



NEW SCHOOLS
FOR NEW ORLEANS

“An Open Letter to Urban Superintendents in the United States of America”

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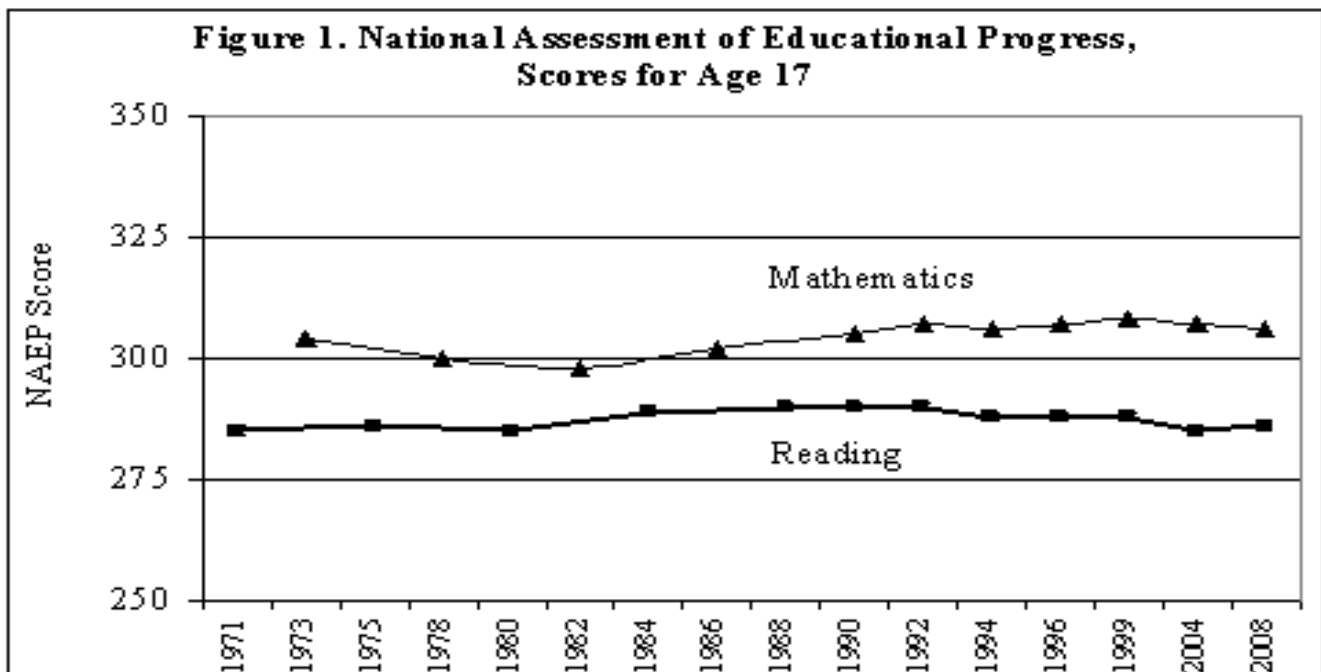
Part I: Reformers and Relinquishers

Dear Superintendents,

You work immense hours and subject yourself to scathing criticism all in the pursuit of better serving children. I know a few of you – and without fail you are all passionate about your work. In short, I’m a fan. So know that I’m not writing this letter to attack anyone – rather, I aim to offer advice, which I hope some of you accept.

In the following letter I aim to convince you of this: the single most important reform strategy you can undertake is to increase charter school quality and market share in your city – with the ultimate aim of turning your district into a charter school district.

In other words: rid yourself of the notion that your current opinions on curriculum, teacher evaluation, technology, or anything else will be the foundation for dramatic gains in student achievement. If history tells us anything, they will not be:

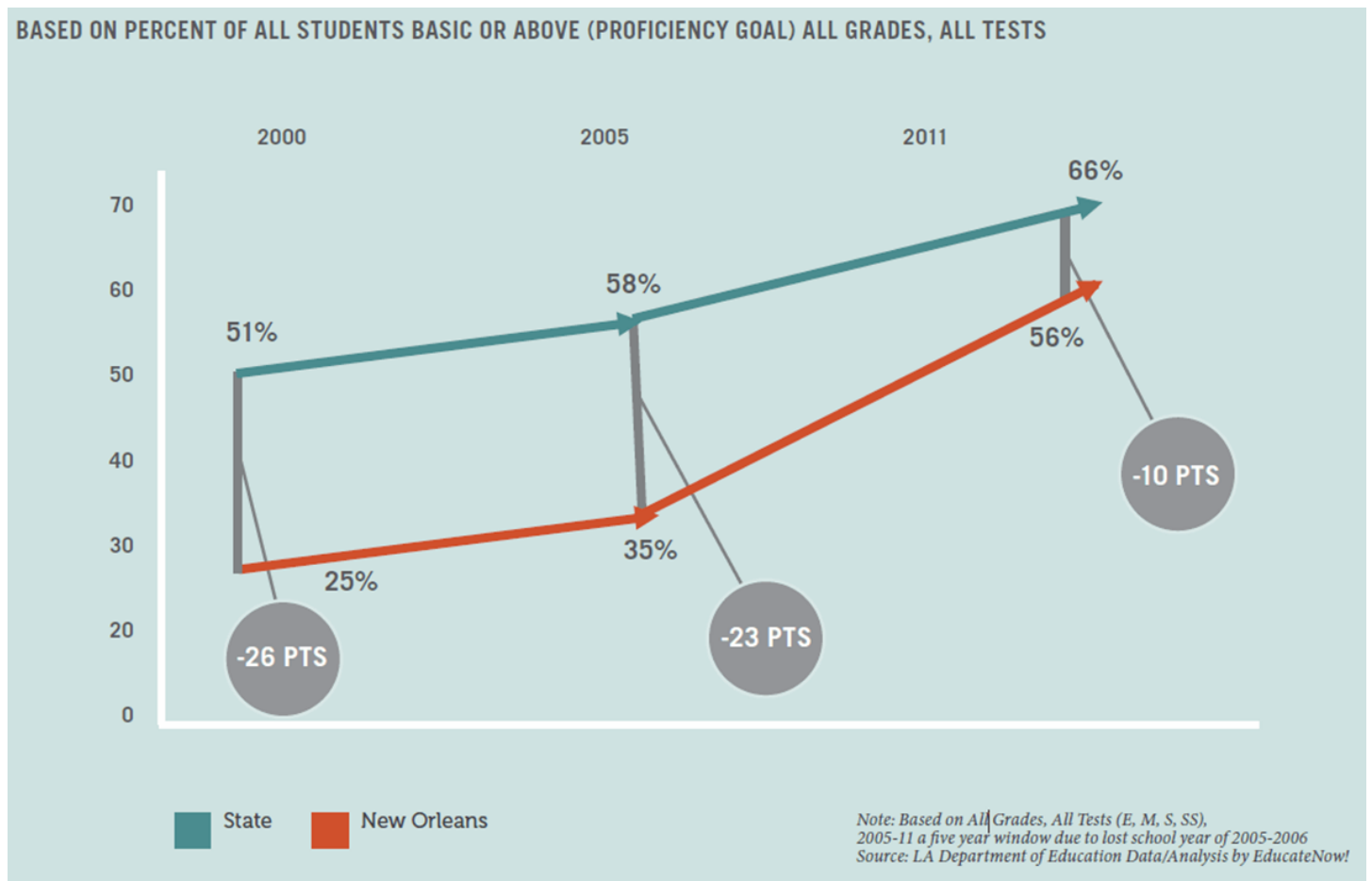


Source: U.S. Department of Education. The test was adjusted in 2004, which very slightly altered scores for 2004 and 2008.

Dismissing this letter – and the idea of charter districts – would have been easier five years ago. But over the past five years, educators and policymakers in New Orleans created the nation’s first charter school district.

This transformation of the New Orleans educational system may turn out to be the most significant national development in education since desegregation. Desegregation righted the [morality](#) of government in schooling. New Orleans may well right the role of government in schooling.

As the below chart details, since 2006 New Orleans students have halved the achievement gap with their state counterparts. In the next five years, New Orleans will likely be the first urban city in the country (that I know of) to surpass its state average.



Unfortunately, Louisiana [ranks 49th](#) in the country in student achievement. Surpassing the state is not the end goal. But what was once a hope is now a fact: New Orleans students have access to educational opportunities that are far superior to any in recent memory.

If the New Orleans results can be successfully replicated, tens of millions of children in other urban centers will also receive higher quality educational opportunities. Yes, the New Orleans system developed under [unique-devastating](#) circumstances. But the system of schools now exists and should be evaluated on its merits. Willing adults in other cities can replicate this model, if they so desire.

