

**THE DARK SIDE OF EDUCATION:
STATE LEVEL POLICYMAKING IN THE AGE OF ACCOUNTABILITY**

By

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ABSTRACT

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States have become increasingly central actors in educational policy with the advent of performance-based accountability and market-oriented educational reforms (Figlio & Ladd, 2008; National Research Council, 2011; Ravitch, 1995). In spite of this, there have been relatively few studies that have examined policymaking at the state level. This study seeks to address this gap by examining the case of how one educational policy, the Michigan Public Education Finance Act of 2013, got developed at the state level. Educational policy has a dark side based on influence, power, and access. So, who is it that shapes the direction of educational policy at the state level, and how?

Keywords: State level educational policy, public policy, policy cycle, policy entrepreneurship, shaping educational policy, and researching up.

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continuously. And because all things have contributed to your advancement, you should include all things in your gratitude.”

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Chapter One: In the Beginning, There Was Policy¹

Introduction

States have become increasingly central actors in educational policy with the advent of performance-based accountability and market-oriented educational reforms (Anagnostopoulos, Rutledge, & Bali, 2013; Figlio & Ladd, 2008; National Research Council, 2011; Ravitch, 1995). In spite of this, there have been relatively few studies that have examined policymaking at the state level. My study seeks to address this gap by examining the case of how one educational policy, the Michigan Public Education Finance Act of 2013, developed at the state level.

At the heart of our ideals about the democratic process, we all want a governmental process that is egalitarian—fair and equitable, with ease of access by those it serves, and one that is in line with the theoretical ideas and philosophies we have been taught that American government holds. However, the reality is that government is not that simple or clear. It has a dark side based on influence, power, and access, which leads me to my research question: **Who is it that shapes the direction of educational policy at the state level and how?** To “effectively display the complex interplay of particular circumstance[s] and the regularities of the human condition” (Lofland et al., 2005, p. 32), a descriptive case study (Yin, 2003) was used to explore the inception and shaping of what has come to be called the Michigan Public Education Finance Act of 2013 (PEFA).

¹ The title of this chapter, like many others throughout this dissertation, represents reference to various religious or literary works. This reference connects to creation of the world in Genesis and is meant to show that education has long been shaped by policy – since the beginning.

Michigan Historical and Educational Law Background

When considering the complex relationship between Michigan's political entities, it is always important to know those organizations' political development and history. It is really hard to say which came first: state governance or educational governance. Michigan was created under the Federal Ordinance of 1787—commonly referred to as the Northwest Ordinance—and at the same time, provisions were made for establishing local schools (Rubenstein, 2008). The ordinance read that all lands north and west of the Ohio River should be surveyed into six mile by six-mile squares, called townships. Each six-mile square would then be divided into thirty-six equal sections of 640 acres each. Once surveyed, the townships were divided in half and sold in their entirety at a public auction in New York. The remaining lands were sold in 640-acre sections for no less than one dollar per acre. The money from these land sales went to support the newly formed and struggling federal government after the Revolutionary War, except for the sale of land in section sixteen of each township, which went to establish local schools – thus creating public education in Michigan (Rubenstein, 2008).

According to MDE's website, educational authority was established even before statehood in 1837 (2013): "In 1809 judicial districts created schools and levied taxes to support them. Twenty years later, the Territorial Council divided the districts into school districts and gave the State the right to supervise schools." This is important because it illustrates the connection of the federal sale of section sixteen lands to local townships to the creation of districts and state authority over those local districts. In addition, Michigan's first constitution established the position of the State Superintendent of Public Instruction in 1835.

The current manifestation of the state education system, including creating the Michigan Department of Education (MDE) and outlining the roles and responsibilities of the state board of education, appeared under the most recent (fourth) state constitution in 1963, and it was further defined under the Michigan Revised School Code Act 451 of 1979. Section three of article VIII of the 1963 constitution states the relationship between the state board of education and the legislature most clearly. It states that “Leadership and general supervision over all public education, including adult education and instructional programs in state institutions, except as to institutions of higher education granting baccalaureate degrees, is vested in a state board of education. It shall serve as the general planning and coordinating body for all public education, including higher education, and shall advise the legislature as to the financial requirements in connection therewith” (MI Constitution, article VIII, § 3).

This established that the state board of education, and thereby their subordinates (namely MDE), are responsible for the day-to-day operation of education in the State of Michigan. It also shows that MDE’s relationship to the legislature is one of an advisory capacity, but they are to be given a voice nonetheless. However, their advisory capacity is not specified; the constitution does not state if that means that MDE can advise only when asked, or are welcome to contribute anytime. Also, despite MDE being part of the executive branch of government, the preceding section of the Michigan State Constitution of 1963 makes it very clear that all the power in education rests with the legislature. It states, “The legislature shall maintain and support a system of free public elementary and secondary schools as defined by law” (MI Constitution, article VIII, § 2). Simply put, the legislature is ultimately responsible to the law (and in most cases, the law they created). The legislature

is beholden unto themselves and those who have access to them and can influence them.

Another branch of government that is heavily involved in educational agenda setting is the governor's office, and ultimately the governor him/herself. The governor has the power as the chief executive of the state to set the course of policy. The Revised School Code, Act 451 of 1976, gave the governor some appointing and removal power of school officials, but it really did not specifically state a role in terms of education. However, the State of Michigan Constitution is a bit more detailed, but not much. It states that the governor "is a non-voting ex-officio" member of the state board of education and may appoint vacancies on the board between elections (MI Constitution, article VIII, § 3). The state board of education, not the governor, appoints the superintendent of public education in the State of Michigan.

Other than the aforementioned points, the constitution does not mention any specific powers for shaping educational policy that belong to the governor. However, to understand fully the governor's role, we must go beyond any mention of education and consider the branch in which education is placed at the state level. MDE is a part of the executive branch, and the Michigan Constitution does give the governor direct power over that entire branch, specifically "Subsequent to the initial allocation, the governor may make changes in the organization of the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration" (MI Constitution, article V, § 2). This kind of power could come in conflict with an elected state board of education and an appointed state superintendent in an organization (MDE) that the governor could change without their consent. Conflict can also occur in how the governor decides to direct the state's educational policy agenda.

The Rise of Educational Governors and the Michigan Context

Most people are unaware of the vast power of the state when it comes to municipal corporations, which include schools. As Jeffrey Henig argued, “Constitutional authority for public education has been vested in the states” (2013, p. 36). States not only have the authority to regulate but also to create, reorganize, or terminate, and this has been such since 1868, Chief Justice John Forrest Dillon of the Iowa Supreme Court issued what became known as Dillon’s Rule. It states, “Municipal corporations owe their origin to, and derive their powers and rights wholly from, the legislature. It breathes into them the breath of life, without which they cannot exist. As it creates, so may it destroy. If it may destroy, it may abridge and control” (Henig, 2013, p. 37). However, as Henig continued, “While holding the formal reins of authority, state government until relatively recently left those reins slack, leaving most of the key decisions about public schooling – particularly K–12 to local governments” (2013, p. 37). However, it is not just the legislature that is powerful in shaping the direction of educational policy, but all three state branches of government (including the judicial and executive). In particular, we must consider the role of the governor (the executive) as the head of state government. Realizing that just as strong legislative involvement is a relatively new phenomena in education, so too is strong governor involvement, especially in Michigan.

Building on this idea, Jal Mehta argued in his article “How Paradigms Create Politics: The Transformation of American Educational Policy, 1980-2001” that educational policy has been dramatically transformed, and strong governor involvement was born out of the 1980s. Beginning with *A Nation at Risk*, he suggested that this change was caused by accountability being “introduced into a sphere that had long been loosely coupled, both

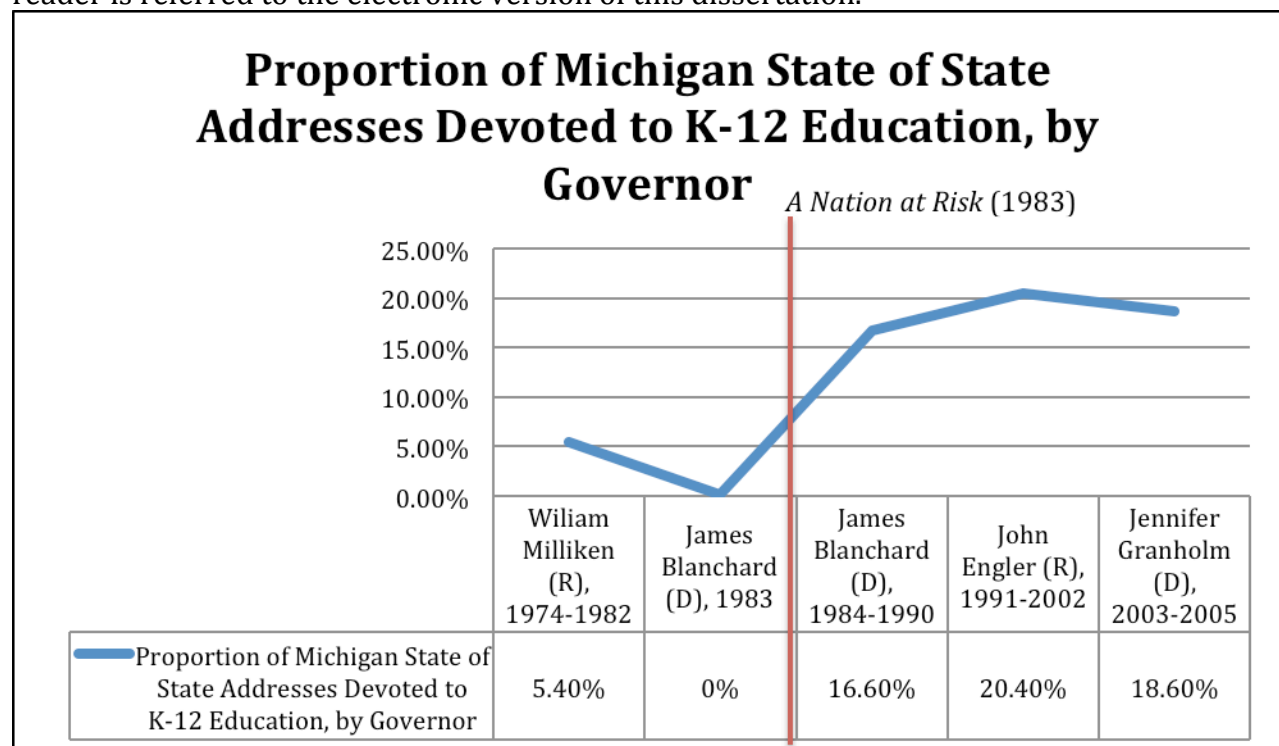
major political parties reevaluated longstanding positions, and significant institutional control over schooling shifted to the federal government for the first time in the nation's history" (Mehta, 2013, p. 285). All of this led to a paradigm shift in educational policy, a shift which "restricted the political landscape around education reform" (Mehta, 2013, p. 285). However, this shift did not and could not just occur at the federal level, but rather began with the states, and specifically with the rise of educational governors.

Henig argued that it is because of *A Nation at Risk* that governors gained the political will to activate their formal authority that they always possessed, but never used, to shape educational policy (2013). *A Nation at Risk*, Mehta argued, defined schools in a new way – it was about economics and national preservation. Specially, he stated, "The idea that schooling was a key to individual mobility was not new (Grubb & Lazerson, 2004); nor was the idea of human capital (Schultz, 1963); what was freshly resonant was the notion that national (and state) economic success was becoming increasingly dependent upon the available stock of this human capital" (Mehta, 2013, p. 297). Governors across the country began to see economic success and human capital as factors within their realm, and education was the mechanism for development. This changed the unit of accountability in two ways. The first was from focusing on broad societal issues related to education to focusing on changing schools to affect society, and second, from schools only having to report to local boards to state involvement in accountability systems (Mehta, 2013).

Michigan is a prime example of this, as can be observed through gubernatorial addresses. As Mehta demonstrated, prior to 1983, gubernatorial addresses "largely characterized [education] as an end that is important in itself rather than as a means to a broader goal of economic development" (2013, pg. 300), if they mentioned education at all.

However, after *A Nation at Risk*, ideas of human capital and economics for educational outcomes became prevalent. The first of such addresses, given by Governor Blanchard after *A Nation at Risk*, directly stated, “This disinvestment in the future, if left unchecked, would undermine our efforts to spur economic development, create jobs and improve our quality of life” (Mehta, 2013, p. 300). Governor Engler took this argument a step further and tied education directly to the term “workforce development.” The graph constructed below, based on Mehta’s research, demonstrates how education went from being between 0-5% of a Michigan governor’s state of the state focus to as high as 20% (2013). With education becoming such a large part of the governor’s agenda, it follows that he/she would become more active in setting the direction of state education policy beyond just talking about it in speeches.

Figure 1: Proportion of Michigan State of State Addresses Devoted to K-12 Education, by Governor – For interpretation of the references to color in this and all other figures, the reader is referred to the electronic version of this dissertation.



One Michigan governor who did just that was John Engler, and it can be argued that he changed the direction of state education policy most dramatically. Looking at the speech patterns, Engler discussed education more than any recent governors. In an Associated Press article from December 20, 1996, Engler outlined two executive orders that dramatically changed who sets the direction of educational policy in the State of Michigan. Executive Order 1996-11 and Executive Order 1996-12, Engler argued, relieved the state board of education from trying to run the day-to-day operations of the Michigan Department of Education and vested those administrative rights with the state superintendent, where they belonged. Engler continued that this would “let the State Board of Education focus on broad school policy rather than the details of running the Michigan Department of Education.”

However, several members of the state board disagreed, and they saw this as a power grab. According to the Associated Press (1996 and 1999), Art Ellis, the state superintendent, was a close associate of Engler and longtime state bureaucrat. In addition, during January of 1997, the Republican-controlled state board became Democratic. The Democrat-controlled state board eventually filed a lawsuit against the governor, but after a lengthy court battle, the Michigan Supreme Court sided with Engler. This is not because his orders did not take away many of the board’s powers, because they did, but because of the way the powers were assigned in the first place. According to the Associated Press (1996 and 1999), the power the state board had over the Michigan Department of Education was given by an executive order from 1965 (specially, Executive Order 1965-9), not by constitutional powers. Because MDE was not created before the adoption of the most

recent Michigan Constitution in 1963, MDE is not mentioned in the constitution by name (only as a state department of education), and therefore it could be changed by executive order.

So, why does this matter to the state of educational policy in Michigan? To answer this, we must examine a legislative analysis prepared by the House Fiscal Agency for House Bill 5323. It is important to note that while these executive orders were put in place in 1996 and then adjudicated by the courts, when the governor's office went back to the Democrats after Engler in 2003, these orders were never rescinded. However, a few still wanted to rescind these orders and create a law that gave the board of education its powers back, in such away that they could not be removed. House Bill 5323, sponsored by a democrat, would have given all the powers back to the board permanently. Although this bill died in committee, the analysis explains the governmental significance of the executive orders that this bill would have voided if it had passed. In particular, the report argued that "then-Governor John Engler removed much of the authority of the State Board of Education, by transferring its rulemaking power and administrative responsibilities to the state superintendent of public instruction ... the shift in authority strengthened the executive branch of the government and weakened the elected state board of education" (House Fiscal Agency, 2008, p. 1).

Ultimately, this gives much education policy power to the state superintendent, who is closely associated with the governor's office, and who is a member of his/her executive cabinet. In particular, "all of the administrative and rulemaking statutory powers, duties, functions, and responsibilities set forth in over 175 provisions of the Michigan Compiled Laws – nearly all located in the Revised School Code and the State School Aid Act" were

given over to the state superintendent (House Fiscal Agency, 2008, p. 1). This aligns with the argument that Jal Metha has made about the increased role of governors. Specifically, “The shift in the definition [after *A Nation at Risk*] and agenda status [of education] ... brought in new actors ... As one Michigan legislator dismissively put it in discussing education reform in the 1990s: ‘The state Board of Education wasn’t a player. The Department of Ed wasn’t a player’” (2013, p. 304). This raises a question: who are the players? Metha (2013) argued that the role of the governor has become crucial, but also the legislature and interest groups (e.g. unions and business), and little depends on state departments of education and research. However, as the case of the Michigan Public Education Finance Act of 2013 demonstrates, there are still others not cited in the literature who have become key players and hold immense power to shape policy.

Michigan Public Education Finance Act of 2013

All of this leads to this particular case of interest, the shaping of the Michigan Public Education Finance Act of 2013. Before getting into the chapters that follow and the complexity of the policy formation process, it is important to have an overview and background of PEFA and who is involved in its formation. Specifically, the law lists as its purposes to:

1. “Create a public education funding system whose primary objective is to create career ready citizens;
2. “Provide seamless transition for the pupil between early childhood, elementary, secondary, and post secondary education;

3. “Provide a public education funding system that promotes individual learning styles;
4. “Enable parents and pupils to employ education programming options that place the pupil on a path for their future success;
5. “Provide greater access to self-paced programs enabling a pupil below grade level to have additional time and help to gain competency, while a high achieving pupil may accelerate academically;
6. “Provide a pupil growth and assessment tool to allow for performance funding and measure educator effectiveness. (PEFA, 2013, p. 12)

However, several of these purposes are rather abstract and do not say what the law will actually do. For this we must turn to a confidential report to Governor Snyder, which was embargoed by his administration and written by the PEFA project team. The report states that PEFA is based on the governor’s April 27, 2011, Education Message to the Legislature. In this message, the governor said:

- Michigan’s education system has revolved around a static approach to education delivery that can be at odds with individual learning style.
- I am proposing a new “Any time, Any Place, Any Way, Any Pace” public school learning model.
- A model of proficiency-based funding rather than “seat time” requirements will foster more free market ideas for public schools in Michigan.
- Michigan’s state foundation allowance should not be exclusively tied to the school district a child attends. Instead, funding needs to follow the student.

- Eliminate barriers to true choice in education and give parents and students the flexibility to employ education programming that ensures their future success.
(The Michigan Public Education Finance Act – Draft – Confidential – March 21, 2013, p. i)

Building on these tenants of Governor Snyder’s message, a 319-page law called the Michigan Public Education Finance Act was drafted by Richard McLellan to replace the School Aid Act of 1979. The School Aid Act of 1979 is the allocation law that is amended yearly with per pupil expenditures. In addition, it also defines funding mechanisms, reporting procedures, and how the state defines what a school district and school are. The specifics of the proposed law are outlined in Table 1 below. The figure presents a summary of the changes between the proposed Public Education Finance Act and the law it aimed to replace, the State School Aid Act of 1979.

Table 1: Summary of Changes PEFA v. School Aid Act of 1979

Summary of Changes PEFA v. School Aid Act of 1979	
<ul style="list-style-type: none">- “Create ‘Early Graduation Scholarships’ for students able to accelerate successful completion of high school.- “‘Membership’ in district of his or her future education opportunities.- “Change from concept of ‘in regular attendance’ to ‘receiving instruction,’ meaning that the archaic ‘seat time’ requirement will be removed to further more innovative methods of teaching and learning.- “Change Michigan’s student counting system to ‘average daily membership’ rather than using the existing 2-membership count day model. This will ensure resources are deployed to the places where student learning occurs.- “Create a new ‘performance count day’ as part of the move to performance-based funding.- “Create an ‘enrollment district’ concept to implement unbundling.- “Improve Michigan’s education data system to: Consolidate reports, create a master reporting calendar, truly leverage improved teaching and learning, and make data available to parents.- “Encourage district consolidation by allowing a consolidated district to receive the highest of foundation allowances among merging districts.- “Create incentives for year-round schools, as a means of addressing summer learning loss.”	
The Michigan Public Education Finance Act – Draft – Confidential – March 21, 2013, p. v.	

This proposed law, if passed in its entirety or through a series of individual legislative acts, will change the educational landscape of Michigan. It promotes a market-based approach, with freedom of choice as the main guiding concept of the law, and symbolizes a total philosophical shift in what the purposes of school are and should look like. The proposed law wants to allow education to occur “Any Time, Any Place, Any Way, Any Pace” because the learning model and funding would be performance-based, and the state’s foundation allowance would be tied to the student, not to the district (Shields, 2013). However, while that is a catchy phrase to describe education, what it really means is rather unclear. To expand upon this further, Table 2 conceptualizes the mantra “Any Time, Any Place, Any Way, Any Pace” into actionable components as described by the Consensus for Change Think Tank that contributed to the public discussion held on the bill.

Table 2: Consensus for Change Think Tank Memo Describing "Any Time, Any Place, Any Way, Any Pace," September 2012

Any Time	Any Place	Any Way	Any Pace
Funding based on participation and individual learning growth , not seat-time	Open Enrollment: No geographical boundaries to “Schools-of-Choice”	Create Individual Learning Plan for each student	Use mastery of core competencies as basis for progression, not seat-time or age
Year-round funding availability	Open Services: No geographical boundaries for districts operations	Enable students to earn credit through Extended Learning Opportunities	State aid based on courses and competency, not calendar

In addition, this law proposes unbundling school systems as enumerated in bullet point six of Table 1. This would allow students to participate in some components of many school districts at the same time, much as one bundles and unbundles their cable and home phone packages. While it is not particularly practical to think of one student attending multiple schools within the same geographic region, this concept takes on a whole new

meaning when we consider cyber schools being classified as a regular school, which is why the bill also includes amending the Michigan Revised School Code for cyber schools. In addition, this proposed law would impact the teacher tenure act and the teaching profession in order to create a more market- and choice-based system. PEFA was also designed to work in tandem with another bill, which created an Educational Achievement Authority, allowing the state to appoint emergency managers to take over the responsibilities of the superintendent and democratically elected officials (Shields, 2013).

However, how was PEFA shaped and by whom? The answer of who seems relatively easy to answer, but it becomes increasingly complex the more we delve into the policy formation process of PEFA. This proposed law is being championed by a man who calls himself “the governor’s volunteer,” a Lansing veteran lawyer of forty years by the name of Richard McLellan. However, who is Richard McLellan? He is much more than just another attorney. A 1999 article from the *Detroit Free Press* describes him as one of the most prominent and instrumental citizens in Michigan. The article continues, “He’s seldom seen in the Capitol, and less likely to be noticed ... take a look at someone who may well be the most influential person in Michigan you never heard of” (Bell, 1999, p. B1). The next logical question is why is he so powerful. He has no formal connection to the legislative process, nor is he directly employed by any branch of the Michigan government – he is a private citizen who has written and is promoting the Michigan Public Education Finance Act of 2013.

McLellan is the embodiment of the definition of a policy entrepreneur. Mintrom and Norman (2009) defined a policy entrepreneur as an individual who advocates for a cause and has the political capital to make the issue part of the political agenda (in this case, for

the state). McLellan has been around the political scene for a long time; he has well-developed relationships with past Michigan governors (including serving as their legal representative for Governors Miliken and Engler) and other high-ranking members of the Republican Party, and he has received governmental appointments from Presidents Ford and Bush. McLellan has also been involved in issues of choice in education, and he wrote legislation for Michigan's charter schools. His most noted educational legislation allowed Bay Mills Community College (a tribal-controlled college) to serve as an authorizer for charter schools. Using federal treaties with tribal nations, he successfully argued that the tribal powers established in treaties superseded the rights of the state legislature to restrict Bay Mills's school authorization rights, effectively getting around a law that placed a cap on the number of charter schools that Michigan could have. McLellan then defended this law before the Michigan Supreme Court and won (*Council of Organizations v. Governor of Michigan*, 1997). McLellan, while not elected, is a Lansing insider and someone who has the power and political capital to advance a policy agenda.

McLellan is also not acting in isolation. Various state level agencies and politicians are cooperating with him so that they can give him input in the formation of the law, and others have aligned themselves against him. What authority does he have to work with branches of the state government to create this law? He is one of many who are lining up to shape its future direction and the direction of Michigan's education policy. It is important that we find out who these people are and how they have shaped the formation of state level policy.

Anagnostopoulos et al. (2013) argued that "antibureaucratic sentiment, an emphasis on market-oriented solutions, and political disputes between governors, state

superintendents, and state schools boards combined with unprecedented state budget shortfalls resulted in significant SEA [State Education Agencies] staff reductions, while at the same time laws like No Child Left Behind have reinforced rather than limited the expansion of state power” (p. 218). If there has been, and continues to be, expansion of state power with reductions in SEA, then the role of who comes to shape educational policy at the state level becomes more and more important. And, because changing educational policy at the state level requires “considerable amounts of fiscal, organizational, and political resources and [an ability] to manage the often competing interests of the myriad of actors involved” (Anagnostopoulos et al., 2013, p. 219), then there is opportunity for new policy actors to involve themselves in ways not seen before at the state level in conjunction with governors and state legislatures.

Chapter Two: As Policy Is Now

Review of the Literature

There have been relatively few studies that have examined the policymaking process at the state level. As Anagnostopoulos et al. (2013) highlighted, most state level research has been limited and has focused on test-accountability and “trends in state legislation and policy (Desimone, Smith, Hayes, & Frisvold, 2005; Fusarelli & Cooper, 2009; McDermott, 2003), the effects of state accountability policies on school and classroom practices (Firestone, Mayrowetz, & Fairman, 1998; Mintrop & Trujilo, 2005; Swanson & Stevenson, 2002) or student outcomes (e.g., Amerin & Berliner, 2002; Carnoy & Loeb, 2002; Hanushek & Raymond, 2005)” (p. 218). However, what about who has shaped these policy reforms and how?

The reason there is a dearth in the literature around who shapes the direction of state educational policy is not because the topic has been tried and found wanting, but that it has been found difficult and, therefore, rarely addressed. Much of the reason for the lack of research is because of issues of power and research consent – a lack of access to those with power who form policy beyond our theoretical or hypothesized understanding of how government really functions (Neal & McLaughlin, 2009; Odendahl & Shaw, 2002). There are plenty of studies about policy implementation and how policy moves through the system, but very few that begin at policy inception – essentially, how state educational policy gets made.

After reviewing the literature, there is clear evidence that what I found in my case study goes beyond existing findings in the current literature in several ways. First, the

literature does not focus on policy creation (or policy inception), but rather on implementation. Second, much of the body of work that even mentions policy creation is theoretical and abstract. It does not give specifics, but rather relies on rational models that envision policy as stemming from a need instead of a desire. Finally, because of the accountability era of education, the actors who shape policy have changed, and this change is not clearly understood, nor is it clear how that change has come to affect policy formation.

Conducting the Review

In conducting my review of the relevant literature, I used a variety of methods and sources to inform the results of the review presented below. First and foremost was the use of the University of Michigan's library research tool known as Summon, which I have access to through my faculty standing with the University of Michigan. Summon uses what is called a single, unified index to search across all databases and resources held at all three campuses of the University of Michigan and other research libraries in partnership with them. This search included those items subscribed to digitally (this includes *American Education Research Journal*, *Educational Policy*, *Educational Administration Quarterly*, and many more), those in print (books, journals, etc.), and those in other media forms (microfilm, video, etc.). In addition, committee members recommended particular readings that were informative, and they made recommendations to expand further on our class readings. Finally, by using a series of indexing techniques used in legal research, I searched across volumes of educational and policy handbooks for researchers looking for additional scholarly information, and then I referred back to other source materials cited by scholars.

In my search, I looked for the following key words and phrases: state level educational policy, policy formation, policy cycles, policy entrepreneurship, shaping educational policy, researching up, researching upwards, policy elites, and state policy formation. These multiple searches brought up only a handful of sources, and many of them were on the concept of policy implementation and not formation of that policy. The majority of these studies examined how policy moves through whichever system the researcher chose to examine; however, these studies had one thing in common – little examination from where and how the policy emerged, beyond a limited rationale. This led to me to question why there is not more research conducted at this higher level of aggregation (Green, 1983). My conclusion, which I explain in the following pages, has to do with issues of power and access by the policy elites (a term I also define).

So, from reviewing the literature, I did find a handful of studies that provide insight into policy shaping at the state level around education, and each of them reveal certain themes and gaps in the literature that this study attempts to answer. Six general themes have been identified from the literature that include (1) authority, (2) interest, (3) power (politics and influence), (4) trust and relationships, (5) equity, and (6) ambiguity and complexity. Toward the end of my study, another element began to emerge in conjunction with the idea of shaping policy: the idea of policy elites and policy entrepreneurs.

Power

An often understated element of research is power relationships between the researcher and the participants. As Throne argued, “Some groups of subjects lack power relative to researchers and hence have less capacity to freely choose to participate” (2004,

p. 171). In educational research, students often have less power than researchers, and researchers therefore have easier access to select populations for research and experimentation. This is where informed consent is designed to balance these relationships, to grant the powerless the same protection that the powerful enjoy – an innate ability to be left alone (Throne, 2004).

Throne argued, “It has often been observed that to be powerful is to be able to guard one’s interests, to protect one’s self from unwanted intrusion [... as a result ...] The literature of social science bears out this fact; the bulk of research has been on the less powerful, to whom researchers have greater access; only recently have ethnographers begun to urge the importance of studying up” (2004, p. 171). “Studying up” is also called “researching up” or “researching upwards,” and simply means engaging the elite and “seemingly powerful in the research process” (Neal & McLaughlin, 2009, p. 690; Odendahl & Shaw, 2002), which this study does.

Authority and Interest

David Cohen argued that much of the current functions of higher-level education governing systems are the result of the expanding responsibilities at the federal level, but because of limited resources and limited formal authority, the federal government has to rely on other agencies like states to carry out most of the work (1982). Cohen specifically argued that “Characteristically, when the federal government assumes a new function, it takes only part of it, leaving substantial discretion and authority in state hands” (1982, p. 478). The state can then also delegate those responsibilities to others with whom they have

relationships and can trust (see Cusick & Borman, 2002). Cohen's study argued that the various levels of government affect other levels and governance policies in education.

Cohen questioned the need to see power and organization in terms of a zero-sum game. Instead, he argued "that the expansion of state and federal policy has stimulated growth in the organization, and often in the power of educational agencies at all levels of government" (1982, p. 476) Part of this is because, as Cohen pointed out, the federal and state government will have given local districts more work to keep them busy and make them feel part of the process, all the while that the state and federal governments will be absorbing local control. He continued, "Local school organizations have thus grown more complex and fragmented as they responded to various state and federal interventions and to a more demanding political environment" (1982, p. 493).

Cohen also contended "that the growth of public policy has enhanced power and expanded organization for many private agencies concerned with education governance" (1982, p. 476), thus allowing other non-traditional educational actors to become involved in educational policy setting. However, ultimately he argued that the elite control policy. Private groups have found ways to expand into this policy marketplace – giving them a voice through a powerful organizational group. Cohen concluded that "power and organization often have grown in tandem, rather than growing in one place at the expense of another" (1982, p. 476). This means that power, authority, relationships, and interest can accumulate in many places at once, but also that public authority has remained weak comparatively despite this expansion.

