

# Chicago Fed Letter

## Reform of Midwest urban schools—Conference summary

On November 18–19, 1999, the Federal Reserve Bank of Chicago held the final in a series of three conferences dedicated to education reform. Cosponsored with the Civic Committee of the Commercial Club of Chicago and the Consortium on Chicago School Research, the conference focused on reform in large urban school districts. In his opening remarks, William C. (Curt) Hunter, Federal Reserve Bank of Chicago, said that the quality of urban school systems matters greatly because so many of the nation's future citizens and workers attend these schools. Efforts to improve public school quality are key in reviving city economies by attracting families back to the center.

Chicago, Baltimore, Washington, Hartford, Cleveland, Boston, and Detroit have experimented with mayoral assumption of school responsibilities in recent years, with mixed results. Paul Hill, University of Washington, argued that improvements cannot be realized by simply exchanging one group of decisionmakers for another. He suggested three strategies for reform: strong performance incentives for staff and institutions, substantial investment in both school and teacher capacity, and giving schools freedom to experiment with new models for teaching and organization. With regard to governance, it is essential to reward good schools, while closing poorly performing ones. Hill envisions a CEO-style superintendent managing a portfolio of strong, distinctive schools. In such a system, a superintendent and school board would enter into performance contracts with independent organizations—groups of teachers and parents, teacher cooperatives and unions, nonprofit human service

organizations, colleges and universities, civic groups, and for-profit contractors. Such an approach develops the educational resources of an entire urban community, including new and existing independently operated schools, and makes them available to all the city's children. Lessons from the many political and managerial failures to date do not lead Hill to believe that fundamental reform will be quick or easy. He concluded that civic and business leaders must drive education reform by creating new public-private institutions to raise the quality of school systems.

### Chicago reforms

Anthony Bryk, Consortium on Chicago School Research, discussed the beginnings of Chicago's school reforms in 1988 with its move to decentralize decisionmaking to the local school level. Principals were granted autonomy to better manage their schools through more control of personnel decisions. Councils of parents and teachers gained partial control of the school budget and improvement plans along with the power to hire and fire school principals. Such decentralization was intended to spur incentives and initiative while also providing greater accountability to the primary customers of school services. One-third of the schools have benefited from effective leadership and strong community involvement. Another one-third have made some progress. The remaining one-third have not benefited. Reform efforts in Chicago expanded in 1995 with mayoral assumption of responsibility for the school system. A CEO was appointed along with a five-member school board. Then, noticeable changes began to take root. Mandated exams and performance standards imposed higher accountability on principals, students, and schools and led to the

expansion of instructional time and greater resources for pre-kindergarten and summer school. Some schools were put on probation with close evaluation and assistance. Some were reconstituted. Formalized instructional techniques and curricula were encouraged. At the same time, the Chicago public schools (CPS) system has expanded the availability of magnet schools with a specialized curriculum.

Fiscal stability continues to be an important ingredient to success. Fiscal balance has generally been achieved due to better financial management and to the healthy economy of the 1990s. As part of the 1990s reforms, stable labor agreements have been struck. Jim Franczek, Franczek Sullivan P.C., noted that the reforms in 1995 saw the simplification of labor agreements, which served to streamline the bargaining process. Before that, the city had to negotiate with 29 unions; at present there are only three. In addition, successful negotiations have resulted in collective bargaining agreements in effect for essentially eight years.

Among the boldest of recent reforms, in 1996 the CPS began a new initiative aimed at ending social promotion. To be promoted to the next grade, students must achieve a minimum score in reading and mathematics on the Iowa Test of Basic Skills (ITBS). Students who do not meet the criteria are required to participate in a special summer school program, Summer Bridge, and then be retested at the end of the summer. Students who do not achieve the minimum score after the program are either retained in their grade or sent to alternative schools called Transition Centers if they are age 15. The policy aims to focus teacher attention on students who are not mastering the material. Students who are at risk are given extended instructional time during the

school year through Lighthouse, an extended after-school program that provides schools with funds to extend the school day and a centrally developed curriculum focused on reading and mathematics. Critics of the policy voice concern that grade retention has not been shown to lead to higher achievement and many educators frown upon using a one-time test score to make promotional decisions. The Chicago policy, however, does allow some discretion on the criteria by which a student is promoted or retained.

