



## Policy Perspective

No. 1024, December – 2003

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# Improving Public Schools Requires Changing the System

By Richard Meinhard, Ph.D. and Nick Weller

*Despite reform efforts, school performance is improving slowly, if at all, and continues to be very inequitable between racial and income groups. Though the causes are typically presumed to be located within the classroom, the system itself perpetuates inequity and poor performance. This paper proposes two systemic changes: allow funding to follow children to the school their parents choose and remove the exclusive franchise of school districts, thereby allowing multiple providers of public education within one geographic region. Together these changes would provide the framework for an education system that offers students and professionals a wide range of opportunity and freedom to pursue success.*

More than a dozen years ago the legislature passed the Oregon School Reform Act for the 21<sup>st</sup> Century that established statewide content standards in everything from mathematics to physical education and created a testing program for 3<sup>rd</sup>, 5<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> grade students to “hold them accountable” for learning. If one merely scans the surface, it appears that this legislation has had a positive impact. Scores on the state benchmark exams have increased, particularly in the early grades.<sup>1</sup> There has been some increase in tenth grade test scores, but there is still a dramatic decline in performance the longer students stay in school. Drop out rates appear to have gone down in recent years, although it depends largely on how one calculates these rates.<sup>2</sup>

Despite improvement on some performance indices significant concern remains. Nearly two-thirds of tenth grade students do not meet the Certificate of Initial Mastery (CIM) standards. On the tenth grade math and reading assessments the system fails to educate nearly 75 percent of African American and Hispanic students to state standards. Oregon's school system still loses a third of the students before graduation; only eleven states and the District of Columbia do worse.<sup>3</sup> Graduation rates are even lower for African American and Hispanic students. Only one third of graduating seniors qualify for the Certificate of Initial Mastery, which was mandated by the 1991 school reform act.

Performance on the National Assessment of Education Progress (NAEP) has improved for

Oregon students over the past decade, but still only about 1/3 of Oregon's eighth graders demonstrate proficiency on the math and reading exams. At the current rate of improvement it will take decades for all students to achieve proficiency on either the NAEP or the CIM exams.

We must be concerned with student performance and the persistent achievement gap between minority and white students. These performance indicators show the current system fails to adequately educate students.

The traditional response has been to demand additional funding. However, money is not the missing ingredient for better education and a brief look at the school system reveals why. The current system tends to centralize decision making at the state and district levels, oppose the opening of new schools, increase the size of its schools and districts, close popular neighborhood and community schools, and ignore comparative research in adopting education programs.

Paul Hill, director of University of Washington's Center on Reinventing Public Education says, “There is no mechanism for a promising idea to capture a wider market, nor is there any incentive for other teachers or schools to adopt a promising idea.”<sup>4</sup> The symptoms of distress at both the student and system level have not generated an effective response. However, astute observers should not be surprised by the failure to change. Former AFT President, Albert

Shanker, told a seminar in 1988, “This is a system that can take its customers for granted.”

As a consequence, this is a system that will not change. No matter what reforms are tried there has been a marked inability to produce significant change and improvement. The lesson of reform is clear. Change by outsiders—a list of “shoulds,” mandates, whatever—does not work. And insiders don’t have the incentive to change because they have a captive audience.

The common school system of government-owned schools managed by a central bureaucracy (a model borrowed from the Prussians in the 1840s) does not serve the widely diverse and changing needs of American families and children.

According to John Brandl, professor of government at the University of Minnesota, “America lacks a theory that would explain how its current system of public schooling could function at an acceptable level. Such a theory would describe how the several components of schooling—finances, administration, curriculum, teaching and student characteristics—could come together in a way that yields educated children.”<sup>5</sup>

Oregon’s reform plan, requirements for more testing and higher performance, has not caused significant improvement because higher performance cannot simply be demanded into existence with standards and testing. Standards and testing are not a reform strategy; they are only a hope for high performance. The public school system will not significantly change with these types of ‘reforms’.

