



# Portfolio School Districts Project

## Portfolio School Districts for Big Cities:

*An Interim Report*

Paul Hill, Christine Campbell, David Menefee-Libey,  
Brianna Duseault, Michael DeArmond, Betheny Gross

October 2009

center on **reinventing** public education



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## **About the Center on Reinventing Public Education**

The Center on Reinventing Public Education (CRPE) was founded in 1993 at the University of Washington. CRPE engages in independent research and policy analysis on a range of K–12 public education reform issues, including finance & productivity, human resources, governance, regulation, leadership, school choice, equity, and effectiveness.

CRPE's work is based on two premises: that public schools should be measured against the goal of educating all children well, and that current institutions too often fail to achieve this goal. Our research uses evidence from the field and lessons learned from other sectors to understand complicated problems and to design innovative and practical solutions for policymakers, elected officials, parents, educators, and community leaders.

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This report was made possible by grants from Carnegie Corporation of New York and the Joyce Foundation. The statements made and views expressed are solely the responsibility of the author(s).

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## ACKNOWLEDGMENTS

**T**his report reflects the work of many people. Michele Cahill of Carnegie Corporation of New York and John Luczak of the Joyce Foundation not only secured funding for the work but also helped sharpen its focus. Joel Klein, Michelle Rhee, Paul Pastorek, and Paul Vallas opened doors to the people who are doing the daily work in portfolio districts. Respondents (too many to mention) also put up with our questions and requests for data; in fairness we must single out Eric Nadelstern and Lynn Cole, without whose advice we would have wasted even more of the time of busy educators.

University of Washington colleagues Stephen Page, Debra Britt, Robin Lake, James Harvey, Sam Sperry, and Julie Angeley also contributed their good work to this report. However, any blame for omissions or misinterpretations must stop with the authors.

Our thanks to Carnegie Corporation of New York and the Joyce Foundation for their generous support of this work.

# INTRODUCTION

This is the first report from an ongoing study of four urban school districts (New York, New Orleans, Chicago, and the District of Columbia) that are experimenting with new school designs and new ways of holding schools accountable for performance. This report introduces the idea of a “portfolio school district,” and shows how some leading school districts have put the idea into practice. The report’s goal is to help district and community leaders throughout the country judge whether a similar approach could improve the schools in their localities, and if they decide in the affirmative, how to approach building a portfolio strategy of their own.

“Portfolio school district” is a broad term based on a simple set of ideas: a district that provides schools in many ways—including traditional direct operation, semi-autonomous schools created by the district, and chartering or contracting to independent parties—but holds all schools, no matter how they are run, accountable for performance. In a portfolio district, schools are not assumed to be permanent but contingent: schools in which students do not learn enough to prepare for higher education and remunerative careers are transformed or replaced. A portfolio district is built for continuous improvement via expansion and imitation of the highest-performing schools, closure and replacement of the lowest-performing, and constant search for new ideas.

However, as leaders in key localities are discovering, that basic description is deceptively simple. Creating a portfolio district requires a big and often wrenching change, from an emphasis on controlling inputs to an open search for better ways to use teacher skill, students’ time, technology, and money. Many things traditional school districts were originally built to do (for example, centralize control of spending, hiring, and teacher assignments and make lifetime commitments to staff; and standardize instruction in all schools) are at odds with operation of schools by diverse providers and replacing schools and staff that do not perform. Adopting a portfolio model means rebuilding a school district from the ground up, both to stop doing some things, and to cause it to do other things.

At present the portfolio approach is evident only in large central city districts. It might also be useful in smaller cities and in larger suburban districts, but it might not be applicable to small districts with only one high school and a few elementary schools.

It is hard to imagine that a portfolio strategy could be introduced into a major city without significant conflict. The strategy redefines the enterprise of public education, from the application of assumed professional principles into a search for solutions to problems that had long gone unsolved: how to educate poor and minority children so they enter adult life without educational disadvantages. This redefinition greatly stresses educators, who for generations have been held accountable for meeting standards of practice, not for getting particular results. It advantages people from other fields, trained to seek ever-better results through experimentation and repeated transformations of organization and practice. Traditional educators, and citizens who do not want their schools to change, inevitably feel insulted and dispossessed.

As this report will show, rebuilding a school district on the portfolio model involves challenges of many kinds—technical, organizational, and political. Reform leaders in the districts we have studied have made great progress but still have many problems to solve.



## BACKGROUND

**B***rown v. The Board of Education* changed everything in public education. Until then it was possible for school districts to provide reasonably effective schools in middle-class white neighborhoods, but to accept relatively low performance among schools serving low-income and minority—mostly African American—children. After *Brown*, school districts experienced waves of pressure from lawsuits, federal and state programs, and the national standards movement to provide effective instruction for all students.

Fifty-five years after *Brown*, it is still not possible to say that any school district has fully attained this goal. Some districts have adopted bold reforms only to abandon them after a few years. Community-based school councils in Chicago, site-based management in Miami, uniform curriculum and instructional methods in San Diego, and a succession of reform approaches in D.C. have all created hope for a while. Though supporters of these reforms could claim with some justification that they hadn't been fully tried—that results would improve with more time and better implementation—local politics and inconsistent funding rendered such initiatives unsustainable.

Two districts that have stuck with efforts to raise teacher quality and improve instructional methods—Boston and Atlanta—have moved the needle with these efforts, though their low-income and minority students still lag in test scores, graduation rates, and readiness for college work.

Building districts that can provide effective schools for all students has proven to be a “wicked problem”—a problem of great importance on which serious people can agree on neither the cause nor the solution.<sup>1</sup>

There are, for example, competing views about how much low achievement is due to ineffective schooling versus students' home and neighborhood environments. These disagreements lead to different prescriptions—don't expect schools to improve until other issues in students' lives improve, versus increase the quality of instruction in schools even if that can't solve all the problems students face.

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1. H. J. Rittel and M. M. Webber, “Planning problems are wicked problems,” in *Developments in Design Methodology*, ed. N. Cross (Chichester: Wiley and Sons, 1984), 135-144.

Though no one doubts that poverty works against student achievement, most educators think schools are also important factors. They argue that low-income and minority students can learn a great deal more than they do now, and either eliminate or greatly narrow the achievement gap between themselves and middle-class students, if only they get better instruction. They point to schools, if not to whole districts, that have reversed patterns of low achievement and helped move disadvantaged students into four-year colleges and the economic mainstream.

In fact, no school reform effort or antipoverty program has come anywhere near eliminating gaps in achievement, school completion, college success, or family income. The most successful initiative to date, the Harlem Children's Zone, is a rich combination of interventions in school, family, and neighborhood factors.<sup>2</sup> But even that initiative leaves many students far less well prepared for college and work than students who benefit both from advantaged homes and schools with long track records of high performance.

People who work closely with children from poor parts of big cities know that it is not possible to specify the problem so well that the solution is obvious. They argue that the only sensible approach is to improve whatever you can—whether in schools or in students' neighborhoods and family circumstances—and see what works. Schools serving disadvantaged students need to change instruction, starting with what students already know, offering help when students fall behind, and providing more time to learn. Schools also need to take greater account of students' needs for social, health, and emotional support.

Serious educators and antipoverty workers are far from certain about what instructional methods are most effective and what combination of instructional and student service reforms is best—in fact they know that different combinations will work for different student groups. Nor are they certain how much of the achievement gap can be closed immediately. They therefore favor broad experimentation with many possibilities, careful tracking of results, and constant adaptation in light of what appears to work.

This orientation—essentially treating public education as an enterprise driven by research, development, and constant adaptation in light of evidence—implies a profound change in school districts. In order to find schools and methods that work, and to match them to the needs of particular students, districts need to try many different approaches to instruction and supportive services.

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2. Paul Tough, *Whatever It Takes: Geoffrey Canada's Quest to Change Harlem and America* (New York: Houghton Mifflin Harcourt, 2008).

In contrast, traditional school districts have tried to educate as many children as possible in the same way, mandating uses of particular textbooks, prescribing the hours schools could be open and how teachers would use their time, creating common staffing and pay schedules for schools, hiring teachers who could be assigned via impersonal processes to any school, and assigning administrators to schools via a districtwide process that took little account of school-specific needs. This dominant approach supported many good schools but also many mediocre ones. When faced with unsolved problems—for example, how to meet the needs of minority, low-income, and immigrant students who were not doing well in the schools provided—the traditional approach imposed serious constraints on invention and problem solving.

Though schools could offer different elective courses and extracurricular activities, and some schools were allowed to be different in order to serve a specially gifted or needy population, most of what they did was governed by districtwide policies set by the school board, collective bargaining agreements, or state regulations.

## THE PORTFOLIO IDEA

**T**he research and development approach transforms a school district from the operator of a uniform set of schools and related services (with a few exceptions on the edge) to a holder of a diverse portfolio of schools, each meant to meet a particular need, and all subject to evaluation and change in light of evidence. This approach incorporates three key ideas:

- The school, not the district, is directly responsible for instruction and must therefore have the freedom of action necessary to adapt its use of time, money, talent, and instructional materials to meet the particular needs of its students;
- Differences among schools are good and necessary as long as they represent efforts to meet distinctive needs of groups of students, take advantage of special teacher talents, or represent disciplined efforts to try out new ideas; and
- Schools' existence and freedom of action are contingent on performance, so that every school is under pressure to improve and the district as a whole is constantly searching for a mix of schools that will better meet the needs of the city's population.

The idea of a school district as the manager of a diverse portfolio of schools is relatively new. It emerged in the early 21<sup>st</sup> century as a successor to four reform efforts that had neither fully succeeded nor fully failed: common standards and assessments for all schools, district decentralization to increase schools' freedom of action, test-based accountability for schools, and increased diversity of public schools via investment in new instructional designs and support of new school providers via chartering. The portfolio district idea incorporates elements of all those ideas, so they work together not separately.<sup>3</sup>

A district managing a portfolio of schools serves students by providing schools in many ways—supporting existing schools that serve students well, developing new sources of help for educators in struggling schools, creating new options for students in schools where student gains have been low for many years, encouraging new schools that incorporate

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3. See for example Paul T. Hill, *Put Learning First: A Portfolio Approach to Public Schools* (Washington, DC: Progressive Policy Institute, 2006).

promising ideas about how to meet the needs of a particular group of students, and seeking promising ideas about instruction and school culture from groups both inside the school system and in the broader community (and nationally). Such a district might both operate some schools in the traditional way and sponsor some schools in new ways, via chartering, contracting with independent groups, and increasing freedom of action for educators employed in district schools.