Building on this idea, is also the idea of national private interests. In particular, Diana Ravitch calls this "The Billionaire Boys' Club." Many "Foundations exist to enable

extremely wealthy people to shelter a portion of their capital from taxation, and then to use the money for socially beneficial purposes” (Ravitch, 2011, p. 197). However, it is unclear whose benefit these organizations actually serve. These foundations have not been overly involved in education until more recently, especially as issues of politics and education become center stage. Ravitch argued “Foundations themselves may not engage in political advocacy, but they may legally fund organizations that do” (Ravitch, 2011, p. 197).

These foundations representing the interests of billionaires began working with schools in 1967, when the Ford Foundation and the Carnegie Corporation joined forces to support an controversial project in New York City for community controlled governance of schools. However, idea ended badly and caused an increase in racial tensions between groups the project was meant to serve. Ford, in particular, learned, “about the dangers of trying to engineer social change” (Ravitch, 2011, p. 197).

There was then a retreat of these groups in the educational arena until 1993. The Annenberg Foundation then began a \$500 million dollar campaign to improve public education in conjunction with President Bill Clinton. The investment had little effect, but was better received than Ford’s in 1967. This was just the beginning of private interests coming to the forefront of influencing education. As the Annenberg project came to a close, “New foundations, created by astonishingly successful entrepreneurs, took on the mission of reforming American education ... [but] ... the new foundations had a plan ... Never in American history had private foundations assign themselves the task of reconstruction the nation’s education system” (Ravitch, 2011, p. 199). These organizations included W. K. Kellogg Foundation, Bill and Melinda Gates Foundation, and Eli and Edythe Broad Foundation, which was founded by home building and insurance industry baron, and

Detroit native Eli Broad. However, like previous foundations and foundations for other social arenas, “the new foundations decided what they wanted to accomplish, how they wanted to accomplish it, and which organizations were appropriate recipients of their largesse” (Ravitch, 2011, p. 199).

These groups became known as venture philanthropists who borrowed this term from venture capital finance and expected returns on their targeted investments in education (Ravitch, 2011). Each foundation began with different goals, but “converged in support of reform strategies that mirrored their own experiences in acquiring huge fortunes, such as competition, choice, deregulation, incentives, and other market-based approaches” (Ravitch, 2011, p. 200). While these were familiar concepts in the world of business, they were not in education, but became so. Few in public education could resist this influx of money and these foundations began to “set the policy agenda not only for school districts, but also for states and even the U.S. Department of Education” (Ravitch, 2011, p. 200). As Ravitch argues, public education had been captured by private interests who were unaccountable to anyone or the democratic process. However, many see this generosity as gracious to the system, but it really hides their hidden agenda to shape education through power, money, and influence.

The federal government’s role is expanding by funding state education agencies to act on certain policies. As Cohen argued, “[l]ocal school organizations have thus grown more complex and fragmented as they responded to various state and federal interventions, and to a more demanding political environment” (1982, p. 493). This article, however, did not explore what happens when the state carries out its own changes that are different than the federal government’s wishes, or when there is variation between what

the federal government and state governments agree are the goals of a particular policy or education in general. The article also does not go into any specifics on a policy, but rather uses a series of generalizations about the political nature that is ingrained in education. This is not an anachronism on the part of the author, but rather a demonstration of the dearth of knowledge around who and how educational policy is shaped at its inception. However, Cohen did state that policy can be thought of as a skeletal structure for politics – using policy as a frame that supports and directs political organizations. All of this is not without political consideration because “Policy design reflects political consideration, and policy outcomes include politics as well as practice” (p. 24).

Equity

Kathryn McDermott also argued that the role of the state in education has expanded drastically in the last fifty years and since the Elementary and Secondary Education Act of 1965 – a theme that also runs through Cohen’s article. Specifically, McDermott argued, “States have stood in the center of the complex intergovernmental network that governs public education” (2009, p. 749). Given that there is a lack of what is called “researching up,” this “chapter identifies major trends and themes in state policy research” (2009, p. 749), including research methods. McDermott was really providing a review of the literature that is available on state level policy work around education. It looked at studies that included all “50 states, compare a subset of states, [and] generalize about patterns in state education policy” (2009, p. 749). Many of the relevant studies McDermott used were identified by “searching ERIC, visiting the websites of several national organizations, and browsing key journals” (2010, p. 749).

McDermott focused only on policy and avoided much discussion about the ambiguity of politics in policy making, which is key and unavoidable to the policy making process. Several of the sections discuss policies that states have developed in relation to national movements, but they do not really address the individual state, especially the many different initiatives started by governor's offices or state legislatures.

One of the areas that McDermott did discuss is "state education policy and equal educational opportunity" (2010, p. 752). She argued that all states have a constitutional responsibility to provide a public education system, and "that constitutions have generally been interpreted as guaranteeing equal educational opportunity" (McDermott, 2010, p. 752). A key component of insuring equity has been through funding – or, as it is often termed – educational finance. This connects directly with the Michigan Public Education Finance Act of 2013, which will change how schools are funded and how money is associated with students. While PEFA does not spell out numerical values for their bill (generally, funding is amended to the law every year), it does change the whole system for funding, which is explored in greater detail in later chapters.

Going back to the literature, McDermott pointed out that financing practices have changed over the last 60 years. The major change has been a shift "from equity in spending to adequacy of educational outcomes" (McDermott, 2010, p. 752). In other words, at one time, educational equity meant everyone got the same appropriated amount of operating revenue from the proper governmental entity. However, now the trend is leaning more towards the need for funding (e.g., children of peril, to cite Joseph Murphy (2010), require more resources to achieve equity).

As these tax shifts have occurred, the involvement of many private organizations (e.g., Ford Foundation) and philanthropic agencies concerned with equity and taxpayer rights has increased. This has brought many legal challenges of educational policies into the foreground, especially concerning the concepts of “adequacy,” and equal opportunity (McDermott, 2010). It has also inspired private organizations to take up an active role in policy formation around issues of equity. These kinds of involvement and who these people are is discussed later in the chapter as the emergent theme of policy entrepreneurs or policy elites.

Ambiguity and Complexity

An additional element that McDermott discussed is “a general increase in the complexity of intergovernmental relations in educational policy” (2010, p. 756). In particular, this complexity has increased since *No Child Left Behind*. She argued that the “States stand in the middle of this intergovernmental network, both geographically and functionally” (2010, p. 756), meaning that they are the gatekeepers between the federal educational policy and local school district operations, but they are also the holders of all the legal authority (as mentioned in Dillon’s Rule in Chapter One). These multilevel relationships have been sometimes aligned (e.g. the state pushing for federal reforms or under the guise of federal mandates), but at other times contradictory and uninformed (e.g. the state had the legal authority and did not want to implement federal policy, but the federal government was supplying large amounts of funding, of which large amounts were used to fund state educational agencies). McDermott stated, “Federal policy objectives are picked up and amplified by the economic and political structure of some states, while in

others states they are deflected and damped” (2010, p. 757). This leads to a phenomenon that Deborah Stone called “ambiguity,” which occurs when groups unite behind particular goals or agendas that are unclear, and they each construct their own understanding of what the policy is asking of them (2002). If the groups do not communicate with each other exactly what each law means and its purposes, little can result except ambiguity. All of this creates very complex relationships around issues of equity and authority and explains why states have different reactions to federal policy initiatives and why there is often confusion among districts over state policies.

Relationships

In *Investigating the Links to Improved Student Learning*, Louis, Leithwood, Wahlstrom, and Anderson argued that “Over the past three decades, the states have played an increasingly active role in promulgating policies to promote change in the education system for which they have constitutional responsibility” (2010, p. 218). They argued that policymakers see education from the position of fostering “economic growth and social goals,” which shapes the view of policy makers (2010, p. 218). While this is true and these are probably a few of the views to which policymakers subscribe, it is by no means all of them.

Louis et al., examined how policy is formed and moves through various stages to implementation. They also spoke generally about those involved in the process, calling it “policy leadership.” It is a multiple case study where each state is a case – bounded by the 50 states (Stake, 2004). Some of it is qualitative work through document analysis, but large sections are quantitative in nature and use test scores and surveys, – making, it a mixed

methods approach (Herriott & Firestone, 1983). The authors found that “Scholarship between policy leadership and complex social changes present three main images” (2010, p. 218). These images are:

1. Technical policy perspective (rational choice models);
2. Political perspective (less about formation, more about how policy issues receive the governor or legislative committee’s attention);
3. Practitioner perspective (school administration).

The authors argued that most studies on policy leadership fall within one of these areas. However, rarely are all three integrated in a study – they are often viewed as separate elements. Even in my study, those three elements are not brought together. As I demonstrate, the rational models do not explain the policy; there is a great deal about issues of legislative attention, but the only element of the practitioner role comes in the form of their opposition to FEPA. This led me to conclude that there is something missing in the alignment or identification represented by these three images.

Louis et al. argued that “Across states, there is strong demand for increased leadership activity at the state level. The common pattern of demand, however, does not translate into similar policies among the states” (2010, p. 220). However, from where does this demand stem? While this is not answered in the literature, I do answer where this created demand stems from in my case study. In essence, just as McDermott pointed out, there is great variation between states. Louis et al. also found this and argued “State political culture is more than the aggregation of individual preferences and values. It is reflected in social awareness, observable in repeated patterns of behavior during the policy-making process” (2010, pg. 222). This social awareness is affected by interest and

political views as well as by power and authority, and that awareness may manifest itself in the policymaking process.

While the authors mentioned the political perspective, they did not spend much time examining how policies get the attention of various political actors. Part of the reason is that Louis et al.'s report is quantitative in nature and it would probably be hard to quantify because there are so many unique venues of access, so it is hard to determine any particular trends. Therefore, this does not capture the full complexity of the policy formation process. The authors instead termed the political aspect of the policy process as “networks of leadership influence,” which exists at the federal, state, and local levels – connecting influence, power, and politics. These networks contain within them the actors that come to shape educational policy.

Policy Elites and Policy Entrepreneurs

Many of the ideas expressed in the literature have to do with actions and concepts displayed or used by people; however, the literature rarely mentions what kinds of actors are actively involved in issues of (1) authority, (2) interest, (3) power (politics and influence), (4) trust and relationships, (5) equity, and (6) ambiguity and complexity. However, because of paradigm shifts in educational policy (Mehta, 2013), there becomes room for changes in (and an emergence of) actors that are able to participate in the policy process.

Noting that this shift occurred in the 1980s, Shipps argued that “New actors now dominate educational policy arenas” (2011, p. 259). She went on to state that “Parents, locally elected school boards, and community groups are less vital policy actors than they

were in the decades before 1980” (Shipps, 2011, p. 259). When groups lose power, a power void is created and has the potential to let other groups or individuals come to usurp this unused power. To complement this claim, Shipps stated that these aforementioned groups “have been replaced by coalitions of policy elites – notably political executives, corporate leaders, think tank advocates, and foundations officials – who are accustomed to wielding influence in state capitals and Washington, D.C.” (2011, p. 259).

So, what does it mean to be a policy elite? Mintrom and Norman used a similar term called a policy entrepreneur, which I argue is synonymous with policy elites. Perhaps the difference is in the connotation of the words, not their denotation. An entrepreneur sounds more business-like and creative, more American, as opposed to an elite, who stands above others – much of it having to do with perspective, but the essential role of a policy entrepreneur and policy elite are still the same. Mintrom and Norman defined a policy entrepreneur as an individual who advocates for a cause and has the political capital to make the issue part of the political agenda (in this case, for the state) (2009). Additionally, Henig described multiple actors being able to serve as policy entrepreneurs, including governors. He argued, “The concept of policy entrepreneurship in the public sector builds on the image of the private-market entrepreneur, who spots a latent demand, mobilizes investment to create the product to meet that demand, and realizes profit in return for acumen and the assumption of risk” (2013, p. 37). However, it is more than just the private-market vision, because in education outcomes often cannot be monetized – education is an intangible investment. Henig continued, “Policy entrepreneurs, analogously, detect an unmet social need, unrepresented constituency, or untried policy and carry it onto the policy agenda, reaping political support and influence as the primary reward” (2013, p. 37).

While these policy elites were coming to power, local control and authority have been reallocated to higher levels of authority.

Shipp argued that this pullback of power from the local level to the state level was the direct result of local resistance to the implementation of civil rights laws. If the local governing bodies would not carry out the policies given to them, such as desegregation, then the state (who has the formal authority) began to do it for them. However, this pulling back of authority as a policy move, Portez (2000) argued, is not without unforeseen policy consequences. Specifically, Shipp argued that this movement of educational policy to higher levels of aggregation, and inadvertently into the hands of policy elites, has changed the policy process (2011). However, this change is not without consequences. Shipp stated, "It reinforces the credibility of unorthodox ideas about school reform that would have been unthinkable only three decades ago, and proves unprecedented opportunities for national organized interest groups to influence educational policy" (2011, p. 259). All of this brings up the notions of dark money –money donated to political and philanthropic organizations that is then used to influence policy. Where does the money come from for such projects, when the government is not formally behind funding them?

This rise of policy elites did not just occur because of a shift in the focus of authority, but also from a shift in ideals. Shipp argued that much of how school reform is viewed is related to ideas of rationalism (2011). Specifically, Shipp stated, "This governing approach relied on inductive reasoning that painstakingly detailed ideal processes, measured effort, set improvement goals, and rewarded conforming contributions," much of which has roots in Taylorism (2011, p. 261). The result of these rational ideals fell short of what actually happened during implementation of school reforms. Shipp went on to state that this was

not intentional, but rather a shortcoming of the system and human limitations. Specifically, “It wasn’t that educators or school governors were especially deficient or venal, but rather that all human being suffered the cognitive limitations of insufficient time and incomplete information” (2011, p. 261). While I think this is accurate, in terms of time and incomplete information, it does not address the question of who controls the information and shapes the focus. Just as information can be distributed clearly, it can also be distributed to cloud the waters –intentionally to introduce chaos for reasons of control or other gains. These limitations give rise to other forms of rational systems, but all eventually produce ambiguity in the system, allowing actors to drift unpredictably through decision venues, becoming an “organized anarchy” of governance (Shipps, 2011, p. 261; Kingdon, 1997).

This leads to Kingdon’s theories of agenda setting and policy streams that “redirected away from the decisions themselves and onto to the process by which decisions secured the attention of policy makers” (Shipps, 2011, p. 263). As Kingdon stated, “These streams of problems, policies, and politics flow independent of one another. These proposals are generated whether or not there is a solution to a given problem, the problems are generated whether or not they are solving a given problem, the solutions are recognized whether or not there is solution, and political events have a dynamic of their own” (Kingdon, 1997, p. 2; Shipps, 2011, p. 263).

The ultimate result was a shift in ideals about policymaking, in addition to shifts in governmental authority and aggregation mentioned above. Shipps argued, “Politics provides most of the policy-making opportunities. Some can be anticipated, but there are also unpredictable events in the politics stream that can offer opportunity for big policy changes if exploited quickly” (Shipps, 2011, p. 263). What this means is that “their

emergence creates brief windows of opportunity that can be exploited or squandered by activist policy entrepreneurs, who have both the will – their advocacy for particular solutions – and the energy to exploit a window of opportunity before it closes” (Shipps, 2011, p. 263).

The current era of policy formation has added to this shifting environment. Shipps argued that “Small groups of entrepreneurial leaders took advantage of the political uncertainty created by contradictory court rulings on civil rights, incentive legislation like ESEA, and the new power of teachers unions” (2011, p. 271). Often civil rights activism and unions were able to capture control and influence at the local levels, where the rules and systems were more operationally defined and less connected to each other. So, in response, policy entrepreneurs worked to move the locus of control to a state and federal level. This “meant operating in political arenas characterized by opaque, often ambiguous, negotiations between elected officials and lobbyists, during a time when state departments of education lacked the capacity to define and implement reforms and the new federal Department of Education was politically weak and vulnerable” (Shipps, 2011, p. 263). This led to many policy elites getting involved in this arena and bringing “standards and market-oriented policy instruments” that became adopted to education while at the same time “entrepreneurs simultaneously embarked upon a campaign to shift public opinion” (Shipps, 2011, p. 263).

It is these policy entrepreneurs who become the active policy shapers and may use “unorthodox policy instruments ... bypassing ... local school districts” (Shipps, 2011, p. 260). All of this is coupled with “A policy process that severely limits the access and influence of all but a handful of elite policy actors combined with these signals of

decreasing fiscal flexibility to portend a new educational policy equilibrium. This means a new stability in how policy is made, where, and by whom” (Shipps, 2011, p. 280), which is exactly what has unfolded with FEPA in Michigan. However, what still remains to be answered is how did they get involved and how did they shape policy?

Bringing the Literature Together

What the literature review leads me to conclude is that policy formation has not been the major focus of policy analysis and research at the state level, but rather implementation has been. Part of this is because implementation moves through a system that is mostly comprised of bureaucrats and educators to whom researchers have access. The political realm of policy formation has many formable challenges to researching it, and those in these positions often have the political capital necessary to shade their involvement (limited access). Therefore, there still remains a gap in the literature.

The idea of what triggers policy formation has largely remained abstract or theoretical in nature, and is based on the idea of a rational model of action, specifically, that policy arises from a need. However, this case study shows something different. More specifically, I show how a group of people set out to change the educational system and then tried to create a policy trigger to do such. This is in direct opposition to the rational policy literature that policy emerges from a need.

Looking closer at the emergent themes from the literature, they point to issues of (1) authority, (2) interest, (3) power, (4) trust and relationships, (5) equity, and (6) ambiguity as key elements in understanding who shapes policy and how at the state level, and in particular with regard to the Michigan Public Education Finance Act of 2013. In

addition, there is a sketch of who these shapers are in the form of policy elites. Rainwater and Pittman, by way of Throne, argued that “the powerful are publicly accountable figures – government officials, police officers, physicians, college teachers – the public has a right to know what they are up to. Social scientists, they argue, have an obligation to generate information which will help further public accountability ‘in a society whose complexity makes it easier for people to avoid responsibilities’” (2004, p. 171). While the phrase “what they are up to” is laden with governmental suspicion, it is necessary to use a framework that will allow us to disentangle the political and social complexities of policy (given the above emergent themes), not merely to assign blame, but to critically and specifically look at who shapes policy and how.

Chapter Three: Uncovering the Policy Process

In this chapter, I explore the theoretical framework that guides this case study's examination of PEFA. I begin by looking at a rational policy cycle perspective as posited by Daniel Schultz (2005). However, this rational model does not account for the advent of new political actors into the policy arena in the age of school accountability, such as policy entrepreneurs. So, to explore these new dynamics, I couple the policy cycle, both with critical theory, to look at the elements and relationships of power, and with interest group theory, which looks at the collation of power, interests, and groups.

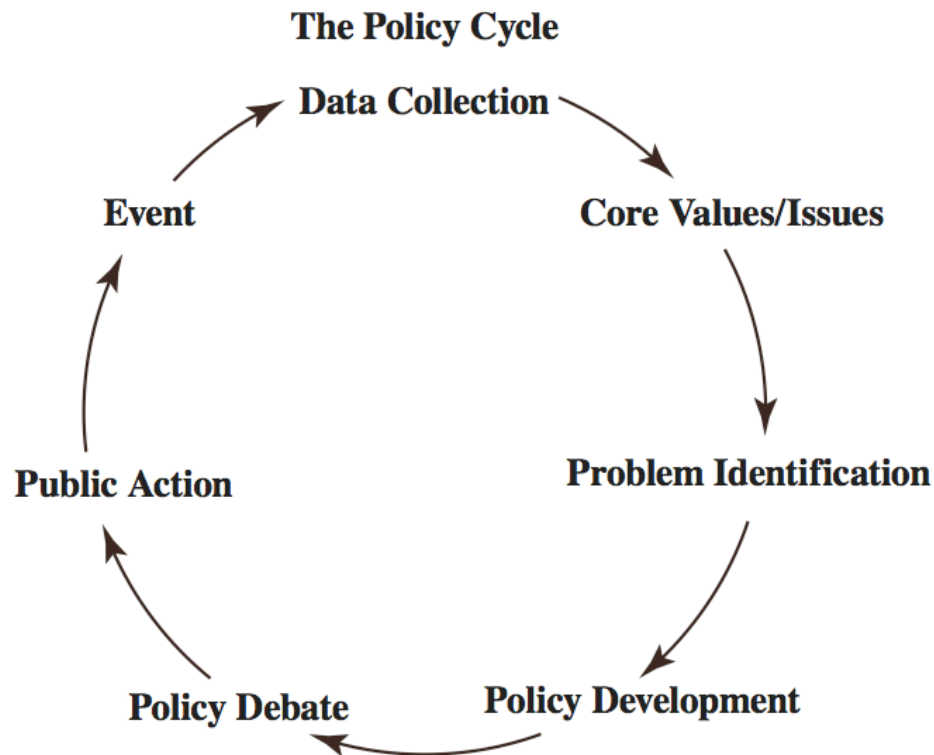
Theoretical Framework

Policy Cycle

After doing much discerning for a policy framework that connects the limited study of policy inception in education with researching up and themes of (1) authority, (2) interest, (3) power, (4) trust and relationships, (5) equity, and (6) ambiguity found in the literature, I have chosen to employ the policy cycle as described by Schultz in a book chapter called "How Governments Participate in Education in the United States: A Study of Policy, Process and Politics." In this chapter, Schultz described the American governmental policy system, arguing that "The policymaking process in the U.S. is driven by competing values and cultural forces, and an intense competition for resources," and that it is "not possible to develop effective public policy without addressing each of these key elements" (2005, p. 44). Table 2 represents the flow and development of policy. This means that each policy experiences the steps shown to some degree in its development. The issue is that

each policy may have different actors, or that the actors play slightly different roles, which means the extent to which each element is experienced will vary.

Figure 2: Policy Cycle



Schultz presented a very rational model of the formation of policy that seems to captures all of the components of policymaking. Other frameworks, such as those posed by Kingdon, describe policy as a process of agenda-setting and as part of a three-stream process, and they focus on the agenda the driver of policy, but do not describe the policy elements in terms of development or a cycle (2011). While agenda-setting is important, what I argue is more about access and influence – it is what allows movement in the policy arena – (what Kingdon called a “policy window”) and how that comes to shape policy. To some degree, access and influence can be thought of as the arrows in the diagram, especially since Schultz’s framework is silent on the human interaction component (insofar

as it does not appear in the model). Schultz acknowledged that many of the tensions of policymaking are the result of “changing social values and expectations,” but he only included values in one place in the policy process model instead of all the way throughout (2005, p. 44). Our system is very much driven by social capital and connectivity, but this framework does not represent that. However, if we look at the arrows we may capture these nuanced interactions that shape policy.

Schultz’s model connects to one of the three images outlined in Louis et al.’s work (2010). In particular, Schultz’s model is related to the technical policy perspective, which deals with the idea of policy formation being a rational model. This helps to bridge existing literature and the policy framework. However, a rational model does not include various aspects of the human experience in policy making (including the idea that not all actors are rational operators). Rational models attempt to take complex social phenomena and interactions and explain them with almost mathematical precision.

Rational theories do not account for the human condition, irrational and emotional behavior, or political and tactical strategy, because they assume a reasonable and non-political world. Rational models imply a logical process with sound choices and alternatives – and maybe even equality of choice (all options are equal both in choice and policy outcome). They also tend to imply that we have full and “good” information on which to base our actions and decisions. These types of models generally also imply an orderly path and process from problem identification to solution. There is an underlying assumption of shared understandings of the outcomes, goals, and consequences of actions. However, related to the goals and outcomes is also the idea that there are rules to the game. Schultz’s model does not adhere to this because it is a circle. Metaphorically, circles are unbreakable.

So, where does one enter into (gain access to) the process and where does it ever end (and in what form are those final results)? Also, as we have learned from the literature review, the era of accountability has changed the policy arena. These changes have brought forth new actors, and just as the change brought in new actors, new actors have changed the dynamics of the policy arena (Anagnostopoulos, 2013; Shipps, 2011).

To capture the political element and political players of Schultz's rational model in the wake of the era of accountability and the introduction of new actors, it is necessary to introduce two other theories that complement the policy cycle.

Critical Theory

The first of these is critical theory. Critical theory "seeks to decloak the seemingly ... neutral, and color-blind ways ... of constructing and administering ... appraisals ... of law, administrative policy, electoral politics ... political discourse [and education]" (Denzin & Lincoln, 2000, p 159). A major element of this concept "is that ideologies work to distort reality," and then looking at these "distorting ideologies and the associate structures, mechanisms, and processes that help to keep them in place" (Glesne, 2011, p. 9). This lens "enacts an ethnic epistemology, arguing that ways of knowing and being are shaped by the individual's standpoint, or position in the world" (Denzin & Lincoln, 2000, p. 159). In other words, it acknowledges the fact that we cannot divorce ourselves from ourselves to remove bias and become completely objective. Just as Plato argued that beauty lies in the eyes of the beholder, reality lies in the hands of the experiencer and is different from person-to-person.

However, critical theory is more than just realizing that absolute objectivity does not exist; it is also about being able to "disrupt and challenge the status quo" (Kincheloe &

McLaren, 2000, p. 279) and realizing that the West, in all of its outwardly democratic ways, is not free of problems that marginalize, dehumanize, and de-democratize citizens. The world is not as simple as blaming or crediting fate for the turn of events. Instead, critical theory “rejects economic determinism and focuses on the media, culture, language, power, desire, critical enlightenment, and critical emancipation” to examine why the world exists as it does (Denzin & Lincoln, 2000, p 160). It makes us look at the “tacit rules that regulate what can and cannot be said, who can speak with the blessings of authority and who must listen, whose social constructions are valid and whose are erroneous and unimportant” (Glesne, 2011, p. 10). Critical theorists see “research as a political act because it not only relies on values systems, but challenges value systems” (Glesne, 2011, p. 10).

Critical theory makes us ask the question of how we look at experiences, especially those of race. As Dunbar et al. stated, “Being ‘white’ is the unreflected-upon standard from which all other racial identities vary” (2001, p. 280). In other words, white is normalized and is the backdrop to which all other races and cultures are juxtaposed. This normalized white has affected all levels of society, including the interpretation of history, especially for minority and urban populations. Is life simply being reproduced by the powerful and privileged that hold positions of power?

As Hesse-Biber argued, “A critical paradigm centers on examining issues of power, control, and ideology that are said to dominate one’s understanding of the social world (e.g., how power dynamics within a social system serve to generate a given set of meanings [dominate ideologies] about social reality and lived experiences)” (2010, p. 455). Kincheloe and McLaren (2000) argued that “power is a basic constituent of human existence that works to shape the oppressive and productive nature of the human tradition” (p. 283). This

focus on examining issues of power is the main reason for employing critical theory in this study, which also aligns with many of the elements that surfaced in the review of the literature. Focusing on issues of power and politics in the policymaking process is paramount.

Thinking about Schultz's rational model, there are several elements that are left out, mainly because the political process (while rule bound) is not rational in regard to people's actions, and the accountability regime has changed the actors and policy instruments involved in the policy cycle. It is important to discuss who has been invited to the table, but it is also important to note whose voices are not being heard as well as issues of power and political influence. The previously presented literature review alludes to some elements of this, but none of them tackle this issue head on, and many of the state level pieces only talk about politics in the abstract because researchers do not wish to, or have not been allowed to, engage with the seemingly powerful and elite.

So, what does critical theory especially add to the rational policy cycle perspective? To answer this question, we must look at the concrete application of critical theory to the policy cycle. To expose this policy process, I apply critical theory through what Kincheloe and McLaren referred to as a "power matrix" (2000). Specially, they discussed this in terms of a hegemonic field, which "with its bounded sociopsychological horizons, garners consent to an inequitable power matrix – a set of social relations that are legitimated by their depiction as natural and inevitable" (Kincheloe & McLaren, 2000, p. 283). This matrix includes using critical theory to look at political acts, tactical rules, and praxis that occur in the policy cycle and are not accounted for in a rational model (Glesne, 2011). Table 3 below

describes these three concepts of how critical theory was applied to my study in a more concrete and specified way.

Table 3: Critical Theory Power Matrix as Adopted from Glesne, 2011

Power Matrix - Application of Critical Theory to the Policy Cycle Perspective	
Critical Theory Aspect	Description
1. Political Acts	"Focus on issues of power and domination and to advocate understanding" (Glesne, 2011, p. 10)
2. Tactical rules	"What can and cannot be said, who can speak with the blessing of authority and who must listen, whose social constructions are valid and whose are erroneous and unimportant" (Glesne, 2011, p. 10 and Kinchelow & McLaren, 2000, p. 284).
3. Praxis	"A relationship between thought and action, between theory and practice. Praxis refers to more than putting theory into action; it also involves continual reflection on and inquiry into experience and the meaning of concepts used in everyday interactions" (Glesne, 2011, p. 283) ... such as to ... "incorporate dialogue and critical reflection ... to reveal unexamined assumptions" (10).

These specific critical theory elements help to untangle the issues of power from the policy cycle and help to illustrate deeply who came to shape policy and how. By looking at political acts, tactical rules, and praxis, we come to see how dependent any policy is on actor-centered interactions and power.

Interest Group Theory

This leads me to my second guiding perspective – interest group theory, as defined in the field of public administration. This theory looks at many of the same elements as critical theory, but in a different light. Critical theory tries to detect and unmask the beliefs and “practices that limit human freedom, justice, and democracy,” and it “critiques historical and structural conditions of oppression and seeks transformation of those conditions” (Glesne, 2011, p. 9). It is a reflective critique of society, whereas interest group theory is agnostic about values – it describes how people align in the political process to shape policy formation. In interest group theory, winning and losing are part of the process, and power and influence serve as the acceptable currency of the realm. This theory holds that “many different interests compete to control government policy, and that their conflicting interests can balance out each other to provide good government” (Davis, 2002).² The power of an interest group is derived from its:

1. Size (number of members)
2. Wealth
3. Organizational strength
4. Leadership (often a policy entrepreneur)
5. Access to decision makers
6. Internal cohesion

The main tenets of interest group theory hold that it is the “task of the political system ... to manage group conflict by establishing the rules of the game, arranging compromises,

² This can also be called pluralism.

enacting the deals into law, enforcing the laws, and adjudicating them” (Davis, 2002).

Interest group theory argues that government is held together by:

1. Latent groups which support the system
2. Overlapping membership in different groups
3. Checks and balances of group competition
4. Agenda building

Opfer et al. (2008) defined what is commonly meant when we use the term *interest group*, and they explained the challenges of defining interest groups. The definition commonly used by politics of education scholars largely focuses on the goals of interest groups. It ignores why interest groups mobilize, typically referred to as interest group theory. The most comprehensive attempt to explain interest group theories as it relates to education policy was carried out by sociologists Sipple, Miskel, Matheney, and Kearney (1997) whose work outlined five theories that can be used as frameworks to “examine and interpret the formation, agenda setting, and maintenance” of interest groups (p. 442). The first of these theories, moving chronologically, is Truman’s *disturbance theory* (1951). The premise of disturbance theory is that “humans are group oriented and that organizations commonly arise through the natural interaction of people with similar beliefs” (Sipple et al., 1997, p. 443). These naturally occurring similarities also drive how the agenda is set and organized. Given this natural sorting, there is always a variety of groups forming and sorting different sizes in response to similarly held views, fostering pluralism and, as Sipple et al. argued, creating a natural balance to the formation of public policy.

