No Longer the Only Game in Town

Helping Traditional Public Schools Compete

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EXECUTIVE SUMMARY

*I*f policymakers and analysts are to take seriously people's concerns about the potential harmful effects of school choice on traditional public schools, they should pay attention to how traditional public schools are affected by and respond to choice. This report from the Doing School Choice Right initiative at the Center on Reinventing Public Education asks, "How can districts help traditional public schools respond to competition introduced by choice?"

No Longer the Only Game in Town takes a closer look at two districts on the frontier of school choice—Milwaukee Public Schools and Dayton Public Schools—to find out what they are doing to help their schools adapt and survive, and what gets in the way.

Because it relies heavily on district's and school leaders' accounts of how they are coping with competition, this report is able to provide readers with some lively advice from those on the competitive frontlines. But this reliance on individual perceptions means it cannot tease out causal connections between competition and district responses. With all the appropriate caveats in mind, this analysis points toward three findings:

- The first steps toward helping schools compete may involve districts simply recognizing that they are in a competitive environment, and taking nothing for granted.

- Basic strategies for helping schools compete include reaching out to parents, offering new options (responding to choice with choice), and taking the oversight of existing schools very seriously.

- As districts try to help their schools compete, misaligned "systems"—such as finance and information systems—often get in the way.

This report suggests that districts, states, and philanthropies can help traditional public schools compete. Doing so involves taking actions that range from relatively easy (e.g., focusing on relationships with parents) to very disruptive (e.g., taking oversight and

performance accountability seriously). It also involves addressing the barriers that make it harder for districts to compete.

The research in Milwaukee and Dayton suggests that helping schools compete is about the basics: monitoring performance, making connections with parents, providing schooling options that fit different needs, and intervening in chronically low-performing schools. In some ways, separating out the pressures created by choice and looking for specific responses may be beside the point. In the end, rather than creating wholly new pressures requiring new responses, choice, especially in the broader context of enrollment decline, appears to shine a spotlight on the challenges that districts already face and the need to confront them sooner rather than later.

On balance, perhaps the best advice for districts wanting to help traditional public schools compete is simply to bring a renewed sense of urgency to their efforts to help schools improve in general.

PREFACE

*E*very year, choice becomes a more common feature of public education. Families in hundreds of localities can choose between district-run schools and public charter schools. The largest city districts are trying to raise student performance by creating new schools with well-defined approaches to teaching and learning; because these schools are distinctive, enrollment is by choice rather than mandatory assignment. No Child Left Behind will soon require districts to create more choices for children in consistently low-performing schools.

Some welcome the growth of choice, but others fear that it might do more harm than good. In the course of discussions with civic leaders and educators across the country during the summer of 2003, the Center on Reinventing Public Education (CRPE) heard that concerns about choice were largely based on practical issues, rather than ideology. Local leaders saw that school choice could have benefits, but they shared a number of concerns, including:

- Low-income parents do not know enough about schools to make informed choices.

- Schools of choice will drain money out of school districts, and district-run public schools will be left with too little funding, only the neediest students, and the worst teachers.

- Districts cannot fund schools of choice by sending money to schools based on the numbers of students who choose to enroll. States require districts to keep money in separate pots and to fund programs, not individual schools or students.

- School boards cannot hold the schools they operate directly accountable for performance. How then can they effectively oversee schools that are run by

independent parties and use many different approaches to instruction?

- Choice is impractical because it requires a more complex and costly student transportation system than any locality now has.

Such comments made it clear that the practical issues posed by choice must be taken seriously. In response, CRPE proposed a research and development initiative focused on the practical questions of choice program design and implementation. Starting in early 2005, with funding from the Lynde and Harry Bradley, Annie E. Casey, and Bill and Melinda Gates Foundations, the Doing School Choice Right initiative mounted four studies:

- Explore what it takes to inform parents (especially low-income parents who normally get very little information about schools) about the choices they have so they can match their child's needs with a school's offerings.

- Examine implementation issues involved in moving toward pupil-based funding, particularly legal, technical, regulatory, and political barriers.

- Create models for how school districts can oversee public schools in multiple ways—including direct operation, chartering, contracting, and licensing private schools to admit voucher students.

- Initiate case studies on how school districts can try to help traditional public schools cope with the challenges of choice and competition.

This report focuses on the last line of inquiry listed above. It highlights a range of strategies—some easy, some difficult—that districts can use to help their schools compete, as well as the barriers created by state and district policies that too often get in the way of responding to choice.

Reports from the other studies will be published in late 2006. In the near future, the Doing School Choice Right initiative will undertake studies of student transportation, school leadership, and teacher recruitment.

INTRODUCTION

*T*exas Governor Rick Perry was addressing a crowd of more than 500 parents on the steps of the State Capitol on April 5, 2005. "You're here today to make sure your voices are heard," he said. "And I'm telling you there are people listening to you at the highest level of state government." The group of parents was in Austin to rally for a series of school voucher bills that were before the Texas House of Representatives Education Committee. "When you give parents a choice," the Republican governor told his enthusiastic audience, "you give children a chance."[1]

Perry's theme—that school vouchers would increase educational opportunities—is a familiar one to voucher supporters. "Where you live should not make you captive in a failing [school] environment," argued Frank Corte, San Antonio's Republican Representative and a sponsor of a bill that would offer means-tested vouchers to disadvantaged students in Texas' six largest districts. "Under the current situation," Corte said, "the only folks who get to enjoy . . . [parent] empowerment are people who have the resources."[2]

Not everyone in Austin was so enthusiastic. Gary Bledsoe, president of the Texas NAACP, called proposals like Corte's "fool's gold." A parent from San Antonio's Edgewood School District, home to Texas' only actual voucher program (one that is privately, not publicly, funded), complained shortly after the rally that Edgewood's vouchers had exerted "an enormous financial drain on our school district [and are] a tear in the fabric of our goals to educate our children."[3] Kathy Miller, president of the progressive advocacy group Texas Freedom Network, said that voucher proposals like Corte's would "leave kids

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1. Jenny LaCoste-Caputo, "Hundreds Rally for School Choice," *San Antonio Express-News*, April 6, 2005.

2. Ibid.

3. Jenny LaCoste-Caputo, "Edgewood Parents Hit Vouchers," *San Antonio Express-News,* April 29, 2005.

behind, fail families, and hurt communities."[4] A month later, after a raucous debate, the Texas voucher proposal was voted down in the House.[5]

Like their counterparts in cities across the country, both sides of the Texas voucher debate engaged in familiar arguments about school choice. These arguments play on people's strongest hopes and fears about market-based reforms in education. On one side, advocates like Perry and Corte argue that bringing choice to education will increase opportunity by giving all students, not just those from wealthy families, the chance to choose their school. It will also improve quality, they argue, by forcing what they call public school "monopolies" to compete for students. On the other side, opponents like Kathy Miller fear choice will reduce support and funding for public education, as students opt out of traditional public schools. Choice will leave the most disadvantaged students behind, drain resources, and increase existing racial and economic segregation.

Although vouchers are the extreme choice position, such polemics are not restricted to vouchers. Other choice policies, including charter schools and even intra-district choice plans, are hotly debated and invoke equally impassioned reactions.[6] Consider, for example, the so-called "dust-up" surrounding the American Federation of Teachers' (AFT) study of student achievement in charter schools. After analyzing student scores on the 2003 National Assessment of Educational Progress (NAEP), the AFT concluded that charter school students lagged behind students in regular public schools in math and reading achievement. The study made the front-page of the *New York Times* in August 2004. In response, charter advocates quickly took out a full-page ad in the *Times* criticizing the AFT study and its methods. The controversy continued throughout the fall, with editorial pages and innumerable blogs jumping into the fray. Whether it is charter schools in the Times or voucher proposals in Texas, too often public debates about choice become "reminiscent of political campaigns at their worst"[7]—unreasonable, ideological, and at times, personal.

Although the sound bites can be extreme, it is worth remembering that the hopes and fears these proposals raise are not irrational. The benefits and costs that people often ascribe to choice are, in theory, all possible. When choice is understood to include an

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4. Ibid.

5. Jane Elliot and Jeffrey Gilbert, "House Kills On-again, Off-again Vouchers Bill; Dramatic Night at the Statehouse Ends the Quest for this Season," *Houston Chronicle*, May 24, 2005.

6. See for example Carnoy et al., *Charter School Dust-Up,* and Tan Vinh, "Parents May Get Less of a Choice," *Seattle Times,* March 18, 2006.

7. National Working Commission, *School Choice.*

array of policies, ranging from intra-district choice plans to charters to vouchers, there is reason to believe that choice might expand educational opportunities for children and families in some instances while increasing segregation and additional problems in other cases. There is even reason to believe that in some circumstances choice will make good on people's hopes and fears at the same time. In their study of school choice in New Zealand, home of some of the world's most far-reaching school-choice reforms, Edward Fiske and Helen Ladd concluded that there is little doubt "that parental choice made it possible for many students to escape from low-performing schools . . . However, there is also little doubt that parental choice significantly exacerbated the problems faced by many schools serving concentrations of disadvantaged students."[8]

DIFFERENT CHOICES LEAD TO DIFFERENT OUTCOMES

What is often lost in debates about school choice is that, whether in Texas or New Zealand, the way that people's hopes and fears play out depends a great deal on specific decisions about policy and implementation. For instance, at the time of Fiske and Ladd's study in New Zealand, that country's choice program had several important characteristics that colored the way it affected students and schools. The national government in New Zealand, for example, was reluctant to invest in expanding or replicating popular programs. This partly constrained the supply of schools that families could choose from, which led to long waiting lists at the best schools. At the same time, individual schools were allowed to play a significant role in choosing their students—and they could charge families extra fees as a condition of attendance. This meant that oversubscribed schools could "cream" the students they wanted the most. Other important facts to consider are the government's initial hands-off approach to struggling schools and its reluctance to close failing schools. It also mattered that schools and teachers had no incentive to serve disadvantaged students.[9] All of these circumstances contributed to New Zealand's experience with school choice, and to the ultimate balance of benefits and costs associated with it. Would the impact of choice on disadvantaged students in New Zealand been different if the most sought-after schools had not been free to choose their students? What if the government had offered extra pay for teachers working in struggling schools?

These kinds of questions strike a central theme that runs throughout the Doing School

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8. Fiske and Ladd, *When Schools Compete*.

9. See Fiske and Ladd, *When Schools Compete,* 281-296.

Choice Right initiative: rather than being predetermined, choice outcomes depend on many things, like how students are assigned to schools, how funds are transferred to and from schools, and, ultimately, how people behave (see figure 1). "Choice opens up a set of contingencies," argued the Brookings Choice Commission in its final report, "but whether a particular child benefits depends on . . . what actions educators, families, and government subsequently take."[10]

FIGURE 1. *Effects of Choice on Students in Traditional Public Schools Depend on Many Factors*
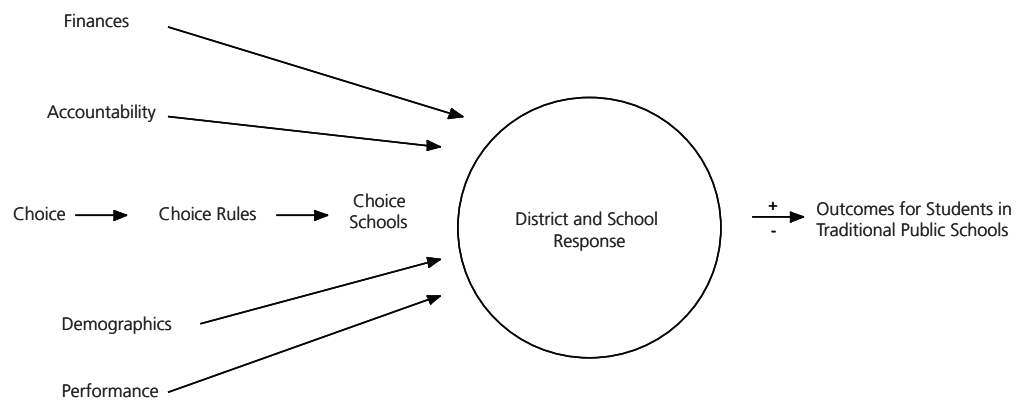
HELPING TRADITIONAL PUBLIC SCHOOLS COMPETE

Policymakers and analysts should take seriously people's concerns about the potential harmful effects of choice on traditional public schools—Kathy Miller's fear that choice will "leave kids behind, fail families, and hurt communities." Among other things, taking these concerns seriously requires paying attention to how traditional public schools are affected by and respond to choice. That is, analysts and policymakers need to examine what goes on in the circle in figure 1.[11] With that in mind, this report asks, "How can districts help traditional public schools respond to competition introduced by choice?" The following chapters take a closer look at two districts on the frontier of school choice (Milwaukee and Dayton) to find out what they are doing to help their schools adapt and survive, and to explore what gets in the way.

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10. National Working Commission, *School Choice,* 23-24.

11. Indeed, choice advocates explicitly say that the benefits of choice are inescapably linked with the actions of school districts. Students who remain in public schools will benefit from choice, they argue, because districts will have strong incentives to improve in order to keep students; they will change their behavior in response to the market. See Friedman, *Capitalism and Freedom.*

It must be acknowledged up front that, for most school districts, the achievement gap and standards and accountability pressure are much more urgent issues than school choice. After all, only a handful of districts, where there are voucher programs or large numbers of charter schools, are probably really interested in the question, "How can we compete?" And even in districts that face a fair amount of choice, it may not be much of an issue if enrollment is growing. District leaders faced with building new elementary schools each year to keep up with a growing population might actually see competition from choice schools as a welcome pressure valve.

Still, as this report indicates, significant numbers of large school districts are already in a choice environment, whether they understand that or not, and there is reason to believe that choice will be an important part of the public school landscape for years to come. There is also reason to believe that all of the factors that make school reform in general so difficult—the organizational, institutional, and political barriers to change that exist in most big city districts—will also make it hard for districts to take advantage of the opportunities offered by competition. Given that traditional districts will be the dominant form of school governance for the foreseeable future, it is important to ask what they can do and what they might accomplish when faced with competition.

ABOUT THIS REPORT

The following chapters examine the phenomenon of school choice through the lens of two districts facing intense competition and trying to help their schools compete. Chapter one sets the stage. It describes pressures for greater school choice today, outlines how a significant number of large districts are experiencing enrollment decline, in some cases related to choice, and reviews recent reports on the effects of choice. It concludes with an outline of the research questions and approach followed in this study. Chapter two reviews the demographic and policy environments in Milwaukee and Dayton and how they have approached implementing choice. Chapters three and four describe what the two districts are actually doing to help their schools compete. Chapter five outlines some of the barriers the two districts face in their efforts to help schools, while chapter six offers concluding thoughts and implications for district and school leaders facing competition from choice programs.

CHAPTER ONE:
SETTING THE STAGE

*U*nderstanding how traditional public schools can respond to choice is important for several reasons. First, although they may be few and far between, some districts already find themselves on the frontier of school choice, and they need information on how to make the best of it.

