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Bulkley, Katrina E.; Henig, Jeffrey R. & Levin, Henry M. (Eds.) (2010) *Between Public and Private: Politics, Governance and the New Portfolio Models of Urban School Reform.* Cambridge, MA: Harvard Education Press.

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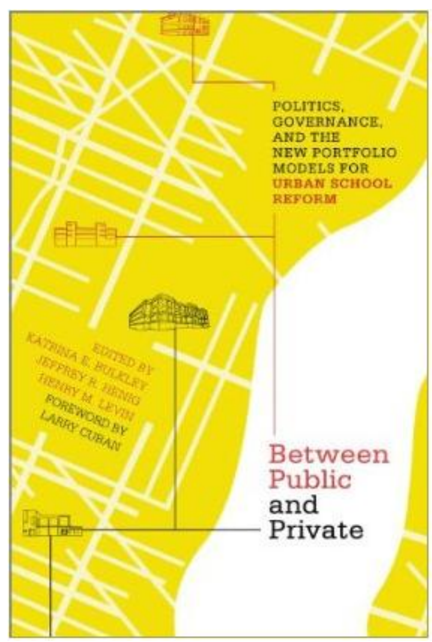

This timely, lucid and fact-filled volume explains the politics of a new form of school district governance that the editors have labeled *Portfolio Management Models*, or PMM. Katrina Bulkley, Jeffrey Henig and Henry Levin—a stellar combination of experienced scholars—have selected a top-notch group of (mostly) young researchers who dissect the antecedents, development and political implications of the emerging school-governing regime. The volume's basic outline is familiar. Two definitional chapters precede four case studies, followed by four more chapters

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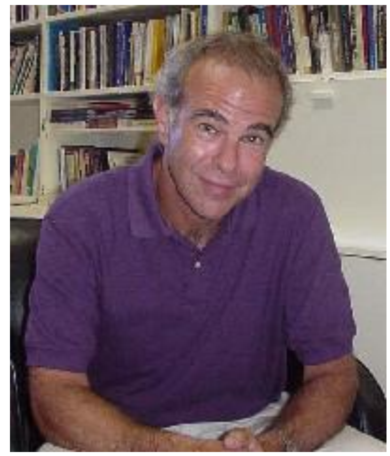
describing important political forces that enable and/or are empowered by PMM. A final pair of chapters strives for implications.

Katrina Bulkley is Associate Professor of Educational Leadership at Montclair State University. She examines issues around the increasing use of new governance structures and non-public actors to improve urban education.

From the outset, the editors are at pains to clarify that each metropolis among their case studies has not merely implemented a theoretical model. Rather, multiple portfolio management models are being simultaneously invented in big cities across the nation. New York City, Chicago, Philadelphia and New Orleans are the ones they highlight. By identifying the commonalities and peculiarities among these distinctive cases they differentiate the defining characteristics from the local variation that may not find fertile ground elsewhere. And by inductive analysis of the political conditions and forces shaping PMM in their cases, they help us comprehend the abstracted characteristics of the new governance alternative. Crucially, as I explain later, they attend to its distinctive political feedback.

The first two chapters set the theoretical stage. Bulkley defines the model by revealing links to decade-old policy proposals by Paul Hill and colleagues (Hill et al., 2009; Hill, Pierce, & Guthrie, 1997). Henig compares it to other school-governing regimes by drawing on the work of Clarence Stone and colleagues who pioneered the political concepts of regime theory in urban school governance (Stone, 2005; Stone, Henig, Jones, & Pierannunzi, 2001).

Bulkley characterizes PMM as a governance reflection of the following trends: markets of educational service providers and alternative school operators, common standards with a measurement system based on performance, and the threat of closing schools as the essence of consequential accountability. While Hill and colleagues, writing as policy entrepreneurs, assert that a portfolio district "is built for continuous improvement via expansion and imitation of the highest-performing schools, closure and replacement of the lowest-performing" (Hill et al., 2009 p.1), Bulkley clarifies that, in practice, portfolio districts "have found it important to provide differential *support* to schools within the portfolio" (p. 9, italics added). While family choice is played up in some theoretical formulations of PMM, Bulkley foreshadows what the case chapters show: The primary chooser of public school options is the district. In this governance model, family choice is but one indicator of a school's viability. She concludes that three conditions enable PMM: the growing mistrust of traditional institutions of public education, a shift to mayoral control accompanied by significant philanthropic funding, and federal support for non-traditional educational providers evident in *No Child Left Behind* and President Obama's incentive-based funding priorities.



