



School of Education, University of Colorado Boulder
Boulder, CO 80309-0249
Telephone: 802-383-0058

NEPC@colorado.edu
<http://nepc.colorado.edu>

RESEARCH-BASED OPTIONS FOR EDUCATION POLICYMAKING

The “Portfolio” Approach to School District Governance

*William J. Mathis and Kevin G. Welner, University of Colorado Boulder
March 2016*

Introduction

As policymakers and the courts abandoned desegregation efforts and wealth moved from cities to the suburbs, most of the nation’s major cities developed communities of concentrated poverty, and policymakers gave the school districts serving those cities the task of overcoming the opportunity gaps created by that poverty.¹ Moreover, districts were asked to do this with greatly inadequate funding. The nation’s highest poverty school districts receive ten percent lower funding per student while districts serving children of color receive 15 percent less.²

This approach, of relying on under-resourced urban districts to remedy larger societal inequities, has consistently failed. In response, equity-focused reformers have called for a comprehensive redirection of policy and a serious attempt to address concentrated poverty as a vital companion to school reform.³ But this would require a major and sustained investment.

Avoiding such a commitment, a different approach has therefore been offered: change the governance structure of urban school districts. Proposals such as “mayoral control,” “portfolio districts,” and “recovery” districts (also referred to as “takeover” or “achievement” districts) all fit within this line of attack. These districts are often run by a governor or mayoral-

This material is provided free of cost to NEPC’s readers, who may make non-commercial use of the material as long as NEPC and its author(s) are credited as the source. For inquiries about commercial use, please contact NEPC at nepc@colorado.edu.

appointed authority, with locally elected board members stripped of power. Such dramatic governance shifts are often couched as responding to fiscal or other immediate crises, thus requiring the tossing aside of state laws and union contracts.⁴

The portfolio approach can overlap with either mayoral or recovery governance. A key, unifying element is the call for many neighborhood schools to be transformed into privately managed charter schools. The district's central-office role would be correspondingly transformed into a manager of this decentralized collection of schools. Rhetorically, advocates of this reform describe a shift from a "school system" into a "system of schools."⁵ Importantly, this approach does not confront or attempt to remedy policies creating and sustaining concentrated poverty or those perpetuating a racist system of *de facto* segregation. Therefore, urban districts themselves are characterized as "failing."

The operational theory behind portfolio districts is based on a stock market metaphor—the stock portfolio under the control of a portfolio manager.²⁵ If a stock is low-performing, the manager sells it. As a practical matter, this means either closing the school or turning it over

The question remains about whether the portfolio idea might be structured in ways that advance societal goals.

to a charter school or other management organization. When reopened, the building is generally reconstituted, in terms of teachers, curriculum and administration. In theory, this process of closing, re-bidding and reconstituting continues until the school and the entire portfolio is high-performing. These approaches have been described (positively) as "creative destruction" or (negatively) as "churn."⁶

The portfolio district idea is primarily the brainchild of the Center for Reinventing Public Education (CRPE), and it has caught fire. The CRPE website currently lists 39 districts as members of its portfolio-strategy network, including New York City, Los Angeles, Philadelphia, Chicago, Detroit, New Orleans, Memphis, Nashville, St. Louis, Cleveland, and Denver.⁷ Additional districts such as Newark and Washington DC have implemented similar approaches.

Generally speaking, four reform strategies are combined, in varying degrees, in portfolio districts: (1) performance-based (generally test-based) accountability, (2) school-level decentralization of management, (3) the reconstitution or closing of "failing" schools, and (4) the expansion of choice, primarily through charter schools.⁸ CRPE adds pupil-based funding, more flexible use of human capital, and capacity building.⁹ Also, for the portfolio metaphor to work, the central office must play an active management role, which means that highly deregulated districts like New Orleans are problematic implementations.