The two districts studied in this report, Milwaukee Public Schools and Dayton Public Schools, are not alone. In Albany, New York, for example, the head of the teachers union says that charter schools are "siphoning off nearly 20 percent of our kids and our funding . . . We're at the saturation point where someone has to say enough is enough."[12] In Denver, Colorado, a school board member says, "We haven't caught up with [the way charter schools respond to parents] . . . We will need to give our principals more training and capacity . . . Some of them have never been in the business environment where they have to compete."[13] In Detroit, according to the Associated Press, charters and choice account for about half of the 9,300 students who left the beleaguered Detroit Public Schools in 2004.[14] The district projects that by 2008 its total enrollment will be somewhere around 100,000 students; its enrollment in 1999 was around 200,000.[15] A member of the governor-appointed team charged with helping Detroit return to an elected school board after seven years of appointed boards said the situation is "a crisis, not only for the children, but for the entire city."[16] Choice may be a marginal issue for most districts, but in places like Albany, Denver, and Detroit, it is no longer easy to ignore.

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12. Sylvia Saunders, "Charter Schools Saturate City of Albany," *New York Teacher*, November 3, 2005, http://www.nysut.org/newyorkteacher/2005-2006/051103charterschools.html.

13. Allison Sherry, "Charters dent public schools. Lure pulls thousands of students. How to Compete—Traditional school boards and principals scramble to find ways to counter the perks charters can offer," *Denver Post,* May 1, 2005.

14. Associated Press, "Half Detroit's pupil loss attributed to charters, schools of choice," December 6, 2004.

15. Associated Press, "Detroit schools forecast loss of half of students in 1999-2008," January 21, 2005.

16. Ibid.

A GROWING PHENOMENON

There are also reasons to believe that more districts may soon join these outliers. One reason is that two key mechanisms for increasing school choice have passed a threshold of viability as public policy. In 2002, in *Zelman v. Simmons-Harris*, the U.S. Supreme Court ruled that religious schools could participate in Cleveland's state-funded voucher program on the grounds that parents, and not the government, were the ones making decisions about sending the funds to religious schools. Although Blaine amendments in state constitutions, which bar aid to religious schools, may yet restrict vouchers as policy, had the Court ruled otherwise, Cleveland's voucher program would have been terminated and other voucher programs like Milwaukee's would have surely come under immediate challenge (approximately 30 states have such amendments).[17] Vouchers may represent the extreme case, but because of *Zelman* and the efforts of advocates, they have moved from the margin and into the realm of substantive discussion in the world of education policy.

Charter schools, a second key choice mechanism, are even more settled into the mainstream of American public education. Forty states and Washington, D.C., now have charter school legislation, which allows for the creation of publicly funded schools of choice that are granted time-limited contracts, or "charters," by state or local agencies while being exempted from select rules and regulations. By September 2004, almost one million students were enrolled in over 3,000 charter schools.[18] Far more so than vouchers, charter schools have supporters that cover a wide range of political and ideological perspectives and are now part of mainstream education policy discussions.[19]

Choice has also found its way into the most recent reauthorization of the *Elementary and Secondary Education Act*, known as the *No Child Left Behind Act* (NCLB). Under NCLB's parental choice provisions, districts must allow students attending Title I-funded schools that are "needing improvement" to attend other higher-performing schools in the district. As students and funding leave low-performing schools, these provisions will theoretically create further incentives for low-performing schools to improve (though so far *th*is appears to have had little, if any, effect).[20]

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17. For a review of the legal issues, see Heytens, "School Choice and State Constitutions," 117-162; Ryan, "The Neutrality Principal," 28.

18. For more on charter schools, see Lake and Hill, *Hopes, Fears, and Reality*.

19. See, for example, Rofes and Stulber, *Emancipatory Promise*.

20. See Colvin, "Public School Choice," 11-36 and Maranto and Maranto, "Options for Low-Income Students," 63-88.

It should be noted, also, that a group of influential education philanthropists are increasingly seeing choice as a viable strategy for reform in large urban districts. The Bill and Melinda Gates Foundation and the Carnegie Corporation of New York, for example, are both funding district reform efforts designed to develop a "portfolio" of publicly financed schools of choice. Carnegie's seven-city initiative has included $60 million dollars in grants, with $20 million coming from the Gates Foundation. The high school-focused portfolio model is, according to Constancia Warren of Carnegie, a "strategy for creating an entire system of excellent high schools that uses universal choice as a central lever for change."[21] Elsewhere, foundations as philosophically diverse as the Annie E. Casey Foundation and the Walton Family Foundation have joined forces to fund the next generation of charter school research. As private foundations play an increasing role in launching and sustaining reform efforts in urban school districts, many of them are taking for granted the idea that choice will somehow be part of the equation.

Although Milwaukee and Dayton are clearly not representative of many other districts today, more and more districts may be facing similar pressures in the future. Figure 2 displays a graph of enrollment changes in the nation's 100 largest districts, according to the Common Core of Data maintained by the National Center on Education Statistics. What stands out in figure 2 is that 83 of the 100 districts experienced enrollment growth in this period. It is significant, however, that 17 of these large districts seem to have undergone enrollment decline, ranging from between 20 percent (Jefferson County, Kentucky) and .03 percent (Portland, Oregon). Of the 17 districts, 15 apparently experienced declines of less than 10 percent, including 9 districts with enrollment declines of less than 5 percent. While these declines seem small, they can have serious consequences for district budgets since state education dollars are inevitably tied to enrollment.

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21. Erik Robelen, "'Portfolio' Idea Gaining Favor in Some Cities," *Education Week* 25 (2006): 1, 26.

FIGURE 2. *Enrollment Changes in the Nation's 100 Largest Districts, 1990-2000*

83 Big Districts Demonstrate Net Enrollment Increases; 17 Show Net Enrollment Losses
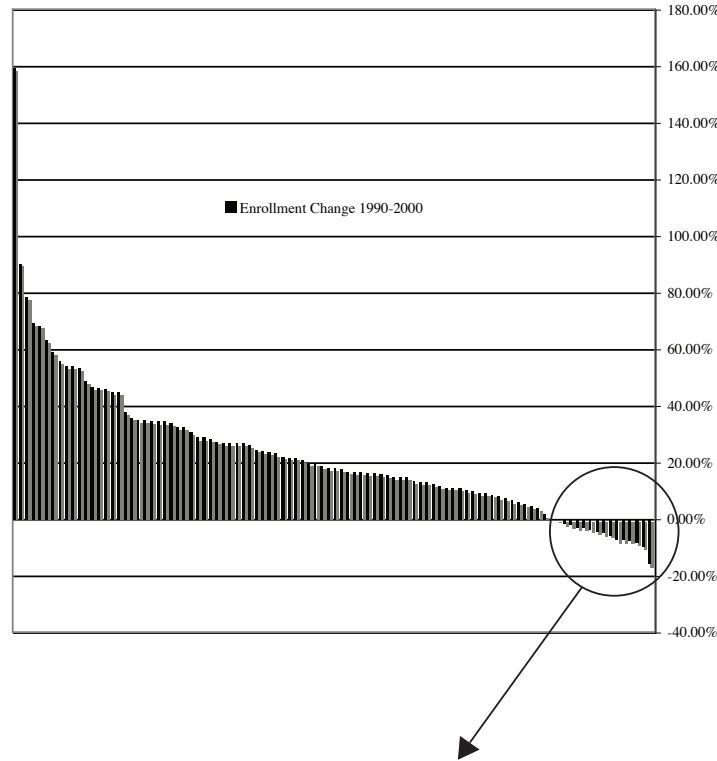
Jefferson County, KY	-19.88%
District of Columbia Public Schools, D.C.	-15.71%
Granite School District, UT	-9.49%
Baltimore City Public School System, MD	-8.14%
Jefferson Parish School Board, LA	-7.38%
East Baton Rouge Parish School Board, LA	-7.25%
Ysleta ISD, TX	-7.16%
Detroit City School District, MI	-5.47%
San Antonio ISD, TX	-4.80%
Atlanta City, GA	-4.22%
Mobile County School District, AL	-3.43%
El Paso ISD, TX	-2.76%
San Francisco Unified, CA	-2.71%
Orleans Parish School Board, LA	-1.85%
Nashville-Davidson County SD, TN	-1.22%
Columbus City SD, OH	-0.08%
Portland School District, OR	-0.03%

Source: NCES Common Core of Data, Public Elementary/Secondary School Universe Survey Data, http://nces.ed.gov/ccd/pubschuniv.asp.

What is most remarkable is that U.S. Census figures suggest that the school-aged population in these declining-enrollment districts actually *increased* during this same period (1990-2000) (see figure 3; San Francisco is omitted because of missing data).

FIGURE 3. *School-Aged Population in 16 Cities Increased Even as the Districts Lost Enrollment Between 1990 and 2000*
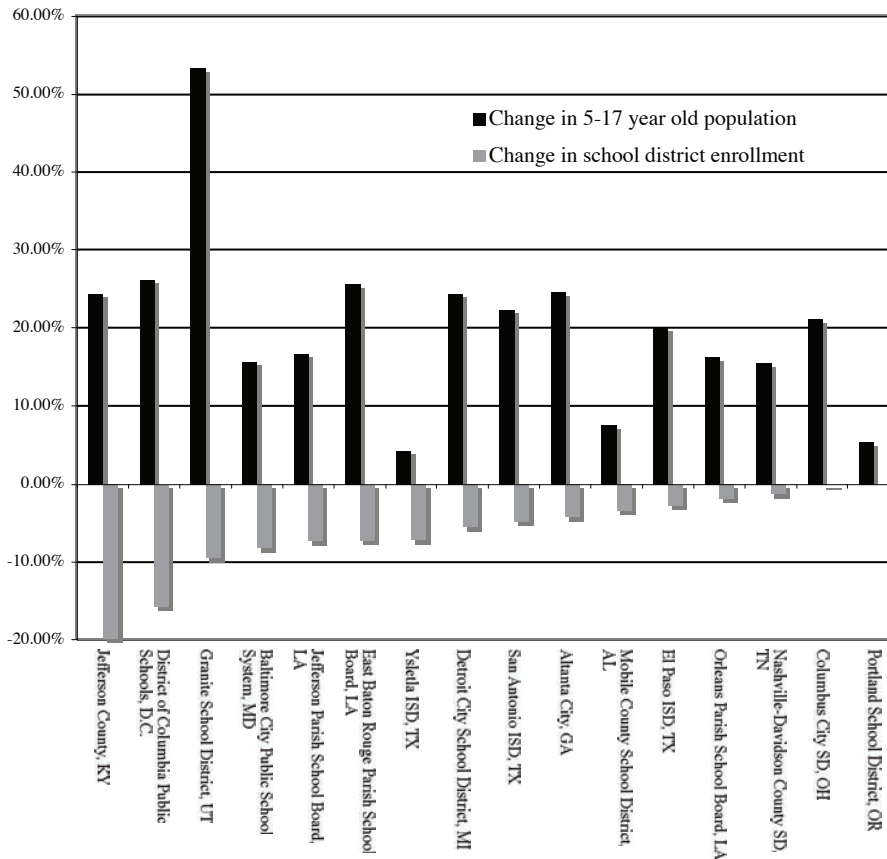
In other words, the 16 districts shown in figure 3, for whatever reason, lost "market share" to other school providers in their area between 1990 and 2000. To be sure, there is no common explanation for what happened in all of these districts. The availability of charter options in some is undoubtedly a factor. Washington, D.C., for example, launched an extensive charter program in the mid-1990s. Detroit complained not only of losing students to charter schools in the city, but also to charter schools outside the city. (None of the districts faced competition from publicly funded private school vouchers during this period, although the District of Columbia does now.) But overall it is unclear exactly who the competition is; it could be charter schools, private schools, suburban schools, or home schools.

More recent data on student enrollment between 2000-2003 suggests that the list of large districts experiencing enrollment decline may be growing. While 6 of the districts identified in figure 2 have stabilized enrollment in this more recent period, 13 new districts are seeing declines (see appendix A). Again, although it is not clear exactly what is behind these declines, such districts nevertheless need to be prepared to either attract students back to their schools, or face the prospect of operating with fewer students.

In sum, although far from a majority, a significant number of large school districts appear to be struggling with enrollment declines, and some seem to be going through this experience despite the existence of school-aged children residing in the district but not enrolled in public schools. The bottom line is that these districts, whether they know it or not, are no longer the only choice in town. As the following short overview suggests, prior research is inconclusive about how competition affects student achievement and how districts respond to competition.

PRIOR RESEARCH

Does competition boost achievement? At the end of the day, this is the bottom line when it comes to looking at how competition affects traditional public schools. An increasingly sophisticated body of work from economists and other quantitative researchers is taking on this important question. Unfortunately, at least for now, their studies raise as many questions as they answer.[22] Some studies show that competition from choice schools boosts achievement in traditional public schools.[23] Moreover, in some cases this appears especially true for low-income students.[24] But other studies show that competition from choice schools, in this case charter schools, does not significantly affect the test scores in neighboring public schools.[25] In fact, some studies indicate choice has a negative effect.[26] While intriguing, these studies leave analysts and policymakers where they started. Sometimes choice spurs districts and schools to get better; sometimes it

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22.   For excellent review of methodological challenges associated with this kind of research, see McEwan, "Potential Impact of Vouchers," 57-80.

23.   Belfield and Levin, "The Effects of Competition," 279-341; Booker et al., "Effect of Charter Schools on Traditional Public School Students in Texas"; Greene and Forster, "Rising to the Challenge"; Grosskopf, Hayes, and Taylor, "Competition and Efficiency"; Holmes, DeSimone, and Rupp, "Does School Choice Increase School Quality?"; Hoxby, "Analyzing School Choice Reforms," 133-156; Hoxby, "School Choice and School Competition" 11-67; Sass, "Charter Schools and Academic Achievement in Florida"; Schneider, Teske, and Marschall, *Choosing Schools*.

24.   Bohte, "Examining the Impact of Charter Schools on Performance," 501-520.

25.   Bettinger, "Effect of Charter Schools," 133-147; Bifulco and Ladd, "Impacts of Charter Schools on Student Achievement."

26.   Dee and Fu, "Do Charter Schools Skim?" 259-271.

does not; sometimes it makes them worse. It all depends. Furthermore, these studies do not yet tell us much about the mechanisms or actions behind such varied effects, and so they cannot provide much practical guidance for policymakers or school district leaders about how district responses, let alone many other policy-relevant variables, factor into the mix.[27]

How do districts and schools respond to competition? When it comes to understanding how districts actually respond to competition, the picture is also mixed. Some studies suggest that districts can be slow to respond to competition, if they respond to it at all.[28] Part of this indifference may simply be a matter of threshold. District personnel see few reasons to respond to competition when they feel it has little effect on their enrollment. [29] Competition can be ignored if the supply of choice schools is small (either due to a lack of providers, or because of legal limits on the number of choice schools allowed), if districts can use financial reserves to soften revenue losses, or if increasing enrollments cushion the impact of losses to choice schools. Whatever the reason, if choice does not send a clear signal about what to do or create an incentive to do it, it seems likely that districts will not do much to respond.