Jeffrey R. Henig is Professor of Political Science and Education, Teachers College Columbia University. His PhD in Political Science is from Northwestern University. Henig's scholarly interests include the boundary between private action and public action in addressing social problems. Privatization, race and urban politics, the politics of urban education reform, and school choice.

In chapter two, Henig points out that the metaphor of the portfolio reflects the language of finance. A stock portfolio manager churns stocks to maximize the return on stockholder's investment. A portfolio district continuously closes lower performing schools and opens new ones to maximize the educational return on the taxpayer's investment. To this reader, the metaphor alone suggests potential problems with quality control. Can powerful constituents persuade PMM managers to promote and sustain a school operator independent of its performance, just as majority shareholders have the potential to persuade stock portfolio managers to purchase or hold a company's stock irrespective of performance? Will the formulas used to rate schools one against another—like those used to rate stocks—be systematically flawed, perhaps even favoring one type of school operator or contractor over another, or by distorting the educational priorities of them all? Might portfolio managers offer high return schooling options in relatively wealthy neighborhoods, while employing the logic of product differentiation to justify a lower-return portfolio for less wealthy neighborhoods? Each of these potential problems is demonstrated in at least one of the case studies.

Henig also explains that PMM is, in the parlance of regime theory, a contracting regime. Notwithstanding the considerable overlap between promoters of other types of privatization and PMM supporters, Henig clarifies a conceptual difference picked up by many of the volume's authors: unlike market regimes in which consumer choices guide decisions about supply, under contract regimes governments are "the key contractor and arbiter" (p. 31). Consequently, in contracting regimes patron dissatisfaction is expressed through voice rather than exit. And, the routine political processes of government budgeting, oversight, regulation and contractual termination are the means of change.

Since contracting regimes like PMM rely on uncommon management capabilities—inducing providers into a new field, developing and managing contracts, and raising funds for new schools that will be closed if they lag behind—failure may be over-determined. Failure can come from the market (e.g., inefficiencies in handling public goods, informational asymmetries) as well as from government (e.g., bureaucratic inefficiencies, partisan politics).

Finally, Henig foreshadows the four analytical chapters at the end of the book by drawing attention to the political feedback from PMM, and the necessary tradeoffs among school goals that are required. He notes "*claims of success are more often based on cost savings than on sophisticated measures of service quality or consideration of broader collective goals such as social cohesion and equity*" (p.37, italics in original). Easily specified and monitored services can be expected to achieve cost-savings through contracts. But educational services are notoriously hard to specify and monitor. Moreover, quality improvements will necessarily depend on politically agreed-upon measures of quality—like testing—that narrow the range of expectations to achieve targets. This can come at the expense of other desired goals.

PMM also requires different community resources than traditional school districts, and consequently relies on different participants. The core participants in any governing regime are the recipients of positive political feedback. Their ability to deliver needed resources raises their social status, which in turn gives them the clout to press their organizational interests in political debates. In contrast, the core participants of deposed regimes may expect to experience negative political feedback, including loss of status and new rules and regulations that ignore or hurt their organizational interests. The shift from traditional educational governing regimes that rely on unions, parent organizations, school boards and the district bureaucracy, to PMM may mean that mayors, national foundations, service operators, business investors, and entrepreneurial elements of the education industry see their interests and policy perspectives elevated above others, while the former are portrayed as retrograde and undeserving.

The four case study chapters are written by authors with different types of knowledge about their assigned cities. David Menefee-Libey is better known for his work on the Los Angeles Unified School District than on his collegiate home, Chicago. Jonathan Gyurko adds a decade of work with New York City's charter schools and the UFT to Jeffrey Henig's broader understanding of urban education politics and relatively recent investigation of the same city. Between them Joseph Daschbach, Henry Levin and Andre Perry bring classroom teaching experience, decades of national and international research on the economics of educational governance, and administrative experience with charter schools in New Orleans to that city's case study. Katrina Bulkley, Jolley Bruce Christman and Eva Gold have been writing separately and as a team about Philadelphia schools for more than a decade and have the deepest wealth of site-specific data to draw upon. Consequently, some of the chapters rely heavily on newspaper accounts of events, while others can draw on research studies. Even so the format of each chapter helps to overcome the unevenness.

