Charter Schools: A Potential Solution to the Riddle of School Reform

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Part I - The Riddle of School Reform

The Illinois legislature's recent passage of the educational reform proposals was an extraordinary event in the civic history of the state. The Chicago Public School System, a legendary expression of bureaucratic power, suffered legislative defeat at the hands of an unprecedented coalition of legislators, parents, community groups, and business leaders. By imposing administrative reductions in the central bureaucracy, and creating a school governance procedure that expanded local control, the reform legislation sharply reversed the long trend toward tile centralization of the Chicago Schools.

The enactment of these reforms underscores the strength of two important public perceptions: the growing disenchantment with the quality of schooling, and the emerging consensus that the city's economic and social future depends on improvement in its schools. Yet if these reforms hold great promise, they are not a panacea. The educational system is a complex interfacing of labor, commercial, and professional interests. Fairness dictated that compromises in the reform strategy be made and that the reform be phased in relatively slowly; so too did the complexity of the government processes and the large measure of responsibility placed on the community. As a result of these factors, wholesale changes in the rules of the game would have been neither equitable nor effective.

The most notable lag in the pace of reform involves the compromise on the renewal dates of principal contracts - moved from 3 years in the original proposal to the 4th and 5th years in the final agreement. Half of the principals' contracts are scheduled for renewal in 1994 and the other half in 1995. These individuals had planned their lives and their livelihoods around a set of expectations that but a year ago would have seemed fixed and immutable. Thus, the longer phase-in period

permits no small number of the principals to retire before the local community governing boards will be vested with the authority to hire and fire them.

If this phased in implementation accommodates important interests, there is also a down side. A major premise of the legislature's reform strategy is that the Chicago Public Schools must make progress toward educational renewal before significantly higher financial support can be made available. Since the state share of educational funding has declined steadily and local taxes have reached a ceiling, the delays in the implementation may be a prescription for disaster. Educational leaders - confronting an under-funded system marked by labor strife, crippled by cuts in essential services, and dependent of a deteriorating physical plant - may find the work of school reform the equivalent of running up a down escalator.

To some advocates, the legislature's insistence on the link between funding and performance has less to do with educational policy than fiscal policy. But among those who maintain that the Chicago public schools must first improve performance are legislators who throughout their political careers have been consistent advocates for children. This insistence on performance has its roots in the history of the legislature's dealings with the Chicago Board of Education. At the core of political life is a unity of word and deed: if over a period of years promises are made and then broken, a sense of distrust and betrayal develops. For the last two decades the Chicago Board of Education has said one thing and done another. The Board's "independent" course led the schools first toward financial ruin and then toward educational bankruptcy.

Moreover, while the advocates are enamored by the changes that reform legislation has made, the legislature is acutely aware that much has stayed the same. If school reform opens up a brave new world of educational opportunity, it is nonetheless a world peopled by administrators, principals, and teachers whose training and experience is rooted in an organizational and bureaucratic culture that is not noted for its commitment to the core reference points of reform: individual schools, parental involvement, and innovative leadership.

A still more tangible legacy of the past is the complex labor contract that regulates all aspects of the administration/teacher relationship. The contract has been described as a monument to the distrust between the administration and the teachers. Its comprehensive regulation of all aspects of

school life implies a belief that administrative fairness cannot be attained without detailed rules. It represents a conflict model of administration/teacher relations that impedes the kind of flexible, cooperative efforts needed to advance the agenda for school improvement experimentation, and renewal. The school reform bill's local school advisory board of teachers inherits a world governed and limited by the rigidities of this contract, and its narrowing of opportunities for partnership and innovation.

If the labor contract casts a shadow over the school reform movement, so too does the state code's detailed regulation of schooling. The regulations contain explicit and implicit assumption about schools. However sensible these provisions are in some areas of the state, the 'code model" of schooling is failing miserably in some inner city schools. New approaches must be actively encouraged and supported, and areas of the system where the "code model" has consistently failed should be accorded great flexibility in trying out well-conceived alternatives. Here again, reform has focused almost exclusively on process oriented change and has left unaddressed substantive areas of policy that seriously constrain educational innovation.

Even once the cycle of reform has run its course in the mid-1990s and the local school councils have been able to choose principals, the reform may have a differential effect on the educational fortunes of the city's schools. The reform legislation places great emphasis on the role that strong educational leadership plays in the strategy of school improvement. While it is certainly true that good principals are instrumental in school performance, quality educational leadership is not an unlimited resource. The principals' association made this point by splitting the contract renewal process so that all principalships were not up for grabs at the same time.

Of course, this is a problem in any case: how can we find the more than 600 principals needed to lead the schools? The quandary is that reform creates a market in principalships which has its own dynamic. Schools are in competition with one another for a scarce commodity: outstanding educational leadership. What aspects of individual schools can be expected to attract or discourage outstanding applicants? Will the lowest performing schools with their monumental problems be left behind in the competition to recruit the very best administrative and teaching talent?