When researchers do find competitive responses in districts, they tend to be centered on a core set of actions. Frederick Hess of the American Enterprise Institute provides a good summary:

> *The competitive effects . . . tend to be relatively consistent: the opening of new schools organized around a specific philosophy or theme, the addition of programs such as all-day kindergarten, an increase in curricular resources, the introduction of new programs consistent with parent preferences, new concern for publicity, and replacement of the superintendent with a "reformer."*[30]

All of these responses are generally discrete initiatives designed to address particular parent demands for programs and services (e.g., all day kindergarten or Montessori programs) or to influence parental decisions (e.g., publicity campaigns). Although hiring

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27. As Hess notes in *Revolutions at the Margins*, "The central problem for this line of research is that, regardless of substantive findings, it cannot offer explicit direction to policymakers . . . Statistical relationships simply do not illuminate the process producing the reported effects."

28. Rofes, *How are School Districts Responding?*; Arsen, Plank, and Sykes, "School Choice Policies in Michigan"; Teske et al., "Charter School Competition"; Texas Education Agency, *Texas Open-Enrollment Charter Schools*.

29. Armor and Peiser, "Interdistrict Choice in Massachusetts"; Teske et al., "Charter School Competition."

30. Hess, *Revolutions at the Margins,* 26.

a reform-minded superintendent may make large-scale change more likely, on balance, research suggests that districts do not typically respond to choice with radical change. Some studies do suggest, however, that leaders may use the threat of competition from choice schools as a leverage point for promoting their own reform agendas,[31] or respond to competition by revamping their principal workforce.[32]

In addition to looking at district-level responses, some researchers have looked for competitive responses at the school level. But again, there is little consensus. In some cases, it seems that principals who face more pressure from choice schools end up being more reform oriented.[33] Principals who feel competitive pressure have reported changing educational and administrative procedures.[34] Teachers surveyed in Arizona report feeling empowered by principals and school districts in response to school choice.[35] On the other hand, a recent survey of public school principals in California found little evidence that competition from choice schools (in this case charter schools) affects how principals see their jobs or run their schools.[36] The researchers behind the California study concluded that the idea that "charter schools act as a mechanism for improved performance in all schools [i.e., both charters *and* regular public schools] isn't supported by our analysis."[37]

In sum, whether one is looking at the school or district level, there is little evidence to clarify which responses, if any, might help traditional public schools compete with choice schools or what makes it easier or harder for districts to respond to competition from choice programs.

RESEARCH QUESTIONS

With so many contradictory and incomplete findings about choice and its impact on

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31. Teske et al., "Charter School Competition." As for the hypothesis that the presence of innovative charter schools in a district will help public schools to be more innovative, there seems to be little support. Public school principals believe that charter schools are not more innovative, even though comparative survey evidence suggests that they are: Teske et al., "Can Charter Schools Change." A study in California questions the very plausibility of the innovation by imitation thesis through interviews with district officials who knew little about what was happening in charter schools: Wells, *Beyond the Rhetoric*.

32. Hess, Maranto, and Milliman, "Small Districts in Big Trouble," 1102-24.

33. Teske et al., "Can Charter Schools Change"

34. Grosskopf et al., "Competition and Efficiency"

35. See Maranto et al., *School Choice in the Real World*, 129-41.

36. Zimmer et al., *Charter School Operations.*

37. Buddin and Zimmer, "Charter School Competition in California."

traditional public schools, this study took an in-depth, qualitative look at two districts facing extremely robust choice environments to learn more about what they were doing. The study focused on two key questions:

1) **What strategies are districts using to help traditional public schools compete?**

2) **What helps and what gets in the way of using those strategies?**

To answer these questions, CRPE researchers sought out two districts that had a long history with choice. It was important to select districts in which choice created a serious competitive threat. It was also important to find places that were experiencing an overall decline in school-aged population, so that the competition for students was real. Few districts met all these criteria. The two ultimately chosen would be familiar to anyone who has followed the school-choice debate in the last five years: the Milwaukee and Dayton public school systems. Both are on the frontier of choice and competition in public education.

CHAPTER TWO:
MILWAUKEE AND DAYTON

*T*o learn more about how Milwaukee and Dayton are helping schools survive on the school-choice frontier, CRPE researchers conducted 33 in-person, semi-structured interviews with district administrators, school administrators, and teachers in fall 2005, and assured each person anonymity (see appendix B for the interview protocol). The team also reviewed district and school budgets, performance audits, and other district and state documents. As the research questions suggest, the aim was to identify key issues that leaders elsewhere can use to think about how they might respond to choice.

TWO DISTRICTS ON THE FRONTIER OF CHOICE

In some ways, Milwaukee and Dayton are typical of many urban districts. They serve mainly low-income, minority students and struggle with achievement (see table 1). Like many urban districts, Milwaukee has struggled to make headway on closing the achievement gap, making moderate improvements in reading, but experiencing widening gaps in math, between 2000 and 2005.[38] Likewise, between 1998 and 2004, Dayton slightly reduced the reading gap in the early grades, but has had mixed results in math.[39] Both Milwaukee and Dayton have been the focus of education reforms devised at their state capitals, ranging from class size reduction to the arrival of school choice.

When it comes to choice, Milwaukee and Dayton are far from typical. Milwaukee is home to the nation's oldest and largest publicly funded voucher program. Introduced in 1990, the Milwaukee Parental Choice Program (MPCP) gives low-income students a voucher

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38. Milwaukee Public School District, 2004-05 District Report Card, 13.

39. Casserly, *Beating the Odds*.

they can use toward private school tuition (in 2005 the voucher was worth $6,351); [40] originally limited to secular schools, the program expanded to include religious schools in 1995.

TABLE 1. *Student Demographics and Achievement in Milwaukee and Dayton, 2004-2005*

	Non-White	Free/Reduced-Price Lunch	Scoring Proficient 4th Grade Reading	Scoring Proficient 4th Grade Math
Milwaukee	83%	76%	63%	46%
Dayton	75%	63%	49%	38%

Source: Wisconsin Department of Public Instruction, http://www.dpi.state.wi.us/sig/index.html; Ohio Department of Education, http://ilrc.ode.state.oh.us/Districts/default.asp.

Throughout the life of the program, the number of vouchers in Milwaukee has been limited to a defined percentage of Milwaukee's students. Originally set at 1 percent in 1990, the level grew to 15 percent in 1998 and stayed there until the cap was raised to 22,500 students in 2006, or about a quarter of the district's current enrollment. In addition, charter schools have operated in the city since 1996 (Wisconsin passed its charter law in 1993); in 2004-2005 there were 49 charter schools operating in the city enrolling 15,153 students (37 of these were district-sponsored charters).[41] Choice in Milwaukee also includes an intra-district choice plan, which allows students to choose from among traditional schools across the district; there is also an inter-district choice plan designed to desegregate suburban districts, called Chapter 220 (there were 4,100 Chapter 220 students in 2004-2005).[42]

Although Dayton has far fewer types of choice, the impact of choice is just as striking. Dayton's first charter school opened in 1998 and charters have been expanding dramatically ever since, growing almost three-fold between 2001 and 2005. As in Milwaukee, students in Dayton have access to a range of district schools through an intra-district choice plan. Dayton also has a small private voucher program, which began in 1998, and, beginning

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40. Wisconsin Department of Public Instruction, http://dpi.wi.gov/sms/choice.html.

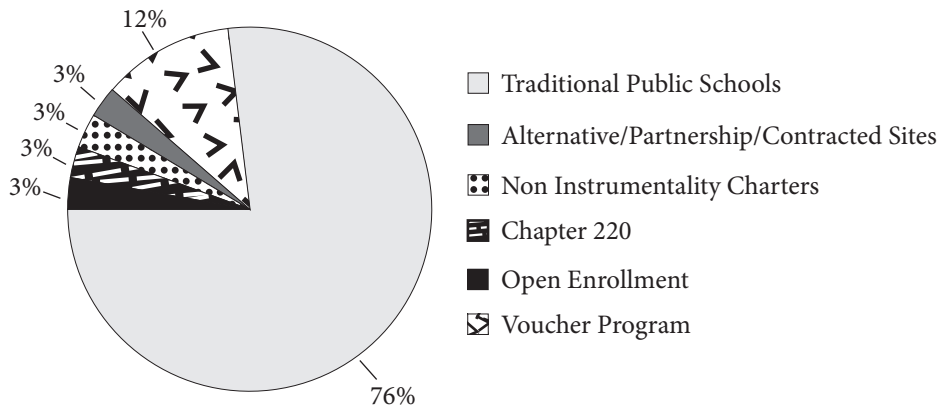41. Communication with charter school consultant from Wisconsin Department of Public Instruction, May 11, 2006.

42. Wisconsin Legislative Fiscal Bureau, *School Integration Aid,* 10.

in 2006, students in low-performing schools in Ohio will be eligible for a $5,000 publicly funded voucher.[43]

With all of these choices, a large portion of students in both cities are enrolled outside the traditional public school system (see figure 4). In Milwaukee, nearly a quarter of all students use public dollars to attend schools outside the traditional district system. An even larger fraction of students in Dayton (almost 30 percent) use public dollars to attend schools outside of the traditional district system.

FIGURE 4. *Percentage Enrollment in Schooling Options, 2004-2005*

MILWAUKEE

☐	Traditional Public Schools
▨	Alternative/Partnership/Contracted Sites
⠿	Non Instrumentality Charters
▤	Chapter 220
■	Open Enrollment
◪	Voucher Program

DAYTON

☐	Traditional Public Schools
■	District Charter Schools
⠿	Non-district Charter Schools
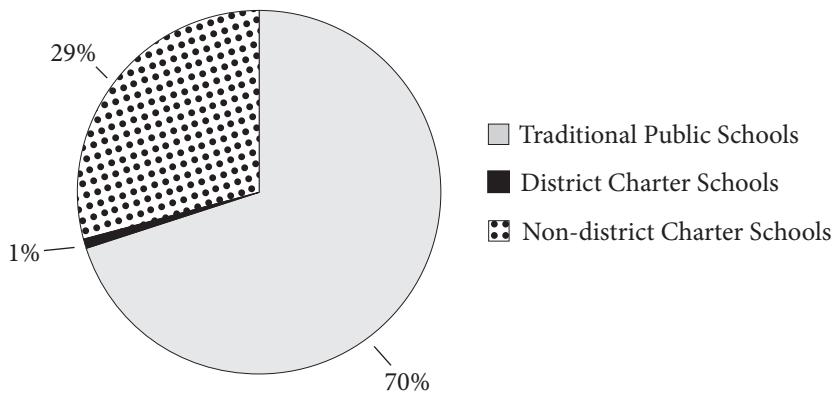
Source: Department of Finance, Milwaukee Public Schools; Ohio Department of Education, http://ilrc.ode.state.oh.us/Power_Users.asp.

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43. In 1998, a private voucher program funded by the Dayton-based Parents Advancing Choice in Education offered $1,200 to 500 students to use for private school tuition. In 2006, the state of Ohio passed legislation allowing students attending consistently low-performing schools (schools rated on academic watch or academic emergency) to use up to $5,000 in state money for private school tuition. In Dayton, six elementary and two high schools fall into this category. Beginning fall 2006, this will become the nation's largest statewide voucher program, allowing 14,000 students across Ohio to attend private schools. In addition, all incoming Dayton kindergartners and all students attending charter schools in Dayton can seek vouchers under the new rules. Scott Elliott, "Voucher Changes Start Immediately," *Dayton Daily News,* April 26, 2006.

FIGURE 5. *Enrollment Trends in Milwaukee and Dayton, 1987-2003*

MILWAUKEE
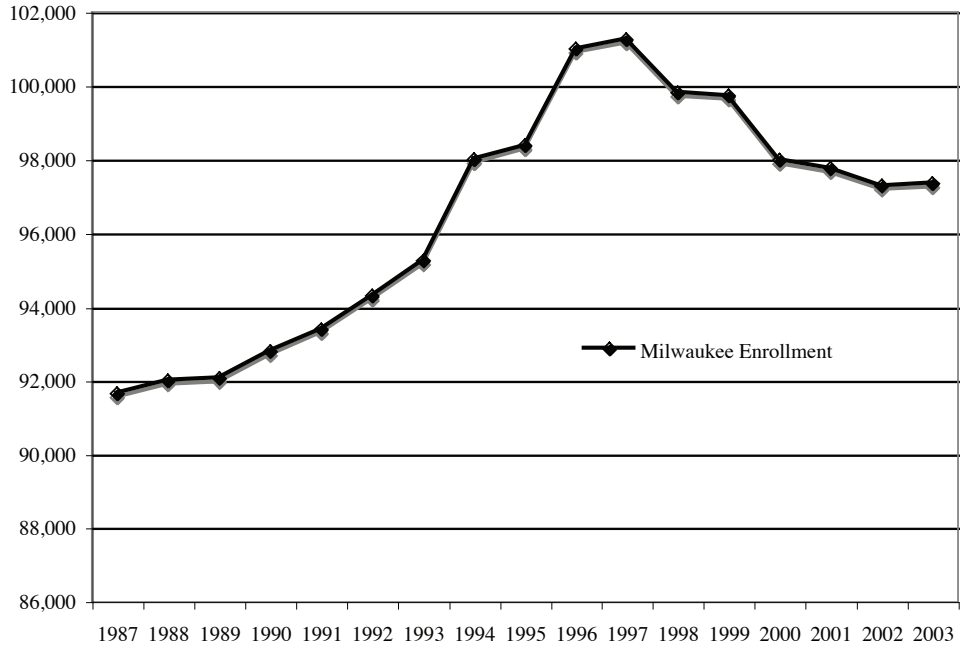
DAYTON
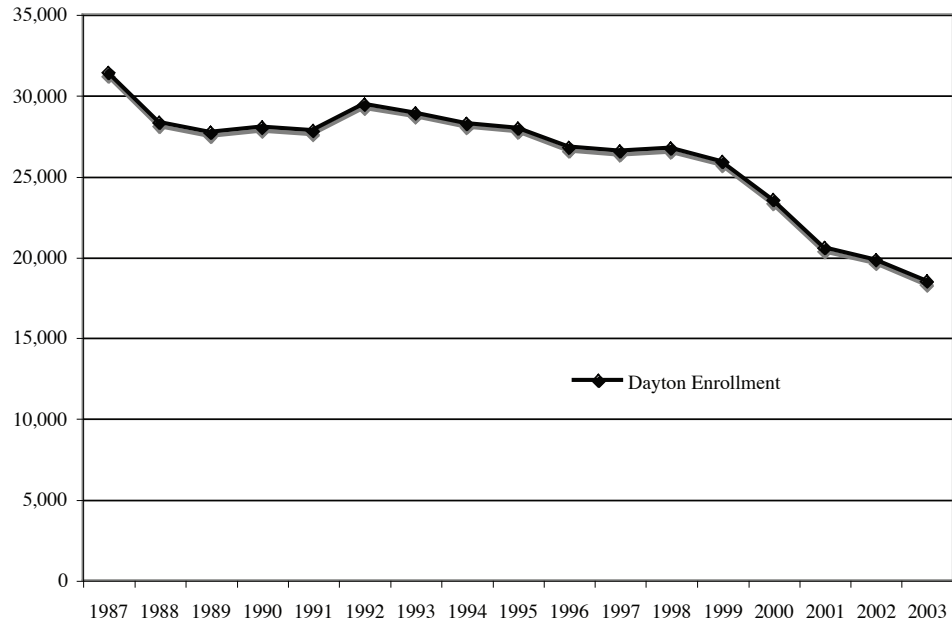
Source: NCES Common Core of Data, Public Elementary/Secondary School Universe Survey Data, http://nces.ed.gov/ccd/pubschuniv.asp.

