





# INCOMPLETE REFORM *in* BALTIMORE

A shift in authority to  
school leaders falls short



**FIVE YEARS AGO**, Baltimore City Public Schools seemed on the brink of a breakthrough. The district had been freed from mayoral control after more than a century, and a high-energy superintendent was leading bold moves to de-emphasize central administration, give schools greater autonomy, and engage families in a revitalized portfolio of educational choice.

A new school funding formula matched resources to student needs, and chronically low-performing, underenrolled schools were closed. Citywide, enrollment had begun to stabilize after four decades of steep decline, as more families opted to enroll their children in district schools, including newly expanding charters. Suspensions were down, the graduation rate was up, and more students were proficient at grade-level work in math and reading. A new teacher evaluation system set common standards for excellence across the city.

By almost all accounts, Baltimore's district-led portfolio

by BETHENY GROSS and ASHLEY JOCHIM

system—traditional and charter school options, all authorized and managed by City Schools’ central office—was working.

But today, progress seems to have stalled. The school funding system is under legal threat, with a group of charter schools suing over alleged underfunding. Fewer than half of the principals at the heart of the decentralized reform strategy remain on the job. Bureaucratic barriers to school autonomy and improvement remain, from costly contract-driven funding obligations to middle-management practices that limit school budget flexibility. Baltimore’s leadership is in flux, with the departure of its latest superintendent in May after less than two years.

Baltimore, at least right now, is a story of incomplete reform, a stark example of the limits of a reform strategy that sought dramatic change while leaving many old political and administrative arrangements in place.

“Most of the central office staff who interacted with schools had no idea how to do their jobs differently in a new era of school accountability,” one former central office staff member said. “We did not fundamentally change how the central office operated. We cut [principals], squeezed them,

City Schools introduced choice to high school students, closed dropout factories, and founded small, specialized high schools. Then came a 2003 state law authorizing charter schools in Maryland, and the arrival in 2007 of Superintendent Andrés Alonso. He was the seventh person to take the job in 10 years.

By then, conditions at City Schools had grown dire. Over the previous two decades, the middle class had fled Baltimore for the suburbs, and school enrollment had fallen by one-quarter, to about 80,000 from 109,000 in 1997 (Figure 1a). About 90 percent of students were African American, and nearly three-quarters qualified for free or reduced-price school meals. They were spread thinly across nearly 200 aging buildings that had been designed to hold twice as many students.

Achievement was stubbornly low: in 2007, 47 percent of students in 3rd through 8th grade were proficient in math, and 57 percent in reading. Four in 10 students did not graduate high school. Meanwhile, the central office remained a bloated, flawed bureaucracy: a 2006 state audit had turned up overpayments, including checks to former employees.

Andrés Alonso brought a clear strategy and agenda based on a portfolio system of schools: to shift control away from a streamlined central office and into the hands of school leaders accountable for their success.

and basically tried to strangle them. But we did not try to reinvent a new relationship between central and the schools.”

To understand the story of Baltimore’s reforms from 2007 to the present, we conducted more than a dozen interviews, reviewed district documents and press reports, and collected secondary data. Our understanding was greatly informed by talking with key observers in 2013 and again in 2015, including principals, current and former district staffers, advocacy groups, and civic leaders, whose insights are reflected below.

### An Agenda for an Ailing System

For decades, Baltimore followed a familiar path for once-thriving cities: as its fortunes declined, so did its schools. For nearly a century, City Schools were under mayoral control, vulnerable to the corruption and financial mismanagement that challenged City Hall. Over time, a brisk drug trade and violent crime took hold in formerly stable neighborhoods.

In 1997, after years of mismanagement and low student achievement, the state took over the district and appointed an independent Board of Commissioners, who would hire the CEO. Reform started soon after; in the early 2000s,

Another review found that as student enrollment plummeted, the central office expanded, adding 2,000 positions from 1995 to 2003.

Alonso, who arrived from the New York City public schools, brought a clear strategy and agenda based on a portfolio system of schools: to shift control away from a streamlined central office and into the hands of school leaders accountable for their success. We focus here on three key strategies enacted as part of that strategy: closing underused school buildings and expanding choice, granting principals more authority, and replacing antiquated budget rules with a funding formula that followed students wherever they chose to enroll.