Finally, within a participatory system no less than a centralized one, there are more roads to mediocrity than to excellence. For example, everyone agrees that a strong principal can revitalize a school's educational mission, yet a system controlled by local school councils may increase pressure on principals to abdicate their responsibility for educational leadership to the whims of the council. Going along may mean getting along. The bureaucratic adaptations are the politics of local control may be disheartening as well as energizing. If local control holds the promise of revitalized schools, it is nonetheless not inevitable that reform will succeed.

Thus, for the legislative leadership the optimism of reform is tempered by this long and checkered relationship with the Chicago Board of Education and by a clear understanding of the daunting challenges that lie ahead. The riddle of Chicago school reform is that funding is hostage to performance; and performance may be unachievable without more state funding. Put differently, the question for policy makers is how to keep pressure on the school system to improve, while at the same time making sure that adequate funds are available.

Some observers contend that this goal is unreachable - that the problems in the public school system are -so entrenched as to be insurmountable, almost regardless of funding - and suggest that privatization of the school system holds the only hope for true reform of children's educational prospects. Over the last quarter century there have been a number of such proposals: vouchers, tax credits, family choice to name a few. Yet while these ideas have enjoyed broad discussion and some support, they have their own apparent problems, and have not proven a major force in national educational policy.

Voucher proposals, for example, have been criticized on a number of fronts. Such proposals are intimidating by their very nature, since they assume a dramatic alteration in the organization and financing of schooling that puts the society's huge sunken investment in the public schools at risk. The voucher concept also introduces extraordinary uncertainty, not only into the enterprise of education itself but also for the complex labor, professional, and business interests that are intertwined in the several billion-dollar enterprise of schooling. Putting everything up for grabs at once simply entails too much risk with the educational fortunes of children, and raises fundamental questions of fairness to those whose lives are tied up with the schools. Thus, the broad and

uncertain impact of vouchers often triggers intense political opposition that make vouchers politically if not practically undesirable.

In addition to these problems related to the scope and pace of reform, other concerns with particular privatization proposals have been raised. The most difficult problem confronting any reform idea relates to equity and the impact of these programs on the poorest children: Voucher proposals that allow families to supplement the voucher in order to purchase a higher quality level of education clearly disadvantage poor families who cannot afford to do so, while regulated voucher strategies that eliminate economics as a factor may promote admissions policies based on other criteria that disproportionately affect disadvantaged students. Other concerns have included the constitutionality of at least some private arrangements, in which there is a relatively transparent attempt to subsidize sectarian schools. Finally, many observers have been concerned about the compatibility of privatization with the traditions of local governance. These issues have dominated the debate and their lack of a satisfactory resolution has kept privatization off the political agenda.

This concept paper presents one idea for breaking the deadlock between resource needs and accountability. It offers a strategy of private competition as a spur to reform - a step toward the kind of accountability that is a pre-condition for expanded state funding. The approach offered here attempts to break free from the impediments that have limited public school reform, while at the same time avoiding some of the disadvantages of prior proposals to privatize the system that have scuttled earlier efforts

The goal of our proposal is in some sense to reverse engineer a solution to the logjam, and to find an approach that overcomes the specific obstacles that have been intertwined with both public school reform and privatization. For example, we share the concern that some public reform strategies and many voucher proposals do not give the poorest children a fair educational chance: the proposal described below focuses reform efforts on the schools that serve the most disadvantaged children. Further, the privatization strategy set out below is non-sectarian. Finally, concerns with privatization's threat to the local character of school governance are overcome by retaining local control. Like some earlier voucher proposals, the program described below is a regulated rather than a free market approach, and the governance of the system remains local - if separately organized and constituted.

Two assumptions underlying this proposal should be made explicit: First, given theoretical, practical, and political considerations, we believe that a successful strategy of privatization must be scaled back to present a modest and credible challenge to the school system, which can be expanded in a responsible fashion once positive results are demonstrated. Second, and of crucial importance, any proposal for private alternatives needs to be as much concerned with fostering improvements in the public system as it is with creating successful private alternatives. We believe the proposal outlined below reasonably serves both these objectives.

Part 11: A Proposal for Charter Schools.

In this section, we sketch a strategy for introducing competition into the public monopoly of schooling. The strategy - Charter Schools - provides a small foothold for privatization, and a vehicle for steady expansion if privately organized efforts can out-perform the public system. At the same time, the strategy should provide a concentrated spur for innovation and excellence in public inner city schools that are now demoralized and dysfunctional.