Milwaukee and Dayton are all the more interesting because their overall enrollments are shrinking. In that context, choice acts more like a drain than a pressure valve, making the competition for students real. Figure 5 shows enrollment change in both districts between 1987 and 2003. Since peaking in the mid-1990s, Milwaukee's enrollment has been declining steadily since around 1998, while Dayton's enrollment has been in decline for decades.

All things considered, Dayton and Milwaukee are two of the nation's pioneers on the frontier of school choice. The cities themselves may be the better for choice, but the districts face a very real threat from a range of school choice options in the context of declining enrollments. Both districts understand that. In the words of one Milwaukee administrator, this is what life looks like when a district is "no longer the only game in town."

DISTRICT DIFFERENCES

Despite their similarities, it would be a mistake to conclude that Milwaukee and Dayton face identical challenges or respond to their problems in the same way. Quite the contrary. Although Milwaukee and Dayton face similar demographic trends (shrinking), student characteristics (poor and minority), and level of competition (high), they are very different in size (one large, one small), are pursuing very different district-wide reform strategies (one decentralized, one centralized), and are operating under different financial constraints (one tight, one slightly less so). These different contexts inform how they try to help their schools compete.

When it comes to district-wide reform strategies and finances, Milwaukee and Dayton present two very different pictures. Since beginning in the early 1990s, Milwaukee's district-wide reform effort has been about decentralization. To a degree not seen in many urban districts, schools in Milwaukee are responsible for their own program, budgets, and staffing. When it comes to academics, district administrators talked about the district role as providing the "what" and the school's role as providing the "how." When it comes to staffing, Milwaukee's collective bargaining agreement has largely eliminated years of experience as a central factor in teacher placements, effectively handing hiring authority to schools. And as for budgets, Milwaukee principals are allotted a per-pupil amount for each student in their school and given the freedom to budget for staff and other resources in a way that best fits their school's needs.

The district-wide strategy in Dayton, by contrast, emphasizes top-down decisions. Budgets are centralized, and teacher hiring is governed by a traditional collective bargaining agreement that includes seniority transfer rights. The district's academic agenda is focused on centrally managed instruction. Dayton leaders emphasized that this approach was designed to fit current needs—namely, the critical need to build capacity—but that in the future they hoped to give schools more autonomy. Unlike Milwaukee, which has a long history of reform, Dayton is less than five years into its current wave of reform.

AS BUDGETS DECLINE, A SCHOOL'S PROGRAM SHRINKS

The following paragraph is from an elementary school principal's report on how budgetary reductions, clearly not all attributable to choice, have affected his school's ability to provide a quality education.

During the last ten years, [our school] has eliminated all specialist classes to include art, music, physical education, science lab and library due to budget cuts. The 2004-2005 school [year] is the first year that children were unable to use the library due to cuts in staffing. If the current trend continues all educational assistance positions will be eliminated as well. Not having these programs has had a negative impact on student enrollment. Parents are leaving [our school] and seeking seats for their children at other schools that offer these programs and services that were eliminated at [our school].

Source: Milwaukee Public Schools, MPS School Budget for 2005-2006, Program Adequacy Report.

Within the context of these two reform strategies, the financial incentives attached to choice play out very differently in the two cities. This is not only because the two reform strategies create different relationships between the district and schools, but also because the two districts are in different financial situations. Milwaukee's decentralized budgeting system ties money directly to each student who leaves for another school. If a school loses a student, it loses money. Because the district does not buffer schools from the impact of choice, the consequences of choice—and, more directly, the consequences of budget cuts—are keenly felt at the school level (see sidebar: *As Budgets Decline, a School's Program Shrinks*). In the context of ever-tightening district budgets, this kind of exposure can, as one district administrator in Milwaukee said, lead to a "downward spiral for some schools, because they're losing kids and they're losing money. And they can't get the programs to attract parents because they don't have the money."

Schools in Dayton are more buffered from the effects of choice than are schools in Milwaukee. To begin with, they do not have real school budgets and so the consequences of losing students are not always apparent at the school level. Second, and perhaps more important, the district has a financial reserve, built up from cost-cutting measures taken over the past several years, that it is using to cushion the blow when students do leave. In some ways, Dayton is betting that shielding schools from the market and investing in reform will improve student achievement and ultimately attract parents back to the district. At the same time, people recognize that they are in a race against time. "You can think of it as two trains running down a track," said one

official. One train carries the district's reform effort, and the other carries its money. "The question is which one is going to get to the station first."**44** The district is betting that reform will have an impact before the extra money runs out.

In terms of both their reform strategies and finances, the two districts present an interesting contrast: one is lean and mean, and the other is slightly more comfortable.

With these reform strategies, both cities implicitly embrace two very different theories of action about school improvement. On the one hand, Milwaukee's reforms assume that giving decision-making power to schools (in the form of school-based budgets and personnel decisions) and creating strong incentives to maintain enrollment will give schools both the opportunity and the motivation to improve. By contrast, Dayton's reforms assume that a centralized push to improve teaching skills and knowledge, while focusing also on school performance via standards, will give schools the capacity to improve.

There are advantages and disadvantages to both approaches. Milwaukee's strategy creates strong incentives and the flexibility to respond, but it may make overly optimistic assumptions about the capacity of schools to react. Dayton is strong on capacity building, but less so on incentives and flexibility.

It is not clear which approach, broadly speaking, will be more effective at helping schools compete, especially when the huge differences in these two districts' size and in the maturity of their reforms is taken into account. For example, one might expect *a priori* that weak school-level incentives in Dayton would allow its schools to ignore the competition, but that may not be the case. There are other factors affecting motivation in Dayton: the district's small size, the attention paid to its recent reform effort, charismatic leadership, Ohio's high stakes accountability system, and the extensive and frequent media coverage of the district's struggles.

It is important to keep these differing contexts in mind as this report explores some of the strategies the two districts and their schools are using to remain competitive in their education marketplace. As the following chapters suggest, both districts are addressing similar issues, but they are doing so in slightly different ways.

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44. Dayton estimates that it will use $30 million of its reserve fund for general operating expenses between FY06 and FY08 to make up for revenue losses due to charters. This will leave the district with approximately $16,000 in the reserve fund at the end of FY08, if all goes as planned. Scott Elliott, "Dayton Schools to Add Seventh Grade; Move Eventually to Eliminate Middle Schools," *Dayton Daily News*, July 14, 2005.

Because this report relies heavily on district and school leaders' reports of how they are coping with competition, it provides readers with first-hand advice from those on the competitive frontlines. But this approach also means the report does not, and cannot, tease out any causal connections between competition and district responses. Many other factors, including accountability pressures, demographic shifts, and financial dilemmas, complicate the story. In the end, broad conclusions about the effectiveness of responses to competition, or about the impact of competition in general, are beyond the study's scope.

With these caveats in mind, the analysis points toward three findings:

- The first steps toward helping schools compete may involve them just recognizing that they are in a competitive environment, and taking nothing for granted (chapter three).

- Basic strategies for helping schools compete include reaching out to parents and offering new options, but also taking the oversight of existing schools very seriously (chapter four).

- As districts try to help their schools compete, misaligned "systems"—such as finance and information systems—often get in the way (chapter five).

CHAPTER THREE:
PAYING ATTENTION

*W*hen Milwaukee and Dayton district officials were asked to offer advice on how other districts could help traditional schools compete, they had a simple message: public schools need to wake up to reality. "The district, as a whole," said a top Milwaukee official, "needs to be more conscious that you're operating in a market economy." A Dayton official concurred: "My advice to districts is don't take your students and enrollment for granted, because what might be a half million dollars [in revenue lost to choice schools] this year could be a million next year and could be two million two years from now."

As simple as it sounds, the first steps toward helping schools compete may involve just recognizing the nature of the new competitive environment, while taking nothing for granted. Of course, the importance of paying attention is in some ways a basic tenet of how to manage organizations strategically in uncertain times. When the environment is changing, a precursor to adapting and responding is being aware of what is going on in the environment and making sense of it. Organizations can solve problems without sensing them first (responding to one problem can inadvertently take care of another one), but intentional problem solving necessarily involves being aware that there is a problem to be solved. [45] Leaders in Milwaukee and Dayton appeared to understand this. The signs of market awareness were everywhere.

From district headquarters down to principals' offices, people in both districts clearly recognized choice as an important part of the environment and competition as a fact of

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45. See, for example, Light, *The Four Pillars*; March and Olsen, *Ambiguity and Choice*; and Kiesler and Sproull, "Managerial Response," 548-570.

life. Milwaukee's official mission is "to ensure that maximum educational opportunities are provided for all students to reach their highest potential so that . . . students achieve their educational and employment goals, and *parents choose the Milwaukee Public Schools to educate their children* [our emphasis]."[46] One of the district's top three goals, as outlined in its strategic planning document, is "to improve . . . family satisfaction, *as measured by their choices in the education marketplace* [our emphasis]." These are not just words on paper. As one Milwaukee administrator put it, "choice schools have impacted all of Milwaukee . . . It's no longer 'build it and they will come.'"

The fact that choice had raised the stakes and altered the playing field was equally clear in Dayton. When school officials in that city learned that 23 more charter schools wanted to open, a district official said defiantly, "We are not going to fold . . . We are going to be the system of choice in this community."[47] To do that, Dayton leaders said they needed to change attitudes and bring in new skills. As one administrator said, "We've swapped out [i.e., replaced] about 65 percent of all [school-based] administrative staff, and a lot of the central office administration has been swapped out too."

SCHOOL LEADERS NEED TO PAY ATTENTION, TOO

The need to pay attention extended far beyond district leaders. District officials stressed that it was important for principals to pay attention to the demands of choice. As a Milwaukee official said, "schools need to know what the rules of the game are" if they are going to compete. When the research team visited schools and interviewed building leaders, it was clear that, although principals did not always speak as directly about the market as district officials did, they understood that parental choice and competition were an important part of the landscape—and they, too, were paying attention.

One Milwaukee principal, for example, noted how important it was to talk about the realities of the market with her staff. "We have conversations here in our building," she said, "about the fact that parents have choice and that we're in a competitive market, because everyone is vying for these children." Just as with district leaders, school leaders cannot take things for granted. "Before choice," one Milwaukee principal said, "we had schools that could never accommodate all the children moving into the area. So [my school] used to get a lot of children referred to us from those schools. We don't get that anymore. There are a number of charter schools in the area, and a number [of those

46.   Superintendent's Proposed Budget Fiscal Year 2007, pg. 3, http://www2.milwaukee.k12.wi.us/portal/Overview.pdf.

47.   Margo Kissell, "Dayton vows to fight flood of charter schools," *Dayton Daily News*, May 21, 2005.

kids now] go to those schools instead." In Dayton, a school administrator had an even more no-nonsense take on choice: "The bottom line is: Choice is good because if we're not performing I'll [as a parent] choose another school for my kids to go to." That is a fairly stark assessment coming from an assistant principal of a traditional elementary school—and very much the assessment that school-choice advocates believed would begin to come into play.

To be sure, not every school leader was as eager to talk about the importance of choice, or so clearly paying attention to it. But even some of the people who were less direct about choice were not ignoring it—even if they wanted to believe they should. A teaching coach in Milwaukee, who was on her school's leadership team, insisted, "We have the children that we teach, and we do our best with them, and that's it. Choice may be looked at as important from the outside, but it's not something that we look at. It has no impact on us whatsoever." Her principal agreed, "Choice certainly doesn't enter into our daily thinking." But then she quickly added, "Until Third Friday!" "Third Friday" is the day in September when Milwaukee takes each school's enrollment count; it then uses those counts to determine individual school budgets. After the principal added this "Third Friday" caveat, the teaching coach then quickly clarified: choice was not an issue, she said, "except in terms of enrollment."

It seemed that these two leaders were not paying attention to "choice" if choice meant vouchers or what other schools were actually doing in the classroom. These two individuals did not believe the voucher program had pulled many of their students away—and they did not think choice schools were very innovative. But they were both aware of how choice affected enrollment. They could not escape it. As a matter of fact, this same principal remarked that her fellow principals in traditional district schools "are vicious when it comes to their enrollment . . . there is one [principal] that I refuse to speak to because he took three of my children on Third Friday and was allowed to. That's not supposed to be part of the game plan!" Paying attention to choice did not seem to matter, until it came to counting the students.

WHEN JOBS ARE THREATENED, PEOPLE PAY ATTENTION

As the above story suggests, one reason people are paying attention to choice is that it affects the bottom line. Given the amount of choice in Milwaukee and Dayton, and the fact that overall school-age demographics in both places are trending downward, people in both districts were well aware of the financial consequences of enrollment loss. This, as much as anything else, got people's attention. As one Dayton official put

it, "Everybody in our district understands [that each student is worth] $5,300—and when those resources leave, schools lose. So when a parent comes to their school to talk about enrolling their child, principals know they've got to roll out the red carpet." In Milwaukee, when top officials talked about the financial consequences of choice, they used words like "market share," and talked about parents as "consumers." "If you don't get the kids," a Milwaukee district official said, "you don't have the resources to run your school. You may have to shut it down." (Milwaukee's experience, however, shows that marshalling the political will to close schools is hard. As described in chapters four and five, Milwaukee is struggling to address a serious problem of excess building capacity; according to district administrators, the inefficiency of maintaining 30,000 more seats than it needs costs the district $26.5 million annually.)

"It's like you're doing your checkbook," a top Dayton official explained. "You've got this many bills, and you've got this much money, so you can't get more bills than you have money. It's pretty simple, and I think people understand. If you take another $5,300 away, then you're going to take some people away." This bald, and to some unseemly, equation (kids equals dollars equals jobs) makes a compelling case for paying attention. A principal in Dayton put it this way:

> School choice has really put an emphasis on what we do as educators, how we safeguard our schools and our positions. We take a look at how we serve the public, how we service our students, and how we represent the district because of the competition—and it is competition.

For this principal and her colleagues, the risks associated with choice are high, literally threatening their jobs. A former school board member explained a similar dynamic in Milwaukee. "It really was the threat of having to lay people off," he said, "that made the district finally sit up and take notice of the competition." Another Milwaukee official agreed, "We reminded schools quite simply that every student generates so many dollars in your local budget and if you're losing 25 kids a year, come the third year, that's a lot of kids and that's a lot of dollars. And at small elementary schools, 25 kids a year—you just lost a teacher. Most of the schools responded quickly and reacted to the distribution data." Again, principals have clearly received the message from the district. As one Milwaukee principal said, "If you don't get your enrollment, then you lose staff, and you lose money. So enrollment is at the front of my mind when I'm thinking about school starting."

Although school principals in Dayton are not feeling the pinch quite as hard as principals in Milwaukee, they are not immune to it. "When our enrollment dropped to just below 300," one Dayton principal said, "we lost two staff members—there just weren't enough

students. This is the first time we've really felt the impact of charters and people moving out of the school district." (Figure 6 shows one measure of this impact: Dayton's Charter School Transfer Fund shows the increase in funds leaving the district and going to charter schools over the last six years.)