A district fully committed to portfolio management would hold all schools, educators, and providers, no matter whether they are district employees or outsiders, equally accountable for performance defined by student achievement and attainment, abandoning less productive schools and arrangements, and sustaining or expanding more productive ones.

As New York City Chancellor Joel Klein has said, a portfolio is an approach to continuous improvement, not a fixed program. The essence of the portfolio idea is the provision of public education by multiple means. A portfolio district is both a reform of a key local institution and an R&D strategy, seeking to make full use of the expertise of local educators (including many not now employed by the public schools), cultural institutions, nonprofit organizations, businesses, colleges, universities, and foundations. It allows public education leaders to customize the supply of learning options to their communities' diverse needs. Different localities will hold different portfolios depending on local needs and capacities, and a given locality will sponsor different groups of schools, depending on needs and experience.

Some localities are overtly pursuing such strategies. New York, Chicago, New Orleans, and the District of Columbia, for example, have been widely covered in the national media. Other localities have gone a long way toward creating portfolio-based strategies without capturing a great deal of national attention—for example, Denver, Oakland, and Hartford. A large number of additional cities, most recently including Los Angeles, either have adopted some elements of the portfolio strategy, or are considering adopting it.

The idea is foreign to traditional educators. Typically, mayors or state officials introduce the idea when they are forced to take responsibility for the schools in a time of crisis. To our knowledge a local school board has never initiated adoption of the portfolio idea. This is so in part because the portfolio idea breaks up myriad political deals among school board members, between the board and unions, and between the central office bureaucracy and schools and neighborhood groups, that held the old system into place

but also created serious inefficiencies and inequities.<sup>4</sup>

Once crisis has led to changes in control and broken up the old political arrangements, the portfolio idea is put into action by unconventional leadership teams led by lawyers, MBAs, public policy experts, or educators with unconventional backgrounds, for example Teach for America (TFA) alumni. These actors are often recruited from lucrative careers elsewhere; they don't appear on lists assembled by headhunters who serve traditional local school boards.

No one has a complete roadmap for the creation of a portfolio district. In fact, local leaders who adopt the basic idea are often surprised by how much they must do to make it work.

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4. See, for example, Marguerite Roza's series of short papers about how school districts can rationalize spending in response to the current fiscal crisis, part of the *Schools in Crisis: Making Ends Meet* initiative, at <http://www.crpe.org/cs/crpe/view/projects/5?page=initiatives&initiative=28>.

## THIS PROJECT

**W**ith support from Carnegie Corporation of New York and the Joyce Foundation, CRPE's research team has conducted extensive case studies of four localities that are using the portfolio district idea: New York, Chicago, New Orleans, and the District of Columbia. In the near future we will initiate case study work in Denver and Los Angeles.

We set out to understand what leaders in those localities have tried to do and what they have learned in the process. This is a preliminary report, which we hope will be a resource for leaders of other cities who are considering adopting the portfolio idea.

For each of the four cities, our research identifies the events that led to adoption of the portfolio idea, tracks key decisions about how to redesign the district to support a diverse and changing set of schools, and identifies technical and political problems that arose and how these affected the district and its relationships with independent local groups. The report also analyzes sources of support and opposition to the portfolio idea in each locality, and poses issues about sustainability after current leaders go on to other things.

A concluding section argues that it is too soon to make a bottom-line assessment of the effects of the portfolio idea on student achievement, but suggests how such an assessment can (and in what ways it should not) be done.

Our information sources include district policy documents and websites, news reports, academic reports and case studies written by others (for example, business schools), and interviews with top city and district leaders and key school administrators, foundation staff engaged in the reform, leaders of nonprofits and school assistance providers, and whenever possible teacher union leaders and publicly identified critics of the local version of the portfolio idea. We recorded all interviews but promised not to identify interview respondents by name and to seek permission before using any direct quotes.

Our final report due in 2011 will provide an updated and more complete assessment on all these topics, plus summaries of the evidence of consequences for student achievement, persistence in school, course completion, and graduation.

This report cannot be regarded as an evaluation of the ultimate results of a portfolio strategy. It is meant to explain what local leaders have done under the umbrella of a

portfolio strategy and point out some issues that might threaten its ultimate effectiveness and survival. We hope this report will reach a broad public audience, including opinion leaders in localities that face circumstances similar to those that led New York and other districts to adopt the portfolio idea. However, we also hope civic and educational leaders in the four cities we have studied will benefit from the analysis and city-to-city comparisons we provide. Even the most experienced localities are struggling with many issues, and can benefit from the experience of others.

To telegraph this report's message: the portfolio idea has great promise, but making it work requires a great deal of time, money, and political capital applied over many years. No locality is likely to benefit by adopting it temporarily as a "flavor of the month" or by cherry picking some parts of it and leaving other parts unimplemented.



## FINDINGS

In this section we summarize the development of the portfolio idea in each of our four districts. A quick reading of the four summaries will demonstrate that the portfolio idea does not lead all localities to emphasize the same set of actions. Our four localities have many elements in common yet are individualized in important ways based on community histories, availability of financial resources and necessary expertise, and local politics.

1. **The Louisiana Recovery District**, anticipating the return of students to a city (New Orleans) with few undamaged school buildings and no intact school staffs after Hurricane Katrina, sought to open new schools immediately, and to staff them with educators, both traditional and from alternative sources, from across the country.
2. **New York City** took a first step toward becoming a portfolio district by creating an autonomy zone in which less than one-fifth of the district's schools gained freedom over hiring and use of funds in return for accepting performance-based accountability, and by adopting pupil-based funding of schools citywide. Within three years the autonomy zone expanded to include the entire district.
3. **Chicago** committed to the creation of 100 new schools in a *Renaissance 2010* zone on the near south side, where low-performing district schools were most concentrated, closed many schools to make room for new ones, and slowly expanded the numbers of new schools in the rest of the district. Chicago uses several approaches to the creation of new schools, but it is not yet committed to citywide implementation of the portfolio strategy.
4. **The D.C. Public Schools**, which have no relationship with the city's more than 50 charter schools and 54 voucher-redeeming private schools, de-emphasized new school creation, choosing first to lure new teachers and principals from outside the district and negotiate a new teacher contract that traded tenure for much higher productivity-based pay. Once teacher contract negotiations are finished, D.C. school leaders hoped to create new schools internally and by attracting charter school providers, and to create a common accountability system for all schools.

These differences in approach reflect local needs and capacity, as well as political circumstances and leadership preferences. As we shall see below, all starting places might not be equal. The D.C. and Chicago initiatives will take a new commitment from city leadership if they are to take new schools and closure of low-performing schools districtwide.

# 1

## NEW ORLEANS

Following Hurricane Katrina in August 2005, New Orleans students and teachers were dispersed throughout the country and most facilities were heavily damaged. The state used legislation authorizing a Recovery School District (RSD) to take over all but a handful of schools previously run by the Orleans Parish School Board.

The RSD opened schools quickly to serve students as they returned. Though RSD leaders preferred to reopen most schools as charters, they could not find enough qualified charter operators, so were forced to manage roughly half the schools directly.

The RSD survived a change in the governorship in 2007. Attorney Paul Pastorek continued as State Superintendent, and former Philadelphia and Chicago Superintendent Paul Vallas remained head of the RSD. Both are committed to building a system of autonomous schools accountable for performance.

State assessment results show that schools run directly by the RSD are the lowest performing in the city. Thus, the RSD is determined to charter all schools as quickly as it can find competent providers. A senior member of the RSD staff will create a charter management organization to develop new KIPP-style schools. Low-performing charter schools could also be closed.

Vallas intends to make the RSD into a recruiter of talent, service provider, and accountability monitor for an all-charter local public school system. The RSD recruits teachers and administrators nationwide, and is aggressively re-training local school administrators.

There are many loose ends. The state could cede control of New Orleans schools to a local school board in 2011, but there is no clear plan for transition of governance. The RSD has not figured out how to fund major repairs still needed in more than half of all school buildings. To date there is no uniform financial reporting system for charter schools.

New Orleans public schools have steadily improved their state test achievement scores since the RSD assumed control, with the greatest gains taking place this 2008-09 school year. Preliminary testing data show that 2009 growth in the RSD's direct-run and charter schools outpaced the state's gains in 25 of 30 categories this year.

A year after Michael Bloomberg was elected mayor in 2001, he gained control of the city's troubled school district of 1,200 schools and over a million students. He recruited Joel Klein to the position of schools chancellor. Klein was himself an education outsider—a former corporate attorney and assistant United States attorney general and prosecutor of the government's anti-trust case against Microsoft.

Klein's strategy is simple: build a system of great schools. The Chancellor and his leadership team believe that the way to do this is to empower principals and then hold them accountable for results and make every decision flow from these principles. The reform has passed through three phases: first, depoliticizing the system (replacing the 32 community districts with 8 and increasing principals' authority by delegating control over budgets and hiring); second, after the mayor's re-election, working to improve the quality and preparation of principals and teachers; and third, building a set of independent providers of everything from professional development services to management of whole schools.

Klein has rebuilt the district's central office on the same principles of empowerment and accountability. He's not a micro-manager—he puts smart people in charge of big problems and expects them to be bold and solve them. Central office staff members are encouraged to take risks, and to model risk-taking for principals and teachers. There may be mistakes along the way, but those are expected and not necessarily avoided.

The reform can be divided into five major areas:

- a talent strategy that looks for the best available teachers and principals and is open to people from fields other than education, and provides highly focused evaluation and support for principals, teachers, and central office leadership;
- a fiscal alignment strategy where money follows students and is controlled by principals;
- a transparent accountability strategy where similar schools are rated against each other and educators and researchers have ready access to data about teachers and students;
- a portfolio management strategy whereby the district opens schools in neighborhoods with the fewest high-quality options and closes low-performing schools;
- a private partners strategy where independent nonprofits are developed and hired on a performance-contingent basis to take over functions frequently controlled by the central office.

