

# Fix the City Schools: Moving All Schools to Charter-Like Autonomy

by Lisa Snell

## INTRODUCTION: EVERY SCHOOL A CHARTER SCHOOL

A July 2009 *Wall Street Journal* article “[Detroit Schools on the Brink](#),” details how Detroit Public Schools (DPS) lost tens of thousands of students to charter schools and suburban districts, has a graduation rate of less than 58 percent, and an overall track record of dismal student performance. As the *Wall Street Journal* piece explains “behind DPS’s predicament are many of the same problems that have haunted the city’s auto industry for years: excess capacity, high labor and pension costs, fleeing customers, ineffective management, outside competition and—except for a handful of respected programs—a [reputation for low quality](#).”

Unfortunately, to a greater or lesser extent these problems plague most other urban school districts in the United States, despite ever-larger investments in school funding, smaller class-sizes and multiple-reform efforts. Cleveland is another [case in point with a \\$53 million deficit](#), an enrollment loss of approximately 40,000 over the last ten years, a 54 percent graduation rate, and close to 75 percent of the district’s schools listed under academic emergency or watch by the state of Ohio.

The current reality is that many urban school districts are losing students and money, and have labor and pension costs that continue to encroach on their day-to-day operating costs. In contrast, charters continue to gain significant market share in very specific geographic regions. The National Alliance for

Public Charter Schools reports that in the 2008–2009 school year, 14 communities had at least 20 percent of their public school students enrolled in public charter schools. Also, 72 communities now have at least 10 percent of public school students in charter schools. These schools operate through a contract with a government authorizer. According to the [Center for Education Reform](#), in the 2008–09 school year, over 4,700 charter schools served more than 1.4 million children across the nation.

The city with the greatest market share for charter schools is New Orleans with close to 60 percent of students enrolled in charter schools. New Orleans demonstrates that it is possible to successfully implement an “every school a charter school” model in the United States, offering a compelling glimpse of an alternate education model to fix urban public education.

The Thomas B. Fordham Foundation’s Andy Smarick argues in *Education Next* that “the only course that is sustainable, for both chartering and urban education, embraces a third, more expansive view of the movement’s future. He writes:

*Charter advocates should strive to have every urban public school be a charter. That is, each school should have significant control over its curriculum, methods, budget, staff, and calendar. Each school should have a contract that spells out its mission and measurable objectives, including guaranteeing that all students achieve proficiency in basic skills. Each school should be held accountable by an approved public body.*

*“Charter” will no longer be seen as an adjective, a way to describe a type of school, but as a verb, an orderly and sensible process for developing, replicating, operating, overseeing, and closing schools. The system would be fluid, self-improving, and driven by parents and public authority, ensuring the system uses the best of market and government forces. Schools that couldn’t attract families would close, as would those that ran afoul of authorizers for academic, financial, or management failures. School start-ups, both the number and their characteristics, would reflect the needs of communities and the interests of students, but would also be tightly regulated to generate a high probability of school success.*

## AN URBAN MODEL TO STRIVE FOR: THE PROMISE OF NEW ORLEANS

New Orleans is the one city in the United States that comes closest to every school in the city having charter-like autonomy with direct responsibility for student performance through a contract with a government authorizer. In 2005, Hurricane Katrina devastated Louisiana’s school system—which had languished at the bottom of national rankings for years—and more than 100 public schools were closed, displacing approximately 118,000 school-age children throughout the state. The state stepped in to reopen schools, encouraging school choice by facilitating charters and giving administrators broad leeway to get schools operational. Their innovations succeeded. Under the leadership of Superintendent Paul Pastorek, Louisiana’s burgeoning school choice movement is using transparency, standards and accountability to improve student achievement and turn around low-performing schools. Today in New Orleans, nearly 60 percent of the city’s estimated 26,000 students are in charter schools, and test scores have risen dramatically since 2005. The proportion of fourth-graders who meet or exceed grade-level work in English rose from 44 percent in 2005 to 59 percent for the 2008-2009 academic year, a gain of one-third. Eighth-graders improved even more, jumping from 26 percent to 42 percent. [High school scores have also shown marked gains, particularly in math, with 58 percent meeting or exceeding state standards for 2008-2009 compared with 38 percent in 2005.](#) In January 2009, *Education Week* gave Louisiana an “A” grade in the category of “standards, assessment, and accountability.”

