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Children First Reforms, Fair Student Funding and the Displacement of Accountability in the New York City Department of Education

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Children First Reforms, Fair Student Funding and the Displacement of Accountability in the New York City Department of Education

by

Daniel Voloch

A dissertation submitted to the Graduate Faculty in Urban Education in partial fulfillment of the requirements for the degree of Doctor of Philosophy.
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This manuscript has been read and accepted for the Graduate Faculty in Urban Education in satisfaction of the dissertation requirement for the Degree of Doctor of Philosophy.

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THE CITY UNIVERSITY OF NEW YORK
ABSTRACT

Children First Reforms, Fair Student Funding and the Displacement of Accountability in the New York City Department of Education

Advisor: Professor Anthony Picciano

During the first decade of the 21st century, Chancellor Joel Klein and Mayor Michael Bloomberg oversaw a radical transformation of the New York City Department of Education (NYCDOE) into a portfolio management district in which the primary responsibility of the NYCDOE was not to develop the capacity of school leaders or teachers, but instead to create a marketplace through which strong schools could be created and failing schools could be closed. Central to these reforms was a focus on the individual school as the site of both reform and accountability. In a 2006 interview with William Ouchi (2009), Joel Klein declared, “The school is the unit that matters” (p. 104). As Ouchi goes on to explain, “New York City’s strategy was to improve student performance by allowing each school to elevate itself in its own unique way. The basic theory was that every school, given proper freedom and accountability with skilled leadership from the principal, will improve” (p. 104). As Leslie Santee Siskin (2012) notes, the mantra that was repeated throughout the Department of Education during the early years of Chancellor Klein’s tenure was that the goal was to create a “system comprised of great schools, not a great school system” (p. 188).

In order to hold individual schools accountable for results, the NYCDOE needed to restructure its school funding process to account for differences in student need. In announcing the proposal for Fair Student Funding, which would differentiate funding based on student characteristics, Chancellor Klein explained, “I think it’s important to the city that we can say that we are being equitable, we are being transparent, and we are treating kids who are in a similar
situation the same” (Foley, 2010).

In theory, Fair Student Funding provides every school with the resources needed to educate its specific student population, and thus a principal has everything that he or she needs to meet specific, quantifiable outcomes. Yet despite the intention of Fair Student Funding to create a transparent and equitable system, the percentage of Fair Student Funding that a school receives varies anywhere from 81 percent to 134 percent. Of the 451 high school budgets examined, 8.5 percent (n=38) were fully funded, with the median funding amount being 86.19 percent. Furthermore, there is a statistically significant inverse relationship between the percentage of Fair Student Funding a school receives and its percentage of low-income students, percentage of English language learners and the size of the school. That is, the higher the percentage of low-income students, the higher percentage of English language learners, or the larger the school, the lower the percentage of Fair Student Funding the school receives.

Despite the pretense of transparency throughout the Children First reforms, Chancellor Klein made a number of policy decisions that privileged some schools over others and that ultimately reinforced some of the very funding inequities that Fair Student Funding was intended to address. Perhaps no decision was more important to the success of small schools, and to instantiating certain funding inequities, than the decision to bring in new schools at 100 percent of Fair Student Funding as opposed to the citywide average. In order to understand why Chancellor Klein made this decision, and why Fair Student Funding did not live up to its promise, it is important to contextualize its implementation within the following educational trends: 1) neoliberalism and a focus on individual schools as sites of reform; 2) the development of a portfolio management model that focuses on accountability as opposed to capacity building; and 3) the implementation of mayoral control and the neoliberal myth of political neutrality.
ACKNOWLEDGEMENTS

Any worthwhile project is a collective effort, and this dissertation is no exception. Over the course of my time at the Graduate Center, I have had the opportunity to work and learn with a number of talented colleagues. In particular, the students in Jean Anyon’s Dissertation Seminar, Joanna Yip, Noah Heller, Chrystina Russell, and Susan McCullogh provided thoughtful feedback and consistently pushed my thinking. And it would be impossible to imagine navigating the Graduate Center without the help of Christine Saieh.

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My committee made the process of writing this dissertation truly enjoyable (which is not an adjective one tends to associate with dissertations). Anthony Picciano stepped in as the chair
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CHAPTER ONE

INTRODUCTION

The New York City Department of Education is the largest urban school district in the United States, and under Mayor Michael Bloomberg and Chancellor Joel Klein, it underwent a radical transformation, under the banner of Children First. There has been surprisingly little examination of these reforms, especially the implementation of Fair Student Funding. Through a case study of the implementation of Fair Student Funding in New York City, and by contextualizing this study within a broader analysis of the market-based reforms enacted in the New York City Department of Education under Chancellor Klein, I will challenge the neoliberal assumptions that serve as the foundation for this policy, assumptions that ultimately helped to reify and reinforce the very funding inequities that the policy was intended to remedy. In this chapter, I will introduce my research questions, discuss my methodology, and present background information on both the Children First reforms and educational funding inequities in New York. I conclude with an overview of the subsequent chapters of my dissertation.

As part of its annual back-to-school coverage in 2012, The New York Times featured the story of Eula Guest, a Harlem parent who spent a great deal of time investigating middle schools for her daughter before finally selecting Frederick Douglass Academy II—a school that featured “a robotics class, a college-readiness program and lots of tutoring for students in need of extra support. The latest grade reported in the city’s guidebook said the middle school had earned an ‘A.’” Ms. Guest was thrilled when her daughter was accepted, an excitement that quickly turned to panic when the school’s grade on annual accountability metrics plummeted from an A in 2008 to a C in 2009 to an F in 2010, resulting in the school being threatened with closure shortly after her daughter enrolled. As Ms. Guest laments, “They tell you, be an active partner in your child’s education, be active about choosing a school… You abide by the rules, and then they try to change the rules. I was in shock” (Spencer, 2012).

Choice, competition, marketplace and accountability—these are the buzzwords that characterized the reforms under the Bloomberg-Klein administration and that have become the foundation for much of the national educational reform movement. During his administration,
Mayor Bloomberg presided over the opening of 500 new schools and closed more than 170. As Spencer explains, “The idea, one that became a model for school reform nationwide, was to let parents shop for schools the same way they would for housing or a cellphone plan, and that eventually, the competition would lift all boats.”

The Department of Education under Mayor Bloomberg and Chancellor Klein believed in the power of choice and competition. However, the situation of being caught in a failing school that was chosen, and perhaps more importantly that was offered as a choice by the New York City Department of Education (NYCDOE), raises some important questions. Can there be a marketplace without failure? How can the NYCDOE allow parents to choose a school that has been declared a failure and is slated for closure? What constitutes “choice” when Chancellor Klein announced in a 2004 press conference that “eighty-six percent of the high schools in New York City are undesirable” (Perez, 2009)?

During the first decade of the 21st century, Chancellor Joel Klein and Mayor Michael Bloomberg oversaw a radical transformation of the New York City Department of Education into a portfolio management district in which the primary responsibility of the DOE was not to provide curriculum or direct support to schools, but instead to create a marketplace through which strong schools could be created and replicated, and failing schools could be closed. As Leslie Santee Siskin (2012) notes, the mantra that was repeated throughout the Department of Education during the early years of Chancellor Klein’s tenure was that the goal was to create a “system comprised of great schools, not a great school system” (p. 188). Of course this shift raises important questions about the role of district offices in providing public education, about the nature of public education as a public good, and about accountability. If we were to think of

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1 In *Rethinking School Choice*, Henig (1994) proposes that one of the reasons why public school choice may have been so easily accepted is because “shopping, after all, may be the unifying experience in American culture” (p. 13).
the converse of this mantra—creating a system comprised of failing schools, not a failing school system—we can begin to question where accountability lies in this system.

In a 2006 interview with William Ouchi (2009), Joel Klein declared, “The school is the unit that matters” (p.104). As Ouchi explains, “New York City’s strategy was to improve student performance by allowing each school to elevate itself in its own unique way. The basic theory was that every school, given proper freedom and accountability with skilled leadership from the principal, will improve” (p.104). When asked by former New York State Commissioner of Education David Steiner in 2013 if he still believed in building a system of great schools instead of a great school system, Chancellor Klein responded,

I don’t know any other way. You send your kid to a school, you don’t send your kid to a school system. This is the one thing that drives me nuts about choice. I’m a pretty big believer that [if] it is good enough for the one percent it is good enough for the 99 percent, and I don’t know anyone in the one percent who doesn’t insist on choice for their kids, and the idea that we would eliminate choice strikes me as nuts… Choice is something that all of us want in every aspect of our life. (Klein, 2013)

In this response, not only does Chancellor Klein celebrate choice as a basic human right, but he focuses his response not only on individual schools, but on individual parents and children who deserve a choice in the schools they can attend. There is no discussion, however, of how the system can ensure that these schools are quality choices. Even though choice is framed as a way to “level the playing field” or ensure that low-income communities have the same opportunity to

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2 Choice also connects to the privileging of individuals in U.S. political culture. As Amy Stuart Wells (2006) notes in “Our Children’s Burden: A History of Federal Educational Policies that Ask (now Require) Our Public Schools to Solve Social Inequality,” there is a focus in U.S. political culture on a “boot-strap ideology” that sees “education as a hand up as opposed to a hand out.”
choose as the “one percent,” recent research by the Annenberg Institute has shown that the implementation of a widespread choice system has not resulted in more low-income students graduating college-ready. The authors found that 18 of the 21 neighborhoods with the lowest college-readiness rates are in the Bronx, that in the city’s neighborhoods with 100 percent Black and Latino residents, no more than 10 percent of students graduate college-ready, and that 13 of the 15 neighborhoods with the highest college-readiness rates are in Manhattan. This leads the authors to conclude that “in spite of the city’s efforts to increase equity by expanding high school choice and creating five hundred new small schools and one hundred charter schools, college readiness rates are still largely predicted by the demographics of a student’s home neighborhood” (p. 1).

Within Chancellor Klein’s framework, choice could only function if school budgets were restructured so that there was a direct connection between the amount of funding a school received and the size and need of its student body. In The Secret of TSL: The Revolutionary Discovery That Raises School Performance, William Ouchi (2009), one of Chancellor Klein’s initial advisors and a strong proponent of weighted student funding, makes the explicit connection between weighted student funding and school choice: “Without school choice, the effects of Weighted Student Formula are muted as well… If students are assigned to the nearest school, each school will have only a few students who have one type or another type of special need, and typically the additional money that those few special students bring will be insufficient to enable the school to meet their need fully” (p. 273).
Background on the Children First Reforms: Transforming the New York City Department of Education into a Portfolio Manager

In 2002, Mayor Bloomberg successfully petitioned New York State for mayoral control of the schools in the nation’s largest urban public school system. To provide some context, there are currently 1.1 million students being educated each day in more than 1,700 New York City schools. This means that approximately one out of every 286 people who live in the United States is a New York City public school student. Put another way, if the population of the New York City public schools was a city, it would be the 10th largest city in the United States, just behind Dallas.

Who did Mayor Bloomberg nominate to lead the nation’s largest school system? Joel Klein, a New Yorker who had almost no experience in education but who had come to prominence as a leading antitrust lawyer. Despite his lack of educational experience, Mayor Bloomberg believed that Klein could tackle a system characterized by seemingly intractable problems. As Paul T. Hill (2011) explains in “Leadership and Governance in New York City School Reform,” the symbolism of appointing Klein was not lost on educators: “As the government litigator in the Microsoft antitrust case, Klein had acted on the assumption that monopolies stifle innovation, sequester funds that should be available to the rest of the economy, retard economic growth and social progress, and hurt consumers” (p. 23). One of Chancellor Klein’s first acts was to launch a series of reforms under the title Children First. As Jonathan Gyurko and Jeffrey Henig (2010) explain, these reforms “were grounded in management
theories, articulated in corporate values and metaphors, informed by their interpretation of failures locally and in other cities, and planned by teams of external consultants” (p. 93).

The planning for the Children First initiative was funded by $4 million in private philanthropic funds, half of which, according to Reckhow (2013), came from venture philanthropist Eli Broad, who boasted, “From the first day Joel [Klein] took office, literally, we met with him” (p. 100). The planning for Children First was contracted out to McKinsey and Company. Reckhow (2013) notes that there are very few publicly available documents on the Children First planning process and quotes news coverage which reported that aside “from five open parent meetings, the plan has come together in long private meetings” (p. 100). Here we see the themes that will continue throughout the era of Children First: the imposition of management theories and corporate values on the public education system, or what Ball and Youdell (2007) refer to as “endogenous privatization”; the importance of philanthropic funds in operationalizing these reform theories; the intentional development of a market through the fostering of “choice”; and the use of external consultants or partners to assume the functions that had been traditionally done by the Central Office.

The role that McKinsey and Company played in the development of Children First exemplifies Ball’s (2012) description of the “production by education and consultancy

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3 The origins of many of the reforms eventually enacted under Children First can be found in No Child Left Behind. As Ravitch (2010) notes, “Children First was the New York City version of No Child Left Behind, in spirit and in practice… Schools that failed to produce higher scores would suffer increasingly severe sanctions, their principals might be fired, and the schools might be closed” (p. 77).

4 In “Chancellor Joel Klein’s Midterm Exam,” John Heilemann (2005) recounts the genesis of Broad’s funding of the Children First reforms: “Joel called and said, ‘I’ve got a big problem,’ billionaire philanthropist Eli Broad tells me. He said, ‘I got thousands of employees, but I don’t know what they do. And there’s no way to use public funds to figure it out.’ ”

5 Throughout the Children First reforms, there have been a number of critiques of the opacity of decision-making and budgeting under the Klein administration. Even though most of the reforms were framed in terms of both saving money and bringing greater transparency and accountability, Haimson (2009) quotes a parent leader who wrote, in 2004, parent leaders “cannot even get a copy of a budget to show us where all the ‘savings’ are in this new reorganization, and we understand that… our elected officials cannot get this information as well” (p. 13).
companies of policy ‘texts’ and policy ideas for and within the state” (p.99). Policies that encourage or require the involvement of non-governmental stakeholders often result in a boon for businesses. Under neoliberal reforms, “the boundaries between state, economy, and civil society become increasingly blurred,” resulting in external consultants playing increasingly important roles and business becoming “both a beneficiary of and method of reform—either in replacing public sector providers or working to change the subjectivities, practices and discourses of these providers. The state is also remaking itself in these terms—and is both an object of suspicion and a subject of reform” (Ball, 2012, p. 113). DiMartino and Scott (2012) note that the “literature on privatization has often conceptualized public and private entities as distinct and often competitive rivals, neglecting the ways in which neoliberalism has created instances in which public policy makers are key architects of privatization policy” (p.6). While this shift does bring into the decision-making process a variety of non-governmental entities, the question remains: who gets to participate in these conversations? As Feigenbaum and Henig (1994) note: “In shifting responsibilities from government to market, privatization potentially alters the institutional framework through which citizens normally articulate, mediate, and promote their individual and shared interests. The specific consequences of such an institutional restructuring are hardly agreed upon or the same for all: some groups in a more privatized arena would find their interests more clearly defined and more readily promoted; other groups would find the opposite” (emphasis added).

In 2007, the Children First reforms entered a second stage in which accountability and decision-making were devolved to schools. The reforms that Bloomberg introduced in 2007 were intended to provide schools with more accountability (through new performance contracts for principals), better information (through school report cards), and expanded flexibility (through
teacher hiring practices and budget reforms), with the belief that this would result in more successful schools. A critical part of the reforms was the restructuring of school financing through the implementation of Fair Student Funding, otherwise known as weighted student funding. This funding system was based on four guiding principles: “School budgeting should fund students fairly and adequately, while preserving stability at all schools; different students have different educational needs and funding levels should reflect those needs as accurately as possible; school leaders, not central offices, are best positioned to decide how to improve achievement; and school budgets should be as transparent as possible so that funding decisions are visible for all to see and evaluate” (NYCDOE, 2012, p.8). In contextualizing weighted student funding within larger educational reform movements, Snell and Furtick (2013) explain that with this financing system, “Every school in a district becomes a school of choice and the funding system gives individuals, particularly school administrators, the autonomy to make local decisions. This autonomy is granted based on the contractual obligation that principals will meet state and district standards for student performance. Student-based funding is a system-wide reform that allows parents the right of exit to the best performing schools and gives every school an incentive to change practices to attract and retain families from their communities” (pp. 1-2).

The adoption of weighted student funding formulas was explicitly linked to both equity and empowerment. In announcing the proposal for Fair Student Funding, Chancellor Klein explained, “I think it’s important to the city that we can say that we are being equitable, we are being transparent, and we are treating kids who are in a similar situation the same” (Foley, 2010). Klein went on to say: “One of the things I hear from principals is, ‘Well, how can you hold me to the same standards as others, when the funding allocations are not equitable, are not transparent, and they are not fair.’” Within this formulation there is an assumption that equity
means equity of resources (or inputs), and that what matters most is that principals are provided with similar resources in order to hold them accountable for student results. Klein’s focus, both in this instance and throughout much of the Children First reforms, is less on providing additional resources in order to strengthen the education students receive, and more on creating a transparent marketplace in which principals can be judged.

In the introduction to *Education Reform in New York City: Ambitious Change in the Nation’s Most Complex School System*, O’Day, Bitter, and Talbert (2011) note that despite the fact that the reforms under Mayor Bloomberg have been touted throughout as a national model for school reform, there “has been surprisingly little independent documentation of [these] reforms” (p. 2). There has been particularly scant attention to the implementation of Fair Student Funding, even though this represented a radical transformation of the ways in which schools receive funding and even though it has been widely adopted across the country. By 2013, 15 of the largest school districts were implementing a version of weighted student funding, including the Houston Independent School District, San Francisco Unified School District, Denver Public School District, Boston City Public School District, and Minneapolis Public School District. In addition, Governor Jerry Brown recently proposed a weighted student funding plan for the entire state of California.

Through a case study of the implementation of Fair Student Funding in New York City, and by contextualizing this study within a broader analysis of the market-based reforms enacted in the New York City Department of Education under the Children First Reforms, I will challenge the neoliberal assumptions that serve as the foundation for this policy, assumptions that ultimately helped to instantiate the very funding inequities that the policy was intended to remedy.
Background on Fair Student Funding and Funding Inequities in New York State

In an analysis of the research conducted by the Organization for Economic Cooperation and Development (O.E.C.D), New York Times economics reporter Eduardo Porter (2013) notes that the “United States is one of few advanced nations where schools serving better-off children usually have more educational resources than those serving poor students.” Among the 34 O.E.C.D. nations, the United States is one of only three countries in which disadvantaged schools have higher teacher/student ratios than in those serving more privileged students. As an example, in the 2010-11 school year, the wealthiest school districts in New York State spent $25,505 on average per student, while the poorest school districts spent only $12,861. As Porter concludes, “The inequity of education finance in the United States is a feature of the system, not a bug, stemming from its great degree of decentralization and its reliance on local property taxes.”

Funding inequities can be traced back to the founding of public schools as local institutions that were inextricably tied to—and funded by—local communities. From their inception in the Common School Movement, “American public schools have been thought of as institutions that served—not the nation or state—but rather their local communities” (Biddle and Berliner, 2003). The early Common Schools were funded by local contributions and were intended to reflect the values of the local community. Early attempts to create statewide systems of schools—most notably Thomas Jefferson’s proposal for a three-tiered system of local education that included free elementary schools, regional academies, and financial support for needy graduates to enroll in college—were defeated as a result of “resistance to new taxes, devotion to local control and individual choice, and a faith in existing” local schools (Kaestle,
Educational Finance in New York State

In 1784, New York State founded the New York State Board of Regents, an education board that granted charters and financial assistance to academies and colleges. New York State passed its first common school law in 1795 as a result of Governor Clinton’s complaint that existing aid “was confined to the children of the opulent” (Kaestle, 1983, p. 10). The legislature passed a five-year law that appropriated $50,000 a year to be divided among local common schools that agreed to match the state allotment with local funds. As Kaestle (1983) notes, by 1799 there were not sufficient funds, which “necessitated a direct property tax. In 1800 the state’s senate, unwilling to tax property for education, refused to renew the law” (p. 10).

Even though there was resistance to providing state funds to local schools, by the 1846 constitutional convention there were thousands of school districts across New York State. During the constitutional convention, “delegates noted the insufficient number of qualified teachers and poor supervision of classrooms and districts as the most pressing problems in the public schools” (Kagan, p. 2262). Despite this concern, the delegates were not able to pass an educational clause to the constitution, and there was a great deal of resistance to supporting public schools solely through taxation. Rate bills, or the amount that families paid to educate their children, accounted for 40 percent of public school funds in New York. As Kaestle (1983) notes, rate bills not only deterred the children of poor families from attending schools, but they “also tended to discourage regular attendance because towns usually charged parents according to the number of days their children attended” (p.149). In 1867, rate bills were abolished in New York but it was not until the 1894 constitutional convention that an education clause guaranteeing a “sound basic education” was passed as “part of the ‘children’s Bill of Rights’” (Kagan, p. 2262). As Biddle
and Berliner (2003) note, “By the end of the nineteenth century a tradition of funding [schools] through local property taxes was widespread in the nation” (p. 6).

**Defining “Sound Basic Education” and 20th-Century School Finance Court Cases**

Even though by the early 20th century every state acknowledged its constitutional obligation to provide an education to its residents, the courts played a big role in determining school financing models. Rebell (2002) notes that “most state constitution education clauses were written in the 19th century and reflect the democratic ideals of the common school movement, as well as the employment preparation orientation of the compulsory education movement. In interpreting the adequacy requirements of these clauses, the courts have, therefore, been strongly influenced by this original intent. Thus, there is widespread agreement that an adequate system of education is one that ‘ensures that a child is equipped to participate in political affairs and compete with his or her peers in the labor market’” (p. 239).

The 1970s marked the beginning of a significant period of judicial action to examine school finance equity. The California Supreme Court’s decision in *Seranno v. Priest* was of particular note, finding that “the quality of education may not be a function of wealth other than the wealth of the state as a whole” (p. 8). In this case, the plaintiffs, a group of Los Angeles County school children and their parents, argued against unequal funding and showed that in the 1969-70 school year, elementary school districts’ expenditure per student ranged from $407 to $2,586 and high school districts’ expenditures ranged from $722 to $1,761. The Serrano decision established the framework of *wealth neutrality*, a “school finance equity concept [that] specifies that no relationship should exist between the education of children and the property wealth (or other fiscal capacity) that supports the public funding of that education” (Berne and Stiefel, 1999, p. 16). Berne and Stiefel go on to note that this case “ushered in a series of court cases,
academic studies, and legislative changes focused on the equity of state school financing systems” (p. 8). By 2005, court cases challenging inequities in stated educational funding systems had been filed in 45 states, with, as Rebell and Wolff (2008) note, “plaintiffs having won major decisions in most of them” (p. 22).

Even though the New York state constitution guaranteed a “sound basic education,” the courts struggled with a way to operationalize this concept when it came to school funding. In 1978, a group of poor school districts, joined by the “Big Five” cities of Buffalo, Rochester, Syracuse, Yonkers, and New York City, filed Levittown v. Nyquist to challenge the state’s finance education system. In 1982, the New York State Court of Appeals ruled that the state constitution guaranteed a “sound basic education,” but it did not attempt to define the characteristics of such an education. As a result of this decision, the New York State Education Department convened a task force that led to the Regents Learning Standards that were issued in 1996. These standards were gradually implemented to require high school students to pass five course-based exams in order to graduate.

In 1993, as the task force was still working to develop the standards that would define a sound education, the Campaign for Fiscal Equity launched a lawsuit against the State of New York, arguing that the state was underfunding New York City schools. Citing the fact that New York City schools expended approximately $10,469 per student while schools in neighboring suburbs expended $13,760 per student, the plaintiffs argued that the State was depriving students in New York City of their constitutionally guaranteed right to a “meaningful high school education.”

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6 In his analysis of the role of the courts in establishing a working definition of educational adequacy, Rebell (2002) notes that the wealth (or fiscal) neutrality established by the Serrano case “provided a judicially manageable standard only because it avoided dealing with the complexities at the core of the issue—how to ensure an adequate level of education for all students and especially for those with distinctive educational needs” (p. 225).
Baker (2011) notes that the plaintiff’s definition of a “meaningful high school education,” which was upheld by a trial court judge in 2001 and again by the Court of Appeals in 2003, was “adopted in part in response to a report from a Mayor’s Advisory Task Force (1999) that thousands of students graduating from the New York City public schools were unable to successfully complete remedial coursework in the City University system” (p. 7). It is important to note that more than a decade later, the remedial rates for students entering the CUNY system from New York City high schools remain shockingly high. In 2013, nearly eighty percent of the New York City public high school graduates who enrolled in a CUNY community college failed at least one of the CUNY Assessment Tests and required developmental coursework before enrolling in college-level coursework (Edelman, 2014).

In 2003, the New York State Court of Appeals ruled in the Campaign for Fiscal Equity case that the Article 1, 11 of the New York State Constitution guaranteed a “sound basic education” to all students and that the state’s existing “system for financing public education was unconstitutional because it failed to provide students in New York City such an opportunity” (Rebell, 2011). As Josh Kagan (n.d.) explains in his legal analysis of the CFE ruling, the court chose to define adequacy in terms of educational inputs as opposed to outputs: “The plaintiffs’ showing of inadequate inputs creates a presumption of a constitutional violation, but the state may rebut this presumption with a showing of positive outputs. The plaintiffs’ showing of both inadequate inputs and outputs led the court to presume that the inadequate inputs caused the inadequate outputs” (p. 2248). We will return to the complicated relationship between inputs and outputs when we look at how funding weights are calculated in weighted student funding.

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7 In analyzing the CFE ruling, the Office of the New York State Comptroller (2005) explains, “The Court specifically rejected the state’s contention that the district’s high dropout rate and low test scores were largely due to the low socio-economic status of the City’s students, or the failures of the City’s Board of Education to use its resources well. The Court noted that even had the State successfully proven misconduct on the part of the City, it
In analyzing the history of educational funding in the United States, Springer, Houck, and Guthrie (2008) note, “The standards-based reform movement, based on a theory of systemic alignment, allowed policy makers to move from questions of resource distribution to resource use…” (p.13). That is, with the shift to common performance metrics, schools could be compared to each other and a more precise definition of an adequate education could be developed. As Rebell (2002) explains, standard-based reforms provided courts with the “judicially manageable’ tools that allow them to” decide educational finance cases. Whereas there had previous been debate over how to define an adequate education, as a result of the standards-based reform movement, courts were able to work with state legislatures and education departments to articulate a core constitutional concept that “defines the purpose of an adequate education in terms of preparation for civic participation and for the competitive job market; emphasizes the importance of relating constitutional requirements to contemporary needs; is pegged at a ‘more than minimal level’; and guarantees educational opportunities rather than specific educational outcomes” (p. 219).