The initiative is expected to continue through four years of Bloomberg's third term.

# 3

## CHICAGO

In 2004, Mayor Richard M. Daley and Superintendent Arne Duncan announced the launch of *Renaissance 2010* (nicknamed Ren10), a major new initiative planned to turn around the Chicago Public Schools (CPS) by replacing or revitalizing the worst-performing schools. The third largest district in the U.S., Chicago has over 650 schools and 440,000 students. The goal of Ren10 is to create 100 new schools by 2010, offering new choices for families, and to focus the district on schoolwide reform.

Ren10 was not a “from scratch” policy. It adapted and redirected existing school-level programs of CPS, the five most important of which were:

- a 1989 state law that devolved many hiring and curricular decisions to individual schools, governed by elected local site councils.
- test-based accountability that former Superintendent Paul Vallas committed the district to in the 1990s. The district collaborates with the Consortium on Chicago School Research to develop more thorough school performance measures, and CPS is using them to identify schools for intervention or grants of increased autonomy.
- the Illinois charter school law passed in 1996, ultimately allowing the creation of nearly 70 charter schools in the district. Charters have shown mixed results, and the district is working to hold them to the same standards as conventional schools.
- contract schools first established in 2001, based on the 1995 state law granting mayoral control over the whole system. Superintendent Duncan encouraged this unusual improvisation because of state “caps” on the number of charters in the district.
- human capital initiatives developed under Duncan to increase and improve the pool of principals capable of leading cohesive and high-quality schools. The district partners with the University of Illinois-Chicago, charter school providers, and several nonprofits.

Duncan pulled these programs together in Ren10 and worked to align the closing of underperforming schools with the creation of new schools to serve the predominantly low-income and minority students affected by the closings. Importantly, he also encouraged the “differentiation” of existing schools, using performance indicators to trigger intervention or grant autonomy from close district oversight. He established an Office of Autonomous Schools to work with nearly 140 existing schools that demonstrated stronger performance.

The district has several new-schools initiatives in addition to Ren10. However, many traditional public schools remain untouched by these initiatives. Ren10 has nearly met its goal of establishing new schools, but that number includes many created prior to 2004. Several recent evaluations have questioned the effectiveness of some of the new schools, and unions and neighborhood groups have organized in opposition to school closings.

Ron Huberman, former Chicago police officer, chief of staff to Mayor Dailey, and most recently President of the Chicago Transit Authority, was appointed the new CEO of Chicago Public Schools in 2009 when Duncan was named U.S. Secretary of Education. Huberman has signaled an even stronger commitment to Ren10 and a consolidation of CPS management around differentiated interventions and school accountability and autonomy.

## WASHINGTON, D.C.

# 4

For decades, D.C. Public Schools (DCPS) has been characterized as a dismal failure. Like many urban school districts, it has long been plagued by leadership turnover, chaotic reform efforts, and outright mismanagement; more recently, DCPS has faced stiff competition from charter schools that enroll tens of thousands of students in the nation's capital. Today, under the leadership of Mayor Adrian Fenty and Chancellor Michelle Rhee, it has "become ground zero for the national school reform debate."<sup>i</sup>

In the spring of 2007, less than a year after his election, Mayor Fenty assumed control of the ailing school system. "This system needs radical change," Fenty said, "It really needs a shake up."<sup>ii</sup> He quickly fired the superintendent and appointed education reformer Rhee as chancellor. Rhee had never run a school system before (she was founder and director of The New Teacher Project and a former Teach for America corps member). Some worried about her lack of experience, but others thought she would provide exactly what Fenty wanted and the system needed—a shake up.

Rhee's tenure has been full of activity and controversy. In her two years as chancellor she has closed under-enrolled schools, restructured low-performing schools, sought and gained the authority to fire central office personnel (eventually firing 123 of them), fired close to 50 school administrators, used an existing teacher review plan to remove weak teachers, and proposed a compensation plan that offers teachers higher salaries in exchange for giving up tenure rights (DCPS' contract negotiations with its union are ongoing and now involve Randi Weingarten, national president of the American Federation of Teachers).

Although Rhee has imported some of the central office structure and, at least rhetorically, reform theory established by Joel Klein in New York City, her early efforts have emphasized human resources and individual accountability instead of portfolio management, new schools, and independent school and assistance providers. Rhee hopes to broaden the reform in the future, but whether she and Fenty do so will depend on many things, including their ability to manage the fiery politics that that their shake up has created so far.

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i. Andrew J. Rotherham and Richard Whitmire, "Making the grade: Can AFT president Randi Weingarten satisfy teachers and reformers at the same time?" *The New Republic*, 2009; retrieved July 1, 2009, from <http://www.tnr.com/politics/story.html?id=82f9ab6f-32c0-46aa-8c27-37cb23e99acc>.

ii. Jane Hannaway and Michael D. Usdan, "Mayoral Takeover in the District of Columbia," in *The Transformation of Great American School Districts: How Big Cities are Reshaping Public Education*, ed. W. L. Boyd, C. T. Kerchner, and M. Blyth (Cambridge, MA: Harvard Education Press, 2008), 120.

## WHAT PORTFOLIO DISTRICT LEADERS FIND THEY MUST DO

**D**ifferent localities have adopted the portfolio idea in slightly different ways. New York and New Orleans are committed to adopting the idea citywide, so that all schools will have the same freedoms and performance-based accountability, while Chicago and D.C. have adopted the idea only in part. Though there are important lessons to be learned from every city, the New York and New Orleans examples reveal the most about what the necessary parts of a functioning portfolio strategy are and how they can be developed. This section draws heavily on the New York and New Orleans experiences to identify those necessary parts, and at the end shows how these parts have—or have not—been developed in each of the four districts.

All four districts started with the same objective, of ensuring that no child attends a school in which he or she is not likely to learn. All were committed both to closing unproductive schools and to creating new, potentially more productive options for children. In order to identify unproductive schools, and also to help parents and administrators identify the kinds of schools that ought to be made available to as many students as possible, the districts tried to build data systems that would allow assessment of schools by measuring the amount of learning attained each year by their students.

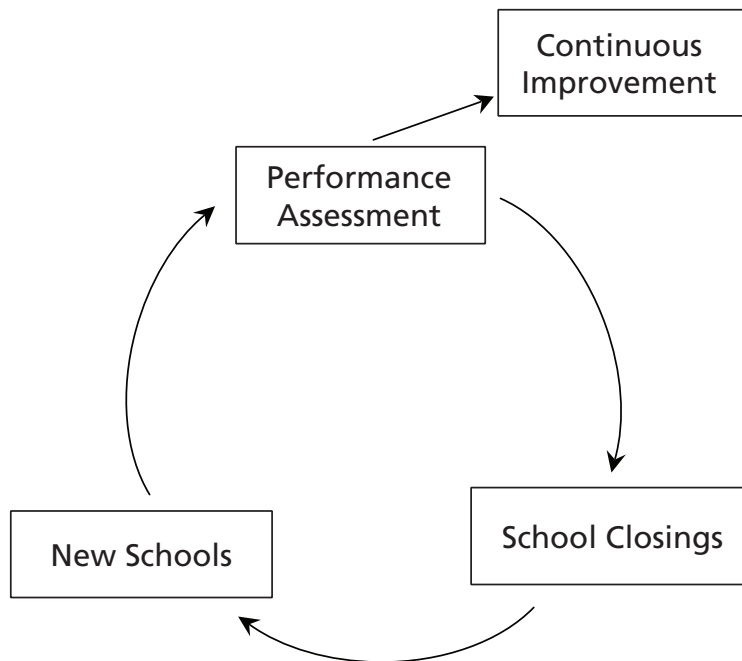
These three actions, working together as in **figure 1**, are the core of the portfolio idea. The district seeks continuous improvement by assessing performance of all schools, closing the lowest-performing schools, and creating alternative opportunities for students in the least productive schools. This process continues indefinitely, so that the district is progressively less tolerant of unproductive schools. Schools—new and old—that were once considered “good enough” will ultimately experience pressure for continuous improvement.

None of the actions in figure 1 is unique to portfolio districts. States and localities have been opening new schools from time to time, assessing school performance, and closing schools that lost enrollment or maintained chaotic environments in which students could not learn. What is new in portfolio districts is the determination to make these actions complement one another, and to adopt the continuous improvement process represented in figure 1 as the district’s core strategy. Closing schools accomplishes little unless linked

to a strategy for creating new options for children and neighborhoods that have been poorly served, and both those actions need to be informed by real performance data, not just by hunches and advocacy.

The continuous improvement process is most evident in New York and New Orleans. In Chicago, it applies only to about one-fifth of the district, including the 100 schools in the *Renaissance 2010* initiative. In D.C., it is visible primarily in planning and development efforts; district employees know school openings and closings are coming in the future, but the district is now using quite different management principles.

**Figure 1. Continuous Improvement Process in Portfolio Districts**



In applying the portfolio idea to their entire districts, leaders in New York and New Orleans quickly learned that the three core elements are necessary but not sufficient. Other actions must be taken and capacities developed to supplement the core elements. The following three sections present the needed elaborations in detail. **Table 1** provides a visual guide to this discussion, showing how the most complete portfolio districts have started with the three core elements and developed additional arrangements linked to the core elements as needed.

The table serves as a guide to the sections that follow, but it cannot sketch all the connections among the elements of a portfolio district as well as the following narrative

can. Given that district leaders are still learning what must be done to make a portfolio strategy work, this table is probably incomplete: our next report might include some new elaborations of the basic strategy, and better formulations of elements described here. For example, in the future there might be a great deal more to say about how school boards, now forced into the background by mayoral takeovers and other extraordinary circumstances, operate in a portfolio district. Similarly, districts are just learning how to use technology and other means to document what has been learned in one school about instructional methods and student services and communicate to others who might use that information.