In *Education Week* Leslie R. Jacobs and Paul Vallas argue that autonomy, budget control and school choice drive school improvement in New Orleans:

*New Orleans schools now operate under a decentralized system that is unique. Sixty percent of students attend charter schools, and both charter and noncharter schools have autonomy over staffing and budgets. All schools are schools of choice. The money follows the student, so schools receive funds based on their enrollment. There is no longer a collective bargaining agreement, nor a citywide salary schedule.*

*The results thus far are compelling. In the four years since Hurricane Katrina devastated the city, New Orleans has shown more growth in student achievement than any other district in the state. The percentage of failing schools is down significantly, and student test scores are up in every grade and subject. Some of the gains are dramatic. The 10th grade math proficiency rate has jumped from 39 percent to 58 percent, and the senior graduation rate from 79 percent to 89 percent. The percentage of 8th graders proficient in English has grown from 26 percent to 42 percent. For context, from 1999 until the state takeover in 2005, 8th grade English proficiency had improved by a meager 3 points.*

## POLICY CHANGE TOWARD CHARTER-LIKE AUTONOMOUS SCHOOLS

While New Orleans students have seen rapid improvement because all schools are charters or charter-like, the political reality is that most urban school districts will not move to charter all or most of their schools. School districts are slow to relinquish control of even the lowest-performing schools. New Orleans started from scratch because of a terrible natural disaster. Therefore, while we can continue to support the growth of charter schools and cheer ever-larger charter market shares in urban centers, interim approaches are necessary to help move a much larger percentage of urban schools toward charter-like autonomy. This policy brief examines several important adaptive education policy changes that can move urban school districts from the status quo of centralized school district management toward a system of more decentralized management with charter-like autonomous schools that operate via contracts for student performance.

### Adopt the Decentralized Portfolio Management Approach

According to Paul T. Hill at the Center on Reinventing Public Education, several urban districts including New Orleans, New York City, Denver,

Chicago and Washington D.C. are moving to [a portfolio management approach to managing a district's schools](#). Dr. Hill defines a portfolio district as one “built for continuous improvement through expansion and imitation of the highest-performing schools, closure and replacement of the lowest-performing schools, and a constant search for new ideas.”

Dr Hill explains that holding all [schools to common performance standards through contracts](#) is critical to portfolio management.

*A district fully committed to portfolio management would hold all schools, educators, and providers, no matter whether 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.*

The bottom line is that the district seeks continuous improvement by assessing performance of all schools, closing the lowest performing schools and creating alternate opportunities for students in the least productive schools. For more about best practices and case studies for portfolio management, see the Center on Reinventing Public Education’s October 2009 report, [Portfolio School Districts for Big Cities: An Interim Report](#).

### Finance Schools through Student-Based Budgeting to Support Charter-Like Decentralized Schools

Once a school district adopts a management perspective that supports decentralized schools, a school finance mechanism is necessary to fairly fund all schools and place them on a level playing field in terms of resources.

In support of decentralized schools, urban school districts should create one simple funding mechanism that distributes federal, state and local funding based on a “[student-based budgeting](#)” financing system that would include one base allocation equalized across the schools within a district and additional weighted funds for students with additional needs including characteristics such as special education, poverty or English learners. This process would make school finance simpler, more equitable, and bring significant cost savings by reducing central office costs and

redirecting some of this savings to increase per-pupil funding allocations in the classroom. In addition, cities should allow the funding to follow students down to the school level and allow principals discretion over school budgets.

Using student-based budgeting's decentralized system, education funds are attached to each student and the students can take that money directly to the public school of their choice. Key student-based budgeting principles that improve educational outcomes as well as the transparency and accountability of schools include:

1. Funding following the child to the public school of his choice;
2. Per student funding varying based on a child's educational needs, with special education students and others receiving larger amounts;
3. Funding arriving at individual schools in real dollars, not in numbers of teaching positions, staffing ratios or as salary averages.

In addition, one of the most important factors in the success of schools is decentralized decision-making. Principals should have autonomy over their budgets and hiring teachers. This local flexibility allows principals to tailor their schools to best fit the needs of their students.

At least 15 urban school districts have moved to this system of student-based budgeting and autonomous schools. The results from districts using student-based funding are promising. For example, prior to 2008, less than half of Hartford, Connecticut's education money made it to the classroom. Now, under student-based budgeting over 70 percent makes it to the classroom. Hartford School District achieved this goal with a 20 percent reduction of central office expenses including the reduction of over 40 district-level positions.

