

#60 The Rise of the “Portfolio” Model for Schools

Jennifer Berkshire: Welcome to Have You Heard, I'm Jennifer Berkshire.

Jack Schneider: And I'm Jack Schneider.

Berkshire: Today we are going to be talking about the portfolio model of school district management. It sounds technocratic, even a little bit weedy and yet it's arguably one of the hottest button topics in our great education debate today. You may have heard the 'p' word mentioned in the context of recent teachers strikes in LA and Denver, and if you haven't, well, you'll likely be hearing it soon. That's because there's big money lining up to bring the portfolio model to a school district near you. A new organization backed by two billionaires—that would be Reed Hastings of Netflix fame and hedge funder John Arnold—will be pushing aggressively and expensively to expand the portfolio model across the country. But what is it exactly?

Schneider: I'm thinking of a story you told me, Jennifer, where you said that as is so often the case with people and their global domination plans, they left them in the copier for other people to find. I'm specifically thinking about a pitch deck for a portfolio school districts that included a note about the origin of the idea being attributable to free market economist Milton Friedman. I just find that so interesting and it's obviously such a nerdy thing to find the interesting, and it may not be the, you know, the most appealing way to start this episode, but I find it interesting because here's an idea that is being presented as a kind of inclusive compromise that, you know, will have different kinds of schools being run in different kinds of ways. And there's something for everyone here. And yet, here's this figure who is extremely polarizing in terms of his ideas about public education and who is, you know, the father of, uh, the, the voucher, um, as an idea in public education. Uh, and the idea that, you know, one message is being pitched to funders of whom there are increasing number for this idea.

Berkshire: The story that Jack was referencing, there was about a leaked presentation to potential funders by the City Fund, that big money group that's pushing the portfolio model. Reporter Matt Barnum covered that story last year for *Chalkbeat*. Well, in our effort to understand the portfolio model past and future, we're turning to someone who knows a lot about it. Katrina Bulkley is Professor of Educational Leadership at Montclair State University. She's the author of *Between Public and Private: Politics, Governance and the New Portfolio Models for Urban Education Reform*—try saying that fast—with Jeffrey Hennig and Hank Levin. Katrina, welcome. I want you to start just by defining this thing for us and I want you to do it in terms that a non-expert audience can understand.

Katrina Bulkley: Traditionally, school districts have been run in a pretty straightforward way. You have an elected school board that selects a superintendent, oversees the central office, and then that central office runs schools in the district. In a portfolio model, you're shifting away from that to having that central office not directly managing the schools. So the central office is

playing an important role in deciding which schools operate and where they operate, but they aren't necessarily operating the schools. So the school may be autonomous schools within the district. They may be chartered schools but they are not traditional district-run schools.

Berkshire: I want to linger here for just a second on the word portfolio itself and its financial connotation—that schools can be managed like a portfolio of stocks where you “dump the losers,” as one proponent of the model described it. That language is something that critics have really seized on. And I wonder if you think that it was a mistake to pick a term from Wall Street.

Bulkley: So the language of portfolio has been pretty fraught, and some systems, I know in Los Angeles for example, it has gone from being touted at the central office to really being a term that people are not very comfortable with because of that connection to business ideas. You know, I think as in many of these things that depends on who your audience is, whether that was a good pick or not. So the portfolio idea has been very supported by philanthropists. It has been very supported by advocates of quote unquote education reform, many of whom like that idea of the connection to ideas from business. On the other hand, it has raised a lot of concerns for people who are also more broadly skeptical about trying to draw parallels between public education and the business world.

Berkshire: I want you to talk a little about the theory of action behind the model. We're all familiar with the criticism of the school district central office as this sort of lumbering behemoth. But walk us through what you call the problem of permanence and why people who believe in this model think that the solution is to is, I think of it inject some instability into the system.

Bulkley: So part of the foundation of the portfolio idea is that we have always traditionally just that schools would continue to operate. And the critique then is that if schools and people in schools know that they can continue to operate, combined with that, the staff in those schools thanks to tenure, know that they can continue to get their jobs, that they do not have the incentive to try to improve. And this is based, you know, on a certain set of assumptions about what motivates people in schools. And that they, that external motivators will be an important piece of the puzzle.

So the idea is that if you ‘make contingent, not permanent’ was the language that was used—if you make schools contingent, then you are always having as a school to prove yourself, to prove that you are meeting the goals of the system, whatever those goals are. If you have to prove yourself, then you are going to be more motivated.