**Table 1. What Districts Have Done to Put the Main Strategy Elements into Action**

<b>NEW SCHOOLS</b>	<b>CLOSING UNPRODUCTIVE SCHOOLS</b>	<b>DECISIONS BASED ON PERFORMANCE DATA</b>
New school providers	Portfolio management system	Longitudinal performance data
External assistance providers	Family choice	Independent analytical capacity
Talent strategy	Pupil-based funding and devolution of decisions to schools	Formal accountability system
New terms of employment for teachers	System for shifting funds	
Links between old and new cultures		
New approach to facilities		



## WHAT'S IMPLIED BY THE COMMITMENT TO NEW SCHOOLS

**N**ew York and Chicago had extensive experience opening new schools—via chartering, conversion, and development by independent parties—before they adopted full portfolio strategies. The districts in our study also learned from the experience of charter authorizers. New Orleans relied on the National Association of Charter School Authorizers to recruit and evaluate providers for the first 16 schools opened by the Recovery School District. Moreover, each of these districts had been forced to turn around existing schools under pressure from *No Child Left Behind*. However, none had made opening of new schools a core strategy until it adopted the portfolio idea and thought through all its implications.

### **New School Providers**

Districts that want to provide options for children in unproductive schools must identify groups of educators capable of running schools that will be coherent and effective. Some of these groups might be found inside the district (for example, groups of principals and teachers who have an idea for how they would work together if given the freedom to put their plans into action). However, in big cities with large university-educated populations and many colleges and nonprofit groups with educational expertise, internal groups are not the only possible new school providers. To make large numbers of new options, and to make sure children get the best possible new schools, leaders of portfolio districts look both inside and outside their districts.

Thus, New York has both given new freedom to groups of school employees and has relied on nonprofit groups with relevant expertise. A good example is New Visions for Public Schools, a nonprofit organized to create new schools in low-income areas of New York City 20 years before Chancellor Klein and Mayor Bloomberg came onto the scene. New York, New Orleans, and Chicago's *Renaissance 2010* initiative have all built on existing nonprofits, encouraged formation of others, and recruited national school suppliers like KIPP and, in New York, Green Dot. D.C. Chancellor Michelle Rhee has started recruiting national providers but has not yet tried to develop local ones.

## External Providers of Key School-Improvement Services

Past efforts to encourage greater school-based initiative and variety have often run up against the rigid structure of district central offices. Central office units intended to provide help improving instruction often had some expertise and not others; schools that needed something for which the central office was not staffed could be out of luck. Central office units often regulated schools in ways that went beyond what the school board or superintendent had intended. Portfolio leaders in all four cities hoped to get the central office out of the way, in part by reducing its staff and capacities but also by creating a more diverse set of assistance organizations to which schools could turn.

In New York and Chicago, the number of options available to school leaders is enormous, ranging from professional development providers set up by colleges and former heads of central office units, to major multi-service operators like New York's New Visions for Public Schools, which can provide everything from teacher training to board development, leadership training, self-assessment tools, and overall management of entire schools. New Visions for Public Schools also acts as a School Support Organization (SSO), one of eleven voluntary assistance networks that schools can join (and pay for). Other SSOs are internal to the district, run by former superintendents of district regional offices.

The District of Columbia is just starting to recruit potential providers.

New Orleans, whose leadership would prefer to rely heavily on independent providers, can find only a few locally. Recovery School District leaders have been forced to recruit elsewhere (starting with KIPP, whose schools are popular and successful in New Orleans) and to cooperate with local universities and other institutions that can offer packages of services, including teacher professional development, student services, and school operation. A senior district staff member has created a new charter management organization (CMO) to redevelop several low-performing schools. These had been operated directly by the RSD because no qualified charter operators were available when schools needed to be opened. New Orleans is also trying to encourage formation of additional local CMOs and to attract national school providers. Given the draw on funds from post-Katrina population decline and charter school proliferation, the district believes that in order to be financially sustainable it must shave off support operations and become a broker of services needed by schools rather than a central provider.

In addition to building new capacities and greater flexibility of provision, reliance on independent support organizations also creates new sources of support for and commitment to the portfolio-based strategy.

## **A Talent Strategy**

New York and New Orleans have also learned that new schools require leaders and teachers who are willing to work in new ways, experiment with teacher roles and working conditions, and adopt a “whatever it takes” attitude about working hours. Moreover, district leaders who believe that teacher union contracts are another barrier to innovation prefer to rely on chartering and other special arrangements to establish new schools.

Teachers and administrators with the necessary skills and attitudes may be found in district schools, but district leaders believe they are too few in number to staff all the open positions. District leaders therefore seek nontraditional teachers, including new college graduates provided by Teach for America (TFA), others trained by organizations like The New Teacher Project, and middle-aged career changers who can obtain alternative certification. New York and New Orleans call the recruitment, training, and placement of teachers from new sources the “talent strategy.” In both systems, a senior district administrator manages the talent strategy, and also tries to attract incumbent district teachers and administrators who want to work differently.

District leaders also recognize the need to recruit and train school heads who are prepared for the challenges of leading schools that have freedom to design their own management structure, control budgets, and hire and fire staff. Both New Orleans and New York do some of this training in-house. New York has its own principal training program for school leaders, but like New Orleans it also has partnerships with both local and national principal training programs such as New Leaders for New Schools.

The traditional district human resource system, which processed applications and hired individuals with proper certification until the numbers of slots available were filled, remains. However, the talent strategy means that the district searches much more widely for excellent people than before, and exercises a great deal more discretion about whom among the eligible applicants to hire. This has in effect demoted human resources staff, and generated opposition from incumbents and from unions who are often uncomfortable with the backgrounds and attitudes of some of the people hired.

## **New Terms of Employment for Incumbent Educators**

In New York and D.C., portfolio district leaders sought to change the rules and union contracts governing days and hours of work, assignments, automatic longevity pay increases, and senior teachers’ rights to “bump” junior teachers from jobs. Chancellor

Klein and Randi Weingarten, who was head of the United Federation of Teachers, also reached an agreement giving teachers greater roles in school decisionmaking in return for new rules that would let principals decide who teaches in their schools. (The growing number of teachers in charter schools, most of whom are not covered by union agreements, also weakens the union's claim to represent all teachers, and slightly reduces its bargaining power.)

Chicago has worked on a similar package of changes for teachers in the *Renaissance 2010* schools, but not districtwide. In New Orleans, the new Recovery School District had no union and few work rules to start, and they have resisted proposals that would formalize work rules and reduce principals' authority, actions meant to increase school-level flexibility and make room for innovations in instruction and student services. But they are not intrinsically anti-union, as the United Federation of Teachers' acceptance of the New York system proves. Other changes in pay and career structure are proving more difficult to negotiate, such as D.C. Chancellor Rhee's proposal to eliminate teacher tenure in return for much higher pay levels for high-performing teachers.

### **Links Between Old and New Cultures**

District leaders do not think they can transform instruction citywide by hiring teachers and principals from alternative sources. They must also persuade a large number of incumbent teachers and principals to adopt a "whatever it takes" approach to their work, and to constantly adapt their methods of teaching in light of evidence.

Though it is not necessary to convert all incumbents—some intransigents will find other jobs or quit as their schools are closed and their only option is to join new schools—large numbers must be converted. In New York, Chicago, and D.C., district leaders try to re-socialize incumbent educators in many ways—by providing training in new methods, creating financial incentives for gaining new skills, and offering bonuses for educators in highly effective schools.

New York's culture strategy includes encouragements to use data in day-to-day instructional decisionmaking. The district has developed a data system accessible to all administrators and teachers (the Achievement Reporting and Innovation System, ARIS) by which educators can compare schools and classrooms to similar ones districtwide, and track the progress of particular groups of students. The district has also paid to train and equip teachers to use computer-based testing methods (developed and supported by a vendor, Wireless Generation) that provide quick feedback on student skill acquisition

and prescribe quick remedies. By these methods, district leaders hope to re-socialize all educators, incumbent and new, to the idea that educators' practice must adapt to evidence.

New York, D.C., and Chicago have also employed “boundary spanners”—well-known and respected teachers and principals who can explain the reform but also listen to educator concerns and respond by adjusting policy and creating new incentives and learning opportunities. Denver, a district that will be covered by our future reports, similarly employs a former teacher union head in this function.

Finally, D.C. Chancellor Rhee has adapted a version of *ComStat*, a service and outcomes monitoring system credited with improvements in local law enforcement, to force discussion of the performance of key central office units. By subjecting higher ups like the General Counsel and the Chief Talent Officer to scrutiny and criticism, Rhee hopes to send the message to all district employees that performance, and only performance, counts.

### **New Approach to Facilities**

Opening new schools implies finding facilities for them. This has been a sticking point in three of our cities, and each has tried to manage it in different ways.

After Hurricane Katrina, New Orleans had to reconstruct school buildings in anticipation of students' return, but many buildings are still inadequate. The RSD will continue renovating buildings and relocating schools as it tries to charter out the 25 lowest-performing district-run schools. Chicago has struggled with facilities issues since 1998, when some of its first charter schools could not open as planned for lack of facilities. Charter schools, assisted by the Illinois Facilities Fund, are developing many of the new facilities in Chicago. However, Chicago still struggles to create needed facilities in the lowest-income neighborhoods, where new school development is most urgent.

New York started by closing mega-schools and renovating their buildings to hold multiple small schools. (Chicago has had less success creating “multiplex” schools because it has not resolved questions about which principal in a multi-school facility “owns” the building.) New York is also seeking funds to build and buy new buildings. Alone among the districts

we have studied, New York also leases commercial space to house schools.<sup>5</sup> New York is also hoping to create some technology-based schools that need small facilities, or can share one building with many schools, each of which gathers students together for only a few hours or days each week.

D.C. has not created enough new schools to encounter facilities limitations, but these will become problems as it tries to attract charter operators.

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5. On the promise of a leasing strategy, see Michael DeArmond, Sara Taggart, and Paul Hill, *The Future of School Facilities: Getting Ahead of the Curve* (Seattle: Center on Reinventing Public Education, 2002).

# WHAT CLOSING UNPRODUCTIVE SCHOOLS IMPLIES

**T**he commitment to closing unproductive schools implied a number of actions, including some that district leaders might not have anticipated.