In 2008, Baltimore City Schools faced a \$76.9 million budget shortfall. Superintendent Andres Alonso instituted student-based budgeting. He identified \$165 million in budget cuts at the central office to eliminate the deficit and redistributed approximately \$88 million in central office funds to the schools. By the 2010 school year, Alonso will have cut 489 non-essential teaching jobs from the central office, redirecting 80

percent of the district's operating budget to individual schools.

In California student-based budgeting has successfully offered every public school "charter-like" autonomy in two urban school districts. San Francisco changed to a student-based budgeting system in 2002 and the district has outperformed the comparable large school districts on the California Standards Tests for seven straight years. A greater percentage of San Francisco Unified students graduate from high school than almost any other large urban public school system in the country. And across the Bay, Oakland has produced the largest four-year gain among large urban districts on California's standardized tests since implementing a form of student-based budgeting in 2004.

### The New York City Model

One case that is particularly relevant to urban districts is the New York City example because it shows that it is possible to offer schools charter-like autonomy and take student-based budgeting to scale within a very large urban school system.

Beginning in 2007-08, the New York City Department of Education began empowering all public schools, so that educational decisions happen in schools, where the people closest to students decide what will help students succeed. In New York, public school empowerment is built on the Empowerment Schools initiative pilot. In the 2006-07 school year, 332 New York City public schools took on greater decision-making power and resources in exchange for accepting accountability for results. These "Empowerment Schools" worked under performance agreements, committing to high levels of student achievement with clear consequences for failure. In exchange for this commitment, principals and their teams had the freedom to design educational strategies tailored to their students. These schools have hand-picked their support teams, hired additional teachers, implemented creative schedules, designed tailored assessments, invested in professional development, and purchased both internal and external services that meet their needs and their students' needs. Initial results are promising, with more than 85 percent of empowerment schools meeting the performance targets set by the Department of Education.

Following on that success, beginning in the 2007-08 school year, all New York public schools were empowered, giving their principals and their teams broader discretion over allocating resources, choosing their staffs and creating programming for their students. Schools also have increased resources because of the Department's new student-based budgeting system called "Fair Student Funding."

The New York City program is based on simple principles:

- School budgeting should fund students fairly and adequately, while preserving stability at all schools.
- Different students have different educational needs, and funding levels should reflect those needs as well as possible.
- School leaders, not central offices, are best positioned to decide how to improve achievement.
- School budgets should be as transparent as possible so that funding decisions are visible for all to see and evaluate.

In keeping with these principles:

- Money follows each student to the public school that he or she attends, without taking from better-funded schools.
- Each student receives funding based on grade level. Students also may receive additional dollars based on need.
- Principals have greater flexibility about how to spend money on teachers and other investments—along with greater responsibility for dollars and greater accountability for results.
- Key funding decisions are based on clear, public criteria.

## Fund Schools in Real Dollars

Schools should receive revenue in the same way that the district receives revenue, on a per-pupil basis reflecting the enrollment at a school and the individual characteristics of students at each school. The current staffing model used in most school districts is a very inefficient way to fund schools and creates serious inequities between schools. For example, if under a district staffing model a school receives 1 administrator for each 300 students, a school with

300 students and a school with 599 students would draw down the equivalent resources for that staffing position. However, if schools receive budgets based on dollars related to per-pupil funding, it gives school principals the money that each student generates and allows principals to more efficiently allocate revenue and staff. This also helps as school enrollments decrease or increase. The current commonly used staffing model is a very inefficient method to allocate resources as student populations change over time. For example, a staffing model cannot easily reallocate teachers as enrollment changes from one school to another. However, principals can individually assess their staffing needs and allocate staff to fit the enrollment conditions at each individual school.

While sending schools revenue rather than staffing positions increases equity, it does not go far enough. Principals also need the flexibility to hire different teachers with different levels of experience rather than being charged an average district salary for every employee. In most districts, schools are charged for average teacher salaries rather than actual teacher salaries. This means that a more popular school with more experienced teachers is often subsidized by less popular schools with less senior staff members. In most districts, all teachers are charged based on an average salary of perhaps \$52,000. If one school has ten first-year teachers and another school has ten five-year teachers, on paper each school would be charged \$520,000. Yet, the resources that each school is receiving based on staffing are vastly different. In essence, schools with newer teachers are subsidizing schools with veteran teachers. If both schools received dollars and were charged actual salaries, the school with less expensive teachers would have money left over to spend at the discretion of the principal on teacher training, the arts, or to hire additional teachers. In this way charging schools for actual teacher salaries increases equity and gives principals more control over resources and staffing decisions.