As Alonso said in a 2010 Harvard case study,

What we did was to say, we will make the conditions such that every school will have the opportunity to win. The theory of action is very simple: the action is in the schools. The resources should be in the schools, and the community should be involved in decisions at the school level. With guidance and support from the district, our expectation is that schools are going to make better decisions about teaching and learning.

## Moving to a System of Schools

Starting in 2008, Alonso set about rightsizing the number of schools in the district through an annual portfolio review called Expanding Great Options (EGO). Through EGO, City Schools could opt to close or reconfigure school programs, based on their performance, enrollment trends, and facilities needs in neighborhoods and across the city. Through this process, the district closed 41 of its 195 schools in seven years.

At the same time, the district added three dozen new schools. Maryland's local-control charter school law put the City Schools commissioners in charge of authorizing and overseeing charter schools. During Alonso's tenure, the number of charter schools doubled, attracting enough students to end four decades of annual enrollment declines. By 2013, charters accounted for one in five district schools, and enrolled 16 percent of students.

City Schools also expanded options for families by approving "contract" and "transformation" schools, which are district schools run by outside operators. The district also gave more families the power to choose, expanding open-enrollment options for middle school students.

As the authorizer of all schools, City Schools was solely responsible for the oversight of public education in Baltimore. Still, for many years it lacked a clear framework for evaluating the relative performance of the district's different types of schools. In 2012, the district collaborated with charter school leaders to develop a common performance framework by which all schools are evaluated, in order to manage the city's portfolio of charter, contract, and district schools. The framework included schools' academic performance, climate, and

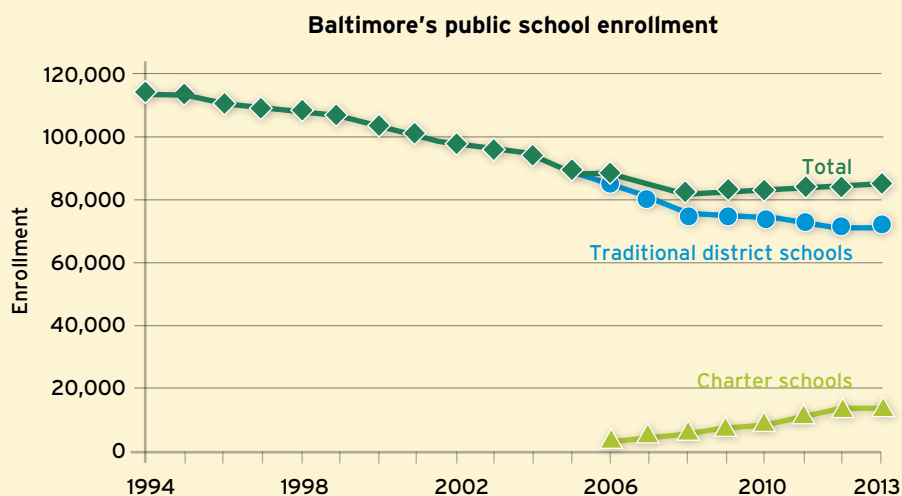
fidelity to mission, and was considered a high-quality, fair, and useful assessment by school and district leaders.

Despite progress on these issues, student achievement on the Trial Urban District Assessment (TUDA) declined