## A Portfolio Management System

After closing a number of schools, New York leaders could see that children in particular neighborhoods were left with few if any options. Moreover, allowing new school providers to decide what neighborhoods they served often created mismatches between the numbers of students and school desks in a neighborhood, and between the location of a new school and the homes of students who might want the particular instructional method or climate it offered. Thus, New York recognized the need to coordinate the opening and closing of schools and to take account of neighborhood demographics in deciding where to open particular schools.

Portfolio management is a constraint on the formal performance accountability system discussed below. District leaders do not automatically close a school because it is low performing; they must first have a better alternative for the children now attending the school. Similarly, district leaders can consider closing a school that is not the lowest performing in the district because they have a more promising alternative.<sup>6</sup> Portfolio management is a challenge that special-purpose charter authorizers like state universities do not have to meet: they simply close a low-performing charter school without also opening an alternative to serve the same students. Portfolio management involves judgment and balancing; district leaders are inevitably criticized if some schools are closed while equally low-performing ones are left open.

Chancellor Klein appointed a very senior member of the core leadership team to perform these functions. In some cases this involved delaying school closings until options could be made available in certain parts of town, and aggressively seeking providers to start a

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6. For a more complete discussion of the links between performance accountability, school opening and closing, and portfolio management, see Paul T. Hill and Robin J. Lake, *Performance Management in Portfolio School Districts* (Seattle: Center on Reinventing Public Education, 2009).

school of a particular kind in a neighborhood where the demand for it was high.

In New Orleans, the district recognizes that a number of low-performing schools will need to be shut down or replaced with a new school leader and mission. To this end, the district coordinates with community chartering groups, such as New Schools New Orleans (NSNO), to ensure that there are enough new school leaders to take over failing district schools. NSNO and the district are also creating a district-affiliated charter management organization (CMO) that will redevelop low-performing traditional district schools as charter schools.

D.C. has a portfolio management office that is ready to get to work as soon as the district starts opening new schools. Chicago conducts portfolio management in *Renaissance 2010* neighborhoods, but not districtwide.

## Family Choice

Though district leaders were willing to urge families to consider schools known to be productive, they tried to avoid mandating that a family choose a particular school. Because many of the new schools developed by the districts were designed for particular purposes—to follow an instructional theory, create a definite student culture, or offer special kinds of student support—district leaders did not think children should simply be assigned to such schools.

Thus, New York worked hard to provide information about school options, run fair selection processes for schools with many applicants, and provide transportation whenever possible. New Orleans has tried to do the same but is handicapped by its rudimentary post-Katrina public transportation system. Chicago tried to ensure family choice within the parts of the city served by *Renaissance 2010*. As a recent report indicates, transportation challenges may prevent as many as one-quarter of parents in the Denver and Washington, D.C., school systems from exercising school choice.<sup>7</sup>

Leaders in all the cities were reminded how difficult it can be to build a workable and fair student assignment system. Productive and unproductive schools are unevenly distributed across the district—that after all is a key motivation for adopting a portfolio approach. But the result is that some schools have multiple applicants for every seat and

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7. Paul Teske, Jody Fitzpatrick, and Tracey O'Brien, *Drivers of Choice: Parents, Transportation, and School Choice* (Seattle: Center on Reinventing Public Education, 2009).



some are under-enrolled. Families living near the most popular schools want to assert the right to go to school in their neighborhoods, while families in neighborhoods with few productive schools are desperate to find their children options elsewhere. School leaders, no matter how committed to equity in the abstract, inevitably hope to influence the student assignment process in order to achieve what they consider the ideal mix of student attributes and talents. Leaders of less popular schools complain with justification that they get students from the least engaged families—i.e., those that do not work the assignment process.

In theory, a portfolio district will even out school quality across the whole district. However, that takes more time than any of our cities have had to close and open schools; and even when every neighborhood has good options there will be schools that families all over the city want for their children. Try as they might, district leaders are unlikely ever to interpret schooling options in the same ways as parents do. In Chicago, for example, students from closed schools were enrolled in nearby schools but rejected them, not because the schools weren't good or were too far from home, but because to get to them students had to cross dangerous gang turf boundaries.

Student assignment is a continuing challenge for any school district. Even if portfolio districts offer families more and better options, they are sure to get strong criticism. The final report from this project will provide links to systems and software that the leading portfolio districts have developed to manage—if not solve—this problem.

### **A System for Shifting Funds as Students Transfer**

District leaders needed to capture the funds formerly used by a closed school so these could be transferred to whatever schools its students next attended. Because school closing is often not instantaneous—loss of enrollment is one of many signals that a school is spiraling down and should be considered for closure—districts needed to avoid paying for full administrative and teaching staffs in schools that were being hollowed out of students. This meant that schools losing students must also lose staff continually, until such time as they are closed and no longer receive any district funds.

### **Pupil-Based Funding and Devolution of Key Decisions to Schools**

Pupil-based funding means the vast majority of dollars flow to schools based on enrollment and can be used by schools to pay for salaries and other resources and to

purchase assistance from the central office and independent providers. As few dollars as possible are held in the central office to pay for oversight functions and new schools development.

New York City Chancellor Klein understood from the beginning that a strategy of closing unproductive schools and creating new ones would not be feasible if great amounts of money were tied up in central office programs, guaranteed jobs, or formal administrative structures. He also wanted to make it possible for school leaders to use money flexibly, for example to extend hours the school was open, vary class sizes according to student need and teacher ability, create their own mixes of junior and senior teachers, and be free to make tradeoffs between staff salaries and instructional technology or purchased services.

Klein reasoned that the most direct way to accomplish these things was to create a wholly new system for allocating funds, from one based on programs and staffing tables to one based on student enrollment. He introduced the idea to a relatively small 60-school autonomy pilot, but applied it districtwide within five years. The districtwide implementation came at the same time as central office expenditures were dramatically cut, so that school leaders could control the lion's share (70 percent) of all funds.

Other portfolio districts have acknowledged the need for such a change in financing, and the Louisiana Recovery School District is moving rapidly in that direction. Half of its schools already possess direct control over finances, since they are charter schools; per-pupil revenue is funneled directly to them by the district.

Chicago and D.C. have acknowledged the advantages of pupil-based funding but have been slow to adopt it, in Chicago because of fear of a backlash from schools that now receive far more than the districtwide per-pupil average, and in D.C. because Chancellor Rhee still wants to spend a great deal extra in particular schools she is personally trying to make over.

# WHAT'S NECESSARY FOR DATA-BASED DECISIONS ABOUT SCHOOLS

**P**ortfolio management requires excellent data about school, student, and teacher performance, and a capacity for clear, credible analysis. None of these requirements is easy to meet. In contemporary public education it can be extremely difficult to gain consensus on legitimate indicators of school performance, particularly when these include student achievement tests. All the districts we studied use testing heavily, but they also make sure test results are analyzed in light of student and neighborhood characteristics, use other indicators of school climate and organizational health, and try to assess how students perform once they leave a school for the next higher level of education.

## **Longitudinal Data on Performance**

New York and Chicago developed the capacity to follow individual students from kindergarten through high school graduation, compute annual gains in test scores and course credits, and to link these to the schools and instructional programs to which a child was assigned. Louisiana had a similar statewide system before Hurricane Katrina, and D.C. is working to build one. These data make it possible to identify performance outliers, schools that produce exceptionally high and low annual student gains. In theory, annual gain rates could also be attached to teachers.

New York is the most advanced among our districts in making longitudinal school and student performance data available for use by educators and families, as well as for district management decisions. However, presenting data in ways that are useful for many audiences is a daunting challenge for all of K-12 education, not just portfolio districts.

## **A Formal Accountability System**

In New York, student records are analyzed along with dozens of other indicators of school and classroom health to create an accountability information system that can rate schools on students' absolute performance levels and average gains, accounting for the demographic and economic characteristics of students and neighborhoods. This system

identifies schools that are candidates for action, but the district also looks closely into individual cases, considering for changes in the neighborhood and student composition, whether school leaders and staff are making clear progress on an improvement plan, and the quality of recent recruits to the teaching force.

New York also deploys an independent schools “inspectorate” to review schools’ instructional programs, climate, and student services. Ultimately, this combination of hard indicators and softer site-specific reviews is used to help the Chancellor decide whether to give a school more time, infuse new leadership and resources, or close it. The Chancellor also considers the availability of seats in higher-performing schools nearby and (via the portfolio management function) whether new schools are emerging to take the place of one that is closed. Chicago has a similar system based on the example of the district’s excellent charter schools office, and New Orleans hopes to build something similar.

Another district, Denver, uses a simpler set of basic indicators to flag schools for consideration, but it also looks closely at neighborhood circumstances, the climate of cooperation in the school, and the availability of options for children.

### **An Independent Data Analytic Capacity**

Having data that can be analyzed for evidence of performance is one thing; analyzing and using it well is another. New York City Chancellor Joel Klein has learned a lesson that Chicago leaders learned a decade earlier: analysis is too sensitive and requires too much highly paid talent to be trusted to the school district bureaucracy. Highly capable district employees are always susceptible to being pulled off their jobs in emergencies, and analysis and reporting can always look less urgent than something else. Moreover, district leaders might want good analysis as a general principle, but they can be tempted to withhold or alter results that could cause criticism or controversy.

An independent organization can assemble the talent and spend the time necessary to perform deep analysis. It is also much more likely than a district-based organization to make hard news public and present results in ways that laypersons (parents who need to choose schools and citizens who want unvarnished results about what the district has and hasn’t accomplished) can follow.

For all these reasons, New York City is building the Research Alliance for New York City Schools, under the leadership of James Kemple at New York University, in imitation of

the 20-year-old Consortium on Chicago School Research. Chancellor Rhee in D.C. has the same idea, though like other elements of D.C.'s portfolio plan, it has been deferred until teacher contract issues are resolved. These organizations are typically housed in universities and are funded by combinations of local and national philanthropies, with in-kind contributions from the district (mainly guaranteed access to district data files and to schools and teachers for data collection).

**Table 2** summarizes the ways these elements have been developed (or in some cases not yet developed) in the four cities. The differences among the cities reflect many factors, including how long the city has been committed to the portfolio idea and how deeply committed local political leaders are to the idea.