The second theory, Olson’s (1965) *by-product theory*, posits that “individuals primarily act rationally on behalf of their own interests to maximize their own well-being”

(Sipple et al., 1997, p. 443). From this perspective, individuals are essentially, in economic terms, rational operators. This theory presumes that people generally act to promote their best interests. This means that their membership in the group will benefit them in some fashion, and any “wider social benefits are rendered only as a by-product” or residual by increasing the membership’s worth (Sipple et al., 1997, p. 445). Because membership is about personal gain, setting the agenda for an interest group can become challenging. Thus, interest group leaders and policy-oriented members set the formal external political agenda.

The third theory, *exchange theory* by Salisbury (1969), has many of the elements of by-product theory, but on a slightly different scale. Exchange theory holds that beyond personal gain, there may be political elements that pull members together—not all benefits have to be monetized. “If the proposed collective political benefits are sufficient and in agreement with their individual interests, individuals are apt to form and join organizations” (Sipple et al., 1997, p. 445). Exchange theory argues for a wider interpretation of what it means to gain from grouping collective interests together. Gain is about bettering one’s own or one’s group’s position, and “members expect to succeed and garner the rewards of success, whether individual by or collectively, economically or politically” (p. 445). Similar to by-product theory, exchange theory holds that agenda setting is driven by the politically and policy-minded contingent of the group – making leadership an important driving force for the interest group.

The fourth theory is Sabatier’s *commitment theory* (1992), which holds that members of a special interest group are generally more dedicated to a cause than the general public. As Sipple et al. (1997) explained, “Strong conviction to a topic motivates

individuals to engage in political action and to exert the time, energy, and effort necessary to form an interest group” (p. 443). Given the focus on dedication to the issue at hand, groups can be small, and often the work of moving towards a goal and bringing together others are just as important as actually achieving the goal. The emphasis on dedication also means that oftentimes those who are most committed to the cause or issue set the agenda, and leadership in these organizations can take extreme positions.

The last approach to explaining interest group formation is *countervailing power theory*, posited by McFarland (1992). According to countervailing power theory, the reasons why people join interest groups are completely different from those espoused by the above theories focusing on commonality and economic and political gain. Instead, countervailing power theory assumes that groups form in response to other groups that have mobilized and are the prevailing voice on an issue, thereby “filling a void in the policy debate” (Sipple et al., 1997, p. 445). The same issue that brought the groups together also sets the agenda and drives the policy advocacy efforts of the group. Table 4 summarizes each of these theories, their forms, agenda setting methods, and ways of maintaining the group.

Table 4: Interest Group Theories

Interest Group Theories					
How Do Interest Groups ...	Order and Disturbance	Commitment	By-Product	Exchange	Countervailing Power
Form?	As a result of natural interaction and/or societal disturbance	To act on heightened personal interest in a particular issue	To maximize personal gain, also for political motivations in some cases	To maximize personal gain in exchange of involvement and leadership	To react to the dominate voice of well-organized interest groups
Set their agendas?	Naturally forming, based on common political views	Set by the most committed members	Set as a result of input from political members	Set by entrepreneurs and political members	Set in contrast to dominant groups
Maintain their organization?	Involvement reflects continued interaction and disturbance	Involvement reflects degree of interest	Involvement reflects political and economic benefits received	Involvement reflects benefits received	Involvement reflects continued presence of issue and opposing influence

On the whole, these prominent interest group theories explain interest group formation and link their formation to group characteristics, such as size, leadership, extremism, and goals. What is clearly evident from Sipple et al.'s (1997) summary of interest group theories is that these approaches all assume that an interest group is a formal organization comprised of individual members interested in political action (e.g., a teacher union). These theories explaining group formation do not explain the decision of all the other types of interest groups that fall under the inclusive definition of interest groups commonly used by scholars (c.f. Opfer et al., 2008) to become politically active. If many

interest groups active in educational policy are indeed more than associations representing individuals (such as institutions, like corporations and foundations; associations of institutions; and government entities), then we need interest group theories that explain their formation (i.e., what causes an interest group to devote resources to political action?) and the dimensions of these interest groups that impact their political activity and influence (e.g., leadership and agenda setting). This study attempts to explain the formation of those interest groups in the wake of new educational policy actors. Further, we need to know how these other types of interest groups interact with and impact formal education pressure groups comprised of individual members. In brief, we need to expand the literature on certain aspects of interest groups, to correspond to the increasingly inclusive definition of interest groups. Of course, as Scholzman (2010) pointed out, once we include these institutions, associations of institutions, and governments as interest groups, then the concept of representation becomes more complicated. For example, whose interests does a large urban school district that lobbies represent: teachers, staff, administrators, influential families from upper income neighborhoods, disadvantaged students, its contractors?

Opfer et al.'s (2008) review of the literature on interest group lobbying emphasized two persistent themes: (1) organized interests seek to influence policy and (2) certain contexts can diminish or preclude organized interests' abilities to employ lobbying tactics to secure the enactment of favorable policies or prevent unfavorable legislation or regulation (Baumgartner & Leech, 1998; Lowery, 2007). These two elements proved to be crucial in understanding the entry (formation) and exit of interest groups in my case study. I have clearer depiction of the members of a pressure community and have been able to

discern whose interests are actually being represented in the educational policy process, in respect to PEFA (Young, DiMartino, & Boggs, 2013).

In addition to discussing the challenges to defining interest groups, Opfer et al. (2008) described how interest groups exert influence over the educational policy process. They point out that interest groups employ a wide range of lobbying tactics, and that contexts play an important role in the likelihood of an interest group successfully exerting influence over educational policy. They concluded that traditional educational associations, business groups, and conservative interest groups are the most influential interest groups in education policy. Opfer et al. described how interest groups have shaped educational policy through advocacy coalitions in policy subsystems, and they called for additional research on the role of policy entrepreneurs in the politics of education.

Lastly, given this increase in the centralization of educational policy at the state level, as a result of policy changes resulting from *No Child Left Behind* (Jacobsen & Young, 2013; McDonnell, 2013), Young, DiMartino, & Boggs (2013) tell us that we should not only be concerned with the composition of the interest group universe at the federal level, but also should pay close attention to the organized interests of pressure communities at the state level, which is what this study examines. With the expansion of states' power over educational policy, coupled with the federal government's increasing financial incentives, the establishment of a plethora of accountability policies (Jacobsen & Young, 2013), and an environment in the past few years that has experienced dramatic fiscal cutbacks in the education sector (Young & Fusarelli, 2011), state and local governments (especially the large urban school districts) are certainly motivated to influence federal educational policy (c.f. Schlozman, 2010). Two implications result from considering government actors as

interest groups. First, to deem government actors as interest groups is to allow for the continued use of an inclusive definition of interest groups in educational research, which Opfer et al. (2008) addressed. Second, by considering state and local governments as interest groups, we are better able to understand the interaction between levels of government (Young, DiMartino, & Boggs, 2013).

Interest group theory holds that the “situation will remain fluid permanently; no one group will have permanent victory” (Davis, 2002). This means that the policy system will always be in flux. Applying this theory to this particular case fully demonstrates how people and groups align themselves to interact with a policy and add an additional dimension not captured in the rational model of the policy cycle. To apply this theory, I looked at group interactions around PEFA, seeing who and how people align themselves in response to or as part of PEFA’s creation, public debate, and final outcome.

The Policy Cycle, Critical Theory, and Interest Group Theory

Interest group theory is not dissimilar from critical theory, but the elements that critical theory hopes to expose interest group theory displays in action as standard and acceptable practices and demonstrates the reaction of people and groups to the issues of power being exerted. Interest group theory is very much about how groups align with others to shape the direction of policy. In this view, it is okay to minimize others to get what you want, and it is very much about political capital – a zero-sum game. It is just part of life. It also represents the reality of the political system, which it refers to as a “game.” However, it does not matter which theory we examine; when policy is formed through relationships based on power, the powerless are always left out.

Analyzing the Michigan Public Education Finance Act of 2013 using Schultz's policy cycle tenders much valuable information about the formal policy process that the state experiences. However, this rational model only captures part of the story and some of the steps. It does not capture the human element of policy creation and political maneuvering, which is at the heart of the formation of any policy, especially a controversial one. It also does not account for the addition of new actors who have emerged in the era of school accountability. The use of critical theory and interest group theory allowed me to explore more fully issues of power and the alignment of interests. Using both additional theories allowed for the description of a much richer case of who shapes educational policy, and how, at the state level.

What Follows

Now that I have established the theoretical framework that guided this study, the next chapter discusses how I conducted the fieldwork for the case study. It entailed a two-phase process that included both document collection and analysis and semi-structured interviews.

Chapter Four: Methods

This chapter frames the methods of this case study. It begins by defining this case and the theoretical underpinnings of this approach. This section discusses how the study was set up, beginning with document analysis to inform the formation of interview questions, then the selection and descriptions of the participants, and finally the interview questions. The chapter concludes with an examination of my data analysis methods and the limitations of my research approach.

Case Study Background

In order to understand how educational policy is formulated and made at the state level, I used a case study approach that examined the creation of one policy, the Michigan Public Education Finance Act of 2013, in one state, Michigan. A case study approach works best, according to Yin, when “used in many situations to contribute to our knowledge of individual, group, organizational, social, political, and related phenomena” (2003, p. 1). In this particular case, my “desire to understand complex social phenomena” of educational policy creation drove me to look at issues of power and politics (2003, p. 2).

Using the Yin case study method, this examination of the shaping of the Michigan Public Education Finance Act of 2013 is a descriptive case study (2003).³ I traced “the

³ For this particular case study, I have chosen to use Yin’s classification of cases (i.e. exploratory, descriptive, or explanatory) because his definitions fit more closely with the information available to me and because it aligns with the case study outcomes in terms of generalizability. However, I could have used Thomas’s typology of subject and object where the subject is “the case itself,” and the object is “the analytical frame or theory through which the subject is viewed and which the subject explicates” (2011, pg. 511). Thomas’s approach does not provide the same nuanced classifications that Yin’s does. However, if I were to use Thomas’s typology, the subject would be the Michigan Public Education

sequence of interpersonal events over time, described a subculture that had rarely been the topic of previous study, and discovered key phenomena” that shaped policy in the Michigan Public Education Finance Act of 2013 (Yin, 2003, p. 4). The results should have generalizability not only to theory, but also “issues of individual performance, group structure, and the social structure” of political/policy environments (Yin, 2003, p. 4). The uniqueness of this case study is not that it does those things as described by Yin, but because it applies to a group of people that are not generally studied – those at the top of the policy formation process. This aligns with the concept of “researching upwards,” and engaging the elite and “seemingly powerful in the research process” (Neal & McLaughlin, 2009, p. 690; Odendahl & Shaw, 2002).

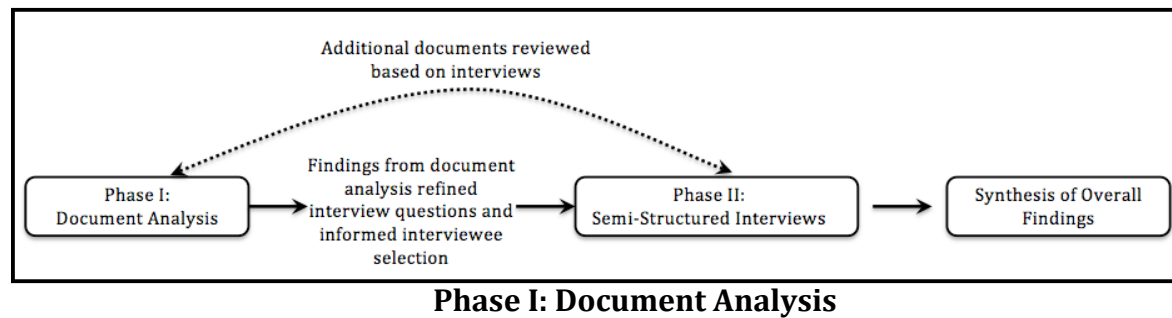
The end result, which is not an all-encompassing answer to the research question because such designs are rarely achievable in constructivist construct, will be “generalizable to theoretical proposition and not to populations or universes” (Yin, 2003, p. 10). Glesne argued this is because a case study is a way of “conceptualizing human social behavior ... and its linkages to the social context of which it is a part” (2011, p. 22). In other words, when finished, we will have some idea of how the state system actors function to shape policy, albeit one that will be different across different policies and within different state contexts.

To conduct this study, I began by dividing the research design into two phrases, as shown in Figure 4. The first phrase of the study analyzed documents relating to PEFA, considering my research question. The findings from these documents then became a guide to generating interview questions. This led to phase two, conducting a series of semi-

Finance Act of 2013, and the object would be the processes through which it was formulated.

structured interviews of key policy and political figures involved in various capacities with PEFA's formation and demise.

Figure 4: Research Design Phases – based on the unpublished work of Benjamin Botwinski (2013)



Interviews alone do not reveal all of the elements and nuances of policy inception. So, in addition to interviews, document analysis is necessary to provide scaffolding for the interview process. Document analysis, as Bowen argued, is a “systematic procedure for reviewing or evaluating documents – both printed and electronic (computer-based and Internet-transmitted) material” (2009, p. 27). When this method is used in combination with others, such as the semi-structured interviews that follow, it serves as a means of triangulation. Document analysis has several advantages in what Yin (2013) refers to as exactness and coverage (Bowen, 2009). Specifically, exactness entails a record of “exact names, references, and details of events” that are removed from immediate memory and coverage entails a broad illustration of a “long span of time, many events, and many setting” (Bowen, 2009, pg. 31). In addition, there are five main tenets that document analysis serves, which are discussed in detail in Table 5 below.

In order to do this, I collected various public documents concerning the Michigan Public Education Finance Act of 2013. One identified source was a website that was created by Richard McLellan to track these documents. It is completely open to the public in order

to create what the website terms as governmental transparency (Shields, 2013). This site is designed to articulate a certain view of the proposed law, so this was not my only resource. However, the site did contain all of McLellan's memos to various organizations and state agencies as well as all press releases, supplemental explanatory documents, public comments, memos and letters from other organizations and agencies about the proposed law (both in favor and opposed), and the draft legislation.

In addition, I examined other public documents. I was able to garner a sense of political policy elites through analyzing who was cited and how often, and the perspective on the policy they offer through collecting newspaper features and editorials on PEFA. The *Detroit Free Press* and *The Lansing State Journal* were particularly helpful with this document collection. In addition, I also used legislative hearing transcripts and testimonies. However, one of the most beneficial documents was the PEFA Report, which was a public document embargoed by the governor's office. It was released to me with the permission of the author and contains the comprehensive plan of PEFA, including the final version of the proposed legislation.

Table 5 – Specific Function of Document Analysis

Specific Functions of Document Analysis	
Function	Rationale
1. Provide context within which research participants operate	Document analysis provides background information as well as historical insight. “Such information and insight can help researchers understand the historical roots of specific issues and can indicate the conditions that impinge upon the phenomena currently under investigation” (Bowen, 2009, p. 29-30).
2. Information contained in documents can suggest questions that need to be asked	Document analysis can help focus specific items of attention and generate interview questions. This can allow the research to complement other research activities.
3. Supplementary research data	As Bowen argued, “Information and insight derived from documents can be valuable additions to a knowledge base” (2009, p. 30)
4. Means of tracking change and development	When there are several drafts of a document, in this case the proposed PEFA legislation, the researcher can compare versions for changes.
5. A way to verify findings or corroborate evidence from other sources	As Bowen posited, “Sociologists, in particular, typically use document analysis to verify their findings ... if contradictory ... investigate further. When there is convergence of information ... readers of the research report usually have greater confidence in the trustworthiness of the findings” (Bowen, 2009, p. 30).
*Based on Bowen (2009)	

The document analysis process involved three main activities. The first was skimming. This was a superficial examination of the documents, looking for broad themes and ways to categorize the documents. The second step was in-depth reading and a thorough examination. This involved pulling out and coding passages that related to policy creation and the policy cycle, issues of power and authority, interest group activity, emergence of new actors in the policy formation process, equity and the distribution of resources, and ambiguity. These codes were derived from the theoretical framework and

how those concepts connected to the themes that emerged from the literature review. The third step was interpretation – what the information garnered means in our understanding of the phenomena, and how it informed the next steps in the case study. However, as a caveat, Bowen has warned us to “consider the original purpose of the document – the reason it was produced – and the target audience” (2009, pg. 33), so that was also taken into consideration.

The major themes that were produced from the document analysis were then used to construct phase II of the research design. This included the formation of questions for semi-structured interviews.

Phase II: Semi-Structured Interviews

The second phase of this case study consisted primarily of in-depth, semi-structured interviews (Johnson, 2002). The interviews were conducted in person, and each of them was done independently of the others. To gain a well-rounded perspective, I interviewed a series of people who are connected to the formation of the Michigan Public Education Finance Act of 2013, including the law’s author, state board members, legislature members, members of the Michigan Department of Education, communication agents (including lobbyists and communication firms), and special interest groups (such as members of the Education Alliance and Michigan Education Association). I identified the initial interviewees through a leadership development program called Education Policy Fellowship Program (EPFP), which recruits speakers from both sides of current issues to speak with educational leaders. This created the space for formal in-person introductions and networking. In the 2012-2013 year of EPFP, PEFA was a major point of discussion on

the policy agenda, and several participants were interested in talking about it. Following each EPFP discussant, I set up appointments to talk with them individually. Using varying points of view helped expose the power structure that I critiqued. However, not all participants came from EPFP, but rather those connections opened the door to many others.

Other participants also recommended participants, to create an evolving list of actors involved in the policymaking process, which is often referred to as a snowballing process (Lofland et al., 2005). As Glesne stated, the “snowballing,” or “network sampling,” method “obtains knowledge of potential cases from people who know people who meet research interests” (2011, pg. 45). In other words, the interviewees “know others like themselves” that they can refer the researcher to (Lofland et al., 2005, p. 25). A limitation of using snowballing is inherent in the method because it relies on social connectivity. Lofland et al. (2005) stated that a snowball sample “will always underrepresent those who have few social contacts and will therefore underrepresent every belief and experience that is associated with having few social contacts” (p. 29). However, this study is all about shaping policy, which holds that social connectedness is a major element of how that is actually done. The voiceless are not involved in shaping policy, as critical theory postulates.

Each participant is discussed in detail in Table 6. The figure includes the names of each participant, which have all been redacted to preserve anonymity. The names represented in the figure are all literary pseudonyms (except that of Richard McLellan) for easy reference and use of quotations from participants. The second column represents a brief biography of each participant.

Table 6: Cast of Characters – Interview Participants

Cast of Characters – Interview Participants	
Name	Description
Richard McLellan	Graduated from Michigan State University with his undergraduate degree in 1964 and his law degree from the University of Michigan in 1967. Began his career as an administrative assistant to Governor William Milliken. Served as a legal and policy advisor for several republican governors through his Lansing law firm and served as Governor Engler’s transition team director. McLellan has been active in public education and choice for more than 30 years, including serving as Governor Snyder’s volunteer educational advisor. He is a long time member of the Republican Party and supporter of technology to improve education. He is also the key architect and leader of the PEFA project and co-founder of the Mackinac Center for Public Policy.
Dick Diver*	President of the State Board of Education at the time of PEFA. At the time of this writing, he was in his second eight-year term on the board and maybe the state’s highest ranking elected Democrat. His background is in public administration and economics.
Eleanor Dashwood*	She began her term on the state board of education in 2012, but was active in the discussion of PEFA while campaigning before assuming office. She works for a union organization representing university professors. She is also elected as a Democrat from the Detroit area.
Caroline Compson*	Government relations director for Michigan’s biggest, wealthiest, and most influential ISD. She is also a former employee of MDE and spends much of her time connecting with state legislators on policy, in person.
William Gordon*	Long time Lansing political insider, including 20 years as a state representative, 10 years as a mayor of the capital city, and director of state economic development under the Granholm administration. He is a longtime Democrat.
Stephen Dedalus*	Partner in a Republican communications firm specializing in public affairs, political campaigns, ballot initiatives, and fundraising.
Phillip Marlowe*	Legislative lobbyist for the Michigan Education Association, past uniserv director, and high school teacher. No political affiliation given.
Dorian Gray*	She is the longest serving member of the State Board of Education, beginning her first term in 1992, and she has served six terms as the president of the board. She also has a formal education in economics and is elected as a Democrat from the Detroit area.
Mariah Heep*	Owner and operator of a communications firm hired by McLellan through the Oxford Foundation to write the PEFA Report and help manage messaging. She is a former employee of the Michigan Department of Education and Michigan State University, and a longtime consultant for various organizations that support choice and charter schools. She is a self-identified Republican.
* Literary pseudonyms have been used to maintain the confidentiality of participants.	

As Warren argued, interviews are based on the idea of constructing conversation, which is why I engaged study participants in a conversational manner. Each interview lasted around one hour or more (2002). Richard McLellan's interview lasted most of a day, and he was very gracious with his time. As Lofland et al. argued, "Permitting the respondent to talk about what the respondent wants to talk about, so long as it is anywhere near the topic of study, will always produce better data than plodding adherence to the guide" (2005, p. 49) This approach highlights that the interviewees are not just "passive conduits for retrieving information from an existing vessel of answers," but rather are "meaning maker[s]" (Warren, 2002, p. 83). In addition, these conversations and in-depth interviews often take "unexpected turns or digressions that follow the informant's interests or knowledge" (Johnson, 2002, p. 111). While at first thought this can seem to be unproductive, it is not. It tells us the interests of the interviewee and what they value as important (in this case, what is valued in policy formation). Johnson recommended that the interviewer "go with the flow, be playful, and be open to an experimental attitude," but also be "assertive enough to return the interview to its anticipated course when necessary" (2002, p. 111).

Given that the interviewees were political elite," there were added contextual factors (Odendahl and Shaw, 2002). Dunbar et al. argued, as did C. Wright Mills, that "the interview process and the interpretation of the interview material must take into account how social and historical figures—especially those associated with race—mediate both the meanings of questions that are asked and how those questions are answered" (2002, p. 280). Because many of the interviewees have something to lose in their positions, my ability to discuss these questions with them revolved around maintaining their anonymity

and my political connections. However, because McLellan is a highly public figure connected with this law, I could not and did not guarantee his anonymity.

I also realized that there are vast histories between many of the players, and that their views may be politically shaded and have to do more with personalities than issues. With this in mind, it was important that as the interviewer, I “be deeply familiar with the lives of potential respondents in order to cultivate and activate fully the subjects that figuratively stand behind them” (2002, p. 290). This seemed to imply the need for the interviewers to be considered “insiders in order to conduct productive, insightful, nuanced, and revealing interviews” (Dunbar et al., 2002, p. 290). In other words, I had to be politically attuned to the environment and willing to engage in multiple dimensions. I needed to be deeply knowledgeable about their lives as well as play on my background as an elected official, which got me greater access to the policy elites.

My interview guide, which attempts to answer the grand research question of “**who shapes educational policy and how,**” can be found in Table 7 and represents the set of questions that guided this study. Some of these questions were directly asked, while others were answered in the natural flow of the discussion. My goal was that the conversation would unpack the policy inception process that supported an understanding of influence and relationships at the state level through the theoretical framework.

Table 7: Interview Guide

Interview Guide	
What we want to know	The questions used to spark conversation
<ol style="list-style-type: none"> 1. Ask each member for an overview with respect to their role in the organization and the intentions of the organization. <ol style="list-style-type: none"> a. How long have you worked for the organization? b. Why do you work for the organization? c. What is your role in the organization? d. How did you come to be part of the organization you describe? e. How do you see your role? f. What is the intended goal of your work? 2. How they view the role of their organization in policy making and connections to other organizations. What is the role of your organization in shaping policy? How do you do that? 3. Additional probing questions <ol style="list-style-type: none"> a. Describe the role of the state legislature in education. b. Describe the role of the governor in education c. Describe the role of MDE in education. d. Describe the role of other organizations. e. Describe for me a particular time when you and your organization had to deal with MDE, the state legislature, McLellan, or the governor's office on the issue of PEFA. What was the outcome? 	<ol style="list-style-type: none"> 1 . Tell me your story. How did you get here and what is your background? Tell me about your role in this position. 2. Describe your role and the role of your organization in shaping state educational policy? What other organizations do you work with? (If they do not feel they shape policy, ask them what it is that their organization does and how they do it.) 3. Who did you see as involved in legislative process of PEFA? How would you describe their role? Can you describe a particular time that stands out in your mind? What about _____ (prompt accordingly for MDE, state legislature, and governor's office in reference to individual nuances based information from the literature review).

Table 7 (cont'd)

<p>f. How often is/was your office in contact with MDE/governor/the state legislature/members of PEFA? Was there a contact person or several contact people?</p> <p>4. Views on the Michigan Public Education Finance Act of 2013, the process of policy inception, thoughts on the governor's role and that of Richard McLellan's</p> <p>Questions for McLellan would involve views on others involved in the political process</p> <p>5. The impact of this proposed law on equity.</p> <p>6. What do you see as the role of the federal and state government in connection to education in the State of Michigan?</p> <p>7. How have other agencies, interests, and branches of government (including the governor's office and local levels of government) come to affect what occurs at the state level?</p> <p>8. How would you define policy? What is its role in your work?</p> <p>a. Is it something you create?</p> <p>b. How does it relate to rules?</p> <p>c. Do you feel that you impact it, or it impacts you?</p>	<p>4. What do you think of the Michigan Public Education Finance Act of 2013? How do you think the proposed changes will affect education in the State of Michigan?</p> <p>Walk me through how this proposed law unfolded. What do you think of the process that has been created to draft the law?</p> <p>How do you know Richard McClellan? Have you worked with him before? Tell me about that? How did you work with him on this bill? What do you think of the Richard McLellan?</p> <p>5. How does this proposed law impact equity in schools? How would you define equity?</p> <p>6. In your work, in terms of educational policy, have you ever worked with the federal and state government? If so, with whom and how?</p> <p>7. Can you describe the role of other organizations that come to influence or impact your work? Who are they?</p> <p>8. What does policy mean to you and your work? Describe your experiences in policy making.</p>
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This method and these guiding questions provided a useful approach that led to more pointed questions and more in-depth and nuanced responses. The questions varied depending on the interview subject. This interview method allowed me to place each participant in their proper context. I then ask about the proposed policy, including what they thought of it, how they perceived its development, and how they saw the policy creation process.

After the semi-structured interviews were conducted, as with the document analysis, data analysis had to be performed. Data analysis “involves organizing what you have seen, heard, and read so that you can figure out what you have learned and make sense of what you have experienced” (Glesne, 2011, p. 184). To do this, I adopted explanation building, one of five analytical techniques described by Yin (2013). Specifically, explanation building is a particular type of pattern matching with the goal of “building an explanation about the case.” This can be especially useful in reflecting “critical insights into public policy process or social science theory” and can lead to “recommendations for future policy actions” that have been derived from the chain of evidence (Yin, 2013, p. 120).

With that in mind, the data was sorted in a few different ways. To begin, I grouped interviews by organizational affiliation (e.g., the state legislature, lobbying groups, etc.). The information was then placed in chronological order to represent the temporal scheme of the policy development (Yin, 2013). I also did an item analysis by grouping each response by the question categories or six themes that emerged. Since each subject was asked the same general questions, their answers either converge or diverge in perspective and present patterns of understanding. I was able to compare responses by question and

relationships using an inductive approach, keeping the research questions in mind, and exploring the data using emergent themes.

Not dissimilar to the document analysis, I also coded the responses from the interviews. The codes included policy creation and the policy cycle, issues of power and authority, interest group activity, emergence of new actors in the policy formation process, equity and the distribution of resources, and ambiguity, which represent the major themes from the literature review and the major elements of the theoretical frameworks.

In addition, I used other conversational techniques that go beyond just the spoken word to capture context. This included “Always try[ing] to identify sequences of related talk,” “[trying] to examine how speakers take on certain roles or identities through their talk,” and “[looking] for particular outcomes in the talk (e.g., a request for clarification, a repair, laughter) and working backward to trace the trajectory through which a particular outcome was produced” (Silverman, 2000, p. 831). I wanted to know who was involved in the various processes of policy inception, but also who was left out, and how people shaped or did not get to shape the policy.

Limitations

The limitations of this study are related to research design. Given that this data is from political officials who require access for audiences, there are a limited number of participants who contribute to the data from which inferences are drawn. Also, the selection of such political or appointed officials also involves connectivity between and with other officials, based on history and working relationships. For example, some interviewees recommended other candidates for interviews, which means they are a part

of, or at least connected to, the same social network. This is both an advantage for access and a demonstration of connectivity, but it also can affect how these interviewees interact with each other while competing to fulfill their respective agendas in the policy world.

A more social-psychological limitation is related to participant agenda and legacy setting. As De Andrade argued, “Social actors read and manipulate these signifiers [complex meanings that are produced in social interactions – behaviors, relationships, rituals, etc] in the course of interaction as they attempt to categorize themselves and others in a kind of social negotiation” (2000, p. 272). In this study, all of those who were interviewed had a certain modicum of political ambition, which means their answers are related to a particular worldview and a particular agenda despite the fact that their responses are confidential. This can yield some bias.

The interviews can also suffer from limitations because interviewees may not know, or may be unwilling to share, certain types of information, especially if certain information is usually privileged among the few. There may also be lapses in memory because some of these events have occurred over a period of time, approximately one-and-a-half to two years ago. All of the participants have a political stake in constructing a particular narrative of what happened in the formation of this policy. This leads us back to the importance of triangulation. I used “multiple sources of evidence in the developing of converging lines of inquiry” (Yin, 2003, p. 98). In this case, I looked for details that all interviews and documents had in relative commonness.

However, in trying to establish triangulation, document analysis also has some limitations. One that both Bowen (2009) and Yin (2013) described is called biased selectivity. As Bowen stated, “In an organizational context, the available (selected)

documents are likely to be aligned with corporate policies and procedures and with the agenda of the organization's principles" (2009, p. 32). In this case, many of the documents around PEFA were produced by the Oxford Foundation under the direction of McLellan. This means that these documents can reflect an attempt by the organization to control the narrative of events. To overcome this, I used documents from multiple sources to construct the sequence of PEFA's policy formation. Related to the idea of biased selectivity is also the idea of imprecision (Bowen, 2009). These documents were not produced for the explicit purpose of being used for research. Their construction had other purposes.

What Follows

Using the policy cycle coupled with critical and interest group theories, and the methods of document analysis and semi-structured interviews, what follows is an in-depth look at who shapes policy and how by looking at the specific case of PEFA. Chapters Five and Six examine the formation of PEFA. Five begins with the analysis of where the ideas for PEFA came from, formation of the PEFA team, and drafting of the documents and legislation surrounding it. Chapter Six looks at the public debate and formation of interest groups both for and against the policy, ending with its introduction into the legislature. Chapter Seven looks at how policy dies and conclusions that can be draw about the policy cycle in the wake of an age of accountability with its corresponding new policy actors that have come into the policy arena.