While proponents of portfolio districts emphasize local community involvement, governmental authorization lies in state capitals, and local school boards are typically shunted aside, leading to the objection that the policies are a power play about "money and power and control."¹⁰ State-level advocacy for these policies, moreover, has often been misleading, and characterized by spin and cherry-picked data.¹¹ Yet given the struggles of students in urban school districts, no proposal should be easily dismissed—so the question remains about whether the portfolio idea might be structured in ways that advance societal goals.

How well do portfolio districts work?

Beneath the abundant and vigorous advocacy lies a very limited body of generally accepted research. Understanding the effects of “portfolio district reform” is hampered by messy reform contexts, where portfolios are only one of several major ongoing reforms, thus weakening causal inferences. Understanding these effects is also hampered by definitional problems—elastic labels with different components and different names being applied in different places.¹² Further, the school cultural changes are often massive, interactions are complex, and politicization generates a great deal of noise. This renders the isolation of specific facets enormously difficult.¹³ Yet amidst the claims and counterclaims,¹⁴ several findings are clear:

1. Charter schools do not appear to have much impact on test scores, but they do have some negative unintended consequences.¹⁵
2. Similarly, school closures may have some positive or negative impact, but they certainly result in instability.¹⁶
3. School turnaround approaches have, in general, been very disappointing, in large part because of the problems with closures and charter schools.¹⁷ The churn in the system, loss of institutional knowledge and loss of culture results in community and school disturbance and instability. Closing even low-performing schools can prove disruptive as community support dissipates, particularly if higher performing schools are not readily available.
4. Research on mayoral control shows mixed evidence concerning effects on test scores.¹⁸

We would not be surprised to see some “portfolio districts” see some benefits, while others will see primarily detriments. Governance changes—particularly those aimed at decentralization and deregulation—tend to involve complex trade-offs. Opponents will be able to point to failures; advocates will be able to point to successes. In the end, though, student outcomes in under-resourced urban districts will continue to be driven by larger societal inequities.

Effects on Communities and Democracy

Recognizing that centrally run big-city school districts are often not very responsive to community voices, it is important not to idealize that system. But it is a system rooted in democratic election processes, with school board members held accountable through the ballot box and open to meetings and petitions from parents and community members. The *Washington Post* quoted Youngstown, Ohio’s Reverend Kenneth Simon explaining one problem with a state-run school district as follows:

They’re taking away the right of our own school board that we elected to govern. The school board has no power. The community has no say. I don’t know how African-Americans could sit and let them roll the clock back like this.¹⁹

Similarly, as described in a recent report from the Center on Popular Democracy:

Children have seen negligible improvement—or even dramatic setbacks—in

their educational performance. State takeover districts have created a breeding ground for fraud and mismanagement at the public's expense. The staff faces high turnover and instability, creating a disrupted learning environment for children. Students of color and those with special needs face harsh disciplinary measures and discriminatory practices that further entrench a two-tiered educational system.²⁰

The report adds, "It cannot go unnoticed that an overwhelming percentage of the districts that have experienced takeovers serve poor African American and Latino students and voters."²¹ This is happening at a time when new voting rights challenges are ongoing, with poor African-American and Latino communities objecting to exclusion from, and new barriers to, democratic decision-making.²²

In short, each approach has its own limitations and drawbacks. Looking specifically at portfolio approaches, the private management of a community's schools eliminates democratic accountability, substituting a system where schools are held accountable (by a central-office manager) for meeting performance standards or are held accountable through market forces. The ideal versions of each of these—democracy, the market, and portfolio managers—might, according to each set of advocates, theoretically result in responsive, high-quality schools. But those ideals are far from the reality.

Most importantly, however, all the evidence suggests that no governance approach will come close to mitigating the harms caused by policies generating concentrated poverty in our urban communities. In light of this core truth, does it make sense to privatize the management of urban schools?