In March 2006 the Appellate Division upheld most of the Supreme Court's ruling, ordering the state to provide between $4.7 billion and $5.63 billion in annual operating aid and $9.2 billion in capital funds. In 2007, the New York State Legislature passed the 2007 New York State Foundation Aid Formula which was intended to comply with the court’s ruling. As a result of the financial crisis, however, the state froze foundation aid at the 2008-09 levels, and cut aid levels between 2010 and 2012. For New York City schools, Baker (2014) calculates that the 2013-14 budget provided nearly $3 billion less in state aid (or $2,785 per student) than full funding would have.

would still be liable for the sub-par quality of education the City provided because it is the State, under the State Constitution, that bears ultimate responsibility for the education of its citizens.”
The initial infusion of funds into the New York City school system allowed Chancellor Klein to enact Fair Student Funding in the most politically feasible manner possible; he moved to equalize funding by providing more funds to traditionally underfunded schools while maintaining funding levels at schools that had been overfunded. As Schwartz, Rubenstein, and Stiefel (2007) note, the overarching goal of FSF as implemented in New York City was “to improve equity, particularly vertical equity, in the distribution of resources and, ultimately, to improve the efficiency of how resources are used to promote student performance” (p. 2). In “Conceptions of Equity and Adequacy in School Finance,” Baker and Green (2008) explain the difference between equity and adequacy: “Equity conceptions deal primarily with variations of relative differences in educational resources, processes, and outcomes across children, whereas adequacy conceptions attempt to address in more absolute terms, how much funding…” (p. 203). In addition, they note that horizontal equity focuses on the equal treatment of equals while vertical equity focuses on the unequal treatment of unequals. Baker and Corcoran (2012) explain the difference between horizontal and vertical equity: “In practical applied terms, these concepts would argue that where all else is equal, schools should receive equal funding (horizontal equity), and where different needs exist—such as higher concentrations of students from low-income families and greater numbers of children with disabilities—those with greater needs and higher costs associated with meeting those needs should receive greater funding (vertical equity)” (p. 21).

Given the size of the NYC school district, intra-district resource allocation was critical to examine, especially since court decisions on school funding tended to focus on inter-district funding disparities: “Focusing on total or average resources at the district level implicitly assumes that the average resources reach all schools more or less evenly within a district, which
is frequently untrue in practice” (4). Intra-district disparity in funding was a large issue in New York City: “In 2005, classroom spending averaged $4,642 per student but ranged from a low of $2,511 to a high of $8,569, a difference of up to $6,058 per pupil” (NYCIBO, 2007).

The belief that it takes different amounts of resources to educate students depending on a number of factors (including age, special education status, and poverty) was not new when the DOE adopted Fair Student Funding. Weighted Student Funding was pioneered in Edmonton, Canada in 1973, and prior to its implementation in New York City, weighted student funding had been implemented in Cincinnati, Seattle, Oakland, San Francisco, and Houston. Seattle defined three principles that underlie their formula: “Resources follow the student; Resources are denominated in dollars, not in FTE staff; and the allocation of resources varies by the personal characteristics of each individual student” (Schwartz et al., 2007, p. 11).8

In exploring the impact of weighted student funding, Petko (2005) notes that the National Association of State Boards of Education (2003) describes four rationales for implementing a system of weighted student funding:

- “Efficiency. WSF creates a system that provides a common sense groundwork for budgeting where decisions are made based on the particulars of individual students. Also, personnel assume a greater role and have a higher level of commitment to the process.

8 Seattle implemented weighted student funding in 1997, but “shifted away from its decentralized system in 2006, in part because it was too ‘cumbersome’; it required ‘school principals and staff to spend many hours developing the budget,’ and because the school-based nature of the approach made it ‘difficult to develop carefully coordinated strategies between the District and schools’” (RELWEST and West Ed, 2009, p. 9). In “Seattle schools revise funding formula,” Jessica Blanchard (2007) describes the shift from Weighted Student Funding to “Weighted Staffing Standard” because Weighted Student Funding resulted in schools that were under-enrolled not being able to hire sufficient staff members: “Some schools, including a few that closed last summer, were caught in a downward spiral: As enrollment dipped, they received less money from the district and had to cut back or eliminate key positions. That led parents to choose to send their children to other, larger schools with more resources.” Weighted Staffing Standard provides a minimum number of staff for each school regardless of enrollments, which is somewhat akin to the foundation funding each school receives under Fair Student Funding in New York.
“Adequacy and equity. By making the funding follow the student, equity among schools is improved because funds for extra needs are attached to the student and not to the school. Basically, if a student moves from one school to another within a district, the student’s needs don’t depend on two independent school budgets.

“Element of competition. The WSF system creates a motivation for schools within a district to retain students by offering the best possible programs.

“Linking funding to overall school improvement efforts. WSF can be implemented with School-Based Management (SBM) to enhance the distribution of resources within a school.”

This description of the rationale for weighted student funding, particularly in its initial focus on efficiency, highlights the ways in which this reform is bolstered by a neoliberal framework. Advocates of the marketplace argue that increased efficiency can only be attained “if individuals are able to make choices within a market system in which schools compete rather than the current system in which individuals are captive to educational decisions made by educators and government officials” (Hursh, 2007). Within a neoliberal framework, weighted student funding empowers each individual student to select which school to attend.

**Research Question**

Although the transformation of education into a marketplace has been advocated for decades, and although the language of the marketplace has been accepted as the *lingua franca* of contemporary educational reform, this transformation does not happen naturally. As Ball (2012) explains in his analysis of the development of new policy networks and the neoliberal imagination, neoliberalism, and by extension the creation of a marketplace for schools, is
“neither natural nor inevitable; it is being done and planned and enacted” (p. 142). It is critical to examine the ways in which policies are used to construct and enact a marketplace in order to challenge its status as inevitable.\footnote{In \textit{The Gift of Education: Public Education and Venture Philanthropy}, Saltman (2010) playfully refers to this as the “TINA (There Is No Alternative to the Market) thesis that has come to dominate politics throughout much of the world [and] has infected educational thought” (p. 25).} As David Hursh (2007) explains in “Assessing No Child Left Behind and the Rise of Neoliberal Educational Policies,” over the “past several decades, neoliberal policies have become so dominant that they seem to be necessary, inevitable, and unquestionable… everywhere we hear it said, all day long—and this is what gives the dominant discourse its strength—that there is nothing to put forward in opposition to the neoliberal view, that it has presented itself as self-evident” (p. 498).

In defining neoliberalism, David Harvey (2007) identifies the important role that the state plays in creating markets. Harvey explains that neoliberalism is “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedom and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate for such practices…Furthermore, if markets do not exist (in areas such as land, water, \textit{education}, health care, social security, or environmental pollution) then they must be created, by state action if necessary” (p. 2, emphasis added). As Stephen Ball (2012) explains, at “its most visceral and intimate, neo-liberalism involves the transformation of social relations into calculabilities and exchanges, that is into the market form, and thus the commodification of educational practice—e.g. in economies of student worth, through performance-related pay, performance management, and flexibilisation and labour replacement. Neo-liberal technologies work on us to produce ‘docile and productive’ teacher and student bodies, and responsible and enterprising teacher and student selves” (p. 29).
Tackling a decade of educational reforms is no small feat, and it would be impossible to provide a comprehensive analysis of the entire Children First reform efforts within the confines of a single dissertation. Fair Student Funding serves as a strong case study of the impact of neoliberal reforms, in part because it instantiates the neoliberal focus on the individual by literally transforming student need into financial weights that are then used as the basis for funding. In examining the implementation of Fair Student Funding, I will problematize a number of the neoliberal assumptions that serve as the foundation for much of the currently popular market-based reforms:

1) A focus on individuals: With the implementation of Fair Student Funding, the focus of budgeting shifts to the individual student and his or her needs. One of the greatest limitations of Fair Student Funding is that it focuses on the individual student and not on the characteristics of the entire student body in a given school. In reviewing the research on the impact of poverty on educational attainment, Baker and Green (2008) note that “individual student background attributes are but one small piece of a complex integrated puzzle in which the specific educational needs of individual students interact with the composition of students’ peer groups and with the context in which children are schooled” (p. 211). As Mantil, Perkins and Aberger (2012) note that “a school’s socioeconomic makeup is in fact a stronger predictor of whether a child will succeed in school than any other factor, save the child’s own family income” (p. 155).

2) A focus on equity, not adequacy: When examining school funding policies and practices, it is important to distinguish between the concepts of equity and adequacy. As Baker and Green (2008) explain, “Equity conceptions deal primarily with variations of relative differences in educational resources, processes and outcomes across children, whereas adequacy conceptions attempt to address in more absolute terms, how much funding” is necessary for all students to
achieve a specific outcome (p. 203). As Springer, Houck, and Guthrie (2008) explain, “Adequacy seeks to ‘backward map’ policy expectation to arrive at more precise levels of student funding. While the definition of an ‘adequate’ education varies from state-to-state, based on the language in a state’s education clause, education finance adequacy generically infers that a sufficient level of resources be available to all students, thus providing them opportunity at least to reach a level of proficiency by state standards” (p. 13).

Fair Student Funding, and weighted student funding in general, often focuses on equity and rarely looks at adequacy. In analyzing the impact of weighted student funding on urban districts in an analysis for the National Education Association (NEA), Petko (2005) notes that “available research does not address funding adequacy very well. Among this research is an implied understanding that WSF demonstrates that current district funding levels are adequate. This implies that the problem lies with districts’ organizational structures. The question, therefore, gets reframed as one of efficiency rather than of adequacy” (p. 2, emphasis added). Petko’s description exemplifies the neoliberal belief that there are sufficient resources for schools to educate students and that any failure to achieve outcomes is simply a lack of capacity, or will, on the part of the school administrator. Petko goes on to explain, “What decentralization proponents seem to be assuming is that decentralization automatically creates more efficient schools. If schools are more efficient, goes the argument, then they will provide students with improved educational opportunities” (p. 2).

In an analysis of school funding in New York, Baker (2014) highlights the neoliberal foundations of Governor Andrew Cuomo’s approach to school funding. “New York State’s education funding problem is primarily one of inefficiency and not one of inequitable or inadequate funding. ‘The problem with education in New York is not money,’ Cuomo said. ‘We
have one of the highest spending rates in the nation. Our performance isn’t where our money is.’ From the Governor’s perspective, the answer is not to provide additional funding or redistribute existing funding more equitably, but rather to cap spending growth and make local public schools and districts compete for any additional funds they might receive.” Governor Cuomo Echoes many of the neoliberal arguments that assume that resources exist, and it is simply a matter of capacity. Despite Governor Cuomo’s assertions, Baker notes that in the most recent edition of Is School Funding Fair, “New York State received a grade of D for funding fairness and was (and remains) among the most inequitable states in the nation.”

3) Assumed capacity and efficiency: Fair Student Funding was intended to ensure that students who had historically required more resources to reach certain educational outcomes received those resources. As former Secretary of Education Rod Paige explained, weighted funding should be thought of as a “backpack that travels with a student to the public school of his or her family’s choice. The more disadvantaged the child, the bigger the backpack” (Center for American Progress, 2006). Yet, when I looked at the percentage of Fair Student Funding a school received and its relationship to its percentage of low-income students, percentage of English language learners, and the size of the school, I found that there was a statistically significant inverse relationship for each of these categories. That is, the higher the percentage of low-income students, the higher percentage of English language learners, or the larger the school, the lower the percentage of Fair Student Funding the school received. In chapter four, I undertake an extensive quantitative study of these patterns.

In theory, Fair Student Funding provides every school with the resources needed to educate its specific student population, and thus a principal has everything that he or she needs to meet specific, quantifiable outcomes. Yet despite the intention of Fair Student Funding to create
a transparent and equitable system, the percentage of Fair Student Funding that a school receives varies anywhere from 81 percent to 134 percent. Of the 451 high school budgets I examined for this study, 8.5 percent (n=38) were fully funded with the median funding amount being 86.19 percent. This means that when I looked at two small schools on the same campus that serve similar students, I found that one school received $5,511 per student while the other school received $3,339. If the underfunded school received the same amount as the overfunded school, the underfunded school would receive an additional $629,800 or 40 percent more than its current budget.

Much of the funding discrepancies can be traced back to NYCDOE’s decision to minimize the impact on schools that had previously been overfunded by providing “hold harmless” concessions “for 661 schools [which] cost the district $237 million, more than twice the cost of increasing funding” for the 693 schools that were considered underfunded and that received $110 million under FSF (Childress, 2010, p. 226). In analyzing the implementation of FSF, the NYCIBO (2007) notes that on average, the 661 schools that were overfunded received $358,332 in “hold harmless” funds, while the 693 schools that were underfunded received an additional $158,703 in funds. In a move that would maintain this educational inequity, no underfunded schools received their full FSF formula budget because the schools that were underfunded were capped at either 55 percent of their total FSF need or $400,000, whichever was lower. Overfunded schools had no such cap, which meant that they were able to maintain their full level of support.  

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10 In reporting on the initial rollout of Fair Student Funding, Maxwell (2007) cites Joseph Olchefske. Olchefske, “a former superintendent in Seattle who steered that district through its adoption of weighted-student funding several years ago, said Mayor Bloomberg’s agreement not to cut the budgets of any school goes against the basic philosophy of the finance strategy: ‘The agreement seems to violate a pretty deep philosophical principle, which is that for some schools to get more, others have to get less… So by funding all schools at the same amount as before, in effect they are funding some students more than they quote “deserve”‘” (Maxwell, 2007).
In reflecting on the implementation of Fair Student Funding, Vicki Sittenfeld, who had spent 21 years in the budget and finance department of the Department of Education, explains that “many of the schools had planned for ‘hold harmless’ allocations to be removed. These schools were planning for a [budget] contraction. The fact that the NYCDOE did not deliver on its promise to eliminate ‘hold harmless' demonstrates how difficult achieving equity is in when you start from a very uneven landscape. Nonetheless, there could have been some progress made over a period of years. 7 years out we should not have schools over 100%, and we should have less of a gap between the highest and lowest FSF percentages” (personal communication, March 6, 2014). In addition to keeping “hold harmless” funds, we will see in the final chapter the NYCDOE also chose to bring in its new, small schools at 100 percent of their Fair Student Funding as opposed to the citywide average in any given year. This decision, which exemplifies Chancellor Klein’s focus on developing a system of great schools as opposed to a great school system, created new funding inequities that challenge the basic tenets of Fair Student Funding.

Yet despite these funding inequities, the assumption underlying Fair Student Funding and the ensuing accountability system it supports is that the District Office is fulfilling its obligation by equitably distributing funds that have been calculated and weighted to meet the specific needs of each school’s population. It is precisely these assumptions that I will unpack and problematize throughout my dissertation.

In exploring the role of criticism, Michel Foucault connects the surfacing of assumptions to the act of critique, explaining that “critique is not a matter of saying that things are not right as they are. It is a matter of pointing out on what kinds of assumptions, what kinds of familiar, unchallenged and unconsidered modes of thought the practices that we accept rest” (as cited in Ball, 2013, p. 85). In the following study, I will use the implementation of Fair Student Funding
to examine the role that the New York City Department of Education (NYCDOE) played in enacting a marketplace by addressing the following central questions:

1) Under the Children First reforms, how were the structures within the New York City Department of Education changed to accommodate market-based reforms?

2) What are the implications of the NYCDOE restructuring itself under a portfolio management framework? How is accountability displaced onto individual schools?

3) What tensions emerge, and what is lost, when a system focuses on individual schools as the site for reform?

4) How did the neoliberal assumptions that informed the implementation of Fair Student Funding ultimately limit its ability to address the very funding inequities it was designed to tackle?

Methodology

Following in the footsteps of Jean Anyon, Pauline Lipman, Michael Apple, and Stephen Ball, I use critical policy analysis in order to answer my central questions. Through my study, I engage in Critical Policy Scholarship, which Lipman (2011) explains, places “urban education in the social, economic, political, and cultural contexts shaping the city…. An underlying assumption is that policy is an expression of values arising out of specific interests and relations of power” (p. 15). In order to understand the context for the Children First reforms, I situate them within the context of larger educational and political issues, including the use of high-stakes testing, the trend towards placing educational systems under mayoral control, and the

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11 As Ball (2013) notes, policies “have a semantic and ontological force. They play their part in the construction of a social world of meanings, of problems, causes and effects, of relationships, of imperatives and inevitabilities” (p. 17).
strategies employed by venture philanthropists to radically restructure public institutions. Such contextualization allows me to practice what Anyon (2009) describes as “an analytics of exogeny … [in which] we assume one cannot understand or explain x by merely describing x. One must look exogenously at non-x—particularly the content and social forces in which the object of study is embedded” (p. 2). This is a critical reframing, for as Anyon (2009) explains, “one needs to situate schools and districts, policies and procedures, institutional forms and processes in the larger social contexts in which they occur, in which they operate and are operated upon” (p. 3).

The data was initially collected through qualitative interviews and document analysis. As Corrin Holly Pitluck (2010) describes in her dissertation on small schools in Chicago, “By talking with multiple people in a range of locations in the environment, a greater sense of not only what happened, but also some sense of why these things happened can be gleaned. It is the glimpse of the ‘why’ in policy environments which provides direction in addressing persistent problems” (p. 21).

In addition to exploring the “why,” it is critical to surface the assumptions that underlay the development of market-based approaches to education. As Fairclough (2012) explains, “Meaning-making depends upon not only what is explicit in a text but also what is implicit – what is assumed” (p. 11). In order to surface these assumptions, I use critical discourse analysis to analyze key speeches by Mayor Bloomberg and Chancellor Klein, as well as NYCDOE documents from the Children First reorganization.

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12 During the Bloomberg years, there was an unprecedented focus on expanding charter schools. In 2003-04, there were 22 charter schools in NYC. By 2012-13, that number had grown to 159. In 2013, nearly 70,000 students enrolled in charter schools, as compared to 2,400 who enrolled in 2003-04. While this represents a tremendous increase, it is important to note that charter schools still only enroll a little over seven percent of the more than one million students served every day by the New York City Department of Education. As a result, I have chosen not to focus on charter schools and instead am focusing on a shift in budgeting that impacted all students.
I am particularly interested in looking at the ways in which neoliberal proponents of market-based reforms nominalize the marketplace, choice, and accountability. In defining nominalization, Fairclough (2012) explains that “instead of representing processes which are taking place in the world as processes (grammatically, in clauses or sentences with verbs); they are represented as entities (grammatically, through nominalization, i.e. transforming a clause into a nominal or noun-like entity)... in addition] inanimate nouns like ‘capital’ and ‘technology’ [are identified] as the agents of verbs, rather than human agents... one might say that nominalization contributes to what is, I think, a widespread elision of human agency in and responsibility for processes in accounts of the ‘new global economy’” (pp. 12-13).13 Surfacing these assumptions will help challenge the inevitability of market-based reforms.

Research Design

In order to gain a better sense of the “why” behind the reforms as well as how key stakeholders experienced these reforms, I purposefully conducted selected qualitative interviews in which I asked open-ended questions (Creswell, 2009). In order to understand the implementation of Fair Student Funding, I interviewed a number of individuals who had been involved in the implementation of the Fair Student Funding or who were directly implemented by the restructuring of school budgets. My interviews included two principals who were purposefully selected because of the percentage of Fair Student Funding they received and their

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13 For example, in one of the foundational analyses of choice and one of the clearest articulations of neoliberal ideology, Politics, Markets, and America’s Schools, Chubb and Moe (1990) argue that “choice is a self-contained reform with its own rationale and justification. It has the capacity all by itself to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways” (p. 217, emphasis added). In Chubb and Moe’s description, “choice” becomes the agent of reform and thus appears to operate without the necessary intervention/development of structures. In another example, Chancellor Klein uses passive language to describe the “risks” to principals who agree to lead Empowerment Schools: “In the worst circumstances, where schools do not evidence either progress or capacity to make progress over time, leadership changes will be made; and ultimately, schools may be closed” (emphasis added). This passive language obfuscates agency and forces the question of who will close schools and how they will be closed.
leadership role within the NYCDOE; the executive director of a school support network who provided context on how the principals in her network grappled with budget decisions; and two former employees of the New York City Board of Education who provided important background information on how and why Fair Student Funding was implemented. Through these interviews, I learned about the tremendous disparity in the percentage of Fair Student Funding schools receive—from 81 percent to 134 percent. This meant that schools could receive as much as $2,200 more or less per student with the same needs.

In order to understand how Fair Student Funding is currently implemented, I created a data set of the percentage of Fair Student Funding that every high school received in 2013-14, along with each school’s total budget allocation and gap to full funding. In order to analyze the connection between the percentages of Fair Student Funding a school received and existing school characteristics, I used an existing database that contained demographic information taken from publicly available school report cards.

I began to notice certain patterns as I was examining schools’ percentage of FSF. Small schools consistently received a higher percentage of funding as compared to larger schools. New schools consistently received a higher percentage of funding as compared to older schools, and especially as compared to schools that were phasing out.\(^\text{14}\) Somewhat surprisingly, I also noticed that schools that had the terms “science” or “technology” in their names also consistently received a higher percentage of funding.

Once I constructed the data set, I used Pearson Correlation Significance (2-Tailed) to explore the strength of relationship between the percentage of Fair Student Funding a school received and the following variables: general enrollment; overall score on the progress report;

\(^{14}\) In one of the few news stories about Fair Student Funding, Rachel Monahan (2012) found that new schools received more funds than those slated for closure.
whether the school had “science” or “technology” in its name; the percentage of free and reduced lunch; the percentage of English language learners; and student demographics. Through this analysis, I discovered that there was a statistically significant inverse correlation between the percentage of Fair Student Funding a school received and its percentage of low-income students, percentage of English language learners, and school size. This finding contradicts much of the research on school funding as well as the very reasons that FSF was implemented, a contradiction I will explore in more depth in chapters four and five.

In order to ensure that there are no confounding variables, I ran a multivariate regression to control for different variables. Controlling for a number of variables in the model, there was still an inverse and statistically significant (p < .05) association between the percentage of Fair Student Funding a school receives and its general enrollment, free/reduced lunch, and population of ELLs. That is, an increase in each of these categories was associated with a decrease in the percentage of Fair Student Funding a school receives.

In order to develop a better understanding of the historical foundations for these persistent inequities, I conducted a case study of the budgets of six schools that were located on the William H. Taft Educational Campus. This campus was purposefully selected because it contained some of the highest and lowest percentages of Fair Student Funding, resulting in one school receiving $5,511 per student, once need is factored in, and another school receiving $3,339 per student, once need is factored in. This difference is greater than the $2,000 difference Mayor Bloomberg highlighted when he declared his intention to overhaul a decades-old school funding system that, solely for political reasons, rewards some schools over others. You won’t believe this, but today, funding gaps between comparable schools can top $1 million, or $2,000 per student, year after year... That's not
right and we're going to fix it. Starting in September, we're going to fund students instead of schools, basing our investment on the number of students enrolled, and their particular needs. The goal is equitable funding among our schools and ensuring that each school has what it needs to teach its students. (Bloomberg, 2007, emphasis added)

I am particularly interested in challenging the inevitability of market-based reforms because of the ways in which these reforms displace accountability onto individual schools, principals, teachers, parents, and children, and ultimately seek to transform education from a public good to a privately consumed commodity. Within a portfolio management model system in which district offices are positioned as market makers and school closers, and the ultimate accountability appears to fall on parents for choosing a poor school, teachers for not being effective, or principals who cannot get their students to meet accountability benchmarks via high-stakes exams, who is held responsible when a school “fails”? Are we witnessing, as Apple (2001) observes, “a process in which the state shifts the blame for the very evident inequalities in access and outcome it has promised to reduce, from itself onto individual schools, parents, and children” (p. 76)? In addition, what tensions emerge when a system the size of New York’s focuses on the individual school as the site for both change and accountability? How is the larger system strengthened or even held accountable? How does the focus on individual students and schools complicate the possibility for system-wide reform?

15 In discussing the use of justice as a framework through which to understand choice, Wilson (2008) explains that Kathleen Knight Abowitz “has argued that choice schemes might be evaluated according to an ideal of ‘intergenerational justice,’ which would attend to the ways in which different educational policies might secure justice for future generations, not just for students presently enrolled in schools” (p. 13). This framework presents an important critique of the neoliberal emphasis on individual choice.

16 Of course it is important to qualify the notion of “failure,” which is often limited to highly circumscribed, and often problematic, high-stakes assessments.

17 In her critique of Children First reforms, Haimson (2009) echoes Apple’s observation and writes, “The ideological underpinnings of ‘Children First’—the enthusiasm for privatization and market mechanisms, the obsession with data, even when much of it was statistically unreliable—was accompanied by a tendency on the part of mayor and the chancellor to continually shift blame onto incompetent administrators, lazy teachers, uninvolved parents, and the ‘culture of excuses’ rather than accept the increased accountability that mayoral control was supposed to bring” (p. 15).
Overview of the Dissertation

In the following chapters, I will discuss the restructuring of the New York City Department of Education as a portfolio manager and present an overview of the Children First reforms; present a quantitative analysis of the implementation of Fair Student Funding and demonstrate how it instantiates funding inequities; and conclude with an analysis of the limitations of Fair Student Funding and the neoliberal focus on the individual.

Since the publication of A Nation at Risk (1983), neoliberal thinking, and the concomitant focus on accountability, high-stakes testing, choice, and completion, has characterized most educational reform movements. As Stephen Ball (2012) explains, at “its most visceral and intimate, neoliberalism involves the transformation of social relations into calculabilities and exchanges, that is into the market form, and thus the commodification of educational practice—e.g. in economies of student worth, through performance-related pay, performance management, and flexibilisation and labour replacement” (p. 29). In the second chapter, I outline the key tenets of neoliberal thinking and discuss how it serves as the ideological foundation for the transformation of the New York City Department of Education under the framework of portfolio management.