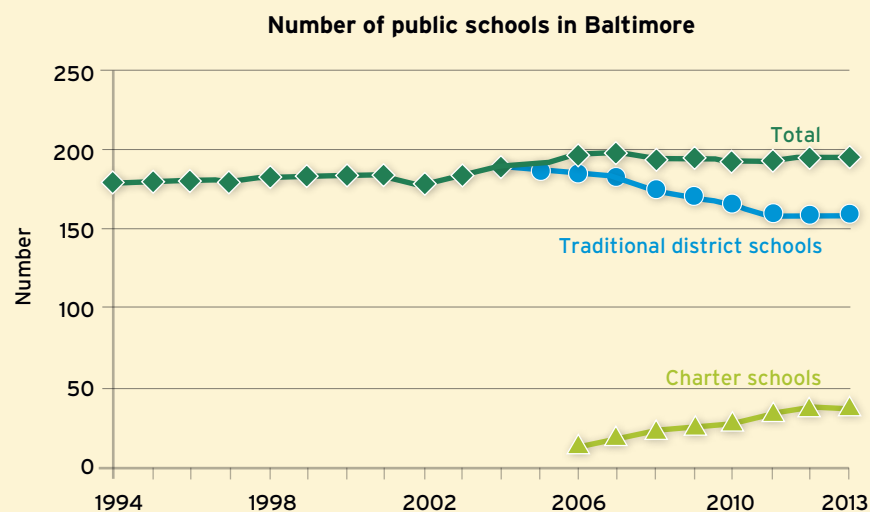
## Enrollment Declines, Stabilized by Charter Growth

(Figure 1)

(1a) Enrollment fell steadily until the charter sector began to grow.



(1b) By the end of Alonso's tenure, charters accounted for one in five public schools.



NOTE: Data are presented by calendar year in which the school year ends.

SOURCE: National Center for Education Statistics, Elementary and Secondary Information System; National Alliance for Public Charter Schools

## Stubbornly Low Achievement (Figure 2)

*The performance of Baltimore's 4th and 8th graders in math and reading on the National Assessment of Educational Progress lags average performance for public school students both in large cities and nationwide, and the gap has widened in recent years.*



NOTE: Both traditional district schools and charter schools are included in Baltimore's Trial Urban District Assessment (TUDA) results. Large city is defined as territory inside an urbanized area and inside a principal city with population of 250,000 or more.

SOURCE: National Center for Education Statistics



While the idea of giving school leaders greater autonomy with greater accountability may have been popular in theory, its aggressive implementation with minimal support left the principal corps feeling more demoralized than empowered.

between 2011 and 2015, and remained stubbornly low relative to that of other large cities (Figure 2). Students in Baltimore's charter schools fared somewhat better, outperforming those in the city's traditional public schools in 4th and 8th grade math and reading (Figure 3). A 2014 report to the state legislature found enrollment in Baltimore charters was broadly similar to overall enrollment in all city schools, though charter students were less likely to enroll in free or reduced-price school meal programs: 79 percent compared to 85 percent citywide.

Families offered mixed accounts of their ability to assess school quality and navigate Baltimore's choice system. A 2014 Center on Reinventing Public Education (CRPE) survey found that while 55 percent of public school parents participated in choice, nearly one-third of families had some difficulty understanding which schools their children were eligible to attend, a quarter had trouble getting information to choose a school, and one in five reported difficulty in transporting their child to the school of their choice. Parents with less education were much more likely to struggle with these issues.

### Overhauling School Funding

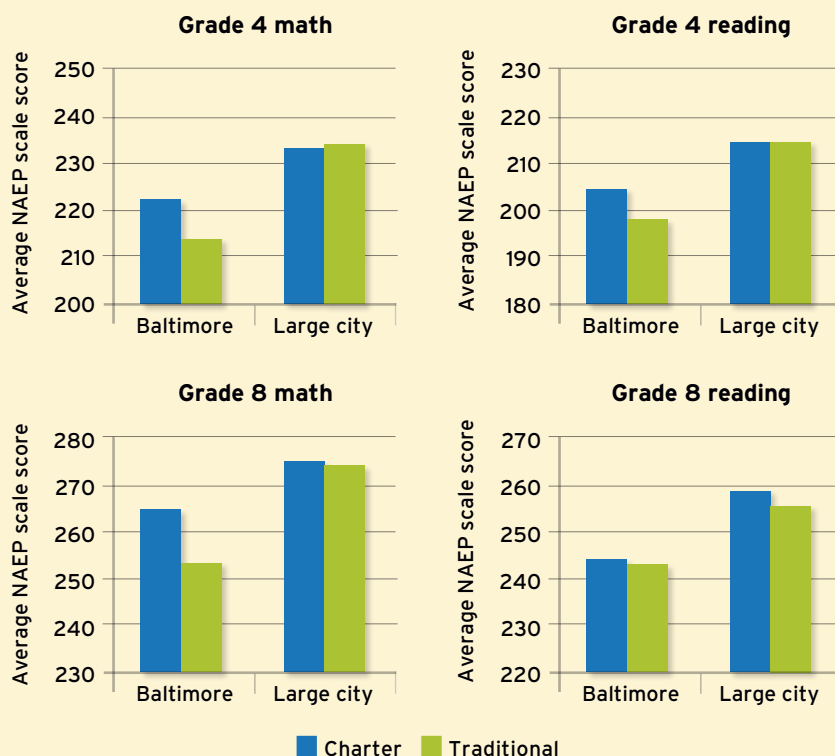
Alonso believed that in order to improve, schools needed to be free to use different methods of instruction; to do this they also had to be free to hire staff that fit their educational approach and be granted individual autonomy over how to spend both time and money. In 2008-09, he implemented a new student-based funding formula, called Fair Student Funding (FSF). It awarded funding to schools based on their enrollment and students' respective needs, and