Chapter Five: Entering the Lion's Den, or Let There Be Policy

While in my office late on a Friday afternoon, I received a phone call from Richard McLellan, inviting me to his office to discuss the Public Education Finance Act (PEFA). He said that he was willing to answer all my questions, and he too was fascinated by policy and always had been. So, that following week, I went to his law office in Lansing. This building, appropriately named the Capitol View Building, is located adjacent to Michigan's state capitol building. As I entered the building, Fox News was playing in the lobby, and I approached the bank of elevators. McLellan was on the 9th floor; I took the elevator to the top of the building.

When the doors opened, I had expected to exit into a hallway and make my way to the appropriate office suite. However, this was not the case. As the elevators opened, I was in the lobby of his law offices. The entire floor was his. The offices had marble floors and giant windows overlooking the city. As I approached the secretary, she said, "You must be Mr. Boggs. Richard has been expecting you – I will let him know you have arrived." After a brief phone call with McLellan, the secretary showed me to a conference room with a large table and plush leather chairs. As I peered outside of the window, it became apparent that his suite of offices looked down on the capital from above. As I made myself comfortable, McLellan came in and greeted me warmly; he introduced me to his factotum⁴, and we began the interview. It was like being in the modern day equivalent of the Roman Pantheon.

⁴ This is the term McLellan used to introduce the person with him, which stems from the Latin *fac totum*, meaning to "do everything" or a servant. In this case, the young man was an undergrad at Michigan State University who would be attending law school in the fall.

This chapter examines the creation and inception of the ideas of PEFA. By examining the PEFA documents and interview data, I traced where the ideas for PEFA came from, and I tried to construct whose ideas these were and whose voices were being heard in the making of this policy. To this end, I traced the policy cycle steps that actually occurred in the inception of PEFA, looked at ideas of authority – a concept that came up over and over again was where did McLellan get the power to do this – and grappled with notions of dark money⁵ – exactly how does one fund such a venture?

Peering Through the Looking Glass – Where Did PEFA Come from?

In trying to answer the question of where PEFA came from, I am reminded of the words of the King in Lewis Carroll's *Alice in Wonderland*, "Begin at the beginning and go on till you come to the end: then stop." However, where is the beginning? Almost everyone that I interviewed, and most media sources, pointed to the Governor's April 27, 2011 Special Messages on Education as the triggering event (mechanism) that led to PEFA. This holds with Schultz's rational theory approach and policy cycle, that there is a triggering event that causes the policy cycle to engage. Everything then stemmed from this one message, which essentially outlined the course of action that needed to be taken to address the educational policy problem outlined within. Holding to this rational idea, McLellan and others continually reference it. However, this was not the beginning, but a tool to launch a public plan that was already discussed and underway. It was the perception of a policy trigger – not the response to a real need, as Kingdom defines a policy trigger (1997). The

⁵ Dark Money, as I explain later, is money that is donated to non-profit organizations and then donated to campaigns or used to finance other political activities. The donors, under law, are not required to be disclosed by these organizations; therefore their money is hidden or dark.

real start of PEFA involved private entities and policy elites meeting with government officials.

What follows is a look first at the governor's message and what it contained with regard to educational policy. I then explore the question of the message's authorship. Finally, I conclude with an examination of where the governor's message actually started and how it was designed to gain traction as an authentic, rational policy trigger, when in reality it was the product of policy elites.

The Governor's Message

On April 27, 2011, Governor Rick Snyder released a special message on education reform to the legislature (Snyder, 2011). The message was thirteen single-spaced pages that outlined what the governor hoped would be the new direction of education in the state of Michigan. From the beginning of the message, the governor framed this in terms of an economic imperative. Specifically, he stated, "One of Michigan's most pressing responsibilities is ensuring that students are prepared to enter the work force and to take advantage of new opportunities as our economy grows. Michigan's future is absolutely dependent on making our education system a success for our students, our teachers, our parents and our economy" (Snyder, 2011, p. 1). Holding with what I discussed about Mehta (2013) in Chapter One, Snyder aligned the purposes of education with that of economic development, and by doing so he proposed a more business-oriented and capitalistic approach to education.

Furthermore, after reading the Governor's Special Message, I did a quick qualitative review of the words that appeared multiple times. Often times in qualitative methods, one

systematic way to gauge the importance of the concepts that the author feels are important is to see how many times they appear (Yin, 2003; Miles & Huberman, 1994). The word “economy” appeared eight times throughout the document, and of those occurrences four were on the first page. Other words that had prevalence in constructing the governor’s message, ordered by number of use, were reform (8), choice (7), and private (6). All of these words are key in understanding the governor’s planned course of action.

After setting the stage that education serves economic development, the governor continued to build his argument. He stated that to accomplish economic growth, “Michigan’s education system must be reshaped so that all students learn at high levels and are fully prepared to enter the work force or attend college” (Snyder, 2011, p. 1). He then turned to the current educational system and commended the State Board of Education and the Michigan Department of Education for their work establishing rigorous standards and being innovative. However, he concluded that this has not been enough. He stated, “Results are promising ... But to compete on a world-wide scale, our education system must evolve from one that served us well in the past to one that embraces the challenge and opportunities of the new century ... Michigan’s education system is not giving our taxpayers, our teachers, or our students the return on the investment we deserve” (Snyder, 2011, p. 1). Snyder then went on to cite statistics on Michigan’s current educational performance, in particular that “238 Michigan high schools have zero college-ready students in all subjects based on the spring ACT test” (Snyder, 2011, p. 2). Again, we can hear the voice of business, the sector from which the governor comes, echoed in this approach to education reform.

After the governor rhetorically set the stage, he discussed four broad themes – Early Childhood Development, Performance-Based Systems of Schools, an “Any Time, Any Place, Any Way, Any Pace” Program, and Performance-Based Teaching. The first theme was Early Childhood Development. Snyder took the position that “optimal learning and quality achievement in school actually begins at conception” (Snyder, 2011, p. 2). From here he explained what he referred to as the “readiness gap” that is present by the time a child reaches school age and persists throughout their academic career. He concluded two things. First, that “the result for Michigan ... [is] a lack of competitiveness in the global marketplace and a significant portion of the population without hope for a prosperous future” (Snyder, 2011, p. 2). Second, “Michigan’s approach to investing in school readiness and early elementary success is not values-based or founded on sound scientific or economic evidence” (Snyder, 2011, p. 2). It is important to note that he did not mention educational research, but science and economics. This tells me that he does not put much value in educational research. Building on his, he argued for blending government and private venture capital – a concept very important to this study. He argued, “Michigan government, business and foundation leaders agreed several years ago on the need for early childhood investment and the necessity of a new approach in order to close the readiness gap ... neither government alone, nor the private sector acting unilaterally, is able to change the trajectory of school readiness ... a bridge is needed to connect the sectors” (Snyder, 2011, p. 3). To remedy this, he planned to bring coherence to the 84 separate funding systems at work in early childhood education under one branch – the Early Childhood Investment Corporation, and to use this theme as a focus for investment in education, including investment from private and nonprofit sectors.

The second theme was Performance Based Systems of Schools. At first glance, this title is deceiving, because I thought the governor was going to discuss tying student performance to teacher pay, but that is another theme. This is completely different – it is about the performance of the school in totality. Snyder argued that we need “innovation and educational entrepreneurship ... The core of a performance-based education system must be a statewide funding model based upon student proficiency and academic growth ... dedicated to student outcomes” (Snyder, 2011, p. 4). However, to do this requires changing the funding model of education, including moving away from “count days.” As he stated, “The state sends a full foundation allowance to school districts based entirely on attendance figures taken twice a year. These ‘count days’ have become synonymous with pizza parties and prize offers as schools are compelled to get high attendance counts to maximize their funding ... instead ... funding should also be based upon academic growth, and not just whether a student enrolls and sits at a desk” (Snyder, 2011, p. 4). To accomplish this policy change, he outlined the charge that PEFA would later embody. He stated, “I propose that a portion of state school aid be tied to the academic achievement of a school district for 2013 and beyond. This funding model will increase academic growth and the college and career readiness of our students by allocating scarce resources to districts that make the biggest gains” (Snyder, 2011, p. 4). The governor also proposed a bonus for those districts that do this well in math and reading.

In addition, to promote competition in a market-based education system, the governor wanted to see more charter schools. He felt that all caps and limitations should be removed from such schools. Specifically, he proposed “that any caps limiting the number of charter schools in districts with at least one academically failing school be removed. This

will allow for more charters in areas where additional education options are needed the most” (Snyder, 2011, p. 5). It would also greatly change the dynamics of that district by changing district populations because students could go to other schools that are formed. Following this idea, the governor also proposed that ISDs should be able to bid on school district services, and that school districts should be able to bid on providing county level services with the contract going to the most cost effective and efficient goes the work.

The governor, then, in the middle of this section asserted his plan for accountability. Specifically, he argued that we “need a system that holds every teacher and school administrator at the state, intermediate and local level accountable for student gains in the classroom, while also empowering them to get there with the autonomy, student data, instructional tools and meaningful support they require” (Snyder, 2011, p. 6). To that end, the governor proposed a solution, which is the predictable rhetorical style of the speech (writing a claim and then a justified solution). To reach this goal, the governor stated, “The time has come to stop the benign acceptance of non-performance in these districts. Soon, I will be applying the new Emergency Manager legislation for those districts that continue to fail financially and academically and take no steps to eliminate the drain on community financial resources and student academic achievement. This will include the announcement of a new Emergency manager for Detroit Public Schools shortly” (Snyder, 2011, p. 6). Interestingly, the governor always stated financial issues before academic issues in his rhetorical presentation. This theme later became part of the Emergency Achievement Authority (EAA) and came to have great meaning for the PEFA legislation.

The third theme is an “Any Time, Any Place, Any Way, Any Pace” Program, and the governor again circled back around to the idea of choice in education. The governor

referred to this as the state's new learning model, and that "funding needs to follow the student" (Snyder, 2011, p. 7). The result of this freedom "will facilitate dual enrollment, blended learning, on-line education and early college attendance. Education opportunities should be available 24 hours a day, 365 days a year ... and will foster more free market ideas for public education" (Snyder, 2011, p. 7). No longer would a district be allowed to opt-out of school of choice or control the student foundation allowance. He argued, "We must minimize all state and local barriers that hinder innovation at the local level, including seat time regulations, length of school year, length of school day and week, and the traditional configurations of classrooms and instruction" (Snyder, 2011, p. 7). To that end, Snyder stated, "Access to quality education is no longer dependent on local classrooms and textbooks ... a new global market has emerged ... realizing the power and effectiveness of online learning" (Snyder, 2011, p. 7). To help leverage online learning, the governor proposed that "every child in Michigan who needs or wants up to two hours of daily online education must receive it" (Snyder, 2011, p. 8), and that the online provider should be properly compensated.

Finally, he discussed Performance Based Teaching. He outlined the argument that we expect a lot out of our teachers, but then went on to say that we should. The governor then went on to quote Bill Gates, that "Of all the variables under a school's control, the single most decisive factor in student achievement is excellent teaching" (Snyder, 2011, p. 9). To accomplish this, he outlined several steps that he planned to take. The first was to change teacher preparation programs at universities to focus more on how to teach standards, and to have the State Board of Education increase certification requirements. Included in these changes were assessments of teaching performance, in order that

“training focuses on the core professional skills and knowledge ... so that no one is allowed to ‘practice’ on your people without demonstrating sufficient proficiency with the highly skilled work needed for teaching” (Snyder, 2011, p. 10).

Adding to this, Snyder made a bridge between those entering into the field and those already there. He argued that teachers do not need a continuing education requirement, but teacher skill-building. Also, time in the profession and degree attainment should not determine who teaches what, where, and when, nor should it influence teacher pay. Building on his argument of why we should change teacher policies, he indicated how they should be changed, and finally, how to do it. Specifically, the governor wanted to change the tenure law to include “effective teaching ability, instead of the current system that relies only on number of years teaching,” annual evaluations with “multiple measures, but must include in its determination of effectiveness at least 40% based on student achievement,” a probationary period for ineffective teachers, and readjusting the tenure appeals process so that ineffective teachers could “be dismissed in a more timely and cost-effective way” (Snyder, 2011, p. 11). He concluded by stating that “effectiveness in teaching should trump seniority in layoff and placement” (Snyder, 2011, p. 11).

The governor concluded with a quote from H.G. Wells, saying “Civilization is a race between education and catastrophe” (Snyder, 2011, p. 12). To win this race, we need to “reward performance rather than attendance, and outcomes rather than process ... taking hold of exciting options ranging from partnerships to innovative technology” (Snyder, 2011, p. 13). By the conclusion of his own mini-version of *A Nation at Risk* (I would call it *A Michigan at Risk*), he returned to his main points of performance systems, technology, and

partnerships. The partnerships referred directly to his view on involving private interests in government in a blended model, which, as I demonstrate, is where PEFA came from.

Who Wrote the Message?

Now that I have provided an overview of the governor's message that supposedly PEFA is responding to, it is important to consider who actually wrote it. This will give us insights into the various policy actors who were involved. While the message came from the governor, most high-ranking elected officials have their own speechwriters, and Governor Snyder is no different. This message was a coordinated effort of many different people and levels of government. However, who actually came up with content of the message is a matter of some ambiguity.

Many interviewees speculated McLellan had something to do with the governor's message, but not even McLellan was part of writing the governor's Special Message on Education. Part of the reason is because he was not in favor with Snyder. During Snyder's bid for governor in 2010, McLellan supported Mike Cox, who was the state's attorney general. As McLellan told it, Snyder came and met with him for about an hour before he even announced that he was going to run for governor, and McLellan "gave him an early report of what we called our next governor project ... this project talked about what the next governor should look at, policy wise. Whoever wins. And so I thought it'd be useful to Snyder." However, McLellan learned that "Snyder had already made up his mind [about policy issues to explore] ... he doesn't listen ... he pretty much knows what he wants to do." McLellan continued, "So I supported Cox and said something on *Off the Record* that Snyder didn't like and so he wouldn't talk to me." McLellan stated, "And I never, I never talked to

him except once at a fund raiser and that was very awkward. So in April of 2011, the governor issued his education message which I had nothing to do with ... I read the *Free Press* story.”

I continued to explore this question of who crafted the message, and I asked all of the interviewees where the ideas in the message actually came from; I got varying and interesting responses. Dorian Gray, the long-time member of the State Board of Education, was deeply troubled by the whole message. She continued, “Well, you know, we were told, we read the same message that the governor presented ... we were invited when the governor presented his education message. He did it in Detroit and we were not involved in the development.” However, she did feel that ALEC (American Legislative Exchange Council) was probably involved, but could not provide any details on why she believed this. ALEC’s membership is comprised mostly of conservative state legislators, non-profits, think-tanks, and business representatives. They work, according to their website, to “advance the fundamental principles of free-market enterprise, limited government, and federalism at the state level, through a nonpartisan public-private partnership of America’s state legislatures, members of the private sector, and the general public.” Gray continued, “I mean, he may have talked to Mike Flanagan [the State Superintendent of Public Education], but he certainly didn’t talk to the board. And the next thing we knew, we were invited to hear his education message.” She continued by saying that this was the first time she heard about “anytime, anywhere, any place, any pase line, which we didn’t pay enough attention to,” an idea that she felt was destructive to education and the main reason PEFA had to be stopped.

However, Dick Diver, the President of the State Board of Education at the time, had a different view. He began to answer this question by saying that under the constitution, the State Board can make recommendations about what it takes to finance education, and they try to do so. This was a completely different answer than the previous board member, who was so against the education message, which illustrated that Diver knew more. He continued, "When Governor Snyder was elected, who I know, and Bill Rustem is a policy guy, I think I introduced the governor and Bill together when the governor first thought of running, he wanted an education special message which kind of lays out our hopes for education change, reform, etc." Not only did Diver know the Republican Governor and his advisor, this top ranking Democrat helped draft ideas in the Governor's message. He argued that "we as a board made recommendations in advance of the governor's first budget, and certainly well in advance of the recommendations that were made later in his education special message. In fact, I worked both privately and shared my own and the board's recommendations with Rustem and the governor's office and many of those recommendations certainly were consistent with and made their way into the special message on education." He cited the ideas of tenure reform, and particularly early childhood education, as being changes that both he and the board wanted to see happen. In particular, he stated, "The framework, and the teacher quality, teacher improvement section was basically lifted from the recommendations the board had been trying to advance and the governor reinforced, at least rhetorically, in that first special message."

However, when we discussed Any Time, Any Place, Any Way, Any Pace, the conversation took a different turn. He began by saying that "it's all context for what happened since ... The any time, any way, any place articulation, we had made

recommendations and we'd been promoting enhanced dual enrollment and, you know, acceleration to post-secondary, early college credit taking always and ever since the Cherry Commission way back when I was the policy director for then Governor Granholm." He continued, "Our sense of what any time, any way, any place were largely around how do we help create flexibility incentives to encourage more acceleration of both at risk through middle colleges, all these things, average students and high fliers benefit by early college credit taking in all forms." However, when it went to the governor, Diver felt Any Time, Any Way, Any Place, Any Pace became something entirely different – it became about online learning. Diver stated, "I probably, I didn't at that moment appreciate that there was this much more robust agenda that the backers of virtual schools and online only education were making to basically help encourage states to change their laws to facilitate much more online-only education and virtual learning." He felt that this change from what the Board of Education recommended occurred because "behind some of the Republican leadership was lurking this desire to expand Michigan's virtual learning nexus, and the companies that could do that pretty profoundly as they were seeking legislation in other states." The board wanted to limit online enrollment, but "but ultimately that's been a big piece of the expanded interest of the creative marketplace for schools."

Despite all of this, Diver argued that the Board of Education believed "We are long overdue in Michigan for a re-examination of how we finance education ... we need to do the more comprehensive study of how we organize our schools, how are we delivering education given the changes in modalities and things like self-pacing and use of blended instruction and new, new models of delivery, including middle colleges and early colleges." This indicates that Diver had a lot to do with the content of the governor's message and

agreed with it. However, “the governor’s office then announced that Richard McLellan was going to lead this Oxford Foundation project that would look at ways to implement some of the elements of the governor’s special message.” Once this was announced, despite Diver’s contributions, he was no longer part of the process and became one of PEFA’s (considered to be the operationalization of the governor’s message) ardent enemies. It makes me wonder, did he not like the interpretation of the ideas he articulated, or did he just feel slighted by not being asked to lead the charge?

Caroline Compson, former MDE employee and now government relations director, was also deeply concerned about the origins of the message, even though Diver pointed that some of the content came from MDE. She stated, “Well, I was at the department when it all first started so it was, I knew about it from sort of the inside, in the sense that ... we heard Snyder has some people, I didn’t know who at the time, but that are going to look at the school aid act ... it was actually even before he was in office.” During the beginning of Snyder’s term in early 2011, State Superintendent Flanagan met with him and “came back and said he’s really interested in this idea about flexibility and more proficiency based and what will it take to get us to a point where we can be more proficiency based, so that we can really get more student focused ... how do we make it a more student centered system.”

As the interest in changing Michigan’s education system unfolded, Compson thought “he was going to bring some people in and I, you know, I just kind of assumed it would be his staff or whatever. I wasn’t familiar enough with how things work in the governor’s office, any governor’s office, to know whether they hire that stuff out. I mean, so I just assumed it was always in house.” However, she soon learned that that would not be the case. Compson said she knew full well where the “any time” mantra came from, because

she helped write it. In particular, she stated, “The first State of the State was when he talked about any time, any place, any way, any pace, which actually was a line that we came up with when we were helping write it over at the Department. And in our mind, when we helped write this speech, the education piece where we gave input, it was about getting to the point where kids could go all year, we could have different schedulings.” However, that is not what it became. Compson stated, “It was never this idea of a kid would pick and choose. It wasn’t about a kid being able to say I want to select this class from this school and this. It was more about how do you get a kid so that the school isn’t giving them sort of a set, preset everything, that presumes that they’re gonna be functioning at 8 a.m. when some kids maybe do later. Or, and even more than that, how do we get to the point where we can acknowledge that some kids might take two years to finish a topic and some might take six months. ... And we were trying to be creative, how can we, how can we take away the disincentive for helping a kid get done early, the financial disincentive, and also balance that some kids are gonna take longer? That was in our mind, the any time, any place, any way, any pace, sort of getting at that idea of, and so it drives me crazy to no end, every time Richard McLellan says, well, what the governor meant by that.”

Compson summarized that they did not write the whole message, but sections of it when she was still working at MDE. She stated “Just parts of it, we added in and then, of course, we say this is what we’re thinking and here’s how we would word it and the communications people—Marty Ackley [head of Office of Public and Governmental Affairs at MDE] and those guys—you know, do a bunch of it and they send it over and the governor’s people take it and go well, he wouldn’t say it this way because of how he speaks

... getting a certain tone and you know, some people would never say thou and some would use the words, would be flowery, you know.”

As time marched on, Compson just kind of forgot about the work she did on the governor’s message, and there was not any movement for a prolonged period of time. Then, “a draft appeared. A very thick act. And so we started going through it and I remember going to Mike [Flanagan] and going, this is shit. This, you’re going flip out when you hear all this stuff that’s in this. I mean, this is crazy stuff.” In particular, she stated it was just “like vouchers and there’s no accountability and, and so a kid can say I absolutely want to take this course and the school can’t say no but the school will be penalized if the child does poorly.” However, Flanagan could not really object because his office helped write these concepts, and further, “Flanagan is smart enough to know ... In his position as a director of a department that while he’s autonomous under the state board, his budget is still under the governor and so... if I piss him off so much, they’re going to come in and say you have three staff from now on and we’ve moved every one of your programs over here, which is what Engler did many moons ago.”

Considering what the interviewees articulated, it is clear that the creation of the Governor’s Special Message on Education was a very complex process that involved multiple actors. McLellan arguably was not part of this process, but many of those who came to really oppose the PEFA legislation were drafters of the ideas that would become PEFA. Included are Dick Diver, president of the State Board of Education, who worked with Flanagan and members of MDE’s Office of Public and Governmental Affairs (including Compson) to draft these ideas before sending them over to the governor’s office. The governor’s office did adjust the language within the message to, as the interviewee argued,

match the governor's language. However, those ideas were not changed enough in the special message to offend those who helped create it. Based on the evidence, many of the ideas, including the phrase Any Time, Any Place, Any Way, Any Pace, were lifted from the work of MDE and were included directly into the governor's message. However, once these ideas were turned over to McLellan and began the process of operationalization, the participants who helped create the ideas abandoned them, and some of them aggressively fought to defeat them.

Where PEFA and the Governor's Message Really Started, and Why It Was Proposed

Up to this point, I have explained the elements of the governor's message and who helped to create the content and intellectual designs of the message. However, why was this message required anyways? The short answer is that it was designed to be used as a policy trigger. The more I thought about the message and the number of times it kept being referenced by all parties involved in PEFA, I began to wonder why.

Mariah Heep, who worked for McLellan doing writing and communications, was able to shed light on this. When I asked her who wrote the governor's message, she stated "I don't know who wrote the governor's message. I would love to know who wrote the governor's message because ... it was supposed to be this big thing. It was supposed to be his agenda ... it was supposed to be the centerpiece." In other words, this was supposed to be the rational policy trigger that outlined the problem and then propelled actors forward to act (Schultz, 2005 and Kingdon, 1997). However, that is not how Heep felt about it. Instead, she stated "that actually was the thing that I found very frustrating about working on the PEFA report ... Richard really felt like his job was to operationalize the governor's

message in many respects.” This meant that the message was the center of everything. Heep continued, “So when I asked about putting in research about what he [McLellan] was doing and the basis for what he was doing, he was using the governor’s message as his research basis and that was what I found really alarming.” Before Heep’s involvement, no educational research was included or referenced in the drafting of PEFA or the accompanying report. In point of fact, the first version of the report, according to Heep, “was repetitive, it was basically the governor’s stuff over and over and over again and I remember writing in my memo to Richard that the governor knows what he said. He doesn’t need you, like repeating it back to him and Richard’s like no, no, no, no, no.” Heep concluded that the governor’s message did not get the play he hoped that it would. Again, there is this idea that this message was supposed to be the epicenter of this policy work and the rational guidance and trigger for how the school reform changes were all going to unfold.

In most conversations, McLellan also led with the idea of the Governor’s special message on education. The rational and legal standing for this message is best stated in the PEFA Report. The report stated, “Art. V, § 17 of the Michigan Constitution provides that ‘the governor shall communicate by message to the legislature at the beginning of each session and may at other times present to the legislature information as to the affairs of the state and recommend measures he considers necessary or desirable’” (McLellan et al., 2013, p. 7). This is essentially a public tool and vehicle for the governor to send out his public message of what he wants to see happen to the entire state. The report continues, “This report is based on the Governor’s 2011 Educational Message to the Legislature and is

intended to make recommendations for the implementation of measures the Governor 'considers necessary or desirable' to enhance public education" (McLellan et al., 2013, p. 7).

However, much of this reminds me of the lines of Queen Gertrude from Hamlet, "The lady doth protest too much, methinks." There is always this focus and push towards this message, which is what McLellan and the governor want, but that is not the real trigger to this policy. Instead, this message is just a tool. The really policy trigger (what caused the policy formation to begin) actually occurred with a private entrepreneur. When I asked McLellan about the governor's message, he insisted that he did not help write it, which I believe to be the truth. He also stated that the governor's office made a public announcement about reforming the school aid act being his project. However, given what he had said about not being in Governor Snyder's good graces because McLellan supported a different Republican for governor, I pressed further to inquire where it all began. McLellan then stated that his discussions with the governor's office about this project began before the announcement of the governor's message – about a month or so before the release of the governor's message in April.

McLellan began, "It looked like the Detroit schools were going to run out of money, sort of like Buena Vista is. And so a number of people had put together a proposal during the transition to change Detroit from a school system to a system of schools – to maximizing choice." However, just the plight of the Detroit Public Schools was not enough to spear the creation of PEFA. McLellan continued, "Eli Broad [of the Broad Foundation] then found out about it and called the governor and came in and said I'll help you. Eli said, 'we're going to need a lawyer to look at this but I don't like to pay lawyers.'" To remedy this, Dennis Much more, the governor's chief of staff, called upon McLellan, who had a long

history of pro bono⁶ legal services with the governor's office. McLellan stated that Muchmore said that this was McLellan's "only chance to get back with the governor. And ... that was my first involvement with Snyder and with education policy under Snyder."

McLellan went to the meeting in Detroit with the Broad group. He continued, "The Eli Broad people had hired a group called the Parthenon Group ... and Broad flew in himself, the former US Secretary of Education under Bush, the Secretary of Education of the state of Louisiana, the superintendent of public schools from New Orleans, a woman who was a lawyer in the Clinton White House policy team on education and various other minions." The Parthenon Group sent McLellan a draft of their work, and he commented back on the constitutionality of these educational ideas in the Michigan context, which was well-received. McLellan stated, "So we get to the governor's cabinet office and I go introduce myself to Mr. Broad and I sat down at the end of the table ... because I was not a player and I knew the governor wasn't particularly happy to have me there but he let me." However, Broad had McLellan sit next to him because he thought his comments were particularly helpful, and many of these comments would become part of PEFA. Then in a turn of fate, the Parthenon consultants did not show up because his plane was late. As McLellan told it, "So Mr. Broad said, well, Richard, why don't you just take us through your notes until we figure out whether this guy's going to make it or not." In the end, the group spent two hours going through McLellan's notes and the presentation that was prepared, but without the consultant. The governor then arrived and had a private lunch with Broad

⁶ Interestingly "pro bono" is Latin and stems from "pro bono publico," which means "for the public good" or in the case of its common, shorted form "for the good." Pro bono services are often used for the indigent, but here are used so that public money is not spent on services for the governor. This means the lawyer is not a member of government and does not need to adhere to standard legal requirements of governmental employees.

before they both returned for an afternoon meeting. At the conclusion of the meeting, the governor came over to McLellan and said, “Could you do this with executive power like you did the MEDC [Michigan Economic Development Corporation] outside of legislative action?” This was actually the moment and trigger that created PEFA. The message that followed was only a tool to be used as the rational trigger.

However, this is not the end of the significance of the meeting with Broad. There is a strong connection to the creation of the Emergency Achievement Authority (EAA). McLellan continued, “I was originally brought in at the end of April to work on legislation to deal with Detroit ... the message wasn’t entirely separate from what they found out, which was Detroit was going down the shitter. And Broad people wanted something drafted and passed by the time they [legislators] break for the summer.” McLellan then got Broad to hire Dilemma, McLellan’s law firm from which he was retired but with which he still had an office, to work on the Detroit project. In particular, they hired Len Wolf and Steve Legal, who had been Governor Granholm’s legal counsel. This means that when the Republicans were in the governor’s office, McLellan represented them, but when the Democrats were in the governor’s office, these two represented. Regardless of the party, the governor’s legal counsel was coming from the same law firm. McLellan supported this as a “political lawyer unpaid.”

At one of the subsequent meetings, Bill Rustem, one of the governor’s policy advisors, said to McLellan, “Would you take a look at the rest of the message and see what we need to do?” From here, McLellan examined the governor’s message, highlighting many of the concepts articulated above, and created a separate project from the EAA work. McLellan stated, “Why don’t I just see if we can sort of articulate them in a single bill in the

school code. If he wants to be reinventing public education, let's give him everything he wants. That came out to be House Bill 5923." Thus PEFA, known as House Bill 5923, was born using the governor's message, but with the impetus coming from the meetings of private philanthropic officials with governmental officials to change educational policy. Once the idea was stated to change Michigan school law, there still had to be a set of tenets and also a process.

Policy Note and Connections on Policy Triggers

A major theme from this section is that policy can be multifaceted in its presentation and existence. There is what the policy was designed to look like (for the public and main policy players) and then there is how it was really designed. In this case, the policy inception of the EAA and PEFA really began when Eli Broad flew in to change Detroit's educational system, meeting both with Governor Snyder and Richard McLellan, which was step one. The EAA and PEFA, while separate, are connected root and branch. After this meeting, step two, the governor's special message on education was created as both the policy trigger in the environment and as a rhetorical road map of the plans to change Michigan's public education system. Conveniently, such messages have a constitutional mechanism and are considered legitimate fair for the governor's office. It was designed to serve under the guise of a rational policy trigger that began the whole process, and it did it so well that the opposition to PEFA continually cited it as the impetus for the governor and McLellan's actions. It is not that the other policy actors did not speculate that there was more to the story, like Diver and Compson, but there was no evidence, and the governor's message was a tangible document that everyone could point to. Step three, McLellan was

given the charge to proceed in developing PEFA outside of governmental oversight until it was to go to the legislature.