In preparing the case study chapters, the editors asked each author to address some of the same questions. Hence, we learn how accountability mechanisms vary widely across the four cities, but also what unites them as implementers of PMM. For example, New York City's use of a standardized report card to grade each school contrasts sharply with New Orleans's several district management and accountability structures within the same metropolitan area. Philadelphia's portfolio management model created different types of schools under one central administration, each with its own funding formulas and distinctive amounts of autonomy, while Chicago cosseted all its new schools in ways that traditional schools were not. In these and many other ways, these four chapters are necessarily unique. All four chapters will be of interest to anyone seeking to ground their knowledge of PMM in specifics; especially since the school reform stories of each will be familiar to the followers of the daily media.

After reading them all, we discover that the use nonprofit or for-profit providers of educational services is indeed a common element of all PMM governance, and that each district developed specific market-creation strategies to attract and sustain the new providers. More or less family choice among new schools is another common dominator across the cities. In each case, PMM relied heavily on centralized district (or state) decision-making in key areas, and local government authorities were the customer for outside providers of educational services that reach deep into the instructional core. Local government authorities were also a key investor in different types of school providers, and they operationalized the standards of performance for vendors based on state (and sometimes local) definitions of favored outcomes.

The four analytical chapters are worthy of special attention. The first two concentrate on the management tasks associated with PMM. Meredith Honig and Michael DeArmond, ask how local PMM decision-makers developed the capacity to do the added work required of a contracting regime. Editors Bulkley and Henig framed this capacity problem by drawing an analogy to the theoretical tasks facing any government that chooses to outsource services. "Government must be a smart buyer, a skillful purchasing agent, and a sophisticated inspector of the goods and services it purchases from the private sector" (Van Slyk, 2003 quoted on p. 326). Honig and DeArmond take this perspective one step further. They make it clear that no current PMM district has the existing supply of schools and instructional services needed to meet the goals of the model. This means PMM management involves promotion, support and political buffering of new providers at least as much as their regulation and oversight.

At a minimum, they suggest, PMM districts establish a special office to support the development of new nonprofit and for-profit schools. More crucial are the quality of the informal resources, what they call the "human dimension of reform in the central office" (p.202). Their organizational research on district offices (conducted largely in Chicago and Oakland, California) calls attention to boundary spanners; individuals who work on behalf of the new market actors within the district and community, but may also help to evaluate those same actors. Typically outsiders, boundary-spanners bridge differences and develop alliances. Such political capabilities are critical to the success of PMM and will require, they argue, big changes in how most big city district hierarchies operate.

The educational economist Henry Levin tackles PMM management by plunging into its economic assumptions; that is, its private and public purposes. As such, his chapter serves as a primer on the economics of educational privatization even as it draws attention to the theoretical tradeoffs and attractions of the PMM variant. Levin concentrates on the obligations that a responsible PMM governance design must meet. Unlike other forms of more laissez-faire privatization, PMM assumes that "society cannot depend on an unregulated market to settle on the best balance" of tradeoffs among the core goals of choice, productive efficiency, equity, and social cohesion (p. 228). Consequently, management obligations will entail a number of decisions about where best—the Central Governing Unit (CGU) or the school—to situate the new management roles and responsibilities outlined in the previous chapter.

Henry M. Levin is the William H. Kilpatrick Professor of Economics & Education at Teachers College, Columbia University. His PhD in Economics is from Rutgers University. His areas of research specialization include economics of education, economics of human resources, urban economics, public finance, and education policy.

Levin introduces the economic criteria of economies of scale, transactions costs, and externalities as logical guides to policy-makers facing such decisions. To show his process in action, his last section tackles the unique responsibilities of PMM within the realms of financing, regulation and support services. For example, he argues that the responsibility for making choice rules and procedures (e.g., admissions policies and waiting lists) "must be charged to the CGU" (p.236). Similarly, he judges a core curricular role; funding and financial accounting; provision of information; student accounting; personnel requirements and screening; selection and portability of benefits; adjudication of disputes; transportation; accounting for educational outcomes; treatment of special populations; and technical assistance all to be CGU responsibilities. At most, they might be collaboratively shared with schools, although in PMM ultimate accountability remains with the CGU.