**Table 2. Status of the Portfolio Strategy in Four Cities**

	<b>CORE STRATEGY DISTRICTWIDE</b>	<b>PARTLY FORMED, LOCALIZED</b>	<b>NOT PRESENT</b>
New schools	New York, New Orleans	Chicago, D.C.	
Closing unproductive schools	New York	Chicago, D.C., New Orleans	
Data-based decisions	New York	Chicago, D.C., New Orleans	
Uniform performance accountability system	New York	Chicago, D.C., New Orleans	
New school providers	New York, New Orleans	Chicago, D.C.	
External assistance providers	New York	New Orleans, Chicago	D.C.
Portfolio management system	New York, New Orleans	D.C., Chicago	
Longitudinal performance data	New York, New Orleans	Chicago, D.C.	
System for shifting funds	New York	New Orleans	Chicago, D.C.
Devolution of decisions to schools, pupil-based funding	New York	New Orleans, Chicago	
Family choice	New York, New Orleans	Chicago, D.C.	
New terms of employment for teachers and principals	New York, D.C., New Orleans	Chicago	
Analytical capacity	New York Chicago	New Orleans, D.C.	
Formal accountability system	New York	Chicago, New Orleans	D.C.
Talent strategy	New York, D.C., New Orleans	Chicago	
Culture strategy	New York, D.C.	New Orleans	Chicago
New approach to facilities	New Orleans	New York, Chicago	D.C.

As the table makes clear, design and implementation vary, with New York’s plan the most complete, both in terms of number of features it includes and the degree of implementation across the district. New Orleans’ portfolio is highly developed in some respects—given the loss of populations and institutions due to Hurricane Katrina there was no alternative to a new schools strategy and an effort to attract teaching talent and technical expertise from elsewhere—and rudimentary in others.

Chicago and D.C. represent less complete portfolio models, for different reasons. D.C. Chancellor Rhee is committed to most of the aspects of the portfolio model, but she has been on the job a much shorter time than New York City Chancellor Klein. Moreover, she has put creating new terms and conditions of employment for teachers first, and delayed development of a full portfolio model until current labor negotiations are complete.

Chicago, though committed to new school development, is still far from adopting a portfolio strategy districtwide. *Renaissance 2010* was not designed to expand to include the whole district, unlike New York City’s original autonomy pilot. Though there are other new schools initiatives and devolutions of authority to school leaders, these are generally limited to specific populations or kinds of schools (for example, high-performing schools that have “earned” autonomy) and are not designed to operate districtwide. Chicago’s adoption of a portfolio model is also at least temporarily stalled due to former CEO Arne Duncan’s departure to become U.S. Secretary of Education. New CEO Ron Huberman is likely to press for fast development in the next year, however.

This system of mutually reinforcing features is expensive and hard to design, requires major reallocations of funds, and needs political support—while generating opposition—from groups attached to the traditional district structure. Thus how these features are introduced and developed, and how they are made to work in a district environment created for very different purposes, is as important as the design of the reform. As we discovered, portfolio districts bring people into public education who have made careers in other sectors, mixes private with public funds, requires legal and political as well as administrative engineering, and closes up some avenues of political activism while opening up new ones. It is particularly hard on politicians and groups whose claim to fame was to “fix” things within the district, whether to get district money for a particular purpose, arrange a job, or get a student into a particular school. But it also opens up opportunities for parents and individuals not affiliated with pressure groups to be heard in new and consequential ways. The next section details the many changes of these kinds we have found in the four districts.

# MANAGEMENT AND POLITICS OF PORTFOLIO DISTRICTS

**T**his section analyzes implementation in our four districts—who is involved, what resources they use, how they seek allies, and what groups they exclude. School districts don't spontaneously disassemble themselves or devolve functions to other organizations. Superintendents and central office leaders who were trained to run conventional districts have not been early adopters of the portfolio idea.

A portfolio strategy transforms school districts in ways that upset established patterns, threaten many groups, create the need for kinds of expertise not traditionally used in public education, and render some forms of expertise obsolete. Putting the portfolio idea into practice thus requires development of new capabilities in the central office, in schools, and among contractors and external partners and management. Because sweeping change makes many people uncomfortable and dispossesses others of advantages held in the old system, there is always opposition. Supporters of the portfolio idea must create new support coalitions and insulate the reform from natural opponents.

Reform management and politics varied a great deal among our four districts, but there were five commonalities:

- Precipitating events
- An analytically oriented district leadership team
- New actors and new forums for decisionmaking
- Control of legal interpretations
- Philanthropic support for new schools and assistance groups

## Precipitating Events

Before adopting the portfolio strategy, public education in all four cities had been in crisis for decades. Superintendents and other reform initiatives had come and gone, each accomplishing something and changing the districts in some way, but leaving the essential performance problems unsolved. Though each district had its defenders, support for the status quo was weak and narrow and large parts of the community were open to new

ideas.<sup>8</sup> All four districts also endured events that made fundamental changes in public education possible—mayoral takeover in New York and D.C., a shift in elite opinion about the disgrace of hundreds of low-performing schools in Chicago, and a hurricane in New Orleans. These events shook up administrative and political arrangements that had endured for decades.

The character of the precipitating event can vary, as the list above shows. In other cities, precipitating events have included state takeover caused by district bankruptcy (Oakland), and a declaration by the U.S. Secretary of Education that the city had the worst public schools in the country (Chicago before an earlier round of reform). In the future, federal enforcement of the *No Child Left Behind Act* might also cause cities to adopt a combined new-schools and school-closing strategy. In the current recession, additional districts might become insolvent and therefore open to state or mayoral takeover.

In studying Los Angeles' evolution toward a district that offers schools in many ways, including chartering, Charles Kerchner and David Menefee-Libey concluded that a series of public failures and continued low performance gradually de-legitimized the Los Angeles United School District, to the point that it was unable to resist fundamental change.<sup>9</sup> Thus, a protracted crisis leading to loss of civic confidence might have the same effect as a sudden overwhelming event.

Note that mayoral takeover, claimed by some as a necessary precondition to profound reforms of school systems, was a precipitating event in only two cities; moreover, Chicago's long-established mayoral control only recently led to adoption of a portfolio strategy.

### **An Analytically Oriented District Leadership Team**

The individuals leading portfolio districts are almost universally from analytical disciplines—law, economics, public policy analysis, or business. Though some (for example, former Chicago CEO Arne Duncan) have worked in schools, by background and basic approach they are not people steeped in the craft of education. Instead they are people trained to use data and incentives to optimize the performance of organizations. By training and inclination these people believe that strong incentives, transparency about

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8. On the importance of a crisis of legitimacy as a precondition to sharp changes in school district politics and governance, see Charles Taylor Kerchner, David J. Menefee-Libey, Laura Steen Mulfinger, and Stephanie E. Clayton, *Learning from L.A.: Institutional Change in American Public Education* (Cambridge: Harvard Education Press, 2008).

9. See Kerchner et al., *Learning from L.A.*



performance, and freedom for school leaders to innovate are the keys to performance improvement. As we noted in an earlier analysis of urban school reform, there are major cultural gaps between analytically trained leaders and traditional educators, whose values and training emphasize collaboration, mutual support, moral commitment, and deference to substantive experts.<sup>10</sup>

**Table 3** illustrates this point by identifying the backgrounds of key reform leaders in our four cities. Career educators occupy important roles, but the top leaders are individuals who, based on their backgrounds and talents, could be (or have been) chief executives and world-class professionals in fields other than education. These individuals are extremely capable, but more to the point, they are people who have dealt all their lives with issues of organizational performance and change. New York City Chancellor Joel Klein's career—as an antitrust litigator in high-profile cases, pitting him against such corporate clients as Microsoft—gives him a special perspective on the problems of transforming an unproductive and self-protective bureaucracy.

With the exception of Paul Vallas and Paul Pastorek in Louisiana, most top officials of portfolio districts are publicly identified as members of the Democratic Party and committed to public-private partnerships, not business takeover of public functions.<sup>11</sup> Klein and his closest collaborators have a well-developed set of ideas about using a combination of centralized accountability and decentralization of technical decisions in order to maximize innovation and performance. All believe that the education system needed to be shaken up, forced to accept and work closely with people and ideas from the broader community, and be subject to strong performance pressure.

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10. Paul Hill and Mary Beth Celio, *Fixing Urban Schools* (Washington, DC: Brookings Institution Press, 1998).

11. Two former leaders of portfolio districts, Michael Bennet of Denver (now U.S. Senator from Colorado) and Arne Duncan of Chicago (U.S. Secretary of Education in the Obama Administration) are strongly identified with the Democratic Party.

**Table 3. Backgrounds of Key Local Reform Leaders**

<b>POSITION</b>	<b>BACKGROUND OF INCUMBENT</b>
<b>New York</b>	
CEO	Antitrust litigator
Chief Operating Officer	Corporate lawyer
General Counsel	Counsel for state and city agencies
Head of accountability	Professor of law, death penalty expert
Head of portfolio management office	Lifelong educator—teacher, principal
<b>Chicago</b>	
CEO	Policeman, city agency head
Head of portfolio management office	Attorney
Chief Academic Officer	Lifelong educator
<b>New Orleans</b>	
CEO of State Recovery District	City agency head, military, politics
State Superintendent	Private attorney, general counsel of NASA
Chief of Staff	Chicago Housing Authority Manager
<b>D.C.</b>	
CEO	Founder, nonprofit New Teacher Project
Chief Operating Officer	MBA, Teach for America leader
General Counsel	Head of most prominent D.C. law firm

### **New Actors and New Forums for Decisionmaking**

Big changes in decisionmaking are sure to increase the power of some entities and reduce the power of others. In portfolio districts, decisions are made about different things, and in different places, than in traditional school districts. Decisions once made by career central office employees—about who will be the principal of a particular school, whether a school will offer band or some other elective, what is to be done with a low-performing teacher, who will deliver professional development sessions to teachers and about what, or how many administrators a school will have and what roles they will play—are now made in the individual schools.

School boards, which in the past have had the authority to delve into virtually any issue and decide any question they decide to take up, are often limited to advisory roles. In New York and New Orleans, funds are distributed to schools on the basis of enrollment, not programs, so school boards cannot mandate extra funding for a particular program.

