IN THE 1980s, site-based management was one of the hottest theories in education. The idea was to drive budget authority and decision-making power down to the school level, allowing those in the trenches to respond to local needs and promoting diversity and flexibility within the system. No longer would edicts be handed down from central-office administrators who were divorced from life in the schools. Few school districts bought into this theory more wholeheartedly than Chicago. In 1988, with the Illinois state legislature’s passage of the Chicago School Reform Act, the site-based management theory was joined with the idea that schools would better serve their constituents if the constituents were given more power. The new law created an 11-member local school council at each of the district’s 550 schools. The councils were made up of parents of children in the schools and were given the power to hire and fire the school principal and to set budget priorities.

In turn, the power of the central office was diminished. The 1988 reform was based on the idea that the schools didn’t need support and intervention from the central office in order to improve on a systemwide basis. Consequently, between 1989 and 1996, the number of staff positions in the central office was reduced by 44 percent, from 4,881 to 2,739. This wasn’t just achieved by outsourcing noncore functions like busing and school construction. In the areas of curriculum, instruction, professional development, and related support services, the number of central-office positions was reduced by 45 percent, from 404 to 221. The decentralized management structure was reinforced by an infusion of $53 million from local foundations to support reform at the school level led by the school councils.

However, the decentralized regime didn’t fulfill the public’s expectations during its seven years of implementation. Even supporters of the local school councils concluded that only about one out of three elementary schools developed the organizational capacity to address educational needs. The achievement trends were inconclusive. For example, one study found that students in 6th grade registered a 42 percent increase in reading performance and a 63 percent increase in math learning between 1991 and 1996. But the reading proficiency of 4th graders regressed by 22 percent during the same period. No progress was observed at the high-school level either; on average, high schools had only 20 percent of their students reading at or above the national average.
The continuing failure of the Chicago Public Schools sparked a complete about-face in 1995, when Mayor Richard Daley took control of the system. Traditionally the school board had been insulated from City Hall, a legacy of Progressive-era reforms that sought to keep politics out of the schoolhouse. In the 1990s, however, a new breed of urban mayor began to see the school system as one of the keys to rebuilding the cities. Mayors like Thomas Menino in Boston, Rudy Giuliani in New York, and Daley in Chicago pushed for authority over the schools. Daley, for one, realized the political risks inherent in taking over a troubled school system. With authority would also come accountability at the ballot box. But his confidence was bolstered by his 1995 reelection, and he was determined to confront the challenge of improving public education in the city.

The mayoral takeover in Chicago heralded a return to a strong central administration. Daley’s choice as schools CEO, Paul Vallas, the mayor’s former budget director, saw a need to apply accountability standards to all schools and students systemwide. This addressed a key limitation of decentralization—namely, that organizational changes at the school level cannot compel academic improvement across the system. While decentralization may lead to successful reform in some schools, systemwide improvement is not likely to occur unless district leadership has the political will and the capacity to implement performance-based accountability. In Vallas’s view, district intervention was necessary in schools where principals and teachers by themselves failed to improve student performance over a number of years.

As the first noneducator to take the helm of a large urban district, Vallas inspired a trend in urban school reform across the nation. His leadership in the revitalization of the Chicago school system gave credibility to the idea that one need not have progressed through the school bureaucracy in order to be an effective superintendent. As a result, in recent years cities like New York, Los Angeles, Seattle, and Washington, D.C., have all turned to so-called nontraditional superintendents—lawyers, businessmen, former military officers, politicians—to lead their school systems.

Quality of Life

From the beginning, Vallas and Daley sought to project an image of efficiency and responsibility in building support for their reform efforts. They also campaigned tirelessly to connect school reform to the city’s quality of life and
competitive position. The image of the Chicago Public Schools as a wasteful bureaucracy was aggravated by its continuing financial problems. The district declared bankruptcy in 1979 and subsequently experienced frequent budgetary shortfalls. Vallas’s predecessor, for example, was unable to eliminate a $150 million deficit and resorted to borrowing to keep schools operating in 1993 and 1994. Vallas was determined to restore financial solvency. Within his first year as CEO, he was able to eliminate the deficits.

Vallas was also able to redirect resources to support the school system’s core functions—teaching and learning. In Vallas’s first year, the share of resources devoted to instruction increased from 53 percent to 58 percent of the total budget. At the same time, Vallas contracted out several noncore functions, such as the management and maintenance of school buildings, and provided a list of general contractors from which schools could select firms for custodial, engineering, and construction-related services. The Vallas administration also significantly improved the management of human resources and information in the system.