## Give School Principals Autonomy

Today, individual schools are held accountable for results, but principals have negligible autonomy since decisions about budgeting, expenditures, curriculum and hiring are largely made by district, state

and other officials outside individual schools. Integral to meaningful accountability, then, is (1) empowering principals to act as leaders of their schools over these matters, and (2) empowering parents to pick the public schools they believe best meet their children's unique, individual needs.

Principals must be able to make decisions about how to spend resources in terms of staffing and programs. The more “unlocked” dollars a principal controls, the more autonomy that principal has over designing the school to meet the needs of the students in the school. Districts that place the majority of their operating budget, between 70 and 90 percent, into a school-level allocation, offer principals more autonomy and more real decision-making power.

- Oakland's strength is the budgeting discretion it provides to schools as it continues to move larger amounts of unrestricted funds and restricted funds to the school level. For example, even as Oakland Unified is forced to make significant budget cuts because of declining enrollment and California's budget crisis, the majority of reductions were made at the central office, and the district worked to protect the unrestricted funding that goes to schools so that more than 87 percent of the unrestricted budget went to schools in 2009-2010.
- Pilot schools in Boston and Belmont offer principals discretion over the equivalent of 90 percent of the dollars because they give the pilot schools the operational resources that are equal to the average operational funding provided to all public schools in the district, on a per-pupil basis. The schools also receive a proportional share of state and federal categorical funds, subject to applicable grant requirements and obligations.

Principal-level autonomy includes control over personnel. When principals can fire and hire staff with fewer constraints from collective bargaining and stipulations like seniority and bumping rights, they can staff their schools in ways that fit their students' needs. Using student-based budgeting rather than staffing allocations, principals can often choose their employees as teaching positions become available. However, principals generally have less autonomy over replacing existing staff for performance issues.

## End Residential Assignment and Embrace Open Enrollment

In order for all schools to be held accountable for performance and schools to experience more charter-like autonomy, parents need more choices and the ability to move their children freely between district schools. To help improve outcomes for students, families need to be able to choose between schools. This gives less popular schools an incentive to improve to attract and retain families. School choice also shows district officials which schools hold the most value to customers. While the majority of schools will show improvements once principals control school budgets and public schools begin to compete with one another, if some schools cannot improve they can be merged with higher-performing schools or they can close so that students and resources can be redirected toward higher-performing schools. School choice is an accountability mechanism that reveals which schools are serving students effectively, by giving dissatisfied families the right to exit to a higher-performing school.

Several districts including Saint Paul, New York City, Hartford and Denver have “all choice” districts where students can enroll in any school on a space-available basis and schools that are oversubscribed use a lottery to allocate spaces. For example, [Saint Paul Public Schools](#) has a straightforward choice-based enrollment process. For elementary schools, parents go through an application process where the parents list their top three school choices for Kindergarten. There is some preference given to students who live close to each school. Saint Paul Public Schools also includes several citywide magnet and open-enrollment schools. It also has open enrollment for middle and high schools where students list two choices on an application.

Technology can also help districts to manage the school choice process and create an online enrollment process. [Poudre School District](#), for example, implemented an online process for the 2009-10 school choice applications. The new process provides parents the opportunity to complete and submit their application from the comfort of their own home and eliminates the need to take the application to the school and/or schools where they are applying. Other

benefits of the online system include providing parents the opportunity to apply for multiple schools with one application. Parents will receive an automatic confirmation number that can be printed and kept on file for reference, and the first consideration lottery process is automated.

Evidence from Baltimore demonstrates that parents can quickly become savvy at picking their children's schools and it can become an important indicator for which schools hold value for families in the district.

### The Case of School Choice in Baltimore

Excerpts from January 3, 2010 *Baltimore Sun* article "More Choices for Baltimore 8<sup>th</sup> Graders," By Liz Bowie

*"Baltimore began upending the structure of its public high schools in 2002 and today's middle-schoolers can pick from nearly four dozen schools across the city rather than being assigned to a comprehensive high school in their neighborhood. ..."*

*"On the forefront of a national trend, the city began replacing its large, chaotic high schools seven years ago with smaller schools of 500 to 800 where it was believed students would get more attention and a better education. With a declining enrollment that gave the district the flexibility to quickly create new schools in underused buildings, Baltimore moved fast. New schools of all types have blossomed across the city."*