And that if you are given autonomy, then you are going to have the ability to make the changes that you see needed. So you have to have the motivation, but you also have to have the ability to make the changes. So you need to have autonomy over your budget, autonomy over your mission, autonomy over your staffing, which is a big part of this.

So often, schools in a portfolio model are less likely to have unionized staff. And that if you have all that autonomy and you have the motivation, that combination is... And you have parental choice, you have a situation in which you can specialize your school because parents are actively choosing to be there so you don't have to serve everyone.

That when you put all those pieces together, you're going to get a continuously improving system because the schools that are not able to meet the goals of the system are going to be taken out of the system and new schools will be put into place or schools that are already working well, will expand or will replicate. Obviously there's a whole question of 'can you replicate a school?' But that is going to lead to a system of continuous improvement.

Berkshire: Jack, I want to bring you in here now to talk about the history of this kind of thinking about schools because it's not a new idea. You really start to see it popping up in the 80s as part of a broader wave of deregulation fever. But something tells me from the notes that are scribbled all over that piece of paper that there's more to the story.

Schneider: So, as with much of the sort of strange and the unexplainable of the present, there's a historical explanation that reveals a kind of confluence of context, specific themes and ideas that come together to form something new. So that's a bit abstract. Let me make it a little more concrete. Prior to the rise of the portfolio schools idea, there was the idea of performance contracting and that had been kicking around in the world for a few decades, right? So imagine that that idea is on the shelf, that some folks have thought that it would be well applied to education. And then there are other folks who haven't even thought of applications to education, but who accept the idea of performance contracting. So this would be the idea that, you know, the federal government doesn't need to make its own jets, for instance. That you can contract those out to, you know, Boeing or Lockheed Martin.

Then at the same time, there is a push for deregulation, this kind of eighties phenomenon that certainly predates the 1980s, but it becomes quite popular in the 1980s and eventually is taken up by folks like Ted Kolderie who we talked about in an earlier episode who apply it to education through the idea of charter schools. So the idea here is that there are too many regulations, there's too much red tape and that the way to cut through all of that is to create these new kinds of schools that are free from the existing bureaucracy.

Meanwhile, in the 1990s, there's a rising set of critiques about districts—that districts are poorly managed and poorly run, that they're inefficient and bureaucratic. And you can see that that context, the context of that rising set of critiques is really going to open things up for folks who want to take the idea of performance contracting off the shelf, and for folks who like this new idea of deregulating schools through policy levers like charters.

And then there's a fourth strand here, which is that there's a set of critiques of schools, and they're actually a kind of hopeful set of critiques that posit that effective schools are out there.

So Ron Edmonds was the leading researcher behind the effective schools research movement in the 1980s. And it really arose as a kind of response to the Coleman report, which people interpreted as saying that schools don't matter.

And so again, you can see these ideas coming together that people were making these critiques of districts that at the same time people were saying that schools really do matter, that effective practices can make a difference. And then the final strand here is this really interesting strand because it comes from progressive educators like Ted Sizer, John Goodlad, Debbie Meyer, who make this argument that school mission and ethos and a kind of particular site, specific place, specific approach to education really matters for young people. All of this comes together eventually in an idea that today is referred to as a portfolio school management approach.

Berkshire: Well, we're going to be talking more about the history of the ideas behind the portfolio approach, particularly the embrace of the market philosophy in a bit. But I want to bring us back to the present. Katrina Bulkley, you've been very helpfully guiding us through some of the central tenants of the portfolio model. One the arguments that proponents of the model make is that there's is more accountable to parents than our traditional school district because schools that aren't performing get shut down. But as we know from polling data and from scenes like we've seen in Boston and Chicago, parents hate school closures and that feels like a big tension to me.

Bulkley: Yeah, I think that that's right. And I think that there are a few things that make parents unhappy in a portfolio context. One of them is this kind of uncertainty. Another is the kind of shift away from the neighborhood school. So you have kids who are needing to be on buses for extended periods of time. And there's a, there's a different burden on parents to learn about schools and to make, and to make decisions to make actively make decisions versus going to their neighborhood school.