The remainder of this letter will be posted over this week. In it I will cover: (a) the evidence base for charter districts (b) why, at scale, charter districts will likely outperform traditional districts, and – remarkably free of charge – (c) how to prudently transform your district into a charter school district.

Also, each section will include a “chart of the day.” As a special bonus, today’s post includes two charts.

Before I begin in full, let me say this: Superintendents, over the years I’ve begun to believe that your identities – how each of you perceives your professional charge – are often misguided. In my experience, most of you view yourselves as system reformers – leaders who can make the current educational system much better. For the sake of the letter, let’s call you, well, **Reformers**. With great diligence, you fight to make our government operated system better.

But let me suggest another identity – one whose charge is to return power, in a thoughtful manner, back to parents and educators. Let’s call these types of superintendents **Relinquishers**. With great diligence, these superintendents attempt to transfer power away from a centralized bureaucracy.

Both **Reformers** and **Relinquishers** possess noble aims, but only one group, I think, possesses a sound strategy.

Superintendents, in the rest of this letter I hope to convince you to become **Relinquishers**. Specifically, I will advocate that you return power to parents and educators through the creation of charter school districts, which are the most politically acceptable mechanisms for empowering educators.

Fortunately, I will not make many original arguments. Smarter people than me have said most of what will follow (see [Bryan Hassel](#) in 2003). I’ve just been lucky enough to have lived in New Orleans for most of my adult life. So I’ve not only read about what’s possible, I’ve lived it, which is useful in terms of perspective and credibility.

Superintendents, together, you hold incredible power over tens of millions of children. As it stands now, many of these children will receive an abysmal primary and secondary education. This is not your fault. You inherited the system in which you operate.

But, together, over the course of the next five to fifteen years – the time period it takes to create a charter school district – you all can change this. And in doing so, you could transform our country.

I hope you do so.

Part II of the letter follows tomorrow.

Sincerely,
Neerav

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Part II:

The Proof is in the Etouffe: 75% of Rigorously Studied Urban Charter Markets Work

There is a paucity of high-quality studies on urban charter markets. In my review of the research, I found rigorous studies on twelve cities (I only used studies included in this [2011 meta study](#) or in the [CREDO 16 state study](#)). This limited sample size makes the results more illustrative than definitive.

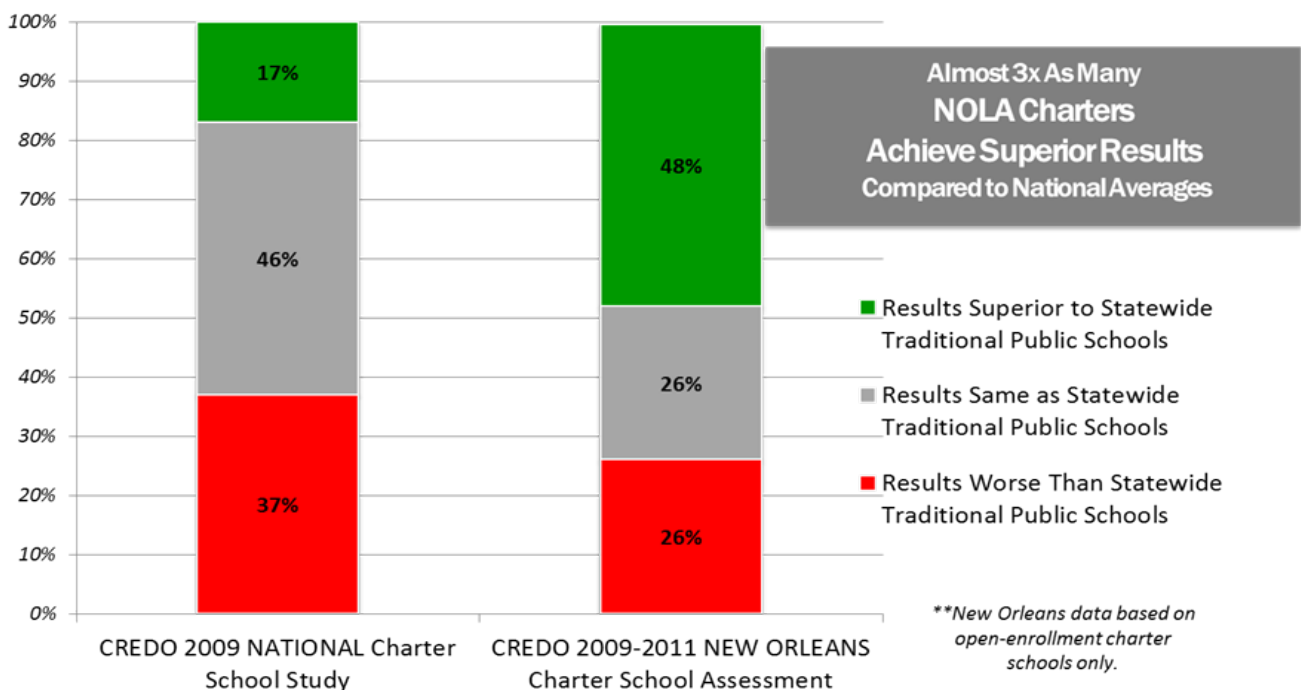
But, for what it’s worth, here’s the headline: *charter schools outperformed traditional schools in every urban city except for Washington DC, Chicago, and Philadelphia –and in all three of these cities results were similar across charter and traditional schools.*