### ***The Cause: Protected, Static School Districts***

The school system is static<sup>6</sup> — it is locked into its current performance and tied to escalating costs without the ability to significantly change. What exactly is it about the design of our public school system that makes change so difficult?

The critical concept is that the district organization is the sole means for delivering public education. Individual schools are not legal entities; we must deal with the district if we want schools to change. Districts are defined by their boundaries, and within each boundary the district is the exclusive provider of public education services to which students are assigned. This system of territorial, exclusive franchises is the core of the problem.

Within this system the incentives, salaries, jobs, and benefits of the employees are not coupled to the mission of public education—learning. We pay for teaching, for administration, for school operations, but we do not pay for student learning. The adults in the system are paid, and they continue to receive their jobs and benefits, whether kids learn or not.<sup>7</sup> The dysfunction of the current model of public education manifests itself in a number of ways.

- The state has essentially agreed that the district will have total control and the final decision about change.<sup>8</sup> In spite of reform talk, the state can only issue orders, plead, threaten, and provide money. Districts may respond, but if the district does not give students a good education the state does not transfer the education contract to another provider. The state accepts the pace and conditions for improvement that districts produce because for the legislature, and everyone else, districts are the only game in town.

- The state also accepts reasons given by a district for its decision to change or not to change. Even if the reasons fail to help children, the state accepts the interests of the adults over the students.

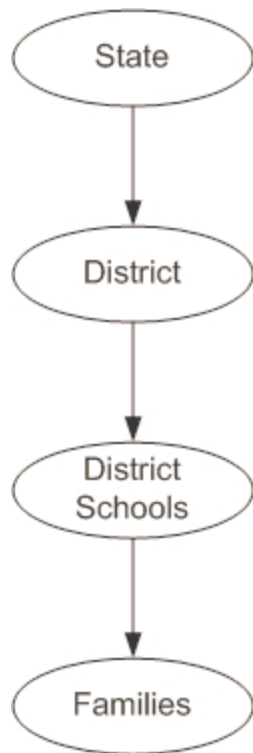
- And the state agrees that regardless of whether or not students learn, the district will be assured of its existence, students, revenue, security, and increases in its material success independent of student success.

The public system is essentially organized like the silo in Figure 1. It is headed by the state (and increasingly the federal government) with families at the bottom. The state created a single organization, the district, to be the sole provider of educational services. It has created boundaries that assign families to the services of the district organization.

**Change is difficult, but necessary**

Given the protected status that immunizes districts from many outside pressures, it is simply naïve to wonder why the good things we want to happen in the district do not occur. An organization with an exclusive, protected guarantee of its existence, jobs, and students will have little incentive to attempt change.

Change is avoided, because it can disrupt routines, shift resources, upset people, and cause controversy. These consequences are real, and there



**Figure 1: School system's structure creates poor performance**

is little reward to undertaking such risk. As the late-president of the American Federation of Teachers Albert Shanker said, "We in education are not going to do the hard things needed to change the schools unless we have to. Unless there are consequences. Something has to be at stake."

Not only is risk a disincentive to change, the organizational structure of schools also limits dynamism. In public education, teachers are almost entirely limited to employment as a unionized worker with a district as their only option. Unlike other professions, educators do not have the opportunity to own or start their own business/school with like-minded

educators or advance into roles such as master teacher or instructional leader.

Parents are limited to the district organization as their only public education option. The school board has only the district to deliver public education to families. And the state has not given itself any other way to provide public education than through the school district. Although leaders make education reform their top priority by claiming a need for change, this is simply not true in any real sense. Educators do not have to change; they are rewarded for maintaining the status quo.

This is an absurd arrangement for a state that says it is serious about improving education. The single provider system is unproductive and leads to blaming individuals for failures that are the fault of the system—pointing fingers at the teachers, the principal, the superintendent, the school board, and the union. In response, the educators blame the parents, the kids, the legislature, and the taxpayers.

There is an option, however. We can change the district system, which is nothing more than a policy construct of the legislature. It can be changed to create a healthy system for children, for teachers, for those who work in it and for those who fund it.