The next two chapters both address the political feedback of PMM. Patricia Burch and Sarah Reckhow each flesh out one aspect of 21st century educational policy making processes that first drew widespread attention in Diane Ravitch's controversial book, *Death and Life of the Great American School System* (2010). In her last chapter, Ravitch noted two late 20th Century changes in policy influence that had become trends by the first decade of the 21st Century. One was the influence of the federal government on local educational policy. The other was the influence of foundations and think tanks on national education policy. Patricia Burch researches the federal influence on PMM through the Bush administration's *No Child Left Behind Act* (NCLB) and the Obama administration's *American Recovery and Reinvestment Act* (ARRA). Sarah Reckhow focuses on the role of foundations over much of the same period

Burch begins her chapter by noting that governments have long been consumers of privatized educational services. But they now extend well beyond such ancillary services as school lunches, maintenance and transportation. Privatized services now include remedial instruction, the design of developmental classroom assessment systems, hiring and managing teachers, and the operation of whole schools, all facets of the core instructional function of schooling. In this new privatization "the government is directly involved in creating new markets for school improvement and managing the flow of public funds to private contractors to support these markets" (p252). While local forces influence this new privatization, federal causes stand out.

Framing her work as organizational field analysis, Burch identifies two distinctive ways that federal legislation has shaped this new marketplace. "First, NCLB created new markets for the school improvement industry…[and NCLB] proponents also found numerous strategies to legitimize these new [market] practices by linking them with the quest to improve civil rights and improve poor and minority children's access to quality education" (pp. 257, 265). Burch draws on several years of organizational research to flesh out the patterns among them. For example, services are typically outsourced after new governing arrangements such as PMM are determined. Consequently, the vendors and their contracts are "*less* politically visible" (p.264) than were the civil servants delivering the same services. At the same time, these firms form their "own powerful lobbying force," working behind-the-scenes with state and federal legislators to seek greater flexibility, and more enabling legislation (pp. 264, 265).

This form of political feedback—in which new service providers become a political force to extend their privileges—is echoed in Sarah Reckhow's chapter about the influence of foundations on PMM forms of privatization. As Reckhow puts it: "Based on the foundations' selections [of grantees], 'real' reformers are not union leaders, or schools of education or school board members; 'real' reformers are nonprofit organizations" (p.301). These new actors benefit politically from their new status, as advisors to legislators, as recipients of government funding and as the talent pool from which new educational managers at all levels of government are drawn.

Also employing organizational field analysis, Reckhow draws on several years of research to "show how major foundations have helped to develop and legitimize the field of diverse provider organizations" (p.278). Because foundations influence others through the nonprofits they fund, her data proved ideal for network analysis. Reckhow mapped the major education foundations and their recipient organizations in two time periods, 2000 and 2005. Although the education grants from major foundations to the fifteen largest cities nearly doubled over this period, she discovered that the foundations changed their grant-making priorities in concert. They targeted more dollars to fewer cities and changed their grant recipients from government agencies to nonprofits and charter schools. In some cities, like New York, foundations funded a proliferation of diverse providers. In others, like Boston, one or two major nonprofits were targeted for nearly all the increase.

Moreover, "multiple foundations, such as Gates, Broad and Walton, claim to share a common grant-making strategy" (p.290). Multivariate analysis combined with interviews of foundation executives revealed that this strategic convergence included preference for more centralized governance. "Mayoral or state control of a district is a strong predictor of per-pupil foundation funding" (p. 285). Foundation executives asserted that a single decision-maker gave them more leverage than would a school board. Beyond governance preferences, this philanthropic strategy also involved reframing grants to the educational nonprofit field as *investments* expected to show measurable results, demonstrate increased constituency support, develop the capacity to expand the services provided, and link together a network of providers.

These activities, in combination with the activities of the federal government discussed in the previous chapter serve one common purpose: legitimating the field of nontraditional market-based providers that is essential for PMM to work. At the same time, Reckhow observes, these activities are consolidating the field and may prematurely diminish the very innovativeness and diversity that is presumed to be a primary benefit of providing new school options.