Superintendents – especially those of you who are **Reformers** – this research, admittedly limited, should give you pause. In 75% of cities studied, **Relinquisher** strategies proved effective. And in the other 25% of cities, results were no worse.

Results of the Nation’s First Charter School District – New Orleans

In 2009, CREDO (the Center for Research on Education Outcomes) conducted a [study](#) of charter schools across 16 states. CREDO found that only 17% of charter schools outperformed traditional schools. Opponents of charter schools often cite this study as evidence that charter schools should not be spread.

In 2011, we commissioned CREDO to conduct the exact same study in New Orleans, where around 80% of students attend charter schools. The [results](#): New Orleans outperformed the previous study by nearly a factor of three (48% vs. 17%) in terms of the percentage of charter schools outperforming traditional schools. Our high-performing charters outnumbered our poor performing charters by nearly 2:1.



Some more data: before Hurricane Katrina, 78% of public school students in New Orleans attended a school designated as “failing” (as rated by our 2011 state performance standards). In 2011, 40% of students attend failing schools. We expect to reduce the percentage fewer than 5% by 2016.

In terms of the percentage of students attending failing schools, that will be 80% to 5% in a ten year period.

New Orleans also decreased its performance gaps against state averages by more than half – closing the proficiency performance gap by 13 percentage points from 2005 to 2011. In 2011, the city’s schools posted the highest student performance scores to date – maintaining its #1 ranking in growth across the state for the fourth consecutive year.

In summary, the largest charter market in the nation is also one of the most successful. The **Relinquishers** of New Orleans empowered families and educators to achieve unprecedented gains in student learning.

Other Urban Charter Markets that Work

Rigorous studies conducted on six other cities – [New York](#), [Boston](#), [San Diego](#), [Indianapolis](#), [Milwaukee](#), [Denver](#), [Memphis and Nashville](#) – found charter schools to be outperforming traditional schools. However, in each of the cities charters serve less than 10% of the student population. As such, the studies tell us much about charter school effectiveness, but less about ability of these charters to scale and serve all students in a city. But, at the very least, these studies show that developing charter markets can increase student achievement across diverse urban areas.

If you are a superintendent of one of the cities, which some of you happen to be, the path to becoming a **Relinquisher** may be already (partially) paved. If you are not a superintendent in one of those cities, you may wish to study their successes.

Urban Charter Markets that Have Yet to Make a Difference

In [Washington DC](#) nearly 40% of students attend charter schools, but their performance does not significantly differ from the students of traditional schools. **Relinquishers**, this should give us pause – unlike New Orleans, Washington DC greatly increased charter market share with little effect. The city is rich with talent and funding, and yet charter schools deliver mediocre results. Similar results were found in [Philadelphia](#). In [Chicago](#) charter schools actually achieved statistically positive results in math, but of the two studies conducted on Chicago, one found a negative effect in reading so I have included Chicago in this list.

Urban Charter Markets that Don’t Work

Rigorous studies that find negative charter school effects in an urban area do not exist. I am sure, however, that charters perform worse than traditional schools in some [cities](#). Still, no rigorous research confirms this. **Reformers** of all stripes – this might be an avenue worth pursuing to support your case.

