participants, in commenting on concerns expressed in meetings with district leaders, said, “He has brought this up at several meetings that I have been part of, and I can’t believe that that’s still not done. So that is a problem” (PIDs 11, 62).

Such frustrations expressed by parent participants suggest their perception that the district leadership team sometimes hears their concerns at a surface level, rather than at a more authentic empathic level of genuine understanding with principled actions based on that understanding (Covey, 1989, 2004). There is ample historical evidence in District 116 of the consequence of failed communication between the labor and management teams, a failure that resulted in competing, conflicted teams, rather than a unified team seeking the best interests of students. The historical evidence suggests that leaders fell into a habit of talking at one another, a habit that became insurmountable barrier to talking with one another to understand differing perspectives well enough to find shared-interest solutions to ingrained issues. Paul and Elder (2012, pp. 5-6) call for “intellectual humility” as a tenet of fair-mindedness. Intellectual humility enables empathic listening and is a step toward problem solving among competing parties. “It involves,” they said, “being keenly aware of one’s biases and prejudices as well as the limitations of one’s viewpoint.” The historic trial by fire of District 116 illustrates the need for empathic listening and intellectual humility.

Present leaders in the administration, BOE, and union should take this lesson deeply to heart and make it a top priority to continue fostering the best possible, open communication environment with one another, consistent with respective roles and responsibilities. Effective communication is essential to developing and nurturing relationships of trust and respect that will further the work of District 116 to sustain recent gains and achieve goals for improving academic achievement.

## **Education Quality**

In the years leading up to the SFA oversight and during those oversight years, the primary focus of all leaders was restoring fiscal viability. Improving educational outcomes was not a top priority. The teachers in district 116 demonstrated a high level of professionalism and dedication as they work through this difficult environment in delivering the best possible education to students with available resources. One participant, a principal, observed, “You have teachers across the district—at the elementary, middle and high school level—who are dedicated beyond belief to providing these kids with a good quality education, regardless of what takes place at the district level. They continue to focus on day-to-day instruction for the kids” (PID 2).

The administrative team and BOE also demonstrated a high level of commitment to the students and seeking to make the best of a difficult situation. Everyone knew that students were their first priority. The also knew that the only path to that priority was by restoring financial

health. Some participants noted that many teachers made personal sacrifices and went extra miles to help students succeed. Many of these teachers placed their highest priorities on educating students. The business manager, other administrators, BOE, and union leadership team looked for ways to strengthen curricular and co-curricular programs while working on a shoestring.

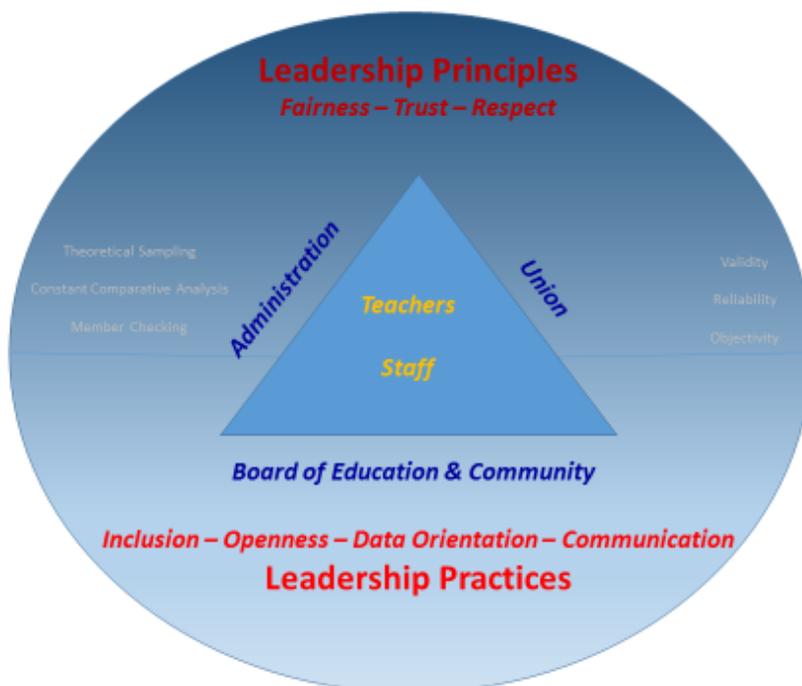
Those serving in all roles within the district who had the greatest impact during the last decade on sustaining and enhancing organizational performance to accomplish the education mission demonstrated high levels of intrinsic motivation (Thomas, 2009, p. x). They were driven by a belief that their contributions were meaningful, that they were contributing substantively to the well-being of students, the district, and the community. Several participants interviewed for this case study noted with some sense of pride the progress the district had made in recent years and their contributions to that progress. The leadership team is motivated by a sense of pride in the results that have come from completing advanced training for board members, in hiring more highly qualified employees throughout the district, and in building relationships of trust and respect. This sense of intrinsic motivation was apparent among all three elements of the leadership team, the BOE, administration, and union.