Public Education Finance Act

This section moves from the governor's message to its operationalization. To begin, I frame the mechanism that McLellan used as a vehicle to construct and fund the creation of PEFA. I then move into the specifics of what the PEFA legislation included, the rationale for this direction, and the policy formation process. Finally, I end with a discussion of the connection of this to the policy cycle and process.

Dark Money, a Private Mechanism to Change a Public Good

In order to achieve two of the ideas discussed above, namely a blending of public and private partnerships, and designing the law outside of legislative action (beyond approving the law), McLellan ran PEFA through the nonprofit Oxford Foundation.

Outside of those in McLellan's inner circle, no one really knew what the Oxford Foundation was – it was cloaked in mystery. The president of the state board, Diver, said that "The Oxford Foundation was just created as a nonprofit shell under which some money could flow from donors to pay for the project that's doing this education legislative scoping work." Still others, like Compson, argued that the Oxford Foundation was a holdover from the Engler days and had been used in a "number of different projects, when they need to hire outside, they sort of hire this company, this Oxford Foundation, to do work."

After doing some research, it turns out that the Oxford Foundation is a nonprofit organization that has been around since October 22, 1991, and has a specific mission to

“lessen the burdens of government” (Oxford Foundation). Its board of directors is compromised of two judges and two lawyers. McLellan is the board secretary. When I asked McLellan about this rather vague mission statement, he replied “It’s a very tactical IRS term.” Later, under formal and informal authority, I discuss the importance of such agencies as the Oxford Foundation in shaping government as a legal, extra-governmental resource.

Originally, this organization was set up to fund the restoration of the governor’s state residence, which when using private funds does lessen the burdens of government because the taxpayers do not have to pay for restoration. However, by using this vague term, when the project was finished the organization could be repurposed and has been several times, taking on projects with government leadership, American Indians tribes, and circuit court petitions. It also served as a fiscal agent, which was the Oxford Foundation’s role with PEFA. It served as the pass-through organization from which McLellan was able to hire staff. However, where did the money come from?

This brings up the role of dark money in PEFA. Dark money is funding that is donated to organizations like the Oxford Foundation, but the donors are undisclosed, and legally this is allowed because of the organization’s nonprofit status. Those organizations can then go on to donate to campaigns or sponsor projects with those undisclosed funds. Only recently has this become a trend in education, and even less so as trend in shaping state level educational policy.

In this case, it will never be known who funded the FEPA project through the Oxford Foundation to the tune of \$200,000. One could assume that Broad may have contributed, but it is not clear. Diver stated, “I know who the donors are and I know the bias of their

work is. And so, that would be important public information that would give more clues on who the governor's folks were looking to and who was paying the bill." However, Diver did not disclose the funders. McLellan stated, "Rustem [one of the governor's policy advisors] came up with some money that we ran through the now infamous Oxford Foundation."

The Process of Forming the Law

This section captures the major themes of the PEFA legislation and the confidential report that accompanied the legislation when presented to the governor. As I explain the concepts included in PEFA, I explain the processes of the policy formation in a chronological fashion.

When deciding where to begin, McLellan had already concluded that the ideas for change would come from the governor's special education message. There were only a couple of ways McLellan believed this could be done. There could be a piecemeal approach. Different concepts could be added singularly to the State School Aid Act of 1979 or the Revised School Code, as appropriate. However, this would require individual legislative action on each item. Not only would this be cumbersome, but it would also be difficult and flew against his orders to do as much of it as possible outside of legislative action. The only option was to revise the Revised School Code or the State School Aid Act of 1979. Of the two, McLellan thought that the State School Aid Act of 1979 dealt with the ideas that the governor wanted to change and could be completely replaced by a new school finance act.

In particular, he argued, "The School Aid Act of 1979 is outdated and impedes the use of effective teaching and learning practices ... [this] would replace the outmoded 'membership' and school district-centered model with a solid structure capable of

performance-based structure” (McLellan et al, 2013, p. 1). In addition, The School Aid Act of 1979 is updated every year to reflect the new funding allotments and any additional operational changes to school law, which means that it has been amended at least 34 times. McLellan argued that these constant amendments and tinkering had rendered the law obsolete. In particular, McLellan stated, “One thing I’ve learned, the school code and school aid acts are always changing the minimal amount necessary to accomplish whatever group wants that little change. So if you read it, these are the most obscure reasons and limitations on why some change can be done. If you went back and did the legislative history of that change, that school district needed something ... So you have no coherent strategy in the school code or school aid act for these bigger policy issues.”

McLellan summed up the mission of PEFA as “to develop the structure that can allow for the necessary evolution of Michigan’s K-12 education system to occur, without prescribing what those changes look like” (McLellan et al, 2013, p. 6). That is a very unclear mission. McLellan wanted to change the structure of education, but put in an undefined flexible model. To understand what this mission entails, Table 8 displays the stated purposes of the law and the goals on which those purposes are based.

Table 8: PEFA Project Goals and Purposes

PEFA Project Goals and Purposes	
Purposes Stated in the Proposed Legislation	Goals Stated in the PEFA Report
“Create a public education funding system that’s primary objective is to create career ready citizens;	“Redirect Michigan’s education financing system from a static approach to education delivery toward a new model that accommodates individual learning styles;
“Provide seamless transition for the pupil between early childhood, elementary, secondary, and post secondary education;	“Create a framework for new ‘Any Time, Any Place, Any Way, Any Pace’ public school learning models;
“Provide a public education funding system that promotes individual learning styles;	“Move toward performance-based funding rather than seat time requirements;
“Enables parents and pupils to employ education programming options that place the pupil on a path for their future success;	“Michigan’s state foundation allowance should not be exclusively tied to the school district a child attends. Instead, funding to follow the student;
“Provide greater access to self-paced program enabling a pupil below grade level to have additional time and help to gain competency, while a high achieving pupil may accelerate academically;	“Eliminate barriers to true choice in education, give parents and students the flexibility to employ educational programming that ensures their future success” (McLellan et al, 2013, p. 8).
Provide a pupil growth and assessment tool to allow for performance funding and measure educator effectiveness.” (PEFA, 2013, p. 12)	

To do this, McLellan adopted a guiding framework, not all that different from what social scientists use in their studies. He used the idea of “disruptive innovation,” based on the work of Clayton Christensen in his book *Disrupting Class: How Disruptive Innovation Will Change the Way the World Learns* (2010). The essence of this framework is a pattern of market-driven changes that open resources to consumers and nonconsumers in new

ways, with a focus on technologies. These goals and purposes materialize in the law to change the items summarized in Table 9.

Table 9: PEFA Statutory Outline

PEFA Statutory Outline	
Core Components of the proposed PEFA	
<ul style="list-style-type: none"> • “... acts as a framework for changes in the state education data system to underlie implementation of a performance-based funding system • “... allows for the unbundling of a suite of school-curated education services for those students and parents who want and can benefit from an individualized education plan. <ul style="list-style-type: none"> ○ “Unbundling will primarily apply in secondary school, not elementary schools. ○ Courses will include only those provided by public schools and which are part of the state’s curriculum requirements or permitted by law. • “... proposes a new concept – that of an ‘enrollment district’ – to ensure key functions in the new system are performed. • “... offers a strategy for implementing the Governor’s ‘Any Time, Any Place, Any Way, Any Place’ education model. • “The use of technology in education and performance assessment is expanded. • “Expanded pre-K programs are accommodated” (McLellan et al, 2013, p. iii). 	
Summarized: 1). Performance data; 2). Unbundling educational services; 3). Any Time, Any Place, Any Way, Any Place; 4). Use of technology in education; 5). Pre-K funding.	
Summary of Changes in the Proposed PEFA v. State School Aid Act of 1979	
<ul style="list-style-type: none"> • “Create ‘Early Graduation Scholarships’ for students able to accelerate successful completion of high school. • “‘Membership’ in districts of his or her future education opportunities • “Change from concept of ‘in regular attendance’ to ‘receiving instruction,’ meaning that the archaic ‘seat time’ requirement will be removed to further allow for more innovative methods of teaching and learning. • “Change Michigan’s student counting system to ‘average daily membership’ rather than using the existing 2-membership count day model. This will ensure resources are deployed to the places where student learning occurs. • “Create a new “performance count day’ as part of the move to performance-based funding. • “Create an ‘enrollment district’ concept to implement unbundling. • “Improve Michigan’s education data system to: consolidate reports, create a master reporting calendar, truly leverage improved teaching and learning, and make data available to parents. • “Encourage districts consolidation by allowing a consolidated district to receive the highest of foundation allowances among merging districts. • “Create incentives for year-round schools, as a means of addressing summer learning loss” (McLellan et al, 2013, p. iv). 	

Of these proposed changes, there are a few that deserve more explanation. The first of these is the concept of “unbundling.” This is a term that McLellan came up with to describe the process and one not found in the governor’s message, but something he created to accomplish the tenets of choice presented in the message. Essentially, unbundling allows a student to take multiple courses with multiple public education providers, and each provider gets the percentage amount of the foundation allowance congruent with the time the student spends with them. However, there would be a public institution that maintains records of the student mastery and proficiency, as well as credits awards. McLellan likened the process to bundling and unbundling your cable and phone packages, and he said that the term was often used in the corporate and legal world.

In the PEFA report, McLellan added academic research to liken this process to that of Hess and Meeks’ work. However, keep in mind that none of the academic material was added until the communications specialist was hired to write the report. The connection to their work was by mere chance. Hess and Meeks argued:

Nearly everyone has had experiences with teachers who were terrific mentors but terrible lecturers, or who might have been entertaining in front of a classroom but provided mediocre written feedback. An unbundled teaching model seeks to most effectively leverage each individual’s particular skills, while relaxing the century-old assumption that every teacher should be a lifelong, do-everything employee. (McLellan et al., 2013, p. 20; Hess & Meeks, 2013)

While McLellan created the state unbundling concept, it is clear that others (Hess and Meeks, in particular) were thinking about these ideas and were entering into the educational arena. McLellan took this to the next level by applying it to the entire state and then made the research fit the concept. What makes this so interesting is that he was able to put this concept into the law not by adding words or defining unbundling in the legislation, but by starting with the State School Aid Act of 1979 and taking out phrases and

words that put geographic boundaries on educational areas. Several interviewees argued that it was not practical for students to be enrolled in multiple districts, to say nothing about the transportation issues. They concluded that this was largely about increasing online learning, which McLellan stated was one of his goals. This model would increase the amount of money that online institutions would receive because they would no longer get a stipend amount, but part of the per pupil foundation allowance.

Directly related to the idea of unbundling is Any Time, Any Place, Any Way, Any Pace. Using the same strategy of deleting boundary language (e.g. “within the same intermediate district”) and altering definitions, McLellan’s proposed law dramatically altered the enrollment system and removed geographic boundaries. In essence, the unbundling is the operationalization of Any Time, Any Place, Any Way, Any Pace. As McLellan stated, “A pupil may enroll in any district in the state.” This fulfills the any place. To accomplish any pace, grade levels for courses are turned into content levels, which allows students to move through at their own rate. To meeting any time and any way (as well as the other two items), McLellan argues for increases in technology and online learning.

The final proposed change that I discuss, and one of the changes that seemed less dramatic, is the change in attendance requirements for funding. Currently, Michigan uses a two-count-day system, which several states do. However, the governor, as evidenced by his special message, and McLellan felt that districts and schools were gaming the system for those two days with awards, prizes, and more. To remedy this, McLellan proposed going to “average daily membership.” Based on the current practices, this is becoming the favored trend, as displayed in Table 8.

Table 8: Per Pupil Funding by State

Per Pupil Funding by State		
County Method	Number of States	States
Single Count Day	12	Colorado, Delaware, Connecticut, Indiana, Iowa, Kansas, Maryland, Massachusetts, Nevada, New Jersey, South Dakota, and West Virginia
Multiple Count Day	9	Arizona, Georgia, Hawaii, Louisiana, Maine, Michigan, Montana, Washington, and Wisconsin
Average Daily Attendance*	7	California, Idaho, Kentucky, Mississippi, Missouri, New York, and Texas
Average Daily Membership*	15	Arkansas, Minnesota, Nebraska, New Hampshire, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, and Virginia
Single Count Period**	4	Alabama, Alaska, New Mexico, and Wyoming
Multiple Count Period**	3	Florida, Illinois, and Ohio
* attendance includes only those present and membership includes those registered whether present or not ** period is a state defined window of time over multiple days Average Daily Attendance (2011)		

Policy Note and Connections to Policy Formation

In the above section, McLellan used a private foundation to funnel dark money in the development of a public education project. This allowed for a blending of private and public organization, gave him a position from which he worked with stakeholders through the educational community, and freedom and authority to do as he pleased without governmental oversight. Using this organization, he then set out to write the formal legislation that revised the School Aid Act of 1979 with PEFA, and this would dramatically change the course of education in the state of Michigan.

The Authority to Act (Knowing the Rules of the Game)

From the onset of exploring PEFA, there was a great deal of ambiguity and complexity around the authority of McLellan to act in creating this proposed law. Again, he was not a governmental official in term or in title, but rather considered himself a volunteer of the governor's. However, for a private citizen, he had vast access to various levels of the government, and many membership organizations (as we will see later in the discussion of the public perspective) treated him as a legitimate threat. Those two elements alone seemed to imply a formal authority, but identifying one was substantially complex. Many participants of this study argued that he really did not have a formal role, but rather an informal authority to act, while others, McLellan included, argued that he had formal powers.

To begin, I look at the informal network, which many people argued was what he operated under. For some people this was enough, but for others it caused great resentment. I then explore the legal way that McLellan was able to shape educational policy through mechanisms already in place, in order to involve outside policy elites in the formal governmental process.

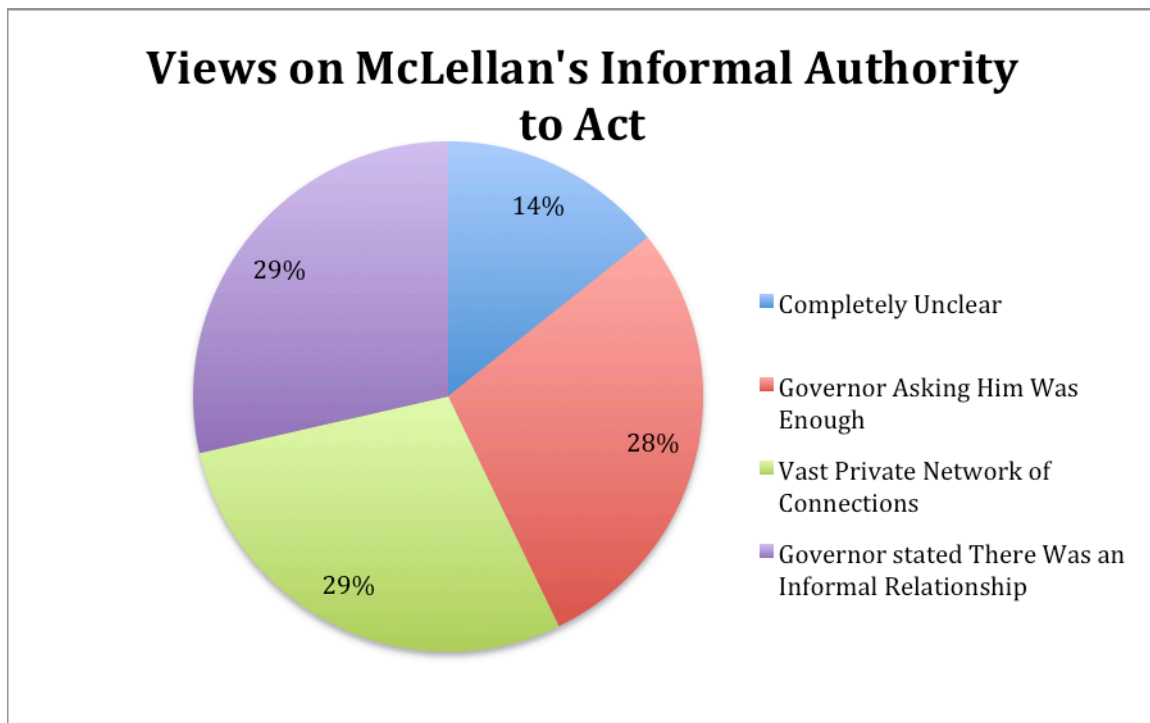
Informal Authority View

To begin, I must first define what informal authority and formal authority are. Most explicitly, formal authority is that which is given to someone in an organization because of the person's position in the hierarchy. For example, the dean of a college has formal authority over the college and those in it because they were hired for that position. Informal authority is something that is earned through social exchanges and not

necessarily connected to the formal position one has. This would include networking and relationships of trust, influence, knowledge, and expertise.

Many of the interviewees saw McLellan as having this informal authority to shape educational policy. He did not have a formal position within the governmental structure, at least not one that was commonly recognized, even by those in government (see formal authority in the next section). Figure 4 shows how most participants saw McLellan's authority to act.

Figure 4: Views on McLellan's Informal Authority to Act



The president of the State Board of Education, Dick Diver, argued, "The issue was, did the governor authorize McLellan to do all of this and is this his package of legislation?" However, this is a complex question, and one that even those who work in government were not able to sort out clearly. Diver felt that there were two ways that the authority of PEFA could have unfolded, but he was unsure which one it really was. The first, he argued,

Was just very, very explicitly, Governor Snyder, Rich Baird, his consigliere, you know, and the de facto education advisors, Bill Rustem and Craig Tetter, basically saying here's the plan, Richard, go forth and we want to end up with this very robust set of new school creations and voucher like funding mechanisms and that's what, you know, we want to get and we probably need to hide our hand a bit and try to get it through in lame duck when, before people know what it is. Go forth and do that.

This implies that McLellan had a charge, but the governor and advisors were not openly supporting the process, which means that McLellan had to operate informally through his contacts.

Diver argued that there was possibly another scenario. The "second scenario was that McLellan just took whatever license he was given and went and the governor's office would have liked to have maintained some deniability which is politically perhaps helpful. You know, we commissioned Richard and the company to go forth. They're working independently, meaning we're not telling them exactly what to cook up ... we can then pick and choose from it and we do not have to accept any ideas that are too radical or too, you know, politically not what we want to do." This would cause McLellan to have to operate at arm's length so that the governor's office would be able to have some deniability. By the time PEFA had come to a close, the governor's office did contact Diver and said, "Our man went rogue, McLellan, and you had to go ballistic and still, let's push the reset button and, cuz I was saying how do we, how do we get back to actually advancing some ideas that are worth advancing and you can't advance them when you've got the sort of right wing school destruction machinery publicly representing us." This says several different things about McLellan's authority, while at the same time pushing him away. The governor's office did consider McLellan to be their "man," which implies he was operating under their authority, but at the same time, when everything fell apart, they distanced themselves from him and

the views that he promoted. Although this was the approach, it does not explain how he was able to set up meetings with various educational and governmental officials.

Others had different views on the idea of his authority. Another state board member, Eleanor Dashwood, was really confused at how it was even an option for someone outside of government to be so involved with government. While that is a very strict view, it is not a very practical one. After all, people and various interest groups are always lobbying for law changes, but lobbying for laws and creating them as McLellan did are on different levels. What makes PEFA so different was how much access to various levels of government McLellan had and how much time people and organizations devoted to engaging in the process that he created. Another state board member, Dorian Gray, who at the time of this writing was the longest serving member, and William Gordon, former state representative and mayor, simply said that McLellan could do it because he was asked to. They felt that if an executive officer like the governor asked someone to undertake a project like PEFA, then there was probably some political support and will be even if there was not any formal authority. However, Gordon had been around long enough to suggest that formal authority in government can occur in many different facets, compared to how it would normally appear in a closed, private organization.

Caroline Compson, government relations director for Michigan's biggest, wealthiest, and most influential ISD, said that there had to be an informal contract of understanding. After all, her boss, the ISD superintendent, was very concerned with McLellan and his legislation and thought it could pass. Compson stated, "Well, the governor had contracted with him for some work and so there was that authority. And I think that often, especially with term limits, lobbying groups or associations or even corporations at times will help

develop legislation.” Compson went on to say that this generally had not been the case in Michigan’s education policy, until private actors like McLellan got involved. Despite this private involvement, this legislation still “has to go through the hearing process and the voting.” Compson argued that there was something different, however, about this legislation. “You and I can sit here and come up with a bill that says whatever we want, hand it to a legislator and it may or may not gain traction, but because the governor had contracted with McLellan and said well, he’s gonna be working on this for me, it was that, that was enough to give him the authority where people were interested in meeting with him. But beyond that, yeah, it’s not like he had any legal authority.” Compson concluded that the governor just saying McLellan had authority was enough to accept that he had informal rights to create the PEFA legislation and work within and with various governmental entities. Compson continued, “In some ways, I really do think it was one of those things where Snyder got elected and McLellan went back to his Engler files that he had somewhere and went, let’s see, where did we leave off? Let’s see now. Open this binder and oh, that’s right. We were gonna try to figure out a way because vouchers failed. All right, how are we gonna do this?” However, as we will see later, Compson as well as McLellan did not put Snyder in the same league as Engler.

Phillip Marlowe did not feel that it was as much about the governor giving his blessing to McLellan as it was about McLellan’s vast private network of contacts in and around government that brought PEFA to the policy agenda. Marlowe stated that McLellan “has built a private network of contacts, generally people who agree with him in whole or in part on what ought to happen. And he’s very good at maintaining and kind of steering where that goes. He’s a very influential person, in part through money but in large part

through his personal interaction and commitment. And he's apparently got enough money that he doesn't have to worry about earning a living ... he's been around for a long time." Marlowe went on to comment that McLellan was a master of influence through private networks to get things done, including moving PEFA along.

Mariah Heep, who actually worked for McLellan and had gotten to watch him work, also felt that his authority came from his private network. Heep argued, "He has a lot of access. He, he talks to a lot of people. You know, I can't think of anyone I know that when Richard calls them, they don't pick up the phone. So I'd say his access is pretty deep. Richard calls everybody anywhere." Heep went on to specifically clarify that McLellan "uses a very powerful informal network." However, she did believe that McLellan had some formal authority, but could not speak to the details. She stated, "The Governor announced that he was asking Richard to do this work and so I think that there is a formal role there, too ... but I don't know the extent of his formal stuff but I do know that there is some ability for him to act on a formal basis, whether he does it or not, I don't know. He seems to operate in a much more informal, ... ad hoc basis." Even one of McLellan's own contracted employees was unclear about the authority he had to operate in creating PEFA, which suggests there was a great deal of ambiguity around the role of private actors in the education policy arena. Perhaps this is because they had not played as big of a role as in other legislative issues until more recently.

Formal Authority View

Based on the interviews, including those of people who were contracted to work on the PEFA project, most believed that Richard McLellan acted on informal authority to begin

drafting the legislation and holding meetings with various educational and governmental groups. This perception set the tone for many people and was capitalized on by the opposition to PEFA, which claimed that McLellan was acting as volunteer and had no real authority.

However, this was not really the case. McLellan had all the vested authority of the executive branch to do what he did. The governor, as McLellan argued, has powers that not even he is fully aware of, “Because you must know the rules of the game.” As I probed him further, McLellan’s eyes lit up, and he began to discuss executive authority – the formal power by which the governor can assign others to work on his behalf.

To begin, McLellan pulled out his copy of the Michigan Constitution of 1963 and turned to Article 5, Section 1, entitled the “Executive Branch.” McLellan began, “The executive power is vested in the governor ... Now, that word executive power is a very big word. And there’s cases and cases and thousands of cases on what it means. All executive administrative offices shall be, shall be, shall be allocated by law.” This means that there are very specific elements to what makes up executive power.

McLellan continued, “Let’s see. The governor, the legislature does allow commissions or agencies for less than two years, temporary agencies or commissions for special purposes with a life of no more than two years may be established by law. Those are rarely created. But the governor can make changes in the executive branch of state government, so he can create all kinds of boards and commissions, and they have over the years. So there’s a special 1943 act creating governor’s commissions. There’s a statutory... In addition to this constitutional provision, there’s a statutory one.”

In particular, Governor Snyder was using two constitutional provisions of his

executive authority that he vested in Richard McLellan. Whether the governor knew the specifics of this formal authority or not is debatable, but his agent McLellan did and understood full well the measure of that authority to act. McLellan stated,

The governor shall communicate by message to the legislature at the beginning of each session and may at other times present to the legislature information as to the affairs of state and recommend measures he considers necessary or desirable. *The governor in asking me to help draft PEFA was exercising his constitutional authority to communicate by message to the legislature.* He has a very specific duty, the governor shall... that was Article 5, section 17. Then he has Article 5, section 18. The governor shall submit to the legislature at a time fixed by law a budget for the ensuing fiscal period, setting forth in detail for all operating funds, could be the school aid fund, expenditures and expected, estimated revenue.

While those two provisions (Article 5, Section 17, Messages and Recommendations to legislature; and Article 5, Section 18, Budget, General and Deficiency Appropriation Bills) explain why the governor had the power to act in the policy arena to formulate PEFA, it still did not explain McLellan's involvement.

As the discussion continued to unfold, McLellan raised the question himself by stating, "But the more important question that they're raising is well, how can Richard McLellan be asked to do this?" The answer is rather simple in that the governor can then appoint his own designees or advisors without any approval, and McLellan was selected to be one of these. His work with Bay Mills and educational choice (as previously discussed in Chapter One), coupled with his vast understanding of the powers of the governor and the legislature, made him the ideal candidate to navigate the process of putting together PEFA. McLellan stated, "The point is, the governor selects his own advisers. If he had called in five educational lobbyists and said would you guys do this for me, they would've been more than happy to show up." It was not your standard fare of educational advisors. There were some in the beginning of the governor's term, but they were not called upon to do this

project. McLellan said, “You had his original transition team task force that put out a report, you had Eli Broad who brought in consultants. Had an office over in the governor’s office for about three months. They, they had their own office. The Parthenon Group. Paid for by Eli Broad.” However, “For the purposes of advising the governor on how to do this, then they brought me in. Technically, I was a lawyer providing, the way I looked at it, ... was providing pro bono legal services to the governor and Eli Broad to address these education issues. Exactly the same thing I had done for Governor Engler for 12 years ... [including] ... having somebody assigned to do a task for the governor and getting private funds to pay for it.”

In addition, McLellan shared with me another perspective on outside resources that can be used by the government. He argued that this was nothing new, but most governmental officials and members of the public do not know anything about the process, nor do they know what their powers actually are. He stated that knowing the rules of the game gave him an edge and maneuverability that most did not have, and it was these technical and not commonly known rules and laws that allowed him to fund and create PEFA. In a white paper given to me and written by McLellan, he argued that “Historically in Michigan, governors, state officials and legislative leaders have benefited from public interest efforts by private sector interests to assist government. (These efforts are separate from the appropriate and essential lobbying activities by private interests, whether corporations, nonprofits, unions and others to affect public policy.)” (McLellan, 2012). In Table 11 below, McLellan outlined several of the legally acceptable ways outside resources may be used in service to the government – entities and practices that McLellan referred to as government instrumentalities.

Table 11: List of Public Service Contributions by Private Interests

List of Public Service Contributions by Private Interests – adapted from “The Role of Private Resources in Top Level Government Management” (McLellan, 2012)		
Outside Resource	Description	Application in PEFA
“Loaned executive”	“On several occasions, businesses have detailed executives or technical people to assist policymakers in managing important public issues”	
Salary supplements to permit hiring of highly qualified people	“Salary supplements have been used in at least two cases: (a) salary enhancement to permit a governor to recruit a highly qualified individual, and (b) salary supplements for executive staff that carry out both public and political roles. MCL §15.402 recognizes this dual role: An employee of the state classified civil service may:... (d) Engage in other political activities on behalf of a candidate or issue in connection with partisan or nonpartisan elections.”	
<i>Pro bono</i> legal services by lawyers and law firms	“Historically, Governors of both parties have called on private sector lawyer to enhance the capacity of their limited legal staffs in the Executive Office of the Governor. These <i>pro bono</i> matters differ from situations where outside lawyers are retained by the state as special assistant attorneys general.”	This is what most of Richard McLellan’s work with the governor’s office has involved over the years, including PEFA.
<i>Pro bono</i> service contributions by other professionals including accountants, communications professionals, management consultants, labor experts, etc.	“Whether through formal appointment to a task force, study commission, work groups, etc., or through direct advice to the governor or his or her staff, private sector individuals contribute to the policy making role of the governor and other state officials.”	Much of the work of PEFA started out this way before the Oxford Foundation became involved.
Philanthropic donations and grants falling within the broad category of “lessening the burdens of government.”	“Major state foundations have made significant grants to elected state officials to help develop and promote policy proposals.”	This is the exact description of the Oxford Foundation and the wording of “lessening the burdens of government” can be found on their website

Table 11 (cont'd)		and legal documents. This is a technical term and broad category of the Internal Revenues Service.
National foundations	"Such as the Gates Foundation funded The National Governors Association Center for Best Practices (NGA Center) and the Council of Chief State School Officers (CCSSO) Common Core State Standards Initiative, a process being led by governors and chief state school officers in 51 states, territories, and the District of Columbia. "	
"Public-private partnerships"	"The role of private sector interests actually managing public services is reflected in the term public-private partnership, defined ... as: A public-private partnership (PPP) is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies ..."	
Private funding of state assets	"E.g., the Library of Michigan's Rare Book Room, the Frank J. Kelley Law Library in the Department of Attorney General, and the Michigan Chemistry Council gift of construction a hazardous chemicals building to the Michigan State Police. "	
Public interest advertising donated by the media	"The Michigan Association of Broadcasters web site provides: MAB PROGRAMS: Each year, the MAB assists the state ... by endorsing campaigns and encouraging member stations to promoting these campaigns. In general, the MAB helps facilitate statewide attention to the issue. MAB works with state officials to identify the most pressing social problems."	
Attendance at a conference, training session, or other meeting	"The expenses of which are paid in whole or in part by a private source, if the attendance is primarily for the benefit of the state."	
Extensive private volunteer efforts	These efforts are "to assist state government leaders in addressing major policy issues, e.g., the Secchia Commission	To a certain degree, PEFA falls under this as well, especially

Table 11 (cont'd)	and the McPherson Charter School Commission."	because of the taskforce designation that is sometimes used to describe the work.
Private funding for revisions to the constitutionally required governor's residence	"Under Michigan's constitution, the state is required to provide an 'executive residence suitably furnished' for the governor and his family. Because of fiscal, political and public perception concerns, many of the maintenance and improvement expenses of the governors' residences have been borne by private funds, usually through a §501(c)(3) organization formed for the purpose."	This is very important to PEFA. However, it would seem contrary to think so. As otherwise noted, the Oxford Foundation, while setup to "less the burden of government" was originally created for this, until it was repurposed.
Private funding for state-hosted events	"E.g., 2013 meeting of the Council of Great Lakes Governors and the Premiers of Ontario and Québec at Mackinac Island, the National Governors Association Meeting in Michigan, G8 Meeting of Energy Ministers, and the U.S. Midwest-Japan Association meeting. For each of these meetings, substantial private funds were raised for expenses."	
<p>Legal Note: The legal rules for such activities have been establish for some time. Specifically, since at least 1901, Michigan law has provided for a mechanism to allow private gifts to the state. The two statues below outline the nuances of such including reporting to the state legislature such gifts and that such items can only benefit the state, not individuals.</p> <p>MCL §21.161. Grants and gifts to state; acceptance by governor, report to legislature.</p> <ul style="list-style-type: none"> • "Whenever any grant...donation, gift or assignment of money... shall be made to this state, the governor is hereby directed to receive and accept the same... and all... property or thing of value...shall be reported by the governor to the legislature...." <p>MCL §15.342. Public officer or employee; prohibited conduct.</p> <ul style="list-style-type: none"> • "A public officer or employee shall not solicit or accept a gift or loan of money, goods, services, or other thing of value for the benefit of a person or organization, other than the state, which tends to influence the manner in which the public officer or employee or another public officer or employee performs official duties." 		