*"Most kids in the district are in a school of their choice that is not just a default school," said Robert Balfanz, a Johns Hopkins education researcher at the Center for Social Organization of Schools. "I don't think many other cities have gotten to this tipping point yet."*

*"Today, 10,687 students are attending a school that didn't exist in 2002 and 8,038 students are in the old, remaining comprehensive or vocational high schools. Another 5,400 students attend selective high schools such as Poly, where students must meet attendance and grade requirements to be accepted. . . ."*

*"What Baltimore is doing is remarkable. It is eliminating the ZIP code victim," said Christopher Maher, chief academic officer for the Friendship Academy of Engineering and Technology and the Friendship Academy of Science and Technology."*

*"Each spring, eighth-graders sign a form listing their top three choices for high schools. If more students request*

*a school than there are places, which has happened at Digital, ninth-graders are chosen by lottery."*

*"Data released by the school system show parents and students appear to be quickly adapting, becoming savvy shoppers who pick as their first choice the highest-performing, safest schools while eschewing the least successful. Applications to the lowest-performing schools, such as Dr. W.E.B. Dubois High School, Reginald F. Lewis and the Institute for Business and Entrepreneurship, are declining."*

## Close Low-Performing Schools and Redirect Kids and Resources

In the Winter 2010 issue of *Education Next*, Andy Smarick takes a hard line on closing schools in **The Turnaround Fallacy** that is good advice to follow whether a district is moving toward an all-charter district like New Orleans or toward a more moderate portfolio management system. Closing poor performing schools is critical. As Fordham analyst Smarick might say: close failing schools, open new schools, replicate great schools, repeat. Let's examine an excerpt from Smarick's Winter 2010 article that clearly lays out the benefits of closing schools:

### Andy Smarick: The Turnaround Fallacy: Close the Low-Performing Schools

The beginning of the solution is establishing a clear process for closing schools. The simplest and best way to put this into operation is the charter model. Each school, in conjunction with the state or district, would develop a five-year contract with performance measures. Consistent failure to meet goals in key areas would result in closure. Alternatively, the state could decide that districts only have one option—not five—for schools reaching NCLB-mandated restructuring: closure.

This would have three benefits. First, children would no longer be subjected to schools with long track records of failure and high probabilities of continued failure.

Second, the fear of closure might generate improvement in some low-performing schools. Failure in public education has had fewer consequences (for adults) than in other fields, a fact that might contribute to the persistent struggles of some schools. We should have limited expectations in this regard, however. Even in the private sector, where the consequences for poor performance are

significant, some low-performing entities never become successful.

Third, and by far the most important and least appreciated factor, closures make room for replacements, which have a transformative positive impact on the health of a field. When a firm folds due to poor performance, the slack is taken up by the expansion of successful existing firms—meaning that those excelling have the opportunity to do more—or by new firms. New entrants not only fill gaps, they have a tendency to better reflect current market conditions. They are also far likelier to introduce innovations: Google, Facebook, and Twitter were not products of long-standing firms. Certainly not all new starts will excel, not in education, not in any field. But when provided the right characteristics and environment, their potential is vast.

The churn caused by closures isn't something to be feared; on the contrary, it's a familiar prerequisite for industry health. Richard Foster and Sarah Kaplan's brilliant 2001 book *Creative Destruction* catalogued the ubiquity of turnover in thriving industries, including the eventual loss of once-dominant players. Churn generates new ideas, ensures responsiveness, facilitates needed change, and empowers the best to do more.

These principles can be translated easily into urban public education via tools already at our fingertips thanks to chartering: start-ups, replications, and expansions. Chartering has enabled new school starts for nearly 20 years and school replications and expansions for a decade. Chartering has demonstrated clearly that the ingredients of healthy, orderly churn can be brought to bear on public education.

A small number of progressive leaders of major urban school systems are using school closure and replacement to transform their long-broken districts: Under Chancellor Joel Klein, New York City has closed nearly 100 traditional public schools and opened more than 300 new schools. In 2004, Chicago announced the Renaissance 2010 project, which is built around closing chronically failing schools and opening 100 new public schools by the end of the decade.

Numerous other big-city districts are in the process of closing troubled schools, including Detroit, Philadelphia, and Washington, D.C. In Baltimore, under schools CEO Andrés Alonso, reform's guiding principles include "Closing schools that don't work for our kids," "Creating new options that have strong chances of success," and "Expanding some programs that are already proving effective."

**Denver Public Schools** offer some evidence for the benefits of closing public schools. The Denver School District has used school closure as an accountability mechanism in its student-based budgeting program. In 2007, the school board approved the closing of eight schools that were under-enrolled and low-performing.