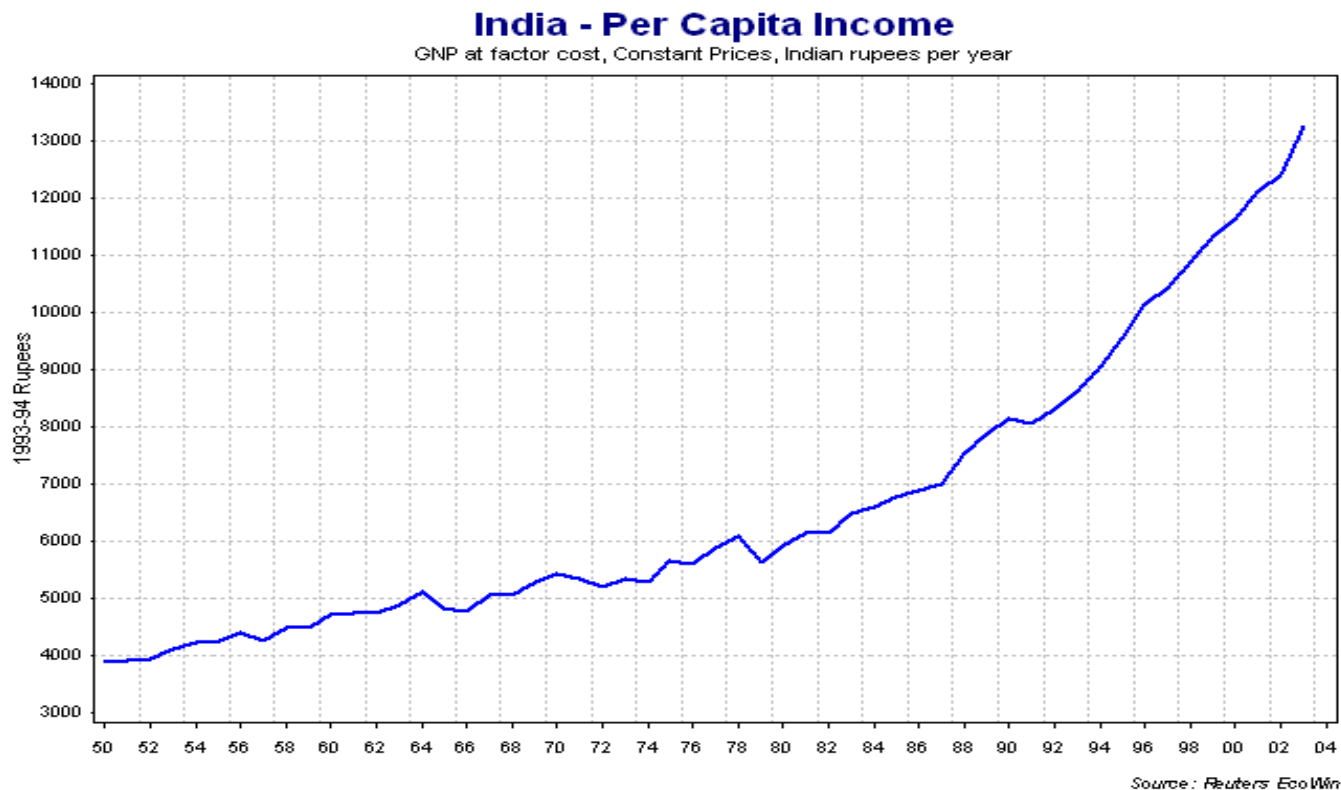
In Summary

The research, while limited in scope, demonstrates this: *charter markets can work.*

Specifically, in New Orleans, the nation's only charter district, relinquishing power to educators and parents triggered what might be the greatest transformation of an urban school district in the modern education era.

Let Me End with a Chart

Now time to get to the chart of the day:



In 1991, Manmohan Singh became Finance Minister in India, a country of a billion people and a thousand languages. In 1992, income began to skyrocket, in large part due to his policies. Singh now serves as the Prime Minister of India.

Manmohan Singh is one of the greatest **Relinquishers** of the modern world. Over the past 20 years, his work in transferring power to India's citizens – especially its entrepreneurs – improved the well-being of hundreds of millions of Indians and resulted in a near doubling of income over a fifteen year period.

The primary strategy Singh used – devolving power away from government operation – can, and should be, applied to our education system as well.

Superintendents, the evidence for relinquishment may be broader than you think.

Part III tomorrow.

Take care,
Neerav

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Part III:

Why Charter Districts Can Work – and Why They Might Not

Superintendents, I predict that charter districts will lead to better execution, increased attraction of talent, and more innovation. I’ve written about these positive attributes [elsewhere](#), so I’ll briefly summarize below. But I also want to devote a significant portion of this section to exploring why charter districts might not work. Developing charter districts poses serious risks to student learning – and these risks must be considered.