FIGURE 6. *Dayton's Charter School Transfer Fund, 1998-2005*
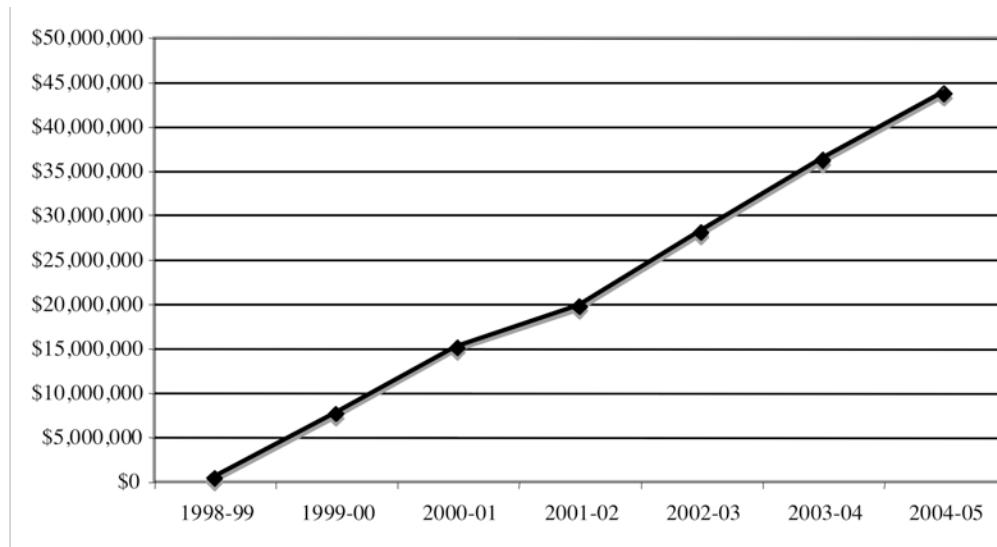
Source: Ohio Department of Education, http://www.ode.state.oh.us/school_finance/foundation/default.asp.

There is no doubt that choice has made public education riskier and less certain for teachers, principals, and district officials in these two districts. If this suggests that strong incentives may be needed to get people to pay attention to the market (and that this attention is an essential precursor to a competitive response), it also raises a host of difficult questions. It is not at all clear, for example, when and at what point people's attention was triggered. It may be that districts and schools can avoid dealing with the threat of choice as long as the money it drains does not exceed the money associated with a district's natural rate of teacher turnover. Under such a scenario, losses to choice can be accommodated or masked by attrition in the workforce. Yet, as noted at the end of this chapter, a district's willingness to pay attention and its ability to sustain that attention are not merely a question of money. Paying attention is also a function of the posture taken by top leaders as well as the attitudes of school board members. Moreover, breakpoints that are not directly about finances—for example, being labeled in "academic emergency" or facing the threat of a state takeover—may also get districts to sit up and take notice. In any event, it may be that some of the best advice for helping schools compete is to start thinking about it before you have to.

THINKING ABOUT THE MARKET

In order to respond with some direction and deliberation, a district and its schools also need to know where they stand in the market. Without being aware of how well district schools are doing in a competitive environment, a district would be hard-pressed to respond very strategically. Given scarce resources, where should energies be focused? Whether or not choice requires districts to face the prospect of job losses, competition has the potential to work as a diagnostic tool for district leaders, signaling which schools are succeeding and which are struggling. But acting on this potential requires that leaders pay attention to school characteristics that do not always make it onto the report cards associated with state accountability systems.[48]

This is not to say that Milwaukee and Dayton district administrators do not monitor school performance in light of their state accountability systems.[49] They do. But they also talked about judging the health of their schools by other criteria. What they said suggests that monitoring the district's "market share," or performance in the market, is not the same thing as monitoring academic performance.

Paying attention to market signals. In Milwaukee, understanding the district's position in the market begins with understanding what parents want. One way to gauge parent demand is by paying close attention to the signals sent by parent behavior. One top Milwaukee official explained:

> *We've looked at our wait list of schools, and if schools have a long wait list, we're looking at how to replicate those programs and how to move those schools to a building that's bigger so they can absorb more kids.*

Helping schools compete involves paying attention to such signals, which are available to any district that has, at a minimum, some degree of intra-district choice, with or without an external threat from charters, vouchers, or private schools.

In addition to looking at basic enrollment numbers (as well as market surveys), the same

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48. Monitoring and measurement are, of course, big issues in education, and they are not necessarily tied to choice and competition. The well-worn phrase "data-driven decision making" is a near mantra in state and district offices as accountability systems put an increasing premium on data collection and performance monitoring. Whether data is being used by districts to determine where to target their resources, by schools to target professional development, by teachers to determine where to target their pedagogy, or by parents to make informed choices about where to send their children to school, the idea that schools and districts need to monitor student learning is front and center in public education.

49. Both states have accountability systems to monitor student performance on customized state tests and measure that performance against a set of standards, etc. State indicators for Milwaukee, for example, include performance indicators on eight different achievement measures (ACT, AP, graduation statistics, Wisconsin Reading Comprehension Test, etc.) as well as "opportunity to learn" indicators such as attendance, dropout, expulsion, and suspensions statistics.

official emphasized the importance of paying attention to student and teacher attendance. "I want to know if the kids are attending on a regular basis . . . and if the teachers are there on a consistent basis." Looking at a school's ability to attract and keep students and teachers, and how that changes over time, may provide early warning signs about potential problems, such as poor leadership or lack of coherence. Given that teachers in Milwaukee have a fair degree of choice about where they work,[50] and given the impressive array of choices available to students, district leaders are regularly confronted with powerful signals about the demand for its various schools.

In Dayton, leaders are paying attention to enrollment and parent concerns as important measures of school health in much the same way as Milwaukee leaders. In explaining why the district reconstituted some of its low-performing schools, for example, the superintendent said that the signs of decline were " . . . weak leadership, student achievement, and teacher performance . . . And we saw a decline in student enrollment. Parents who were not pleased with the achievement of their children started to move them, whether it was to other schools within the district or out of the district."

Top district leaders also sent a clear message to school-level employees that they are personally monitoring parental complaints about schools. As one Dayton principal noted, the superintendent made it very clear "what would happen if he heard that someone had called a school and that person wasn't met with the best service possible—he [the superintendent] would deal with it."

Paying attention to your school's parents. Milwaukee and Dayton principals and teachers talked about school health in much the same way school-level people would in any district (apart from their special emphasis on their enrollment numbers). Principals and teachers looked at academic assessments, attendance and discipline, and feedback from parents. But they placed a special emphasis on their school's relationship with parents. Some talked, for example, about conducting original surveys of parents to gauge demand for various programmatic changes, or using surveys the district had done. A Dayton principal proudly said that his school was "the only school last year to get a perfect score on public relations with parents" in one district-wide survey. Others talked about setting up parent centers within their schools that included amenities (for example, a fax machine and laundry machines) for their largely low-income population.

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50. In 1998 the district and union weakened seniority preferences in hiring.

For school-level leaders, judging how well their school was doing in the market was largely a function of how many potential parents came asking about the school, how happy those parents were with the answers, and whether parents, once they joined the school, were satisfied members of the school community.

SUSTAINING ATTENTION

Getting people to pay attention to the idea that they are in a competitive situation and monitoring how schools are performing in that market may be the first step to helping traditional schools compete. But sustaining that attention, indeed sustaining attention on anything in public education, is an uphill battle. Given the "highly politicized nature of school governance, turnover in the superintendency, opposition from teachers unions or school boards, and the human tendency to hope that half-measures will suffice," it is hard to get beyond incremental changes, stalemates, and shifting priorities.[51]

In Milwaukee and Dayton, district leaders recognized the importance of governance and stability in their efforts to help traditional schools respond to choice. "You have to work together with the political leadership as well as the school leadership" to maintain focus, explained a top Dayton district official. It is important that the district has the mayor's office as a reform ally, he continued, not only because it helps promote the district and its efforts, but because it also helps the district rally and coordinate outside resources to its cause. In Dayton, for example, district officials described how the city's police department gave the district an officer to focus on truancy, which helped reduce a chronic attendance problem—a key first step in the district's improvement efforts. Likewise, Dayton has worked with the city's juvenile court to reduce the time it takes to hear cases involving district students.

Without support from the school board and other stakeholders, it is hard to pay attention to what matters. "I really think that the elephant in the room now is governance in large urban districts and the political entities that governance creates," said a top Milwaukee official. Too often, "it really is about the adults, not about the kids . . . people get more focused on the adults and their discomfort." In many ways, he continued, making the right decisions for students boils down to having a school board

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51. Hill, Campbell, and Harvey, *It Takes A City,* 61.

that "believes in what's right for children and is focused on what's right for the district . . . If you have a board that's focused on making a decision based on the last person that whispered into their ear, then you'll never make decisions based on what's best for kids."

Finally, a large part of the ability of these two districts to pay attention to what matters was also clearly a function of their top leaders. Although the two districts were pursuing different reform strategies, both superintendents were forward-looking leaders who had no illusions about the risks and uncertainty introduced by choice and the need to address them. A self-described opportunist, one of them said, "I'm someone that institutes changes and thinks of the future that we're dealing with. I don't protect the past. I think our problems sometimes are the things that we haven't changed, not the things that we have changed." The other showed a no-nonsense style when describing the hard task of changing personnel in the district central office. "We've brought in highly qualified professional people in every arena: academics, financial, even the facility management." When asked how it happened, he said that he simply had to take charge, telling people, "This is how it's going to be, folks." Both superintendents understood that choice, along with all of the other pressures bearing down on the district, meant that they should not take anything for granted, and that things had to change.

So, one of the first steps in helping traditional public schools compete is both easy and hard. It involves recognizing what is going on in the surrounding environment. This may be easier to do when choice and competition are threatening the bottom line, but districts not yet as challenged as Milwaukee and Dayton would do well to start paying attention sooner rather than later. They can do so by looking carefully at not only measures of academic success, but also of organizational success. It is important to know how students are performing. But it is also important to know which schools are attracting and keeping families and teachers.

Moreover, common sense suggests that no school district will be able to help its traditional schools compete if its board is weak or plagued with infighting. Having a stable governance structure and visionary leadership are the important behind-the-scenes foundation without which school districts will have trouble improving, let alone competing. All of these assertions, of course, reflect what people in Milwaukee and Dayton say about what they are doing. Given this study's limitations, it is hard to know how much of their own advice they are actually taking. Nevertheless, what they say

strikes an important theme that runs through the following chapters: *Many of the things that may help schools compete are the same things that help schools improve in general. Helping schools compete may ultimately not be a matter of doing radically new things. It may just mean doing what should be done anyway, only with a greater sense of urgency.*

CHAPTER FOUR:
STRATEGIES FOR COMPETING

*T*his chapter describes three basic strategies used in both Milwaukee
and Dayton to help schools compete. Prior research suggests that
districts generally respond to competition in predictable ways, if they
respond at all. Typical responses include marketing campaigns and new programs
to meet parent demands (see chapter one). When people in Milwaukee and
Dayton described the strategies they were using to help their schools compete, they
mentioned these familiar approaches. But they also underscored something that
has not been highlighted in most prior studies: in order to help traditional schools
compete, districts have to make some incredibly difficult decisions, including one of
the most difficult decisions of all—closing schools. Milwaukee and Dayton suggest
that helping schools compete is not just about reaching out to parents or offering
new options; it is also about getting serious about the oversight of existing schools.
These two districts, then, pursued three basic strategies: they reached out to
parents, they answered choice with choice, and they took oversight very seriously.

STRATEGY #1: REACHING OUT TO PARENTS

School districts have historically been able to rely on captive audiences to fill classrooms.
Terms like "marketing" and "customer service" are relatively new in public education.
But when parents and students have more options, life is no longer so certain. In today's
world, both Milwaukee and Dayton recognize, helping schools compete requires reaching
out to parents in new ways.

Each district uses formal and informal public relations campaigns to reach out to families, many of whom may have been taken for granted for years. Like many urban districts, Milwaukee has placed advertisements promoting its schools on radio and television, and on the sides of buses. Dayton has done the same, advertising on television, radio, newspapers, and billboards, spending almost $600,000 over the past three years (see sidebar: *Girl Power*).[52] These efforts, according to district officials, were "forced upon us to compete for students." A school board member said, "I get an ad for a charter school in the mail almost every week in the fall, and I don't even have kids in school anymore."[53]

By contrast, Columbus Public Schools, a district three times the size and budget of Dayton, has no advertising line item in their budget. According to a Columbus school district official, Columbus rarely buys ads; when it does, the funds usually come from an outside source. Instead, Columbus relies on public service announcements. "I wake up every morning to charter school ads on the radio," remarked a Columbus official. "But we can't afford to advertise—the public would not approve of us spending money on ads and we're making budget cuts and layoffs as it is."

The campaigns in Milwaukee and Dayton generally serve two purposes. The districts use them to try to attract students who have already left for choice schools, and they use them to try to reach the parents of first-time students. By private marketing standards, using buses and billboards is predictable and not very innovative, but the principals interviewed in Dayton explained that people choose their schools based on very low-tech methods—such as getting information

girl power!

Come and learn about the first all-girls school in the Dayton area.

You're invited to an **Ice Cream Social** sponsored by Dayton Public Schools!

Dayton Public Schools is excited about opening the Charity Adams Earley Academy for Girls this fall, for kindergarten through second grade. Come share in this excitement at our upcoming ice cream social, with the opportunity to enroll your daughter in an academy that provides an education specifically designed for her.

- **Educators will be available to answer your questions**
- **FREE Charity Adams Earley Academy teddy bears (while supplies last)**
- **Opportunity to order school uniforms and receive more information**
- **Art projects, door prizes and plenty of ice cream!**

Research proves that an all-girls education pays off with a lifetime of dividends for our daughters. Girls enrolled in single-gender schools significantly increase their capabilities in math and science, as well as their leadership potential.

Enroll your daughter in the Charity Adams Earley Academy for Girls — a powerful new choice for your child.

For more information, call 937-542-4757.

Join us Thursday for a "sundae"!

Thursday, May 19th
6 p.m. – 8 p.m.
440 Shoup Mill Road, Dayton
(Girl Scout Council Building)

DAYTON PUBLIC SCHOOLS
A New Day Is Dawning!

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52. Scott Elliot, "Schools Defend Ad Splurge," *Dayton Daily News*, November 21, 2005. [Through correspondence with authors, Dayton officials indicate they are spending slightly less money on advertising in recent years. FY 04 total: $265,933.29; FY 05 total: $234,162.9; FY 06 total: $98,129.41 (July-October).]

53. Elliot, "Schools Defend Ad Splurge."

from other parents and family members. Keeping the information low tech and in front of people may be paying off. In Dayton, district leaders point to their kindergarten enrollment, which they say increased by 150 students for the 2005-2006 school year.

But public relations in Milwaukee and Dayton is about more than centralized advertising campaigns. It also involves schools. Just as paying attention is every leader's job in these districts, the same holds true for reaching out to parents. In Milwaukee, most of the schools visited had a laundry list of marketing tactics they had tried at the school level over the years. Tactics included advertising in the newspaper, distributing information brochures, holding open houses, placing hangers on neighborhood door handles, and purchasing a new sign for the front of the school. Such formal school-level efforts are, in some ways, a function of Milwaukee's decentralization. Under decentralization, principals are expected to be entrepreneurial. In the case of reaching out to parents, that means going out and recruiting families, whether it is with an advertisement or going door to door. At the same time, principals and teachers in Milwaukee expressed some skepticism about the effectiveness of formal school-level marketing, hinting that they know what every good marketer knows: the best advertising comes from word of mouth. One principal said family networks in particular were an important source of advertising for her school: "Most of the time when parents start with us, they don't want to leave our school, and they send sisters, brothers, cousins. They tell other relatives about us."