The two concluding chapters attempt to provide guidance to would-be adopters of PMM and suggest cautions based on the grounded theory of PMM as presented in this volume. In the first, Josh Edelman, a district manager of nontraditional schools in Chicago and Washington D.C., writes, "I will add instructive lessons to provoke thought…about how the model can contribute to systematically improving public education." (p.308) He stumbles, however, because his firm belief that PMM "is a model" gets in the way of figuring out what to do when district control of the school supply under PMM hinders parental choice or when private school operators do not live up to expectations. Although sensitive to parental concerns about school closings, he firmly asserts that district leaders, rather than parents, should control school closings and openings and all contracts. Equally sensitive to fears that PMM might create dual, unequal standards for schools, he also asserts that districts must simultaneously provide private-sector operators with special support and buffers so that they can reach their potential. He seems not to recognize how close this comes to suggesting that transparency and parental engagement are merely public relations strategies, and that private sector school operators should not be held to the same standards as traditional schools, at least until they have already demonstrated their ability to meet those standards.

Bulkley and Henig provide a theoretical counterweight in the final chapter. They suggest that the success of PMM depends on the civic capacity evident in some big cities—large numbers of talented people and resourceful institutions that can focus on improving education. This capacity isn't easily sustainable, nor replicable in smaller communities that lack funding, rely on transient talent, are held hostage by proprietary information, or when providers become interest groups. In part the sustainability problem arises because a nascent PMM regime can create a new politics that empowers "foundations, new providers, national for-profits and nonprofit groups, mayors, and governors," while diminishing the influence of unions, parents, local school boards and district officials. This can be managed well as a successful regime change. Or, it can descend into the chaos of "backlash, conflict and a weakened apparatus of democratic control" (p. 328). New political actors, and therefore new policies, will result from these new processes and institutions. Or, public education will be locked in a prolonged struggle between parents and local institutions on the one hand, centralized government (city, state and federal) and national forces (foundations, nonprofit and for-profit educational service providers) on the other. Other cautions—proponents might oversell what PMM can deliver, prematurely generalize the model for widespread adoption, or portray it as self-actualizing—pale by comparison.

In this final chapter Bulkley and Henig seem to say that the political feedback of PMM will prevent going back to the old governing ways. This may only appear to contradict Henig's lesson from the literature that contracting out "is *not unidirectional*." Citing historical precedent in other situations, he shows that government leaders who choose to contract for services under one set of circumstances have been historically quite willing to ask civil servants to deliver the same services when circumstances change. This could mean that the expense of market-creation associated with PMM, although considered crucial in times of high political interest and fiscal support, is nonetheless deemed wasteful when the interest wanes and funding dwindles. PMM, when reinforced by political feedback, becomes something more than a choice among policy instruments to fit specific circumstances, it becomes regime change.

The idea that policy choices like PMM have political consequences that can create self-reinforcing feedback has lately become central to political policy analysis in education (McDonnell, 2009). When policy actors (from parents and unions to businesses and foundations) and the arenas for policy-making shift (from school boards to mayors, governors and presidents), the means of policy-making are also likely to be altered. This is likely to affect the shape of democratic control. If the authors of this volume are correct, PMM may represent a shift away from educational policy making that is both locally contentious and incremental in its orientation to change. The policy processes replacing contentious incrementalism would engage better organized and well-resourced policy actors in venues far removed from auditoriums that house school board meetings. The city hall, state capital and Washington D.C.—venues largely inaccessible to the parent groups and local unions of traditional urban education politics—would become the dominant policy making venues for new PMM governing regimes. The policy influence of these new actors would also manifest differently. The new policy processes may favor policy champions who take opportunistic advantage of political windows of opportunity, creating change that is decidedly non-incremental. Should PMM become institutionalized in even a few big cities, this volume takes a big step towards understanding the altered politics that the new regime engenders.

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Dorothy Shipps recently retired as Associate Professor of Public Affairs and Education at the School of Public Affairs, Baruch College, CUNY, where she taught education policy analysis, school-community relationships and leadership. She has served as a co-director of the Consortium on Chicago School Research, consultant to policy makers and civic leaders on school reform, and directed education extension for several universities in California. She is the author of *School Reform, Corporate Style: Chicago 1880-2000* (see http://edrev.info/reviews/rev562.htm for a review), and numerous chapters and articles on school reform, on mayoral control in Chicago, and the civic capacity needed to institutionalize reform. She has been honored as a Carnegie Scholar (2000-01), and a Warren Weaver Fellow at the Rockefeller Foundation (1994-5). Her PhD is from Stanford University and her MA in Asian Studies is from the University of California at Berkeley.

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