What can be concluded from this confusion about informal and formal authority is that “There’s a whole structure of private sector involvement in public policy making,” and there has been for some time. Most people are very unaware of this. It becomes increasingly visible as these new actors become involved in the educational sector that they were never part of before, or at least not studied before. Much of this has been clouded over by what McLellan called the new model of news reporting. He argued, “Notwithstanding the reporters, ... haven’t been around, most of them. They come to town and their job is, is to get stories in the paper that get hits. The whole model of the press now is you have to have two or three stories, they have to be as controversial as possible so they can show that people are reading it and are commenting on it. So you have this whole new model.” What this means is that the nuances of how things occur gets left out for the general public – the actual, but complex workings of government. This makes McLellan’s work even more important because people do not realize the powers of certain branches of the government and what powers they actually have to get things done. What is clear is that legally, McLellan had all the formal authority that was necessary to act in an official capacity on the governor’s behalf.

Policy Note and Connections on Authority

This issue of authority connects directly to another idea that also surfaced in the review of the literature, ambiguity. David Cohen argued that “Characteristically, when the federal government assumes a new function, it takes only part of it, leaving substantial discretion and authority in state hands” (1982, p. 478). However, we must then ask the question: What happens when the state only assumes part of a new function? To whom is

that substantial discretion and authority left that the state does not take? Remember, as McDermott argued, “States stand in the middle of this intergovernmental network, both geographically and functionally” (2010, p. 756). They are the pivotal piece in shaping educational policy.

Anagnostopoulos et al. (2013) argued that “antibureaucratic sentiment, an emphasis on market-oriented solutions, and political disputes between governors, state superintendents, and state schools boards combined with unprecedented state budget shortfalls resulted in significant SEA [State Education Agencies] staff reductions while at the same time laws like No Child Left Behind have reinforced rather than limited the expansion of state power” (p. 218). With the state not having the capacity or desire to take on a certain aspect of educational policy, the doors are opened to new actors. This creates ambiguity as new actors enter on to the stage in this era of accountability and changing power dynamics. Policy entrepreneurs like McLellan are able to assume these new roles.

As Henig pointed out, “Policy entrepreneurs, analogously, detect an unmet social need, unrepresented constituency, or untried policy and carry it onto the policy agenda, reaping political support and influence as the primary reward” (2013, p. 37). It is difficult to argue that PEFA was an unmet social need, but it was set up to look like there was an unmet need, and then it was able to be brought to the state education policy agenda through private hands with a strong market based solution.

As McLellan told me and I could not agree more, entrepreneurs must know the rules of government, rules that McLellan was well aquatinted with and others were not. He argued that he was able to do all that he did because he knew how government functions and knew the powers of the governor better than the governor did. Already embedded in

the laws of the State of Michigan are ways to involve private interests in governmental function. It is just that most officials are not fully aware of their powers, nor do they use them. The laws and rules are rather nonspecific, which means that as times change, so do the actors and the roles they are allowed to play. McLellan has been involved policymaking for many years, but the changing policy arena has made it more socially acceptable for outside actors to be involved and highly visible like never before.

Policy Formation Thus Far and What Follows

Thus far, I have discussed several key policy moves that went into the formation of PEFA. In summation, there was a successful effort by the governor and McLellan to use the governor's special message both as a rational policy trigger and as a policy tool of how to change education. This document was not the trigger, but the trigger actually stemmed from the private interests of Eli Broad. Broad met with Governor Snyder and McLellan, and at least two resulting projects were set underway – the EAA and PEFA. Once they decided to change the direction of Michigan's education system, Snyder had the special message constructed as a road map, but the key ideas aiming at increased choice and achievement were designed by MDE and some key policy actors, who would later go on vehemently to oppose the operationalization of their ideas in PEFA.

Once the ideas were in place, there needed to be a mechanism for McLellan to operate under that was not under government control and subject to such legalities as the Freedom of Information Act. This is where the Oxford Foundation comes in and the use of dark money to fund the project. Once the staff was hired and the project was underway, McLellan summarized the key elements of the governor's message into legislation, all while

working with members of the state government to form the legislation like he was a high-ranking official of the state. This newfound authority was the subject of much debate and policy anxiety for many policy actors, which led me to the concluding section of this chapter about formal and informal authority for non-governmental policy entrepreneurs to be able to act.

Chapter Five picks up where four left off. As four examined the internal inception of such a process, Chapter Five looks at the public exhibition and debate of PEFA. I examined who was involved in the process, how various interest groups came to align themselves, and the outcomes of this on the policy cycle.

Chapter Six: The State's Version of Star Wars

As I have demonstrated in the previous chapter, PEFA underwent many inception and formation processes that were both governmental and extra-governmental in nature. However, the issues of power and authority in writing the legislation are only one aspect of the shaping of this policy. It was not just enough for it to be written; it also had to undergo public debate and action, as described in Schultz's policy cycle (2005). This occurred in two major ways. The first was the effort of McLellan and the Oxford Foundation, and second, this gave rise to the series of alliances among various interest groups who set out to defeat PEFA.

The Empire Strikes Back

A major theme of McLellan's PEFA campaign was the idea of transparency. He set out with the stated intention of having different groups interact with his work. However, this was what also sparked the opposition to PEFA. Not only was McLellan presenting what he planned to do to education in front of many different stakeholders, he was not overly interested in their suggested changes. This caused several groups to feel disenchanting with the process, especially after he invited them to meet. As McLellan admitted, the idea of being transparent about such activities and involving actors outside of the legislature and of the governor's office was a foreign concept to him.

One of the elements of transparency that he created was a website that housed all of the official documents about PEFA, all of the letters that they received for and against it, and a *frequently asked questions* section. This desire for transparency was included at the

governor's behest, and it was something that he has pushed through local governments, including school districts. In point of fact, the website claimed that "Because public education and school financing is such an important subject to many organizations and the general public, the Michigan Public Education Finance Project will be conducted with maximum transparency, including: All legislative drafts, reports and recommendations will be public and accessible on-line. Regular consultations will be held with education interest groups. The Superintendent and professional staff of the Michigan Department of Education will be asked to be actively involved, employing their expertise. Key education and appropriations staffs in the legislature will be asked to participate on a bipartisan basis."

Building on this, McLellan staged a large meeting with what he called the education shareholders to discuss PEFA. As President Diver recalled, "Once McLellan and the Oxford Foundation got going, and they announced in the fall, and it became pretty clear almost immediately that their kind of mandate ... was basically contemplating and working to develop a much more expansive way to offer new school choices and new school vendors in the marketplace." As the meetings went on, Diver stated, "They never were interested in looking at how we actually raise any more money ... It was always how do we create a new marketplace of education."

MEA lobbyist Marlowe remembered it slightly differently, but the interpretation was not that different. He stated that "In June of 2011, it kind of became public when the Oxford Foundation invited some 60 organizations to send a representative to a meeting in mid-July but that became public knowledge and was a public meeting and there were several hundred people who actually showed up." McLellan had invited what Diver,

Marlowe, and McLellan called the “whole school community,” which included special interest groups, school unions, school management organizations, charter school organizations, lobbyists, and elected officials.

Several interviewees have described this meeting, but Marlowe captured it best:

My recollection is Dick McLellan wasn't even up front. It was a couple folks from the governor's office and Peter Ruddell [McLellan's assistant in the drafting process] and they explained the process and what was going on. And how anyone who was interested could give input and where they could go online to get information on what was happening, what the draft was, what other organizations were feeding in as their input. There was no firm plan at that point in time, other than a timeline and the general goals of what they wanted to do. They did refer folks to the governor's education speech as the framework of where they were going. They invited people to meet with them if they wanted, to submit written input if they wanted. Both of which we did, among others, you know. Oh, I think generally we're not in favor of it but we had some specific suggestions.

This paints an interesting view of the transparency process McLellan had created. It was transparent in the assertion that “here is the proposed law and changes and this is what we are going to do.”

Marlowe thought that “It was to be a working group but in fact what it was one hearing and they announced what they were doing. They had this program they were working on and there never were any working group meetings.” After the meeting, Diver stated, “We as a board formally put together both our recommendations, our ideas, then a committee of the board met several times with McLellan and it became clear in those discussions that the only thing they were interested in was having the state board be supportive of some of their ideas. They had zero interest in actually entertaining some of ours.” This left many in the room feeling disenfranchised and that these changes were being done to them and not in collaboration with them. This caused serious resentment that manifested itself in strong, organized opposition. However, McLellan argued, “We met

with all these groups and not one of them was willing to participate in a serious discussion ... they had made a policy decision not to participate.”

The Return of the Jedi (the Alliance)

Through the interview process, a certain color, or maybe lack of color, was associated with McLellan’s name. Several interviewees referred to him as dark, including “the Dark Prince,” “Dark Lord,” “Darth Vader of the Legislature,” and “the dark force.” When I asked McLellan about this, he laughed and reveled in his nom de guerre.⁷ He laughed, “So dark seems to be my color ... I think I’m a bright and cheery guy.” However, while I can see the virtue of this dark perception in the political arena, it can also be used as a distraction to erode trust, and this is what the Alliance did with McLellan and PEFA.

The Alliance is what I call the team of organized opposition to PEFA. However, this was more than just a series of interest groups that opposed one piece of legislation. A series of interest groups combined their efforts into a super interest group that was organized and had a de facto leader. Going back to the literature on interest groups discussed in Chapter Three, Opfer et al. (2008) stated that there are two persistent themes in the literature on what interest groups do: (1) organized interests seek to influence policy, and (2) certain contexts can diminish or preclude organized interests’ ability to employ lobbying tactics to secure the enactment of favorable policies or prevent unfavorable legislation or regulation (Baumgartner & Leech, 1998; Lowery, 2007). We see both of these unfold here. The interest groups around education sought to influence the outcome of PEFA by preventing the passage of what they saw as unfavorable legislation.

⁷ French for “war name.”

These groups were comprised of special interest groups, such as unions, teacher and administrator organizations, elected school boards and their membership association, as well as the elected state board of education. These also included intermediate school districts (ISDs) and their membership groups. All of these groups fall under Salisbury's exchange theory, except for the elected officials. Recalling from Chapter Three, exchange theory holds that beyond personal gain, there may be political elements that pull members together. These groups all have members who have received collective benefits as a result of their membership, and those benefits can be political as well. However, as they banded together, they became something else – a super interest group that is somewhere between Truman's order and disturbance theory and McFarland's countervailing power theory. This is the uniqueness of the PEFA. So many different groups came together to oppose it, forming one collective voice. It aligned with the countervailing power theory in that this super interest group was formed to react to what they saw as the dominant voice of a well-organized interest groups (McLellan and the governor). However, it quickly became the largest voice formed on common political views, which aligns with agenda setting of order and disturbance theory, because the members joined together over similar interests and had similar goals – in this case, maintaining the current education system.

How did this super interest group come to be? It is not easy to get these various agencies all on the same page to rage against one policy. Often there is division between the groups, especially on issues of unionization and evaluation. As long time State School Board member Grey argued, "The education community doesn't always work together. They're usually out there lobbying for their own self-interest." However, these groups disliked PEFA so vehemently, they united in their opposition because each felt it was in their best

interests. McLellan inadvertently brought these various education actors together in an effort of transparency, and then one person became the lead organizer and took charge to defeat PEFA by raising public concern, outing PEFA's connection to the EAA, alluding to conspiracy and secret governmental meetings, and discrediting PEFA's claims to improve education.

Transparency

I asked McLellan what he thought happened, and he said that the whole political nightmare that became the PEFA legislation began with him having tried to serve transparency. He argued, "This transparency was clearly used to ... kill the baby before it's born, it was a smart, it was a smart strategy on their part ... it was their policy strategy." The political problems of PEFA were "in part because of the organized campaign by the school lobby against House Bill 5923 [PEFA]. But they wisely bundled everything together and called it vouchers and blah, blah, blah." While McLellan felt he was being transparent in his action, it was clear the school lobby wanted input in addition to McLellan explaining what was going to happen.

However, it is clear in the interviews that neither McLellan's team nor the organized opposition felt like the other was listening to their concerns. He continued that "We met with all these groups and not one of them was willing to participate in a serious discussion ... they had made a policy decision not to participate." McLellan felt that this was also part of the school lobbies' strategy to defeat PEFA. He argued that "from an issue management point of view ... you can't, once you learn that the other side is not going to participate and we learned that very early, get something done." It was their resistance to change that

made things so unpleasant. I then asked McLellan how this whole super interest against PEFA was organized. He thought for a moment and then said that it was all because of the work of one person. He argued that “The princess of evil ... Addie Bundren.⁸ And I don’t know that but until she proves that she isn’t behind it all, I’m giving her credit for everything.” While it would seem that this might be an off the cuff response, it was clear that McLellan had thought about this for a long time. He got out a white paper that he had written called the Education Battle Plan. In this plan, he presented me a chart, based on the one in Table 12, where he names Addie Bundren, ISD superintendent of the most affluent county in Michigan, at the top of the list of organized opposition.

⁸ Addie Bundren is a literary pseudonym for the ISD superintendent of the most affluent county in Michigan. The character Addie Bundren is the mother in William Faulkner’s novel *As I Lay Dying*.

Table 12: Traditionalist

Traditionalists: Led by Addie Bundren with Unified Strategy		
Fellow Travellers: <ul style="list-style-type: none"> - PTA - Front groups - News media - School vendors - Democratic Party - Ed Trust Midwest - National liberal organizations - Parents in “good” schools - Democrat legislators 	Commanders Army: <ul style="list-style-type: none"> - 500+ district superintendents - Elected school board members - Democratic State Board of Education Members - Education interest groups - Michigan Association of School Administrators - Michigan Education Association - Macomb ISD - Michigan Association of School Boards - Michigan League for Human Services - AFT-Michigan - Michigan Association of Secondary Principals - Michigan Elementary and Middle School Principals - Michigan School Business Officials - Michigan Pupil Transportation Association - Michigan Association of Intermediate School Administrators - Michigan Small and Rural Schools <p>“[As of December 2011 ... there were 339,919 paid employees working in Michigan’s public schools. There are 553 school districts, 57 intermediate school districts, and thousands of school buildings. Moreover, there are many private vendors, consultants, textbook suppliers, associations and others with strong vested interests in the operation and funding of public schools]”</p>	Worker Army: <ul style="list-style-type: none"> - AFT - MEA - UAW - AFL-CIO - AFSCME
		
Neutrals: <ul style="list-style-type: none"> - Superintendent Flanagan - Business Community - Detroit Chamber of Commerce - Michigan Chamber - Local governments - Community colleges and state universities 	Targets of the Battle: <ul style="list-style-type: none"> - Republican Legislative leaders - Education committee chairs - School aid subcommittee chairs - Legislative staffs - Fiscal agencies - Individual legislators - General public 	

The chart is very specific, and it lists people in various categories. The first is the traditionalists, who are those who wish more or less maintain the status quo. That does not mean not changing elements or practices, but the overall structure would remain the same, although with more money. Commanders are the leadership, especially those in charge of school government instrumentalities. Workers are members of the school force who are not leadership, and fellow travelers are those groups that tend to align themselves with the traditionalists because of overlapping interests.

While McLellan's representation is probably a biased representation of the key players, it does capture many of them and how they were viewed by the McLellan supporters. However, was McLellan just speculating or was Bundren really part of this? This representation is not totally inaccurate, at least as far as interest groups are concerned. Based on my research, President Diver and Bundren were two of the biggest opponents to PEFA. As it turns out, several interviewees discussed their role in defeating PEFA, and almost all of them discussed Bundren.

Coalition Building – Forming a Super Interest Group

After the initial large group meeting McLellan called, Compson, government relations director, tried to set up a meeting with McLellan and the Oxford foundation to discuss their concerns with PEFA. However, she felt there was opposition to this. She stated, "They kind of blew off us cuz we're Yoknapatawpha Schools⁹ and, you know, we tend to be loud and organized against a lot of their ideas and so they tend not to want to

⁹ Yoknapatawpha Schools is a literary pseudonym for Michigan's most affluent county ISD. In literature, Yoknapatawpha County, pronounced "Yok'na pa TAW pha," is the imaginary county where almost all of William Faulkner's novels are set.

meet with us. I probably wouldn't meet with me either if I were them." Compson and her ISD superintendent, Bundren, went into this policy debate wanting to discuss PEFA from what they perceived as a position of power. They represented the largest and most affluent county in the State of Michigan, and they were used to being able to influence policy. McLellan did not really care who they were, and he was not particularly interested in their point of view for a couple of reasons. First, he saw this as a power play to change the policy, and he was no novice at influencing policy either; and second, the transparency and public meetings were not work groups because most of the legislation had already been designed by this point.

Despite this, McLellan finally held a joint meeting with seven or eight groups, and Yoknapatawpha did not get the private audience for which they had hoped. As a matter of fact, they did not feel unique. As Compson put it, "They sort of clumped about seven or eight of us all in a room to meet with McLellan." Furthermore, Compson expressed that Yoknapatawpha was worried about control. She stated, "Our districts are not going to have any control over this but they're going to be penalized for it." She was referring to the change in the funding stream, and that an unbundled system would be a game changer for those who go to the schools in the affluent Yoknapatawpha County and the amount of money they may receive.

Dissatisfied with the outcome of the meeting, Bundren began forming an education collation against PEFA, using the various actors that McLellan had invited to the major public hearing, and also the large group meeting that Yoknapatawpha had attended. According to Compson, Yoknapatawpha was not happy with the major components of the

bill. Specifically, she stated, “Some of it was the finance piece, some of it was the EAA and there was the overlap between them, some of it was how we were going to fund schools.”

Once all the interest groups were assembled and unified behind her, Bundren had a series of town hall meetings. As Compson put it, Bundren “was pretty direct about what she thought of the unbundling stuff and its links to ALEC, ... in short, it was this whole idea of a back door to \$13 billion in public education money that they’re trying to figure out how to funnel to the private school, you know, the private, not schools necessarily. It’s not that kind of a voucher. It’s more the private industry behind, they’re running these courses.” Much to McLellan’s dismay, the opposition connected unbundling to vouchers and private schools when in reality it would have been more like private industry running online courses. Nonetheless, it clouded what PEFA was and was not. After all, under the 1970 “Parochiaid” amendment to the Michigan constitution, public funds, direct or indirect, are not allowed for private schools, religious or otherwise. In essence, it became politically viable for the opposition to confuse the issue and then include what it was really about: cyber schools and private industry.

According to Compson, Bundren stated that “It seems pretty un-American to have these non-accountable, non-elected courses that are now going to be able to just get this funding without any real oversight, any reporting requirements, any whatever.” McLellan took this to be a direct attack on him and what he stood for, and in defending PEFA he went on the radio. Eventually, it became an argument of whether Bundren was really calling McLellan un-American, which he felt she was, and she was definitely trying to connect the dots while also trying to appeal to the prochoice Tea Party members to side with her and the education lobby. In retaliation for being called un-American, McLellan called Bundren

“the hyper-ventilating superintendent from Yoknapatawpha County.” In addition, Bundren pointed everyone to a website that was against PEFA, but conveniently was not run by Yoknapatawpha County; it was called A Million Voices that served the Tri-County area and opposed PEFA. Finally, the legislature went on winter break for the month of December of 2012, and much of the PEFA rhetoric died down.

McLellan and Bundren also argued about equity, which received a great deal of attention. For McLellan, it was rather negative attention. Some people define equity as everyone gets equal amounts. Others define it as everyone gets what they need, and some need more than others to succeed. However, Richard McLellan argued that there is no such thing as equity – a statement that Bundren capitalized on in her speeches in which she claimed that McLellan was trying to blow up the education system. At first, this statement struck me as odd, because in education we often talk about issues of equity. However, McLellan then went on to explain his point, particularly that the educational community cannot agree on a common definition, but instead problematizes it instead of specifically defining it. McLellan argued, “Again, there’s two or three words in our culture that are just void of meaning. Best practices, reform, and equity would be three. They don’t mean anything. They mean whatever you choose to mean in a particular argument. It always means you get more money. Always.” While McLellan is making a complicated argument on the lack of commonly defined language in education, his point was boiled down simply to mean that he did not believe in, nor wanted, equity, and he would undo any equity already in education through PEFA.

However, Bundren did not do all of this alone. The State Board of Education helped her form this super interest group of the educational community. Dorian Gray, longtime

board member, recalled, “She helped organize a campaign against it and we got the associations who were also against it ... the school board or the school board association or school administrators, the PTA, a lot of those organizations.” As new State School Board member Dashwood put it, “The board went from Marquette to Grand Rapids to Okemos, all over the state, we held a number of forums to try to increase awareness.” Grey continued that there were also very active intermediate school district superintendents who worked to oppose PEFA. However, Gray specifically credited most of the work to Bundren, having stated that “Addie Bundren of the Yoknapatawpha Schools was really effective in getting it on the email, on the internet and setting up a response mechanism and getting people to get in touch with their legislators.” As Compson recalled, “Bundren got the Yoknapatawpha County legislators pretty freaked out in the fall when they were getting emails to the tune of thousands from constituents saying what is this we’re hearing about selective enrollment and special new forms of schools and unbundling funding.”

This added a new dimension to what Compson had argued. Not only was Bundren out on the circuit talking about PEFA and promoting its demise, she was also encouraging people to send specific messages to their elected representatives in Lansing. McLellan was busy fighting Bundren, and he assumed because this was the governor’s idea, and he supported it, at least from a distance, and that it had already been introduced into the legislature that the Republicans were on his side to pass it during the lame duck session in 2012.

Interestingly, when McLellan did all this organizing and used the Oxford Foundation to promote his ideas to influence the legislature, he was the dark villain. However, when the school lobby organized in a similar manner, they were saluted for working together. As

Gray puts it, “So it was a very good example of when the school community gets, the public school community gets together and works in harmony, they can influence the legislature.” To some degree, it hardly seems fair.

Connecting One Controversy to Another – the EAA

As I described in Chapter Four, there was a connection between the PEFA and the EAA, but it was not an explicit connection. Both concepts came out of a meeting with Eli Broad, Governor Snyder, and McLellan. Furthermore, McLellan was involved in drafting both, but he only championed PEFA publicly. The connection between McLellan and the EAA was not public knowledge, at least not in the beginning. This connection became a major focus of the opposition, which also generally opposed the EAA.

The connect between the EAA bill and the PEFA bill became clear when they were introduced together with a few other bills during the 2012 lame duck session by Representative Lisa Lyons. Furthermore, according to Compson, some of McLellan’s white papers surfaced that discussed the connections between the two. This begs the question of what the connection actually was between the two bills.

As longtime board member Gray described it, the EAA was created outside of the Michigan Department of Education. It was established by a local government act between Eastern Michigan University and the Detroit Public Schools, under the control of the governor’s appointed emergency manager Roy Roberts. She, along with several others, credits McLellan with this. School districts are government instrumentalities just like cities and townships, so the same laws and terms apply to them. McLellan used a revenue sharing function of the law meant for cities and townships to connect to Eastern and the Detroit

Public Schools. However, this only gave them limited authority. The EAA bill would have formalized and set their state-level powers.

Diver argued that the connection to PEFA came in the unbundling and choice options PEFA would have triggered. The EAA bill was rather narrowly tailored in order to get it passed, but if it passed with PEFA, the EAA would have more expansive power. Specifically, “House Bill 5923 [PEFA], [of which] McLellan was the architect, added to what should’ve been a very needed and narrow Education Achievement Authority bill that would be codifying the EAA to turn around the most persistently under-performing schools.” If both the EAA and PEFA had passed, then there would have been “Unlimited authorizing ability for the EAA, anywhere in the state, nothing to do with the schools they were trying to turn around.” This was because within the PEFA legislation was a cause for the expansion of the EAA as one element of choice.

What is important to note is that there was support within the super interest group for the creation of the EAA. PEFA was opposed by all members of the education lobby, but some of those members were in favor of the EAA as a school turnaround mechanism. This caused some imbalances within the super interest group. However, if Bundren could directly connect both and show that one would empower the other, then both bills could be killed. Because the EAA would be operating outside of the State Board, Diver also felt he had to “get out there and start calling this stuff out as being basically an unregulated marketplace, unfettered, new school creation that is going to be a nuclear bomb on public education.” It also did not hurt for Diver to become more engaged in the subject. Several, including McLellan, speculated that Diver was planning to use his position as the highest

ranking Democrat in the state and this issue to become more well-known and to make a bid for governor in 2014. However, at the time of this writing, he has yet to announce.

This connection got a great deal of play in the public sector, but there was one additional element that stalled the PEFA process. As Heep, writer and communications expert for McLellan, stated, the EAA bill was really the main priority of the governor, so the education lobby held it hostage against PEFA. Because the super interest group was united about opposing PEFA, but divided about the EAA, it became clear that they would not win both battles. They may be able to prolong the statewide formalization of the EAA, but it was going to happen. Thus, the EAA became a bargaining chip. Heep stated, “Essentially what happened is that the education lobby that is so strongly opposed ... they told the governor’s office that if you, if you release the PEFA report, we will kill the EAA outright and the governor really wants the EAA.” McLellan and Heep argued to the governor’s staff that it would not matter what happened with PEFA, the education lobby would still try to kill the EAA. However, the governor felt that the EAA was more important. As McLellan stated, “And so we then were told just hold off until we get the EAA bill through. Well, they still don’t have the EAA bill.”

When the lame duck session had come to a close, over 200 bills were passed. However, none of the education bills, including that version of the EAA bill, ultimately were passed. As Drive argued, “Republican legislators did not want to take a vote that was rightfully perceived as being potentially like dismantling public education because they would be called out for what it was.”

Skunk Works

Perhaps one of the most politically damning targets that the opposition seized upon was the emergence of a secret school reform work group run by McLellan called Skunk Works. The term “Skunk Works” was immediately exploited as a negative and secretive plot by McLellan, but the term and its use was anything but. Skunk Works is any small group of people who work on a project in an unconventional way, and it was first used by Lockheed Martin during World War II to create top-secret fighter jets. McLellan, knowing history, thought this was a great term to apply to this group of educational reforms, but it only inspired doubts about his transparency.

At some point there was a break in the ranks of the members of Skunk Works, and a teacher in Yoknapatawpha County got hold of the Skunk Works documents and gave them to Bundren, who then leaked them to the press. However, this project was not a governmental project, which means it did not fall under the Open Meetings Act or the rules of the Freedom of Information Act. The problem was that a few of the members were governmental employees, and at least one was using his state email address, which was subject to the Freedom of Information Act. The press learned of this and received many of the Skunk Works files.

When I asked the interviewees about Skunk Works, Compson stated, “He’s [McLellan] old school ... old school politics and... somebody in the press said, you know, so you were having these secret meetings and you weren’t having open hearings and he said it’s Skunk Works, that’s the way it’s supposed to be.” Compson argued that this was an issue they could exploit, especially when people like McLellan are “working for a governor who’s talking about transparency.” Marlowe, the MEA lobbyist, stated, “I can understand, it

was meant to be just strictly internal but ... it kind of epitomizes everything that causes people to be so skeptical of these private meetings.” He continued, “From my point of view, I mean, it’s wonderful. Guys like me, when we’re on the other side, think, well, okay, thank you.” Essentially, the discovery of Skunk Works fueled criticisms that McLellan was trying to deceive the public.

Included in the documents uncovered in my research was a Skunk Works brief written by McLellan, without any names or mention of people involved in this work group. However, there was a mission statement for the group. The paperwork stated that Skunk Works was:

A small group of technology leaders in Michigan [who] have accepted the volunteer challenge to design a wholly new public education experience that bundles the most advanced technology tools for learning to apply, in the public education space, concepts that are being applied throughout society – using technology to both reduce unit costs and increase quality and performance at the same time. By deliberately avoiding control by traditional education interests, the volunteer team has the ability to use developing ideas in brain science, learning theory, gamification, online learning, flipped classrooms, new devices and programs, and other concepts to design and implement a unique lower cost, higher performance, legally compliant, exciting and challenging Michigan public education experience, both within and without “traditional Schools.” (McLellan, 2013)

The 40 pages of documents outline plans for changing the schooling process that were in line with PEFA, including the governor’s education message and including the disruptive innovation framework as a guide. Furthermore, the documents contained a detailed legal analysis of areas of possible flexibility within Michigan school law for private/extra-governmental interests to become involved in public education. Some of those areas included service contracts between schools and intermediate school districts, teacher certification and alternative routes for those outside of education to become teachers, school improvement plans and accountability systems, and approved course credits. In

addition to these ideas of using technology to improve education and finding ways to provide choice and flexibility within the system, McLellan wanted to make sure that whatever their product, it was a “value school.” This is essentially a school that would use technology and other innovative ideas to reduce the per-pupil cost of educating a student.

Given the above description and the vast overlap in the PEFA documents, it was not difficult to infer that there was a connection between PEFA and this secret organization. Given those conditions, it was then even easier to imply that PEFA was part of a larger conspiracy. Compson argued that a big part of the negative response to PEFA and Skunk Works was because “legislators don’t like controversy and, you know, the idea that there were backroom meetings. Plus, I think it ticked them off that there were backroom meetings that they weren’t a part of.”

However, I argue that Skunk Works was really a byproduct of taking the work McLellan was trying to do to a new level. It was not the inspiration or part of PEFA. PEFA was firmly a result of the requests of Eli Broad and Governor Snyder. Skunk Works came after PEFA was written. Specifically, McLellan stated, “During the process of working on the PEFA project, I’m a political guy, policy guy. I said, you know, this stuff is really boring. If the governor wants to actually do anything about it, he’s going to have to have what I call some shiny pennies. He’s gonna have to show that some of this stuff has some real juice behind it that’ll help kids.”