Why Charter Districts Can Work: A Brief and Limited Overview

Monopolistic employers lead to dysfunctional labor relations: When there is only one employer in town, and it happens to be poorly run, labor relations will get ugly quick. Thick contracts are the norm (have a cocktail, sit back, and read [this](#)). I don’t blame the unions for their contracts – it is a response to a poorly set-up system.

Attracting the Top Third: The highest performing [countries](#) draw teachers from the top third of college graduates. All Hail Finland. [Research](#) shows charter schools attract teachers from more selective colleges. More [here](#). Fighting over state mandated teacher evaluations is, in the long run, a waste of time. Just open more charter schools.

Innovation requires experimentation: Traditional school districts retain a monopoly of method which is equally as harmful as their monopoly of operation. A diverse charter school sector will experiment more frequently than a monolithic bureaucracy. The work coming out of Uncommon Schools ([here](#), [here](#), [here](#).) is mind-blowing. Want more: [here](#), [here](#), [here](#), [here](#), [here](#), [here](#). Charter schools innovate better than districts.

Why It Could Get Worse: Potential Pitfalls of Charter Districts

Terrible charter schools poorly educate children throughout our country. Charter school districts could fail as well. Superintendents, trust me when I say think about this incessantly. Some possible reasons for failure include:

New Orleans is not Replicable: The New Orleans charter district formed in part because of a natural disaster. The city attracted extremely entrepreneurial and risk-taking individuals. Perhaps there can only be one such place. The success of smaller pilot endeavors [is not always replicable](#). Given that New Orleans is the only true example of a charter district, we should be cautious about scaling this unique situation.

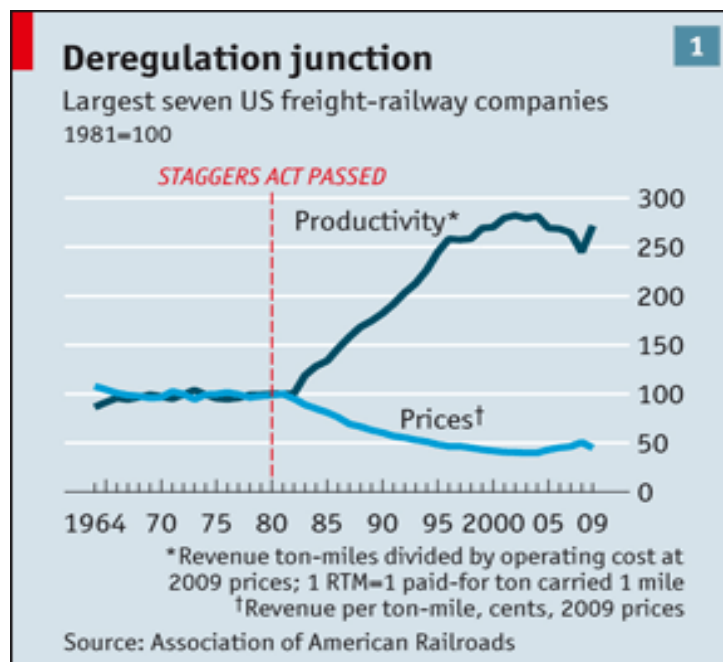
Poor Regulation: Charter school districts are not free markets. Governments approve plans for schools and sets government mandated performance targets. If the government authorizes weak schools and fails to close schools that don’t serve kids – well, [Ohio](#) serves as major warning. Furthermore, in newer markets, [ill-intentioned first movers](#) could dominate the market if not constrained. Poor regulation could lead to worse educational outcomes.

Culture: People are unpredictable. Perhaps the move to charter schools will alienate educators. Perhaps the trend of charters attracting teachers from more selective colleges collapses. Who knows. School systems include thousands of adults with different histories and beliefs, making behavioral prediction very difficult.

International Comparisons: The highest-performing national educational systems do not utilize charter schools as a primary strategy. Given that I think charter districts will work, I view this as a monumental national opportunity. But the global paucity of charter districts should give **Relinquishers** pause.

Together, all of these pitfalls warrant immense caution. Mitigating these risks is of great importance. We should not create charter districts overnight, and we should prepare for some failure. This will be discussed tomorrow.

Let Me End with a Chart



Jimmy Carter, an unheralded **Relinquisher**, deregulated the railroad industry via the Staggers Act. This led to better execution (ability to charge market rates and enter into open contracts), more innovation (aluminum freight wagons and more fuel efficient engines increased the number of ton-miles per gallon of fuel by 38%), and attracted more effective people into the industry (Warren Buffet became a major investor in railroads after deregulation).