expanded principals' control over their schools' budgets. Every student brought a base dollar amount, as well as additional funding based on their test scores, and principals were given expanded authority to allocate those dollars as they saw fit.

By contrast, the prior formula divided resources by

### Hopeful Signs in Charters (Figure 3)

*In 2015, Baltimore students in charter schools outperformed those in traditional public schools on the National Assessment of Educational Progress, though scores in both charters and traditional public schools lagged average performance in large cities.*



NOTE: Large city is defined as territory inside an urbanized area and inside a principal city with population of 250,000 or more.

SOURCE: National Center for Education Statistics

Successes were incomplete in large part because principals, in both district-run and charter schools, encountered ways in which remnants of the old bureaucratic system undercut or failed to support their efforts.

schools, based on standard entitlements for certain staff positions, creating gross inequities among large and small schools. A study of elementary and middle-school funding in the 2007-08 school year found that the 18 smallest elementary and middle schools received 28 percent more dollars per student than the six largest: \$10,900 compared to \$7,800.

As part of the implementation of FSF, City Schools eliminated nearly 500 central office positions, cutting staff by one-quarter and putting more than \$160 million into the schools. District-wide, the percentage of funds controlled at the school level increased to 67 percent in 2008-09, up from 60 percent

countless decisions, big and small, were still controlled by district rules. While the district had more than \$15,000 per pupil to spend in 2009-10, principals at district schools had control over just \$6,500, or about 45 percent (not including additional unlocked dollars to cover special education costs).

Where did the rest of the money go? Costly obligations to fund debt service and health insurance for retirees took significant chunks of City Schools' overall budget. In addition, some money remained in the hands of the central office, used to support a range of district functions and services whether or not principals wanted or used them. Overall, after adjusting for inflation, per-pupil expenditures have declined slightly since FSF was implemented, by about 6 percent (Figure 4).



*When Superintendent Andrés Alonso arrived in Baltimore in 2007, he was the seventh person to take the job in 10 years.*

a year earlier. At the school level, 65 percent of funding was characterized as “unlocked,” which allowed principals to redirect dollars attached to particular positions to programs or staff they felt would best serve their school. Rather than hire required administrative staff or aides, for example, a principal might opt to add a science teacher or a social worker, depending on student needs and his or her vision for the school.

Still, central office authority was difficult to escape:

City Schools aggressively pursued greater accountability for student outcomes by replacing principals who did not meet expectations. In a 2011 interview with the *Baltimore Sun*, Alonso argued that turnover “[was] . . . needed, especially given our outcomes this year and given how much work needs to be done.”

This combination of weak support and tough accountability eviscerated the leadership corps in the city. By the end

### Expanding Authority for Principals

Greater control over spending also meant greater accountability for results. School leaders were suddenly on notice that they now had the tools to improve student performance and would be held responsible for doing so.