In Dayton, schools focused more on retaining students than on recruiting new ones. As a result, Dayton principals approached public relations in a less formal manner, leaving organized campaigns and glossy advertisements to the district. As one principal put it: "I'm not running out there saying, 'Come to my school. Come to my school.' But I am trying to let [teachers] see that it's what you say and what you do on a daily basis that helps us keep our kids and be successful." One principal recalled how the superintendent had instructed all district teachers to "call every child on your roster and let those parents know just how pleased you are to have their child in your classroom, how willing you are to have them, and how you're looking forward to seeing them." As the superintendent's injunction to call parents suggests, treating parents with respect was an important part of Dayton's efforts. "When parents walk in," a principal said, "we give them eye contact. I don't care who it is, [we say] 'Good morning. How're you doing? Can I help you?' Those things are what sell your school."

While all of this may sound unremarkable, it is worth remembering that only a few years ago both the morale of Dayton's district staff and the public's perception of the district

were low.[54] A 2001 poll by the Fordham Foundation, for example, showed that fewer than 3 out of 10 parents gave their schools an "A" grade, while 2 out of 10 gave them a "D" or an "F"—that was more than double the proportion of charter school and private school parents in the same poll who gave their schools low or failing grades.[55]

More so than in Milwaukee, school personnel in Dayton spoke about how their students' daily experiences reflected on their school as an organization. As one principal put it, "the child is your best public relations person." "Ultimately," said another, "I think that parents choose schools based on how their children feel about the people that they meet each day when they come to school." This focus on mutual respect between the school and home, and on positive personal interactions in Dayton schools, goes beyond what many would consider traditional public relations or customer service. People in Dayton saw it as a way to "compete" for their students. In some ways, they were competing on trust, using interpersonal interactions to build stronger relationships between families and schools.[56]

STRATEGY #2: ANSWERING CHOICE WITH CHOICE

In addition to reaching out to parents formally and informally, Milwaukee and Dayton tried to help their schools compete by offering parents new options within the traditional district school system. This response is squarely in line with prior studies of competitive responses to choice. Milwaukee and Dayton, like other districts facing competition, recognize that it is hard to cope with a variety of new competitors if families are only offered the option of attending the traditional neighborhood school.

District leaders in Milwaukee seemed particularly adept in responding to customer demand for new programs. In response to market surveys, market signals (see chapter three), and community feedback, the district has launched an array of differentiated schools, including Montessori schools and arts and language immersion programs. It has also created more than fifty K-8 schools in response to parent concerns about stand-alone middle schools (table 2 outlines the different types of schools operating within the district). In addition, Milwaukee has authorized over twenty district-run charter schools to provide parents and students with even more schooling options. The district has also

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54. See, for example, *Council of Great City Schools, Raising School Achievement.*

55. Thomas Fordham Foundation, *Dayton Education in 2001.*

56. See Bryk and Schneider, *Trust in Schools.* Bryk and Schneider find that relational trust is an important ingredient in successful schools.

expanded its kindergarten offerings. "We know that parents want all-day, four-year-old kindergarten," said one official, "so that's what we got."

TABLE 2. *Types of Schools Operating Within Milwaukee Public Schools (MPS) as of 2005-2006*

School Type	Description
Neighborhood Schools	Accept children from the neighborhood before enrolling children from other areas but will take students from within its region, if seats are available.
Neighborhood Specialty Schools	Enroll students first from the neighborhood, then from the entire city, if seats are available. Offer special programs or areas of study, such as the arts.
MPS Charter Schools	Do not have to follow many of the regulations set for regular schools, therefore, can be more flexible. Some charter schools use the standard MPS enrollment procedures; others set their own.
Citywide Specialty Schools	Accept children from all over the city and offer special programs or areas of study, such as the arts.
Contracted Agency Schools	MPS contracts with community agencies to provide Head Start, kindergarten, and limited elementary education services.
Partnership Schools	Wide array offered by MPS for students who are identified as being at risk of dropping out or who are experiencing difficulty in the traditional school setting.
New Small High Schools	Focus on quality relationships, rigorous academics, and relevant learning experiences for students. Each small high school has a unique educational mission and serves up to 400 students.
Other Schools	Several programs offered by MPS for at-risk youth. These programs include schools for adjudicated youth, alternative schools, disruptive youth programs, and behavioral reassignments.

Source: Milwaukee Public Schools, http://www2.milwaukee.k12.wi.us/supt/Types.html.

In addition to trying to respond to parent demand with more options, Milwaukee is also on the lookout for new opportunities in the market. For example, one official explained that the district is going "to put a little bit of money in the three-year-old [pre-school] bucket . . . if we can get the kids in at three-years-old, maybe they'll stay through twelfth grade. That's an investment in the future."

By contrast, Dayton's leaders talked about the creation of new programs not in terms of meeting parent demands or entrepreneurial ventures, but in terms of improving district performance. This is not to say that they did not recognize that giving parents choice helped them compete. As one official said, "If folks don't want to go to the neighborhood school, they're going to the charter school if you say [the neighborhood school] is the only option you have." But district officials emphasized that their main goal was to develop a variety of programs that would help improve student achievement (table 3 outlines the different types of elementary schools operating within the district).

TABLE 3. *Elementary School Options in Dayton*

School Type	Number of Schools
Grade Span K-5	6
Grade Span Pre-K – 7/8	11
Montessori Schools	3
Single-Gender Academies	2
Total Elementary Schools	22

Source: Dayton Public Schools.

In talking about these options, one district administrator said, "Everything that we focus on here we focus on for academic achievement. It's not a whim. What we do is try to find those things that kids can be successful in, not just because it's a name." In explaining this focus, an official said that the district is emphasizing academics "because we knew that going out and marketing without a product to market wouldn't work."[57]

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57. Part of this has to do with where Dayton is in terms of the lifecycle of its current reform. As we already noted, the district is only a few years into its current reform strategy. This effort came on the heels of the district nearly hitting rock bottom in the early 2000s. That breakpoint was signaled in a comprehensive report on the district produced by the Council of Great City Schools. According to the report, Dayton was in crisis: "Student achievement is low. Funding is tenuous. Buildings are dilapidated. And the public is clearly looking at its options. Without change, parents will find or create them. The warning signs are everywhere." In the aftermath, the school board hired the current superintendent to turn things around, and improving academics was job number one. Council of Great City Schools, *Raising School Achievement.*

At the school level, it should come as no surprise that schools in Milwaukee have much more flexibility and incentive to differentiate themselves than do schools in Dayton. In Milwaukee's decentralized system, each school visited had initiated measures to distinguish its curriculum or to offer parents something extra as a way to make their school more attractive. Many elementary schools, for example, provided before- and after-school care to attract parents working in the area. One K-8 school was planning to expand its gifted education program into its upper grades to prevent its brightest students from leaving for a similar program at a nearby middle school. Both of these plans were school-initiated. Another elementary school decided to change its name to reflect a new thematic focus and differentiate itself from other schools. The principal said, "We were looking for a focus for our school to give people an idea of what they can expect at our school . . . [Once the school decided on its focus] people thought that we should try to add that to our name."

By contrast, in Dayton, where centralization is at the heart of the district's reform, schools are not encouraged to carve out their own niche. In fact, the district creates differentiation based on centralized decisions while at the same time coordinating core curricula in an effort to increase quality and consistency across the district. Although this report is about responding to choice and competition, it is worth remembering that these are not the only pressures facing these districts. Dayton's emphasis on centralized capacity building is more a function of its leaders' concerns about moving the district out of the state's "academic emergency" status, than it is about their concerns over choice and competition. First things first: If the district can improve district-wide performance and pull itself off the emergency list, officials reason, competition should take care of itself.

The strategies described so far are not new, but the contrasts between Milwaukee and Dayton offer interesting insights into how these strategies play out in different contexts. Helping schools compete involves reaching out to parents more, but that is not just a matter of public relations and advertising. It is also about recommitting everyone in the district to building good relationships with parents and families. It involves actions at both the district and school level. Helping schools compete also involves providing parents with an array of choices, but there is more than one way to get there. It can involve both entrepreneurs and expertise; it can come from the bottom up, or the top down. Moreover, one could imagine a district with opportunities for either approach.

STRATEGY #3: TAKING OVERSIGHT SERIOUSLY

The districts were also using an additional strategy that has generally received less attention in research and debates about choice: making hard choices about the viability of individual schools and looking for ways to salvage them, or failing that, close them. Helping schools compete, especially from the perspective of an entire district, involves taking the district's public oversight duties far more seriously than many have done. For emotional and political reasons, this is the hardest strategy of all. In Milwaukee, district leaders said the threshold of viability for an elementary school is somewhere around 200 students. When enrollment trends are nearing that point, leaders in Milwaukee talked about school mergers as a last ditch effort to save the school. In Dayton, where leaders talked about a school's viability in terms of enrollment—but also in terms of leadership, academic performance, and parent satisfaction—their last ditch effort meant reconstitution. Leaders in both places realized that paying for excess classrooms and underused buildings made it harder for the whole district to improve and compete.

One way to help struggling schools is to recast them in a merger. In Milwaukee, two schools that faced dwindling enrollments initiated a merger in 2005 so they could provide their students with a greater pool of resources and avoid closure. As an incentive, the district gave the "new" school some extra funding to facilitate the transition. Although it is too soon to tell what will come of the merger, other schools are already following suit. One year later, in the spring of 2006, two more shrinking schools were proposing to merge. One of these schools enrolled fewer than 300 students in the spring; the other had fewer than 200. Such mergers are a practical solution to under-enrolled schools when, as the superintendent explains, "We have two schools that were struggling with resources and enrollment that are in proximity of each other." [58] The district is proposing an extra $139,000 a year for three years if they join together as a new school, and suggests that the merger itself would save the district more than $192,000 a year. Unless the merger goes through, both schools are in danger of closing.[59]

Rather than merge struggling schools, leaders in Dayton have tried to give them extreme makeovers. The district reconstituted (or, in its term, redesigned) four schools that were losing enrollment, underperforming, and at risk of being taken over by the state or converted to a charter school. As is often the case with reconstitution, Dayton's school

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[58.] Alan Borsuk, "PS board to consider combining 2 schools: Happy Hill, Granville elementary would merge," *Milwaukee Journal-Sentinel,* April 24, 2006.

[59.] Ibid.

redesigns focused on getting the right leadership and staff into these schools and having them focus on a common mission and instructional agenda. Teachers in these schools committed to intense staff development and to using data to drive their decisions and actions. Although it is too soon to tell, it is possible that these various interventions will succeed.

It is also possible they will not. School culture and practice are difficult things to change from the outside. Reconciling different school calendars (e.g., year-round versus traditional), different instructional strategies (e.g., direct instruction versus mastery learning), and leadership teams can present challenges when two schools try to become one. In the long run, some schools may, for many different reasons, be unable to turn themselves around or increase their enrollments. In those very difficult cases, both Milwaukee and Dayton have recognized that in helping traditional public schools compete, sometimes districts have to consider making a hard choice: whether or not to close a school.

In Milwaukee, the school board approved the closure of four schools for the 2006-2007 school year. The district also plans to close additional schools. To be fair, these closures are as much a question of dealing with excess capacity as anything else. As noted in chapter three, Milwaukee has almost 30,000 more seats than it needs, which officials estimate cost the district $26.5 million. Likewise, Dayton's declining enrollment has meant that the district has more buildings than it needs. It has closed 16 schools since the introduction of charters, although it has softened the blow with a district-wide construction project (described in chapter five). Interestingly, even principals recognize that closing schools will help the schools that survive. Milwaukee principals in particular were very forthright in saying that they hoped the savings from school closures would increase their own budgets.

Overall, Milwaukee and Dayton are doing many of the things that previous research predicts—reaching out to parents, and trying to offer more choices. But they are also doing something more. They are taking a harder look at schools struggling to maintain enrollment or performance and either intervening to improve them or closing them down. All three of these strategies are colored by the broader reform efforts and specific contexts of the two districts. The long-standing decentralized system in Milwaukee gives schools greater freedom to initiate new programs, but also requires those schools to shoulder more of the marketing burden and face the real financial consequences of the market. In Dayton, schools have less control over their staffing and curriculum, but are

buffered from the pain of budget cuts, allowing staff to hone their professional skills and build personal relationships between school and home.

Together, the efforts of these two districts suggest that helping schools compete looks a lot like what would be expected of districts trying to improve schools generally.

CHAPTER FIVE:
BARRIERS TO HELPING SCHOOLS COMPETE

*I*n addition to suggesting that districts help schools compete by reaching out to parents, offering more choices, and making hard decisions about struggling schools, Milwaukee's and Dayton's experiences also suggest that some inherited systems frustrate the effort to help traditional public schools compete. This chapter examines significant system barriers in four important areas: 1) inadequate performance information about all of the schools in the market; 2) finance systems that do not keep up with student mobility; 3) transportation costs that make intra-district choice hard to maintain; and 4) school buildings that are not flexible enough to keep up with changing enrollments.

When information, finance, transportation, and facilities systems are poorly equipped to deal with new stresses associated with choice, they can get in the way of helping traditional schools compete.

INADEQUATE INFORMATION MAKES IT HARDER TO COMPETE

Consumers obviously need good information if markets are to function well. When it comes to education, parents need information about the quality of schools in the market as well as information about their own children's academic needs.[60] In Milwaukee and Dayton, district and school personnel thought that parents generally did not have good information about school quality. Alternatively, officials thought that if parents did have good information, they did not value "quality" as defined by test scores. This put school

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60. See Betts, "Economic Theory of Choice," 14-39.

personnel in a bind. On one hand, they are under pressure from state accountability systems to focus on improving test scores. On the other hand, they are competing for students whose parents, at least from the schools' perspective, do not value test scores as highly as they would be expected to. Instead, parents focus on other aspects of quality: safety, convenience, and the feeling they get from school personnel.[61]

The result is that schools are pulled in many directions. "The presumption of the market approach," a Milwaukee official said, "was that people would base their choices on academic performance. That would then drive schools to put all of their time and resources into having high performing classrooms." But when that is not the case, schools are unsure about what to do. Do they invest in tutoring and professional development (to raise achievement scores and satisfy state and federal regulators), or is it better to put resources into after-school childcare (in an effort to appeal to what parents seem to want)?

Similarly, officials in Dayton said that parents were not choosing schools based on performance, at least as defined by the state's accountability system. "In essence what we found is that the choice opportunity in Dayton has nothing at all to do with academic results," one district administrator said. "There's a slew of other issues—the marketing skills of the charters, customer service, customer relationship building . . . those have been the bigger issues as opposed to academics [when it comes to attracting parents]. Charter schools say, 'Look, we give you hot meals. We give you a free ride to school,'" he continued, "[But] that's not anything that we don't provide."