The board projected that the realignment of students from these schools to higher performing schools would achieve projected yearly operating savings of \$3.5 million. Those resources were used to improve the education of students that were affected by the school closures, deliver additional resources to under-performing schools and create funding opportunities for new schools and new programs.

In addition to the standard per-pupil revenue that followed students to their new schools, the district reinvested \$2 million, or 60 percent of the savings from school closures, to follow the students into their schools of reassignment.

A new district report finds that these students have improved their academic scores since moving to their new schools. According to a district analysis reported in the *Denver Post*:

*Students from schools in Denver that were closed two years ago in a reform effort are performing better academically in their new schools, according to a district analysis.*

*In 2007, Denver Public Schools shut down eight elementary schools and announced the revamping of programs at five schools in a sweeping reform meant to reduce facility costs and improve student achievement.*

*The analysis of individual student scores from the 2008-09 Colorado Student Assessment Program shows that, at least initially, the effort is working.*

*The 2,000 affected students made more academic growth in their new schools in reading, writing and math than they did in the schools they left behind, according to DPS.*

## Empower the Parents

Districts should allow schools with a majority of parents that sign a petition to be restructured to convert to charter school status and be run by higher-performing charter schools. In California, for example,



the state has just [passed legislation](#) that allows parents to initiate a school turnaround plan such as becoming a charter school if 50 percent of parents sign a petition to change the school management. In Los Angeles, a [parent revolution](#) opened up the possibility that up to 250 schools, including the lowest performing schools in Los Angeles, could be opened as [independently managed charter schools with performance contracts rather than district-run public schools](#).

## Reform Collective Bargaining

In order to move toward more charter-like autonomy, schools districts need to work toward human-resource reform and collective bargaining reforms that allow individual schools to operate more like charter schools that are free from many of the rules and regulations governing employee management in district schools.

School districts have negotiated for more autonomy in union contracts to minimize work rules that interfere with school-level autonomy. These contract stipulations often waive union rules that detail the length of the school year, instructional minutes and acceptable teacher duties. Some student-based budgeting and school empowerment programs have negotiated new contracts or use “flat” contracts of ten or less pages that allow autonomy for the details of a teacher’s job description to be decided at the school level, as long as both the principal and the teacher agree to the working conditions. These flat contracts still offer teachers the district salary schedule, tenure and due process protection. However, these contracts free principals to negotiate individual work rules with their own staff.

For example, in Boston’s pilot schools teachers are exempt from teacher union contract work rules, while still receiving union salary, benefits and accrual of seniority within the district. Teachers voluntarily choose to work at pilot schools. When hired, they sign what is called an “elect-to-work agreement,” which stipulates the work conditions in the school for the coming school year. This agreement is revisited and revised annually.

Several districts have allowed school principals discretion over hiring teachers at the front end of the process but they do not give principals an alternative

to transfer teachers who are incompatible with the school model. [Clark County School District’s union contract](#) has a provision that details how empowerment schools can deal with teachers that are incompatible with the school. The contract states that the school empowerment team, in conjunction with the school principal, may implement a peer review model and may remove and replace a teacher deemed to be incompatible with the model established at the school. The principal ultimately has the authority to make staffing decisions. New York and Denver, for example, have an “open market” teacher hiring process where principals can interview multiple candidates and make decisions about which teachers will best fit with their schools.

## Implement Seniority-Neutral Policies

Cities should adopt an evaluation process that includes teacher peer review, principal evaluation and teacher performance based on test score data to rate overall teacher effectiveness. Principals should have discretion over school-level layoffs based on teacher performance data. Seniority-based layoffs do not consider teacher effectiveness, meaning that teachers who make vital contributions to school success can nevertheless be among those to receive pink slips. For example, the *Los Angeles Times* reports on Richard Rivera, an algebra teacher directing a vital Algebra project for LA Unified. “After three years at charter schools, Rivera returned to the [Los Angeles Unified School District](#) last year as a math coach—a kind of roving instructor and supervisor—at Luther Burbank Middle School in Highland Park. He also agreed to work on the Algebra Project, a new program designed to keep low-achieving students involved in math. Since he lost his seniority after working in a charter school, he was one of the first teachers to receive a pink slip despite his critical skills.

In addition, Marguerite Roza, a senior scholar at the Center on Reinventing Public Education, calculates that if a district is required to use layoffs to cut its budget by 10 percent and cuts the most junior employees, it will need to axe 14.3 percent of its workforce (including teachers) to meet the 10 percent budget reduction.