While autonomy with accountability may have been popular in theory, its aggressive implementation with minimal support left the principal corps feeling more demoralized than empowered. Central office budget guidance for principals wasn't always targeted, timely, or useful. Principals publicly described the threat of district closure as stressful, and those leading lower-performing schools were closely scrutinized by the central office. Observers we interviewed noted that overall, instead of embracing and using the new flexibility they had, many principals were tentative in their actions, fearing any misstep.

of 2009, the district had replaced 40 percent of its principals, and by 2011, just 25 percent of those who were in City Schools at the beginning of Alonso's tenure remained. The district also struggled to keep new principals on the job; a study of first-year principals in six cities hired in 2007-08 found that less than half of those in Baltimore—41 percent—were on the job three years later, compared to 65 percent, on average (Figure 5). As one school leader told us,

Three hundred principals in the last four years. There's no stability in the schools. There's not strong organization in the schools, there's not experience in the schools in terms of leadership, so therefore, I don't think we have been able to sustain any kind of growth and progress.

### Differences at Charter Schools

Complicating matters, the funding formula and new accountability rules laid bare major differences between the city's traditional and charter schools. As Alonso described at the time:

One-sixth of our schools have tremendous flexibility and buy-in from the community and politicians. Then we [have] 150 other schools that were perceived to be the dregs of the universe and had no buy-in, a fortress mentality, and no flexibility whatsoever . . . You put me in a room with charter school principals, and you put me in a room with traditional school principals, and it's night and day. One of these groups has a vision and feels like they're in charge of their schools, and one of those groups are all about compliance and are just waiting for the Central Office to tell them what to do.

Under FSF, charter school principals continued to have significantly more control over school spending. In 2009-10, they had, on average, an additional \$2,800 per student to spend as they saw fit, compared to district schools: \$9,300 in flexible dollars,

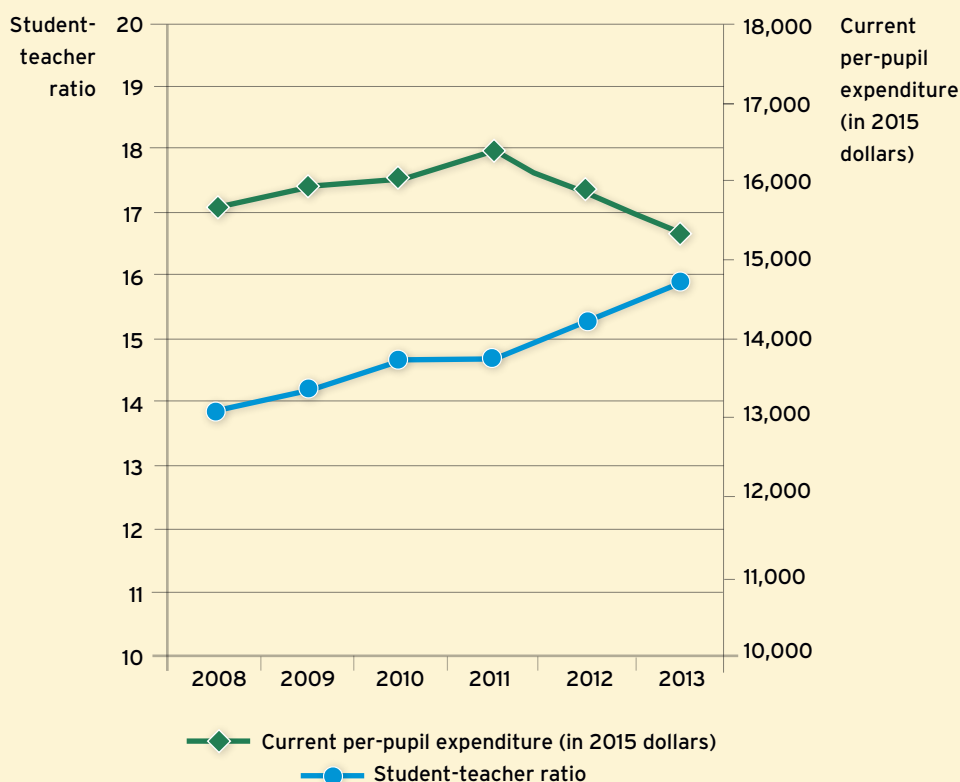
or 65 percent of the total funds per student. In addition, charter schools could also create rainy-day funds by rolling over money from one year to the next, giving them substantially more financial flexibility to deal with staffing shortages or budget shortfalls.