Now with a stable financial foundation, District 116 leadership teams are focusing together on goals to improve academic performance. This includes integrating and standardizing the curriculum and learning outcomes among all grade levels and buildings. It includes innovations and investments, with support from the State of Illinois, to increase availability of learning technology, modern textbooks, and other learning resources. It includes a concerted strategic human capital management effort to raise the overall competency of principals, district administrators, members of the BOE, and teachers. It includes a focus on building stronger, more cooperative working relationships among these parties based on shared interest in the goals that have been developed in cooperation with one another. It includes greater transparency for stakeholders in the planning and budgeting processes. It includes more decentralization of roles responsibilities to principals with delegation of authority and expectations that they manage their buildings and be accountable for results.

One participant noted that, “A school is one of the most important businesses that a community has, and they need to make sure that it’s run by people that are able to run it well. And they have to pay for that” (PID 16). This participant observed the importance of benchmarking to provide competitive salaries within the available resources of the district. Obviously, District 116 will never be able to pay the highest salaries found in Lake County, Illinois. There may be substantial non-salary reasons that draw highly qualified employees to the Round Lake Area, such as the attraction of living in a more rural environment among small communities. Some employees may be drawn to the demographic attributes of the Round Lake Area that features a large population of new immigrants, making District 116 a leading-edge demonstration of the changes arriving nationwide. It can be exciting to serve on the leading edge of change in a positive working environment with a unified, dynamic, future focused combined leadership team. One teacher who participated in this study graduated from Round Lake High School and finds satisfaction in developing a career near home. Regardless of these intangible benefits, the leadership team will need to manage the competitiveness and total cost of salaries to recruit and retain high quality personnel in District 116’s relatively austere budget environment.

## Conclusion

Figure 11 theoretically models the approach and results of this study. Study findings clearly illustrate the overwhelming impact of leadership principles rooted in fairness, trust, and respect; of leadership practices rooted in inclusion, openness, data orientation, and communication. An unbreakable collaborative partnership exists among the administration, union, BOE, teachers, and staff, as well as the community that supports and is served by the district. These leadership principles and practices are the life force of that partnership. The researchers suggest that the experience of District 116 poses a universal paradigm—that violating sound education leadership principles and practices in any degree imbalances and fractures the collaborative partnership. This model illustrates the deepest root cause of the district’s decline and recovery. The model is theoretically grounded in participant observations, lessons learned, and analytical results. The experience of District 116 suggests that education leadership is the most important resource available to any school district.



*Figure 11 Theoretical Model*

In fewer than 10 years, Round Lake Area School District 116 has demonstrated a remarkable comeback from the brink of fiscal failure. This feat is all the more impressive given the austere financial conditions under which the district operates. The district lacks a strong local revenue

base. This places a premium on effective, efficient management of all education and business operations. District 116 manages within a razor thin budget margin for resource and operations management. Budget planning is a continuous process of prioritizing and trading off among important needs, more important needs, and essential needs. District 116 is a large, complex enterprise with a mission critical to the well-being of semi-rural suburban communities within which it is housed and over 7000 students that it serves. The district's history since 1990 demonstrates the critical importance of providing excellent leadership on the administration, Board of Education, and union. The history illustrates the strength and resilience of dedicated professional teachers, some of whom weathered decades of difficult, uncertain times. It illustrates the importance of unity among all members of the leadership team when the financial environment provides little margin for the direct costs and opportunity costs of disunity, poor planning, and under-informed decisions. In some significant ways, District 116 affords insights into the similar challenges that are being faced nationwide, or shall be, for many school districts operating with constrained budgets and growing enrollments.