There are more than five hundred elementary schools in Chicago. We propose to focus efforts toward reform on the 3% segment of these schools that are the lowest performing based on school test data. These 15 schools would become "Charter Schools," which would be privately operated and supervised. A Charter would grant a private entity the right to provide educational services within the geographical area of the school that was transferred from the public system into the Charter system. Along with that right would be a transfer of school buildings and the school's budget for administration and operations. The continued viability of each charter would depend on its sponsor's success in out-performing the lowest 3% segment of the public school system.

Responsibility for supervising the administration of the Charter Schools would be transferred from the Board of Education to an independent school board, made up of professional educators, experts in the education of the disadvantaged child, business and community leaders, and parents. This independent or Charter School Board would oversee the operation of the Charter Schools, and would receive the proportionate share of the cost of system administration.

The Charter Board's responsibility would be to establish the Charter contracting mechanism and overall framework of school administration. It would select from among competing educational providers, and grant charters for program operations. Given the nature of the Charter concept, we see the Charter Board's role as one of promoting innovation, competition, and a fair and efficient administrative framework, rather than as school governance. The Board will make judgments about whether the proposed deviations of the school code are well considered and must include among its members ship, professionals capable of making sophisticated assessments of educational policy and practice. Finally, the Board's' selection from among competing candidates for Charters must be seen as a public trust, therefore both its establishment and operation must be insulated from the untoward political influence that sometimes undermines the integrity of public sector contracting. We expect the following types of entities might submit a bid to assume the responsibility for providing educational services in the areas under the Charter program:

- Montessori Schools
- Schools of Education (Lab Schools)
- Teacher Cooperatives
- Corporations in the field of education
- Not-for-Profit Agencies

In the first round of bidding, participants would be limited to receiving a charter to operate a single school. This approach is consistent with the literature on educational reform, which, suggests the primacy of the individual school as the proper unit for change. Over time, the potential to operate multiple schools would be opened to those Charter schools demonstrating excellence in education.

The key to the proposal is the Charter system's ability to place continued but fair pressure on broader segments of the public school system to improve performance We have noted that an important criteria for judging any proposal for competition must be its impact on the public system. Thus, the positive impact of the Charter system should be felt in schools outside the Charter system. We believe the Charter strategy achieves this goal, as the result of two complimentary mechanisms:

the revolving nature of the schools at risk of privatization through the Charter School strategy, and the improved ability Of public schools at risk of takeover to compete fairly with charter schools.

On the first point, the Charter School strategy fosters competition among public schools at risk of takeover, by allowing private competitors to expand their market share if they can out-perform the lowest echelon of the public system. This would occur because the 3% Charter segment is a revolving 3%, subject to annual re-determinations based on performance. Thus, each year, if a privatized Charter School improves school performance, it will be replaced in the lowest 3% echelon by other schools still operated by the Chicago Board of Education. These new schools in the lowest 3% would in turn be subject to takeover. (Charters would run for a prescribed period of time - perhaps 5 years - during which time the school would be exempted from the loss of its charter even if it remained in the lowest echelon.)

By the end of the fifth year, in theory, a maximum of 15% of the schools operated by the Chicago Board of Education might be transferred to the Charter system. This revolving door concept avoids the risk that might otherwise exist, that the public school system will see the Charter scheme as simply a way of spinning off its least performing segment. Instead, the prospect that an ever-increasing segment of the public school system may be privatized, along with the knowledge that Charter schools are capable of improving performance despite the same constraints that public schools have traditionally faced, should serve as a continued spur and a challenge to the public system.

The second unique feature of the Charter School concept relates to improving the public school system's ability to fairly compete. Given the highly segmented performance profile of the Chicago school system, the number of programs at risk of takeover are likely to be those elementary schools in the bottom 15% of school performance. In order to promote the likelihood that the Charter strategy will spur the public system to improve performance - rather than leading inexorably to ever-increasing privatization - we believe it is essential that schools in this zone of risk be permitted to compete effectively with their private counterparts, in two respects discussed earlier. First these schools should be allowed to deviate from the code model of schooling, and be given a wide scope for educational experimentation. Second, in competition with schools whose programs have greater flexibility, the Union and the Chicago Board of Education might want to negotiate

more flexible rules, so as to be less hampered in their efforts to fulfill their educational responsibilities.

In sum, we believe that with these two mechanisms for promoting fair competition, the impact of the Charter School system will be felt first in the elementary schools in the zone of takeover risk - those in the lowest echelons whose substandard performance places them at risk of being out-performed by the Charter Schools. One might expect that the Chicago School Board, faced with the erosion of its historical monopoly on schooling, will rivet its attention on these schools. If so, its energy and attention may start to reverse the sentiment on the part of some educational administrators that large segments of the schooling enterprise are appropriately written off as hopeless.