Recommendations

The evidence on portfolio approaches should be understood in context. Educational outcomes in our urban areas were troubled long before the portfolio models were adopted. The main lesson of the portfolio model experiment is that policymakers should not be distracted by quick fixes promising cheap shortcuts. Portfolio models were proposed as a way to overcome problems of poverty and structural inequality and under-resourced schools—all through changes to the school management structure. Yet, as the Center on Popular Democracy report cautions, "State officials opted for structural change alone. And structural change by itself doesn't work."²³

Nevertheless, are there research-based lessons for policymakers from portfolio experiences to date? At the most basic level, the portfolio model is agnostic about who runs schools and about the curriculum and pedagogy in the schools. The key element is a restructuring of authority, with the central-office role becoming a manager of a network of independently run schools. That is the starting point, but the next step is to look to research about what the model must also include.²⁴

- Funding – Adequate funding must be provided to our neediest schools, with sufficient supplemental compensatory capacity.
- Stability – The hiring and retention of highly qualified principals, teachers and staff is a necessary element of long-term improvement. Children living in our most unstable environments need stable school environments.

- Relevant, responsive curriculum and pedagogy – People learn when material and ideas are meaningful and build on their existing knowledge and experiences.
- Highly qualified teachers – Our neediest children should not be taught by a revolving series of our most junior and poorly prepared teachers.
- Personalized instruction – Without small class size and relationships with caring adults, personalized instruction is not realistically possible.
- On-site wrap-around services – With perhaps two-thirds of test score variance attributable to outside-of-school forces, and with no sign that concentrated poverty will be seriously addressed within our larger society, broader services need to be brought into schools.
- If expanded choice policies are under consideration, they must first be evaluated within a larger set of societal goals for schools, with “portfolio managers” accountable for crafting and effectively managing the system of schools to accomplish those goals. These goals include true integration and equitable access to each school and each course within a school.
- If a portfolio system is adopted, great care must be taken to assure the highest standards of programmatic quality, fiscal accountability, and checks and balances.
- If funded through public funds, the organizations must be transparent and subject to strict auditing procedures.

These features can and should be applied to traditional schools as well as portfolio schools. It is the quality of the educational program we provide and how we meet the needs of children that have a far more important and lasting effect than the type of governance structure.