One key turning point in the district's restoration to financial health was putting in place a strong leadership team. At the beginning of the SFA years, this included hiring an exceptionally competent business manager who brought order to a chaotic financial operation and provided timely, accurate information that enabled sound financial management and decision-making. Another key turning point midstream in the SFA years was hiring a CEO with acumen and competencies on both the business and people sides of the education enterprise, one who valued long-range planning and proved able to execute in a short range to work toward long-range goals. Another key turning point in the post-SFA years was raising the profile of the business manager, making the position an assistant superintendent, and then creating a director level position to establish a formally disciplined human resource management function. The strong partnership that has developed among the superintendent and these two senior leaders has enabled them to provide strategic leadership that bridges across all of the lines of business within the district. Another key turning point the began during the SFA years and continues today was in developing Master Board member credentials for the BOE. This included cultivating best practices in board governance and assigning appropriate roles and responsibilities among the administration and the BOE with a greater focus on district business processes and deemphasized prior tendency toward personality-based governance. Yet another key turning point in the mid to post-SFA years was the rapprochement between management and the union, resulting in a genuinely collaborative, respectful partnership. This has helped all parties focused more on the mission of educating children than the individual interests and prerogatives among the different roles and positions. Putting this unified leadership team in place was the most important factor in restoring the district to financial health in setting the stage for maintaining that condition into the future.

This leadership team has made several important contributions to the present and future success of the district. It engaged in a credible strategic planning process and committed to managing short-term priorities according to a long-range blueprint. It committed to living within its financial means and established the ability to know and manage financial resources based on trustworthy financial data. This leadership team also committed to working with parents, including establishing outreach processes and programs for the community of students and parents. One important success factor was establishing and staffing a communication core

process for the district. Based on feedback from some of the participants in the study, this remains an area with substantial opportunities for continued improvement, but there is every indication that the district leadership team is committed to discovering and making those improvements. The leadership team also established more effective, standardized management processes, to include zero-based budgeting to gain situational awareness and manage control of the business processes among the several buildings comprising the district. The district is committed to a human capital development strategy that includes hiring, developing, and retaining high quality personnel in administrative and teaching positions, with an important focus on empowering principals to manage their buildings with greater autonomy, authority, and responsibility for results. The superintendent has demonstrated a will to trust and empower subordinates throughout the district. The next challenge for the district is raising the quality of education.

Some would argue that Round Lake District 116 will never be wealthy enough to provide an above-average education for students. Time may show, however, that producing high quality education is not only a function of dollars available to invest in the diverse and rich educational program offerings seen at the wealthy school districts of Lake County. It is also a function of excellence in leadership and teaching by committed professionals and volunteer community members who are determined to work with families within the available resources and to cultivate additional resources to help each student achieve his or her highest learning outcome. The most important gift that a teacher can give to a student in the 21<sup>st</sup> century is the ability to be a continuous learner, a critical thinker, a clearheaded ethical decision maker, and a good citizen prepared to function in a representative republic on a world stage where change is a powerful and constant force permeating the lives of all people in all conditions and stations. As knowledge becomes obsolete at an increasing pace every year, these attributes of a well-rounded human being grow in relative importance. Among the most valuable resources fueling education in the Round Lake Area are the diverse families and students who look to the school district for education services. District 116 is on the leading edge of a social and cultural change that will continue sweeping across America in the decades ahead. Vargas and Conlon (2011) reported U.S. Census statistics showing that nationwide “the 2010 kindergarten class is 25 percent Hispanic, up from 19 percent in 2000, and 5 percent Asian, up from 4 percent in 2000. The class is 13 percent black, down from 15 percent in 2000, and 53 percent white, down from 59 percent in 2000” (Vargas & Conlon, 2011, p. 63). These changes are greatly accelerated in District 116. Lessons learned by teachers and administrators serving in District 116 will prove meaningful to education policy planners and legislators engaged in long-range planning and resource allocation.

School systems like District 116 will produce graduates, teachers, and administrators today who have a common sense, experience-based understand of the emerging America. A potentially rich area for further research is the impact of making it a priority to invest in high quality leadership for less wealthy school districts. Results of this study suggest that creating an excellent leadership team was the critical success factor in restoring fiscal health to District 116. Although only time will reveal if the district will succeed in raising academic performance, there is sound evidence for an optimistic outlook.