It is beyond the scope of this report to disentangle the complicated question of how parents really define quality, or how district personnel view parent preferences. Another report from the Doing School Choice Right initiative takes a much closer look at the role information plays in school choice, particularly with regards to low-income parents (the report, by Paul Teske, will be forthcoming in fall 2006). It is, however, important to point out that parents lacked comparable information about the market in both cities, as some choice schools were exempt from the tests taken by traditional public schools. This lack of information may contribute to the tension between what schools think parents want versus what traditional schools feel obligated to focus on given standards and accountability policies. Since the mid-1990s, for example, voucher schools in Milwaukee have not been required to test students. Milwaukee voucher schools also were not required

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61. Such impressions are consistent with prior research on parent preferences. Parents are interested in school quality, but not necessarily as defined by test scores. See Hamilton and Guin, "Understanding How Families Choose."

to obtain accreditation. (This has recently changed. In 2005, the Wisconsin legislature addressed the problem by requiring voucher schools to meet the accreditation standards of one of six designated organizations and to give reading, math, and science tests to 4th, 8th, and 10th graders.)[62] Milwaukee charter schools, by contrast, give the same tests as regular public schools. In Dayton, charter schools ostensibly take the same state tests as traditional public schools do. But almost forty percent of charter schools in the city did not receive any state rating in 2004-2005, largely because of small enrollments (e.g., fewer than 10 students in a grade).[63] In response to mounting criticism, the Ohio legislature passed a measure requiring twice yearly assessments in reading and mathematics of students in all grades for charter schools with unacceptable performance ratings, less than two years of operation, or fewer than 10 students in the grade tested.[64]

At the end of the day, what seems clear is that comparable information on the performance of both traditional and choice schools is essential if school choice is genuinely to meet its promise.

STATE FINANCE SYSTEMS MAKE IT HARDER TO COMPETE

If school choice and competition is to work fairly, resources need to be tied to student flows. Linking resources to students creates the rewards and penalties that are the heart of creating incentives to improve. But this picture is complicated even further when state allocation and disbursement systems are based on infrequent contact with districts and schools. In Wisconsin, for example, state education funding is driven by two yearly attendance counts (one of these is the "Third Friday" mentioned in chapter three). In Ohio, student counts are taken during one week in October, although recent changes in the law will now require an additional count.[65] In the meantime, as students in either state move between schools and sectors, individual schools do not receive pro-rated resources for the time students attend them.

As a result, it literally does not pay to attract more kids to your school if they arrive after the count days. "That's the one thing that I think is really bad about our charter and

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62. 2005 Wis. Laws 125 §6 (to be codified at Wis. Stat. 119.23(2)(a)7).

63. Data from the 2004-2005 school year demonstrated that, overall, Dayton's district schools were outperforming its charter schools. But most of the schools from both sectors fell between the "continuous improvement" and "academic emergency" category of the state rating system. See http://ilrc.ode.state.oh.us.

64. Ohio Rev. Code Ann. § 3314.35 (Anderson, 2006).

65. Ohio Rev. Code Ann. § 3317.01 (Anderson, 2006).

choice school program," said one Milwaukee teacher. "Once the money's given to that school, even if a parent says, 'You know what? This school really isn't what I expected, so I'm going back to the public school system,' we have the kid for almost the whole year, but the money is left at the school where the child enrolled."[66]

Finding the right balance between incentives and capacity is hard work, but it's not impossible. Although not easy, financial systems need to be reexamined if choice is to serve the needs of students and both choice and traditional schools fairly.

HIGH TRANSPORTATION COSTS MAKE IT HARDER TO COMPETE

Like other districts confronted with competition from choice, Milwaukee and Dayton have tried to compete by offering families a wider array of specialty schools and unique programs. But answering choice with choice is costly, especially when it comes to moving students to different schools within the district as part of intra-district choice plans. In fact, the reality of declining enrollments and shrinking budgets has forced both districts to reexamine the substantial cost of transporting students between district schools and to rethink their own choice offerings.[67] At the time of the fieldwork for this study, both districts were implementing plans to reduce options offered to parents and redirect their resources toward attracting more students to neighborhood schools.[68] A district administrator in Milwaukee summed up the district's dilemma:

> Throughout the district today only 40 or 50 percent of our kids actually attend their neighborhood school. [This coming year] we have to restrict parents' options and choice just because of tight budgets. We just can't afford the bus options any more.

It remains to be seen how limiting district choice in either place will affect enrollment. Even as it implements cost-saving transportation measures by focusing on neighborhood schools, Dayton is still required to bus students to the charter school of their choice,

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66. The way states count students can cause other problems as well. In Ohio, the state considers all students in a district, whether they attend a traditional public school or a charter school, to be part of the district enrollment count. But the state keeps track of the money for those students in two separate accounting and allocation systems. Districts risk losing money if they fail to reconcile the two systems. In Dayton, district officials say this reconciliation effort involves full-time staff and costs the district $400,000 per year. They claim to have made a reconciliation mistake in the past that cost them $5 million.

67. Many other districts across the country are facing similar dilemmas, forcing them to redraw school boundaries and cutback on bus service. See Elizabeth Hume, "Bus Budget Braking: State cutbacks and rising costs force more districts to reduce service," *Sacramento Bee*, May 19, 2005.

68. See Milwaukee's Neighborhood Schools Initiative, http://www2.Milwaukee.k12.wi.us/supt/temp/NeighborhoodSchoolsInitiative/NSI_Executive_Summary.html; History of Dayton's School Plan, http://www.Dayton.k12.oh.us/osfc/history.jsp.

anywhere within a thirty-minute drive. [69] As one district official stated, despite state funds allocated for busing charter students, "We still spend at least $5 million extra each year because of this requirement." In Milwaukee, the district is not required to provide transportation to charter students, and it must provide transportation to voucher students only in limited circumstances.

Meanwhile, from the schools' perspective, changes in intra-district transportation plans have the effect of changing the market overnight. One Milwaukee principal said she would lose 100 students (a third of her school) because the district would no longer transport them to her school. Indeed, the market for district schools in Milwaukee is largely defined by its transportation policy and intra-district choice plans. When these policies change because the costs get too high, some schools get bled dry, while others are practically guaranteed enrollment, by virtue of winning the location lottery.

Dealing with the transportation issue is a huge factor in school-choice programs. Districts have to find ways to finance these costs, or find ways to reduce them, to make sure that choice is a reality and not just an attractive promise.

INFLEXIBLE FACILITIES MAKE IT HARDER TO COMPETE

Most urban and large suburban districts are faced with the challenge of large (and expensive) capital infrastructure in the form of buildings that are not always located where they need to be—and often sit half empty.

As districts try to help their schools compete, they need to put their resources where they believe they will have the most impact. But Milwaukee, and to a lesser extent Dayton, highlights how hard it is for districts to make those investments when money is tied up in fixed costs. With many more seats than students, Milwaukee spent $26.5 million on excess capacity in the 2004-2005 school year. To address the problem, the district has embarked on a wave of school closures, starting with four schools in 2006, which will save the district $3.3 million in the 2006-2007 school year.[70] "The fixed costs are the difficulty," a district official explained. "It is morally wrong," she continued, "to put money into heating and bills [in under-enrolled buildings] and not into children."

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69. Ohio Rev. Code Ann. § 3314.09 (Anderson, 2006).

70. Alan J. Borsuk, "Closing of Juneau High approved: Despite pleas, board votes 5-4 to shut down Milwaukee school," *Milwaukee Journal Sentinel,* November 10, 2005. Also available online at http://www.jsonline.com/story/index.aspx?id=369791.

Dealing with school buildings is a real estate problem, but it is also a political problem because of the difficult emotions raised by the prospect of closing schools. "We can move teachers around year after year," an official said, "but it takes a long time for a community to come to grips with having to close buildings in response to its population changes." The issue came to a head in early 2005 when an initial proposal to close four elementary schools was voted down by the school board after an outcry from the community. The current round of closures was approved only after an outside consultant was brought in to engage the community and develop clear criteria for the closure recommendations.[71]

Dayton's facilities issues are about how to deal with new buildings, not old ones. The district is in the middle of a $627 million, 10-year project that will replace every building in the district. In 2002, Dayton voters approved a $245 million bond issue in order to raise the local portion of the total capital costs. Increased competition from charter schools has forced the district to scale back the number of new school buildings from 34 to 24; competition and the specter of further enrollment decline related to demographic changes keep the building project in a state of uncertainty. This capital campaign is tied to the district's overall plan to move to neighborhood schools and reduce transportation costs. Both districts are having difficulty squaring the need to be responsive to the demand and supply of the market with the way districts traditionally manage facilities. Traditional facilities arrangements have their advantages, but they may not be flexible enough to deal with the uncertainties introduced by choice.

SUMMING UP

Table 4 summarizes how each of the barriers above interferes with the strategies laid out in chapter four. Given today's focus on academic accountability, a critical piece of doing choice right is ensuring that the market rewards academic quality. But if parents do not have comparable information on academic performance, both traditional and choice schools may feel pressured to compete on other terms (e.g., services that do not address academics). Finance systems that do not tie resources to student flows create confusing incentives for schools when they are not rewarded or penalized for students who arrive six months into the school year. Costly transportation systems make answering choice with choice difficult—when districts cannot afford to offer parents choices among their own schools, they put those schools at a disadvantage. Finally, facilities management that relies on long-standing methods can make a district less efficient, and make it even

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71. Costs for "closure" consultants can be substantial, but may be politically necessary. In this case, the consulting firm received $300,000.

more difficult to respond to the pressures of choice and enrollment decline, especially if it means intervening in weak schools.

TABLE 4. *Misaligned Information, Finance, Transportation, and Facilities Systems Make It Harder to Help Schools Compete*

| Strategies for Competing | BARRIERS | | | |
	Information	Finances	Transportation	Facilities
Reaching out to parents with formal and informal public relations	Lack of comparable academic information contributes to confusion about how to sell schools			
Diversifying schools and offering choice within the district		When dollars do not follow students, school budgets do not reflect student load, creating perverse incentives	The high costs of transportation have led both districts to scale back their intra-district choice programs	
Intervening in weak schools				Real estate and fixed costs do not adjust quickly to enrollment changes, creating a financial drain on the system

These four areas were recurring themes across respondents. Other barriers exist as well. "The biggest hindrance for us in terms of personnel management are the union contracts. We have 14 contracts here," a Dayton district administrator said. The district had made big personnel changes in the central office, he continued, but "we couldn't do that in our teaching ranks [because of the contract]." Another noted the high cost of health care and other benefits. Undoubtedly other well-known organizational and institutional barriers (such as inadequate data collection and analysis, aging information technology,

and conventional compensation policies) also make it harder to respond to competition, though these things were not so immediately apparent during the interviews.

In any event, the barriers highlighted by people in Milwaukee and Dayton appeared in two general forms: they either had to do with inflexible constraints (finances, facilities) or inadequate resources (information, transportation). In either case, they made it difficult to keep up with the increased uncertainty introduced by choice. It is worth remembering, however, that if school choice creates more uncertainty and vulnerability for public schools than has traditionally been the case, so do standards and accountability reforms. And so do fiscal crises in the states and federal government. In the end, the barriers and strategies outlined in this report are nearly as applicable to coping with the general trend toward more uncertainty in America's schools as they are to dealing with the particular challenges raised by choice.

CHAPTER SIX:
CONCLUSIONS AND IMPLICATIONS

*M*ilwaukee and Dayton's experiences on the frontier of school choice suggest that helping schools compete involves doing many of the same things that are likely to help schools improve in general. It includes paying close attention to successes and failures, building relationships with parents and students, and providing an array of schooling options that will meet the needs of students. And it involves dealing with poor performers.

The experiences in these two districts also suggest that, in order to do these things, districts and states need to rethink the way they do business on several fronts. For example, they need to make information more accessible to parents; they need to let money follow students more closely through the system; they need to provide efficient and sufficient transportation; and they need to manage their buildings in a more nimble way. In order to implement these basic strategies and address these logistic barriers, actors in the local, state, and philanthropic sectors each have important roles to play in helping traditional public schools compete.

WHAT DISTRICTS AND SCHOOLS CAN DO

With or without the threat of competition, the success or failure of traditional public schools hinges on the actions of individuals at the local level. District and school personnel can do several things to help their schools compete, including:

✓ **Admitting they have a problem.** One of the key things a superintendent can do to help traditional schools compete has to do with an attitude adjustment: acknowledging competition as a fact of life, and telling people what it means for their schools. The message that traditional schools are

no longer the only choice in town can clearly be made more powerful when there are pending or real financial incentives attached to enrollment losses. But regardless of the means, district leaders have an important role in helping school personnel think about their jobs in a different context—one that involves new and uncomfortable levels of uncertainty and risk.

✓ **Using multiple performance indicators.** Leading indicators are important tools for assessing where an individual school stands in the market and for diagnosing potential problems before they become intractable. In a recent report, Buried Treasure: Developing a Management Guide from Mountains of School Data, researchers Mary Beth Celio and James Harvey propose a set of indicators that can help districts make informed judgments about school health (see appendix C).[72] For example, a funding equity analysis might suggest that a particular school's struggles are a function of not receiving its fair share of resources. Attraction and retention indicators for students and teachers might flag particular schools for more scrutiny. As Celio and Harvey argue, "Smart use of data holds the potential for dramatically altering the tone and quality of board-superintendent relationships . . . Data sets that identify problems and promise to 'get at' real issues on a school-by-school basis offer district leaders what all of them want—the opportunity to target scarce resources where they can do the most good."[73]

✓ **Building relationships with parents.** Getting the word out about what a district (or school) has to offer is an important part of competing. Districts and schools need to be able to market themselves in a way that attracts parents and students. But they also need to recommit themselves, particularly at the school level, to building trusting relationships with parents and students.

✓ **Answering choice with choice.** To be competitive, districts need to provide parents with a range of options from which to choose. Milwaukee and Dayton suggest that options within a district may originate from schools or the central office. In either case, district leaders need to strike a balance between school and district control, between incentives and investments in capacity, and between continuity and adaptability in their portfolios.

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72. See Celio and Harvey, *Buried Treasure*.

73. Ibid., 72.

✓ **Taking oversight seriously and having a rational process for making hard choices.** In addition to intervening when schools need help, district leaders and school boards need a rational process for making hard decisions if a school is struggling to remain viable. Researchers Bryan Hassel and Lucy Steiner suggest this involves having a) a clearly defined and widely accepted 'trigger' for considering closure, b) a rational and transparent system for gathering information about school performance and capacity, and c) a well-defined and transparent process for making hard decisions (e.g., a blue ribbon commission charged with making evidence-based recommendations about school viability).[74] As noted in chapter four, this is the most difficult response of all.

✓ **Managing facilities for flexibility.** There is no simple solution to the political challenges associated with closing schools. There are, however, ways that district leaders might rethink the management of their facilities so that fixed costs become less of a burden. Districts might, for example, consider entering into purchase-lease agreements, where a developer builds a school and leases it to the district, or public-private partnerships, where schools share space with compatible groups (e.g., Boys and Girls Clubs or city-run community centers). Both options have the potential to reduce costs and increase flexibility. Some have even suggested the radical alternative of getting out of the real estate business altogether.[75] Any of these ideas require expertise that does not exist in many districts; they require rethinking carefully how school facilities relate to a city's broader landscape and development agenda; and they require strong strategic leadership that has a vision for both a stock of school buildings as well as a portfolio of school programs.