Vallas’s ability to shore up the district’s finances and to streamline the central office was aided by two conditions. First, the 1995 school reform act provided the CEO with broad power over financial, managerial, and educational matters. The 1995 law suspended the budget oversight authority of the School Finance Authority (which had been constituted following the district’s 1979 bankruptcy). As part of the law, teachers were not allowed to strike for the first 18 months of the new administration, during which the union and the school board negotiated a new four-year contract. The law also gave the CEO authority to intervene in schools that were performing poorly.

The second condition was the broad pool of expertise that Vallas was able to draw on. Mayor Daley was willing to transfer top aides to assist Vallas. An analysis of 111 top administrative appointments made in the central office between July 1995 and February 1998 showed diversity of expertise. More than 40 percent of these appointees came from outside the school system—from the private sector, nonprofit organizations, and city agencies. In areas that were not directly related to education practices, such as finance and purchasing, more than 60 percent of the appointees came from outside the school system.

In the end, however, it was Paul Vallas who used these favorable conditions strategically to regain public, business, and media support for the Chicago schools. Of 114 editorials on education in the city’s two major newspapers, the Chicago Tribune and the Chicago Sun Times, between August 1995 and March 1997, three out of four endorsed the district leadership’s complete exercise of power over school policy issues. Only 25 percent of the articles suggested a greater degree of shared governance. Furthermore, an analysis of about 1,000 news articles during this period confirmed positive coverage of Vallas and his top managers. Vallas was perceived as being fair and responsive to public concerns about waste and inefficiency. The central administration, for example, set up its own Office of Investigations, under the guidance of a former newspaper reporter, to uncover administrative fraud.

Equally important was the positive response from the financial community. In response to labor peace and balanced budgets, Standard & Poor’s raised the district’s bond rating from BBB- to BBB in March 1996, then to A in 1997. The favorable bond rating enabled the school board to raise billions of dollars to finance the first citywide capital improvement project in decades.

The building projects were one of the keys to Vallas’s efforts to connect public school improvement to the city’s overall “quality of life.” Simply put, better schools mean a livable city. Even when families do not have children enrolled in the public schools, they cannot completely avoid the adverse effects of a failing school system that contributes to dependency and higher dropout rates. Lacking basic infrastructure, many schools would not be able to meet the needs of an increasingly high-tech learning environment. Vallas and the school board were able to raise $2.5 billion to renovate aging buildings, improve existing operating systems such as heating, expand schooling opportunities with science laboratories and playgrounds, and build new schools. The new schools were designed both to reduce classroom overcrowding in Latino neighborhoods and to provide magnet-like high-school facilities to attract the middle class. These building efforts managed to slow the migration of middle-school graduates to high schools outside of the Chicago public schools.

To attract more students and keep them in the Chicago schools, Vallas also supported the creation of charter schools and magnet programs designed to retain middle-
class residents, such as International Baccalaureate programs at the high-school level. Although enjoying substantial autonomy from the central office, charter schools were required to enroll students with at-risk backgrounds, particularly at the middle- and high-school levels. For example, a conglomerate of alternative high schools for school dropouts was labeled a charter. Some charter schools provided stability in declining communities as they took over the vacated buildings of former Catholic schools. Other high-performing charters were seen as laboratories of educational practices as they competed with neighborhood schools.

Daley and Vallas also recognized the limitations of the school system in meeting the multiple and varied needs of families and children. As a result, they promoted collaboration across public agencies and nonpublic institutions. After all, as much as two-thirds of a child’s waking hours are spent outside of school. With support from corporate funding, Vallas piloted the “Lighthouse” after-school programs in dozens of high-poverty schools. These programs provided inner-city children with recreational and tutorial support as well as a hot meal. With additional federal funds, Lighthouse programs were gradually expanded to more than 350 schools. Joint educational programs were created between the Chicago Public Schools and other institutions, such as museums, the Parks District, the Chicago Housing Authority, and city colleges. The partnership with the Parks District served more than 10,000 Chicago students in 1996 with an after-school program that gave kids an hour of homework help and two hours of recreation and cultural events at the parks before their parents picked them up after work.

Accountability
What Vallas and the Chicago reform program are most known for, however, is the pressure they placed on schools and students to meet district-wide standards of accountability. Vallas pursued a three-pronged strategy of accountability: 1) to hold students accountable for their academic performance, 2) to hold schools accountable for their performance, and 3) to restore the central office’s ability to intervene in failing schools.

Consequences for students. In the spring of 1996, Chicago became the first urban district in the nation to declare an end to “social promotion.” Students in the 3rd, 6th, 8th, and 9th grades could be held back if they failed to score at the district benchmark in math and reading on nationally normed tests—the Iowa Test of Basic Skills (ITBS) or the Test of Achievement and Proficiency (TAP) for 9th graders. The district generally set the benchmark at approximately one grade level below the national norm. Students whose scores were inadequate had to attend a Summer Bridge remediation program. The policy also required 3rd, 6th, and 8th graders to receive passing grades in reading and mathematics and to have no more than 20 unexcused absences.