## References

- Association of School Business Officials International (ASBOI), (2014). Downloaded from <http://asbointl.org/learning-career-development/awards-scholarships/certificate-of-excellence-in-financial-reporting>, September 9, 2014.
- Beitler, M. (2006). *Strategic organizational change: A practitioner's guide for managers and consultants* (second Ed.). Greensboro, NC: Practitioner Press International.
- Borek, J. (2008). *A nation at risk at 25: To introduce this special section marking the 25th anniversary of the publication of a nation at risk, Ms. Borek, guest editor, contemplates the document's lasting impact and refreshes readers' memories about the problems it defined and the recommendations it offered. Phi Delta Kappan*, 89(8), 572+.
- Charmaz, K. (2007). *Constructing grounded theory: A practical guide through qualitative analysis*. Los Angeles: Sage.
- City Data (2014). Population estimates by village. Downloaded for the five Round Lake Area villages from following links for zip code 60073 (reviewed January 19, 2015):  
<http://www.city-data.com/city/Hainesville-Illinois.html>  
<http://www.city-data.com/city/Round-Lake-Beach-Illinois.html>  
<http://www.city-data.com/city/Round-Lake-Illinois.html>  
<http://www.city-data.com/city/Round-Lake-Illinois.html>  
<http://www.city-data.com/city/Round-Lake-Heights-Illinois.html>
- Clark, A. (2005). *Situational analysis: Grounded theory after the postmodern turn*. Thousand Oaks, CA: Sage.
- Cotter, J. (1996). *Leading change*. Boston: Harvard Business Review Press.
- Covey, Stephen R. (1989, 2004). *The 7 habits of highly effective people*. New York: Simon & Schuster.
- Duncan, A. (2010). *State and local implementation of the no child left behind act: Volume IX—accountability under NCLB: Final report*. US Department of Education. Based on RAND Corp. studies A Report from the National Longitudinal Study of No Child Left Behind (NLS-NCLB) and the Study of State Implementation of Accountability and Teacher Quality Under No Child Left Behind (SSI-NCLB). Reviewed at <https://www2.ed.gov/rschstat/eval/disadv/nclb-accountability/nclb-accountability-final.pdf>

- Dunn, Randy (2011). *Strategic deployment: Follow-through for strategic planning*. Illinois School Board Journal, March-April 2001
- Fritts, J. B. (2012). *Essentials of Illinois school finance (6th ed.)*. Springfield, IL: IASB.
- Gardner, P. (1983). *A nation at risk: The imperative for educational reform*. The National Commission on Excellence in Education. Downloaded from Center for Studies in Higher Education. <http://www.cshe.berkeley.edu/gardner/chairing-national-commission-excellence-education-nation-risk>
- Hometown (2014). Illinois HomeTownLocator. Reviewed January 19, 2015 at <http://illinois.hometownlocator.com/zip-codes/data,zipcode,60073.cfm>
- Illinois State Board of Education (ISBE) (2011). Finance & audit committee of the whole meeting of May 25, 2011. <http://www.isbe.net/board/meetings/2011/may/schedule.htm>
- Illinois Association of School Boards (IASB) (2012). *The effective school board member*. Springfield, IL: IASB.
- Illinois State Board of Education (2014). eReport card public site: Center for performance. <http://webprod.isbe.net/ereportcard/publicsite/getsearchcriteria.aspx> Downloaded from D116 website <http://www.rlas-116.org>
- Illinois State Board of Education (ISBE), (2014). Financial reports. <http://www.isbe.state.il.us/>
- Illinois State Board of Education (ISBE), (2014). School District Profile. <http://www.isbe.state.il.us>
- Lake County (2014). Lake County maps online, <http://maps.lakecountyil.gov/mapsonline>, downloaded December 13, 2014.
- Leithwood, K., Louis, K., Anderson, S., & Wahlstrom (2004). *How leadership influences student learning*. Learning from Leadership Project. University of Minnesota, University of Toronto, sponsored by The Wallace Foundation.
- Lincoln & Guba (1985). *Naturalistic inquiry*. Newbury Park, CA: Sage.
- Miller, W. (2013). *Better principal training is key to school reform: To ensure that schools can help children develop the skills they need, we need principals with sharper skills and more effective professional development*. Phi Delta Kappan, 94(8), 80.
- News-Sun Staff (August 2014). School notes: *Round Lake area school district wins financial reporting award*. Downloaded from <http://newssun.suntimes.com/2014/08/27/school-notes-round-lake-area-school-district-wins-financial-reporting-award/#byline>, September 4, 2014.