Notes and References

- 1 The watershed legal case was the 1974 Supreme Court decision in *Milliken v. Bradley*, 418 U.S. 717, where the Court rejected an urban-suburban desegregation plan for Detroit. For a discussion of how this fits within the larger trends of turning to schools to overcome larger inequities, see Kantor, H., & Lowe, R. (2013). “Educationalizing the welfare state and privatizing education: The evolution of social policy since the New Deal.” In P.L. Carter & K. Welner (Eds.), *Closing the opportunity gap: What America must do to give every child an even chance* (pp. 25–39). New York, NY: Oxford University Press.
- 2 Ushomirsky, N. & Williams, D. (March 2015). *Funding Gaps 2015*. The Education Trust. Retrieved February 15, 2016 from http://edtrust.org/wp-content/uploads/2014/09/FundingGaps2015_TheEducationTrust1.pdf
- 3 See, for example, Kirp, D. L. (2013). *Improbable Scholars: The Rebirth of a Great American School System and a Strategy for America’s Schools*. New York, NY: Oxford University Press.
A Broader Bolder Approach to Education. Retrieved March 1, 2016 from <http://www.boldapproach.org/>
Weiss, E. (February 24, 2016). A ‘Broader Bolder’ Approach to Even the Education Playing Field. The Answer Sheet. Retrieved March 1, 2016 from <http://nepc.colorado.edu/blog/broader-bolder-approach>
- 4 Layton, L. (February 1, 2016). GOP-led states increasingly taking control from local school boards. *Washington Post*. Retrieved February 12, 2016 from https://www.washingtonpost.com/local/education/gop-led-states-increasingly-taking-control-from-local-school-boards/2016/02/01/c01a8e4e-bad3-11e5-b682-4bb4dd403c7d_story.html
- 5 See for example, (May 2015). Common Enrollment, Parents and School Choice. Center for Reinventing Public Education, Retrieved March 1, 2016 from <http://www.crpe.org/sites/default/files/cpe-report-common-enrollment-denver-nola.pdf>
- 6 Saltman, K. (June 2010). *Urban School Decentralization and the Growth of Portfolio Districts*. Boulder, CO and Tempe, AZ: Education and the Public Interest Center & Education Policy Research Unit. Retrieved February 12, 2016 from <http://nepc.colorado.edu/files/PB-UrbanDecent-Saltman.pdf>
- 7 Center for Reinventing Public Education (2014). *Portfolio Strategy*. Retrieved March 1, 2016 from <http://www.crpe.org/research/portfolio-strategy/network>
- 8 Saltman, K. (June 2010). *Urban School decentralization and the Growth of Portfolio Districts*. Boulder, CO and Tempe, AZ: Education and the Public Interest Center & Education Policy Research Unit. Retrieved February 12, 2016 from <http://nepc.colorado.edu/files/PB-UrbanDecent-Saltman.pdf>
- 9 Center for Reinventing Public Education. *Portfolio Strategy*. Retrieved February 15, 2016 from <http://www.crpe.org/research/portfolio-strategy/seven-components>
- 10 Layton, L. (February 1, 2016) GOP-led states increasingly taking control from local school boards.” *Washington Post*. Retrieved February 12, 2016 from https://www.washingtonpost.com/local/education/gop-led-states-increasingly-taking-control-from-local-school-boards/2016/02/01/c01a8e4e-bad3-11e5-b682-4bb4dd403c7d_story.html
Hess, F. (August 25, 2008). *Assessing the Case for Mayoral Control of Urban Schools*. American Enterprise Institute. Retrieved February 13, 2016 from <http://www.aei.org/publication/assessing-the-case-for-mayoral-control-of-urban-schools/>
- 11 For an examination of this advocacy, see:
DeBray, E & Jabbar, H. (October 2013). *Review of Two Presentations on the Portfolio School Model*. Boulder, CO: National Education Policy Center. Retrieved February 12, 2016 from <http://nepc.colorado.edu/files/ttr-portfolio-recovery.pdf>