The argument is that the trade offs for those challenges are both in improving the school system as a whole so that the whole set of schools is getting better, and that you don't have kids who are in, you know, conventional neighborhood schools where they have the benefit of community and location but the schools simply aren't very good. So I think the advocates of this say, you know, there's a benefit for parents because, you know, parents who choose, there is evidence that they are more satisfied. Not when their school closes, but in general, and they have more input into what may be best for their individual children. But on the other hand, there are added burdens that come with the system.

Berkshire: I'm going to play a little clip from New Orleans where this debate is playing out very loudly right now. This is from a recent meeting of the school board there.

[Audio clip]

Berkshire: Katrina, I think what's so interesting about what's happening in New Orleans is that you can really see the system evolving and it's not always in the way that the architects intended. For example, one of the demands that parents are making is that they want the school district to directly run some of these schools and not outsource them to private providers.

Bulkley: There is kind of a desire to go back to neighborhood schools in many communities. And this isn't just in communities that have gone in a portfolio direction, but also in communities that have large charter sectors and a strong emphasis on choice. I always think of Detroit, which is not a portfolio system in that there's no central entity doing any sort of management of all the sets of schools because there are so many different authorizers and then there's the district. But in theory with the portfolio idea, you have, you know, opportunities for community voice around what schools will be placed where, and what preferences and expectations of different, different sub-communities within a large system maybe.

Berkshire: You mentioned the research showing that parents tend to be more satisfied with their schools when they get to choose them. And this brings me to what I think of as the Betsy DeVos problem. So if parents don't like the part of the portfolio model where schools get closed and they're not so crazy about the very stick-driven approach to accountability, but they do like the school choice part, well, that's where it seems like things get slippery. Why not have a portfolio district, for example, that includes private schools? What's the case against that?

Bulkley: I mean, I think that that's a really good question. And I think that, as there is a mix in the charter community around the ideas of private school choice, there is also very much a mix among advocates of the portfolio idea. I think some would certainly support exactly that logic and others would say that the core of the, of the portfolio manager, that central office, setting, you know, clear standards and having the expectations of public schools, that that is really central to having a system of public schools that serve the public.

So for example—and there are many components in most portfolio systems that would be uncomfortable to a lot of private schools—they have to, you know, do the testing. They have to meet standards. They have to, you know, generally not have admissions processes, you know. They accept who is sent to them through centralized systems often.

That being said, it is certainly conceivable that there would be private schools that would say, 'we can do that.' And it's unclear what exactly it would be like where publicness stops, you know, where public stops and private starts. And you already of course have a lot of organizations who are managing charter schools who have, you know, strong visions, a strong focus, that you could conceivably see functioning as private entities. And they are private entities. But if they ran the school more private versus public formally, it's a little unclear what the difference would be.

Berkshire: Jack, I want to hear your thoughts on this. You and I are in the final throes of writing a book together. It's really about this very question: can you unleash the market mechanism without it ultimately eating everything?

Schneider: You've talked about this before as a kind of match of paper, rock, scissors where markets are some fourth thing and if they're included, they just always win. So you throw markets and, I think about it a little differently, but I think we are both seeing the same problem, which is that, you know, when you've got some folks who are ideologically committed to a particular idea that they are really pushing hard for at every stage of policymaking, that that idea is going to carry more weight and that it's going to pull the entire policy apparatus in a particular direction.

And the way I think about it is in terms of where the center is. And so if you have a collection of big tent folks who are trying to craft a kind of broad inclusive policy and they are being paired up with ideologically extreme folks who are trying to pull policy in a very particular direction, the center ends up being created between the two of them rather than where the big tent folks are. And so you see a shifting center there.

The result is that you end up with people like Cory Booker who, however you feel about him, is one of these big tent people who is trying to be a kind of centrist, as being on the same side with people like Betsy DeVos, who really have a demonstrated commitment to a particular ideology. The center then gets created between the two of them, which is to say it isn't in the center at all.

Berkshire: We asked our listeners if they had questions about the portfolio model and they did and I would say that the top question we got was pretty straight forward. Does the model really work? We're hearing from folks who are pushing the portfolio model that the data is in. But Katrina, you argue that the answer is not that clear cut.

Bulkley: As is often the case, but particularly here, talking about if something like the portfolio model work doesn't make a lot of sense because the ways that it's enacted in different systems are dramatically different. And the devil really is in the details when it comes to something like portfolio management and there are both the issues of the design of the system and they're also the issues that people talk about, like the capacity in the system and community.