We have chosen to pilot the Charter program with the lowest performing schools and with elementary schools, for two primary reasons. First, this part of the educational system is the least defensible segment of the public monopoly, it has clearly failed to meet the educational needs of the children it serves. Thus, put bluntly, in this segment of the system neither children nor policy makers have much to lose from trying an alternative approach. Second, and somewhat ironically, the very disadvantaged nature of the population served in these schools is likely to attract private groups interested in participating in educational reform. (Montessori schools, for example, were originally designed to serve poor children but have been unable to do so because of economics.) In any event, if competition provides the spur to scholastic improvement and effective educational administration that we believe it will, the Charter idea might be expanded to include other segments of the market place: vocational education, high schools, and programs for gifted children.

Finally, the determination of which schools fall into the 3% Charter system each year would be based on all objective evaluation of student progress. In order to ensure that this measure is fairly administered, the responsibility for testing would be transferred from the Chicago Board of Education to a new, independent authority: The Chicago Educational Testing Service. Aside from the benefit of fair and efficiently administered testing, this new entity might be looked to as a source of comprehensive and objective data on student achievement and school performance in both the public and Charter school systems.

Charter Schools Compared To Other Proposals:

We have already briefly noted that the Charter School concept avoids the constitutional, fairness, and practical objections that have plagued voucher proposals. Here, we briefly review some of the most important advantages of the Charter strategy compared to alternative reform approaches.

Equity. As noted, a primary concern with the voucher proposals is that disadvantaged students fare poorly in a private market place. Information gaps, transportation barriers, economic disadvantages, and private selection procedures all may conspire to leave the public sector with a market of children suffering from disadvantage while luckier children flee to the private system. The Charter Schools program, by contrast, is explicitly focused on the most educationally disadvantaged segments of the school population, and therefore is not subject to this objection. It attempts to vitalize schools and renew the educational system's focus on the poorest communities, in which the least resources are available and in which exclusion from effective educational entitlements has powerfully Undercut children's life prospects. Indeed, basing the prospects that a particular school will become or remain privatized on competitive performance measures should powerfully make the point that every child's progress is important to the school.

Uncertainty. Unlike proposals for vouchers, tax credits, and family choice, the impact of the Charter school proposal is predictable, and manageable. The Chicago Board of Education will know precisely what the impact of the policy will be on the schools under its auspices. A maximum of 3% of its schools will be privatized each year, and the schools at risk of privatization will be identified in advance. Since the attrition rate for teachers in the public system exceeds the number of teachers who will be displaced by the transfer of the lowest 3% to the Charter system, at least initially the strategy will not require layoffs. Most important, administrators, principals, and teachers will have the power and the tools in their hands to contain the spread of private alternatives in the system - they need only outperform the Charter Schools.

As noted, it should quickly become apparent that the Charter School idea may have broader application. If the Chicago Board of Education schools cannot perform as well as the privatized

Charter Schools, then pressure will build in other segments of the educational system. Thus, although initially confined to the worst performing and least defensible set of schools, the scope of the Charter concept might later be extended. In any event, if such an expansion takes place, again it will be gradual enough to afford the public school system a fair opportunity to meet the challenge. By creating a foothold for private alternatives, the message of the charter school strategy is that business as usual will no longer be tolerated. Yet the modest scope, of the strategy makes it a fair challenge to the educational establishment.

Recruitment. We previously noted the concern with the current school reform scheme that the lowest performing schools might have difficulty in attracting and retaining educational talent. The Charter Schools proposal is designed to create a segment of the marketplace that offers a unique set of career, professional, and corporate opportunities to educators and administrators alike. The chance to establish and be part of a new school with a distinctive leadership and pedagogy that is fundamentally committed to excellence creates unique opportunities that can serve as a magnet for exceptional talent. Thus one virtue of the Charter Strategy is that it places a premium on recruiting the highest caliber talent to serve in the most disadvantaged areas. At the same time, the competitive threat posed by the Charter Schools will continue the pressure on the public school system to energize its own efforts.

Summary

Obviously, the Charter School proposal presumes that the revitalization of inner city schools in the lowest echelon of performance is possible: we believe that these often defeated and demoralized institutions can be turned around by the introduction of private groups fired by a sense of purpose and mission. By fine-tuning proposals for privatization, and giving some teeth to the philosophy underlying public school reform, we believe the Charter School proposal synthesizes the best features of prior efforts toward school reform.

But what if Charter Schools cannot transform the educational process? What if they are not successful, despite the best efforts of private concerns? In that case, we will have learned a fundamentally important lesson - that we will need to focus on more comprehensive educational and social welfare strategies in order to achieve educational opportunity for these children - without

having had to sacrifice a massive investment in privatization. On the other hand, if privatized schools increasingly out-perform public schools given the same resources, then policy makers and the public will have been given the reassurance that privatization is a sensible course, again before they have to commit scarce funds to the endeavor.