Melissa Roderick, Chicago Consortium on School Research, shared the results of her evaluation of social promotion policy. The study compares the progress of students who faced the promotional test cutoffs in 1997 and 1998 with that of a group of students two years earlier, before the policy was in place. The main findings are: 1) impressive increases in the proportion of students who meet the test-score cutoff for promotions; 2) mixed results on whether getting students up to a test-score cutoff one year allows them to do better the next year; 3) retained students continue to struggle; 4) much more positive results overall for sixth and eighth graders than for third graders; and 5) administrative issues shape students' experiences under the policy.

Has student performance improved across the system? John Easton, Chicago Consortium on School Research, gathered ITBS test score gains for students ordinarily in third through eighth grade for each year from 1994 through 1999. Since the "form" (or version) of the test changes from year to year, it is not always possible to make meaningful comparisons. However, the gains in years 1994 and 1996 could be meaningfully compared, as could the gains in 1997 and 1999. The statistics indicate that, for both math and reading, achievement gains by Chicago students increased from 1994 to 1996. However, while gains from 1997 to 1999 suggest that Chicago students were, on average, gaining more than one year in achievement in both 1997 and 1999, the gains have tended to flatten rather than accelerate since 1997. These findings appear to confirm the view that Chicago students in younger grades have experienced

improved learning gains. However, increasing gains may require ever more diligent efforts and reforms.

Meanwhile, high school students have not fared so well. G. Alfred Hess, Northwestern University, noted that only around 60% of students graduate from high schools in Chicago; and from 1990 to 1996, there were increased dropouts and fewer students capable of reading at the national level. Of course, the successes at the lower grades will increasingly feed into high school outcomes. Moreover, the 1995 reform legislation in Chicago public schools allowed some long-awaited improvements. A \$3 billion plus rehabilitation and new construction program greatly improved school facilities. In 1996, CPS CEO Paul Vallas convened a task force to create a new high school design. The task force recommended that: schools enhance their "personalism" (getting to know students and their needs better) and upgrade learning standards. To enhance personalism, schools are to conduct advisories (groups of 15 students and a teacher focused on students' social character development) and to reconfigure their programs for freshman and sophomores into "junior academies," where students would be better known. Heightened academic focus will result from higher graduation standards, which includes putting every student in a core curriculum of courses that carry graduation credit (eliminating most remedial courses), and from accountability and support measures, such as putting schools on probation and reconstituting schools. High schools where only 15% of students read at the national level were placed on probation and some were ultimately reconstituted. Also, learning standards were set in place at each school and course outlines and sample lesson plans were developed. As for closer accountability, standardized exams are currently being developed that will help establish performance standards for students and schools.

Helped along by a better performing generation of entering students, high school reform measures may have borne fruit in recent years. Graduation rates have risen and so have the rates of students achieving national performance levels in reading and

math. Hess noted that one-third of high schools on the probation list in 1996 have made performance gains. Increased accountability has resulted in more effective principals, higher teacher morale, and a higher academic level of entering students. Hess did have concerns over the seemingly unimaginative pedagogic approaches of many high school teachers (e.g., classroom presentation involving little other than restatement of facts and rote practice of processes). He proposed that CPS should recruit more academically prepared teachers and install additional magnet programs.

Martin Koldyke, Frontenac Co., raised a warning flag about backsliding on some of the strong sanction-oriented reforms that have been initiated in Chicago. He argued that schools require a strong centralized management style, which allows intervention within nonperforming institutions. Koldyke cautioned that failure to adopt an effective centralized system of management will result in worsening schools and adoption of other reforms such as vouchers and charter schools.