In the third chapter, I use the literature on portfolio management districts as a framework to both understand the transformation of the Department of Education as well as to explore the tensions and contradictions that emerge when a system displaces accountability onto individual school sites. In the second half of the chapter, I use the seven components of a portfolio model as identified by Hill et al. (2013) to provide an overview of the Children First reforms under Chancellor Klein. This overview provides the broader context for my subsequent analysis of Fair
Student Funding within the larger evolution of the New York City Department of Education.

In the fourth chapter, I analyze the percentage of Fair Student Funding that schools received in 2013-14 and find that the percentage ranged from 81 percent to 134 percent. I examined 451 high school budgets and found that 8.5 percent (n=38) were fully funded, with the median funding amount being 86.19 percent. Furthermore, when I looked at the percentage of Fair Student Funding a school received and FSF’s relationship to the percentage of low-income students, percentage of English language learners, and the size of the school, I found that there was a statistically significant inverse relationship for each of these categories. That is, the higher the percentage of low-income students, the higher percentage of English language learners, or the larger the school, the lower the percentage of Fair Student Funding the school receives. In this chapter, I explore the connection between the percentage of Fair Student Funding a school receives and a number of variables, and I conclude with a case study of the budgets of six schools on the William H. Taft Educational Campus in order to understand why large funding discrepancies continue to exist.

Despite the pretense of transparency throughout the Children First reforms, Chancellor Klein made a number of policy decisions that privileged some schools over others and that ultimately reinforced some of the very funding inequities that Fair Student Funding was intended to address. Perhaps no decision was more important to the success of small schools, and to instantiating certain funding inequities, than the decision to bring in new schools at 100 percent of their Fair Student Funding as opposed to the citywide average in any given year. In order to understand why Chancellor Klein made this decision, and why Fair Student Funding did not live up to its promise, in the final chapter I contextualize the implementation of Fair Student Funding within the following larger educational trends: 1) neoliberalism and a focus on individual schools
as sites of reform; 2) the development of a portfolio management model that focuses on accountability as opposed to capacity building; and 3) the implementation of mayoral control and the neoliberal myth of political neutrality.
CHAPTER TWO

NEOLIBERALISM: THEORETICAL FOUNDATIONS FOR CHILDREN FIRST REFORMS

Since the publication of A Nation at Risk (1983), neoliberal thinking, and the concomitant focus on accountability, high-stakes testing, choice, and completion, has characterized most educational reform movements. As Stephen Ball (2012) explains, at “its most visceral and intimate, neoliberalism involves the transformation of social relations into calculabilities and exchanges, that is into the market form, and thus the commodification of educational practice—e.g., in economies of student worth, through performance-related pay, performance management, and flexibilisation and labour replacement” (p. 29). In this chapter I will outline the key tenets of neoliberal thinking and discuss how it serves as the ideological foundation for the transformation of the New York City Department of Education under the framework of portfolio management.

Under the Children First reforms, the New York City Department of Education radically evolved and restructured itself using the framework of portfolio management. Under this model, the primary role of the central office is to set core metrics for accountability, provide data for school leaders to make “data-driven decisions,” and ultimately close schools that are not meeting the metrics and replicate schools that demonstrate success. As John Heilemann (2005) explains in his overview of the New York City school system under Chancellor Klein, “What Klein wants is to see the system run as a federation of small businesses, with principals acting as CEOs of their schools and the DOE as the enforcer of standards and accountability.’ It’s why I’m a supporter of charter schools,’ [Klein] says. ‘There I can say, ‘You can do things differently, hire who you want, nobody has lifetime tenure. But if you don’t succeed, I’m gonna shut you down’”’ (Heilemann, 2005). The evolution envisioned by Klein can best, or perhaps only, be understood through the framework of neoliberalism, which emphasizes individualism, choice, and the marketplace. As David Hursh (2007) explains in “Assessing No Child Left Behind and the Rise of Neoliberal Educational Policies,” within neoliberal thought, “the individual [or in this case individual schools] is conceived as an autonomous entrepreneur who can always take care of his
or her own needs…. For neoliberals, those who do not succeed are held to have made bad choices. Personal responsibility means nothing is society’s fault. People have only themselves to blame” (Hursh, 2007, p. 496). In the case of the NYC DOE, we see the ways in which failing schools are blamed for their own failures and closed. Noting the emphasis on “failing schools” in recent educational reform movements, Fabricant and Fine (2012) conclude that the “political economy of public sector failure is wholly ignored when schools are declared failing and threatened with closure” (p. 98).

It is critical to examine the ways in which policies are used to construct and enact a marketplace in order to challenge its status as inevitable. As Ball (2012) explains in his analysis of the development of new policy networks and the new neoliberal imagination, neoliberalism, and by extension, the creation of a marketplace for schools, is “neither natural nor inevitable; it is being done and planned and enacted” (p. 142). As David Hursh (2007) explains, over the “past several decades, neoliberal policies have become so dominant that they seem to be necessary, inevitable, and unquestionable… everywhere we hear it said, all day long—and this is what gives the dominant discourse its strength—that there is nothing to put forward in opposition to the neoliberal view, that it has presented itself as self-evident” (p. 498). As Lipman (2011) concludes, a new “social imaginary” has been developed as a result of neoliberal thinking in which individual self-interest is promoted and the market is positioned as the most “effective and

18 In *Tinkering Towards Utopia*, Tyack and Cuban (1995) imagine how stagnating or even falling standardized scores, which serve as the foundation for much of the rhetoric around the crisis in education, could be understood within a framework that acknowledges political economy: “Suppose, instead, that one juxtaposes relatively stable achievement, together with improving test scores among minorities and the poor, with changes from 1950 to the late 1980s in social conditions that could be expected to lower the academic performance of pupils,” including rising poverty and unemployment rates. “Would it not be reasonable,” they conclude, “to applaud the success of educators in holding learning steady in the face of so many impediments?” (p. 37). This is a critical reframing, for as Anyon (2009) explains, “One needs to situate schools and districts, policies and procedures, institutional forms and processes in the larger social contexts in which they occur, in which they operate and are operated upon” (p. 26).
efficient” means of delivering services and guaranteeing “freedom,” “choice,” and “individual rights” (pp. 6-7).19

In *A Brief History of Neoliberalism*, David Harvey (2007) explains that neoliberalism is “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedom and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (p. 2). Saltman (2010) describes neoliberalism as a “form of radical fiscal conservatism” that originated with Frederick von Hayek, who won the Nobel Prize in economics in 1974, and Milton Friedman, who won the Nobel Prize in economics in 1976 and who believed that schools would not be improved until they were liberated from the “monopoly” of the public school system.20 As Harvey (2007) explains, the first attempt to develop a neoliberal state was under the Chilean dictatorship of Augusto Pinochet, who came to power in a U.S.-backed coup against a democratically elected socialist president in 1973, and who relied on a “group of economists known as ‘the Chicago boys’ because of their attachment to the neoliberal theories of Milton Friedman” to develop a national economy based on a deregulated market model. Under Thatcher and Reagan, both of whom supported Pinochet’s dictatorship and looked toward Chile as a model of economic development, neoliberalism became a driving ideological force in both Great Britain and the United States.

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19 Ball and Youdell (2007) refer to this as “endogenous privatization,” which involves the “importing of ideas, techniques, and practices from the private sector in order to make the public sector more like business and more business-like” (pp. 8-9). Whitty et al. (1998) note that the imposition of business principles on education is underscored by two themes: universalism, which “holds that all organizations are basically the same and, irrespective of their specific functions, need to pursue efficiency,” and isomorphism, or the “assumption that commercial organizations are the most naturally occurring forms of coordination, compared with which public sector organizations are deviant” (p. 52).

20 Friedman called the public school system “the single most Socialist industry in the U.S… reform has to come through competition from the outside and the only way you get competition is by making it possible for parents to have the ability to choose” (Orfield, 2013, p. 44).
The central tenet of neoliberalism is that “individual and social ideals can best be achieved through the unfettered market” (p. 23). Under a neoliberal framework, the public sphere is viewed as an inefficient and bureaucratic entity that is encumbered by, and beholden to, special interests. The private sphere, as represented by markets, is viewed as the most efficient way to meet individual interests, and the role of the state is to protect markets or create them when necessary. In the introduction to *Hidden Markets: The New Education Privatization*, Michael Apple (2009) explains the relationship between governments and the marketplace within neoliberalism: “Under neoliberalism we are expected to believe that the market can do everything better and that government should be *remade* in the market’s image… Government becomes an extension of the market; it is expected to do its work and follow its principles” (p. 2).

In her critique of Chancellor Klein’s and Mayor Bloomberg’s Children First reforms, Leonie Haimson (2009) echoes Apple’s observation and writes, “The ideological underpinnings of ‘Children First’—the enthusiasm for privatization and market mechanisms, the obsession with data, even when much of it was statistically unreliable—was accompanied by a tendency on the part of the mayor and the chancellor to continually shift blame onto incompetent administrators, lazy teachers, uninvolved parents, and the ‘culture of excuses’ rather than accept the increased accountability that mayoral control was supposed to bring” (p. 15).

A focus on efficiency and the adoption of the language of business was not a new phenomenon for education reformers. In describing the reforms of the late 19th century, Tyack (1974) describes the ways that administrative reformers used the business community as a model in creating a more uniform educational system: “Convinced that there was one best system of education for urban populations, leading educators sought to discover it and implement it. They were impressed with the order and efficiency of the new technology and forms of organization
they saw about them. The division of labor in the factory, the punctuality of the railroad, the chain of command and coordination in modern business—these aroused a sense of wonder and excitement in men and women seeking to systemize the schools... Efficiency, rationality, continuity, precision, impartiality became watchwords of the consolidators. In short, they tried to create a more bureaucratic system” (pp. 28-9, emphasis added). In comparing the leaders of the new educational reform movement—which she dubs the “Boardroom Progressives”—to the Progressive reformers of the early 20th century, Reckhow (2013) notes that these new reformers “have coalesced around an agenda to reform public education focused on accountability and competition. A testing agenda was also touted by the early 20th century Progressives, though the purpose was sorting students, rather than evaluating teachers, schools and districts” (p. 2, emphasis added). Reckhow (2013) goes on to note that the contemporary Boardroom Progressives’ focus on competition and accountability, and on building separate networks of charter schools, “is a clear break from the hierarchical school bureaucracy idealized by many early 20th century Progressives” (p. 3).21

Neoliberalism and Education Reform since the 1980s: A Focus on Accountability and School-Based Management

In “Choice and Civil Rights: Forgetting History, Facing Consequences,” Gary Orfield (2013) notes that whereas education policy in the 1960s and 1970s focused on mitigating the effects of poverty and racism, since the 1980s education policies have been “based largely on standards and accountability, sanctions, and market competition, setting aside earlier concerns

21 In Policy Paradox: The Art of Political Decision Making, Deborah Stone (2001) argues that efficiency is “not a goal in itself. It is not something we want for its own sake, but rather because it helps us attain more of the things we value” (p. 61). Stone (2001) goes on to argue that efficiency is a contestable concept since it requires a common understanding of outcomes to be achieved; most people support “the general idea of getting the most out of something, but to go beyond the vague slogans and apply the concept to a concrete policy choice requires making assumptions about who and what counts as important” (p. 65).
about poverty and race” (p. 4). *A Nation at Risk*, the 1983 report from the National Commission on Excellence in Education that declared that schools were characterized by rising mediocrity and were responsible for the nation’s economic decline, instantiated the neoliberal focus on competition, individualism, and national standards that would characterize educational reform to this day.\(^\text{22}\)

Tyack and Cuban (1995) note that in terms of educational reform movements, “it has been hard to discern many systematic philosophical differences [between Democrats and Republicans]… Leaders in both parties have recently advocated decentralization of control while at the same time endorsing national standards” (p. 45), a move that exemplifies Apple’s description of the simultaneous rise of decentralization and surveillance. Performance-based accountability, a central tenet of neoliberal educational reform, was introduced in the mid-1980s by Arkansas Governor Bill Clinton and the National Governors Association as a way for governors “and state legislators [to] take credit for improving schools without having to commit themselves to serious increases in funding” (Ellmore, 2004, p. 204). The Reagan White House was quick to join this movement, and in what sounds like a blueprint that Mayor Bloomberg would adopt more than a decade later, in 1989, President George H.W. Bush came together with the 50 governors to call for national standards and decentralized decision-making, declaring that “the American people are ready for radical reforms… [which would involve] decentralization of authority and decision-making responsibility to the school site, so that educators are empowered to determine the means for accomplishing the goals and to be held accountable for

\(^{22}\) The authors of *A Nation at Risk* not only framed the educational state as a crisis of global proportions, but they also blamed schools for their own failures: “If an unfriendly power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves… We conclude that declines in educational performance are in large part the result of disturbing inadequacies in the way the educational process itself is often conducted” (as cited in Hanushek and Lindseth, 2009, p. 44).
accomplishing them” (Tyack and Cuban, 1995, p. 81). In 1991, President Bush released America 2000, recommending voluntary national standards and testing, but this was not authorized by Congress.

Ravitch (2010) notes that, starting in the 1990s, it “became a ritual for Republicans and Democrats alike to bemoan the lack of accountability in American public education and to grouse that no teacher, principal, or student was held accountable for poor test scores” (p. 96). In 1994, President Clinton’s Goals 2000 encouraged states to develop their own standards and tests, and the final version that was passed by Congress, entitled Goals 2000: Improving America’s Schools Act (IASA), moved away from the “traditional focus on input equity and stressed accountability for results” (Rebell and Wolff, 2008, p. 53). As part of this accountability movement, Title I was “amended to require states to create performance-based accountability systems for schools” (Ellmore, 2004, p. 204), laying the groundwork for connecting federal education funds to quantitative outcomes.\textsuperscript{23} As part of the accountability measures, states were required to establish benchmarks for “adequate yearly progress” that Title I students would need to meet. Schools in which students failed to meet these benchmarks would be identified as needing improvement and would be required to undertake specific improvement steps and potentially be closed or restructured.

\textsuperscript{23} Koretz (2008) describes the Elementary and Secondary Education Act (1965), which established the Title I compensatory education program to improve the performance of students in low-income schools, as the “first major involvement of the federal government in funding and directing general elementary and secondary education” (p. 55). In 1974, Congress established the Title I Evaluation and Reporting System (TIERS), “which required evaluations of Title I programs on students’ scores on standardized, norm-referenced achievement tests.” Koretz concludes that TIERS, along with development of the National Assessment of Educational Progress (NAEP) in the late 1960s, “signified the beginning of a fundamental shift in the goals of testing, from diagnosis and local evaluation to large-scale monitoring of performance, and, ultimately, to test-based accountability” (p. 55). Funds tied to Title I were critical for the passage of NCLB. As Koretz explains, “Under the common interpretation of the Constitution, the federal government has very limited power to mandate educational policy or practices, so the mechanism for compelling adherence to NCLB’s provisions is that states cannot receive their substantial Title I funds unless they do” (p. 72).
Even though the IASA was focused more on outputs (or accountability measures) as opposed to inputs (funding), the original proposal called for the development of an Opportunity to Learn Commission that would recommend the level of funding necessary to meet the proposed academic standards. Rebell and Wolff (2008) note that “the most controversial aspect of the law, even in its heavily compromised final version, was the inclusion of modified provisions for ‘opportunity to learn standards (OTLs),’” which states could develop on their own. A federal task force was put together to develop mechanisms for implementing Goals 2000, and they highlighted the importance of “opportunity to learn” standards: “If not accompanied by measures to ensure equal opportunity to learn, national content and performance standards could help widen the achievement gap between the advantaged and the disadvantaged in our society” (Rebell and Wolff, p. 67). When the Republicans took control of the House of Representatives in 1994, they passed a number of amendments to the IASA, including the repeal of the federal authority to establish opportunity-to-learn standards.

This shift from a focus on inputs to outputs accompanied a radical devolution of responsibility from district offices to individual schools. The National Research Council identifies the wave of educational reform that followed the publication of A Nation at Risk in 1983 as being distinguished by the “argument that schools, as the basic unit of productivity in education, ought to be the unit of improvement” (National Research Council, 1999, p. 150). With this focus on individual schools, we begin to see the neoliberal emphasis on reforming the individual unit (in this case schools) as opposed to systemic change. One of the most popular frameworks for school-based change came from school-based management (SBM). This framework emerged initially in the 1960s as part of the call for “community control,” in which it was demanded that community members, particularly those who had often been
underrepresented on school boards, would have more authority over the operation of individual schools. The version of SBM that emerged in the late 1980s, however, “drew lessons for schools from new organization patterns emerging in U.S. industries... [which emphasized] flexible decentralization, participative management, and greatly increased attention to... human resources” (National Research Council, 1999, p. 151). Three main versions of SBM emerged, with New York City eventually adopting the model that empowered individual principals with “broad-reaching powers over budget, staffing, and program design” (National Research Council, 1999, p. 152).

By 2000, standards-based reforms had taken root in most states. Nearly every state had adopted curriculum standards and mandated tests; most states had policies in place for closing and taking over low-performing schools; and all states required school boards to publish report cards that provided data on student performance, attendance, and graduation rates (Cuban, 2013).

As Lipman (2011) notes, the focus on efficiency allows neoliberal reformers to adopt a mantle of political neutrality: “Neoliberal policy discourses are thus ‘politically neutral,’ based on technical criteria of ‘efficiency’ and ‘effectiveness’ thereby excluding discussion of values, philosophy, and social interest” (pp. 11-12). In announcing Race to the Top, the $4.35 billion competition intended to foster a range of neoliberal educational reforms on the state level and that represented a dramatic departure from the formula funding that had characterized the distribution of federal education funds since the passage of the ESEA in 1965 as part of Lyndon Johnson’s War on Poverty, President Obama declared that the “competition will not be based on politics, ideology, or the preferences of a particular interest group. Instead, it will be based on a simple principle—whether a state is ready to do ‘what works’” (USDOE, 2009).24 In discussing

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Race to the Top, Bill Gates echoed Obama’s assertion and explained, “It’s no secret the U.S. education system is failing…. We’re doing all kinds of experiments that are different. The Race to the Top is going to do many different ones. There’s no group-think” (Quaid and Blankinship, 2009).  

Within a framework of neoliberalism, the potential of education to serve as a public good is radically circumscribed. As Deborah Meier (2004) notes in her analysis of the No Child Left Behind (NCLB) legislation, the 2001 reauthorization of the ESEA that instantiated key tenets of neoliberalism, NCLB has radically reframed the “very definition of what constitutes an educated person… A well-educated person is one who scores high on standardized math and reading tests. And ergo a good school is one that either has very high test scores or is moving toward them at a prescribed rate of improvement. Period” (p. 67). As Lipman (2011) notes, within a neoliberal framework, “education is a private good, an investment one makes in one’s child or oneself to ‘add value’ to better compete in the labor market, not a social good for development of individuals and society as a whole” (pp. 14-15). Saltman (2010) notes that within neoliberal thought, “there is a twofold obligation that the individual owes to the society for the gift of public education: the individual’s education is expected to contribute to the national effort in

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25 It is important to note that the only requirement for states to submit a proposal for Race to the Top funds was that states could not have “any legal, statutory, or regulatory barriers at the State level to linking data on student achievement… or student growth… to teachers and principals for the purpose of teacher and principal evaluation” (US Department of Education, 2009). Thus, linking student achievement—defined rather narrowly as increasing student achievement on standardized tests, decreasing the achievement gap, increasing high school graduation rates and college enrollment—to teacher evaluations was the only non-negotiable condition for the USDOE. In order to meet this requirement, 17 states reformed teacher evaluation systems to allow for the inclusion of student achievement. While connecting teacher evaluation to student performance has been strongly advocated by the Gates, Broad, and Walton Foundations in the last few years, a number of researchers have questioned the validity of these kinds of value-added measures (Corcoran, 2010).

26 Ball (2012) uses Lyotard’s description of the “mercantilization of knowledge,” in which “knowledge is no longer legitimated through ‘grand narratives of speculation and emancipation’ but, rather, within the pragmatics of ‘optimization’—the creation of skills or of profit rather than ideals… [which results in a] shift from the questions: ‘Is it true?’ and ‘Is it just?’ to ‘Is it useful, saleable, efficient?’” (p. 38).
global economic competition, and the individual is responsible for optimizing the educational system toward the end of upward individual economic mobility” (p. 134).

Within neoliberal reforms, the roles of families are transformed, and circumscribed, into those of consumers. In “Strong Vision, Learning by Doing, or the Politics of Muddling Through?” Gyorko and Henig (2010) note that while Chancellor Klein “acknowledged the need for parent involvement,” he “emphasized strategies to engage parents in the education of their own children rather than deliberating with them over policies” (pp. 96-7). Hemphill (2009) explains that the Klein administration saw “parents as consumers, entitled to a better level of customer service than previous administrations have offered but not in a position to make decisions about the delivery of those services, matters that are better left to the professionals” (p. 194).27 In many ways, this is the embodiment of a neoliberal vision in which parents are positioned as consumers whose only investment in the public education system is in choosing the best school for their children.

This shift to the marketplace and focus on efficiency reify a human capital vision of education in which the only effects of education that are valued are those that lead to economic improvement.28 While the human capital model has been adopted by both Republicans and

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27 In one of the many parallels between the ways in which both No Child Left Behind (NCLB) and Children First transformed the role of parent into consumer, Burch (2009) explains that for six years in a row, the Bush administration sought to eliminate funding for the Parental Assistance and Local Family Information Centers (PIRCs): “While the Bush administration moved to reduce funding for comprehensive approaches to parental involvement, it simultaneously increased parents’ rights as individual consumers, primarily by enhancing their procedural rights.”

28 The focus on human capital is not new. As Engel (2000) recounts, starting in the 1950s, economists began to explore the relationship between education, human capital, and economic growth, and in 1961, Theodore Schultz used his presidential address to the American Economic Association to promote and popularize “the use of the concept of human capital in relation to the economic effects of education” (p. 25). In his highly influential Human Capital (1964), Gary Becker attempted to calculate the income-enhancing effects of educational investments and “concluded that there was a significant rate of return on individual investments in education as measured by income, exceeding even rates of return on business capital” (Engel, 2000, pp. 24-5). As Engel concludes, the research on human capital “was immensely attractive and useful to advocates of greater spending on public education” and was used to support a number of President Johnson’s Great Society programs, including the Elementary and Secondary Education Act (ESEA) of 1965. In a speech to Congress entitled “Toward Full Educational Opportunity” (January
Democrats, Tyack and Cuban (1995) note that an emphasis on efficiency, competition, and a narrowly-defined notion of quality have been hallmarks of educational reform movements in “the politically conservative 1890s, 1950s, and 1980s, [in which] policy talk about schooling stressed a struggle for national survival in international competition” (p. 44).

Performativity and the Development of Data Regimes

At an address to the Academy of Management, Joel Klein declared, “Modern public sector reform efforts must accomplish three fundamental culture shifts: 1) from a culture of excuses to a culture of accountability; 2) from a culture of compliance to a culture of performance; and 3) from a culture of uniformity to a culture of differentiation” (Rogers, 2009, p. 34). School accountability metrics, a critical foundation of much of the Children First reforms, can best be understood through the framework of performativity. As Ball (2012) explains, performativity “is enacted through measures and targets against which we are expected to position ourselves but often in ways that also produce uncertainties about how we should organize ourselves within our work” (p. 31). In order for performativity to function, there must be a reorientation of “pedagogical and scholarly activities towards those which are likely to have a positive impact on measurable performance outcomes for the group, for the institution and increasingly for the nation” (Ball, 2012, p. 32). Performativity requires an emphasis on high-stakes exams that frequently create perverse incentives in teaching to the test. As Koretz notes, “In an accountability system that focuses on standards-based reporting, teachers have an

12, 1965), Johnson emphasized the idea of human capital when he declared, “Nothing matters more to the future of our country; not our military preparedness, for armed might is worthless if we lack the brainpower to build a world of peace; not our productive economy, for we cannot sustain growth without trained manpower” (as cited in Engel, 2000, p.26).
In Rethinking School Choice: The Limits of the Market Metaphor, Jeffrey Henig (1994) notes that the “past twenty-five years have witnessed a steady shift in the terms of the national education debate, from one centered largely around equity in inputs (equalizing resources, equalizing access) to one centered on educational outcomes, measurable changes in what children actually learn” (p. 32). Standardized tests have played a critical role in the last two decades of education reform. As Hursh (2007) explains, these exams play a dual role: they are intended to be “both a ‘quality indicator’ to the consumer and ‘objective assessments’ of student learning within education markets” (p. 501). In Charter Schools and the Corporate Makeover of Public Education, Fabricant and Fine (2012) explain how testing data “have become the self-proclaimed ‘objective’ and ‘demographically neutral’ criteria for school closings” (p. 102). Again we see that the neoliberal focus on quantitative data allows for the adoption of an apolitical neutrality that belies the ideological foundation of these reforms. As Mary Lee Smith (2003) notes, “Words and numbers appear precise and rational; yet depend entirely on context and interpretation. An achievement test score epitomizes this contradiction between appearance and reality. To enact policies of high-stakes testing, a state must select a score to separate those students who pass from those who fail…. That cutoff score has to be politically credible, whether or not it [is] technically sound” (p. 13). It is important to unpack the language that is

29 The unintended consequences of reporting out performance metrics is not limited to education. Koretz (2008) describes “the most disturbing example of a corrupted measure”: “An overwhelming majority of cardiologists in New York say that, in certain circumstances, they do not operate on patients who might benefit from heart surgery, because they are worried about hurting their rankings on physician scorecards issued by the state” (p. 239).

30 As Koretz (2008) notes, “The process of setting standards—deciding just how much students have to do to pass muster—is technically complex and has a scientific aura, but in fact the standards are quite arbitrary… Standards-based reporting provides a very coarse and in some cases severely distorted view of achievement, and it can create the undesirable incentive to focus most on the kids who are nearest the standard that counts, to the detriment of others” (p. 67). Of course, manipulating scores became a key component of No Child Left Behind: since the “law
often used to describe standardized tests: valid, reliable, and objective. In Measuring Up: What Educational Testing Really Tells Us, Daniel Koretz (2008) explains that achievement tests are incomplete because, by design, they “can measure only a subset of the goals of education” (p. 9). These standardized exams have high stakes for both students and schools. As Koretz (2008) explains, “There has been a fundamental change in the primary functions of large-scale achievement testing, with accountability gradually superseding diagnosis of the strengths and weaknesses of individual students’ learning” (p. 47). This shift to using tests for accountability is, according to Koretz, “the single most important change in testing in the past half century” (p. 57).