- Bryant, J. (February 12, 2016). *Campaign for America's Future: Why State Leaders Need to Back Away from School Takeover Agencies*. Retrieved February 12, 2016 from <http://nepc.colorado.edu/blog/why-state-leaders>
- 12 Bulkley, K. (November 2014). *Does Public Education Improve When Urban Districts Manage a "Portfolio" of Schools?* Scholars Strategy Network. Retrieved February 15, 2016 from <http://www.scholarsstrategynetwork.org/brief/does-public-education-improve-when-urban-districts-manage-portfolio-schools#sthash.9JsZSqWZ.dpuf>
- 13 Saltman, K. (June 2010). *Urban School decentralization and the Growth of Portfolio Districts*. Boulder, CO and Tempe, AZ: Education and the Public Interest Center & Education Policy Research Unit. Retrieved February 12, 2016 from <http://nepc.colorado.edu/files/PB-UrbanDecent-Saltman.pdf>
- 14 Banchemo, S. (January 17, 2010). Daley school plan fails to make grade. *Chicago Tribune*. Retrieved February 17, 2016 from http://articles.chicagotribune.com/2010-01-17/news/1001160276_1_charter-schools-chicago-reform-urban-education (reporting that elementary schools scored about the same as the city average, after six years of the Chicago Renaissance Plan, while high school scores actually scored lower).
- Harris, D., & Larsen, M.F. (2016). *The effects of the New Orleans Post-Katrina school reforms on student academic outcomes*. Education Research Alliance for New Orleans. <http://educationresearchalliancenola.org/files/publications/The-Effects-of-the-New-Orleans-Post-Katrina-School-Reforms-on-Student-Academic-Outcomes.pdf>
- Buras, K. (2011). Race, Charter Schools, and Conscious Capitalism: On the Spatial Politics of Whiteness as Property (and the Unconscionable Assault on Black New Orleans). *Harvard Educational Review*, 81(2), 296-331.
- Marsh, J.A., Strunk, K.O., & Bush, S. (2013). "Portfolio district reform meets school turnaround: Early implementation findings from the Los Angeles Public School Choice Initiative," *Journal of Educational Administration*, 51(4), 498 – 527.
- 15 Miron, G., & Urschel, J. (2012). The Impact of School Choice Reforms on Student Achievement. In G. Miron, K.G. Welner, P. Hinchey, & W.J. Mathis (Eds.) *Exploring the School Choice Universe* (pp. 211-236). The National Education Policy Center Series. Charlotte, NC: Information Age Publishing.
- Epple, D., Romano, R. & Zimmer, R. (June 2015). *Charter Schools: A Survey of Research on their Characteristics and Effectiveness*. Cambridge, MA: National Bureau of Economic Research. Retrieved March, 2016 from <http://www.nber.org/papers/w21256>
- 16 Positive effects were suggested by Kemple, J. (November 2015). High School Closures in New York City: Impacts on Students' Academic Outcomes, Attendance and Mobility. *The Research Alliance for New York City Schools*. Retrieved February 3, 2016, from http://steinhardt.nyu.edu/scmsAdmin/media/users/sg158/PDFs/hs_closures/HighSchoolClosuresinNewYorkCity_ResearchAllianceforNYCSchools_pdf.pdf (In studying 29 closed schools along with other interventions in New York City, the displaced students performed no better than before; incoming students did better than their predecessors, but performance was still quite low; the research overall suggested that closure of poor-performing schools was positive but a broader array of reforms is needed.)
- Negative effects were suggested by Kirshner, B., Gaertner, M. & Pozzoboni, K. (September 2010). Tracing Transitions: The Effect of High School Closure on Displaced Students. *Educational Evaluation and Policy Analysis*, 32(3), 407-429. (Following economically disadvantaged, high school children of color who were relocated by school closure, the researchers found that relocated students registered lower test scores, lower graduation rates, increased drop-outs, and increased signs of stress.) See also Ben Kirshner, B., Van Steenis, E., Pozzoboni, K. & Gaertner, M. (2016). The Costs and Benefits of School Closure for Students. National Education Policy Center. (Information Age Publishing, in press).