Portfolio districts also make decisions—for example, whether to close a particular school, how to encourage formation of new independent organizations, whether to charter a new

school or open it with traditional district employees—that seldom came up in traditional districts. In portfolio districts these questions preoccupy top district leaders.

Portfolio districts stimulate formation of education service provider organizations and independent school providers—nonprofit groups that districts support. They gain supporters among teachers and parents who like the greater freedom of action that schools enjoy.

However, a portfolio district makes it difficult for a neighborhood politician—city council member, state legislator, or school board member—to “fix” things for their constituents. New York district leaders quote a city official who complained it was no longer possible to phone the person in charge of salary increases or teacher assignment to arrange a favor on behalf of a constituent. It can also make it difficult for a parent who has a grievance about a teacher or course to find anyone to talk with, other than the principal of the child’s school. Parents have many greater options about what school their child will attend, but little access to higher authorities that can force the school to do what they want.

Our research made it clear just how deeply small neighborhood and interest groups had penetrated the traditional school district in the past. Such groups were accustomed to getting direct access to school officials, being able to demonstrate at school board meetings, and getting paid to organize services and forums at which officials could hear complaints. Many such groups in New York, Chicago, and New Orleans depend on a visible relationship with the district for their funding and neighborhood cache. In New York, middle-class families whose schools were able to work the system for the best of everything can feel worse off in a system where money flows simply on enrollment.

A district structure that provides few places for such groups to exert influence—and will not help pay the groups’ bills—is a serious threat to some interests.

For a disinterested observer it is impossible to know how to balance claims that the district is opaque and unresponsive against counterclaims that parents are happy with the expansion of options and educators appreciate their greater school-level freedom of action. Controversy on these issues is growing in New York and New Orleans. Do portfolio districts reject citizen input or simply stick to their knitting? Have they closed down forms of community theatre that cause conflict rather than resolve it, or are they shutting down essential democratic dialogue? Cases can be made either way. It is too soon to say whether contention on such issues will undermine political support for portfolio districts.

As this is written, the powers of New York’s Panel on Education Policy have been slightly increased by the State Legislature, and there is a great deal of discussion about whether and how to return Louisiana’s RSD schools to a form of local school board control. In D.C., the City Council is becoming less deferential to Mayor Fenty and might intervene more frequently in district affairs. It is not clear how the re-emergence of public deliberative bodies will affect the progress of portfolio districts. Greater public deliberation could blunt some of the claims of unilateralism and arrogance so frequently lodged against Klein, Rhee, Vallas, and Louisiana State Superintendent Pastorek. But will that also signal the return of interest group vetoes, patronage-based hiring, and union dominance of decisions? Our final report in two years will have a great deal more to say about these questions.

### **Control of Legal Interpretations**

Portfolio district superintendents (or in the language preferred by some, CEOs) have a different attitude about legal constraints than traditional school superintendents. Traditional superintendents want to avoid taking actions that could lead to lawsuits, while the superintendents we interviewed expected to be sued from time to time and were willing to take actions they thought necessary as long as a court was not likely to rule against them.

Even before lawyers like Klein, Bennet, and Pastorek came onto the scene, former San Diego Superintendent Alan Bersin, a former U.S. attorney, complained about district officials’ tendency to use the term “illegal.” As Bersin commented, “much of what in-house counsel called illegal was simply untested. When I thought it was likely we could prevail in court I went ahead.”<sup>12</sup>

Portfolio superintendents Klein, Rhee, and Vallas regarded the law as pliable and subject to argument. Klein hired the best public administration lawyer in the state, and has used the general counsel’s office to find ways to do things, not to find reasons not to do things. In D.C., Michelle Rhee made a public appeal for help from private lawyers, claiming the only legal advice she could get from within the district was biased against action. Her new general counsel is the former head of the D.C. Bar Association. He quickly found provisions in the D.C. city code that applied to the school system and provided a much fairer and more workable process for terminating unproductive teachers than the district had been using.

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12. Personal communication with author.

Only in Chicago is the district legal counsel still in the traditional mode and not an integral part of the reform leadership team. This reflects the fact that *Renaissance 2010* is not seen as a reform of the entire district but one of many coexisting initiatives. However, positive legal interpretations have been indispensable even there: if the district lawyers had not interpreted Illinois charter laws to allow multiple campuses under one charter, Chicago would have been “capped out” at 15 charter schools and its new schools initiatives would have been stymied long before anyone thought of *Renaissance 2010*. Similarly, the decision that the district had the power to enter into contracts with independent school providers allowed the district to create new schools via mechanisms other than chartering.

### **Philanthropic Support for New Schools and Support Organizations**

All four districts were creating new organizations—or entering partnerships with independent organizations—to do things to make the portfolio idea work. Because district funds were largely going to schools to pay for salaries, other instructional costs, and facilities rent and maintenance, funds for innovation came from philanthropy.

In all districts philanthropic funds paid to start new organizations to operate schools and provide assistance. Organizations like New York’s New Visions for Public Schools and New Orleans’ new charter management organization, designed to turn around the lowest-performing schools started by the Recovery School District, were founded with philanthropic funds. New York’s new independent analysis organization, like the Consortium on Chicago Schools Research 15 years earlier, started with big foundation grants. In D.C., foundations will pay the initial costs of Michelle Rhee’s pay plan for teachers who trade in their tenure for higher salaries.

The Bill & Melinda Gates Foundation and The Broad Foundations have been major contributors to these start-up organizations, but so have local funders (for example, the Joyce Foundation, the John D. and Catherine T. MacArthur Foundation, and business philanthropies in Chicago). Special hurricane recovery funds from the U.S. government have also paid for start-ups in New Orleans, as well as for school reconstruction.

The amounts available have been significant, by some accounts as high as \$200 million in New York City, half that amount in Chicago, and over \$50 million in New Orleans. Philanthropic contributions to D.C. have been smaller to date, in part because the district has barely started to build external support organizations and in part because foundations are waiting to fulfill their pledges to the new teacher salary scheme.

In future reports we hope to sharpen these estimates and tell more about the uses of extra funding. We will pay particular attention to the question of sustainability: can the new support organizations, once established, operate on fees received from schools and the district, or will they require continued foundation funding? We will also try to estimate the amounts of support needed by other cities. The four we have studied were highly visible at a time large foundations were pouring money into districts with charismatic leaders and strong reform stories. Other cities are unlikely to get as much, but they might be able to build on what was created at great cost in these four cities.

## UNRESOLVED QUESTIONS

Questions about the ultimate effects of a portfolio strategy are unresolved and will remain so for some time. The final section of this paper provides a perspective on how localities can assess the consequences of a portfolio strategy for its overall effects on the quality and distribution of educational opportunity and for student learning.

In this section we focus on more immediate questions, about how localities that have adopted a portfolio approach can solve problems that have emerged in its implementation. In this report we can identify emerging problems but can say only a little about how leaders of portfolio districts are approaching them. In our 2011 report we hope to have more to say about how—and whether—they have been solved.

We see four important problems emerging in the implementation of the portfolio idea:

- Can localities that first adopt the portfolio idea only partly—for instance only in some area of the district as in Chicago, or putting in place only a few of the key elements as in D.C.—implement it more completely in the future?
- Can portfolio implementation be sustained after the events that originally precipitated the reform have long passed and the originators (e.g., Bloomberg and Klein in New York) leave the scene?
- Can localities that depend on alternative source teachers and school leaders (e.g., from Teach for America and its alumni) continue attracting them in the numbers needed to staff new and existing schools?
- Can the independent school operators and assistance providers be weaned of their dependence on philanthropy?
- Can school districts be governed over the long haul in ways that do not slowly erode school freedom of action and performance-based accountability?

### **Moving from Fragmentary to Complete Implementation**

Chicago and D.C. are very different cases, but they both have the problem of greatly enhancing their implementation of the portfolio idea long after nominally adopting it.

Chicago has opened and closed schools and built a significant base of independent school operators and assistance providers, but it has not tried to extend key portfolio features like pupil-based funding, common accountability, and a talent strategy districtwide. Chicago leaders have understood the value of such portfolio features, but they thought the politics were too hard. D.C. has built central office units to take responsibility for virtually all the portfolio features, but has emphasized the talent and culture strategies and deferred action on all the rest.

Will mayors and school district CEOs be able to push for a more complete reform strategy years after masking a theoretical commitment to it? Or will they have been too weakened by controversy (over school closings in Chicago and transformation of the human resource system in D.C.) to go further?

### **Sustaining Portfolios over Time**

In three of our four cities, the leaders who declared an emergency, accepted responsibility for their city's schools, and put a portfolio system into place are still in charge. So are the senior district leaders who suspended their legal, business, public policy, and analytical careers to lead parts of the reform. (The exception is Chicago, where Ron Huberman has succeeded Arne Duncan, who succeeded Paul Vallas, and each new leader brought in a new executive team.)

Will others with similar backgrounds succeed them, or will educators with more conventional career experience be put in charge of their cities' portfolios? Will successors understand or even want to build on what has been done, or try to reverse it?

Answers to these questions might differ from one city to another. Though it is unlikely that any city can always attract world-class professionals from other sectors to lead its schools, some might continue to find highly capable people who understand what has been done and will work to sustain it. Cities might also differ on how much citizen support there is for the portfolio strategy, and how strongly opponents will organize. In New York, the portfolio strategy now has its own support base of people affiliated with nonprofits that have new roles to play, and among school leaders and teachers who enjoy the freedom and support the portfolio strategy has provided. But the strategy also has opponents, including some in the upper reaches of the city's policy and intellectual elites, who resent school closings, reductions in central office staffing, and closing-off of traditional channels of influence. When lions like Bloomberg and Klein have left the stage these resentments will lead to action.



Much the same is true in New Orleans: the portfolio strategy has created both strong bases of support and reservoirs of resentment. The D.C. reform might survive Michelle Rhee's departure, but surely not a decline in Mayor Adrian Fenty's support. He is the reform's constituency of one, and there is no reason to believe the reform could survive a return to D.C. politics as usual.