Within the framework of performativity, the individual or school becomes the locus of accountability and is constructed as “a self-maximising productive unit operating in a market of performances—committed to the ‘headlong pursuit of relevance as defined by the market’” (Ball, 2012, p. 31). The larger mission of teaching and schools is now defined primarily by what the market values most: quantitative data. As Ball explains, this results in a “growing sense of ontological insecurity,” which in turn results in “both a loss of a sense of meaning in what we do and of what is important in what we do” (Ball, 2012, p. 31).31 This sense of ontological

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31 In “Reinventing High School: Outcomes of the Coalition Campus Schools Project,” Darling-Hammond et al. present a strong criticism of the “changeability of policy [which] raises questions of system-level accountability to...
insecurity is reflected in the notion of schools as contingent within the portfolio management model that the New York City Department of Education would adopt under Children First. As Katrina E. Bulkley (2011) explains in “Portfolio Management Models in Urban School Reform,” in a portfolio district, “schools are not assumed to be permanent but contingent: schools in which students do not learn enough to prepare for higher education and remunerative careers are transformed or replaced” (p. 4).

**Neoliberalism and Surveillance: The Development of an Evaluative State**

For a marketplace to function, there needs to be data made available for parental consumers so that they can make “optimal choices.” Under the current neoliberal reforms, the results of high-stakes testing become the data parents are expected to use to make decisions about their children’s schooling. In *Educating the Right Way*, Michael Apple (2001) identifies two “dynamics operating in neoliberal reforms, free markets and increased surveillance” (p. 83). Because common ground is needed for individuals to make informed decisions, Apple (2001) notes that in many countries, the “neoliberal visions of quasi markets are usually accompanied by neoconservative pressure to regulate content and behavior through such things as national curricula, national standards, and national systems of assessments” (p. 75). This reliance on quantitative data can lead to the development of a regime of numbers that in turn creates “a resource through which surveillance can be exercised” (Ozga, 2008, as cited in Ball, 2012). As Ball (2012) explains, numbers “are increasingly important in the ways that states monitor, steer parents and students, as well as to educators who commit themselves to developing new schools. It takes many years to bring serious reforms to maturity. Discontinuities in policy can undermine schools’ efforts to stabilize their practices and to create internal accountability. Discontinuities also undermine practitioner commitment to change. As experienced staff in many districts often comment about recurring waves of reform, “Been there, done that.” Or, “We tried that and it didn’t last.” These constant changes can reinforce the sense of ontological insecurity.
and reform their education systems by the use of targets, benchmarks and performance-triggered interventions” (p. 33).

In *Devolution and Choice in Education: The School, the State and the Market*, Whitty et al. (1998) describe the emergence of an *evaluative state* in which the central state “maintains overall strategic control through fewer, but more precise, policy levers, contained in overall ‘mission statements,’ the setting of system goals and the operationalization of criteria related to ‘output quality’” (p. 37). As Whitty et al. (1998) note, the “strong, evaluative state is a minimalist one in many respects, but a more powerful and even authoritarian one in others” (p. 46). This power allows Whitty et al. (1998) to conclude that the “devolution of ever increasing decision-making capacity to site-based managers in schools is the means whereby the central state is able simultaneously to exercise a degree of control over what they do and shift responsibility when things go wrong” (p. 63).

In 2013, scores on New York State exams plummeted after the Regents instituted new exams that were more in-line with the Common Core. As a result, in New York City, the proportion of students passing the math exam fell from 60 percent to 30 percent and in reading from 47 percent to 26 percent. In analyzing the response of the Regents and Chancellor Walcott to the implementation of these exams, Ravitch (2013) writes: “A few months ago, [Board of Regents member Merryl] Tisch said that it was time for students to ‘jump into the deep end of the pool.’ City Schools Chancellor Dennis Walcott said it was time ‘to rip off the Band-Aid.’” In many ways, this response exemplifies the power in an evaluative state. Even though the Regents are responsible for the general supervision of all educational activities in the state, and even though the Chancellor is ostensibly responsible for New York City schools, in both responses one sees a complete abdication of the responsibility of providing a good education. That is, under
this version of the evaluative state, both the Regents and the Chancellor see their role as holding schools accountable and not as being accountable for school success.

In *Performance Management in Portfolio School Districts*, Lake and Hill (2009) explain the connection between a portfolio management system and an emergent evaluative state: “Leaders implementing a portfolio strategy are not simply letting a thousand flowers bloom. All ultimately hope to create a process of *continuous improvement*, by which the educational opportunities available to students and families are always adapting to emerging needs and evidence about *what works*. A portfolio strategy requires that school districts do two things they were not originally designed to do: first, *judge the performance of individual schools and decide whether they are effective enough to warrant continuing to spend the public’s money*—and the time of the community’s children—on them; and second, to *assess the entire set of schools* available locally to determine whether a different mix of schools might serve the community better” (p. 8). In this brief description of the portfolio management system we see a critical distinction emerge: whereas in the past a school district would have been responsible for the provision of good education, now districts are primarily responsible for judgment and evaluation. Furthermore, whereas schools were initially conceived as an integral component of a community, they are now conceived as an external institution that can potentially be a drain on the public coffers. We will see this positioning again when we look at Mayor Bloomberg’s description of budgeting under Fair Student Funding: “Starting in September, we're going to fund students instead of schools, basing our *investment* on the number of students enrolled, and their particular needs” (Bloomberg, 2007).

In the next chapter, I will explore the connections between neoliberal ideas and the transformation of the New York City Department of Education into a portfolio manager, and
present an overview of critical moments in the Children First reforms.
CHAPTER THREE

RESTRUCTURING THE DEPARTMENT OF EDUCATION AS A PORTFOLIO MANAGER

During the first decade of the 21st century, Chancellor Joel Klein and Mayor Michael Bloomberg oversaw Children First, a radical transformation of the New York City Department of Education (NYCDOE) into a portfolio management district in which the primary responsibility of the NYCDOE was not to provide curriculum or direct support to schools, but instead to create a marketplace through which strong schools could be created and replicated, and failing schools could be closed. As Leslie Santee Siskin (2011) notes, the mantra repeated throughout the New York City Department of Education during the early years of Chancellor Klein’s tenure was that the goal was to create a “system comprised of great schools, not a great school system.” This shift raises important questions about the role of district offices in providing public education, about the nature of public education as a public good, and about accountability. In this chapter, I use the literature on portfolio management districts as a framework both to understand the transformation of the New York City Department of Education as well as to explore the tensions and contradictions that emerge when a system displaces accountability onto individual school sites. In the second half of the chapter, I use the seven components of a portfolio model as identified by Hill et al. (2013) to provide an overview of the Children First reforms enacted under Mayor Bloomberg and Chancellor Klein. This overview provides the broader context for my subsequent analysis of Fair Student Funding within the larger evolution of the New York City Department of Education.

In Tinkering Toward Utopia, Tyack and Cuban (1995) note that although education reformers in New York City have repeatedly sought to improve schools by changing the governing structures, each “governance reform built on layers of previous changes going back more than a century” (p.63). In the 1890s, educational reformers believed that the system was too decentralized and sought to centralize the system in order to develop “expert management… With centralization and specialization of functions, in theory, would come accountability – one could pin down the responsibility for success or failure. The organizational chart showed who was in charge of what” (p. 76). At the turn of the 20th century there were a number of legislative moves to centralize the education system, and Tyack and Cuban (1995) note that by the 1960s, the New York City Board of Education “employed more administrators than all of France” (p. 77). This is
precisely the type of “bloated bureaucracy” that the Bloomberg administration would attempt to dismantle under Children First.

**Evolution of New York City as Portfolio District**

During the first decade of the 21st century, Chancellor Joel Klein and Mayor Michael Bloomberg oversaw a radical transformation of the New York City Department of Education into a portfolio management district in which the primary responsibility of the NYCDOE was not to provide curriculum or direct support to schools, but instead to create the marketplace through which strong schools could be created and replicated, and failing schools could be closed. As Leslie Santee Siskin (2011) notes, the mantra that was repeated throughout the New York City Department of Education during the early years of Chancellor Klein’s tenure was that the goal was to create a “system comprised of great schools, not a great school system.” This shift raised important questions about the role of district offices in providing public education, about the nature of public education as a public good, and about accountability. Before we take a closer look at the reforms enacted under Children First, however, it is important to understand the structure of portfolio districts.

In the last ten years, a national movement has emerged in which school districts restructure themselves under the portfolio district model and the district office is transformed into “performance managers” that do not control schools by regulations but instead “create freedom of actions for school leaders and teachers, track and compare schools’ performance, and try to expand the number of high-performing schools and reduce the number of low-performing schools” (Hill et al., 2013, p. 11). While there were only four portfolio school districts in 2008—New York City, Washington D.C., Chicago, and New Orleans—by 2012, there were over 30
portfolio school districts nationwide, including Denver, Los Angeles, Baltimore, and Sacramento.

In the foreword to *Between Public and Private: Politics, Governance, and the New Portfolio Models for Urban School Reform*, Larry Cuban (2010) notes that “the word portfolio is borrowed from the corporate vocabulary of investment portfolios” (p. x). The use of the term portfolio underscores the imposition of a business framework, which is a hallmark of neoliberal thought. As Bulkley (2010) goes on to explain, “Akin to an investment portfolio, a central office managing a portfolio of schools seeks diversification in the schools, so as not to put all its eggs into one instructional basket, and tries to add to its portfolio those investments that are producing substantial benefits and shed those that are not” (p. 7). As Hill et al. (2013), assert: “With a portfolio, leaders add more of what’s working, eliminate what is not working, assess, and repeat” (p. 4). The portfolio model thus embodies an evaluative state in which the central district’s role becomes one of assessment and judgment. These descriptions, however, raise some important questions: What are the “substantial benefits” that are to be produced? Who defines these benefits? How is the process of “shedding” schools enacted, and what happens to students in these schools? What is the role of central offices in building the capacity of schools to meet the very benchmarks that the district sets to determine “what works”?

Even though schools serve as the primary unit of analysis and change, their status within a portfolio district is highly volatile, and their survival depends on achieving quantifiable outcomes; within portfolio districts, “schools are not assumed to be permanent but contingent: schools in which students do not learn enough to prepare for higher education and remunerative careers are transformed or replaced” (Bulkley, 2010, p. 4).32 Within this model, the primary

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32 While it is beyond the scope of this dissertation to analyze the impact of school closures, it is important to note that a number of researchers have challenged the efficacy of school closing as an educational reform practice.
responsibility of the central education office is to develop a marketplace, collect data on school success, and ultimately close schools that do not function. As Bulkley explains, this reform draws on market mechanisms and “emphasizes the importance of common standards and performance accountability; and focuses on individual schools as the appropriate site for differentiation” (p. 5). With the portfolio management model, there is an enactment of what Apple (2001) describes as the twin pillars of neoliberal reforms: “free markets and increased surveillance” (p. 83). In this model there is an increasingly diverse set of schools from which families can choose, but there is a simultaneous increase in the use of common standards and assessments to monitor school performance and compare schools to each other.

The portfolio management model builds on educational reforms that began in the late 1980s with the development of state-level standards that created accountability metrics based on school and student performance. As Bulkley (2010) explains, the core elements of these standards-based reforms include: 1) the notion of “high expectations”; 2) alignment; 3) assessments; 4) decentralization of decisions; and 5) accountability. The strategy of portfolio management “draws some of its momentum from a general and long-simmering mistrust in the ability and willingness of conventional institutions of public education to make significant changes to improve educational quality” (Bulkley, 2010, p. 9). Of course this sense of distrust is

Kirshner, Gaertner, and Pozzoboni (2010) investigated the closing of one large urban high school: “In addition to documenting achievement losses, they report roughly 40 percent of students surveyed reported that they felt a sense of loss or that friendships and relationships were disrupted by displacement” (as cited in Brummer, 2012). The researchers also found “that test score trends on standardized tests for transfer students declined after the closure was announced. Two test administrations after the closure announcement test scores for students from the cohort that transferred to other schools continued to decline. The authors conclude that two phenomena comprise the ‘closure effect’—student reaction to news that the school will be closed and difficulties faced by students transitioning to new schools” (Sunderman and Payne, 2009, pp. 6-7). It is important to note that this finding presents a sharp challenge to the very foundation of the argument for school closures. If the “closure effect” results in students doing worse on standardized tests, which is one of the main determinants of school success, then closing schools not only harms students but creates a self-fulfilling prophecy in which the identification of a school as failing results in it doing even worse on the very metrics valued by the NYCDOE.
nothing new. In their seminal analysis of school choice, *Politics, Markets, and America’s Schools*, John E. Chubb and Terry M. Moe (1990) argue that traditional stakeholders—teachers, unions, administrators—“have a common interest in institutional stability” and are too invested in the status quo to make significant choices (p.12). Thus businesses and markets must be looked to in order to inspire and foster necessary changes. As Chubb and Moe conclude, “Unlike the established players, the business community has strong incentives to take a coldly analytical approach to the problem, and thus to acquire the best possible knowledge about why the problem exists and what can be done about it” (p. 13). Given that education is on the verge of becoming “a $1 trillion industry, representing 10 percent of America’s GNP and second in size only to the health care industry,” it is important to acknowledge that the business community may not in fact be impartial observers (Burch, 2010, p. 259).

In the introduction to *Strife and Progress: Portfolio Strategies for Managing Urban Schools*, Hill, Campbell, and Gross (2013) assert that individual student need is the driving force behind the portfolio management model: “No school model is right for every child, so the district needs a diverse array of schools” (p. 3). Schools are no longer seen as serving the community, but are instead positioned as satisfying the needs of individual students. Even though school models are intended to be diverse in order to meet the different needs of students, Hill et al. foreground the importance of common metrics, since this model “allows school districts to try out many ideas in a disciplined way, use common metrics to compare different initiatives, build on what works best, and keep searching for something better” (p. 5).

While the portfolio management model builds on the neoliberal focus on the power of the market, which fueled earlier discussions of school choice, there is a distinct shift in that the district is now envisioned as the primary consumer. As Bulkley (2012) explains, when the
district is the consumer, then choice no longer falls on the shoulders of families. “Increasing attention to managing the supply side of schooling has been fueled by disillusionment with both public and private efforts that rely purely on student-choice-driven demand and a lack of confidence that, for example, parents (consumers) will leave poor-performing schools” (p. 13). The shift to the district as the primary consumer raises the important question of who is empowered to choose and what their choice ultimately means. Within this model, district leaders are ostensibly accountable in that they are the ones who choose the schools to be replicated and the vendors to work within these schools. Yet, very few structures currently exist to hold district leaders accountable.

The transformation of the DOE into a portfolio management system raises critical questions about the role of the central office, the nature of public education, and accountability. As Gyurko and Henig (2010) ask in “Strong Vision, Learning by Doing, or the Politics of Muddling Through?” should the “chancellor (or any superintendent working through a portfolio approach) actively work to support and improve schools? Or is the chancellor merely responsible, as chief portfolio manager, to open, monitor, and close failing schools, thereby leaving the work of instruction and improvement to principals, teachers, and other school-based staff?” (p. 112). Under the portfolio model adopted by Chancellor Klein, the Chancellor, and by extension the District Office, eschewed capacity building in favor of accountability.

Mayoral Control, Portfolio Management, and the Transformation of the NYCDOE

In 2001, Michael Bloomberg ran for mayor with a commitment to take control of public schools, which he described as being “in a state of emergency,” and vowed “to remake the system with management reforms, incentives, merit pay and accountability” (Ravitch, 2010, p.
At a March 2002 hearing about alternatives to the longstanding New York City Board of Education, recently elected Mayor Bloomberg declared that he wanted to see a system that “ensures a quality education for all children” and that “holds managers responsible for the success or failure of individual units based upon the results that parents have a right to expect, measurable, relevant educational achievements by all of our children” (Fullan and Boyle, 2014, p. 24). In her analysis of the neoliberal imaginary, Lipman (2011) concludes that in “the culture of ‘new public management’ it is ‘normal’ for the state to draw on the management skills of the private sector to run public institutions; for example, CEOs leading urban school districts” (p. 103). Throughout the Bloomberg-Klein administration, there was an emphasis on bringing in leaders without educational experience to transform the school system. There was also a continued use of a language of failure/discourse of crisis, which dominates neoliberal discourse and sets the stage for intensive interventions.

In Political Spectacle and the Fate of American Schools, Mary Lee Smith (2003) analyzes the role that the metaphorical language of crisis plays in the creation of political spectacle, and argues that “invoking crises serve the political spectacle in two ways: First, it serves as a pretext for radical actions offered by policy makers to correct the alleged conditions, and secondly it arouses emotional rather than analytic, critical responses on the part of the public” (p. 14). Smith goes on to explain that through the language of crisis and political spectacle, leaders (or “experts”) are empowered: “In the political spectacle, leaders act. Others react” (p. 23). Political spectacle often leads to symbolic policies that “reinforce the leadership image of those that propose them and instill quiescence among others” (p. 29).

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33 The imposition of business practices on the public sector is a hallmark of neoliberal reforms. Ball and Youdell (2007) refer to the use of business frameworks as “endogenous privatization,” which involves the “importing of ideas, techniques, and practices from the private sector in order to make the public sector more like business and more business-like” (pp. 8-9).
Upon assuming office, Mayor Bloomberg quickly sold the Board of Education’s headquarters in Brooklyn and moved the headquarters into the Tweed Courthouse that is adjacent to City Hall.  

110 Livingston, the famous six decades-old Brooklyn address of the Board of Education’s headquarters, had become a code word for educational bureaucracy and was a frequent target for elected officials’ critique. In “110 Livingston Gets Respect,” Matthew Chayes notes that “Mayor Bloomberg called the building a ‘notorious Kremlin’ and a ‘rinkydink candy store.’” The current schools chancellor [Joel Klein] called it the ‘catacombs’… Senator Clinton—never one to be left out of a name-calling game—called it broken and unfixable… and Mayor Giuliani, who called it a ‘moribund bureaucracy,’ famously wished in 1999 that it would be ‘blown up’” (Chayes, 2006).  

Ravitch (2010) cannot help but note the irony that the courthouse that would become the new home of the NYCDOE “symbolized the infamous Tweed Ring… William Marcy Tweed, aka the boss of Tammany Hall, had led the effort to abolish the New York Board of Education in 1871 and turn the school system into a municipal department, making it easier to loot” (pp. 70-1).  

From 1969 to 2001, the schools had been overseen by a seven-member Board of Education; the mayor appointed two members of the board with the remaining five members appointed by each of the borough presidents. As Ravitch (2010) explains, once appointed, “the board was an independent agency, and its members had fixed terms and the power to hire the school superintendent and oversee his policies and budgets” (p.70). Under the new Panel for Educational Policy, which was established by the New York State Legislature in 2002, the mayor appointed the majority of the panel and, as Ravitch (2010) notes, the mayor made it very clear

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34 Viteritti (2009) notes that while Mayor Giuliani “used to talk about blowing up the school headquarters, Bloomberg and Klein just let it bleed to death by gradually removing personnel and resources and then moved the remains of the corpus to the smaller Tweed building” (p. 118).

35 In neoliberal irony, 110 Livingston was purchased by a real estate developer for $45 million and converted to luxury condominiums (Chayes, 2006).
that he considered the panel to be “of no importance. When he introduced the members at a press conference, he said, ‘They don’t have to speak, and they don’t have to serve. That’s what ‘serving at the pleasure’ means’” (p.70). As Hill (2011) concludes, “Mayoral control and the absence of a school board mean that the chancellor has a constituency of one”: the mayor (p. 27).

In his analysis of mayoral control, Jeffrey Henig (2009) notes that mayoral control had been the norm in urban areas prior to Progressive Era efforts to create independent departments of education. In recent history, Boston and Chicago are considered in the vanguard of mayoral control, establishing control in 1991 and 1995 respectively. Cleveland, Detroit, Oakland, and Washington D.C. all established mayoral control prior to New York City. Howell (2010) notes that there are common characteristics in cities that have recently adopted mayoral control, including “minority dominant, low student achievement, heavy racial polarization, frequent superintendent turnover and persistent managerial and fiscal troubles. Transition is usually supported by business, governmental and philanthropic entities” (p. 49).

In explaining the lure of mayoral control, Henig (2009) explains that theories “about public administration and civic capacity suggest that mayors may be better able than elected school boards to mobilize a broad range of public resources, force various other agencies dealing with families and youth to coordinate with schools and their missions, and draw on a wider array of management and administrative expertise resident throughout local government” (p. 25).

Mayoral control is appealing to philanthropists. Reckhow (2010) notes that in 2005, more than

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36 Since its creation, the panel has only attempted to disagree with the mayor once. In March 2004, three members of the panel who had been appointed by the mayor planned to join the borough presidents’ appointees in challenging the mayor’s plan to end social promotion for third grade students. On the day of the vote, the mayor replaced all three of the appointees in order to ensure that his proposal was passed: “The media called that evening the ‘Monday Night Massacre.’ After the meeting, Bloomberg defended his actions. He said, ‘Mayoral control means mayoral control, thank you very much. They are my representatives, and they are going to vote for things that I believe in’” (p. 78). In “Inside the Panel for Educational Policy,” Patrick Sullivan (2009), who was appointed to the panel by the Manhattan Borough President and emerged as a strong critic of Bloomberg and Klein, describes the Panel for Educational Policy as “a misplaced relic of the Brezhnev-era Soviet Union” (p. 89). Sullivan (2009) notes that there are no transcripts of the meetings and that minutes have not been distributed since 2007.
10 percent of all education grant dollars from the 15 largest K-12 grant-makers went to three large urban school districts: New York City, Chicago, and Los Angeles. She goes on to note that “mayoral or state control of a district has a strong relationship with higher levels of foundation grants” (p. 4). In 2005, five of the six districts that received the greatest amount of funding had mayoral or state control: New York, Philadelphia, Oakland, Boston, and Chicago (Reckhow, 2010). Reckhow goes on to cite the Broad Foundation’s 2008 Annual Report, in which the foundation explains, “We have found that the conditions to dramatically improve K-12 education are often ripe under mayoral or state control” (as cited in Henig, 2009, p. 47).

In describing the attitude of business leaders towards mayoral control, Rogers (2009) quotes a staff member for the Partnership for New York City, a nonprofit membership organization that is comprised of 200 CEOs from New York City’s top firms, who explained: “We had a bunch of CEOs who were partnership members and had for years focused on public schools, here and elsewhere. Our key notion is that schools need accountability, and for many years we had a great interest in mayoral control. Several of our people served on the state assembly committee on school governance. We felt that once we created a clear chain of command and focused accountability, then we could go to work on improving the curriculum” (p. 41). In his testimony before the Commission on School Governance in order to extend mayoral control, Chancellor Dennis Walcott “testified that being directly responsible for education gave the mayor an institutional incentive to invest more resources in the public schools” (Rogers, 2009, p. 221). At the same hearing, Kathryn Wylde, president of the Partnership for New York City, “estimated that [as a result of mayoral control and changes to the school system] philanthropic giving to the public schools has risen since 2002 from $2 million to more than $100 million” (Rogers, 2009, p. 221).
In *The Education Mayor: Improving America’s Schools*, Kenneth K. Wong (2007) used a mixed-methods approach to explore the impact of mayoral control on educational outcomes and found that while mayoral control can “bring a change of 0.1 standard deviation in elementary reading and math scores [and is] associated with a 0.2 standard deviation increase in high school reading and math,” these positive impacts are not found when the mayor has unchecked control, as is the case in New York City. As Wong explains, “full appointment power without oversight is inversely related to achievement” in both high school reading and mathematics (p. 94). It is also important to note that while mayoral control can lead to better outcomes in certain cases, “a 1-percentage-point reduction in child poverty improves test scores by 0.5 standard deviations. In comparison with the governance changes just discussed, this is nearly three times greater in magnitude” (p. 97).  

In placing mayoral control within the larger framework of neoliberal thinking, Lipman (2011) explains how “mayoral takeover enables entrepreneurial, market-driven, efficiency-oriented, ‘performance-based’ ‘public management’ that characterizes the neoliberal state” (p. 60). Mayoral control allows mayors to “fast-track” reforms, and thus has been embraced by both philanthropists and the federal government. In 2009, U.S. Secretary of Education Arne Duncan declared before the Gates Foundation-funded U.S. Conference of Mayors National Forum on Education, that he fundamentally believes that “mayors should be in control of their school

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37 In my final chapter, I will address the ways in which the recent wave of education reformers have ignored the impact of poverty on educational outcomes. It is important to note that in a recent working paper for the National Bureau of Economic Research, Cohodes, Kleiner, Lovenheim, and Grossman found that the expansion of Medicaid in the 1980s and 1990s produced long-term educational benefits; a “10 percentage point increase in Medicaid eligibility among children in a state translated into a 5.2 percent decline in high school dropouts (among all students), a 1.1 percent increase in college attendance, and a 3.2 increase in students completing bachelor’s degrees” (Badger, 2014).
systems… At the end of my tenure, if only seven mayors are in control, I think I will have failed” (p. 60).³⁸

In 2009, the New York State legislature extended mayoral control but insisted that the New York City Independent Budget Office have the ability to oversee NYCDOE spending. In November 2009, Mayor Bloomberg spent $90 million of his own fortune to win reelection to a third term. Henig (2013) notes that while Mayor Bloomberg and Chancellor Klein “publicly interpreted this as a supportive mandate for their education program, … exit polls found that only 16 percent of voters indicated that education was the issue that mattered most in influencing their vote (versus 40 percent who prioritized the economy and jobs) and the mayor won only 43 percent of the votes of public school parents compared to 55 percent for his Democratic competitor” (p. 16).

The Appointment of Chancellor Klein and the Birth of Children First Reforms

Upon gaining control of the school system in 2002, Mayor Bloomberg appointed Joel Klein as chancellor and moved the Board of Education into the Tweed Courthouse. In analyzing the symbolism of this appointment, Paul Hill (2011) notes that as “the government litigator in the Microsoft antitrust case, Klein had acted on the assumption that monopolies stifle innovation, sequester funds that should be available to the rest of the economy, retard economic growth and social progress, and hurt consumers” (p. 23). In reporting on the appointment in the *New York Times*, Jennifer Steinhauer writes, “The business backgrounds of both men inflected their

³⁸ One of the main justifications for mayoral control is efficiency. In his analysis of mayoral control, David Rogers (2009), who wrote the seminal critique of the New York City educational bureaucracy, *110 Livingston Street*, more than 40 years earlier, describes the emergence of a “new, nonpartisan breed of urban mayor… [That is] more interested in improving services, not in reinforcing the status quo… These mayors function in that respect more as managers and problem-solvers than their predecessors, having redefined the role of mayor to emphasize goals of efficiency, integrated city services economic development, and forming close alliances with the city’s business and civic leaders in the process” (p. 11).
locution… They both took turns referring to education as a ‘product’ and things like ‘system analysis’ to evaluate problem schools” (as cited in Haimson, 2009, p. 7).