The governor finally did ask McLellan to shut the Skunk Works project down, but it was too late. It had already been used as a weapon to erode trust and credibility between the PEFA project and the legislature, which was feeling pressure from a public that felt deceived. As former Lansing Mayor and long-time state representative Gordon argued,

“Secrecy, gives the opposition a weapon. I don’t care what you’re doing and how you’re doing it. If I can hammer you with secrecy, I can undermine your credibility and your legitimacy and that’s what, that’s the trap McLellan fell into.” As Compson argued, “Somebody’s gonna have to sit you down and say times have changed. Or not let McLellan be the front spokesperson to the press or what not. And maybe that’s what he’s learned.” As Compson continued, there is a difference between communications and messaging and actually working on bills, politics, and policy; “even the strategy is different than being in front of a microphone and understanding how to say something in a way that you’re not going to offend the public, or raise red flags to the reporters.” This is an interesting point that Compson raised. McLellan has been part of the political machinery for more than 40 years. However, he was usually behind the scenes. The change in funding and the change in what is acceptable to happen in educational reform have changed what actors are allowed to do publicly.

The final result of this becoming public was not overly detrimental to McLellan, but it was to PEFA and its support. As Marlowe illuminated, “It’s indicative of how quickly the governor distanced himself; he instinctively knew to distance himself from the Skunk Works project which basically kills the one advocate they have.” It is hard to be the governor’s volunteer when he does not want anything to do with you, and it makes passing a bill nearly impossible.

Policy and Interest Group Connections, and What Follows

When I asked McLellan if he had to do it all over again, would he do anything differently, McLellan stated, “I would not be as transparent but I don’t think it was a wrong

decision at the time. We did not realize that they would be as hostile from the day one. And they might not have been if they'd picked somebody other than me because of the history." In essence, he was not saying that he would have changed what he wanted or even compromised, but rather he would have done it the old fashioned way, with just the legislators, and quietly.

In this chapter, I have demonstrated how multiple interest groups with various backgrounds came to form a super interest group to defeat PEFA. Specifically, the education lobby felt disenfranchised by McLellan's form of transparency, which was more of an explanation of what he and the Oxford Foundation were going to do. The Education lobby wanted to be part of shaping this policy, not just be told about it. This triggered a merging of interests, but it is not that they just aligned themselves together. The various educational groups also had a de facto leader who organized the resistance and did so in a way not dissimilar to how McLellan organized PEFA. Using dark money of their own, the education lobby attacked PEFA. Specifically, they targeted McLellan's reputation as a dark presence, the elements of law they found unfavorable such as unbundling, PEFA's connection to the EAA, and then the exposed Skunk Works. However, their targeting was designed to vilify McLellan and make clear that PEFA was even more convoluted. McLellan did not help in that he was unclear, and several good, but complex, arguments were summed up as sound bites that were unfavorable to him. Using these elements, Bundren set up many speaking engagements for a variety of policy actors, including the state board, a non-Yoknapatawpha-funded website, and a way for concerned citizens to reach the legislature. In particular, her goal was not to explain PEFA and why it was damaging to education, but to convolute it and cause chaos from multiple voices contacting legislators.

This would alienate them from PEFA, and Skunk Works would distance the governor from McLellan and the project the governor wanted.

The final chapter examines the grand culmination of the interplay between policy entrepreneurs and interest groups, and the resulting outcomes of educational policy. Specifically, the chapter discusses how policy dies, its resurrection, why it failed, and what the policy cycle looked like for PEFA to answer the question of who shapes educational policy and how.

Chapter Seven: How Policy Dies – A Public Execution

This final chapter looks at how policy dies, and specifically what happened to PEFA. In an interesting turn of fate, I also discuss how policy can be resurrected in a new form and enacted to serve its original intent. Again, I demonstrate how knowing the rules of government trumps having the support of the people. I then discuss why PEFA failed, and I cite three specific elements that PEFA would have needed to overcome to enact the entire policy measure in its original form. Finally, I discuss what this all means for who shape policy at the state level, by coming back to the theoretical frameworks discussed in Chapter Three, specifically policy cycles, issues of power, and interest group theory. I then make final conclusions about how policy is really formed at the state level in the age of accountability.

A Public Execution

As the 2013 Michigan Legislature convened, still holding a supermajority of Republicans, it was becoming clear to several people, including McLellan, that his bill would not be passed. A memo issued on March 4, 2013, by McLellan explained this in more detail. McLellan wrote to Representative Lyons (who had introduced the bill to the floor) that “because of the continuing effort by State School Board President Dick Diver and others to flog former HB 5923 from the last legislative session, I thought I would confirm that, as you know, the bill is dead, and that there is no reason to have it reintroduced in the new Legislature.” Because PEFA was not passed before the Legislature went on Christmas

break, HB 5923 died and would have to be introduced again in the new legislative session in 2013. However, that was not to be.

In his three-page memo, McLellan cited two people in particular for the downfall of PEFA. He again mentioned the President of the State Board Diver, stating that he “is a master at over-the-top rhetoric and launched his campaign (for Governor?) with such charges as: ‘If [PEFA is] implemented, it could erode or destroy completely our current public schools and education system’” (McLellan, 2013, p. 3). While McLellan accused Diver of doing this because he wanted to be governor, a fact that McLellan was correct about, I think his resistance actually started because after being asked to be part of writing the governor’s special message on education, he was cut out. As Diver said when PEFA was over,

I just discussed with the governor’s office, your man [McLellan] went rogue, okay. He went too far. It’s hurt you, it’s hurt our effort to get any good needed big changes. We can unbundle funding. We need to have performance funding. We need to have individualized instruction be supported financially. We need to accelerate people at their own pace and we have to figure out how to go back and recreate some affirmative, positive ideas for how we do that that aren’t part of a plot to basically, you know, create a parallel universe of market based education. So we as a board on Tuesday are gonna propose a new, let’s help lead that discussion.

Diver believed in the concepts of PEFA, he just did not like being left out, and now he had constructed plans to lead a new charge and keep his issue at the forefront of the policy agenda. All the press Diver received, the networking, and the rise in his popularity was an unintended side effect, but one that nonetheless he embraced to serve his own personal and political ambitions.

McLellan then took a final jab at Bundren, superintendent of the most affluent ISD in Michigan. This time, however, he did not mention her by name, and he did this to insult her ego; instead, McLellan mentioned her in parentheses. He stated, “(He was outdone by the

Yoknapatawpha Superintendent who hyperventilated that the efforts were ‘Un-American’).” McLellan, while not bothered by being called dark and evil, was bothered by being called un-American, and he was not going to let it go without one final retaliation.

However, what most people failed to notice when reading McLellan’s final memo was the outline of his plan for education moving forward. Buried in the third page of the memo was a line that addressed one of the shortcomings of PEFA, and what he planned to do about it. Specially, McLellan wrote, “In this atmosphere, I would advise that changes in HB 5923 to address improving school performance and education options be undertaken on a piecemeal basis so that each concept can be individually addressed” (McLellan, 2013, p. 3).

One of the arguments that McLellan posited all throughout the PEFA process was that the State School Aid Act of 1979 was arcane, out of date, disjointed from being amended (piecemealed, to use his term) every year, and not flexible enough to address the current educational needs of students, and that is why it needed to be completely rewritten. However, if McLellan was suggesting a piecemeal approach for moving forward, replacing the arcane law with a new coherent structure was not really the game all along, but a byproduct of the work that PEFA would have done. This means that it was really about advancing a particular education agenda under the guise of cleaning up the messes of past reforms and thus making the law ready to serve the “twenty-first century” needs of education.

Finally, McLellan also suggested what his next move would be. The memo clearly articulated that he was done with transparency, and it was time to return to the old ways of doing business. This meant that piecemealed parts of the PEFA legislation would find their

way into other school laws until the essential elements of PEFA were all in place, without anyone really paying attention to the whole school law governance system.

Resurrection and Life after Death

And that is exactly what happened. McLellan was interested in keeping the idea of unbundling (allows a student to take multiple courses with multiple public education providers). As President Diver argued, “That bill is dead ... but bits and pieces were brought back into the budget ... trying to make school districts liberate students for up to two online courses and let the money flow. So you know, it’s not a complete fizzle or out of the dark forces of Richard McLellan.” However, the governor evidently also did not give up on unbundling either. As Heep pointed out, at the time of her interview, which was in early April of 2013, “PEFA was in the hands of the governor who was favorably impressed with a lot of it. He was not consulted during the writing process really. Richard interacted with some staff level people but nobody saw the report because they wanted to make sure the governor could say that he hadn’t seen it and that nobody on his staff had seen it.”

How was PEFA resurrected? In May of 2013, HB 4228, also called Public Act 60 of 2013, was introduced and passed, with an effective date of June 13, 2013. HB 4228 was the annual amendment to the State School Aid Act of 1979, and it included the per-pupil funding allotments for the 2013-2014 school year. Buried in the text on page 17 of the 79 pages of legal changes was Section 21f (Public Act 60 of 2013), which outlined the new rules for online learning and parental choice in the process. These were what most interviewees argued was the main purpose of unbundling funding all along – to promote online education and fund it to a high degree. Specifically, Section 21f, subsection 2 of the

law states, “With the consent of the pupil’s parents or legal guardian, a district shall enroll an eligible pupil in up to 2 online courses as requested by the pupil ... it is the intent of the legislature to consider increasing the limit on the number of online courses that a pupil may enroll in beginning in 2014-2015 for pupils who have demonstrated previous success with online courses” (Public Act 60 of 2013, p. 17).

What was new about this law was that it was now student/parent choice, and districts could not prevent a student from taking up to two courses in place of what the school offered. In addition, the legislation was clear that this cap of two classes would increase for students who were successful in these courses. However, the law did not define successful. Furthermore, the prices that online education providers were allowed to charge had increased. Instead of a school paying a fee for online services, the online providers were now allowed “not ... an amount that exceeds 1/12 of the district’s allowance” (Public Act 60 of 2013, p. 18). The legislative bill analysis conducted by the Senate Fiscal Agency included a discussion of Section 21f on page three after the discussion of funding, which is what most members of the education lobby were interested in. The report stated,

Conference changed pupil definitions and included a new section (21f) regarding online learning. Students enrolling in a district offering online learning under Sec. 21f need not obtain permission from the resident district first. Students in grades 5 to 12 could enroll in up to two online courses; legislative intent to study increasing the cap for pupils that demonstrate success in online courses. Districts would be required to pay for online courses 80% upon enrollment and 20% upon completion. Conference included restrictions on how much districts pay for an online course, capped at 1/12 of foundation allowance per semester or 1/18 per trimester. (Summers, 2013, p. 3)

The online interests did not get an equal portion corresponding to the number of classes in a day, but 1/12 of the amount allotted per student, which is still a large amount considering

that the school would still house the students and may provide staff supervision and computer access during the time allotted for online courses. In essence, McLellan achieved the largest part of PEFA through the annual school aid amendment that he argued was what made the law dysfunctional to begin with.

Many speculated that this is just the tip of the iceberg. As Compson, government relations director, argued, "PEFA hasn't stalled out completely or failed, because you have 21F which is, you know, is the nose under the tent ... We'll see where it goes from there." Compson continued, "So it ended up being much narrower, ... but essentially, a kid can take two courses from anybody and the school can only say no if the child doesn't meet the prerequisites, ... there's like four reasons and the last one is that it doesn't meet rigor."

From March, when the final PEFA memo was released, until the amendment to the school aide act in June of 2013, PEFA had seemed to die. I inquired how this was able to get passed. Compson had the more direct answer; she argued that it was the school lobbyists' fault for not paying attention. Specifically, she stated "that the school lobby folks, like myself, get really caught up over dollar amounts and really suck at lobbying over language in the budget about how you spend money." However, there was not specific funding assigned to 21f. It was just legal language with "no line specifically attached to it, so everybody kind of blew it off." While the school lobby was arguing "about \$100,000, meanwhile, I just lost \$600,000 because my kids are all going to take two classes online ... So out of any term, you could have 1/3 of your money at a school leaving." From the onset, it looked like what McLellan lost in the public he won in the school aid act annual amendment.

Was McLellan really behind PEFA's piecemealed resurrection? Compson, like the rest of the interviewees, argued that there were two people – the governor and McLellan. Specifically, she argued, "It started right from the governor ... that was clear he was trying to figure out a way to do unbundling ... and in the end, this was what his staff came to him and said 21f is what we can do, given all the Skunk Works and everything else that happened." It was subtle enough that the school lobby was arguing over the funding without reading the legal language, or without getting any of the legislators or public excited because of PEFA, but was direct enough to accomplish the beginning of PEFA's unbundling tenet.

As for McLellan, there was no direct connection between him and 21f. Compson and the interviewees thought that he was involved, but they could not find his fingerprints on the legislation. Compson stated that McLellan mentioned 21f on the radio after it was passed, and that it was a successful narrowed version of unbundling, but he did not provide specifics. When I asked McLellan about 21f, he stated, "Yeah there were a couple things there [school conference bill] on online learning. I've been going to try to find that out. Ruddell told me, there was a couple of PEFA ideas. What were they, do you know?" This led me to believe that while his ideas were incorporated into the law, it was not him, but someone else, who did put it in the legislation.

So, if not McLellan, then who? McLellan alluded that getting 21f in the school aid conference bill was probably more of a bureaucratic maneuver that was under the radar. Specifically, McLellan stated, "Robbie Jameson [budget director for the state] is the key player on the school aid act. She has been through three and four governors. If the governor and Robbie don't agree, it doesn't get done ... [and] ... She's also real close to Jamey

Fitzpatrick at the Virtual University.” Michigan Virtual University is also one of the leading providers of online education in Michigan. As one of the main school budget administrators, McLellan felt that Jameson probably wrote it into the legislation at the request of the governor’s office. After all, Jameson’s budget office is under the authority of the executive branch of government and would ultimately report to the governor. Based on this evidence, McLellan may have known about 21f, but was not directly responsible for it, most likely because the governor had already distanced himself from McLellan. However, he did mastermind the steps and process of how to get unbundling into law, and someone else did it.

Policy Connections

It would appear that even when a policy dies, at least legislatively, there are other ways to resurrect elements of said policy into law. Specifically, PEFA was killed by public pressure on the legislature, to the point that even in the 2012 lame duck session, or the new 2013 legislative session still with a Republican majority, PEFA could not be passed. In addition, it hindered the passage of the formal EAA bill – at least the one that was posed at that time.

McLellan even outlined what he recommended the governor and legislature do to get the spirit of PEFA passed, which was to piecemeal it into the law. It would defeat his argument of why the state needed a new school aid act, but it would accomplish the policy goal at the same time. In this case, it would seem that the main policy goal was to accomplish unbundling and open up the Michigan public school system to online market competition that would receive a portion of the foundation allowance.

In the end, unbundling was accomplished in a subtle, but practical way. Using the same annual school aid amendment mechanism that McLellan outlined as ineffective, someone in the governor's office and in the budget office followed McLellan's policy recommendation and incorporated the important PEFA elements into the budget bill. While the school lobby was fighting over the money, they did not read the legal language, and the bill became law with little controversy or resistance. In essence, McLellan outlined the path, and others followed it to bring PEFA's core element of unbundling into public education.

Wax Wings and Other Things that Melt: The Down Fall of PEFA

Having considered the events that transpired in the policy cycle, the issues and struggles of power, and the formation of interest groups, there are several theories that have been posited about why PEFA died. The fall of PEFA was not due to any one issue, but rather due to a threefold combination of issues, and these were issues that did not appear on the rational policy cycle presented in Chapter Three. Specifically, the three downfalls of PEFA were the lack of direct governor involvement, the fundamental tactical error in legislative strategy, and the lack of creating the proper atmosphere conditions.

The Governor and his Champion – not Dante and Virgil, but Hell Nonetheless

Why was the governor in particular important to this case? The age of accountability has brought in new policy actors, in particular policy entrepreneurs from outside government. As discussed in Chapter Five, that is from where McLellan's formal authority was derived. While McLellan represented private interests and dark money, he did not have a governmental presence unless invited to do so. It was only by assigned authority that he could act in a formal way. As several noted, McLellan was carrying out PEFA, but the

governor was not aware of all the details. It allowed the governor to distance himself from the issue and from McLellan – a kind of politically plausible deniability. However, this plausible deniability was not without costs. Without direct support from where his power came, McLellan lost ground and authority. The governor wanted to remain out of the light until he saw how the PEFA issue sorted itself out.

As McLellan argued, for PEFA to pass, it required the governor's direct support. Specially, he stated, "A project like this should have more active involvement of the governor or the governor's people." In the beginning, it was noted by McLellan and the other participants that some of the governor's people went to some of the meetings, including the large public one where the education lobby came. However, as the controversy began, they started to disappear. McLellan argued that this was because of the response the PEFA bill got. Specifically, he stated, "You fight with them [the opposition – in general] and then have a very interesting conversation because most times, the governor's going to do it, so I guess we better be at the table. However, this time they decided not to be at the table. This transparency was clearly used to ... Kill the baby before it's born ... that was their political strategy." In essence, the opposition used transparency to build a public issue of PEFA and then used it to create political pressure that caused the governor to distance himself from McLellan. Had they been at the table with McLellan, they would have negotiated PEFA, and the governor would have gotten large parts of what he wanted, but the educational lobby did not want any of it.

However, why did the governor cave to the pressure of the education lobby and distance himself from McLellan? To begin with, McLellan was not on the inside with the governor, and so when McLellan became a liability, it was easy for the governor to distance

himself. The governor was also able to say that he did not have direct knowledge of PEFA because he was not directly involved in drafting it, despite asking McLellan to do it.

The most important reason PEFA died involved the way the governor conducted matters of legislative affairs. McLellan argued, “we then were told just hold off until we get the EAA bill through. Well, they still don’t have the EAA bill. So the way this governor operates, he operates on a serial, one thing at a time. Completely different than Governor Engler, who loved to have six different balls in the air. This isn’t the way they do it. They do it one thing at a time so nothing’s going to ever happen until the EAA is resolved.”

Complementing McLellan’s argument, Compson agreed, stating, “Engler was a lot better at getting stuff through though. I mean, whether you like him or don’t like him or agreed with him or not, I can’t imagine a legislature leaving with Medicaid undone when he was in office. I mean, he would have split their heads open.” Both sides saw the governor as someone who was not well versed in getting legislation through, nor forceful.

McLellan’s argument about approaching issues in a serial fashion may be the most costly of all the governor’s policy choices. When McLellan said serial, he did not mean that it was the only issue, but it might be the only issue under a particular topic, such as education, at one time. For example, PEFA was put on hold because the governor wanted the EAA more, and he would not advance them both at the same time, especially after the organized opposition threatened to try to stop the EAA too, which happened in that legislative session anyway. Approaching educational policy one issue at a time allows all of the opposition to organize and express their views on each item. If there were several issues to contend with and a shorter period of time, the educational lobby could not have addressed them all so publicly, nor opposed them with such a succinct message, because

there would have been too many policy messages occurring simultaneously. The other side of this is that the governor and the education lobby would have had more items to negotiate over and would have had to take uncompromising positions. All in all, this approach was damaging to the passing of educational policy.

A Serious Tactical Error

However, it was not just the distance of the governor that was a political problem, it was also a lack of interaction with the state legislature. As MEA lobbyist Marlowe argued, the governor had consistently excluded everyone from the public education community from any discussions he had regarding where education policy should go “... And he had relied on predominantly private business people with little or no actual hands on experience in education as his advisors.” Therefore, they had to go to the legislature to circumvent the governor.

This idea of going to the legislature is a concept McLellan was familiar with. By his own admission and the interviews of many, he was a master at influencing legislative members, enough to be called the “Darth Vader of the legislature,” but that was not what he did. Instead, McLellan “was giving everyone [public] an opportunity to have their input over a period of basically five, six months really.” As others have argued, the legislation was not changed based on this input, and what this did was provide “critics of what was happening a lot of time to work to defeat it.”

This was, as Marlowe termed it, a serious tactical error. Specifically, he stated, “They made a serious tactical error, if I were in the governor’s and in Dick McLellan’s shoes, I would have, long before that July [large public] meeting, sat down with the house and the

senate appropriations chairs and the house and senate K-12 subcommittee chairs, at a minimum. They're all Republicans ... I mean, the Republicans controlled everything." He continued, "Quite frankly, I would've met with all the Republicans on all those committees to fill them in on what we're doing, what our thinking is, get their ideas which probably wouldn't have been drastically different than what the governor and McLellan were talking about. But they didn't do it." Even though Republicans controlled everything, McLellan did not take advantage of this. Essentially, McLellan and the governor's office left the legislature completely out of the communication channels about a controversial bill that they would be asked to pass.

It is unclear if McLellan just thought the legislature would follow the governor's wishes, or if the governor had promised to take care of it, or if McLellan was not really in charge of making the decision to interact with the legislators. Marlowe continued, "When you proceed that way, it's at your peril and really with somebody like Dick McLellan, it really surprised me. Yeah, it's not that he's a novice. I mean, you know, Rick Snyder is a novice." Given this, Marlowe concluded that "I don't know who made the decision on how to operate that way but I just think it was a bad decision ... It may be that it's being made by the governor on how to operate and, you know, he is. No, he's not a politician." Whatever the case was, the decision caused PEFA to falter with the legislature.

As presented in Chapter Six, McLellan was in a very public battle over PEFA with Bundren, which allowed others in the education lobby (those in cooperation with Bundren) to do what he could not – interact with the legislature – launching a second front. As Marlowe recalled,

We were quite active over the late summer and into the fall, both here in Lansing and out in the field – we went to meet several of them in their home districts, when

the legislature was not in session, and talk about what we understood the process was, where we think it ought to be going, what we think the pitfalls are with it. We started meeting with key, what we viewed to be key legislators, particularly Republicans who were on the appropriations committees because they were talking about a finance bill. And what surprised us ... was that none of them had been invited in and none of them had been lobbied by McLellan ... no one had met with them to talk about what the goals were or how it was going and get their suggestions.

This reinforces the tactical error Marlowe described, specifically the error that the governor and McLellan made by not working with the legislature to shape the PEFA policy while others worked through the legislature to kill PEFA. As mentioned in Chapter One, while the governor can direct the educational policy agenda, the legislature must introduce and enact the actual law, which makes them critical in the policy formation process. Marlowe concluded most correctly, “You can’t move something through a legislative process when, when you leave the key legislators out of the loop.”

Atmospherics

As Stephen Dedalus, long time republican communication firm specialist, illuminated, policy is all about issue management and the creation of the proper atmospheric conditions for a policy, law, or a candidate to come to fruition, get enacted, or elected, respectively. However, PEFA’s communications team did not do this – they solely worked on the issue with limited exposure to decision-makers and a limited staff to promote PEFA, in contrast to an army of organized opposition.

Most policy cycle models argue that for a policy to come into existence, there must first be a need for it, and that a policy will come to address that need. However, Dedalus argued, and I demonstrated, this not the case. If someone wanted to create a policy, the proper atmosphere can be created for it by influencing the political environment and

capitalizing on relationships, and then creating the policy. This seems to reflect the ideas outlined by Michael Cohen et al., on “organized anarchies” in their “A Garbage Can Model of Organizational Choice” (1972). Specifically, they stated that “Organizations can be viewed for some purposes as collections of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be an answer, and decision makers looking for work” (Cohen, et al, 1972, pg 1). It was this self-creation of political and public will that was lacking in PEFA.

Dedalus argued that if he were to have worked on PEFA, he would have approached this issue completely differently. He argued that there is a formula to form policy, but you have to start from the beginning of the decision to pursue the policy. Specifically, Dedalus stated, “The formula is essentially the same for what a company like my firm would do, but ... we tend to get called in when the waters get rough and that isn’t always the best way to engage a communications firm like us. But nevertheless, it’s kind of when folks tend to think of us ... [it is] ... issue management.” Specifically, Dedalus outlined eight elements that need to be in place to set up the proper atmospheric conditions for socially engineering the outcome of a policy. These concepts are outlined below in Table 13, and a more detailed account and an example of setting up proper atmospheric conditions using the Right to Work legislation can be found in the appendix.

Table 13: Creating Atmospheric Conditions for Issue Management

Creating Atmospheric Conditions for Issue Management*											
Elements**	Description										
Clearly defined course of action and goals	What is the outcome? What is the policy or change that is the desired result? Needs to be clearly articulated.										
Create the public will to show policy change is needed	If there is not a need for the change (i.e. the policy has not naturally arisen), show why there is a need for the policy to be enacted. Create the need.										
Identify target audience and their connections	Who are the key decision makers? Who do they talk to and trust? Where do they stand? What can influence them?										
Decide on advocacy of or education on the issue	Will advocacy or education be required? Advocacy means asking for a particular vote on an issue and requires adherence to certain campaign finance laws. Education is really a matter of disseminating information on the idea or issue and does not have spending limits.										
Grass tops	Who advises the decision maker? Who will they listen to? Express the issue to these select few and have them express their view to the decision maker.										
Testing the political water	Is this politically viable? Be convinced through research and other means, that at the end of the day, doing this was not going to be harmful to them politically.										
Grassroots	Generating local interaction with decision makers through mobilizing coalition groups, phone calls to the legislative offices, and having paid and unpaid activists interact with decision makers to form the perception of local interest.										
Media messaging	<p>How will the target audience be reached beyond relationships (grass tops) and constituency (grassroots) to show the issue is serious? Remember that decision makers have to feel the pressure of the issue, not the general public – the perception of the issue being everywhere they look is needed.</p> <table border="1"> <thead> <tr> <th colspan="2">Forms of Communication</th></tr> <tr> <th>Classifications</th><th>Examples</th></tr> </thead> <tbody> <tr> <td>Paid Media</td><td>Ads, radio, TV, billboards</td></tr> <tr> <td>Earned Media</td><td>Letters to the editor, news stories</td></tr> <tr> <td>Social Media</td><td>Websites, Facebook, Twitter, blogs, etc.</td></tr> </tbody> </table>	Forms of Communication		Classifications	Examples	Paid Media	Ads, radio, TV, billboards	Earned Media	Letters to the editor, news stories	Social Media	Websites, Facebook, Twitter, blogs, etc.
Forms of Communication											
Classifications	Examples										
Paid Media	Ads, radio, TV, billboards										
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Social Media	Websites, Facebook, Twitter, blogs, etc.										
<p>*Every element requires the capitalization of relationships as currency to get the policy enacted.</p> <p>**Beyond the first two elements, the order does not matter</p>											

Dedalus concluded his discussion by coming back to the same idea that he began with – atmospherics. He stated, “We look at the bigger picture, how do we create that climate?” He went on to comment that the whole process of creating atmospherics and issue management is really ironic. It is very much about manipulation and creating conditions for policies to come into existence, not allowing policies to subsume a need, at least not many of the big ones. However, PEFA was not able to do this. This might have been because of a lack of funds, or maybe because of inaccurate targeting of certain decision makers. Either way, McLellan did not create the necessary atmospheric conditions for PEFA to prevail in the legislature, and he relied too heavily on the governor, who was not directly behind them.

Policy Connections

A combination of factors led to the downfall of PEFA. First, and probably the most significant, was the lack of direct support from the governor. The governor wanted McLellan to lead the charge to create PEFA, and he gave him the authority to do so, but then he stepped back so as to have political deniability about PEFA, especially when it became controversial. However, why did it become controversial? Part of this is because McLellan made a tactical error in not lobbying or including the state legislature in the PEFA process, but instead ended up in a public war. Even with the governor promoting PEFA, it still would not have become law without the support of the legislature to enact PEFA into law. All of this leads to the final element that caused PEFA to fail, atmospherics. McLellan essentially did not control the policy message as it moved throughout the public and

political arenas, or systematically control the exposure of information to and the influence of key decision-makers.

Shaping Policy and the Policy Cycle

Philip Cusick always used to tell me that there was a system and an organization that shaped policy. Specifically, he stated, “The organization is just the outward manifestation of the compromise among all these competing parts who want something, the system.” In other words, what we see (the organization) is just the result of a series of maneuvers and compromises between various actors (members of the system) who want something. In making sense of PEFA, his words resonated with me, especially when considering my global research question, who is it that shapes the direction of educational policy at the state level, and how?

To answer that question directly, I would have to say that it is interests. Particularly in the age of accountability, there are interests and actors outside of the traditional roles of education that have come to be principal shapers of educational policy. Other venues that legislators work with, such as businesses and markets, are outside of government, and it is nothing new that the members of those outside communities wish to shape the outcomes of policy. However, since the reconceptualization of education in an economic light, those same outside actors have come to be active especially in the educational realm, which previously had mostly been occupied by governmental actors (including educators) or their representatives. However, these non-education actors already had established relationships in the policy environment, and they could bring issues to the forefront, making them policy entrepreneurs. These entrepreneurs dealt with legislatures and

governors on a whole host of issues, not just education, and they had relationships that went beyond educational issues, making these entrepreneurs much more powerful in agenda-setting than the general education lobby.

Policy Is in the Eye of the Beholder

To demonstrate this in the case of PEFA, I turn to McLellan's views of policy. After all, he was the key policy entrepreneur and policy driver of PEFA. Exploring how he saw the process helps to build understanding when compared to Schultz's policy cycle (2005), but looking at how it actually unfolded with all of the pieces connected is also important.

In the old days, McLellan stated that there was a "Framework about it [the policy process] ... [Governors] Milliken or Engler ... had experience with it, how we did special messages and tried to come up with what you wanted to do but you had to put it in a bigger framework" to outline what needed to be done. What this told me was that the process McLellan used was not much different than the formula he had used for success before. The difference was the philanthropic outside support of Broad, but also the very public and media-laden exposure where McLellan was front and center instead of being in the shadows. Specifically, McLellan argued there are ten elements to consider when shaping educational policy. These elements are outlined below, and they directed his efforts in policy formation.

Figure 14: McLellan’s Elements of Policy Formation

McLellan’s Elements of Policy Formation*	
<ol style="list-style-type: none"> 1. It is about the money. Only the money. Always about the money – When someone says: “It’s all about the children,” it is really about the money. 2. Dominant role of Governor in policy formation – Most ideas for change by individual legislators, the state board, interest groups, intellectuals, etc, have little impact. The Governor gives weight to any issue he or she promotes. 3. There is a difference between “reform” and “transformation” – reform builds on the traditional structure and what currently exists, while transformation starts from the beginning to shape policy. PEFA sought transformation, but settled with reform. 4. New policy builds on existing policy infrastructure – There are many laws and rules that most effect what can and cannot be done, but very few are familiar with all of the “rules of the game.” 5. In Michigan, education policy is highly prescriptive and incorporated in law – Most major requirements are stated in law and can be changed. Policy changes in law reflect the minimum necessary to get political buy in, which means it is hard to pass overall reforms, and new education laws are more likely to tweak the existing structure. 6. “Local control” is largely a myth – The state controls local government instrumentalities (including schools) and provides these entities with their powers, which means it can resend their powers. Further, in Michigan, most of the terms that define schools are in state law, not the constitution, which means that the state legislature can define or redefine terms as they please. 7. Deep legal knowledge and statutory draft skills are critical in policy change – This means that educational policy is more than the work of educators or researchers, but must be incorporated into legal policy terms. 8. Good policies do not equal good schools – Policy makers have been trying for decades to improve education policies, and they have rarely improved schools. 9. Plan for the life cycle of a policy – Policy is complex, but needs to be planned. McLellan describes a particular process as described below. 10. Apply a “WIFM Matrix” to every public policy campaign – WIFM stands for “What is in it for me,” and interest in one’s own position drives policy interaction. 	
*based on presentation by McLellan and then discussed with him through interviews	

Several of these elements seem very cynical, but reflect the dominant views of McLellan and his supporters. These elements also show how they viewed others in the policy

formation process and the public discourse of PEFA. However, I argue that many of these elements were visible in the opposition to PEFA, especially the ideas about money. Often people forget that when money is taken away or redistributed, it affects adult jobs in education, just as much if not more than student learning. This makes the members of the education lobby fight for their jobs as much as for educating students.