- 17 Rice, J.K. & Malen, B. (2010). *School reconstitution as an education reform strategy: A synopsis of the evidence*. Washington, DC: National Education Association.
- Banchero, S. (January 17, 2010). Daley school plan fails to make grade. *Chicago Tribune*. Retrieved February 17, 2016 from http://articles.chicagotribune.com/2010-01-17/news/1001160276_1_charter-schools-chicago-reform-urban-education
- Malen, B. & Rice, J.K. (2004). A framework for assessing the impact of education reforms on school capacity: Insights from studies of high-stakes accountability initiatives. *Educational Policy*, 18(5), 631-660.
- Bulkley, K. (November 2014). Does Public Education Improve When Urban Districts Manage a “Portfolio” of Schools? Scholars’ Strategy Network. Retrieved February 15, 2016 from <http://www.scholarsstrategynetwork.org/brief/does-public-education-improve-when-urban-districts-manage-portfolio-schools#sthash.9JsZSqwZ.dpuf>
- Trujillo, T., Renee, & Kini, T. (October 1, 2012). *Democratic School Turnarounds: Pursuing Equity and Learning from Evidence*. Boulder, CO: National Education Policy Center. Retrieved February 12, 2016 from <http://nepc.colorado.edu/publication/democratic-school-turnarounds>
- 18 Land, D. (2002). “Local School Boards Under Review: Their Role and Effectiveness in Relation to Students’ Academic Achievement.” *Review of Educational Research*, 72(2), 230. doi:10.3102/00346543072002229.
- Hess, F. (August 25, 2008). *Assessing the Case for Mayoral Control of Urban Schools*. American Enterprise Institute. Retrieved February 13, 2016 from <http://www.aei.org/publication/assessing-the-case-for-mayoral-control-of-urban-schools/>
- Moore, M. (March 22, 2007). More Mayors Move to Take-Over Schools. *USA Today*. Retrieved February 13, 2016 from http://usatoday30.usatoday.com/news/education/2007-03-20-cover-mayors-schools_N.htm
- Wong, K & Shen, F. (March 22, 2013). *Mayoral Governance and Student Achievement*. Center for American Progress. Retrieved February 13, 2016 from <https://www.americanprogress.org/issues/education/report/2013/03/22/56934/mayoral-governance-and-student-achievement/>
- Moscovitch, R. et al. *Governance and urban improvement: Lessons for New Jersey from nine cities*. New Brunswick, NJ: The Institute on Educational Law and Policy, Rutgers University, 2010.
- Weiss, E.; Long, D. (April 22, 2013). Market-Oriented Reforms’ Rhetoric Trumps Reality. In *Broader, Bolder Approach to Education*, Washington DC: Economic Policy Institute.
- 19 Layton, L. (February 1, 2016). GOP-led states increasingly taking control from local school boards.” *Washington Post*. Retrieved February 12, 2016 from https://www.washingtonpost.com/local/education/gop-led-states-increasingly-taking-control-from-local-school-boards/2016/02/01/c01a8e4e-bad3-11e5-b682-4bb4dd403c7d_story.html
- 20 Sen, A. (February 2016). *State Takeovers of Low-Performing Schools*. The Center for Popular Democracy. Retrieved February 12, 2016 from <http://populardemocracy.org/sites/default/files/National%20Takeover%20Ed%20Report.pdf>
- 21 Sen, A. (February 2016) *State Takeovers of Low-Performing Schools*. The Center for Popular Democracy. Retrieved February 12, 2016 from <http://populardemocracy.org/sites/default/files/National%20Takeover%20Ed%20Report.pdf>
- 22 Archer, D.N. (2015). Still Fighting after All These Years: Minority Voting Rights 50 Years after the March on Washington. *Berkeley Journal of African American Law and Policy*, 17.
- 23 Sen, A. (February 2016). *State Takeovers of Low-Performing Schools*. The Center for Popular Democracy. Retrieved February 12, 2016 from <http://populardemocracy.org/sites/default/files/National%20Takeover%20Ed%20Report.pdf>

24 See generally:

Carter, P.L. & Welner, K.G. (Eds) (2013). *Closing the Opportunity Gap: What America Must Do to Give All Children an Even Chance*. New York: Oxford University Press.

Rice, J.K. (2015). *Investing in Equal Opportunity: What Would it Take to Build the Balance Wheel?* Boulder, CO: National Education Policy Center. Available online at <http://nepc.colorado.edu/publication/balance-wheel>

25 Bulkley, K.E., Henig, J.R., & Levin, H.M. (2010). *Between Public and Private: Politics, Governance, and the New Portfolio Models for Urban School Reform*. Cambridge, MA: Harvard Education Press.

*This is a section of **Research-Based Options for Education Policymaking**, a multipart brief that takes up a number of important policy issues and identifies policies supported by research. Each section focuses on a different issue, and its recommendations to policymakers are based on the latest scholarship. **Research-Based Options for Education Policymaking** is published by The National Education Policy Center, housed at the University Of Colorado Boulder, and is made possible in part by funding from the Great Lakes Center for Education Research and Practice.*

*The mission of the **National Education Policy Center** is to produce and disseminate high-quality, peer-reviewed research to inform education policy discussions. We are guided by the belief that the democratic governance of public education is strengthened when policies are based on sound evidence. For more information on NEPC, please visit <http://nepc.colorado.edu/>*