As soon as Chancellor Klein took office, he contracted McKinsey and Company to facilitate the planning process for Children First, the framework that would articulate the agenda for school reform in New York City. Hill et al. (2013) interviewed a close associate of Chancellor Klein’s about one of the fundamental premises that undergirded these reforms: “The [pre-2002] school system does what it was built to do: make stable jobs, accommodate the demands of interest groups and comply with state laws. It can do those things without providing effective schools for all kids. We intend to rebuild the system around a new mission, one that puts children and learning first” (p. 47).

Little publicly available documentation of the Children First planning process exists, which highlights a central paradox of the Children First process that would continue throughout the Klein administration: the reforms “aim towards creating a ‘bottom-up’ system, which grants greater authority to individual schools. Yet much like the planning process, the implementation of Children First has largely occurred from the top down” (Reckhow, 2013, p. 102). The working groups that developed the Children First reforms included representatives from the Broad Foundation and the Gates Foundation, as well as leading educational figures including Robert Hughes (New Visions for Public Schools) and Warren Simmons and Norm Fruchter (Annenberg Institute for School Reform). Reckhow notes that Fruchter, Hughes, and Simmons wrote a document to protest the tightly scripted nature of the planning process. As Fruchter recounted, “Teachers, students, and parents had little input into the process through which Children First was implemented. Cabinet members, often aided by cadres of consultants, designed most new initiatives. The school system’s practitioners and its parent, student, and community
constituencies usually learned about these new initiatives through media coverage, press conferences, and website releases” (Reckhow, 2013, p. 78).

Josh Edelman, a former teacher who became the Executive Officer of the Office of New Schools in Chicago under Arne Duncan and the Deputy Chief of the Office of School Innovation under Michelle Rhee in Washington, D.C., and is currently the Senior Program Officer for Empowering Effective Teachers at the Bill and Melinda Gates Foundation, argues that New York City represents the “best example of [the] Portfolio Management Model: Strong central leaders who have the authority and the political will and skill to actively support reform; strong local sources of talented entrepreneurs and district leaders…; [and] access to substantial public and private monies” (Edelman, 2010).39 The Portfolio Strategy is built on seven components, all of which could be found in the Children First reforms: 1) school choice; 2) school autonomy; 3) differentiated support for schools; 4) talent-seeking strategies; 5) performance-based accountability for schools; 6) extensive public engagement; and 7) pupil-based funding for all schools (Hill et al., 2013, pp. 14-15). I will now use these components as a framework to provide an overview of key moments in the Children First reforms.

Component One: School Choice

In “Portfolio Management Models in Urban School Reform,” Katrina E. Bulkley (2012) explains the central importance of school choice for the portfolio management framework: “A portfolio of schools is much more than a mix of schools among which students choose. It is a

39 In Global Education, Inc.: New Policy Networks and the Neo-Liberal Imaginary, Stephen J. Ball (2012) describes the ways in which under neoliberalism, “the boundaries between state, economy and civil society become increasingly blurred” (p. 105). Josh Edelman’s shifts between district office positions, federal positions, and foundation positions underscores the constant intersections of public and private spheres. Ball (2012) goes on to describe powerful figures like Edelman as “hybrid, mobile, hetarchical” actors who move between worlds (p. 122). James Shelton, one of the chef planners of Children First, is another such figure. He worked at McKinsey & Company and New Schools Venture Fund, then became education program director at Gates (2003) and in 2009 was appointed Assistant Deputy Secretary for Innovation and Improvement at the US DOE.
strategy for creating an entire system of excellent high schools that uses managed universal choice as a central lever in district change process” (p. 7). School choice was a key foundation for the Children First reforms, and in an effort to ensure that families had the greatest number of options, the NYCDOE opened more than 600 new schools throughout the Bloomberg administration. The NYCDOE also emphasized the development of charter schools, which grew from 17 in 2002 to 159 by 2013.

*Developing Small Schools*

Although the small school movement had been active for decades, the end of the 20th century was the moment when “small schools” as a reform strategy entered the larger zeitgeist of the foundation-funded educational reform movement. In “Portraits in Practice,” Gabrielle H. Lyon recounts that “[o]n March 6, 1999, at Chicago’s first citywide showcase of small public schools, Public Schools CEO Paul Vallas declared small schools to be ‘the best kept secret in public education’” (p. 91). That same year, Mary Anne Raywid (1999) wrote, “We have confirmed [the positive effects of small schools] with a clarity and at a level of confidence rare in the annals of educational research” (cited in Feldman and O’Dwyer, 2012, p. 42). In announcing the creation of 67 new small schools, funded, in part, with $51.2 million from the Gates Foundation, Mayor Bloomberg argued for the power of small schools based on their outcomes: “Students at these small high schools have lower dropout rates than students in larger high schools. Also, more of them get passing grades, more of them graduate, and more of them go to college” (Hemphill et al., 2009, p. 14). This focus on opening small schools—and the concomitant emphasis on closing “failing” schools—would become one of the hallmarks of the Children First reforms.

In “Small Schools in the Big City: Neoliberalism, Bureaucracy, and the Sustainability of
Small by Design Schools in Chicago,” Corrin Holly Pitluck (2010) provides a rich overview of the research on small schools, an overview that would appear to support the claims of Vallas, Raywid, and Bloomberg. Citing the studies of Fridkin and Neocha in California (1988), Howley in West Virginia (1996), and Howley and Bickley in Georgia, Ohio, Montana, and Texas (2000), Pitluck notes that smaller schools have been shown to be particularly effective for students living in poverty. Positive impacts of small schools include “attendance and attainment outcomes (Cotton, 1996; Raywid, 1996), sense of connection to schools which can lead to increased graduation rate (Leithwood and Jantzi, 2009); [and] more positive attitudes toward school (Darling-Hammond, 2006)” (Pitluck, 2010, 11).

In “Reinventing High School: Outcomes of the Coalition Campus Schools Project,” Darling-Hammond et al. (2006) note that “studies have found that, other things being equal, smaller schools appear to produce higher achievement (Haller, 1993; Howley, 1989; Howley & Huang, 1991), lower dropout rates (Pittman & Haughwout, 1987), lower rates of violence and vandalism (Garbarino, 1978; Haller, 1992), more positive feelings about self and school, and more participation in school activities (Fowler, 1992; Green & Stevens, 1988; Howley & Huang; Lindsay, 1982, 1984). These outcomes appear more pronounced for students who are traditionally lower achieving (Lee & Smith, 1993, 1995)” (p. 640). It is important to note, however, that school size in and of itself did not always produce positive results. As Darling-Hammond et al. explain, “Not all small schools are successful. Those that incorporate fewer personalizing features and less ambitious instruction produce fewer benefits (McMullan, Sipe, & Wolf, 1994; Raywid, 1990, 1995; Wehlage, Smith, & Lipman, 1992)” (p. 641).

Part of the power of small schools lies in their autonomy. As Pitluck (2010) explains, “The environment [of a small school] is intended to foster a professional community which is
basically supportive of teachers (Raywid, 1999), as opposed to the stark sense of professional individualism and separation among teachers in traditional schools” (p. 10). This sense of professional community, however, would be starkly redefined once small schools were held to rigid accountability metrics and value-added measures of teacher effectiveness, which, in many ways, encouraged the atomization of education. As a result of No Child Left Behind (NCLB), sites of success and failure would now reside in individual schools and classrooms. This atomization of education into the smallest possible unit, whether it was the student, teacher, classroom, or school, will underlie a number of the Children First reforms. 40

*Developing a System of Choice*

At the same time that Mayor Bloomberg and Chancellor Klein were developing small schools, they were also developing a system of school choice that would provide families with the greatest number of options. In 2003, the New York City Department of Education enacted a new policy in which all eighth graders were expected to apply for admission to up to 12 high schools. (Previously, students had the option of applying to five high schools, but the majority of students attended their neighborhood school.) There were a number of different school types:

40 In “Thinking Big About Getting Small: An Ideological Genealogy of Small School Reform,” Judith Kafka (2008) takes a genealogical approach to the study of small schools and argues that “small-school reform attracts such strong and varied support because at its heart is an effort to define the public purposes of education in increasingly private terms” (p. 805). While reframing public education as an individual commodity fits squarely within neoliberal ideas, Kafka explores the roots of this individualism in progressive educators like Dewey as well as the politics of the New Left. As Kafka explains, “New Leftists viewed the individual’s participation in localized decision-making as a way to both engage in community and preserve one’s own autonomy… Instead of allowing centralized bureaucracies to control and dictate the content and conditions of schooling for poor and minority youth, parents, teachers, and in some cases, students, govern themselves. This version of Jeffersonian democracy draws on New Left and community control political traditions—schools governed directly by the people for the people. In using individual choice as an organizing principle for creating local school communities, however, small-school reform draws on a market-based ideology associated with the political right as well” (pp. 1807-1810). As part of the ideological legacy of the battles for community control that wrenched apart New York City in the late 1960s, and that provided the foundation for some of the initial small school movement in the early 1970s, Kafka argues that small schools embody the “rejection of the idea that equality meant sameness” (p. 1808). DiMartino (2009) argues that the “small school movement moved from functioning on the fringe to gaining widespread support” as a way to challenge failing large high schools” (p. 12). As large sums of foundational and federal monies were directed towards creating new small schools, private sector players—reflecting the current neoliberal and neoconservative policy environment—were invited to be part of the reform.” Small schools became a proving ground to “produce more efficient and effective schools” (p. 13).
eight testing schools that required students to take the Specialized High School Admissions Test (SHSAT); visual and performing arts schools and programs that required auditions; screened schools that used academic performance and attendance to accept students; “limited unscreened students” that did not use academics but gave priority to students who attended an information session; educational option schools that selected students according to a bell curve in which 16 percent of students who were accepted were in the high reading range, 68 percent were in the average reading range, and 16 percent were in the low reading range; zoned schools that were large comprehensive schools that gave priority to students in a given geographic area; and unscreened schools that had no admissions requirements.


a growing body of research has documented a strong positive correlation between increasing racial/ethnic segregation in public schools and the growth in these popular so-called colorblind and more market-based school choice policies, which do not explicitly promote racial integration (see Mead and Green 2012; Mickelson et al. 2008; Wells and Roda 2013). In other words, mounting evidence suggests that when school choice policies are not designed to promote racial integration—which most newer school choice policies are not—they generally manage to do the opposite by leading to greater stratification and separation of students by race and ethnicity across schools and programs.

Scott and Wells (2013) elaborate on the connection between choice and segregation, writing that the “school choice marketplace—as it intersects with a segmented housing market, a new sector
of privately run schools that control their admissions and student compositions through attrition, and a rollback of equity-minded policies such as school desegregation—has unequivocally created greater degrees of racial segregation” (p. 125). They go on to note that “market-based policies generally do not provide poor students of color with the kind of outreach, information, access, and free transportation that would allow them to transfer to schools in more affluent communities” (p. 130).  

In a recent analysis of the impact of school choice on student outcomes in New York City public schools, Fruchter et al. (2012) found a “remarkably tight” relationship between students’ college readiness scores and the racial composition of their neighborhood; the neighborhoods with the lowest college readiness rates have the highest percentages of Black and Latino residents, even though these students participate in school choice and attend schools throughout the city. In trying to understand why this is still the case, Fruchter et al. (2012) cite Corcoran and Levin’s research that found that the average number of high school choices students made varied greatly based on the middle school they attended; after controlling “for student characteristics (e.g., achievement, race, poverty) and residential area,” the authors observed “sizable middle school effects on choices” (p. 8). That is, “Students tended to prefer high schools that matched their own academic, racial, and socioeconomic background. . . . These patterns suggest that universal choice will be limited in its ability to prevent stratification of students across schools by race, socio-economic status, and academic ability” (p. 8).

Mayor Bloomberg’s ability to open and close schools, and his concomitant emphasis on school choice, relied heavily on philanthropic funds. For example, the small schools opened in 2003 as part of the New Century initiative received supplemental operating grants of $400,000 over four years and received technical assistance from New Visions. As Stiefel and Schwartz

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41 See Orfield (2013) for the historical connections between choice and segregation.
(2011) note, “In the two years immediately following Bloomberg’s inauguration, the Gates Foundation’s grants to NYC-based organizations increased dramatically: from $1.8 million in 2002 to more than $38 million in 2003. Over the next five years, the Gates Foundations gave over $35 million in support of small high school initiatives separate from monies given directly to the Fund in support of the same initiative” (p. 77). The privileging of small schools was not just limited to philanthropic funds, but could be seen in the ways in which public funds were distributed. We will see later in this dissertation an analysis of Fair Student Funding that concludes that in 2013-14, on average, a small school received $178.34 more per student than a large school, regardless of the characteristics of its student population. While this may seem like a minimal amount, non-specialized large high schools enrolled 120,902 students in 2013, and had they been funded at the average percentage of small schools, these schools would have received more than $21 million in additional funding.

In examining the over-reliance of public schools on philanthropic funds, Lipman (2011) argues that this “grants culture,” in which school districts, teachers, and even students write grants, ultimately “feeds a culture of entrepreneurism that is part of reforming and revaluing education…. This grants culture absolves the state of responsibility to provide basic education services, shifts responsibility to teachers and schools, and covers the social crises produced by neoliberal policies. It has become ‘unthinkable’ that schools could operate without private funds” (p. 106). As Lipman concludes, this “cultural shift both positions venture philanthropies as the normative leaders of the new educational entrepreneurship and it legitimates their role in shaping educational agendas” (p. 106, emphasis added). Venture philanthropists are positioned to play

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42 This discrepancy in funding was a result, in part, of the heavy investments that Chancellor Klein made in developing small schools. As the NYCIBO (2007) noted in its analysis of Fair Student Funding, “The education department is also opening 35 new schools in 2008, which receive their full FSF formula budgets for 2008. Total allocations for new schools are $31.9 million.” In the final chapter of this dissertation, I analyze Chancellor Klein’s decision to fund new schools at 100 percent of their Fair Student Funding, as opposed to the citywide average.
such an important role because of budget cuts to public education; as Lipman concludes, “the groundwork for philanthropic influence was laid by disinvestment in urban public schools, cuts in federal funding to cities…” (Lipman, 2011, p. 118).

In describing the ways in which some of the early educational reforms changed when they became adopted as levers for larger institutional reforms, Tyack and Cuban (1995) describe the “goal displacements that occur when reforms…slowly find their ways into school districts. By the time a reform becomes widespread, practitioners may have forgotten or altered its original purposes and promises” (p. 55). The adoption of small schools and school choice as levers for educational reform under the Bloomberg administration exemplifies this goal displacement. As Lipman (2011) concludes: “For Gates, breaking up big schools was a technical solution without the teacher autonomy, democracy, and social justice that motivated many in the small schools movement. Under Gates the discourse of small schools shifted to business metaphors, accountability metrics, and a corporate franchise model to replicate a prototype to be imposed on teachers and communities” (p. 112).

**Component Two: School Autonomy**

Throughout the Children First reforms, there was an increasing focus on providing principals with autonomy in exchange for increased accountability. In describing the importance of autonomy, Chancellor Klein explained, “Schools can get from terrible to mediocre with mandated curriculum and top-down rules. But to get from mediocre to great, teams need the latitude to innovate and invent. That has to happen at the school level” (Alliance for Excellent Education, 2010, p. 6). As Hill et al. (2013) explain, “Autonomy is important for both principals and districts because it removes the district from the inherent conflict of telling principals what
to do and then faulting them whenever schools don’t improve. It also gives principals and teachers the freedom to do what they think is right for their individual students, something that is very difficult for central offices to do well from afar” (p. 22).

Even though Chancellor Klein came to privilege autonomy, the first stage of the Children First reforms was characterized by an attempt to bring coherence and centralize the system. In an Address to the Academy of Management, Joel Klein (2006) described his initial attempts to centralize key aspects of the NYCDOE by explaining: “Given the chaotic and dysfunctional organizational structure we inherited, our first task was to lock the system down, establish some control, and bring coherence to the system” (Rogers, 2009, p. 29). In an attempt to bring coherence to the system in 2003, Chancellor Klein imposed mandated curriculum and replaced the existing 32 community school districts with 10 administrative regions.43

While this reorganization reflected a delegation of powers from the central office to individual schools, it is important to note that this was not an attempt to devolve too much authority to schools. At the same time that Chancellor Klein was delegating some responsibilities, he also imposed a mandated literacy and math curriculum to be used in all but the most successful elementary and middle schools.44 As Karlsen (1999) explains, “Delegation

43 Interestingly enough, even though Chancellor Klein asserted his desire to “lock the system down,” he also believed in the power of reorganizations to cause productive disruptions. In explaining the reorganization in a 2003 interview, Chancellor Klein stated that “by doing the reorganization and actually causing some creative confusion in the system, it does make it harder for people to just rock back” (Haimson, 2009, p. 18). Ball (2013) frames this “creative confusion” within the framework of a dynamic evaluative state: “In the past 20 years education, like many other areas of social policy, has become subject to ‘policy overload,’ or what Dunleavy and O’Leary (1987) call ‘hyperactivism.’ The ‘depth, breadth, and pace of change’ and ‘level of government activity’ in education is unprecedented. In part this is tactical. It is about the dynamism of government… about being seen to be doing something, tackling problems, ‘transforming systems’” (p. 3). See Harvey (2007) for an analysis of the role of creative destruction in neoliberal ideology.

44 As part of the imposition of mandated curriculum, schools were assigned literacy and math coaches who reported to Local Instructional Superintendents and were charged with ensuring that teachers were using the prescribed pedagogical practices. As Fullan and Boyle (2014) note, the imposition of a common curriculum resulted in a number of controversies: the literacy program failed to meet federal requirements for financial support under NCLB, and teachers began to resent “what they considered was micromanagement by the chancellor” (p. 28). Rogers (2009) interviewed a number of educational leaders who were critical of the fact that principals in fact “had less authority
normally implies a transmission of tasks and administrative responsibilities related to specific functions, usually defined by central authorities. In this sense, the decentralization of tasks does not necessarily mean a shift of power because the local agents generally are only given the role of executing decisions that have previously been made at a central level (Lane 1984; Lauglo 1995).

In analyzing the shift to a more decentralized system, William G. Ouchi, one of Klein’s early advisors, “acknowledged that the centralized organization Klein established and maintained for the first two years of mayoral control was too rigid: ‘Those of us who study large organizations… know the first reaction of a new CEO is to… control everything, because they don’t want anything to go awry’” (Rogers, 2009, p. 19). Even once there was a shift to providing schools with additional autonomy, the emphasis on high-stakes testing frequently made it difficult for schools to exert any autonomy over curricular decisions. As Bulkley (2012) notes, “high-stakes testing influences teacher and administrator behavior… in such a climate, ‘alignment and autonomy may become competing goals’” (p.17).

In 2004, the DOE piloted an “autonomy zone” that provided 30 schools with more control over their budgets and hiring in exchange for agreeing to meet certain benchmarks. This pilot highlighted the “emerging belief that empowerment should be a precondition for improvement and change rather than awarded as an earned privilege to a select few” (O’Day et al., 2011, p. 8). In exchange for increased funding and budgetary freedom, principals signed five-year contracts that included performance targets on test scores, attendance, and graduation than before” (p. 44). As one principal explained, “The principal is designated the CEO of the school, but the mandated curriculum and the detailed pacing requirements for teachers in the classroom leave the principal little leeway” (p. 45). Ravitch (2010) describes the adoption of progressive curriculum as part of the Chancellor’s “left-right” strategy in which he “selected instructional programs that pleased the pedagogical left… and created large numbers of jobs for consultants and coaches who were knowledgeable about progressive approaches. And he satisfied the business community by vigorously promoting choice and accountability” (p. 71).
rates. A principal could be fired if his or her school missed its targets for two years in a row. The autonomy zone was a prime example of what Ball (2013) refers to as “‘controlled decontrol,’ the use of devolution and autonomy as ‘freedoms’ set within the constraints and requirements of ‘performance’ and ‘profitability’” (p. 50).

The autonomy zone was not only intended to change the daily practice of schools, but it was also intended to radically restructure the role of the district office. In describing the ethos behind the autonomy zone, its architect, Eric Nadelstern (2012), writes that the “idea was that if we were to move from a compliance-focused organization to a performance-based one, the relationship between schools and central office would need to change dramatically… [In the autonomy zone], the full measure of whether one was doing a good job was no longer whether you pleased your supervisor, but rather whether schools would pay your salary directly from their budgets because they valued your contribution to their work” (p. 9).

Nadelstern’s description of a district office that was paid directly by school budgets highlights the ways in which an ethos of contracting/consulting permeated the reforms. This ethos is inextricably linked to neoliberal thought. As David Harvey (2007) explains, “in so far as neoliberalism values market exchange as an ‘ethic in itself, capable of acting as a guide to all human action, and substituting for all previously held ethical beliefs,’ it emphasizes the significance of contractual relations in the marketplace. It holds that the social good will be maximized by maximizing the reach and frequency of market transactions, and it seeks to bring all human action in the domain of the market” (p. 3).

Schools in the autonomy zone improved graduation rates and reduced dropouts compared with city averages, and in 2006, Chancellor Klein expanded the autonomy zone into a larger “empowerment school network.” In “Empowerment Schools FAQ” (issued on June 15, 2006),
Chancellor Klein described the empowerment schools as “an evolution. At first, the Mayor and the Chancellor had to stabilize the school system. Now that the system is stable, the Department of Education is ready to devolve power and decision-making to schools—an important part of the Children First vision from the beginning.” Three hundred and fifty-three schools applied to become empowerment schools; 331 were accepted.

Empowerment school principals were given additional discretionary funding of $150,000 and the ability to select a network-support team leader in exchange for agreeing to meet certain accountability metrics. These metrics are described as “value-added school assessment[s]” that evaluate “schools on the basis of both their own past performance and the performance of a like-populated cohort of schools.” In describing the “risks” to principals who agree to lead empowerment schools, the NYCDOE uses passive language that obfuscates agency: “In the worst circumstances, where schools do not evidence either progress or capacity to make progress over time, leadership changes will be made; and ultimately, schools may be closed.” The Empowerment Schools were financed through a $50 million cut to the regional budgets and would result, according to the NYCDOE, in 350 jobs being lost in the “regional bureaucracy”: “Most of the money saved will be sent to schools, where it will be spent on student programming and the educators who interact directly with children.”

Throughout the reforms, Klein et al. emphasized the importance of dismantling the educational bureaucracy. As Hemphill et al. (2009) explain: “Klein says these changes were designed to reduce the number of middle managers, make the bureaucracy more responsive to the needs of schools, and put decision-making power in the hands of the leaders closest to teachers and children. But these changes controversially abolished the day-to-day oversight of superintendents, leaving parents, local officials and the general public uncertain about who
exactly oversees principals—and whom to complain to if there are problems in their schools” (10). Where does accountability lie in such a system? Klein’s claims of reducing bureaucracy have not gone unchallenged. As Haimson (2009) notes, in 2005, the New York City Comptroller “found that the head count of the central administration at Tweed had increased, and that New York City schools had suffered a net loss of over two thousand teachers in two years” (p. 10).

The expansion of the autonomy zone highlighted the victory of those who believed that autonomy should be a lever for reform and not an award for performance: “Those arguing for universal autonomy did not expect immediate success in all schools. Instead, they foresaw a continuous improvement process in which they would expand or duplicate schools that were making gains and prune out those in which students were not learning, and local educators and nonprofits would learn how to help schools whose staffs were determined to improve but needed new ideas” (Hill, 2011, p. 22). In explaining this reorganization, Klein told a reporter, “I firmly believe that managerial and organizational issues are a core and indispensable aspect of effective school reform… If you don't get those things right, you won't succeed” (Herszenhorn, 2006).

Component Three: Differentiated School Support Providers

In 2006, the DOE dissolved the regional structure and schools were given the option to choose from 12 School Support Organizations (SSOs). The 10 geographical regions were disbanded and the administrative budgets from the regions were “devolved to schools,” turning the whole system “upside down” (Fullan, 2014, p. 31). The new School Support Organizations

45 Again we see the use of passive language to explain school closures, in this case, “prune.” As Fairclough (2003) explains, passive verbs and adjectives are often used to elide agency and responsibility. In this case, the use of “prune” implies that dead or dying institutions are simply being removed from the larger institution, a description that erases the potentially devastating effects of school closures.

46 In reflecting on these reforms, Gail Robinson (2007) quotes Norman Fruchter, director of the Community Involvement Program at the Annenberg Institute for School Reform and the author of a report highlighting problems afflicting New York’s middle schools, who did not think the changes would improve the situation in those schools. Autonomy is not a virtue in and of itself, he said. “If you’re living in an abandoned building, you have lots of autonomy,” he said. “What you need isn’t autonomy but help.”
did not directly supervise schools: “With this restructuring, the DOE dismantled the traditional line of authority in the system, placing ultimate authority with principals as ‘CEOs’ for student outcomes and allowing them to choose the support and resources to help them meet their goals” (O’Day et al., 2011, p. 9). This reorganization blurred traditional lines of reporting and accountability. As Nauer et al. explain, “Superintendents were banned from visiting schools uninvited, although they remained the principals’ ostensible bosses and continued to produce their annual evaluations” (p.12).

Bringing in external providers to serve as school support networks was intended, in part, to further decentralize the system and make recentralization much harder. Quoting an important member of the Bloomberg-Klein team, Gyurko and Henig (2010) note that in bringing in non-profit school support providers, the administration “repositioned $400 million that had been in the regional and central offices. If a new administration tried to pull that back, it would find it ‘harder to take money away from schools than to give it’” (p. 122).

The network system allowed the central office to focus more on accountability and less on capacity building. In analyzing the rationale for including intermediary organizations, DiMartino cites “a study of external partners used in the Chicago Annenberg Challenge: ‘Regular’ organizations, such as schools… cannot reliably change themselves. Being caught up in the dynamics of the status quo, they cannot easily act as catalysts for redefining it, or for refocusing policies and reform agendas that include their own” (DiMartino, 2009, p.18). Thus, we see echoes of Chubb and Moe’s initial assertion that traditional stakeholders—teachers, unions, administrators—“have a common interest in institutional stability” and are too invested in the status quo to make significant choices (p. 12).