- Paul, R. & Elder, L. (2012, 2006, 2001). *Critical thinking: Tools for taking charge of your learning and your life* (3rd ed.). Boston: Pierson Education.
- Perkovich, R. (1995). Interest arbitration opinion and award. State of Illinois Educational Labor Relations Board, [www.illinois.gov/elrb](http://www.illinois.gov/elrb). Document at D116 Administrative Office, historical files.
- PID<sub>1-n</sub>. Participant identification code, District 116. NVivo database. Case study file of Richard Cox and Kurt Schoch, 2015.
- Round Lake CUSD 116 (2003). Comprehensive plan 2003. Researcher's working papers.
- Round Lake CUSD 116 (2014). Financial history summary. Office of the Assistant Superintendent for Financial Management.
- Round Lake CUSD 116 (2014). 2012-2013 Illinois district report card. Round Lake, Illinois. <http://www.rlas-116.org> accessed Jan. 4, 2014.
- Round Lake CUSD 116 (2015). Illinois-At-A-Glance report card 2013-2014. Reviewed January 19, 2015 at <http://www.rlas-116.org>
- Smylie, M. (2010). *Continuous School Improvement*. Thousand Oaks, CA: Corwin.
- Stake, R. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.
- Thomas, K. W. (2009). *Intrinsic motivation at work: What really drives employee engagement* (2nd ed.). San Francisco, Berrit-Koehler.
- Vargas, B., & Conlon, J. E. (2011). *Are we ready for the approaching demographic tsunami?* *College and University*, 86(3), 63 – 65. Retrieved from <http://www.questia.com>.
- Yarbrough, D., Shulha, L., Hopson, R., & Caruthers, F. (2011). *The program evaluation standards: A guide for evaluators and evaluation users*. Thousand Oaks, CA: Sage.
- Yin, R. (2014). *Case study research: Design and methods* (5th ed.). Thousand Oaks, CA: Sage.

## Appendix A —Types of Individuals Interviewed

District administration (current)

Superintendent

Executive Director of Human Resources

Human Resources Coordinator

Information Technology Director

Teachers

School principals

Parents

Community members

Former Superintendents

Members of the Financial Oversight Panel

Members, former chair, of the School Finance Authority

## Appendix B — General Interview Questions

1. What has been your experience with D116?
2. What have been the most important events for D116 during your experience?
3. What is working well in D116 today?
4. What are you proud of about D116?
5. What has always worked well?
6. What needs to work better?
7. How has the District changed over time?
8. In what ways has it become more successful? Less successful?
9. What do you know about the history of D116?
10. Which people, groups, or organizations have had the most positive impact on D116?
11. What are the biggest challenges facing D116 today?
12. What have been the biggest challenges of the past?
13. How did D116 overcome past challenges?
14. What instances have you observed of D116 personnel going extra miles in helping make the District successful?
15. Who have been the exemplary leaders, teachers, parents, or volunteers whom you have known?
16. What is an example of excellence anywhere in the District?
17. What is an example of a process, activity, or program that is working well in the District?
18. What are the biggest dangers the District faces today?
19. What biggest opportunities does the District face today?
20. Who else should we talk to?

### Appendix C — Pre-interview Survey Questions

1. How long have you ever been in the following roles at D116?
2. How has D116 changed in the past five years?
3. What is your current role with the District?
4. How much unpaid time do you now provide or have you in the past provided to Round Lake Schools in any of the following roles?
5. How healthy are the working relationships among the following?
6. If you graduated from D116, check the answer that includes your graduation date.
7. If you graduated from D116, how well would you say your education in the District helped you prepare for the following?
8. If you graduated from D116, which of the following are true?
9. If any of your family members graduated from D116, how well would you say their education in the District helped prepare for the following?
10. What do you believe was the main reason that D116 experienced financial difficult leading to financial oversight by the Illinois State Board of Education?