### **Partnering approaches**

Mark Smylie, Karin Sconzert, and Penny Sebring, Consortium on Chicago School Research, discussed partnerships funded by Annenberg Challenge grants beginning in 1995. The Annenberg Foundation provided \$49.2 million, which was matched by \$100 million in local funds. The challenge supports 45 implementation networks covering 42% of the students in the CPS. The external partners consist of businesses, neighborhood organizations, foundations, colleges and universities, arts and cultural institutions, activist and reform groups, regional education organizations, and teacher organizations. Information was gathered from an external partner and two or three schools in each of ten networks. External partners are most effective in improving schools when they bring strong expertise, adequate fiscal resources, deep understanding, and the ability to promote collaboration among schools in a network. More successful external partners also focus on comprehensive school development, including learning

climate, instruction, professional community, school leadership, and parent and community involvement.

Janet Froetscher shared her experience from the Financial Research and Advisory Committee (FRAC), a non-profit organization whose mission is to create plans and implementation actions for financial and management improvements in Chicago area government agencies. FRAC is fully funded by the Civic Committee of the Commercial Club of Chicago, representing the leaders of some of the region's largest organizations and corporations. FRAC became involved with the CPS in 1990 at the request of Mayor Daley. In 1994, FRAC and the Civic Committee joined forces with City Hall, the CPS, other business groups, state government, foundations, and community groups to help draft and pass legislation that gave the mayor greater control over the schools. Among other things, the legislation allowed for outsourcing of services and greater flexibility in using funds. Throughout the subsequent reform efforts of the 1990s, FRAC has assisted with financial reforms and business practices. For example, in a joint venture with the Chicago Principals Association and others, FRAC spearheaded an effort to guide aspiring principals in creating development plans, learning necessary skills, and obtaining a position. FRAC also offers local school councils hands-on help in choosing a principal.

In contrast to the direction taken by civic and business communities in Chicago, some prominent Milwaukee leaders have partnered to support *private* sector delivery of education. Dan McKinley, Partners Advancing Values in Education (PAVE), noted that much like Chicago, Milwaukee's public school performance was dismal: Fewer than 50% of public school students made it to graduation and the average performance of graduates was marked (generously) at a D+ or C- grade. To turn things around, the business community assumed a leadership role in education reform. The Greater Milwaukee Committee formed a relationship with public schools called The Education Trust, which initially focused on "supply side" solutions, such as business/school partnerships, mentoring, and teacher awards. The

results were less than encouraging. Then these business leaders became involved with PAVE—an organization that was founded to support Catholic schools but soon evolved into an independent organization committed to a "demand-side" solution. PAVE turned its attention to poor families seeking educational opportunities in alternative K-12 schools (110 independent and religious schools serve approximately 20% of all students in Milwaukee). After seven years, 18,000 scholarships, and \$22 million invested by 1,300 donors, the results are remarkable: 86% of PAVE students continue their education in colleges and technical schools and 97% of PAVE parents are involved significantly in the schools they have chosen. McKinley said that support for choice-based education has become widespread, including the Milwaukee public schools system, which has now made parental school choice its highest priority. Moreover, in 1999 a reform slate of new school board candidates won on a platform of "strong public schools and full parental choice." McKinley believes that Milwaukee leaders came to recognize that real educational reform must harness the natural interest of parents to make good choices for their children.

### **Detroit public schools**

The public school system in Detroit was one of the world's finest in the 1920s. In the late 1990s test scores in core subjects were far below state and national norms, with graduation rates between 53% and 56%. Jeffrey Mirel, Emory University, explained that the Great Depression and the demands of World War II began the downward spiral of the school system by fracturing the political base of the system, devastating its finances, and severely constraining its budgetary options. In turn, these strains introduced powerful political forces opposed to increasing school taxes, an increasingly strong teachers union, and the evisceration of academic standards. Massive unemployment during the 1930s and 1940s led to an influx of less-educated students. Educators mistakenly believed that these students were incapable of handling rigorous academic or

vocational courses and tracked them into less demanding programs. High schools became "warehouses," where young people could bide their time until they could enter the work force.