### **Continuing to Get Needed Teachers and Principals**

New Orleans, New York, and D.C. depend heavily on alternative source teachers, especially to staff their new schools, and on Teach for America (TFA) and New Leaders for New Schools alumni to serve as principals. Though there is controversy about the value of teachers who might serve only two years and principals with scant prior teaching experience, leaders in these districts believe they make indispensable contributions.

Chicago has used alternative source teachers, but not as heavily as the other districts. It recruits new-style principals locally but through newly developed channels, including New Leaders for New Schools, new training organizations at the University of Illinois Chicago, and the Academy for Urban School Leadership.

New Orleans CEO Paul Vallas believes that city could not have made the progress it has made without a continuing supply of TFA teachers and alumni, and hopes their numbers will increase indefinitely. TFA gives New Orleans access to a national talent pool that many believe is much stronger than the pool of educators produced by Louisiana colleges. It also makes it easier to lead and staff schools that require long hours, flexible approaches to work, and entrepreneurial attitudes.

D.C. and New York can tap many more sources of teachers than New Orleans—including educators in high-performing suburban districts and underemployed college graduates living in the city—but they also rely heavily on alternative source teachers. Though they acknowledge the problems associated with rapid teacher turnover, city leaders think benefits outweigh costs.

However, portfolio districts could be hurt if fewer college graduates decided to join TFA, or if a crisis in some other city attracted people who are drawn by the neediest cases. Given their traditional appeal to elite college graduates, New York, D.C., Chicago, and New Orleans might not lose their TFA pipelines. However, other portfolio districts with less cachet might have difficulty attracting a steady supply of such people.

Whether or not portfolio districts can attract large numbers of younger, alternatively

credentialed teachers and principals, they also need to work with current and future teachers with traditional values and training. This underlines the importance of the links between old and new cultures described above. How well such culture initiatives work to redirect the slow-moving ship of educator culture has yet to be seen.

### **Weaning Reformers off Philanthropy**

In theory, foundation support for the reforms in all our four cities has been limited to one-time costs of start-ups for new schools, school operators, assistance providers, central office units built on the portfolio model, and the Research Alliance for New York City Schools. For example, in February 2007, Chicago's Noble Charter Network got \$4.2 million in grants to open a math/science magnet in Humboldt Park. These funds were for facilities acquisition, renovation, and construction. Such donations allow ambitious start-ups and help new schools through the start-up phase of limited enrollments and cash flow.

However, few if any district-sponsored or partner organizations that have emerged under the portfolio strategy are self-sustaining in the sense that they can run entirely on public funds. New school operators and assistance providers seldom recover as much as half of their costs from fees paid by schools or the district, and group leaders openly admit they don't see how to operate without some foundation subsidies. The added costs of D.C.'s proposed new teacher pay scheme will all be paid by philanthropy, and though district leaders hope to pay the continuing costs via efficiencies in public spending, these will not be easy to be obtain.

Some philanthropy is likely to continue, certainly from local foundations and businesses. In large philanthropy centers like New York and Chicago, support from those sources might be sufficient. But will New Orleans and D.C., which have relied on their compelling recent histories and charismatic leaders to attract national foundation funding, be able to sustain key elements of the reform after their special appeal fades? It is too soon to say.

### **Governing over the Long Haul**

Today, portfolio districts are governed as if by emergency decree. District leaders, who intend to revolutionize the relationship between schools and the district central office, make policy based on consistent principles. However, emergency rule is inevitably short lived. Ultimately, governance must be constitutional, in that it distributes particular

powers among CEO, board members, central office units, and schools actors in a way that leaves schools enough control over what they do to be accountable for the results.

Though mayoral control is now authorized through Michael Bloomberg's third term and Joel Klein will likely stay four more years, the Chancellor's actions will be subject to review by a growing number of boards and panels. In Louisiana, there is growing pressure for the Recovery School District to return New Orleans schools to the control of some sort of local school district. The prestigious Cowen Institute at Tulane is leading an effort to redesign a local district that would not look like either the RSD or the pre-Katrina school board. In D.C. the City Council, though still driven by Mayor Fenty's agenda, is demanding more oversight over Chancellor Rhee's actions.

Returning control to traditional local school boards that have virtually unlimited power over budgets, hiring, and rulemaking will almost certainly put an end to a locality's portfolio strategy. The pressures to mandate hiring, standardize methods and curricula, respond to demands that every school be required to have a specific arts or music program, and increase board control over budgets at the expense of school autonomy are irresistible.

There are ways to design local governance so that it sustains rather than destroys a portfolio system. But these require careful design, including explicit limitations on board powers.<sup>13</sup> Today it is not clear whether any locality is working toward a permanent governance system that could maintain a system of highly autonomous schools held accountable only for performance.

Though Chicago has recently lost Superintendent Arne Duncan to President Obama's cabinet, it seems likely that the new schools chief Ron Huberman will continue and expand Duncan's new schools and accountability policies. Mayor Daley's support for the basic idea of the reform is solid, and the Mayor himself is under no particular threat. Though Chicago has moved more gradually than our other cities, district leaders there probably have more time than in other cities, and can afford to move in increments.

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13. Paul T. Hill, *School Boards: Focus on School Performance, Not Money and Patronage* (Washington, DC: Progressive Policy Institute, 2003).

## BOTTOM LINES

Our next report, due in early 2011, will provide more examples and reflect nearly two years' additional experience in the life of a very young movement. It will undoubtedly have the benefit of future developments, for example on data-based decisionmaking and accountability systems, and of some failures and blow-ups in one or more of the cities. Though our 2011 report will not try to draw a single bottom-line judgment of the value of the portfolio approach, it will provide a great deal more evidence than is now available.

It is unlikely, however, that we can ever give a simple answer to the question, "Have the cities that adopted a portfolio strategy benefited from it?" This is so for several reasons, including that districts started in different places and moved at different paces toward full implementation. For example, in 2005 and 2006, New Orleans had no alternative to opening schools in partnership with independent providers. If only in the sense that the portfolio approach let the state provide schools where none existed, the approach must be counted as a success. In the other cities, where children could find schools to attend before the district adopted the portfolio approach, no such judgment is possible.

Everyone will want to judge the portfolio approach according to whether students learned more or less than before. But this will be easier said than done. Crude juxtapositions—like comparing city students' average gains to average gains statewide—leave too many differentiating factors (e.g., immigration, transiency, family disruptions) uncontrolled.

A piecemeal approach—for example, calculating gain scores for students who attended new schools and comparing them to gains in the rest of the district—could easily produce misleading results. New schools might attract disproportionate shares of students who were ready for a breakthrough, and therefore deserve little credit for the results.<sup>14</sup> Alternatively, students in new schools could have relatively slight gains yet still be learning more than they would have done in their previous schools. Finally, existing schools' scores might

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14. Caroline Hoxby's recent study of New York City charter schools compares students attending charters with similar students who lost in admissions lotteries for the same schools. This method provides a valid answer to the question, "Are students doing better in new schools than they would have done elsewhere?" The results, strongly positive about the benefits of charter school attendance, can be found in Caroline Hoxby, Sonali Murarka, and Jenny Kang, *How New York City's Charter Schools Affect Achievement* (Cambridge, MA: National Bureau of Economic Research, 2009).

rise rapidly after new schools are created, as competition, new devolutions of authority, family choice, and new staffing options help existing schools improve.

Though new schools are at the core of a portfolio strategy, success in every case should not be expected. There is a risk of failure in creating new schools, even if they imitate existing successful schools.<sup>15</sup> Nor is it clear how long it should take for new schools to reach their full potential with respect to student performance. Charter schools, for example, mature in three to five years. Thus, early in the implementation of a portfolio strategy, evaluations that spotlight a small number of apparent failures do not provide a balanced assessment of what is being attempted.

Based on our experience in these four cities, we believe there is only one way to judge a portfolio district on student achievement results: it is whether the portfolio approach has led to continuous improvement overall. The portfolio approach does not promise that every decision about closing a school will be good, or that every school opened will be better than one closed to make way for it. But it does create a process of continuous change under which over time the quality of schools available, the district's overall responsiveness to needs in the community, and parents' ability to find schools that match individual children's needs will steadily improve.

Thus, the bottom-line question is whether districtwide gain scores have improved continuously over time, not only for students on average but also for poor and minority students formerly assigned to schools with very low average gains. These questions could be answered districtwide, for different levels of schooling, or for different demographic groups.

This is a very difficult analysis, given the need to follow large numbers of students over several years, and to take full account of changes in neighborhood and school demographic competition. Despite the claims of proponents and critics alike, no existing study can be considered definitive because none has used this form of analysis.

There are, however, ways that localities can assess their own progress, for example by observing changes in the schools available, their distribution among neighborhoods,

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15. Recent assessments on Chicago this year have raised questions about performance of new schools. The SRI study of *Renaissance 2010 (Renaissance Schools Fund-Supported Schools: Early Outcomes, Challenges, and Opportunities, 2009*, available at [http://policyweb.sri.com/cep/publications/RSF\\_FINAL\\_April\\_15v2.pdf](http://policyweb.sri.com/cep/publications/RSF_FINAL_April_15v2.pdf)) showed uneven performance by new schools. The Civic Committee of the Commercial Club of Chicago's June 2009 report, *Still Left Behind: Student Learning in Chicago's Public Schools* (available at <http://www.chicagobusiness.com/downloads/CPS.pdf>) shows that some new schools are among the city's lowest performers. This raises questions about the academic quality of some new schools and suggests that Chicago needs—as its district leaders intend—to continue developing and experimenting with models of schooling.

ability of poor and minority children to get into their first choices of schools, teacher turnover and the numbers of teachers applying for jobs in schools serving low-income and minority neighborhoods, etc. Our next report will be a short paper on such “leading indicators” of the effects of a portfolio district and how districts can use them to assess progress and fix problems that emerge.

In facing the wicked problem of raising achievement for disadvantaged children, city and district leaders face many unknowns. They cannot know what mix of schools and other instructional, staffing, and student support options will provide the best results, and they intend that later efforts, informed by the results of earlier ones, will be increasingly effective. Friends and enemies of the portfolio approach will seize on quick results, but their claims can serve political ends, not render balanced judgment of a complex and long-term strategy.



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