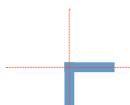


Hopes, Fears, & Reality

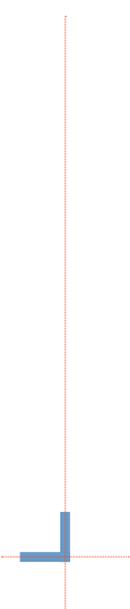


A BALANCED LOOK AT AMERICAN
CHARTER SCHOOLS IN **2009**

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CHAPTER 5

Achieving the Ripple Effect: How Can Charters Prompt District Improvement?

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A central purpose of charter school laws is to place pressure on school districts to change. Ted Kolderie argued that there would be a ripple effect in public education: widespread school improvement as districts experiencing enrollment loss to charter schools reformed themselves to compete for students.

Yet even in districts that are losing significant market share, the documented response has been disappointing to many. Most studies show districts responding to charter competition in seemingly superficial ways: by investing in intensive advertising to sell what they think they do best; by starting new theme-based schools, such as Montessori or single-gender schools; by requiring uniforms for students; or by starting new programs they believe will attract families, such as all-day kindergarten.¹ There is nothing wrong with these kinds of initiatives—they may even demonstrate growing specialization and responsiveness—but they do not go to the core of what reformers hoped districts would address: student achievement.

On the other hand, some districts have responded to charter competition in ways that come closer to the heart of teaching and learning. Such responses include extending the school day so that students have more overall learning time, and asking high schools to offer more rigorous, college-prep coursework. Some districts have created autonomous or theme-based in-district alternatives to charter schools (for example, Boston, MA, Washington, D.C., Dearborn, MI, and Appleton, WI). A few districts (such as New Haven, CT, and Oakland, CA) have actively sought to adopt the instructional strategies of high-performing charter management organizations (CMOs).

Even in districts that are losing significant market share to charter schools, the response to competition has been disappointing.

Other districts have gone farther to “co-opt” rather than compete with charters. These districts are actively using charter schools to replace failing schools (in Philadelphia and Chicago) or to tap new supplies of talented and entrepreneurial leaders and teachers (for example, New Orleans and New York).

But these examples are few and by no means measure up to advocates’ hopes for widespread district response.

Why is the competitive response from districts so uneven? Is the idea that charters can promote systemic reform a failed concept? More likely, reformers underestimated the district side of the equation. Most school districts see no reason to fundamentally change what they do, while only a few have taken responsibility for creating better schools in any way they can. Whether or not there is a ripple effect, as Ted Kolderie recently suggested, depends on the pond.

What prevents districts from responding to competition for students? And what can be done to inspire greater competitive response? The Obama administration is currently focused on making it easier for localities that want to create new schools—for example, by lifting state charter caps and investing in reproduction of quality charter schools. This is an essential first step to encourage districts to compete. However, it will also be essential to melt more ponds. States need to stop trying to protect districts from feeling the financial pain of competition, and must instead help districts develop competitive strategies.

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WHAT PREVENTS SOME DISTRICTS FROM RESPONDING?

Districts that steadfastly refuse to revamp their schools in the face of charter or other competition are not all alike. Districts with growing student populations might not care if they lose some enrollment to charter schools. Other districts are feeling real competitive pressure from charter schools, but either do not know how to respond or are frozen in place by local politics. Some complain that charters have unfair advantages and assert that their districts don’t have the flexibility to compete effectively. A growing number of districts are, in fact, trying to compete, but in failing to understand why parents leave and what makes successful charter schools tick, they cannot respond effectively.

States need to stop protecting districts from the financial pain of competition, and instead help districts develop competitive strategies.

WHAT COMPETITION?

The vast majority of U.S. school districts simply do not experience negative side effects from competition. This is in large part because most charter laws are schizophrenic about competition, promoting charters but protecting districts from financial losses when students leave them.² The most potent protections include “impact aid” (which provides funding to replace students lost to charter schools), statewide or city-specific caps on allowable numbers of charter schools, and unfriendly authorizing environments that put districts in charge of approving their own competition.

But even when such regulatory dampers on competition are removed, growing district enrollment can counteract the impact of charter growth. In fact, charter schools are sometimes more than welcome in growing districts where enrollment losses to charters are offset by increases in school-age population, immigration, or other reasons.