Gyurko and Henig (2010) note the fact that the ending of Gates Foundation’s grants to
small schools may have served as a catalyst for this restructuring:

Gates Foundation funding to nonprofits responsible for the launch and support of more than 180 new schools was scheduled to start phasing out in June 2007. These funds, totaling $400,000 per new school were described as merely ‘catalytic’… Department officials considered the Gates Foundation intermediaries a ‘critical success factor.’…The result resembled a marketplace of publicly financed school support organizations, originally created by the Gates Foundation and adopted by the city. (p.104)

Gyurko and Henig’s analysis highlights a prime example of the ways in which philanthropies can shape the use of public dollars.47

In 2010, Chancellor Klein reorganized the school system once again, collapsing School Support Organizations and Integrated Service Centers into the new Children First Networks, an experiment first begun in 2009. Fifty-nine Children First Networks, each supporting approximately 25 schools, were launched. These networks combined instructional support with operations management, but unlike the previous school districts or regions, the Children First Networks were not geographically contiguous.

Developing a system of external school support organizations transformed the ways in which district-wide accountability was conceived. This shifting accountability resulted in a change in how support was envisioned: “In organizations practicing the new accountability,

47 Starting in 2000, venture philanthropists started to spend more funds on shifting public policy. As John Doerr, venture philanthropist and co-founder of the New Schools Venture Fund, explains, “Influencing public policy can be a very high leverage way to create change. We spent $4 million on a campaign to put our charter school ballot on the initiative before the legislature agreed to include it in a spending bill. If you think about it from a return standpoint, over a ten year period, we will have 1,000 new charter schools in the state of California which will receive an average of $3 million in state funding a year. So that’s a $3 billion annum return on a $4 million investment campaign” (Burch, 2009, p.50). Looking at the top 15 largest foundation donors in the field of education, Reckhow and Snyder (2014) found that in 2000, these foundations gave over 1,200 grants totaling $486 million (adjusted to 2010 dollar values), while ten years later the top 15 foundations gave more that $843 million over 2,600 grants. These funds went increasingly to national advocacy campaigns. Reckhow and Snyder note that national advocacy funding grew “more than 23% faster than total giving over the decade” (p.3).
assistance is limited in both scope and duration. Practices common under the old accountability, of distributing resources for assistance equally across all units and providing the same thing to every unit, make no sense under the new accountability. Assistance is a special resource, not a right. Units that receive help also understand that it can be a bit of a two-edged sword and will not go on forever—if the unit does not improve after assistance is provided, it might be eliminated” (Lake and Hill, 2009, p. 14). One of the primary reasons to outsource the support that schools receive to networks or consultants was to keep the primary function of the central office, accountability, clean: “[T]here is a real danger that by providing a lot of direct support to schools, districts risk blurring the lines of responsibility and accountability. If a failing school has been given a lot of support from the district, it is difficult for district personnel to remain objective about the school’s performance” (Lake and Hill, 2009, p. 25).

**Component Four: Talent-Seeking Strategies**

Under Chancellor Klein, there was a concerted effort to ensure that the district recruited new teachers and school administrators, developed strong teachers and school administrators from within the school district, and used performance-based measures for tenure and retention decisions. In 2005, the NYCDOE provided principals with more control over the hiring process by ending the process by which principals were forced to hire teachers based on seniority. In return, the union negotiated a 15 percent pay raise for teachers and the creation of a new position, Lead Teacher, which came with additional funding. As Goretz et al. (2011) note, salaries “for a teacher with a BA and no prior experience increased by over 35 percent from 2000 to 2008,” making it easier to recruit teachers (p. 164).

In 2009, as a result of the Great Recession the previous year, the NYCDOE cut
approximately three percent from school budgets, but still faced a shortfall of nearly $200 million. In order to close this gap, Chancellor Klein implemented a freeze on hiring teachers from outside the district, which meant that principals had to hire from the pool of teachers who had been excessed. In writing to principals about this mandate, Klein “asserted that these measures were necessary to ‘control costs.’ ‘Nobody dislikes this situation more than I do… Limiting your hiring freedom goes against what I stand for, but because of the economic reality we must control costs and protect our schools from deeper budget costs’” (Childress, 2010, p. 228).

Early in the Children First reforms, Mayor Bloomberg and Chancellor Klein decided that it was critical to develop a pipeline for principals trained in management theories. At the same 2003 press conference in which he announced the imposition of mandated curriculum, Mayor Bloomberg also announced the creation of a “privately funded Leadership Academy to mentor new principals and train people from various fields who wanted to become principals” (Ravitch, 2010, p. 72). There was not only a desire to apply market and business principles to education, but there was a concerted effort to bring in leaders with little experience in education. To advise this new Leadership Academy, Ravitch (2010) notes that Klein “put together a board whose star member was Jack Welch,” the former General Electric CEO, whose company’s training facility served as the model for this new approach to principal education.

The Leadership Academy is a prime example of the way in which the DOE was able to use philanthropic funds to seed an idea that, once “proven,” would be funded using public monies. As Stiefel and Schwartz (2011) note, the Fund for the Public School raised over $80 million for the Leadership Academy and once “the program proved successful the DOE made a commitment to support it, awarding the Leadership Academy a five-year competitively bid
contract” (p. 76). As Joel Klein stated, “outside money is much more flexible than government money. For Klein, foundation funding for education in New York City is clearly positive—it allows policy changes to occur in the district without committing public funds up front” (Reckhow, 2013, p. 108).

In 2008, Chancellor Klein launched teacher quality ratings for teachers who taught English and/or math in fourth through eighth grades. These “teacher data reports” classified teachers as above average, average, or below average based on a statistical analysis of their students’ test scores from year to year. Chancellor Klein initially agreed with the UFT that the results would not have an impact on formal evaluations or promotions. In 2009, following President Obama’s push to use student data performance to evaluate teachers, Mayor Bloomberg announced that test scores would in fact be used to determine which teachers would receive tenure. In 2010, the UFT negotiated an agreement with the New York State Education Department (NYSED) to base 40 percent of a teacher’s evaluation on student test scores.

**Component Five: Performance-based Accountability for Schools**

Implemented in New York through the school report cards, data systems were developed to measure annual student growth and schools were compared to each other based on student

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48 It is important to understand how radically Chancellor Klein transformed the principalship under his tenure. As Nauer et al. explain, by the end of his tenure, “83 percent of the city’s 1,588 principals have been hired since Klein became chancellor in 2002. Today’s principals are younger and more ethnically diverse than their predecessors: 20 percent are less than 40 years old; more than two-thirds are female; and 41 percent self-identify as non-white. More than half of the city’s principals—858 of them, according to the DOE—have led their schools for five years or less” (p. 56).

49 Under Chancellor Klein, the NYCDOE relied heavily on private donors. In “New York City’s Big Donors Find New Cause: Public Schools,” David Herszenhorn (2005) quotes Joseph Reich, who donated $10 million to help Chancellor Klein create the New York City Center for Charter School Excellence, as saying: “I come from the business world; I'm used to a world where there is freedom and accountability and that never seemed to exist in the world of public education” (Herszenhorn, 2005). See “The Not-So-Public Part of the Public Schools: Lack of Accountability” (Freedman, 2006) for an additional analysis of the role of private funds in public education under Bloomberg and Klein.
growth and climate. As Fullan and Boyle (2014) explain, Chancellor Klein was “committed to an autonomy-accountability exchange with schools. With a robust accountability system in place, he could offer schools more autonomy and shift power from the center to school principals” (p. 30). When announcing the development of school report cards as a key lever in the 2007 reforms, Bloomberg explained, “Personally, I can't think of a better way to hold a principal's feet to the fire than arming mom and dad with the facts about how well or poorly their children's school is performing” (Bloomberg, 2007). In analyzing the rollout of these reforms, Gail Robinson (2007) noted, “The mayor sees the combination of autonomy and accountability as bringing corporate tools to the schools.” Robinson quotes a press conference in which Bloomberg said, “Schools have traditionally not felt that they had to work for the students… Very seldom are they being held to the standard of having to provide a good service or losing their job, which is exactly what most people who work in the private sector face every single day” (Robinson, 2007).

In 2006, Chancellor Klein created the first Office of Accountability. James Liebman, a Columbia University Law School Professor who had a long history as a civil rights attorney but no experience in education, became the Chief Accountability Officer and the architect of the Accountability Initiative. Liebman was a strong proponent of “accountability as capacity-building” (Childress et al., 2011, p. 92) and thus believed that if school leaders had clearly defined benchmarks for which they were held accountable, they would learn how to meet these benchmarks.

50 In claiming that the value of report cards was for accountability, and to “hold a principal’s feet to the fire,” Mayor Bloomberg created a surprisingly oppositional relationship between both the principal and the Central Office (whose responsibility was to collect data and issue report cards) and between principals and parents (whose responsibility was to closely monitor a school’s performance and advocate for their children). It is important to note that within this vision, the school report cards were intended for public accountability (or perhaps shaming) and not as a way to build capacity around understanding data.
In 2007, the New York City Department of Education continued its focus on student data and issued an $81 million contract to IBM to develop a comprehensive data system: ARIS (Achievement Reporting and Innovation System).\textsuperscript{51} The cost of developing ARIS was only part of what the NYCDOE spent on accountability initiatives. Gotbaum (2009) notes that the Independent Budget Office (NYCIBO) found that the NYCDOE spent $352.2 million on the Accountability Initiative between FY 2007 and FY 2009.

In 2007, Mayor Bloomberg negotiated with the UFT to award school-wide bonuses to teachers if their school’s scores went up. Under this agreement, 200 of the city’s high-needs schools were eligible for up to $20 million in bonuses if student test scores went up. In exchange for agreeing to the bonus plan, the union won an enhancement of teacher pensions that allowed teachers to retire five years earlier than before.\textsuperscript{52} A 2011 RAND Corporation study of the school-wide bonus programs found no positive effects on student performance or on teachers’ attitudes towards their jobs.

Starting in 2007, there was a shift “from one of centrally managed instruction to one of generating and using data to inform instruction, empowering all schools to make instructionally relevant decisions, and holding schools accountable for the results. A central tenet of this phase was the belief that empowerment is not an earned privilege, but rather a precondition for improvement. Thus, all schools, regardless of performance, were granted greater autonomy in

\textsuperscript{51} ARIS was intended to integrate data that had previously been located in three distinct system: ATS, which contained student biographical data, attendance, and grade promotion; CAP, which was intended to track students for possible special education services; and HSST, which was used by high schools for scheduling and tracking student progress (Howell, 2010). In addition to cost overruns and delays, Public Advocate Gotbaum criticized the fact that the contract was awarded to IBM without review by the Panel for Education Policy (PEP).

\textsuperscript{52} Teacher effectiveness and school accountability metrics, two foundations of the Children First reforms that rely heavily on quantitative data, can best be understood through the framework of performativity. As Ball (2012) explains, performativity “is enacted through measures and targets against which we are expected to position ourselves but often in ways that also produce uncertainties about how we should organize ourselves within our work” (p.31). In order for performativity to function, there must be a reorientation of “pedagogical and scholarly activities towards those which are likely to have a positive impact on measurable performance outcomes for the group, for the institution and increasingly for the nation” (Ball, 2012, p. 32).
exchange for stricter accountability” (O’Day and Bitter, 2011, pp. 116-7). Beginning in the 2007-08 school year, all principals were held accountable for meeting a “statement of performance terms,” including meeting academic performance goals. However, as Ravitch (2010) notes, “the schools were not really autonomous, because Tweed still determined the examination schedule, still administered interim assessments, still controlled admissions procedures, and still imposed mandates that affected daily life in every school” (p. 75).

In 2007, school report cards were introduced in order to help the public better understand accountability metrics and compare schools to each other. Ravitch (2010) notes that “the city awarded an A or B to about half of the 350 schools that the state had declared to be in need of improvement (SINI) or under review (SURR), [while] more than half of the fifty schools that received an F from the city were in good standing with the state and the federal law” (p. 86). The following year, there were equally surprising results: 84 percent of elementary and middle schools received an A compared to 23 percent in 2007. As Ravitch explains (2010), “The debacle of the grading system had two sources. First, it relies on year-to-year changes in scores, which are subject to random error and are thus unreliable. Second, the scores were hugely inflated by the state’s secret decision to lower the points needed to advance on state tests” (p. 86).

53 In Can Teachers Be Evaluated by Their Students’ Test Scores? Should They Be? The Use of Value-Added Measures of Teacher Effectiveness in Policy and Practice, Sean Corcoran (2010) uses New York City’s Teacher Data Initiative and Houston’s ASPIRE (Accelerating Student Progress, Increasing Results & Expectations) program as case studies in order to assess the validity of outcomes-based measurements (in this case, student achievement) of teacher effectiveness. Corcoran raises a number of issues regarding the current implementation of these programs, including the fact that these measures currently rely on assessments that can only measure a narrow range of skills; a teacher’s “value-added can vary considerably depending on which test is used”; there can also be great year-to-year variation for teachers, and uncertainty is thus higher when only one year of data is used. Corcoran concludes that value-added data are “at best a crude indicator of the contribution that teachers make to their students’ academic outcomes” (p. 28). In their analysis of Progress Reports, Jennifer Jennings and Aaron Pallas (2009) argue that “Progress Reports create a false sense of precision about the relative performance of schools, suggesting that schools can easily be distinguished from one another, when in fact only a small number doing very well or poorly can really be identified as different from the vast majority in the middle” (p. 101).
In reflecting on the emphasis on high stakes testing, Carmen Fariña, Klein’s Deputy Chancellor of Instruction from 2004 to 2007, said that “the city’s relentless emphasis on test scores has led to a culture in which mediocrity—just meeting the benchmarks—is encouraged” (Hemphill and Nauer, 2010, p. 27). Anything that was not assessed on a high-stakes exam was simply not valued. As Ravitch (2010) notes, a DOE survey of art education in 2008 found that only four percent of the city’s elementary schools met the state’s requirements for arts education.

As Chancellor Klein approached the end of his tenure in 2010, one in five NYC schools was on at least one warning list. As Hemphill and Nauer (2010) explain,

In New York City, a school can be put on a Department of Education watch list for receiving a “D” or an “F” (or a string of three “C”s) on its annual Progress Report, which mostly measures student academic improvement and progress toward graduation. Principals also face poor performance reviews and possible removal for failing to get a “proficient” score on their Quality Review, which assesses school management. At the state level, the New York State Education Department publishes a list of “Schools Under Registration Review” (SURR). This is reserved for schools that show particularly poor outcomes year after year, and can lead to closure or restructuring. Finally, all schools are held accountable for making “Annual Yearly Progress” (AYP) toward the No Child Left Behind Act’s stated goal of having all students proficient in reading and math by 2014. (p. 43)

Not only did having so many different assessments of schools confuse families and communities, but it raised a critical question as to what choice meant when so many schools were labeled as failing.
Component Six: Extensive Public Engagement

While public engagement may have been the weakest component of the Children First reforms, there was still an effort to engage the community through the development of the role of “parent coordinators.” In describing the new system and the role of the newly created “parent coordinator,” Bloomberg (2003) reiterated the important role of parents, saying, “The entire school system, from principals up to the Chancellor, will be held accountable for effectiveness in engaging parents, and responding to their concerns... Parent engagement also will be a significant factor in principal performance reviews” (Rogers, 2009, p. 32).

Under this system, the only role for parents was that of consumers: “Klein acknowledged the need for parent involvement, but emphasized strategies to engage parents in the education of their own children rather than deliberating with them over policies” (Gyurko and Henig, 2010, pp. 96-7). The role of parental involvement became highly contentious under the Children First reforms. Rogers (2009) quotes a leader of a large civic organization who lamented: “Citizens have now become consumers in the business model of the mayor. And Klein has consumer service centers. This applies a business model that says, ‘Look, we have a good product already, and we just have to sell it better to the consumers’” (p. 76).

Chancellor Klein resigned in 2010 and Mayor Bloomberg appointed Cathie Black as his replacement. Black had been the Chairwoman of Hearst Magazines and had no experience in education, her appointment underscored Mayor Bloomberg’s belief that the NYCDOE simply needed a good manager. After all, if the district office functions as a portfolio manager with transparent metrics, then the chancellor should not need any knowledge of education. As Smith (2011) writes: “Choosing Black ratchets up the pitched argument that the mayor and others have been waging with the public-school establishment for the past decade. In Bloomberg’s CEO-
minded view, public schools are a closed society dominated by self-interested unions, desperately in need of free-market shock treatment. If only enlightened capitalists could wrest control of the schools from the hidebound, unionized teachers, the schools’ problems could be solved” (p. 4). After a number of public gaffes, Cathie Black resigned on her 96th day in office. Her replacement, Deputy Mayor Dennis Walcott, had some experience as a teacher and he would remain Chancellor until the end of Mayor Bloomberg’s third term.

In 2013, despite the fact that Bloomberg ran as an “education mayor,” at the end of his third term, the majority of New York City residents did not approve of the reforms he had enacted: “In a stinging assessment of the mayor’s priorities and effectiveness, however, two-thirds of New Yorkers say they believe that the quality of the city’s long-troubled school system has stayed the same or become worse since he took office in 2002, despite his vigorous pledges to improve it” (Barbaro, 2013). Fullan and Boyle (2014) conclude that “unintentionally, the market-based school system in NYC appears to be acting in ways that strengthen the links between results and student demographics… despite the Children First efforts to improve equity through choice, diversity, deregulation, and empowerment, students’ educational outcomes are still largely predicted by their home neighborhoods. The conundrum seems to be, how can a system that is designed to create winners and losers be relied on to improve equity?” (p. 38).

**Component Seven: Pupil-based Funding**

Implemented in New York through Fair Student Funding, this funding structure was intended to drive more district funds directly to schools and fund individual students based on individual student need. Once Fair Student Funding was implemented in 2008, approximately two-thirds of the $8.7 billion allocated to students was allocated through FSF, with the remaining
third allocated through categorical funds like Title I and state special education funds. With the implementation of Fair Student Funding, principals would go from controlling six percent of their budget to controlling 85 percent of their budget. The budgetary control was directly linked to accountability metrics. As the NYCDOE noted in their overview of Fair Student Funding, “Principals will have greater flexibility about how to spend money on teachers and other investments—with greater responsibility for dollars and greater accountability for results” (p. 7).

Within a portfolio management model, choice could only function if school budgets were restructured so that there was a direct connection between the amount of funding a school received and the size and need of their student body. In The Secret of TSL: The Revolutionary Discovery That Raises School Performance, William Ouchi (2009), one of Chancellor Klein’s initial advisors and a strong proponent of weighted student funding, made the explicit connection between Fair Student Funding and decentralization when he argued that “by allocating money to students and then having the money, rather than formulaic positions, go to schools, FSF is an integral part of decentralization” (pp. 130-1). Ouchi went on to explain the connection between weighted student funding and school choice: “Without school choice, the effects of Weighted Student Formula are muted as well… If students are assigned to the nearest school, each school will have only a few students who have one type or another type of special need, and typically the additional money that those few special students bring will be insufficient to enable the school to meet their need fully” (p. 273).

Even though Fair Student Funding was intended to rectify the “haphazard differences between schools [and] more systematically distribute instructional resources towards students with the greatest educational need,” six years into Fair Student Funding, we continue to see large discrepancies between the amount of funding schools receive to serve students with similar
needs (NYCIBO, 2007). We also continue to see underfunded schools having higher percentages of low-income students and English language learners. In chapters four and five, I will examine the implementation of Fair Student Funding in the DOE and explore how the focus on building great schools as opposed to a great school system led to a reification of budget inequities.
CHAPTER FOUR
THE IMPLEMENTATION OF FAIR STUDENT FUNDING BY THE NEW YORK CITY DEPARTMENT OF EDUCATION: INSTANTIATING FUNDING INEQUITIES AND THE LIMITS OF NEOLIBERAL THINKING

In 2007, Mayor Bloomberg announced a number of reforms to the Department of Education, including the launch of Fair Student Funding. Even though Fair Student Funding was intended to rectify the “haphazard differences between schools [and] more systematically distribute instructional resources towards students with the greatest educational need,” seven years into Fair Student Funding, we continue to see large discrepancies between the amount of funding schools receive to serve students with similar needs. In an analysis of the 2013-14 Fair Student Funding, I found that the percentage of FSF that schools received ranged from 81 percent to 134 percent. Only 8.5 percent (n=38) of the 451 high school budgets I examined were fully funded, with the median funding amount being 86.19 percent. Furthermore, when I looked at the percentage of Fair Student Funding a school received and FSF’s relationship to the percentage of low-income students, percentage of English language learners, and the size of the school, I found that there was a statistically significant inverse relationship for each of these categories. That is, the higher the percentage of low-income students, the higher percentage of English language learners, or the larger the school, the lower the percentage of Fair Student Funding the school received. In this chapter, I explore the connection between the percentage of Fair Student Funding a school receives and a number of variables, and I conclude with a case study of the budgets of six schools on the William H. Taft Educational Campus in order to understand why large funding discrepancies continue to exist.

On January 17, 2007, Mayor Bloomberg delivered his annual State of the City Address entitled, appropriately enough, “Taking the Next Step.” Addressing a large crowd at a college in downtown Brooklyn, Mayor Bloomberg devoted a significant amount of time to describing the reforms that the Department of Education was about to implement in four major areas: empowering principals; holding schools publicly accountable through report cards; reforming teacher tenure; and implementing fair student funding. As Mayor Bloomberg explained at the start of his speech: “During our first term, we brought stability, accountability, and standards to a school system where they were sorely lacking. With this strong foundation now laid, we can take the next steps forward, creating great schools where all students can succeed. That means
encouraging and expecting *leadership, accountability, and empowerment* to thrive at the *school level*” (Bloomberg, 2007, emphasis added).

The reforms that Bloomberg introduced in 2007 were intended to provide schools with more accountability through new performance contracts for principals; better information through school report cards that would provide the public with easily accessible information on school performance; and expanded flexibility through teacher hiring practices and budget reforms. As part of the reforms, Mayor Bloomberg and Chancellor Klein aimed to use funding as a lever to drive student progress. In the introduction to Fair Student Funding, the NYCDOE (2007) explained their theoretical framework with the simple equation, “More accountability + Better information + Expanded flexibility = Student Achievement” (p. 53).54 The adoption of weighted student funding formulas was explicitly linked to both equity and empowerment. In announcing the proposal for Fair Student Funding, Chancellor Klein explained, “I think it’s important to the city that we can say that we are being equitable, we are being transparent, and we are treating kids who are in a similar situation the same” (Foley, 2010). Klein went on to say: “One of the things I hear from principals is, ‘Well, how can you hold me to the same standards as others, when the funding allocations are not equitable, are not transparent, and they are not fair’” (Foley, 2010). Within this formulation there is an assumption that equity means equity of resources (or inputs), and that what matters most is that principals are provided with similar resources in order to hold them accountable by measurable and comparable student results. Chancellor Klein’s emphasis is not on providing additional resources in order to strengthen the education that students receive, but to create a seemingly transparent marketplace in which principals can be judged.

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54 It is important to note that again we see the assumption that resources and capacity exist, and success will be determined by how these resources are deployed. Within this equation, there is no mention of additional resources or the development of additional capacity.
With a current annual budget of nearly $25 billion, any change to NYCDOE budgeting is a significant development worth studying. As the largest urban school system in the United States, the New York City Department of Education has a budget that has historically dwarfed that of other cities. Under Mayor Bloomberg the NYCDOE’s funding increased dramatically and at a far greater rate than other large school districts. Between 2002 and 2008, the annual funding for the New York City Department of Education increased by 31 percent, including a 25 percent increase in teachers’ salaries and benefits. Almost all of this increased funding came from city coffers (Hemphill, 2013). From 2003 to 2013, per-pupil spending in New York City increased 24 percent, to $20,664, and NYCDOE funding increased from $19.3 billion to $23.9 billion. As Hemphill et al. (2013) note, “While per capita spending once lagged behind the state average, it now exceeds the state average” (p. 9).^{55}

**New York City: School Funding Before Fair Student Funding**

Prior to mayoral control, the superintendents of the 32 community school districts and the high school superintendents received funding based on the number of students in their districts. The superintendents then distributed funds to schools within their districts. When Mayor Bloomberg was granted control of the NYCDOE, he gradually centralized the budgeting process and developed School Allocation Memorandums to distribute funds to schools rather than districts. The Memorandums were intended to standardize the budget allocation process,

^{55} While most of the funds for schools came from city coffers, foundations played an important role in funding many of Bloomberg’s reforms. As Hemphill et al. (2013) notes: “Private foundations have also made a substantial investment in the city’s schools, funneling some $2 billion over the past decade to, among other things, small district high schools, charter schools, school libraries, data systems, early education and college guidance projects sponsored by community organizations. In the last year, foundations and other donors contributed a record $47 million in pledges to the Fund for Public Schools, the NYCDOE’s fundraising arm” (p. 9).
empower principals by pushing more funds to their schools, and disempower superintendents who had previously controlled the budgeting process.

Fair Student Funding was not the first attempt that Chancellor Klein made to equalize the funding that schools received. Starting in 2003, Klein tried to overhaul the way in which school budgets were developed by devising a formula called the “corridor calculation” to determine whether a school had been underfunded or overfunded. The teachers’ union, City Council members, and community groups opposed this new way of calculating school budgets. As Randi Weingarten, then president of the teachers’ union explained, “different schools have different needs…. The catchall that they should have used is equitable and adequate, not equal” (Herszenhorn, 2005). The NYCDOE quickly discovered that there were simply not enough financial resources to equalize funding and that even schools that seemed to be overfunded could not easily make cuts. As Bruce E. Feig, the NYCDOE’s chief financial officer, explained, “If you had a school that was lean, even if they were over the formula… if you tried to take a little money away from them, they had nowhere to go… Absent additional financial resources, we didn’t want to have to take money from one school to bring another school up” (Herszenhorn, 2005).

Most of the NYCDOE’s allocations of tax-levy resources did not take into account student need and instead were based on the calculation of the number of classes a school would require based on expected enrollment. In an analysis of the funding disparities in classroom expenditures, the Independent Budget Office reported that in 2005, classroom spending in New York City “averaged $4,642 per student, ranging from a low of $2,511 to a high of $8,569” (NYCIBO, 2007). In analyzing per-pupil funding in high schools, the NYCIBO (2007) noted that there “was a very strong, negative relationship between per student expenditures and school
size,” with the average per-student classroom expenditure of $5,528 for small schools, $4,596 for medium-size high schools, and $3,963 for large high schools.