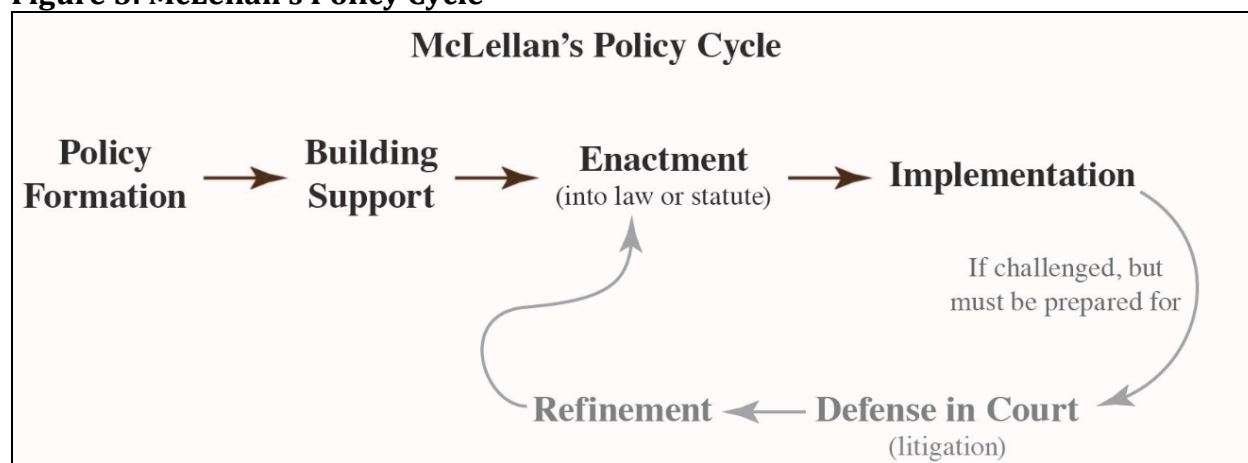
McLellan concluded this about forming education policy: “There’s no issue in this state that affects more people directly, every family, every kid, every employer, every employee, everybody is affected by the success or failure of our public education system. And therefore, you have to look, how does a system get created?” McLellan answered by arguing, “The legislature carries out its function to establish a system of free elementary and secondary schools. That’s the only, there’s three policy provisions there. One is free, two is elementary and secondary, and the legislature has to create it. That’s it. That’s all it says.” After meeting the constitutional requirements of these three policy provisions, everything else in the educational policy arena is up for grabs, and therefore can be changed.

The Actor Centered Social Engineered Policy Cycle

As I connect the various policy elements together to demonstrate who shapes policy and how, I want to return to element nine – the policy cycle. McLellan described his own cycle that he used for PEFA and other policies as being composed of policy formation, building support, enactment, implementation, defense in court, and refinement. This concept of policy is completely different in several ways from the literature, including that of Schultz (2005) mentioned in Chapter Three. McLellan specifically argued that it is

important to plan for the life of a policy. This means that once a policy is passed or implemented does not mean it is done, but rather the cycle is in effect for the life of the policy (until it is no longer a law). Most policy cycles end after the policy is adopted, but McLellan argued that that is only part of the process. McLellan's cycle is conceptualized in Figure 5.

Figure 5: McLellan's Policy Cycle



In addition, the idea of preparing for litigation is not part of most policy cycles, especially those often used or referred to in the educational arena. However, this idea is very important. It shapes how one approaches the writing of a policy and how to align elements within a policy. A prime example of this is McLellan's charter school authorization policy with Bay Mills, as discussed in Chapter One. McLellan did not just arbitrarily select an American Indian nation to get around the charter school cap; he knew he could defend it in law and in court.

What McLellan described about PEFA may have been what he attempted to do, but it is not what happened. What actually happened more aligns with what Schultz described in his rational policy model (2005). However, Schultz's model still does not capture the full

complexity of the policy cycle and who shapes policy. Much of this has to do with the ideas of policy actors in the age of accountability. Neither McLellan's or Schultz's cycle captures the intricacy of the actor-centered policy cycle that attempts socially to engineer educational policy by shaping legislation.

For this case, I have constructed a policy cycle to describe PEFA in Figure 6. Reflecting on Schultz's policy cycle (2005) (revisited in Figure 7), there are many elements present in my constructed model, but the outside forces of policy entrepreneurs and outside interests have changed the forces and pressures of the cycle. The cycle in this case had a beginning with Broad and McLellan as outside of education policy entrepreneurs – these actors were the real trigger of the policy, because what they wanted to do did not address a specific problem, but instead was an attempt to create policy around their ideological position and vision for education reform. These two then interacted with the governor to present him with two specific policy tools. Broad outlined what he wanted to see in education, and McLellan provided the governor with the policy direction he needed to take to accomplish Broad's goals. Specifically, McLellan needed authority from the governor because he did not have governmental authority, and the governor needed a public trigger from which the policy would be developed. In Schultz's model, this would be called the "event." However, here it is much more complex.

McLellan did not write the special message he recommended as a policy trigger, but members of the State Board of Education and the Michigan Department of Education did. However, the State Board, including those on it who helped draft the special message on education, came to align themselves with the education lobby to oppose PEFA as a large education special interest group. In Schultz's model, this would be called "data collection,"

but it feeds back into the perceived trigger from the real actor trigger in this case, instead of values as in Schultz's. The real trigger, McLellan, and the perceived trigger, the governor's special message of education, led to problem identification, which is identified in Schultz's model, and this is where McLellan decided how to operationalize the governor's message. This led to policy formation, which was his actual drafting of the law.

From here, PEFA moved into the public realm for policy debate, which is also part of Schultz's model. This could have been just the legislators, but because of the governor's push for transparency, PEFA was presented to the education lobby and the public. Because these groups felt disfranchised from what was happening to them, they formed an organized opposition and began to influence the atmospheric conditions of the public view of PEFA, which McLellan could not battle effectively. The idea of controlling atmospheric conditions is lacking in the overall Schultz model, but is a result of outside forces applying pressure to the policy cycle.

This pressure and the public debate eventually killed PEFA, only for it to be resurrected and enacted through the annual school aid conference bill before being implemented throughout the education system. The idea of refinement is implied in the Schultz model through the connection of public action back to the event, but it is separate here in that McLellan specifically accounted for the defense of PEFA in court. This is a crucial element that educational actors and policy makers need to consider when forming legislation, especially when other groups are opposing that same legislation. However, at the time of this writing, 21f has not yet been adjudicated in court, nor have any cases been filed.

Figure 6: The Socially Engineered PEFA Policy Cycle

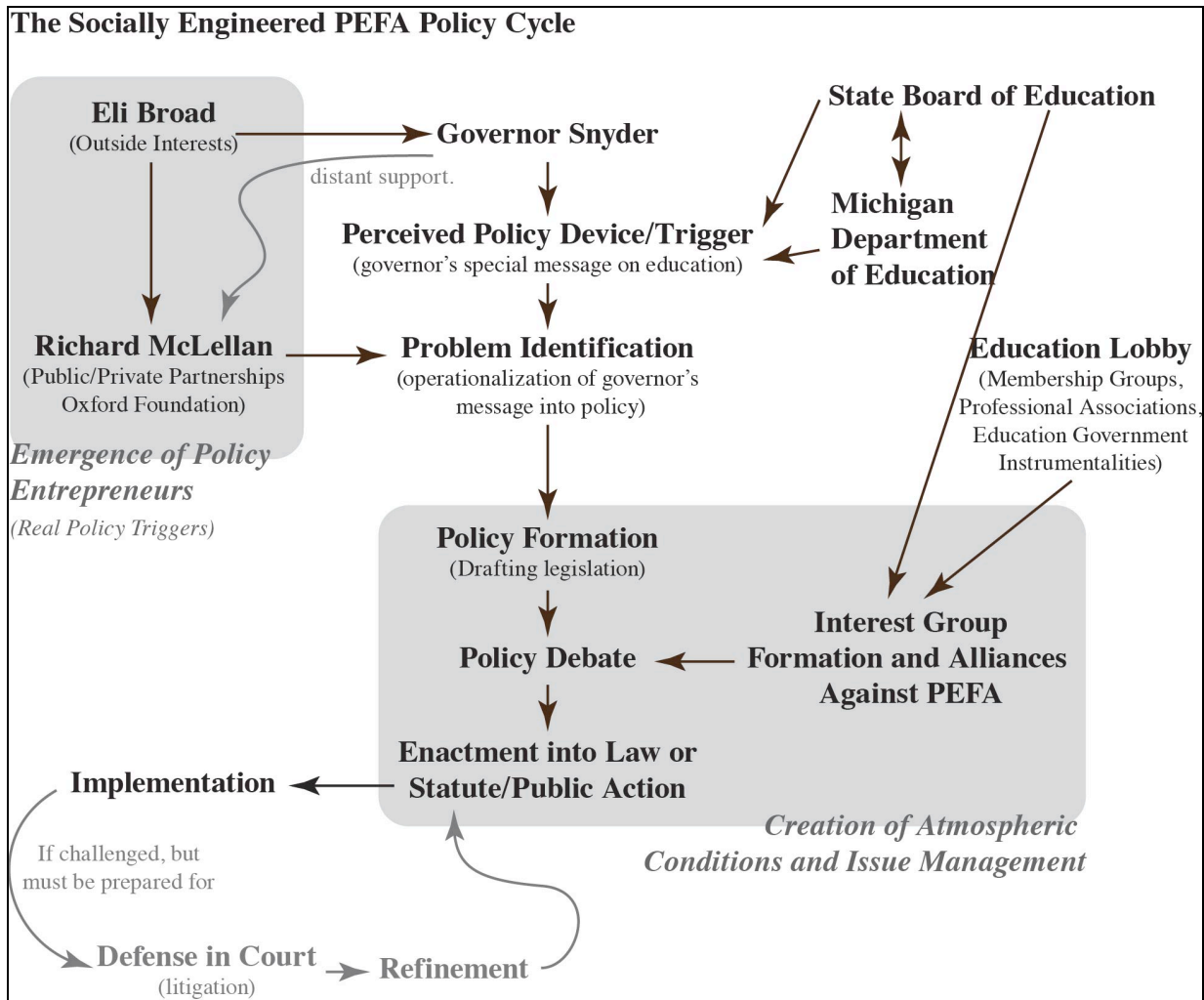
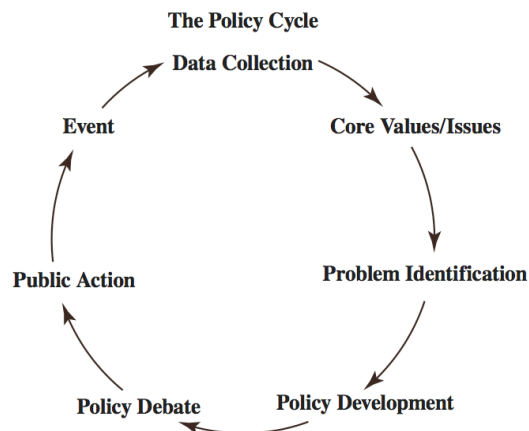


Figure 7 Revising Schultz's Policy Cycle



Policy Connections

All of this leads me to conclude that there are several elements of Schultz's policy cycle at work still (problem identification, formation, debate, and public action), but the flow has changed, and the cycle has become distended with the introduction of new policy actors in the age of accountability. It also has a specific beginning, with the policy entrepreneurs bringing issues to the educational agenda. However, there are new concepts at work in PEFA that are not represented in Schultz's policy cycle that are highly important, including the connection and invitation between outside government policy entrepreneurs and a lead policy actor such as the governor, real and perceived policy triggers, interest group formation, creating atmospheric conditions, and policy litigation. These ideas have become crucial as new actors attempt to shape educational policy, and as interests set out to shape those policies.

Concluding Thoughts and Implications for Educational Policy

To paraphrase Niccolo Machiavelli,¹⁰ I am describing the world as it is, not as it ought to be. The accountability movement in education has brought forth new actors into the educational policy arena, and in new ways – namely policy entrepreneurs. McLellan is the embodiment of a policy entrepreneur, or a policy elite, who can bring issues to the state policy agenda. McLellan has been influencing policy outcomes at the state level for 40 years, and in educational matters, particularly issues of choice, for the last 15 years.

¹⁰ In the true Machiavellian style, not only does this study serve to explain the case of PEFA, but it also provides a handbook of how possibly to shape educational policy in the Michigan context in the age of accountability and emergence of public policy entrepreneurs in education.

However, as several have argued (Anagnostopoulos, Rutledge, & Bali, 2013; Figlio & Ladd, 2008; National Research Council; Ravitch, 1995), accountability has changed the environment, which is most assuredly accurate. All of McLellan's previous work had been done in the shadows. It occurred behind the scenes, and when it happened on center stage, he could not be spotted. Several have noted what they called his "dark presence" or "dark hand," but they could not point him out directly. He had used dark money to fund projects before; PEFA was by no means the first, but it was by far the most public operation he had run. This is the news.

There are several implications for education policy. One is the way that education policy researchers study education, and those who desire to change education policy are going to have adapt their methods to meet the new conditions of the policy arena. This includes more "researching up" to see the details of how policy are being formed, and especially engaging with policy entrepreneurs, and those who practice education policy need more attention to detail (e.g., how 21f was passed). Finally, education policy has changed with the emergence of outside actors playing a larger role. It is not a transparent and interest-free process that is about children, but one that is highly political and requires a new way of looking at how to shape policy – something the current educational establishment is not prepared to engage with.

There has been a level of acceptance of the policy entrepreneur from outside of government being involved in education policy making (e.g., Broad, Gates, etc.). It is often outwardly public, and it has become socially acceptable that groups donate large amounts of money to "improve" education. That involvement still requires an invitation by a key

governmental policy actor – in this case the governor, who McLellan correctly argued is the most powerful actor in shaping a state’s education policy agenda.

However, what PEFA had that others lacked was a clear intermediary, which was found in McLellan, who had unparalleled knowledge of the role of the governor in policy formation – more so than the governor himself. McLellan, despite his dark reputation, is a policy genius and knows the rules of the policy game. However, McLellan was not used to being in the public eye, a change that the age of accountability and the public involvement of policy entrepreneurs have brought to the forefront. He probably should have hired a political communications firm. McLellan’s work was the next evolution of education policy in the age of accountability at the state level. It was the direct application of shaping policy through public-private partnerships, dark money, private foundations, government work taking place outside of the confines and rules of government, direct drafting of legislation, and key governmental actor involvement to support, introduce, and approve changes in the educational arena, and all done while in the light of day. However, next time, the policy shapers must better control the narrative of the policy to secure its outright passage.

APPENDIX

Creating Atmospherics

This Appendix explains the creation of atmospheric conditions in detail. It uses real examples from Right to Work and recent Michigan legislation.

As Stephen Dedalus, long time republican communication firm specialist, illuminated, policy is all about issue management and the creation of the proper atmospheric conditions for a policy, law, or a candidate to come to fruition, get enacted, or be elected, respectively. He continued that “The firm has been involved with most of the significant issues that this town has faced. Most recently, the Right to Life, or excuse me, Right to Work debate. Personal property tax reform, energy, retirement benefits. You know, we’ve been, we’ve been involved with ballot campaigns in every election cycle going back decades.” As he stated, relationships have real value in the market place, and it is about winning and losing – nothing else. Dedalus stated, “We represent the Senate Republican Caucus and so I mention all that because in our world, relationships are capital. Relationships have value.” This is important to policy development because he helps set what he termed atmospheric conditions. Specifically, “Communications firms bring a lot of those relationships and a lot of that value to an issue because if a firm like Ulysses is engaged that sends a message to legislators aimed to, in our case, conservatives and Republicans.” And, it is these groups that currently make up the bulk of those in charge of state government in Michigan, which means when they take on an issue, it is a “Good Housekeeping seal of approval, so to speak.”

To begin such a process is issue management of a policy. The first step is to define the issue – what it is that needs to be accomplished, and then help create the narrative around it. It is important to tell the story of the policy in a strategic way that shows it is

needed. Dedalus said it is important to begin with advocacy and a communications element, all while knowing and focusing on your target audience. When I asked what he meant by advocacy, he said, “Advocacy means persuasion ... [and] ... There’s a distinction between advocacy and education. You can educate someone without advocating, right?” As Dedalus defined it, educating is when “You know, ... sit down with a legislator and say let me, I think your vote, Senator, was ill informed. And that’s not to say it was right or wrong but it was, you know, let me help you understand the issue better. And it may be, you know, a biased perspective but as long as I’m not saying so Senator, will you vote yes on this bill, or will you vote no on this bill, if it’s just in the context of, of providing information and data and perspective.” It is a way to shape views on a policy without formally taking action to shape them, but again such advisors would have to have relationships in place to do this.

Referring back to the tactical error argument posited by Phillip Marlowe, PEFA was not education or advocating for its proposed law. Instead, various aligned interest groups, especially the MEA, were busy “educating” legislatures on this law, which was ultimately damning to McLellan and PEFA’s overall positing of trying to pass their legislation. This was not because PEFA could not do the same thing and could not have gotten supportive results; they were not educating decision makers at all. They were engaging in other public debates that informed the general citizenry, which matters relatively little to pass a law in Lansing, especially if you have a hired firm like Dedalus’s.

While educating is an informal way to access decision makers, advocacy has rules, because during the process a position is asked to be taken. Dedalus explained, “Advocacy is when at the end of the conversation or beginning or the middle, ... you’re clearly asking for a vote. So you know, the distinction is really a legal one. When you’re, when you’re

educating, unlimited amounts of money can be spent. And it can come from anywhere. Because it really doesn't fall into the political arena at that point." However, the rules change when you get into advocacy and you are now part of the political arena, "and therefore, you know, there are election laws and campaign finance laws that come into play." All of this comes back to money and "knowing how much money we have and what kind of money we had to spend, is it on education or is it on advocacy helps shape the ultimate plan."

PEFA operated on a fairly limited budget compared to other political groups. Again, the Oxford Foundation only provided \$200,000, which limited their ability to engage in education or advocacy once the bill became contested and controversial.

Continuing with the issue of the management process, Dedalus explained that when it is a "regulatory value we're seeking to influence ... normally, when we're engaged in the policy arena, the target audience is ultimately the decision makers which is the legislature and the executive office." However, they do not just stop with those key policy makers. Groups like Dedalus's also look at other "key influencers" around the decision makers, to create the perception of public will and interest – all while rarely concerning themselves with the public. Continuing, Dedalus stated, "Who are the people that the decisions makers are going to listen to when they seek counsel? And so you know, we put together a list of who those folks are. And when we look at the legislature, ... generally with a lobbying team that has done some kind of a preliminary head count, you know, for a legislative issue. And therefore, they've got a series of ... targeted legislators." From here, depending on the budget, Dedalus would start using his "variety of policy tools."

It is in the effective use of these policy tools that firms like those of Dedalus can help create the atmospherics that he termed so important to the policy cycle. Dedalus explained that there is a range of tools. He continued, "They range from direct order contact with legislators [to] where we organize grass roots contact." Note that he did not say it was a grassroots movement, but rather that the contact came from the public – not that there was a great deal of public interest or that the movement was organic – it is, to use his words, "an organized movement."

However, this grass element can be divided in two ways – grass roots and grass tops. Dedalus explained, "We'll look at each targeted legislator individually and say, as I mentioned, who is this person gonna listen to? And it's usually a grass tops and grass roots element. A grass tops means, you know, who are the key community leaders that are gonna matter. You know, the head of the local chamber and councilmembers... maybe ... his financial advisor who he's known for 30 years. His campaign manager." It is important to access "his sphere of influence, his circle of influence and how do we get to those people?" Once these grass tops people are found, the communication firm goes about winning them over. Dedalus explained, "We can convert, you know, the people who are closest to him to, or if they're on our side, get them to express their views, that's a very powerful method of communication."

The idea of grass tops and influential people in the background brings to mind the research on "shadow board," or groups of people that are behind the scenes of the attention and confidence of the decisions makers. This idea came up several times during the course of collecting data. The lobbyist that I interviewed, Phillip Marlowe, commented on this further, saying, "People don't appreciate the fact that in any area you want to talk about,

any, any public area, you know, roads, schools, hospitals, there is a group of people who you never know their names, you never see them publicly, but who have a great deal of influence because of their knowledge and their interest and their willingness to work at it. And people think, well, that's terrible. Well, that's reality. It is and always has been the reality of how things get done." So, what does this mean for the policy process when there are shadow actors and influencers? Do they always win?

Well, Marlowe contended that they do not always win, but they are always there, and they are a standard part of the system. He continued, "They don't always win but see, the other thing about them is they never take their marbles and go home. You may win this time but they're gonna be back. And it's reality. Personally, I think it's democracy. Anyone who wants to can do it. Most people don't want to. They just want to complain about it when it happens, when they hear about it. I mean, that's, that's life." Furthermore, he felt that this shadow operation directly applied to PEFA, and particularly to McLellan. Marlowe argued, "And I think Dick McLellan is a master. I mean, I really admire the guy and I like him. Any time I've met with him, I like him. He's certainly not an unpleasant person if you agree with him and he is certainly very, very influential in the state of Michigan on educational policy and he has been for, well, I can say over 20 years that I've been around." William Gordon, long time Lansing politician, confirmed this idea of McLellan being one of those shadow advisors, despite this very public campaign. Gordon continued, "Every, every governor, every president, every CEO has what I call a hidden advisor. Could be his wife, could be a mentor, could be a bowling partner, hunting partner, mistress. Could be a hell of a lot of different people. McLellan has been a hidden advisor to multiple governors, predominantly Republican but not exclusively." So why was this one so public?

However, this is also the grass roots element, or at least the perception of grass roots. As Dedalus explained, "At the same time, you know, legislators respond to personal pressure, they respond to constituent pressure but they also respond to public opinion. And so, you know, another tool in the tool belt is media and the creation of public opinion; ... we sort of generate first that kind of activity." This is what he called "issue advocacy." All of this means "nothing more than campaigning for an issue rather than a candidate." Most recently, he continued, this approach has "sparked a firestorm because in a lot of ways, issue advocacy is what led to the Citizens United ruling by the Supreme Court which said that, you know, corporations are people, too. Which really opened the Pandora's box on campaign, on spending, which is a good thing for firms like ours but not necessarily a good thing for television viewers because now there's no end, there's no beginning or end to political advertising season anymore. It's constant." Ironically, he clarified that much of the issue-based concerns that people hear about, but cannot vote on, are not even aimed at them, but aimed to put pressure on decision makers without even a real need for the public to take action.

Dedalus went on to say that PEFA could have been more successful if it had operated more like some of his other clients. In particular, he said that one of his most recent clients and projects, Right to Work in Michigan, had all the components that PEFA would have needed to be successful. Dedalus explained, "For Right to Work to move in Michigan, and we were in the middle of that, you know, a lot of things had to happen." He began,

Number one, legislators had to hear from people important to them that they had to do this. And so for the first time, you had both the CEOs of all the major companies in Michigan, key conservatives across the state, significant Republican donors really putting pressure on legislators to do something last year in the wake of the unions'

attempt to enshrine themselves essentially in the constitution through a ballot initiative ... And when the voters rejected that [union addition to the constitution] ... CEOs, those GOP donors, those key conservatives were able to call legislators and say, see, the people are on your side. They're on our side on this issue. Now is the time to do this. It can't wait ... grass tops communication was happening. Those key influencers were telling the people that, you know, we're in a position to make a decision on that issue, that they needed to do something.

As Dedalus explained, the Right to Work issue was not triggered because of a policy need, but because of a strike back to the union. He implied that it was similar to PEFA, because PEFE was not really the answer to any policy problem, but a way to change education in the state.

The second part is really about testing the waters. The legislators were beginning to feel pressure of the grass tops who had hired Dedalus's firm, and they were beginning to wonder if this was a politically viable issue. So, Dedalus stated, "Number two, they were convinced that, and through research and other means, that at the end of the day, doing this was not going to be harmful to them politically. You know, essentially, the people who don't like you will still not like you. The people who do like will like you even more and the ones that you're fighting for every year in the middle are with you. So politically, there's no, there's no downside." And, of course, his firm provided the necessary research and advocacy to help inform the legislature on this issue, like any other he is hired to do. Dedalus said that the decision makers must see it was politically viable for the necessary votes to occur. He continued, "So you know, that's an important element regardless of the issue. No legislator wants to be on the other side of his constituents ... if a legislator thinks that voting in a certain way would be contrary to the needs of their district, then, you know, that's a tough sell. So you know, that's an important component, making sure that they know that the water temperature is fine. It's okay to jump in."

The third step is really the grass roots element – to affirm that what the grass tops, the political viability research, and issue advocacy have stated. So, to do this, firms like Dedalus’s create a grass roots stir. As he stated, “They [decision makers] need to hear from people; it’s one thing for me to tell them, it’s another thing for them to hear from folks. And legislators and the governor, whether it’s a county commissioner or a state rep or a member of Congress still respond to voters, to constituent outreach.” To follow up, I asked Dedalus how he does this. He stated that it is about generating phone calls. He explained, “You know, ten phone calls in a legislative office on a single issue on a single day is huge. Generate a few phone calls a day over a few weeks is really significant. I mean, you’re getting their attention. If you can generate, you know, 80, 90, 100 calls, over a couple days, then you’ve really dominated the landscape.” However, where do the people making the phone calls come from? A grass roots movement is often touted as authentic, but that is not this. It is an organized outreach from the firm at the top to interest groups and some hired staff members at the grass roots level to produce the appearance of an actual constituent movement.

Dedalus continued, “And so the grass roots advocacy element is getting people at the, you know, grass roots level in their district to reach out and, and contact them on this, in this case, on Right to Work. And so we do that through coalition development and building a coalition of support for an issue.” In this particular case, who would want to support Right to Work and what groups already exist? Dedalus stated, “So obviously business groups, anti-tax groups, conservatives, those types of folks, Republicans, you know, would be most, most favorable, right? And so, we get their leadership in a room and we say, you know, here’s what you need to do from a grassroots perspective to win this

issue and to help us get over the top.” To further understand how ingrained, organized, and effective this process of creating atmospherics is, it is important to note that this whole Right to Work issue occurred in a lame duck session (after the November 2012 election and before officials took office at the end of January 2013), so it was a compressed timeframe. Dedalus continued, “So, we did a lot of calls a day over a short period of time. There are groups out there that have membership and so we get them in a room and we have them reach out to the membership and mobilize them. And that’s really what they exist for. I mean, most of these associations exist to build political power and, therefore the ability to persuade legislators.”

This coalition building is the embodiment of the Countervailing Power perspective of interest group theory (Sippl et al., 1997), a force that PEFA did not have access to because of their lack of setting the atmospheric conditions. However, these groups did not organize for this issue. They were organized for various membership reasons and waited, waited until a group like Dedalus’s communication firm put them into action. He explained, “Coalition development was a very important piece and is an important piece regardless of the issue. If it’s no fault insurance reform, you’ve got the hospitals, the trial attorneys on one side of the aisle and you’ve got business and insurance companies on the other side of the aisle.” However, who does not start to mobilize forces? PEFA relied on transparency and hoped for republican support because that is what the governor wanted to do, but that was not enough. Other groups organized against them. To answer this, Dedalus said, “You know, what kinds of coalitions can we develop to generate grassroots support? What assets do we have? We have employees. We have customers, we have, you know, for insurance companies. If we’re the trial attorneys, we’ve got, you know, attorney networks

all over the state. If we're the health or hospital association, we've got nurse and doctors and employees and so, you know, no matter what the issue is, you know, you look at it that way. What kind of coalition can we put together that demonstrates that this is an important issue and allows us to build some power and strength behind their argument? And then we mobilize those folks."

To go a step further, groups like Dedalus's even organize the calling. He stated, "We provide them with the vehicle through which they can contact legislators by phone. These are what are called pass through calls." This is where the member of the public calls the communications firm and then they put the caller on the line with the legislator. It is then one organized call after another on that issue through the firm, which sets up the callers and legislators in advance. An important note is that "A patch through is a paid component. A volunteer picking up a card with a number on it and just going home and dialing it is a volunteer component. That's a much harder thing to generate these days." Dedalus continued that firms like his have changed the game, and "Rarely [is there] a true 'grassroots' only component anymore." Rather, it is organized.

A fourth element, depending on needs and funds, is advertising. However, it is important to consider who the audience is. It is not the average citizen, but the decision maker. They will use targeted television ads, radio ads, billboards, blogs (and their staged discussions), websites, etc. For example, Dedalus stated, "It's no accident, and no pun intended, that on the road funding issue, most of their advertising has been through billboards. I actually ran that campaign at one time and the reason is when are you most frustrated with the quality of your roads? When you're driving on them. So, if people are

already frustrated behind the wheel, a billboard is a good way to, to reach them at a time when they're probably thinking about your issue anyway."

Depending on our understanding of media use, Dedalus explained the importance of TV and radio slots in creating atmospheric conditions. Turning back to Right to Work, he explained, "The tool we used was radio during drive time to try and reach folks. A lot of what we do is making sure legislators or members of Congress ... know that the issue is real and is serious. Advertising on television, radio lets them know you're serious." This is something that PEFA did not do, but it did use websites and the newspapers. However, it is not just about ads – there is a system to it. He stated, "Oftentimes, you know, we'll spend a deceptively low amount of money targeting radio stations, radio programs, television programs that we know legislators watch, that we know our target audience watches or listens to." For example, "if they're driving ... legislators generally come into town on Monday nights during session week because sessions run Tuesday, Wednesday, Thursday. So we know that legislators are going to be driving in the night before or that morning ... and so we buy, there are significant talk radio in both those markets, a few ads a day just on those talk radio stations those legislators are listening to on the way into the office creates the illusion that we're everywhere." When it came to Right to Work, "we only bought maybe eight ads over two days, to hit them on their way into town and on their way out of town." Generally, Dedalus's firm will also "buy maybe three or four billboards and put them on roads and highways that we know legislators are going to be traveling over. So the point is, we want them to see that we're stirring up folks and that they've have to deal with us."

Dedalus concluded, "It's kind of ironic that, you know, with all the technology at our disposal and all the different tools in the tool belt now for communications with the internet and social media, you know, the amazing array of television programming and the new data that we can get from that to target audiences, at the end of the day it is direct personal contact that matters the most." And that is how you can control the formation of a policy.

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