WHY SHOULD WE?

The pain is real for a smaller but growing number of districts, but some of them are simply in denial that they need to—or should—compete. They may think charter schools are a passing trend and enrollment declines will stop once the most dissatisfied parents leave. Enrollment loss may occur so slowly that districts are simply making gradual adjustments to downsize and nobody notices or cares.

Many district personnel dismiss parent interest in charter schools as unsophisticated or misplaced. Some see uneven quality as a reason to dismiss the entire sector. Others downplay any learning gains in charter schools, attributing them to charters’ ability to hire and fire the teachers they want or to informally select their students.

OUR HANDS ARE TIED

Other districts are experiencing significant enrollment loss to school choice but for various reasons cannot mount a response. School board politics can play an important role here. A forward-thinking superintendent might see the need to make controversial reforms in order to recapture enrollment, but can be stymied by boards that are too bound up in political infighting to agree on a new policy direction.

Some districts claim that they are too constrained by regulations to be able to compete fairly with charter schools. They say they suffer from too many fixed costs to reduce their budgets in response to enrollment loss. Union contract provisions, they argue, tie their

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hands and prevent them from extending the learning day and undertaking other reforms common in charter schools.

DEER IN THE HEADLIGHTS

Districts that do decide to mount a deeper response do not always understand the “secret sauce” in effective schools. It is not always obvious or easy to identify what is making a charter school effective and how it can be replicated, and few districts have taken the time to try to find out. One well-known CMO reports that their schools get visitors from around the world, but not from the surrounding districts (some of which have lost 30 percent of their students to this CMO). Districts find it easier to focus on incremental changes, like new professional development initiatives and new courses, than on replicating all the attributes of effective charter schools, which include:

- an unrelenting culture of high expectations;
- strict but positive student behavior norms and incentives;
- regular formative assessment data systems and teacher retooling based on the results; and
- intensive classroom-based coaching and professional development.

Districts under heavy competitive pressure often act like a deer in the headlights, unable to take the first step to respond.

Few districts have implemented exit interviews with departing families to understand the reasons parents are leaving and what it is charters are providing that the district is not. Even if districts come to understand the reasons that students succeed in some charter schools where their district schools fail them, they may not have the internal capacity to deliver those changes. Districts under heavy competitive pressure often act like a deer caught in the headlights, unable to know the first step to take toward a competitive response. Central office personnel rarely include people with experience running, or even knowledgeable about, successful charter schools. One large urban district is currently trying to redesign a set of schools to compete with local charter schools, but the program is overseen by a long-time district administrator with no charter school or turnover experience. That model is like asking General Motors to shift to engineering and manufacturing electric vehicles while keeping all the engineers and managers who were trained to build gas-powered vehicles.

BARRIERS TO SYSTEMIC COMPETITION: REAL OR IMAGINED?

Some competitive handcuffs are real, some are excuses, and some are failures of imagination or political savvy, but they all need to be addressed if widespread systemic district change is to occur as a result of competition from charter schools and other forms of choice.

It is true, for example, that board and union politics make it difficult for some superintendents to mount a response. But some districts have discovered that steep enrollment declines give them perfect political leverage to implement new reforms or speed up fiscal, regulatory, or academic reforms that were already in development.

It is true that districts have fixed costs, but so do other industries that have to shrink and grow in competitive environments. As the Center on Reinventing Public Education's (CRPE) Marguerite Roza has shown, the real problem is that districts regularly overcommit themselves to long-term obligations, creating services and programs that feel like fixed costs because they are not tied to enrollment. By creating central office and school budgets that are constructed in isolation from enrollment, districts "make bulky, inflexible, and sometimes irreversible" expenditure decisions.³ They do so by committing to defined-benefit pension systems and health benefits that are only viable if future enrollment is stable or grows, by negotiating union contracts with long-term salary escalation clauses, and through other inflexible practices.

By moving to enrollment-based budgeting practices such as weighted student formulas, to defined-contribution pensions, and to more flexible union contract provisions, districts can become much more fiscally nimble. This would serve them well in weathering state budget downturns and normal demographic enrollment fluctuations, as well as competition from charter schools, private schools, and other forms of choice. Such a transition would require political and technical savvy, and investments to support such changes.