Table 4.1

School Characteristics by School Size, High Schools, 2005
(Reproduced from NYCIBO [2007])

<table>
<thead>
<tr>
<th>School Measure</th>
<th>Small HS (&lt;250)</th>
<th>Medium HS (251 – 1,250)</th>
<th>Large HS (&gt; 1,250)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per-Student Expenditure</td>
<td>$5,528</td>
<td>$4,596</td>
<td>$3,963</td>
</tr>
<tr>
<td>Teacher Salary</td>
<td>$52,402</td>
<td>$56,704</td>
<td>$62,510</td>
</tr>
<tr>
<td>Pupils per Teacher</td>
<td>15.8</td>
<td>20</td>
<td>23.9</td>
</tr>
<tr>
<td>Enrollment</td>
<td>174</td>
<td>698</td>
<td>2967</td>
</tr>
<tr>
<td>Percent Capacity Utilization</td>
<td>79.1%</td>
<td>86.8%</td>
<td>126.3%</td>
</tr>
<tr>
<td>Percent Special Education</td>
<td>2.0%</td>
<td>5.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Percent Poverty</td>
<td>70.4%</td>
<td>60.4%</td>
<td>45.9%</td>
</tr>
<tr>
<td>Percent Limited English Proficient</td>
<td>2.7%</td>
<td>11.4%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Percent Low Academic Achievement</td>
<td>33.8%</td>
<td>32.8%</td>
<td>30.3%</td>
</tr>
</tbody>
</table>

Sources: NYCIBO; Department of Education

We will see a similar dynamic at play with Fair Student Funding with small high schools receiving, on average, a greater percentage of their Fair Student Funding (88.2 percent) when compared to medium-sized high schools (87 percent) and large high schools (84 percent).

Implementing Fair Student Funding

In 2006, the Court of Appeals in New York issued the final ruling in Campaign for Fiscal Equity vs. New York State, and found that the state was constitutionally mandated to provide a “sound basic education,” which they defined as the “opportunity for a meaningful high school education, one which prepares them to function productively as civic participants.”

As a result

56 In 1993, the Campaign for Fiscal Equity launched a lawsuit against the state of New York, arguing that the state was underfunding New York City schools. Citing the fact that New York City schools received approximately $10,469 per student while schools in neighboring suburbs received $13,760 per student, the plaintiffs argued that the
of this ruling, the governor and legislature passed the Education Budget and Reform Act of 2007, which enacted a Foundation Aid Formula “designed to ensure *adequacy* and *equity* in state school funding by establishing a relationship between state aid, the needs of students and a district’s ability to raise revenue” (Education Law Center, n.d.). In the first two years, the state provided an additional $2.3 billion in funding, and while the entire formula was never enacted as a result of state budget problems, the ruling and the initial infusion of funds allowed Mayor Bloomberg and Chancellor Klein to enact Fair Student Funding and start the process of equalizing funding without taking away funds from schools that had been previously overfunded, an issue that had hobbled their previous attempt to equalize funding.

In 2007, the New York City Department of Education launched its version of weighted student funding, entitled Fair Student Funding. Developed by Robert Gordon, a lawyer who went on to become the Deputy Director of the Office of Management and Budget in the Obama administration, Fair Student Funding was intended to create a more equitable and transparent budgeting system. In introducing Fair Student Funding, Mayor Bloomberg declared his intention to “overhaul a decades-old school funding system that, solely for political reasons, rewards some schools over others… The goal is *equitable* funding among our schools and ensuring that each school has what it needs to teach its students” (Bloomberg, 2007, emphasis added).

Once Fair Student Funding was implemented in 2008, approximately two-thirds of the $8.7 billion allocated to students was allocated through FSF, with the remaining third allocated through categorical funds like Title I and state special education funds. With the implementation of Fair Student Funding, principals would go from controlling 6 percent of their budget to controlling 85 percent of their budget. The budgetary control was directly linked to

State was depriving students in New York City of their constitutionally guaranteed right to a meaningful high school education. For additional information on Campaign for Fiscal Equity, see Rebell (2002, 2011).
accountability metrics. As the NYCDOE (2007) notes in its overview of Fair Student Funding, “Principals will have greater flexibility about how to spend money on teachers and other investments—with greater responsibility for dollars and greater accountability for results” (p. 7).

In order to reinforce the connection between Fair Student Funding and autonomy, the NYCDOE (2007) notes that “All money allocated through FSF can be used at the principals’ discretion.” There were, however, a number of limits as to how the funds could be used. Shortly after the launch of Fair Student Funding, New York City Council Member Robert Jackson surveyed New York City principals and found that “86 percent of principals responded that they were unable to provide a quality education because of excessive class size” (Horowitz, 2009, p. 59). Despite their identification of overcrowding as a key obstacle, they were concerned about using funds to reduce class size. As one principal explained on the survey: “There is a problem when a school chooses to use their own money to lower class size (instead of an extra pullout or support position). Then NYCDOE determines that you have space in the classroom and sends you extra students” (Horowitz, 2009, p. 61). This of course raises questions about the extent of principal autonomy. In reflecting on the impact of budget autonomy on principals, Philip Weinberg, who was principal of a successful school in Brooklyn for 12 years before being appointed Deputy Chancellor for Teaching and Learning in Mayor Bill de Blasio’s administration, explained, “Although there is more autonomy, I don’t know what it is for” since human resource regulations make it very difficult to make any changes with the bulk of any school’s budget, which goes to staffing (personal communication, October 28, 2013).
The Goals of Fair Student Funding

In reporting on the development of a Fair Student Funding proposal, Angela Montefinise explained, “By fixing a per-student money figure, DOE believes it can depoliticize and simplify the complex and unequal system of funding ‘based on long-ago political deals, not the current needs of our students,’ said Schools Chancellor Joel Klein” (Montefinise, 2007). In introducing Fair Student Funding (New York City Department of Education, 2007), the New York City Department of Education places the reform of school budgeting within a framework of equity and social justice: “Every child deserves the same opportunity for a great education. And that means every school deserves fair funding. For years, our school budgeting has fallen short of that promise. It’s time to change that. Under Fair Student Funding, we will begin to fund schools based on the needs of the children at each school. Because that’s what matters most.” In order to fulfill its promise, the NYCDOE identified three goals for Fair Student Funding: 1) increasing equity while maintaining stability; 2) improving student achievement; and 3) making school budgets more transparent.

Fair Student Funding Goal One: Increasing Equity While Maintaining Stability

The NYCDOE writes that Fair Student Funding aims to achieve three goals, the first being to “increase equity while preserving stability: Fair Student Funding will direct new funds toward schools that do not receive their fair share of resources today, without taking funds away from other schools. Because the Department is cutting central and regional offices and driving those dollars to schools, all schools will receive additional funding for the 2007-08 school year” (NYCDOE, 2007, p. 2).
In this first goal, we see one of the tensions any system that shifts to weighted student funding must grapple with: while some schools receive less funds, others inevitably receive more. In order to minimize the impact on schools that had previously been overfunded, the NYCDOE provided “hold harmless” concessions “for 661 schools [which] cost the district $237 million, more than twice the cost of increasing funding” for the 693 schools that were considered underfunded and that received $110 million under FSF (Childress, 2010, p.226). In analyzing the implementation of FSF, the NYCIBO (2007) notes that on average, the 661 schools that were overfunded received $358,332 in “hold harmless” funds, while the 693 schools that were underfunded received an additional $158,703 in funds. In a move that would maintain this funding inequity, no underfunded schools received their full FSF formula budget because the schools that were underfunded were capped at either 55 percent of their total FSF need or $400,000, whichever was lower. Overfunded schools had no such cap, which meant that they were able to maintain their full level of support.

In reporting on the initial rollout of Fair Student Funding, Maxwell (2007) cites Joseph Olchefske. Olchefske, a former superintendent in Seattle who “steered that district through its adoption of weighted-student funding several years ago, said Mayor Bloomberg’s agreement not to cut the budgets of any school goes against the basic philosophy of the finance strategy: ‘The agreement seems to violate a pretty deep philosophical principle, which is that for some schools to get more, others have to get less… So by funding all schools at the same amount as before, in effect they are funding some students more than they quote “deserve”’” (Maxwell, 2007). In reflecting on this rollout, Joseph Williams, the executive director of a political action committee, Democrats for Education Reform, said the remaining gap highlights the “pathetic” consequences of a political compromise: “We not only intentionally designed a system that disproportionately
hurts disadvantaged kids, but we intentionally put the brakes on a plan to fix it,” he said (Green, 2007).

Even though the agreement to maintain funding levels at schools that had previously been “overfunded” went against some of the basic tenets of Fair Student Funding, the commitment to “hold harmless” funds was critical for getting the support of the teachers’ union. In reflecting on the importance of the “hold harmless” provision, Leo E. Casey, the UFT’s special representative for high schools and a participant in the negotiations with the mayor, explained that hold harmless “was extremely important to us because we felt all along that this funding method would destabilize the good schools in order to get more high-quality teachers into our high-needs schools” (Maxwell, 2007).

While FSF reduced the disparities in funding, disparities still remained. As the NYCIBO (2007) notes, “Under the Fair Student Funding system in place for 2008, funding at under-funded schools averages $1,181 less per student than at over-funded schools. This difference is smaller than it would have been under the pre-FSF approach, but larger than if the additional payments to under-funded schools were not capped or if the hold-harmless provision were eliminated.”

Had the NYCDOE fully implemented Fair Student Funding and funded each school only based on its formula, there would have been an additional $115 million for schools. Although the “hold harmless” supplement was promised only through 2009, it still has not been eliminated. We will see that hold harmless funding has in fact contributed to the persistence of an unequal distribution of funds.
Fair Student Funding Goal Two: Improving Student Achievement

In addition to increasing equity while preserving stability, a second goal for Fair Student Funding was to

*Improve student achievement:* School leaders and communities know best what their schools need for their students to achieve. Fair Student Funding eliminates restrictions on dollars and gives schools more opportunity to make the best choices for their students. Fair Student Funding creates new financial incentives for schools to enroll struggling students—and new rewards when schools succeed in improving students’ results.

(NYCDoe, 2013, p. 8)

By arguing that school leaders “know best,” we see the NYCDoe’s assumption that capacity exists within school leaders and that it is simply a matter of a principal’s individual desire to achieve. In “Educational Outcomes of Disadvantaged Students: From Desegregation to Accountability,” Harris (2008) argues that recent educational reforms, most noticeably No Child Left Behind, reoriented “education policy away from attention to access and resources toward accountability for educational outcomes. Here the belief is that students and schools have sufficient resources, but insufficient incentives to use them” (p. 551). I will challenge this assumed capacity when I discuss the limitations of Fair Student Funding in the final chapter.

Furthermore, in asserting that “school leaders and communities know best,” the NYCDoe reinforces one of the main arguments supporting decentralization. DiMartino analyzes the 2007 restructuring and explains that “two main ideas drove the 2007 restructuring: school-based decision making and market competition.” At a Manhattan Town Hall Meeting, Chancellor Klein said, “Decisions are best for kids when they’re happening close to kids at the
school level. Starting in 2007-08, rather than being told what to do by distant bureaucrats, principals and school communities will have the decision-making power and they’ll be responsible for results” (DiMartino, 2009, p. 19).

It is important to note that while improving student outcomes was a key goal for Fair Student Funding, there is little if any research to show that student-based funding or any school-based management strategies have had any impact on teaching or student outcomes. As Baker (2013) notes, “In a comprehensive review of literature on school-site management (SSM) and budgeting, Plank and Smith (2008) in the Handbook of Education Finance and Policy present mixed findings at best, pointing out that while SSM may lead to a greater sense of involvement and efficacy, it seems to result in ‘little direct impact on teaching behaviors or student outcomes’” (p. 7).

**Fair Student Funding Goal Three: Making School Budgets More Transparent**

The final goal for Fair Student Funding was to make school budgets more transparent: “Fair Student Funding will eliminate many complex funding streams and provide more than five billion dollars to schools in a single, simplified allocation. Instead of hiding the tough choices inherent in budgeting, the new formula and new data bring those choices out into the open. And while Fair Student Funding isn’t perfect, it’s a big step forward and a strong vehicle for improvement over time” (NYCDOE, 2007, p.2).

While it is undeniable that there is more transparency around school budgets—every school budget, including information on how budgets were calculated, is available on the NYCDOE website going back to 2008—there is still a lack of transparency around how percentages of FSF are calculated. None of the principals or network leaders I interviewed knew who exactly was
responsible for budget calculations. Furthermore, while this information is publicly available on the NYCDOE website (http://schools.nyc.gov/AboutUs/funding/FSFDetail/default.htm), it is difficult to compare schools because one has to look up each school individually (unlike, for example, the school progress reports that are summarized each year in a spreadsheet that makes it easy to compare schools on their accountability metrics).

**How Fair Student Funding Works**

Prior to the implementation of Fair Student Funding, schools received funding primarily based on a simple calculation of the number of teachers required to teach the number of students on the school’s roster. Under Fair Student Funding, however, students were assigned different weights that corresponded to the amount of additional funding that the NYCDOE estimated was required to provide each student with the opportunity to receive a sound education. Student weights fell into five major categories—grade weights; academic intervention weights that represent incoming students’ need level; English language learner weights; special education weights; and portfolio weights (which applied only to certain high schools, including career and technical education schools, or CTE)—and varied from .03 to .5. This means that if the base funding (1.00) for a student in 2014 was $4,122.55, middle school students who scored well below proficiency standards on state exams received an extra .5 weight or an additional $2,062.32. See Table 4.2 for allocation categories and weights.
Table 4.2

_History of Fair Student Funding Weights_  
(Data taken from www.schools.nyc.gov)

<table>
<thead>
<tr>
<th></th>
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<td>1</td>
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<td></td>
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<td>K-5 (ELLS)</td>
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<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
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<tr>
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<td>Transfer -- Regular Graduation Challenge</td>
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</table>

Initial weighting: “We chose to provide middle school students with the largest grade-level weights because the students experience the largest drop-offs in student achievement” (32). Need-based allocations based on poverty for schools beginning before the fourth grade and achievement for schools beginning in the fourth grade; English Language Learner status; Special Education; Transfer Status under NCLB.

*Poverty as a proxy for low achievement for younger students:* “More than 90 percent of ‘Level 1’ students are low-income” (34). *Poverty as proxy for academic intervention in elementary schools:* “The poverty proxy for the academic intervention weight was cut in half from 0.24 to 0.12 because the NYCDOE determined that the proxy had previously been overestimating the cost of educating those students based on their needs later on in grades 3-5. The revised weight is supposed to be more aligned with the true academic need of those students.”
Fair Student Funding is intended to cover basic instructional needs and is allocated based on the number of students enrolled in a school and their level of need. Even though Fair Student Funding is based on the specific needs of a student population in any given year, preliminary FSF allocations are determined in June and are based on projections of the composition of the student body for the year to come. The allocations are adjusted through February to reflect the changes in enrollment as existing students leave the school and new students enroll.

When Fair Student Funding was introduced in 2007, schools that had been previously underfunded were capped in terms of the amount of additional funds they could receive. In describing the initial implementation, Beverly Donohue, former Chief Financial Officer for the New York City Board of Education and current Vice President at New Visions for Public Schools, explained that in the first stages of implementing Fair Student Funding, the NYCDOE “chose to take as a starting point the budgets schools had previously. They took what existed before and then started to level up those schools furthest below Fair Student Funding levels. Then they ran out of money. Early on in the administration, when they had the opportunity to allocate new money, they chose to fund signature initiatives” as opposed to creating a more equitable distribution of funds (phone conversation with author, November 18, 2013). The NYCDOE hoped that funds from the Campaign for Fiscal Equity case, combined with increased local revenue, would be able to fully fund FSF for schools in the years to come. As the NYCIBO notes, however, the level of state funding decreased from $5.4 billion in 2007 to $4.4 billion in 2009 before inching back up to $4.5 billion in 2010. With the sharp decline in state funding, most schools received less than they
were entitled to under the FSF formula. As the NYCIBO (2013) reports, “In 2010-2011, the median school received only 75.4 percent of its FSF formula amount, and only 32 schools received at least their formula amount. That meant that for 98 percent of schools, their FSF formula amount was not being fully funded. The distribution shifted up slightly in 2011-2012 when the median school received 86.0 percent of their FSF formula amount. Still, despite the increase in FSF funding for 2011-2012, 94.0 percent of schools remained below their formula amounts” (p. 4).

In my analysis of the 2013-14 Fair Student Funding, I found that the percentage of FSF that schools received ranged from 81 percent to 134 percent; 8.5 percent (n=38) of the 451 high school budgets I examined were fully funded, with the median funding amount being 86.19 percent.

**Quantitative Analysis of Fair Student Funding in School Year 2013-14**

Despite the fact that Fair Student Funding represented a radical transformation of the budgeting process for schools, and despite the fact that schools have not received their full amount of funding since the program’s launch, there has been very little written about Fair Student Funding. Cass Conrad, Executive Director of the CUNY School Support Organization, which partners with 20 public K-12 schools, noted that while Fair Student Funding was one of the greatest accomplishments of the Klein administration, “it is not discussed very much” and principals have very little understanding of how their percentage of Fair Student Funding is calculated (personal communication with author, November 7, 2013).

In order to understand how Fair Student Funding is currently implemented, I examined the percentage of Fair Student Funding that every high school received in 2013-14. While this
information is publicly available on the NYCDOE website (http://schools.nyc.gov/AboutUs/funding/FSFDetail/default.htm), it is difficult to compare schools because one has to look up each school individually. An existing database developed by CUNY’s Office of Collaborative Programs was used to analyze the connection between the percentage of Fair Student Funding a school received and existing school characteristics.\(^{57}\) The database contained the following categories for all high schools with information taken from the 2011-12 school progress reports:

- overall score on progress report
- general enrollment
- general percentage disabilities
- percentage of free and reduced lunch
- percentage of English language learners
- demographics (percentage of Asian, African-American, Latino, and White students)\(^{58}\)

I then documented the following information for 461 high schools:

- total budget allocation
- Fair Student Funding (total allocation minus the foundation)
- percentage of 2013-14 FSF funding

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\(^{57}\) Through the Office of Collaborative Programs, the City University of New York (CUNY) runs a number of pre-college programs intended to help prepare public high schools in New York City for college access and success. (For additional information, see http://www.cuny.edu/academics/k-to-12.html.) In order to ensure that they were serving a representative population, and in order to research the impact of its programs, the Office of Collaborative Programs developed a database of high school programs that I was able to access as a former employee of this office.

\(^{58}\) When I constructed the data set, information from 2011-12 was the most recent information that was publicly available. Given that school-wide characteristics tend to remain fairly stable from year to year, I did not think that the differences in years would impact my analysis. Toward the end of my study, the 2013-14 Title I statistics were released on the NYCDOE website and I found similar results when I used these updated numbers in my analysis.
• gap to full funding (which I calculated by subtracting the amount of funding received from the amount the school would have received had it been fully funded)

Certain patterns emerged as I examined individual schools. Small schools consistently received a higher percentage of funding as compared to larger schools. New schools consistently received a higher percentage of funding as compared to older schools, and especially as compared to schools that were being phased out.\footnote{59} Somewhat surprisingly, I also noticed that schools that had the terms “science” or “technology” in their names also consistently received a higher percentage of funding.

Once the data set was developed, I wanted to explore the strength of the relationship between the percentage of Fair Student Funding a school received and the following variables:

• general enrollment
• overall score on the progress report
• whether the school had “science” or “technology” in its name
• the percentage of free and reduced lunch
• the percentage of English language learners
• and general demographics

I did not look at Special Education status because as a result of recent reforms, high schools received different levels of funding based on the number of periods per week that a student requires special education services. The most recent data I had for schools, however, calculated the percentage of students with disabilities differently, and so it would have been problematic to use these older percentages since the Fair Student Funding schools received in 2013-14 for students with special needs was based on a different framework. In order to ensure that the

\footnote{59 In one of the few news stories about Fair Student Funding, Rachel Monahan (2012) found that new schools received more funds than those slated for closure.}
percentage of students with special education status was not a confounding variable, I controlled for special education status in the regression, which I will discuss at the end of this chapter.

The relationship between the percentage of Fair Student Funding a school received in 2013-14 and the following variables was investigated using Pearson Correlation Significance (2-Tailed): percentage of school receiving free/reduced lunch, percentage of school population identified as English language learner, and whether or not a school had the terms “science” or “technology” in its name. The results are as follow:

Table 4.3

Correlation of Percentage of Fair Student Funding to Demographic Variables and Types of School

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pearson Correlation</th>
<th>Sig. (2-Tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14 FSF</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>“Science” or “Technology” in School Name</td>
<td>.161</td>
<td>.001</td>
<td>451</td>
</tr>
<tr>
<td>Percentage of Free/ Reduced Lunch</td>
<td>-.292</td>
<td>.000</td>
<td>450</td>
</tr>
<tr>
<td>Percentage of English Language Learners (ELL)</td>
<td>-.123</td>
<td>.009</td>
<td>451</td>
</tr>
<tr>
<td>General Enrollment</td>
<td>-.174</td>
<td>.000</td>
<td>399</td>
</tr>
</tbody>
</table>

Fair Student Funding and Low-Income Students

There is an inverse correlation between the percentage of the school population receiving free or reduced lunch and the percentage of Fair Student Funding a school received, \( r = -0.292, n \)
with schools with a higher percentage of low income students (as measured by free and reduced lunch forms) receiving a lower percentage of Fair Student Funding. In order to verify my initial findings, I used 2013-14 Title I funding figures taken from the Department of Education’s website, and I found a similar result: there was an inverse correlation between the percentage of the school population receiving free or reduced lunch and the percentage of Fair Student Funding a school received, \( r = -.285, n = 449, p < .000. \)

This relationship is surprising, to say the least, given the connection between poverty and academic achievement. While I will return to this topic when exploring the limitations of Fair Student Funding in the final chapter, it is important to note that researchers have consistently found that the concentration of low-income students matters almost as much as the socioeconomic status of each individual student. In *Making Money Matter: Financing America’s Schools*, the National Research Council (1999) cited research that found that “attending school with other students from poverty backgrounds is more detrimental for a poor child than being poor but attending school with middle-income students. There is something about the impact of a concentration of low-income students that is itself detrimental” (p. 127). In examining the role that concentration of poverty can play in school financing decisions, Baker and Corcoran (2012) explain, “Concentrated poverty is an example of a social context factor that can affect the overall programs and services a school or district may need to provide for its children. These costs may be over and above those required to provide individual students with targeted educational programs” (p. 15). Not only is the impact of the concentration of poverty not captured in Fair Student Funding, which focuses on each individual student, but schools that have higher percentages of low-income students also receive a lower percentage of their FSF funds.60

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60 In “More Equity and Less Red Tape: Rethinking the Comparability and Compliance Provisions in Title I of the Elementary and Secondary Education Act (ESEA),” Robert Gordon (2008), the architect of Fair Student Funding,
It is important to note that poverty is used as a proxy for low academic achievement for students in kindergarten through third grade (before state exams are given to measure academic achievement), but it is not factored into the weights after the third grade. As the NYCDOE (2007) notes, “More than 90 percent of ‘Level 1’ students are low-income” (p. 34) and thus poverty can serve as a good proxy for academic need. Whereas poverty had received a .24 weight starting in 2008, in 2012 the weight was dropped to .12 because the “proxy had previously been overestimating the cost of educating those students based on their needs later on in grades 3-5” (NYCIBO, 2013, p. 15). While the NYCDOE claims that the “revised weight is supposed to be more aligned with the true academic need of those students” (NYCIBO, 2013, p. 15), this is questionable given the struggles that low-income students continue to face in all grades. I will return to this in the discussion of limitations of Fair Student Funding in my final chapter.

**Fair Student Funding and English Language Learners**

There is a statistically significant inverse correlation between the percentage of the school population identified as English language learners (ELLs) and the percentage of Fair Student Funding a school received, $r = -.123, n = 451, p < .009$, with schools with a higher percentage of English language learners receiving a lower percentage of Fair Student Funding.

While the coefficient is not very high, the fact that there is a statistically significant inverse relationship is surprising given the challenges that English language learners have traditionally faced in graduating high school college-ready. Although the graduation rate for ELL notes that New York City receives nearly a billion dollars in Title I funds each year. While one may be tempted to factor these funds in when analyzing the percentage of Fair Student Funding that a school receives for low-income students, it is important to note that Title I funds are intended to supplement and not supplant local and state funds. Thus, Title I funds should not be factored into the cost it takes to educate a low-income student and should not be used as justification for schools receiving a lower percentage of FSF.
students increased from 25.1 percent to 41.5 percent between 2007 and 2010, their graduation rate was still far lower than the non-ELL four-year graduation rate of 75.3 percent (http://www.p12.nysed.gov/). Furthermore, of the ELL students who were able to graduate in 2010, only 7 percent met the college and career readiness benchmarks, leading State Education Commissioner John King to declare, “These numbers are not acceptable… We can’t leave so many students behind academically without access to college and career opportunities” (Otterman, 2011).

Since 2010, the four-year graduation rate has steadily dropped for English language learners to 34.3 percent. The graduation rate for English-proficient students rose slightly to 76.2 percent by 2013, which indicates that the achievement gap for ELL students is increasing while the weight provided to ELL students has remained constant at .4 for students in kindergarten through fifth grades, and .5 for students in sixth through 12th grades. If ELL students are faring worse over time, one must question why the weights have remained constant and whether schools are being provided with sufficient resources to educate these students.

**Fair Student Funding and School Size**

There is a statistically significant inverse correlation between the size of the school and the percentage of Fair Student Funding a school received, $r = -.174$, $n = 399$, $p < .000$, with schools with a larger enrollment of students receiving a lower percentage of Fair Student Funding.