So just to touch on that for a moment. You know, the portfolio idea is premised on the assumption that if you want to close the school, that there are other able and willing operators who can come in and operate that school, that you have other teachers potentially who aren't in the system that can be brought in. And you have to have some things for that to happen.

You have to have enough resources in the system. So the system has to be funded well enough to make it attractive and viable for other actors to get involved. You have to have the skillset, the

knowledge, the drive, et cetera. And we've seen, you know, in places like New Orleans that have had, you know, a flood of people and money coming from other parts of the country that, you know, while there are certainly critiques about New Orleans, there are some things that we can point to that look promising in what has happened there, the idea that you can replicate that in terms of money and resources, in terms of people, in lots and lots of systems, I think comes really into question.

Berkshire: A number of cities that have embraced a portfolio model have been in the news lately. I'm thinking of Denver and of course LA where teachers have just been on strike. I want you to talk a bit about how unions figure into this whole debate about how best to run schools.

Bulkley: Advocates of portfolio management in many cases are skeptical of the role of the teacher unions have played and the role of tenure, and have placed a lot of emphasis on the idea that part of providing autonomy to schools is removing some of those restrictions. And right now we see, you know, in LA, which has gone into portfolio direction, you had the teacher strike and a piece of that teacher strike was around the expansion of charter schools. And actually a response to it is potentially a moratorium on the growth of charter schools. And that is tied to that charter schools for the most part do not have, or a piece of that is that they did not have unionized faculty. So the teachers do not have often the same level of pay, certainly the same level of protections and concerned about the professionalization, about the extent to which teaching is treated as a profession.

There've been questions raised about that. And in Denver right now we have around a different set of issues, we also have teacher striking. Only a quarter of the schools in Denver are charter schools, but another quarter of them are what are called innovation schools, which have greater autonomy. And many of those schools have opted out of core components of the teachers' contract. So when you have places where they have expanded autonomous and charter schools, they have also done generally decreased the number of union members and schools that have high union engagement.

And so there's definitely a tension there, and that is a really important piece of the practical side. What does it mean if you don't have union protections and salaries, etc. On the one hand you may be able to, you have more flexibility over your staffing and kind of more control. That obviously lends itself to some of the capriciousness that tenure protections were designed to protect against. But if you do have a teacher who's not working well in your school, you have a lot more ability to get rid of that teacher. But at the same time, you often have schools that have much higher teacher turnover and salaries that are not commensurate with keeping people in the profession for an extended period of time. So there's a real tension that that is playing out that the national tension around the role of unions that is playing out very specifically in in this area of portfolio.

Berkshire: That was Katrina Bulkley. She's a Professor of Educational Leadership at Montclair State University and the author of *Between Public and Private: Politics, Governance and the New Portfolio Models for Urban Education Reform*. She wrote that with Jeffrey Hennig and Hank Levon and she's working on a new book on portfolio management in LA, Denver and New Orleans. That will be out next year and Jack and I will be right back to wrap things.

[Music]

Berkshire: So Jack, we talked about the history of some of the ideas behind the portfolio model and I want to bring up something related here. There's an argument being made that it's not just about the structure of school management but about who should be able to run schools. And I want to read a passage from a recent book by David Osborne called *Reinventing America's Schools*. Here's what he has to say about New Orleans.

“Before Katrina, two thirds of the city's residents were black. After the civil rights movement gave African Americans their constitutional rights to vote. They want more and more elective offices. For several decades they ran city government and the public schools and public sector jobs became a significant path to the middle class in the land of Huey Long. And Edwin Edwards corruption was the norm. So it was no surprise that African Americans continued the tradition in the school. Sadly their children paid the price.”

And then in a later section about Washington DC, Osborne describes how the problem with the school board was that people considered it a stepping stone to higher office and a vehicle for what he describes as “steering contracts to supporters and jobs to friends and relatives.” I read something like that and I think that our conversation about portfolio management needs to be much broader and it needs to include things like race and political power.

Schneider: I really appreciated your dramatic reading there, Jennifer. And I just want to, you know, draw back to a previous comment I made about, you know, what's the phrase? That any tool is a weapon depending on how you hold it. Yes, patronage is a problem, that it is a problem that results sometimes from a democratic systems that have gone haywire from, you know, unmanageable bureaucracies that people take advantage of.