Here’s how it works. When districts reduce head

counts, they eliminate the most junior personnel in each job classification (teachers, aides, custodians, etc.). For each job classification, the most junior employees tend to be the lowest paid. Inevitably, the salaries of those laid off are lower than the district average. That means cutting, say, 5 percent of the junior personnel will reduce salary expenditures by less than 5 percent.

Instead, more than 5 percent of the workforce will need to be cut in order to reduce salary expenditures by 5 percent.

K-12 school districts that lay off personnel according to seniority cause disproportionate damage to their programs and students than if layoffs were determined on a seniority-neutral basis. In addition, seniority bumping can mean that entire schools are disrupted as senior staff bump teachers in a domino effect that can be very disruptive to an individual school's staff. Senior staff can push out staff that are well-suited to individual schools.

Truly autonomous schools need control of staff when faced with budget constraints and layoffs. Providence, Rhode Island, for example, was recently forced by the state superintendent to end seniority-based layoffs. State superintendent McWalters is trying to stabilize a school system marked by a considerable turnover in teacher staff. Under the existing seniority rules, when there is a layoff, the most senior teacher can dislodge or bump someone with less seniority. In a district with 2,000 teachers, bumping can have a devastating impact, with one teacher bumping another in a cascading series of dislocations. Last year, 25 elementary teachers were laid off, but 41 teachers wound up being bumped from their jobs. Also, some of the smaller high schools have lost up to one-third of their staff in recent years.

Superintendent McWalters has changed the layoff system to be based on performance with no more bumping of teachers throughout the system. For years, he said, research has shown that building a common school culture is perhaps the most critical element of school and student success. Principals need to have the authority to select teachers who not only agree with the school's mission but are best suited to the needs of those particular students.

In Seattle the group [Community and Parents for Public Schools](#) is pressuring Seattle Public Schools to include in its collective bargaining proposals a change from the pure-seniority system to one that takes job performance into account. Their online petition to that effect now has over 1,000 signatories from all over Seattle.

And in Los Angeles, the school board has challenged the state's seniority-based layoff policies. The board will work toward rewriting state codes that favor teacher and administrator seniority during layoffs that allow senior staff to "bump" less senior staff out of their jobs, creating a domino effect that leads to the loss of new, nontenured teachers.

Also, the board has proposed a new evaluation method that would automatically fire teachers if they received two consecutive poor performance reviews. A better evaluation method, say district officials, will improve teaching morale and student achievement.

Urban districts should move to a seniority-neutral layoff policy and work to develop a fair, performance-based evaluation system that would give principals and superintendents concrete performance criteria to make decisions about which teachers should receive pink slips and which teachers should remain with students.

## Publish Detailed Budget Information

Urban school districts should be required to provide accounting data at the school level using actual cost data (not district averages). This accounting method will promote the equitable distribution of general funding and help ensure that the recommended additional funding for low-income students and English learners is actually used for those students. Information highlighting the current inequities of funding across schools within a district will assist parents and community organizations in redressing those inequities at the local level. The state of urban districts should report school-level budget data that is transparent to parents and includes budget detail rather than district summary views for general expense categories. As a recent *Education Week* commentary, "[Democratize School Budget Data](#)," argues, "All school checkbook expenditures should be made accessible

online—and in a structured, downloadable database that would allow citizens to search for and slice and dice the data in whatever way they might want.”

Historically, school districts have published and posted on their websites budget data in summary views only. Summary views answer questions such as how much a district spent on student transportation in general but not on a particular bus route, how much it spent on energy in general but not at a particular school, and how much it spent on total employee benefits but not on a particular benefit such as sick leave. One of the largest budget items that is traditionally hidden in district summaries is the difference in teacher and other staff salaries from one school to another within a district. School-level financial data would allow parents and taxpayers to have more information about the level of funding from one school to another and shine a light on how current school finance systems do not fund similar students equally at the school level.

According to a survey conducted by [Peyton Wolcott](#), a Texas-based educational transparency advocate, more than 2 percent of U.S. school districts had started posting their check registers online by February of 2009. The first to do so were all in Texas, where an executive order issued in 2005 provided districts with a strong financial incentive to post their checkbooks. If they did so, they could avoid a mandate to spend at least 65 percent of their budgets in the classroom.