While charter schools in Baltimore have substantially less autonomy compared to charters in other states—they are held to local collective-bargaining agreements and subject to the approval processes set by the local board of education, for example—the stubborn differences between district and charter schools in Baltimore seeded a sense of unfairness among principals. As one principal told us: "It's widely

### Student-Teacher Ratio Grows, Spending Declines Slightly

(Figure 4)

*Baltimore's student-teacher ratio grew steadily after 2008, while per-pupil spending (adjusted for inflation) fell slightly starting in 2011.*



**NOTE:** Data are presented by calendar year in which the school year ends. Current per-pupil expenditures are expenditures for pre-K through grade 12 programs excluding capital outlays and debt service, divided by the fall membership, adjusted to 2015 dollars. Expenditures adjusted for inflation using the Bureau of Labor Statistics' CPI Inflation Calculator.

**SOURCE:** National Center for Education Statistics, Elementary and Secondary Information System



accepted that charter schools can do things that traditional schools can't do and it's unfair."

Meanwhile, the district's mixed signals regarding autonomy undermined all school leaders' trust in central office administrators, and in particular, compromised opportunities for the sectors to work together. Charter school leaders expressed worry about conceding any ground to the district. As one school leader said, "I want to run as much as I can on my own, because if I [concede ground], it becomes a slippery slope."

In addition, a landmark 2010 contract with the Baltimore Teachers Union, signed with reform-oriented intentions, actually undermined principals' autonomy over staffing. The agreement sought to reward top-performing teachers with more pay, replacing the traditional "step and lane" system of pay increases based on seniority and levels of education. While principal input is one factor in a performance evaluation system, the contract also included provisions that enabled teachers to rapidly earn advancement and increased pay through professional activities, including completing college courses and professional development programs. As one district observer told us:

I think the teacher contract between the district and the union has just gutted any autonomy or authority principals have. I mean you have teachers getting promotions with very little input from principals. You can easily have a mediocre teacher go through the model teacher process and get a \$30,000 raise . . . We need to re-establish the principal's position as a position of real authority.

## An Incomplete Reform Story

The City Schools story is an important illustration of the potential advantages and liabilities of a district-led portfolio strategy. The successes in Baltimore—including rapid progress on closing underenrolled and low-performing schools, a common performance framework to evaluate district and charter schools alike, a leaner central office, and some improvement in academic outcomes—point to the progress that one forward-looking superintendent can make with consolidated authority. But those successes were incomplete in large part because principals, in both district-run and charter schools, encountered

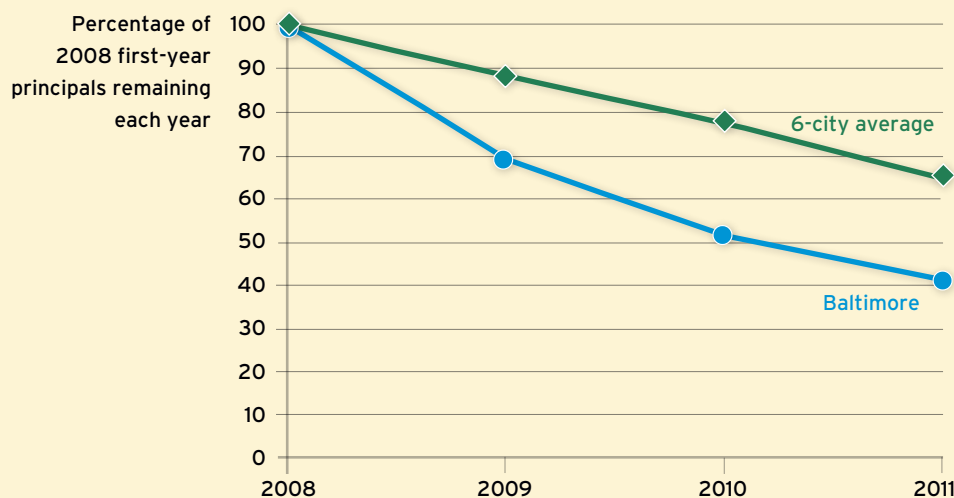
ways in which remnants of the old bureaucratic system undercut or failed to support their efforts.