It is also true that state regulations sometimes further tie the financial hands of districts by specifying how resources should be used per school or per district, without recognition of enrollment realities. States could help by providing financial assistance for district transitions to enrollment-based budgeting and by reducing fiscal mandates.

While it is true that charter school performance is often inconsistent, district personnel are foolish to believe they cannot learn something from charters. In almost every state,

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the charter sector is producing examples of schools that are achieving breakthrough results that most districts cannot replicate and that cannot be explained away by student selection. Long wait lists and parent satisfaction ratings demonstrate that charter schools often offer something that is less easily measured by test scores, but may be equally important to students and parents.

Finally, it is clear that, in order to compete effectively, districts need to build new central office capacities and develop a better understanding of what makes successful charter schools work. And if policymakers truly want charter schools to inspire district improvement, state laws must stop protecting districts from the financial consequences of choice.

To address these barriers to productive public school competition, however, states, the charter school community, and teachers unions all have important roles to play.

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THAWING THE POND: WAYS TO HELP DISTRICTS COMPETE

If the goal of charter schools forcing district transformation is to be realized, school districts will have to learn how to compete with quality just as charter schools are learning how to expand with quality. Districts were built around an old system that focused on compliance and rules, not outcomes. Competition calls for an intense focus on outcomes, quick adoption of new technologies and better ways of achieving results, strategic positioning, and nimble operations.

The first policy step is to stop protecting districts from the pain of competition. Using the Race to the Top Fund as incentive, Secretary of Education Arne Duncan is calling on states to lift arbitrary caps on charter growth and to level the financial playing field so that charter schools receive equal facilities funding. These steps will increase the heat on districts to compete, but are not sufficient to address the other reasons districts fail to transform themselves. *Policymakers* must also help district leaders by building and assessing district capacity to successfully compete:

- ***Invest in transformation grants, not impact aid.*** Transition costs are real and students need not suffer from loss of funding so long as districts have a strong plan to improve. But state impact aid is normally offered to all districts hard hit by charters, regardless of their capacity or willingness to compete. States should offer financial aid to hard-hit districts only if they can produce a viable plan to compete effectively. Special grants could pay for consultants whose expertise is competitive strategy, or for district turnaround specialists who analyze everything from

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financial barriers to barriers in union contracts, and who are knowledgeable about practices in high-performing charter schools and CMOs.

- ***Remove excuses for ignoring successful practices.*** It is too easy for districts to believe the charter sector has nothing to offer them. States can help combat complacency by ensuring that district school performance is benchmarked against high-performing schools with similar demographics, whether they are charter or traditional public schools.
- ***Develop a replacement strategy for districts and schools that cannot mount a competitive response.*** Plans should be made to divest chronically low-performing school districts. Oversight of their existing schools could go to qualified charter authorizing agencies or a newly appointed community board. This divestment needs to be done carefully and would require planning to ensure that students did not suffer in the transition.

The conversation about district competition necessarily focuses on districts, states, and the federal government, but productive competition cannot succeed on government actions alone. The charter school community needs to move beyond the usual anti-district rhetoric to show they are serious about system transformation. *Federal and state charter associations* need to:

- ***Encourage schools to reach out to neighboring schools to build relationships.*** Most charter schools have very little to do with nearby district schools, in large part because of hostility from district central offices, principals, and teachers. In the National Charter School Research Project's (NCSRP) studies, we have come across examples of charter-district school collaborations that were difficult to establish, but that yielded great payoffs for both schools, including shared instructional strategies, leadership tactics, and networking. More such relationships are possible, but are unlikely to happen until charter advocates and school districts begin to promote their benefits.
- ***Develop capacity to partner with districts on school turnarounds and district improvement.*** If charter schools offer struggling school districts one advantage, it is their potential to replace districts' chronically low-performing schools. Yet few charter schools or even CMOs (besides Green Dot and Mastery Charter Schools) are prepared to partner with school districts to develop long-term new school supply strategies for the most difficult schools. Despite having developed promising technologies and school designs, few CMOs are prepared to help school districts adopt them. There needs to be greater investment to support the development of more turnaround options and technical assistance to school districts, where appropriate.