But you know, I'm also thinking about, well, what else do school boards do? That is sort of the flip side of patronage. It's to respond to the concerns of stakeholders, right? So whereas patronage is sort of the irresponsible way of using that power to respond to what people want, the responsible way to, you know, answer the needs, demands, concerns, wants, hopes, fears of your constituents is to actually represent them and to do what they want you to do. And so, you know, I go back to this, this comment, about, you know, at least school districts, school boards, teachers' unions, et cetera, have the potential to be democratic institutions. At least they have the potential to foster a kind of inclusive and participatory democracy. And I think a lot of us aren't willing to give up on that.

Berkshire: We got some great questions from listeners for this episode. One of them came from AJ Srikanth who wanted to know whether you could use a portfolio approach to organize schools around some goal besides raising test scores, like desegregation for example. I put that question to Katrina Bulkley, by the way, and her answer was that, you know, in theory you could, and that places like New Orleans and Denver now pay attention to other metrics besides test scores. But as she put it, test scores are really central because they are the quote low hanging fruit.

Schneider: We talked a little bit on this episode about whether or not portfolio school districts quote unquote work. And I want to take that in a slightly different direction. So let's think about the theory of change here and whether or not the theory of change works. Let's speculate about the future. Let's look 20 years into the future. One future that I can imagine is a future in which a small set of the usual suspects, the equivalent of Boeing, Airbus, Lockheed, etc, end up always getting the contracts to run the schools. In which the big names, the big players with the resources, with the, you know, the existing capacity for marketing or with a curriculum that produces high test scores, but you know, maybe nothing else, in which these usual suspects get every school contract. And we end up with a system where there isn't a lot of change, where there is a kind of status quo where it ends up being remarkably similar to what we have now.

Except it isn't democratically run. Except, you know, there aren't elected school boards. Except, you know, local parents don't have a whole lot of control or voice with regard to how schools are run. I find that to be a kind of disturbing vision of the future. I think some supporters of portfolio models would say, well that that is an ineffective outcome, right? That that's, that's not the system working. But then I think about, well, what's the alternative to that? So what's the opposite of that?

And the opposite of that is schools opening and closing all the time. And I'm not sure I'm comfortable with that either. I'm thinking of a comment Bob Slavin of Johns Hopkins made recently where he said that closing schools is quote, very damaging to kids. And so, you know, I've got a lot of questions at the end of this episode about it. What if it does work, right? What if the portfolio approach does work and an equal number of questions about what if it doesn't? And I'm not sure that either outcome is particularly positive.

Berkshire: Well, I too am filled with questions after this episode. I think we're going to need to revisit this topic and I would even be willing to volunteer to head down to New Orleans to investigate the subject further. Of course that would require a travel budget. Speaking of which, Jack, why don't you tell listeners how they can support the show.

Schneider: So as we wrap up our show here, Jennifer and I usually sort of go back and forth, debating the best way to support the show. For me, it's always, you know, just tell your friends, let everybody know. We've got our 2019. Have You Heard Challenge—you tell six friends or strangers, it doesn't matter to us, about the show and you somehow prove it to us. We'll enter

you into a drawing. And I finally have recruited, uh, an eight year old friend of mine, soon to be nine year old who will echo this message.

Special guest: The best way to help the show is to become a supporter on Patreon. You can go to [Patreon.com](https://www.patreon.com) and search for Have You Heard.

Schneider: Wait, did Jennifer tell you to say that? Because you were supposed to say like, you don't need to give money.

Berkshire: Thank you. Annabel you did an excellent job just like we talked about. And of course if you do become a subscriber on Patreon, you get all kinds of cool extras like reading lists and extended play version of the show that we like to call in the weeds and check what topic are we going to be venturing into the weeds on today?

Schneider: So in the weeds, I think we should talk about the first experiments with performance contracting in education. So well before the portfolio school district idea was even articulated, there were these experiments in places like Texarkana and they happened to have been led by the Rand Corporation which had been a pioneer in performance contracting in other areas, namely national defense. And I think that listeners will and will not be surprised by some of the results of those early experiments.

Berkshire: Well I for one can't wait to learn more. And just to note, Jack and I will be at the AERA Conference in Toronto in a few weeks. We'll be doing a presidential session on Monday morning, April 9th, and revealing the winner of the Have You Heard Graduate Student Research contest. So please come say hello. Until next time. I'm Jennifer Berkshire and thanks for listening.