The legislature designed the current system by putting the district concept into state law, and it is the legislature's responsibility—and the governor's, whose proposals could begin the process—to change it. The environment in which the district exists must change so there is a need for the organization to respond and evolve. The new system must have structural incentives to support and reward those who change and improve things.

The state is moving the wrong direction when it attempts to direct, standardize, manage, and run the district organization and its schools. The state's job is not to run the schools. It does not own the schools. The state's job is to provide a

workable framework for those who do. The legislature owes educators and the public a system that has natural and healthy incentives for change and improvement of teaching and learning. The state is in default on this obligation.

### ***Designing a Change-Oriented Environment***

A healthy environment involves two parts, educational choice for families and multiple options for education providers.<sup>9</sup> There are two actions the legislature must take:

- Transfer attendance decisions to students and families. Funding should follow students to the school they attend. This decision-making power gives families options about where to attend school – choice.
- Authorize alternative providers of education services. This makes it possible for organizations other than the district to offer public education services. This new opportunity removes the exclusive franchise and creates multiple providers of public education—choices.

With choice and multiple providers the assignment of students to a district with an exclusive franchise both for policy and school operations no longer occurs. Figure 2 shows three different types of organizations—districts, charter schools, and independent schools—that will be the backbone of a reformed school system. In this figure, districts no longer have special, protected status. Only if other organizations exist as the district's equal will the static district have a need to respond. And only if parents can freely move among schools can there be accountability that rewards change and improvement.

Families, educators, and school boards would have choices, thus reducing conflict among groups with different goals and interests. People would select their best options and move to different organizations when necessary. Innovation

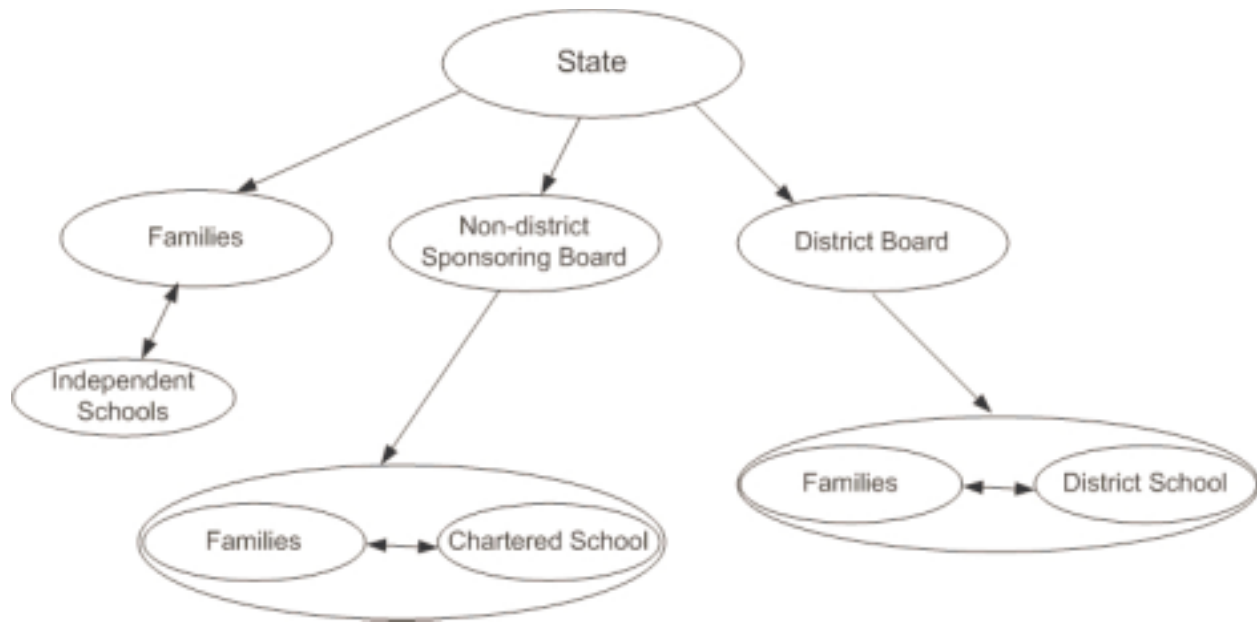
would become not only possible, but rewarded. Small schools, specialty schools, alternative learning centers, technology driven schools, teachers with reputations, and schools with track records of safety and demonstrated performance, all become not only possible but necessary. In a dynamic system, schools must offer a compelling product that attracts and retains families. With choice and multiple providers there will be negative consequences for stasis.