At the time of the Staggers Act, most other countries operated nationalized freight railroad systems. Relinquishing the control of freight railroad systems to non-governmental entities was not an international best practice. Today, the United States has one the most effective freight systems in the world.

Reformers – here’s a question to mull over with a glass of wine after a hard day: what would have happened had Jimmy Carter simply tried to reform our government operated freight system? Would similar results have followed?

And one last thing: in the above chart, doesn't the productivity line plotted between 1964 and 1980 look uncannily like the line plotting [NAEP scores of 17 year olds between 1971 and 2008](#)?

It does.

We need a Staggers Act for education. With your large influence, perhaps one of you will call for such legislation.

I hope you do.

Part IV tomorrow.

Sincerely,
Neerav

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Part IV:

The 5% Rule and The 5 Year Rule: How to Prudently Grow a High-Performing Charter District

Superintendents, in recommending that you become **Relinquishers** and transition your school systems to charter districts, I hope to recommend great change with a sufficient amount of humility – especially given the potential pitfalls discussed yesterday. So let me introduce you to two rules that may mitigate the many risks in developing charter school districts.

The 5% Rule

The rule is simple. It states: urban school districts with early stage charter sectors should charter roughly 5% of their systems a year – ideally phasing out the bottom 5% of schools in the system at the same time. Chartering at a far greater pace, say 20-30% a year, greatly increases risk of failure by putting too much stress on government regulators, charter operators, and talent pipelines.

As it happens, in New Orleans we received a federal Investing in Innovation (i3) grant to execute the **5% Rule** over the next five years. During this period, we aim to replace the bottom 25% of schools in New Orleans with high performing charter schools.

What would this look like in other cities? See below:

City	Estimated District National Size Ranking	Estimated Number of Schools	5% Charter Growth Target
Newark	105	74	3.7
Memphis	23	209	10.45
Chicago	3	675	33.75

So for a mid-size school district, like Newark, you need to charter 3.7 schools a year to meet the **5% Rule**. For a larger urban district, like Memphis, you need to charter 10.45 schools a year. And for one of the largest districts in the nation, Chicago, you need to charter 33.75 schools a year. All in all, the **5% Rule** appears to be doable – and perhaps even somewhat conservative in high-quality but smaller charter markets such as Newark.

In summary: Given all the potential pitfalls in growing a charter district, the **5% Rule** sets limits on the annual pace of early stage charter market growth.

The 5 Year Rule

The **5 Year Rule** is as simple as the **5% Rule**. It states: the **5% Rule** should be executed in 5 year increments. The **5 Year Rule** requires **Relinquishers** to analyze the progress of the power transfer before marshaling on. At the end of five years, if the charter sector is underperforming the traditional system, then put the brakes on market growth. In subsequent years, grow your top charter performers to replace your low charter performers until quality is more consistent, then proceed onward. Washington DC would have benefited greatly from **The 5 Year Rule**.

In summary: **The 5 Year Rule** triggers an automatic market share cap if the charter sector underperforms the traditional sector.

Today's Chart of the Day



The above chart details New Orleans charter growth from 2007 to 2011 – a more stable period than the first wave of chartering that took place right after Hurricane Katrina. Charter growth averaged 5.6% over this five-year period. Note that we expect this trend to continue for at least the next three years.

The five-year period from 2007 to 2011 show a city roughly abiding by both **The 5% Rule** and **The 5 Year Rule**. You'll also notice that the 2008-2012 period will be closer to 7% growth. As a charter district further develops, growth will likely accelerate as capacity builds.

So would-be **Relinquishers**, perhaps the transition could look like this:

- Phase I: 5% a year for 5 years (25% cumulative market share)
- Phase II: 7% a year for 5 years (60% cumulative market share)
- Phase III: 10% a year for 3 years (90% cumulative market share)

Or something like that.

But the point is this: charter districts can be developed in 10-15 years. That could be the work of you and one successor.

This is feasible, especially if you happen to be a thoughtful and visionary superintendent.

Part V – the last section of the letter – tomorrow.