The Summer Bridge program for low-scoring students was a central component of the district’s promotion policy. The board provided Bridge teachers with scripted lesson plans that identified lesson objectives and materials, the order of activities, the presentation of the material, and the instructional format teachers should use. At the end of the seven-week program, students took the standardized test again. If they met or exceeded the district benchmark, they were promoted to the next grade. If they failed, they were retained. Eighth graders who were 15 or over were placed in district transition schools. Each year, on average, about one-third of the students in the benchmarking grades were required to enroll in the Summer Bridge Program. Following the seven-week program, two-thirds of them were able to advance to the next grade.
In the end, slightly more than 10 percent of students in relevant grades were held back for another year. About 5 percent of students had to repeat the same grade for the third time. These students were subsequently given more individualized attention or placed in an alternative instructional setting. The promotion policy did not seem to produce higher dropout rates.

Consequences for schools. Vallas signaled his impatience with the lowest-performing schools early in his tenure. In January 1996 he placed 20 elementary and 8 high schools on probation for failing to meet state standards for three consecutive years. Only six schools had been placed on remediation by the previous administration. Of these six schools, the board approved Vallas’s recommendation to remove two elementary-school principals because they failed to improve after a year of remediation. The district’s focus on the lowest-performing schools gained national attention in September 1996 when Vallas placed 109 schools (or 20 percent of all the schools in the system) on “academic probation.” These schools had fewer than 15 percent of their students performing at the national norm on standardized tests. After two years, the district reported that about 20 percent of the schools (mostly elementary) had been taken off probation.

Low-performing high schools were more intransigent. Consequently, in May 1997, Vallas announced that seven high schools were being “reconstituted.” These schools had fewer than 10 percent of their students scoring at or above national norms and had shown no improvement on test scores while on probation. Five of the seven principals were fired and about 30 percent of the teaching staff was replaced in the reconstituted schools. While their test scores improved slightly in the next three years, the seven schools were not able to meet the benchmarks necessary to be removed from probation by the end of Vallas’s tenure.

Support for failing schools. The Vallas administration did not let failing schools “sink or swim.” The district required each school on probation to work with a probation manager and an external partner. Probation managers, paid for by the central administration, were current or former principals from either Chicago public or Catholic schools. Their role was to oversee the development and implementation of the school improvement plan and to monitor the school improvement process. External partners were teams of support personnel from national reform groups, central office, and local universities who were chosen by schools from a board-approved list. The external partners bore the most responsibility for driving the school improvement process.

The Next Phase of Reform
Taken together, these strategies—management efficiency, using schools to improve the city’s overall quality of life, and linking resources to raise student performance—guided much of the work of the Vallas administration. During Vallas’s tenure, these strategies brought about a dramatic improvement in academic performance in Chicago (see Brian Jacob, “High Stakes in Chicago,” page 66, for an investigation of test scores in Chicago during the Vallas era).

In addition, the dropout rate remained steady between 1995 (15.5 percent) and 2000 (15.2 percent), while the number of high-school graduates increased from 14,818 to 16,195. And all this was accomplished without increasing the relative cost per teacher. The average salary for a teacher in Chicago was 27 percent higher than the state average in 1990. By 2000, Chicago teachers were earning 15 percent more than the state average. In other words, Chicago schools seemed to have become more cost-effective during the Vallas years.

Vallas’s reform program has laid a solid foundation for his successor, Arne Duncan, to take school improvement to the next phase. To facilitate a better connection between elementary schools and the high schools they feed into, the Vallas administration started to focus on literacy skills at the early grades. Such a focus has become a top priority in Duncan’s administration. Another long-term challenge is to raise the “instructional bar” for all teachers. Vallas never attempted to institute direct teacher accountability for student learning. This may have been a result of compromise between the Chicago Teachers Union and the mayor in exchange for labor peace amid a wide range of fairly ambitious reform initiatives.

Vallas’s accomplishments far exceeded the expectations of the mayor, the public, and the business community. With the support of the mayor, Vallas restored public confidence in the school system and created political stability, conditions necessary for a functioning school district. He changed the management culture of the central administration with a performance-based vision, efficiency, openness, and fairness. He himself set an example of public service with high standards of professional integrity and commitment. In a highly politicized and racially polarized city, Vallas mobilized and united groups that committed to improving the public schools. In short, Vallas showed that leadership matters in government.

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