### ***Choice as a form of leverage***

Choice alone is not enough but it is essential. Once the state transfers attendance decisions and funding from the system to the student, the district organization can no longer take its customers for granted and the imperative for fundamental reform becomes necessary. In Milwaukee, Wisconsin, the city's voucher program prompted major changes by the district and teachers' union; however, when the program was temporarily halted, reforms stopped until the voucher plan was reinstated.<sup>10</sup> Without choice acting as outside leverage on the system, schools are likely to resist change and cannot adopt the reforms that everyone agrees are important.

Placing the decision-making authority with the family reduces the likelihood that students will attend schools that do not serve their needs. With choice, school enrollments respond to the decisions made by families, and schools have a sensitive feedback mechanism telling them how well they accommodate student needs. To attract families and retain enrollment, schools have to specialize or create new programs, because families are able to choose not simply between good and bad schools but more importantly from among unique programs.

In contrast, centrally planned top-down systems require an impossible omniscience by the planners to design schools and assign diverse students to the most appropriate option. There is no clear mechanism to directly connect the planners and



**Figure 2: School system design with multiple providers**

those affected by the planning. The district imposes a standard design and program in an attempt to be “fair”, but families may not want a common school and uniformity. They want a school with personality, with an IB or AP program, with strong sports, or arts, or life sciences. This diversity is inherently difficult to generate in the traditional system of common schools. In a choice system, the decision of parents and students inform schools about the desirability of their services. This means program decisions must be made by schools, not central authorities, or the existing schools will not be able to respond to changes in enrollment. To ensure that parents have good options, there must be new schools and there must be the opportunity for schools to build capacity and respond to student needs.

### **Multiple Education Providers**

A dynamic system requires multiple providers. Educational entrepreneurs who want to provide programs must be independent of the district’s control. If the district maintains its exclusive franchise over services and money it will have little reason to allow or encourage change. The creation and development of new

learning programs depends on provider opportunity. So if the state accepts the need for change, in addition to allowing district boards to approve new providers of public education it must also grant additional sponsors the same authority. Such sponsors might include universities, foundations, large civic organizations and city and county governments.

It is essential to distinguish public education—what is to be provided—from public schools—the means by which public education is delivered. There is nothing in the definition of public education—that which is publicly funded and therefore free and for a secular purpose—that requires government owned district schools to be the sole provider. Though Oregon districts already have various types of schools, this variety of district schools does not represent multiple providers. The policy question is not over variety, per se, but whether someone other than the district and outside the control of the district can offer government-funded education. The existence of multiple education providers means no single organization has control over services or funding.

School boards suffer from substantial conflicts of interest. They represent the parents and the public on whose behalf they are supposed to provide the best possible education, but they also own and operate the only teaching business in town. It is an inherently conflicted arrangement.<sup>11</sup> A board can take families for granted and over-identify with the district organization it operates and represents. This myopia is natural, although unhealthy. Boards spend their time managing district affairs, defending district schools, protecting them, and keeping staff happy, because the people who work for the district are in the best position to make the board's job easier or harder.

It should not be assumed that administrators or the union will work to remove the district's exclusive franchise. Their jobs are at stake. School boards and the legislature, however, are elected and should not have a vested, financial interest in protecting the district. They have the authority to create the opportunity for multiple providers and change the protected status of districts.