Take care,
Neerav

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Part V:

How to Create a Charter District – And Some Concluding Thoughts

The Details: How to Develop a Charter District

New Schools for New Orleans (where I work) and Public Impact will be publishing a more extensive guide on how to develop charter districts in the coming months. If you'd like an early copy, email me (neerav@nsno.org) and I'll send you one. But the highlights are listed below. To develop a successful charter district, you need to execute on three primary strategies:

Govern Aggressively and Fairly

- First, build a state or local accountability system that allows schools to be compared on an “apples to apples” basis. Define the bottom 5% with this metric.
- Next, create a new government entity with the authority to (a) takeover failing schools from districts and (b) authorize new charter schools. This will give you the pressure and cover you need to be aggressive.
- Then rigorously approve charters. Maintain a high authorization bar. Give the schools you do approve free facilities. Close failing schools. Repeat for five years.

Attract and Develop Talent

- Start by doing what everyone else misses: encourage your best talent in traditional schools to convert to charter schools. Yes, relinquish power your best. Remember, you believe educators will do better with fewer constraints. This is one of the untold stories of New Orleans: the first wave of charter school development was led by veteran New Orleans educators.
- Then utilize alternative human capital providers to grow your talent base.
- Eventually, once the recruitment pipelines are where they need to be, begin focusing on development. Allow entrepreneurs to develop training programs. Put pressure on education schools, or just start new ones.

Promote Charter Growth

- First, as noted above, begin converting your best district schools to charter schools. When you conduct your **5 Year Rule** analysis, you will ideally observe increased achievement gains in these schools due to real autonomy.
- Then work with non-profits to build an incubation pipeline for new charter organizations.
- Last, develop and recruit CMOs – organizations capable of operating multiple charter schools. Long-term, these organizations will be key drivers in developing charter markets, as once they mature they can scale at quicker rates than pure incubation.

All right, that was nine bullet points. I cringe and how much was left out and how many assumptions went unjustified. As noted above a more extensive guide will be available soon.

Also, right now New Orleans is the only charter district in the country. I imagine we'll know more when, you all, Superintendents, create some more. If you haven't been convinced to do so yet, well, here goes:

Concluding Thoughts: Brimstone Edition

Superintendents, I've tried to maintain a measured tone. But let me end with some (relative) fire and brimstone.

First, you wrong parents when you deny them the choice of where, and how, to educate their children (even worse to [arrest](#) them). A family will make few more important decisions than where to send their child to school. It is a sign of hubris that you would presume to tell a family which school is best for their child.

Second, only the naïve try to predict – and develop centralized rules for – what will be best for every student in every situation. You occupy a political position far removed from the actual work of educating children. At best, you will mandate mediocrity. It is a sign of hubris to think that you can mandate top down solutions from a bureaucratic post.

Third, it is worthwhile to study other industries. In doing this, you will notice that most industries consist of this formula: entrepreneurs develop solutions to meet people's needs; soon enough, a market forms; then government develops laws that set the guidelines for this market; then government creates regulatory bodies to oversee see this market; and then non-governmental entities do the work and continually innovate to better meet the needs of the people the market serves.

Some call this capitalism, but this is a misnomer. Rather, call it innovation-ism – in that it is a system that is designed to promote, reward, and scale innovation. If you think that somehow education is different – and that your educational ideas will continually outperform a market place of ideas – well, this is a sign of incredible hubris.

In sum, dear **Reformers**, beware of your own hubris. You, nor anyone else, are as smart as your strategy requires.

Ultimate Concluding Thoughts: Optimism Addition

All right, I can't end on that. Superintendents, I like you too much. And you all did not build the institutions that you inherited. So let's talk about the opportunity that is before you.

From 1900 to 1970, the United States led the world in educational opportunities by creating a system of government run primary and secondary schools and a more decentralized system of post-secondary institutions. Today, our universities remain the envy of most nations. Our primary and secondary schools do not.

How to change this?

By harnessing the greatest strengths of our nation: our immense talent and entrepreneurial spirit. If New Orleans is any indication, charter districts will do exactly this.

What has occurred in New Orleans may or may not transform how our country serves its most at-risk children. Superintendents, this all depends on you. But I believe the principles of the New Orleans system are sound: government should delegate school operations to nonprofits and hold these organizations accountable. Great schools should expand. Failing schools should close. Parents should have choices in where to send their children to school. Educators should have choices in where they work.

By themselves, none of these principles are particularly radical. Together, however, they provide a potential roadmap to transform urban educational systems across our nation.

Superintendents, the future of our educational system thus perhaps comes down to this: in your hearts and minds, which identity will prevail – that of the Reformer or that of the Relinquisher?

Time will tell.

Take care,
Neerav