



Does Public Education Improve When Urban Districts Manage a "Portfolio" of Schools?

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In recent years, many large urban districts in the United States have dramatically changed the way they manage the schools they supervise. For decades, most of the public schools in cities were run by central district offices, and every school in the district used many of the same basic materials and ideas to teach their students. Now many central districts are overseeing schools run by others, using what is often called a "portfolio model" or a "portfolio management model." These terms are meant to indicate that such districts are carefully selecting schools to include or remove from their offerings – so that good schools are kept and weak ones are closed down.

In theory, portfolio management has an appealing logic: If central offices lay out clear expectations and give charter school groups and other organizations that run particular schools a lot of freedom in figuring out how to meet the overall goals, then some especially strong schools can be expected to emerge. The most effective schools can be given the opportunity to expand.

In practice, however, research suggests that portfolio management does not have a clear, predictable influence on school quality. The impact seems to depend on organizational design as well as on the social characteristics and resources of particular communities.

Charter Schools and Portfolio Management Models

Many cities that are moving towards a portfolio management model are relying on one of two kinds of privately run managerial organizations. "Educational management organizations" supervise sets of district-run schools, and "charter management organizations" supervise sets of charter schools. Although there are a number of ways for public schools to operate outside of being run directly from a school district central office, charter schools are the most common alternative – defined as publicly-funded schools to be run privately under a "charter" contract that allows them to operate for a specific number of years and lays out expectations about how students at the school will perform.

A growing number of urban school districts have 10%, 20%, or even more of their students attending charter schools. Based on data from the National Alliance for Public Charter Schools, the number of districts with at least ten percent of students in charter schools grew from 45 in the 2005-06 school year to 135 in 2012-13. Some districts, including New Orleans, Detroit, and Washington DC, have more than 40% of their students in charter schools. Data on student achievement suggests that students in some charter schools are doing very well, while those in others are doing quite poorly. Charter schools alone are not magic bullets, so efforts to improve the district management of charters as well as other types of local schools continue.

What Does Portfolio Management Accomplish for Schools and Communities?

Despite the rapid spread of portfolio management – including in many of the largest districts in the country – very little has been established about how this approach impacts students, educators, or communities. Research so far suggests that the effectiveness of this managerial approach may depend greatly on the exact model used as well as the resources available to schools and surrounding local communities.

The specific way in which portfolio management is organized can make a big difference. The district central office may continue to play a major role, since it has to decide who is selected to manage schools and must determine if individual schools are meeting the needs of students. If particular schools appear to be falling short, the district must decide what to do about it – whether to close or radically reorganize that school. New challenges require district central offices to operate very differently than in the past.

- **Determining which schools are – and are not – “high quality” is not easy.** Trends in student test scores can give some indication, but other factors such as student safety and ties to the community may also be important.
- Appealing as it may seem to just close down poor performing schools, such **shutdowns are very difficult in practice.** School constituencies may have considerable political power to resist – including, increasingly, the private charter management groups and other management organizations that operate many schools under contract.
- **Closing schools can be especially problematic when they serve students who are very poor or historically marginalized because of race and ethnicity.** In such communities, the other schools may also be struggling. Research shows that, in the short term, school closings can hurt their students, who are likely to do better in the long-term only if they are able to transfer to significantly higher-performing schools – which are often not available.

Policy makers should evaluate available resources when considering portfolio management. Some cities and districts have many organizations that are able to run schools, as well as a multitude of well-trained, well-educated people who can work in schools. Some also have access to private foundations interested in providing additional resources to schools. But in many cities such ingredients are missing. Management changes alone cannot make up the difference.

Where Does This Leave Us?

Despite the spreading appeal of portfolio management, policymakers may be well advised to move cautiously. Portfolio management has the potential to boost the ability of school districts to provide quality schools. But it can also prove detrimental if support traditionally provided by central offices is not replaced, if some schools get more support than others, or if the students with the greatest needs end up with less access to decent, nearby schools. Before turning to this fashionable new management idea, each district must pay close attention to organizational possibilities, available resources, and the likely actual impact of portfolio techniques on children and young people enrolled in local schools.

Read more in Katrina E. Bulkley, Jeffrey R. Henig, and Henry M. Levin, editors, *Between Public and Private: Politics, Governance, and the New Portfolio Models for Urban School Reform* (Harvard Education Press, 2010); and Katrina E. Bulkley and Jeffrey R. Henig, “**Local Politics and Portfolio Management Models: National Reform Ideas and Local Control.**” *Peabody Journal of Education* (2015).