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Finally, it is critical to acknowledge that districts cannot compete until teachers union leaders are willing to act as partners in district transformation. *Teachers unions* must be willing to:

- ***Be honest about the alternative.*** When districts make budget cuts in response to choice or other pressures, layoffs are inevitable. This is not good for teachers unions as it means job losses, and should be incentive enough for teachers to collaborate with districts to help them compete.
- ***Be honest about the impact of union contracts on districts' ability to compete.*** Because of union seniority rules, districts normally must cut the most junior positions without regard to qualifications. This can prevent schools from retaining their most qualified teachers and can deeply erode parent confidence when they see good, new teachers leaving in droves. Furthermore, it is not a sustainable financial strategy for districts that, as a result of losing junior teachers, see a rise in their average salaries and pension funds that cannot be paid out without a steady influx of new teachers. Union leaders need to be honest with members about these realities and be prepared to compromise in areas that can provide high leverage to district improvement plans.
- ***Provide leadership in district improvement.*** Union leaders need not wait for district leadership to propose reforms. As a result of competition from various choice options, Minneapolis Public Schools dropped in a few years from the largest to the fourth-largest district in Minnesota, resulting in massive teacher layoffs in mostly inner-city neighborhoods. District leaders were preoccupied with other issues, so the Minneapolis teachers union led the response, pushing for new state legislation to allow site-governed, but still unionized, district schools.⁴

Teachers union leaders must be willing to act as partners in district transformation.

Stop asking why charter schools are not having large-scale competitive effects and start asking what will happen to districts that prove unable to mount a response.

CONCLUSION

Urban districts have been experiencing fierce competition for decades, having lost students to private schools, to homeschooling, and to surrounding districts.⁵ In many cases, districts have shrunk dramatically with little or no competitive response. It is time to stop asking why charter schools are not having large-scale competitive effects and time to start asking 1) why districts will not—or believe they cannot—compete, and 2) what will happen to districts that prove themselves unable to mount a response.

In some districts, continued enrollment loss to charter schools without any response will create a financial and academic death spiral. States need to be prepared to take action to provide new, productive schools for the students in those districts. Past state takeovers

have rarely been successful. More policy attention needs to go toward addressing how states can effectively divest insolvent districts.

Other districts will use charters as an excuse to gain board or union acceptance for changes that would otherwise have been impossible. The challenge for these districts is figuring out how to mount an effective response. The state and federal technical assistance and policy actions outlined above can help.

Still other districts will limp along, experiencing continued enrollment drains and resistance to change. For these districts, things are unlikely to change until states and the federal government (via reauthorization of the Elementary and Secondary Education Act, ESEA) create clear consequences for failure to develop viable school improvement plans.

NOTES

1. See, for example, RPP International, *Challenge and Opportunity: The Impact of Charter Schools on School Districts*, A Report of the National Study of Charter Schools (Jessup, MD: U.S. Dept. of Education, OERI, June 2001); Eric Rofes, *How Are School Districts Responding to Charter Laws and Charter Schools? A Study of Eight States and the District of Columbia* (Berkeley, CA: University of California, 1998); Paul Teske et al., *Does Charter School Competition Improve Traditional Public Schools?* Civic Report (New York, NY: Manhattan Institute, 2000).
2. Bryan Hassel made this point well in his book, *The Charter Schools Challenge* (Washington, DC: Brookings, 1999), 266: “As they are now constituted, charter school programs will have difficulty achieving the system-changing impact their proponents envision. In part, they are limited by legislative compromises that diminish charter schools’ ability to act as effective laboratories, competitors, or replacements for districts.”
3. Marguerite Roza. “Must Enrollment Declines Spell Financial Chaos for School Districts?” *Education Week*, August 30, 2006.
4. Email correspondence with Ted Kolderie and Joe Graba, Education Evolving.
5. Christine Campbell and Deborah Warnock, “Life After Charters: School Districts and Charter School Growth,” in *Hopes, Fears, & Reality: A Balanced Look at American Charter Schools in 2006*, ed. Robin J. Lake and Paul T. Hill, National Charter School Research Project (Seattle, WA: Center on Reinventing Public Education, 2006), 11-23.