In *Education Week*, J.H. Snider presents [a compelling plan for school-level budget transparency](#):

*Federal, state, and local education checkbooks should all be made available online in a single, standardized format using so-called semantic Web technologies, which make it possible to more easily search and use Web content. XBR,L an international data-tagging language adopted by the U.S. Securities and Exchange Commission for the financial reporting of public companies, could be the basis for such a standard. RDFa, a semantic Web technology endorsed by the World Wide Web Consortium, would allow decentralized structured data integration, just as Google compiles data from millions of Web sites into a single search engine.*

*Not all raw data collected by school systems*

*should be made public. Privacy concerns dictate that health claims, home addresses, and Social Security numbers not be disclosed. But privacy concerns are now being used to withhold far too much school budget data essential for democratic accountability.*

*At a minimum, no school system should be able to prevent access to computerized budget databases because checkbook records contain a mix of private and public data. Federal guidelines should require that all human-resource, student-attendance, and budget-software programs purchased by local school districts be able to automatically redact the private data and post to the public online.*

Urban districts should invest in a school-level budget reporting system. If a better reporting system is unavailable, districts should publish all check register entries for public review. In addition, whatever school-level financial records are currently used internally by school districts should be made a part of the public record and posted online for public review.

The bottom line is that parents and taxpayers should have detailed and transparent budgets at the school level that show school enrollment and staffing trends. These budgets should reveal the amount of resources that are allocated through student-based budgeting and the amount of resources that are spent at the school level but controlled by the central office. In addition, some districts also report detailed weighted information about student populations and the resources that follow these student groups. Finally, some districts also include school-level performance and student achievement data as part of the budget transparency.

Hartford Public School District publishes very detailed school-level budgets that report the student populations at each school as well as the funds generated by each group of students. The school-level budgets also include the school’s performance data.

In Houston Independent School District, the budgets report data are broken down by the student sub-groups at each school and show the weights and funding for each group of students. In addition, HISD’s school-level budgets also report student achievement data for each school.

## CONCLUSION: CLOSE FAILING SCHOOLS, OPEN NEW SCHOOLS, REPLICATE GREAT SCHOOLS, REPEAT.

As we argue for education policy changes to move urban public schools toward a system of all charter or charter-like autonomous schools with performance contracts, it is relevant to consider the wisdom of Louisiana State Superintendent Paul Pastorek who described his vision for public schools in a recent Reason Foundation interview. Pastorek outlined a [school philosophy that embraces the notion of “Try, Try Again”](#) and offers a continuous improvement model for school development and the model by which New Orleans is running a majority charter school district:

*There was an article written the other day called “Try, Try Again,” and I think it epitomizes our strategy. We’ll give it to a charter operator. We’ll let them work it. If they fail, we’ll bring in another charter operator and if they fail, we’ll bring in another charter operator until they get it right. That strategy is appropriate when you’re trying to restructure businesses, and you don’t always succeed in restructuring businesses. Likewise when you try and restructure schools, you don’t always succeed, but I would rather not have the state on the end of failure. I’d rather have someone else on the end of failure, so this is outsourcing in a sense and giving people an opportunity to be successful. If they’re not successful, we’ll take them out of business and bring somebody else in.*

This echoes Andy Smarick’s vision of charter school districts to fix urban public schools and represents the essence of this policy brief to fix the schools: close failing schools, open new schools, replicate great schools, repeat.

## ABOUT THE AUTHOR

**Lisa Snell** is the director of education and child welfare at Reason Foundation, where she oversees research on education and child welfare issues.

She has authored policy studies on school finance

and weighted student funding, universal preschool, school violence, charter schools and child advocacy centers. Her most recent study is the *Weighted Student Formula Yearbook 2009*.

Lisa is a frequent contributor to *Reason* magazine. Her commentary has also appeared in *Education Week*, *Edutopia*, *The Wall Street Journal*, *USA Today*, *San Francisco Chronicle*, *The Orange County Register*, *Los Angeles Times* and numerous other publications. Lisa is also an advisory board member to the National Quality Improvement Center for the Children’s Bureau, works on the charter school accreditation team for the American Academy for Liberal Education, and is a board member for the California Virtual Academy in San Diego and Los Angeles.

Before joining Reason Foundation, Ms. Snell taught public speaking and argumentation courses at California State University, Fullerton. She earned a Master of Arts in communication from California State University, Fullerton.



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For media inquiries, contact Chris Mitchell, Director of Communications at (310) 367-6109 or [chris.mitchell@reason.org](mailto:chris.mitchell@reason.org)