Today, Baltimore is struggling with many of the same issues that it faced prior to Alonso's leadership. In 2015, a \$115 million budget deficit prompted then-superintendent Gregory Thornton, Alonso's successor, to propose new set-asides in charter school funding to cover the costs of central office systems like payroll and the student management system. In response, a coalition of charter schools filed suit against the district. Thornton also moved toward a differentiated autonomy model, where resources for some of the city's most struggling schools are controlled almost entirely by the district.

Despite those challenges, district officials report making progress on some of the issues we observed over the course of our work in Baltimore, particularly in supporting school leadership. Education Resource Strategies, a non-profit consulting firm, is now

## Principal Attrition (Figure 5)

*Less than half of first-year Baltimore principals starting in 2007-08 were on the job three years later, compared to two-thirds of new principals overall in a group of six urban districts.*



NOTE: Data are presented by calendar year in which the school year ends. Analysis includes all first-year principals in 2008 in the Baltimore City Public Schools, Chicago Public Schools, Memphis City Schools, New York City Public Schools, Washington, D.C. Public Schools, and the Oakland Unified School District in California (N=519).

SOURCE: Burkhauser et al., "First-Year Principals in Urban School Districts: How Actions and Working Conditions Relate to Outcomes," RAND Education, 2012

Those working in the central office to support schools must have a clear, shared understanding that principals and teachers are often better positioned to know and act on the needs of their students and communities.

offering targeted budget-development support to school leaders, and the district is focused on developing, rather than exiting, principals. Thornton, whose tenure was described as “divisive” by the *Sun*, left the district earlier this year under pressure, and was replaced by Baltimore’s former academics chief under Alonso, Sonja Santelises.

There is clearly much more to be done, and no question that the urgency and optimism accompanying the reforms from the Alonso era have faded. We believe, however, that Baltimore can regain some of its momentum by refashioning how the central office supports schools.

The central office still controls substantial portions of City Schools’ funding. Requiring central office units to cost out their services (as was previously attempted) and develop business plans while giving schools more choice over what they purchase could create greater efficiency on both sides. This shift would also capitalize on ongoing efforts to develop principals’ budget-management skills.

Beyond a focus on efficiency, those working in the central office to support schools must have a clear, shared understanding that principals and teachers are often better positioned to know and act on the needs of their students and communities. And these central office staff must understand that this expectation necessarily changes the day-to-day work they do to support principals.

While Baltimore provides a cautionary tale for urban district leaders implementing the portfolio strategy, it should not be seen as the death knell for reform within a traditional school system. The unified system of governance in Baltimore enabled Alonso to take aggressive action on low-performing schools and create coherent standards and common practices. Those sorts of changes would have been far more difficult in a decentralized system, as in Detroit.

However, it is clear that moving from a centralized school system focused on stability to an innovation-minded system of autonomous schools requires more than pulling a few



*Alonso’s successor, Gregory Thornton, moved toward a differentiated autonomy model, where resources for some of the city’s most struggling schools are controlled almost entirely by the district. He left Baltimore in May.*

policy levers. To get the full benefits of a decentralized system of schools, reform leaders must make clear commitments to educators, enforce these by eliminating administrative control functions that create ambiguity, and curtail central office control of funds. Such wholesale change requires refashioning staff expectations, rule making, and professional cultures.

Whether this is achieved by granting charter autonomy more broadly, or by transforming district administrations, these changes are critical. Urban public school systems, no matter their structure, will educate the vast majority of students living in cities for generations to come.

*Betheny Gross is a senior research analyst and research director at the Center on Reinventing Public Education (CRPE), and Affiliate Faculty, School of Interdisciplinary Arts and Sciences, at the University of Washington Bothell. Ashley Jochim is a research analyst at the Center on Reinventing Public Education.*