✓ **Tackling transportation.** For localities that are interested in "doing school choice right," the costs and logistics of actually moving children to schools is a critical issue that deserves careful attention. The most obvious approaches to dealing with the high costs of transportation are to increase funding or to cut back transportation and choice. District leaders might also look for ways to make their transportation systems more efficient, such

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74. See Hassel and Steiner, *Starting Fresh.*

75. See DeArmond, "Getting Out," 26-40.

as giving families vouchers for alternate transportation options, contracting out transportation services, or optimizing start times so buses run multiple routes during the day. Of course, none of these approaches would ensure reduced costs,[76] and some would carry very high political costs. Without solving the transportation problem, answering choice with choice is a difficult proposition. Needless to say, where healthy public transportation systems exist, school districts should not be the only actors working to meet this challenge.

WHAT STATE POLICYMAKERS CAN DO

When it comes to choice and competition, state policy discussions usually focus on the supply of choice schools, including who can open a school, how many schools can open, and how much money they should receive. These are important issues. But Milwaukee and Dayton's experiences suggest that state policymakers need to address other issues as well to do their part in getting school choice right. These include:

✓ **Enhancing performance information.** In chapter five, we noted that the Wisconsin and Ohio legislatures have taken steps to ensure that parents will have an opportunity to consider academic performance, as measured by test scores, when choosing among schools. Ohio's required assessment for new and failing charter schools goes a step further, offering parents both beginning- and end-of-year assessments, to show how much their child improved while in that particular school. States might consider requiring a similar "value-added" performance assessment for students in all schools. This performance information would serve a dual purpose: giving school authorizers and district leaders data on the success or failure of individual schools, and providing parents with an additional means of identifying and comparing school quality.

✓ **Improving financial systems.** To address funding portability issues, states might help schools compete by using a funding system that relies on more frequent enrollment or attendance counts (see appendix D for an example). Under the current systems in Wisconsin and Ohio, schools do not receive additional resources for students returning from choice schools

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76. Hutchinson and Pratt, "The Comparative Cost," 446-458.

midyear.[77]   Infrequent counts and disbursement systems put schools that receive an influx of midyear students at a disadvantage, whether the mobility is caused by transfers between traditional public schools within the district, or across school sectors. A system that utilized more frequent counts and disbursements, similar to the Washington State system, would do a better job of aligning resources and enrollments in individual schools. Such a system would also give schools an incentive to maintain or increase their enrollment counts throughout the year. States might also improve financial systems by streamlining enrollment and funding mechanisms across sectors, both to minimize administrative burdens and regulatory costs and to ensure that students are counted and funded in similar ways regardless of where they attend school.

✓ **Financing new information systems.** New information systems are not free. It is clear that districts under enrollment pressures and faced with new demands from choice are already experiencing difficulty financing and maintaining inherited transportation systems and buildings. States should be prepared to help out with the additional costs of increased data collection and reporting.

✓ **Tackling transportation.** Dealing with transportation costs is not just a local issue. To the degree that states are involved in funding and regulating school transportation, they may need to rethink how they address the costs and logistics of actually moving children to the school of their choice.

WHAT PHILANTHROPY CAN DO

Finally, philanthropies that are interested in using choice as a lever for school improvement might also play an important role in helping traditional public schools compete by making one-time investments in a few key areas. These include:

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77. See Alan J. Borsuk, "Number of Voucher Students Is Up But Takes a Dip," *Milwaukee Journal Sentinel*, April 5, 2006. Also available online at http://www.jsonline.com/story/index.aspx?id=415154.

✓ **Investing in parent information.** States and districts clearly have a role to play in ensuring that parents have good information about schools. At the same time, philanthropic efforts aimed at helping parents make better comparisons between schools and providing them with better tools to make informed choices would be an important contribution toward doing choice right. In Dayton this is already happening, where the Fordham Foundation has teamed up with the University of Dayton and GreatSchools.net to compile information on school performance and make it more parent-friendly.[78]

✓ **Investing in data analysis.** While more and more districts are gathering useful information about school performance, few have the capacity to analyze it in a way that can inform strategic decisions. Philanthropies could help public schools compete by investing in analytical capacity, either within or outside of districts, which focused on conducting school-by-school analyses of achievement, resources distribution and use, and current capacity.

✓ **Investing in leaders of traditional public schools.** If traditional public schools are to do any of the things mentioned in this report, they need capable leaders at the district and school level. Philanthropies might help by funding training opportunities for boards, superintendents, and principals—for example, on how to use new authorities, such as site-based hiring and budgeting decisions, or on how to rethink their oversight role and what it demands.
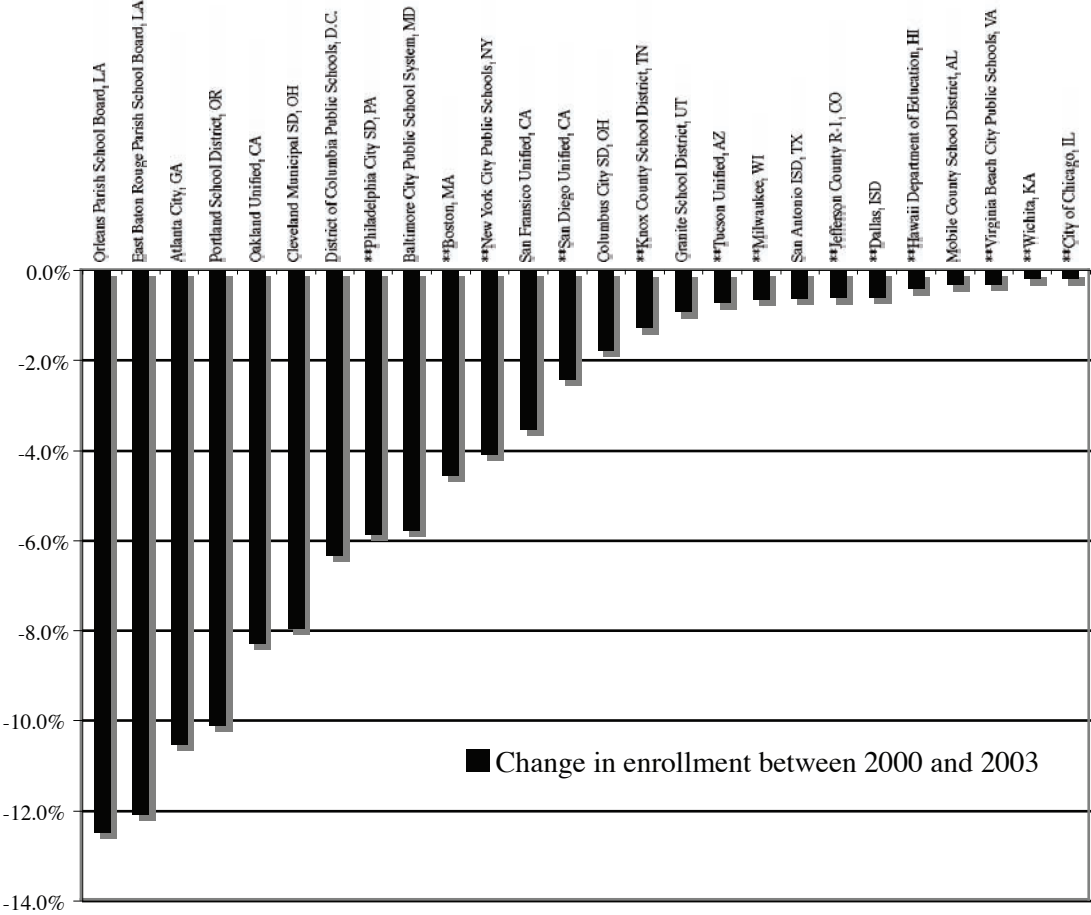
CONCLUSION

Districts, states, and philanthropies can help traditional public schools compete. Doing so involves taking actions that range from relatively easy (for example, focusing on relationships with parents) to very disruptive (for example, taking oversight and performance accountability seriously). Helping traditional schools compete also involves addressing the barriers that make it harder for districts to compete. The constraints mentioned in chapter five were, of course, the most visible ones in these two particular districts; surely other constraints may prove equally important, and even harder to address.

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78. Meera Chary, "Making Choice Work in Dayton," *The Ohio Education Gadfly,* February 8, 2005; Editorial, "Parents Need Good Information to Choose Well," *Dayton Daily News,* November 16, 2005.

On balance, perhaps the best advice for districts wanting to help traditional public schools compete is simply to bring a renewed sense of urgency to their efforts to help schools improve in general. Milwaukee and Dayton suggest that helping schools compete is about the basics: monitoring performance, making connections with parents, providing schooling options that fit different needs, and intervening in chronically low-performing schools. In some ways, separating out the pressures created by choice and looking for specific responses to it may be beside the point. In the end, rather than creating wholly new pressures requiring new responses, choice, especially in the broader context of enrollment decline, appears to shine a spotlight on the challenges districts already face and the need to confront them sooner rather than later.

APPENDIX A:

ENROLLMENT DECLINE IN 26 URBAN DISTRICTS, 2000-2003

The chart shows "Change in enrollment between 2000 and 2003" for the following districts (left to right): Orleans Parish School Board, LA; East Baton Rouge Parish School Board, LA; Atlanta City, GA; Portland School District, OR; Oakland Unified, CA; Cleveland Municipal SD, OH; District of Columbia Public Schools, D.C.; **Philadelphia City SD, PA; Baltimore City Public School System, MD; **Boston, MA; **New York City Public Schools, NY; San Francisco Unified, CA; **San Diego Unified, CA; Columbus City SD, OH; **Knox County School District, TN; Granite School District, UT; **Tucson Unified, AZ; **Milwaukee, WI; San Antonio ISD, TX; **Jefferson County R-1, CO; **Dallas, ISD; **Hawaii Department of Education, HI; Mobile County School District, AL; **Virginia Beach City Public Schools, VA; **Wichita, KA; City of Chicago, IL.

*** Districts with declining enrollments between 2000 and 2003 that did not show enrollment declines between 1990 and 2000.*

Districts whose enrollment stabilized or increased between 2000 and 2003 (not in graph): Jefferson County, KY; Jefferson Parish School Board, LA; Ysleta ISD, TX; Detroit Public Schools, MI; El Paso ISD, TX; and Nashville-Davidson County ISD, TN.

APPENDIX B:
PRINCIPAL INTERVIEW PROTOCOL

Thanks for taking time to talk with us. As we mentioned, we're researchers at the University of Washington and we're studying how traditional public schools deal with the impact of school choice and, in particular, how districts can help them cope with it.

We're interested in your perspectives on what it's been like to lead a school that has experienced enrollment changes in a choice environment. In the end, we're hoping to get some advice from you for other schools and districts that might face similar situations.

Do you have any questions for us before we start the interview?

1. We'd like to begin by asking you a few simple questions....

    How long have you worked at [SCHOOL NAME]?

    How long have you worked in [DISTRICT NAME]?

    What did you do before working here?

2. Could you help set the stage for us by telling us a little about this area? Who lives in this neighborhood?

3. In addition to [SCHOOL NAME], what other schools serve this area (including non-MPS/DPS schools)?

4. Where do kids from this part of the city go to school?

5. Has [SCHOOL NAME] experienced any big shifts in enrollment since you've been here? If so, how did they affect the school?

    Budget?

    Teaching staff (composition, number, morale)? How?

    Reputation?

    Student body (composition)?

    Curriculum/programs?

    District's treatment of the school?

6. What do you think was behind these enrollment shifts?

7. One of the things we're interested in is how principals and teachers judge the health of their schools. What do you and your colleagues look at when you want to know how your school is doing?

    Indicators (test scores, attendance, teacher turnover, parent surveys . . .)

    Methods (absolute scores, growth scores . . .)

    Frequency of assessments (end of year/quarterly; which grades?)

    Unit of analysis (aggregate data; disaggregated by race, etc.)

8. What does that [indicator] tell you? What might you do with that information?

9. Have the things that you pay attention to changed over time? Why?

10. Is the district paying attention to the same things that you are? If not, what are they paying attention to?

Now we'd like to get your perspective on how a district can best help schools succeed in a place with so many schooling options.

11. What do you think is the most important thing the district is doing to help [SCHOOL NAME] succeed?

    New leadership

    New curriculum or programs (tutoring, etc.)

    Professional development for leaders or teachers

    Recruiting and retaining teaching staff

    More resources or different use of existing resources

    Public relations

    Who initiated the action?

    What were they trying to accomplish?

    How did it work? (incentives/mandates/ideas)

    When did it happen? Is it ongoing, or was it a one-time action?

12. Does the district do anything that makes it harder for you to do your job, especially when it comes to dealing with enrollment changes/competitive pressure?

13. Some people say that districts and schools are better off as a result of competition; others argue that they are worse off. Given your experience, what would you say has happened here? Have choice and competition affected schools the way you expected?

14. What is the biggest challenge you face at your school?

15. Is there anything that you wish you could do to address this challenge that you can't do right now? What would have to change so that you could do it?

APPENDIX C:
LEADING INDICATORS OF SCHOOL HEALTH

Mary Beth Celio and James Harvey propose the following seven indicators for judging the health of individual schools. As a set, they include information both on academic performance that is relevant to accountability systems (e.g., achievement and achievement gap measures) and organizational attractiveness that is relevant to a school's standing in the market (e.g., student attraction and engagement with the school). For more information see their report, *Buried Treasure: Developing a Management Guide From Mountains of School Data.*

> *Achievement in Reading and Mathematics*—Measures of school achievement compared to other schools in the state and other urban districts for the current year and over the last 10 years.
>
> *Elimination of the Achievement Gap*—The gap in reading and mathematics between subgroups of students by race, economic status, English language facility, etc. (where there are adequate numbers within a subgroup for comparison).
>
> *Student Attraction*—The ability of the school to attract students, where parents/students have opportunities for choice.
>
> *Student Engagement with the School*— An index of measures including attendance, tardiness, and involvement in school activities.
>
> *Student Retention/Completion by School Level*—Enrollment trends by grade level/cohort.
>
> *Teacher Attraction and Retention*—Number of applications for teacher openings; proportion of teachers leaving the school for reasons other than scheduled retirement.
>
> *Funding Equity*—Measure of whether the school receives the funding that would be predicted given the composition of the student body.

APPENDIX D:
STATE FUNDING MECHANISMS

Schools need frequent disbursement of funds if incentives and rewards are to follow student flows. The following tables demonstrate differences in the enrollment counts and disbursement timelines across different states, showing how the frequency of Ohio's and Wisconsin's counts and disbursements compared with Washington State's.

TABLE 5. *Differences in State Enrollment Counts for Funding Purposes*

	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
OH		1st school week count								
WI	3rd Friday count				2nd Friday count					
WA	4th school day count	1st school day count	1st school day count	1st school day count	1st school day count	1st school day count	1st school day count	1st school day count	1st school day count	

TABLE 6. *Differences in State Disbursement Dates*

	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
OH	Every two weeks	Every two weeks	Every two weeks	Every two weeks	Every two weeks	Every two weeks	Every two weeks	Every two weeks	Every two weeks	Every two weeks
WI	15% on 3rd Monday			25% on 1st Monday			25% on 4th Monday			35% on 3rd Monday
WA	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly

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