A school reform bill applying only to Detroit was passed in March 1999. Despite Michigan's long tradition of local control, David Adamany, Detroit Public Schools, said that conditions in 1999 were ripe for a change in control and responsibility. The state had recently taken almost full responsibility for funding schools, adopting a sales tax to replace most local school monies. The legislation created a seven-member school reform board, six appointed by the mayor plus the state superintendent of public instruction. The CEO, although serving at the pleasure of the board, had full legal authority to conduct the district's business. However, the legislation did not expand the authority of the district's management or board. Unlike in Chicago, for example, the Detroit reform did not curtail the power of powerful school unions, thereby leaving the school district to bargain not only compensation but also educational and other policy issues. The new administration set out to renegotiate all 18 union contracts, and in late 1999 the board approved a plan that called for stronger curriculum standards in core subjects, class size reduction to 17 in grades K to three, elimination of social promotion,

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Michael H. Moskow, *President*; William C. Hunter, *Senior Vice President and Director of Research*; Douglas Evanoff, *Vice President, financial studies*; Charles Evans, *Vice President, macroeconomic policy research*; Daniel Sullivan, *Vice President, microeconomic policy research*; William Testa, *Vice President, regional programs and economics editor*; Helen O'D. Koshy, *Editor*

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adoption of test-score measures of progress for each school, and closure of failing schools. Addressing other issues, more than 700 certified teachers were recruited. Almost \$90 million of emergency repairs to 6,000 classrooms and 2,000 lavatories were undertaken in a 65-day construction period. And books and supplies, often in short supply, were delivered to schools in late summer.

Peter Eisinger, Wayne State University, raised several concerns about the mayoral takeover within Detroit Public Schools. One issue has to do with the legitimacy of a reform that abrogates the authority of an elected school board and replaces it with an appointed body with no direct accountability to the voters or parents. Eisinger argued that the reform will be hard pressed to succeed without strong outreach efforts to the community. A second issue is the inescapable racial element in a reform that involves the abrogation of a largely black elected school board by an overwhelmingly white state legislature. One immediate effect of the racial tension in Detroit, for example, is to make it very hard for a black CEO or union leader to embrace the reform. Another problem specific to Detroit is the pursuit of this reform in a city with a strong union culture. If the existence of a strong

union and mayoral takeover are incompatible, then reform is doomed, for in the end, it is the teachers in the classroom who have to be the instruments of reform.

Michigan's recent financial reforms may be easing some strains on Detroit schools. Douglas Drake, Wayne State University, discussed the importance of Michigan's 1994 "Proposal A," which has had a material impact on the financial options for Detroit and other Michigan school districts. Proposal A was a voter approved constitutional amendment that was primarily driven by the need for property tax relief, with improvements in school financing equity an important secondary concern. Proposal A changed Michigan's system of education funding from a power equalizing formula to a foundation grant. It significantly raised the bottom tier of districts in per pupil revenues and included very tight limitations on local operating mills, slowing the growth of the highest spending districts. The result was a change in the overall financing of the system from one that was 35% state in origin to 80% state. For Detroit, revenues and spending increases have been significant but not phenomenal. However, it has significantly reduced one of the strains on redevelopment and reinvestment in Detroit as property tax rates (for schools) have fallen dramatically.

## Conclusion

Central city school systems, such as those in the Midwest, are understandably the focal point for reform. It is here that the challenges are greatest and the obstacles the most intractable. Students are commonly underprivileged in their family background and neighborhood environments. Schools may lack the resources to serve their very great needs, and school governance and reform are impeded by antiquated political design and entrenched special interests. The most promising reform programs are attempting to build workable coalitions and partnerships involving government, neighborhoods, nonprofit foundations, teacher and principal associations, and the business community.

—William A. Testa  
*Vice president and senior economist*

—Surya Sen  
*Associate economist*

—Nawsheen S. Rabbani  
*Auditor*

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Note: Detailed summaries of presentations, presenters' bios, references to further work, and conference program are available on the Chicago Fed's website at [www.frbchi.org](http://www.frbchi.org) in the Conferences, Seminars, and Training section under Conferences on Midwest Approaches to School Reform.

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