Unless boards are removed from being both owner/operator of the district and agent for the families, they cannot create a dynamic system. To get out of their owner/operator role, boards must treat schools as if they were autonomous educational service providers. The board must have some means for turning district schools into independent, self-operating entities that provide education but are not managed by the school board.<sup>12</sup>

The board could cease to be the owner and operator of schools. The legislature can foster this by giving district schools a legal option to become site-managed autonomous entities. The board would then oversee its site-managed schools and the district organization would provide education services when requested and paid for by the school.

Schools will need to respond independently to the new environment if they want to succeed and thrive when attendance and funding are no longer

givens. Schools—not the district, not the state, not the federal government—would become the locus of reform, and there would no longer be the need for command and control by central authorities. The roles of the many people in schools would move toward voluntary, mutually beneficial interactions.

As ex-California governor and Oakland mayor Jerry Brown wrote in a letter about school reform, "As we all learned from the sorry experience of state-sanctioned bureaucracies in Eastern Europe and the Soviet Union, decentralization [in education] is crucial to both freedom and excellence."

### **Conclusion**

Data from across the state and nation reveal that school performance is improving slowly, if at all, and continues to be very inequitable among racial and income groups. Despite these sobering facts the school system is incredibly stable and resistant to fundamentally changing its structure, but change is needed if student performance is to improve. To create incentives and opportunity for needed innovations requires two systemic changes: allow funding to follow children to the school their parents choose and remove the exclusive franchise of school districts to allow multiple providers of public education within one geographic region. Together these changes provide the framework for an education system that will offer students and professionals a wide range of opportunity and freedom to pursue their needs.

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## Endnotes

<sup>1</sup> The results are questionable. The Oregon Department of Education has not controlled for the test effect, a natural increase in test scores due to familiarity and other changes. Also, the recent report “A Longitudinal Analysis of the Oregon State Assessment Tests 1991-2001” suggests that reported gains may be illusory. See [http://www.oregoneducation.org/downloads/osat\\_analysis.pdf](http://www.oregoneducation.org/downloads/osat_analysis.pdf).

<sup>2</sup> Paul Peterson, “Ticket to Nowhere,” *Education Next*, Spring 2003, pp. 39-47.

<sup>3</sup> Jay P. Greene, Ph.D., “Public School Graduation Rates in the United States,” Manhattan Institute, Nov. 2002.

<sup>4</sup> Paul Hill, Kacey Guin and Mary Beth Celio. “The Chasm Remains,” *Education Next*, pp52-54, Spring 2003.

<sup>5</sup> John Brandl, “Out of balance” *Education Next*, Spring 2003, p. 90.

<sup>6</sup> Ted Kolderie, “Education that works: the right role for business,” *Harvard Business Review*, Sept. 1987, pp. 57-58.

<sup>7</sup> Ted Kolderie, “The Charter Schools Idea,” Saint Paul, MN: Center for Policy Studies, June 19, 1992.

<sup>8</sup> These three bullet points come from Kolderie’s article, “We will have to withdraw the exclusive,” Center for Policy Studies, July 1998, pp 2-3.

<sup>9</sup> The two-part strategy of giving families education choice and opening the supply of education to provide the opportunity for choices to exist.

<sup>10</sup> John Gardner, “How school choice helps public education,” Charter Friends National Network, 1997.

<sup>11</sup> Ted Kolderie, “Beyond choice to new Public Schools: Withdrawing the exclusive franchise in public education” Progressive Policy Institute Policy Report No. 8, November 1990, pp 2-3.

<sup>12</sup> Paul Hill in *The New Democrat*, November/December 1996, “Charter Schools: How Choice and Competition Are Transforming Public Education” says that in response to charter schools, districts will have to move toward contracting as a new form of public education governance work in which all public schools would operate under charters—highly explicit and legally enforceable contracts—that would define each school’s mission, guarantee of public funding, and grounds for accountability. Kolderie calls this “divestiture” by a school board because it gets the board out of the role of managing schools and establishing a contractual relationship with its schools. It converts schools from “administered” to “autonomous” status. See his “Charter Schools: The States Begin To Withdraw The ‘Exclusive.’” Saint Paul, MN: Center for Policy Studies, September 25, 1993, pp. 5-6.