Small high schools received, on average, a greater percentage of their fair student funding (88.2 percent) when compared to medium high schools (87 percent) and large high schools (84 percent). In other words, on average, a small school received $178.34 more per student than a
large school, regardless of the characteristics of their student population.\footnote{In addition to receiving a larger average percentage of Fair Student Funding, small schools also benefit from the NYCDOE providing the same amount of foundation funding for schools regardless of size. As the NYCIBO (2007) notes, prior to 2006, foundation allocations ranged from $230,000 to $430,000 per school. With the advent of Fair Student Funding, all schools received the same foundation allocation ($225,000 in 2013), which was intended to ensure that all schools had sufficient funds to cover base administrative costs and which resulted in small schools receiving more funds per student. For example, a school of 500 students receives $450 per student while a school of 2,000 receives $112.50 per student. It is important to note that while small high schools dominate the landscape of secondary education based on sheer numbers, they only educate a little more than 30 percent of New York City students enrolled in high school. As indicated in the table below, when we look at the average FSF schools receive by school size, we see that the largest number of students attend schools with the lowest percentage of funding.}

Table 4.4

<table>
<thead>
<tr>
<th>School Size/Type</th>
<th>Enrollment</th>
<th>Average 2013-14 FSF</th>
<th>Average per Student</th>
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<tr>
<td>Specialized</td>
<td>17,020</td>
<td>100.2</td>
<td>$5,201.12</td>
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<tr>
<td>Large High Schools</td>
<td>120,902</td>
<td>84.0</td>
<td>$4,454.47</td>
</tr>
<tr>
<td>Medium High Schools</td>
<td>54,218</td>
<td>87.0</td>
<td>$5,179.84</td>
</tr>
<tr>
<td>Small High Schools (Non-International)</td>
<td>84,842</td>
<td>88.2</td>
<td>$6,977.65</td>
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<tr>
<td>International High Schools</td>
<td>7,384</td>
<td>85.8</td>
<td>$7,164.20</td>
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This discrepancy in funding was a result, in part, of the heavy investments that Chancellor Klein made in developing small schools. In the final chapter of this dissertation, I will explore how the decision to provide new schools opened under Chancellor Klein with 100 percent of their Fair Student Funding, as opposed to the citywide average, contributed to the inequitable distribution of funds that, on average, privileged small schools.
The fact that large high schools serve the greatest number of students and receive the lowest percentage of funding is especially troubling given research that highlights that students in larger schools fare worse than comparable students in small schools. In an analysis of secondary reform under Mayor Bloomberg entitled “New York City Department of Education: Beat-the-Odds HS Update,” the Parthenon Group (2008), a Boston-based consulting firm that worked closely with the NYCDOE throughout the Klein administration, found that, not surprisingly, both school size and the concentration of low-skill-level students are critical factors in explaining graduation rates:

- In small- and medium-sized high schools (less than 1,000 students) that had a greater concentration of low-level students (more than 46 percent), 52 percent of Level 1 and Low-Level 2 students became over-age and under-credited, as compared to 39 percent of Level 1 and Low-Level 2 students who become over-age and under-credited in small and medium-sized schools with a lower concentration of low-level students.62

- In large high schools (more than 1,000 students) that had a greater concentration of low-level students (more than 46 percent), 61 percent of Level 1 and Low-Level 2 students became over-age and under-credited, while in large high schools with a lower concentration of low-level students, only 48 percent of these students became over-age and under-credited.

In running regressions, the Parthenon Group (2008) found that:

- “As a single factor, school size explains only nine percent of the variation in outcomes for Level 1 and Low-Level 2 students;

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62 In the New York State Exams that students take in the third through eighth grades, student proficiency is given on a four point scale: Level 1 (well below proficient), Level 2 (below proficient), Level 3 (proficient), and Level 4 (above proficient). These scores are used to determine academic need for individual schools, and school-wide averages are used to develop cohorts of peer schools that the NYCDOE uses to calculate school performance on annual report cards.
• “As a single factor, concentration explains 22 percent of the variation in outcomes for Level 1 and Low-Level 2 students;

• “Run together in a two-factor regression, school size and concentration of low-level students explain 41 percent of the variation in outcomes for Level 1 and Low-Level 2 students”

The Parthenon Group’s findings highlight the fact that it is not enough to focus on individual students, since the same student will have a different likelihood of graduating depending on school-wide factors. Thus, the NYCDOE either needs to provide additional resources to schools in which students have lower likelihoods of graduating (for example, large high schools with a greater concentration of academically struggling students) or the NYCDOE needs to reconceive its choice and assignment structures so that there is a more equitable distribution of high-needs students. In either case, providing schools that enroll the highest concentration of academically struggling students with lower funding goes against all research and helps to create a self-fulfilling prophecy in which large schools are predetermined to fail.

**Fair Student Funding and Science/Technology Schools**

There is a statistically significant positive correlation between schools with the terms “science” or “technology” in their names and the percentage of Fair Student Funding a school received, \( r = .161, n = 451, p < .001 \).

In my review of the high school database, 27 schools had “science” or “technology” in their names and 424 schools did not. The mean percentage of Fair Student Funding received by science and technology schools was 5.34 percentage points higher than the mean percentage of
Fair Student Funding received by non-science and technology schools (93.10 percent as compared to 87.76 percent). In real dollars, this means that on average schools that had “science” or “technology” in their names received, on average, an additional $226.75 per student, regardless of school size or any other variable.

It is important to keep in mind that this discrepancy is not a result of the additional funds that Career and Technical Education (CTE) schools receive to run their additional programs. In SY 2013, CTE Nursing programs received an additional $1,071.21 per student and CTE Health and Technology programs received an additional $700.61 per student. Thus, schools with “science” or “technology” in their names, which are often CTE schools, not only received a higher percentage of their Fair Student Funding, but also received additional funding through CTE weights.63

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63 Providing additional weights for programs, as is the case for CTE schools, goes against the fundamental principles of weighted student funding as outlined in the seminal Fordham Institute report, *Fund the Child: Tackling Inequity and Antiquity in School Finance*, in which the authors argue against providing additional funding for programs: “Suppose, for example, that some schools in a district opt to pursue elaborate science programs while others do not. Should these science-oriented schools have access to extra funding? In most cases we don’t think so. These schools may well have fine reasons to allocate their resources to this purpose, but they should do so by making tradeoffs against other potential uses of funds. That way, schools have all the right incentives to allocate resources in line with their students’ needs—rather than simply to gain access to some pot of grant funds” (p. 38).
Table 4.5

Percentage of Fair Student Funding for Schools with “Science” or “Technology” in their Name, 2013
(Data taken from NYCDOE School Reports)

<table>
<thead>
<tr>
<th>High Schools</th>
<th>2013-14 FSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx High School of Science</td>
<td>88.04</td>
</tr>
<tr>
<td>New Explorations in Science, Technology, and Math High School</td>
<td>89.75</td>
</tr>
<tr>
<td>Transit Tech Career and Technical Education High School</td>
<td>82.70</td>
</tr>
<tr>
<td>Manhattan Center for Science &amp; Mathematics</td>
<td>81.85</td>
</tr>
<tr>
<td>Queens High School of Teaching, Liberal Arts, &amp; Science</td>
<td>87.34</td>
</tr>
<tr>
<td>Queens Gateway to Health Sciences Secondary School</td>
<td>101.16</td>
</tr>
<tr>
<td>Life Sciences Secondary School</td>
<td>88.19</td>
</tr>
<tr>
<td>High School for Health Careers &amp; Science</td>
<td>81.00</td>
</tr>
<tr>
<td>Urban Assembly School for Applied Math and Science, The</td>
<td>88.93</td>
</tr>
<tr>
<td>Bronx High School for Medical Science</td>
<td>126.42</td>
</tr>
<tr>
<td>Archimedes Academy for Math, Science, and Technology</td>
<td>86.78</td>
</tr>
<tr>
<td>Columbus Institute of Math and Science</td>
<td>87.27</td>
</tr>
<tr>
<td>High School for Mathematics, Science, and Engineering @ CCNY</td>
<td>125.02</td>
</tr>
<tr>
<td>Science Skills Center HS for Science, Tech, &amp; the Creative Arts</td>
<td>95.16</td>
</tr>
<tr>
<td>Hostos-Lincoln Academy of Science</td>
<td>85.41</td>
</tr>
<tr>
<td>Columbia Secondary School for Math, Science, and Engineering</td>
<td>87.68</td>
</tr>
<tr>
<td>Brooklyn High School for Science &amp; Environment</td>
<td>87.94</td>
</tr>
<tr>
<td>Urban Assembly Institute of Math and Science for Young Women</td>
<td>87.53</td>
</tr>
<tr>
<td>Queens High School for Sciences @ York College</td>
<td>107.55</td>
</tr>
<tr>
<td>Manhattan Hunter Science High School</td>
<td>109.00</td>
</tr>
<tr>
<td>Mathematics, Science Research, &amp; Technology Magnet High School</td>
<td>102.57</td>
</tr>
<tr>
<td>Science, Technology, and Research Early College High School @ Erasmus</td>
<td>95.87</td>
</tr>
<tr>
<td>George Washington Carver High School for the Sciences</td>
<td>84.13</td>
</tr>
<tr>
<td>Bronx Center for Science &amp; Mathematics, The</td>
<td>86.74</td>
</tr>
<tr>
<td>Jamaica Gateway to the Sciences</td>
<td>97.25</td>
</tr>
<tr>
<td>Cultural Academy for the Arts and Sciences</td>
<td>91.15</td>
</tr>
<tr>
<td>Bronx Health Sciences High School</td>
<td>81.29</td>
</tr>
</tbody>
</table>

**Fair Student Funding and Specialized High Schools**

As a school category, the nine specialized high schools receive the highest average percentage of FSF (100.2 percent) even though specialized schools have far lower percentages of
students who qualify for free and reduced lunch (30.23 percent as compared to nearly 70 percent at small schools), English language learners (0.12 percent as compared to 15 percent in small high schools) and students who qualify for special education services (0.57 percent as compared to 15.19 percent in small schools).

Finally, it is important to note that students in specialized academic schools receive an additional weight of .25 for funding purposes (which amounted to an additional $1,031 per student in 2013-14). This weight is part of the portfolio weights, and in describing the weights in the New York City Department of Education’s *Fair Student Funding & School Budget Resource Guide (FY 2014)*, the authors simply write: “This category continues to capture academically challenging high schools that have been funded at a higher level in the past.” This means that on average, a specialized high school receives $5,361.79 per student without any additional needs as compared to a large high school that receives, on average, $4,454.47 per student.

**Regression**

In order to ensure that there were no confounding variables, I ran a multivariate regression to control for different variables. As indicated in Table 4.6, controlling for a number of variables in the model, there was still an inverse and statistically significant (p < .05) association between the percentage of Fair Student Funding a school received and its general enrollment, free/reduced lunch, and the population of ELLs. That is, an increase in each of these categories was associated with a decrease in the percentage of Fair Student Funding a school receives. The progress report had no predictive power and was least significant. Having “science” or “technology” in the school name was significant, even when controlling for all other variables, and increased the percentage of FSF received by 3.9 percentage points.
Table 4.6

Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>125.496</td>
<td>31.713</td>
<td>3.957</td>
<td>.000</td>
</tr>
<tr>
<td>General_Enrollment</td>
<td>-.003</td>
<td>.001</td>
<td>-.386</td>
<td>-6.548 .000</td>
</tr>
<tr>
<td>Overall_Score</td>
<td>-.001</td>
<td>.033</td>
<td>-.001</td>
<td>-0.027 .978</td>
</tr>
<tr>
<td>ScienceTech</td>
<td>3.861</td>
<td>1.558</td>
<td>.126</td>
<td>2.478 .014</td>
</tr>
<tr>
<td>Free_Reduced_PCT</td>
<td>-1.41</td>
<td>.044</td>
<td>-3.04</td>
<td>-3.197 .002</td>
</tr>
<tr>
<td>ELL_PCT</td>
<td>-.096</td>
<td>.028</td>
<td>-.244</td>
<td>-3.447 .001</td>
</tr>
<tr>
<td>Asian_PCT</td>
<td>-.116</td>
<td>.322</td>
<td>-.22</td>
<td>-0.359 .720</td>
</tr>
<tr>
<td>Black_PCT</td>
<td>-.241</td>
<td>.322</td>
<td>-.823</td>
<td>-0.749 .454</td>
</tr>
<tr>
<td>Hispanic_PCT</td>
<td>-.191</td>
<td>.322</td>
<td>-.620</td>
<td>-0.593 .553</td>
</tr>
<tr>
<td>White_PCT</td>
<td>-.226</td>
<td>.325</td>
<td>-.418</td>
<td>-0.695 .488</td>
</tr>
<tr>
<td>Female_PCT</td>
<td>-.031</td>
<td>.031</td>
<td>-.053</td>
<td>-1.010 .313</td>
</tr>
</tbody>
</table>

In “New Funding Formula Seeks to Alter School Budget Disparities,” the New York City Independent Budget Office (October 2007) analyzed the ways in which schools were funded prior to the implementation of Fair Student Funding and concluded that “compared to the average over-funded school, the average under-funded school has a higher share of students in poverty, larger proportion of students who are English Language Learners, a smaller share of students who are in special education-only classes, and a similar share of students who are low academic achievers” (p. 1). Even though Fair Student Funding was intended to rectify the “haphazard differences between schools [and] more systematically distribute instructional resources towards students with the greatest educational need,” six years into Fair Student Funding, we continue to see large discrepancies between the amount of funding schools receive to serve students with similar needs. We also continue to see underfunded schools having higher
percentages of low-income students and ELLs. Why is this case? A closer look at the budgets of small schools in the William H. Taft Educational complex in the Bronx will help us understand the role that historical funding inequities continue to play in current budgets.

Case Study: Fair Student Funding on the Taft Campus

Located on Sheridan Avenue and 172nd Street in the Bronx, William Taft High School was founded in the 1940s and counts a number of illustrious alumni, including filmmaker Stanley Kubrick and singer Luther Vandross. Starting in the 1970s and 1980s, however, Taft and its surrounding neighborhood became much better known for gang violence than successful alums. By the time the school was slated for closure in 2002, it had become known as a “school of last resort” and had the highest dropout rate in New York City. The violence that plagued the streets frequently found its way into the school building, and in 2002 teachers threatened to walk off the job because of the repeated assaults on teachers (Gendar, 2002).

Seven small schools eventually opened up in the renamed William H. Taft Educational Campus. Even though they serve a somewhat similar demographic of students, the small schools on the Taft Campus represent a wide range of outcomes in terms of academic performance and graduation rates. As indicated in the table below, the Bronx High School for Medical Science serves students with the highest incoming academic proficiency and serves the lowest number of English language learners. Even though this school graduated the highest percentage of students deemed college-ready on the Taft Campus, less than one in five of the graduates of the 2006 cohort met this benchmark.64

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64 Given the high remediation rates of NYCDOE graduates who enroll in CUNY, the NYCDOE developed a definition of “college readiness” that is aligned with CUNY College Readiness Standards and guarantee that students can enroll directly in college credit courses. To graduate “college ready,” students must score 75 or higher on the English Language Arts (ELA) Regents, 80 or higher on any Math Regents, and complete three years of college preparatory math courses.
Table 4.7

School Characteristics of Small Schools on the Taft Campus, 2013
(Data taken from NYCDOE School Reports)

<table>
<thead>
<tr>
<th>School Name</th>
<th>% Black/Hispanic</th>
<th>% English Language Learners</th>
<th>Incoming Student Proficiency</th>
<th>% Of 2006 cohort who graduated college-ready</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jonathan Levin High School for Media and Communications: Phased out beginning in 2013, expected to close in 2016. The school was opened in 2002 under the Chancellor’s School District and was named after the murdered son of a Time Warner executive who had taught at Taft High School.</td>
<td>98%</td>
<td>30%</td>
<td>2.37</td>
<td>3%</td>
</tr>
<tr>
<td>Bronx High School of Business: Opened in 2002 under the Chancellor’s School District, the school was consistently on the list of low-performing schools and underwent a “restart” improvement plan in 2011. The school has earned a C on the last three progress reports.</td>
<td>98%</td>
<td>24%</td>
<td>2.43</td>
<td>6%</td>
</tr>
<tr>
<td>Bronx Collegiate Academy: After struggling through numerous principal changes, BCA earned an A on the 2011 progress report and a B on subsequent reports.</td>
<td>99%</td>
<td>30%</td>
<td>2.39</td>
<td>6%</td>
</tr>
<tr>
<td>Urban Assembly Academy for History and Citizenship for Young Men: Opened in 2004 and slated for phaseout beginning in 2011. It is expected to close in 2014.</td>
<td>98%</td>
<td>19%</td>
<td>2.30</td>
<td>3%</td>
</tr>
<tr>
<td>Bronx High School for Medical Science: Opened in 2002 under the Chancellor’s School District, the highest performing school on the Taft Campus and the only one with selective admissions. The school has received a B on the past two progress reports.</td>
<td>94%</td>
<td>6%</td>
<td>2.91</td>
<td>19%</td>
</tr>
<tr>
<td>DreamYard Prep: Opened in 2006 in conjunction with DreamYard Project, Inc., an arts education group. The school has received a D, a B, and a C on the last three progress reports.</td>
<td>95%</td>
<td>23%</td>
<td>2.52</td>
<td>8%</td>
</tr>
<tr>
<td>Claremont International HS: Opened in 2012 as part of the Internationals Network for Public Schools. The school is geared towards English language learners who recently immigrated to the U.S.</td>
<td>92%</td>
<td>68%</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

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65 In the New York State Exams that students take in the third through eighth grades, student proficiency is measured on a four-point scale: Level 1 (well below proficient), Level 2 (below proficient), Level 3 (proficient), and Level 4 (above proficient).
The first three small schools on the Taft Campus were opened up in 2002 under the Chancellor’s School District. Despite the initial promise of the small schools that replaced Taft, not all of the schools were successful. To date, two of the small schools opened on the Taft campus have been slated for closure for poor performance, with an additional school consistently featured on the persistently low-performing list. Using one of these small schools, Jonathan Levin High School for Media and Communications, as an example, Hemphill et al. (2009) note, “A few of the small schools that opened in 2002, just as Klein took office, have seen a sharp erosion in their graduation rates, almost to the dismal level of the large schools they replaced. The graduation rate of Jonathan Levin High School for Media and Communications in the Bronx, in the former Taft High School, declined from 64 percent in 2006 to 34 percent in 2007.” By the time it was slated for closure, its graduation rate had fallen to 31 percent, the fifth lowest in New York City.66

**Fair Student Funding on the Taft Campus**

Given the similarity in demographics as seen in Table 4.7, one would not expect that the percentage of funding each school received would vary so much. Yet, the percentage of Fair Student Funding that the schools on the Taft Campus receive ranges from 81 percent to 134 percent, which means that the highest-funded school receives nearly $4,000 more per student

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66 Closing schools has always been a controversial component of Chancellor Klein’s reforms, even more so in the case of a school named after the murdered Taft High School teacher who was the son of a powerful Time Warner executive. In reporting on the school closing, the *New York Times* writes, “It is actually very painful,’ said Mr. Levin’s father, Gerald M. Levin, 73, who retired from Time Warner in 2001. The schools chancellor personally called Mr. Levin in January to prepare him for the heartbreak. Levin replied: ‘I said that: “Well, there are some special things taking place at that school and those statistics may belie the efforts that encourage a couple of students to go on. We could have future leaders and future writers somewhere in that group”’” (Baker, 2013).
than the lowest-funded school. This is even greater than the $2,000 per student discrepancy that Mayor Bloomberg used to highlight the issues with the old budgeting system.

Table 4.8

Funding Received by Small Schools on the Taft Campus, 2013
(Data taken from NYCDOE School Reports)

<table>
<thead>
<tr>
<th></th>
<th>DreamYard Preparatory School</th>
<th>Jonathan Levin High School for Media and Communications</th>
<th>Bronx High School for Medical Science</th>
<th>Claremont International HS</th>
<th>Bronx High School of Business</th>
<th>UA Acad. History &amp; Citizen. for Young Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14 FSF Percentage</td>
<td>81</td>
<td>134</td>
<td>126.42</td>
<td>100</td>
<td>116.22</td>
<td>81</td>
</tr>
<tr>
<td>Total Allocation</td>
<td>$1,806,157</td>
<td>$2,515,586</td>
<td>$3,515,902</td>
<td>$1,303,918</td>
<td>$2,982,041</td>
<td>$394,518</td>
</tr>
<tr>
<td>FSF (- Foundation)</td>
<td>$1,581,157</td>
<td>$2,290,586</td>
<td>$3,290,902</td>
<td>$1,078,918</td>
<td>$2,757,041</td>
<td>$169,518</td>
</tr>
<tr>
<td>Projected Register</td>
<td>290</td>
<td>247</td>
<td>474</td>
<td>186</td>
<td>318</td>
<td>30</td>
</tr>
<tr>
<td>Need Weight</td>
<td>371</td>
<td>364</td>
<td>246</td>
<td>133</td>
<td>496</td>
<td>44</td>
</tr>
<tr>
<td>Total FSF Weighted Register</td>
<td>473.50</td>
<td>415.62</td>
<td>631.00</td>
<td>261.71</td>
<td>575.45</td>
<td>50.77</td>
</tr>
<tr>
<td>Student Need Index*</td>
<td>1.63</td>
<td>1.68</td>
<td>1.33</td>
<td>1.41</td>
<td>1.81</td>
<td>1.69</td>
</tr>
<tr>
<td>Per Student Allocation</td>
<td>$5,452</td>
<td>$9,274</td>
<td>$6,943</td>
<td>$5,801</td>
<td>$8,670</td>
<td>$5,651</td>
</tr>
<tr>
<td>Per Weighted Student Allocation</td>
<td>$3,339</td>
<td>$5,511</td>
<td>$5,215</td>
<td>$4,123</td>
<td>$4,791</td>
<td>$3,339</td>
</tr>
</tbody>
</table>

*Student Need Index: In order to analyze how much funding a school should receive based on the needs of its student body, the NYCIBO developed a “Student Need Index” or a weighted register that accounts for the academic needs of students. This index then indicates “how much more funding the school hypothetically needs because some share of its students have special academic needs, relative to the amount of funding required if the school had only students at the base need level.”

If we take a look at only the two schools slated for closure, we see that Urban Assembly Academy for History and Citizenship for Young Men (UAHCYM) receives a per-student allocation that is 64 percent of the per-student allocation that Jonathan Levin receives. (If we
return to Secretary Paige’s description of weighted student funding as the resources, or backpack, that a student brings to school, then a student’s backpack at UAHCYM is 36 percent smaller simply for having chosen or been assigned to this school.) It is important to note that the difference in funding between the two schools has nothing to do with the different student needs of each student body. When weights are factored in, a student at UAHCYM receives 65 percent of the funding that a student at a school in the same building receives. Why is there such a discrepancy in funding? To answer this, we must take a closer look at three schools that received the most funding on the Taft Campus: Jonathan Levin High School for Media and Communications, Bronx High School for Medical Science, and Bronx High School of Business.

The Legacy of “Hold Harmless” on the Taft Campus

The three highest-funded schools on the Taft Campus were all opened in 2002 under the Chancellor’s School District. In 1996, then NYCBOE Chancellor Rudy Crew removed 10 chronically low-performing schools that were threatened with closure by the New York State Education Department (SED) from the control of their administrative school districts and created a geographically non-contiguous district referred to as the Chancellor’s District. Schools that were part of the Chancellor’s District, which eventually included 58 elementary/middle schools and 10 high schools, had to follow a district-generated improvement plan. As Deiyna Phenix et al. (2004) note, “Chancellor Crew’s assertion of the power to take over failing schools, and his creation of a virtual district to force-feed their improvement, represents a historic departure from three decades of central administrative passivity” and a radical departure from the predominant educational reform movements of the time, all of which regarded district offices as impediments to change and emphasized the “necessity for decentralization with the need to provide maximum
autonomy at the school level to achieve successful schools” (pp. 2-3).

For Chancellor Crew, centralized management, coupled with additional resources, was the driving force for school improvement. Schools within the Chancellor’s District reduced class size, increased instructional time, incorporated afterschool programming through extended day, used mandated schedules and curriculum, received intensive professional development, and implemented student assessments to aid with data-driven instruction. (Even though the Chancellor’s District was disbanded in the first reorganization of schools under Chancellor Klein’s Children First Reforms, a number of the initiatives started under the Chancellor’s District would be provided to all schools.)

Chancellor Crew allocated an additional $20 million and schools in the Chancellor’s District spent an average of $2,400 more per student than other schools deemed at-risk for failure by the SED but not part of the District. As Phenix et al. note, from 1998-2001, spending in the Chancellor’s District schools increased by $5,713 per student as compared to a $2,234 increase per student for other schools.

The first three small schools on the Taft Campus—Jonathan Levin High School for Media and Communications, Bronx High School of Business, and Bronx High School for Medical Science—were launched in the fall of 2002 in the final year of the Chancellor’s District. As William Quintana, founding principal of Bronx High School for Medical Science, explained, the focus for the Chancellor’s District was the campus, not each individual school: “Each identified principal had an area of expertise: security (the principal of Jonathan Levin), guidance (the principal of Business), and instructional supervision (the principal of Medical Science)” (personal communication with author, October 25, 2013).

In addition to the additional funding, there was a focus on developing both district and
school-based capacity. New principals were assigned to most schools, additional assistant principals were assigned to focus on implementation of the district-wide instructional plan, and professional development specialists were sited at schools. As Principal Quintana explained, “Principals [at Taft] were philosophically forced to go to each other for advice and suggestion. Three schools had one guidance counselor and teachers were shared. There wasn’t competition because they were set up so differently” (personal communication with author, October 25, 2013). Because none of the principals had experience with budgeting or scheduling, the Chancellor’s District provided an Assistant Principal of Organization, who all three schools shared.

Even though Chancellor Klein formally ended the Chancellor’s District in 2003, schools continued to receive additional funds. In order to minimize the impact on schools that had previously been overfunded, the NYCDOE provided “hold harmless” concessions “for 661 schools [which] cost the district $237 million, more than twice the cost of increasing funding” for the 693 schools that were considered underfunded and that received $110 million under FSF (Childress, 2010, p. 226). In analyzing the implementation of FSF, the NYCIBO (2007) notes that on average, the 661 schools that were overfunded received $358,332 in “hold harmless” funds, while the 693 schools that were underfunded received an additional $158,703.

If we take a look at the budget for the three small schools created under the Chancellor’s District, we can see the impact that “hold harmless” continues to have on the schools. As seen in Table 4.9, all three schools received additional funding as part of the Chancellor’s District, from $1,424,469 (for the Bronx High School of Business) to $1,565,515 (for Jonathan Levin High School for Media and Communications). The budgets for each school had specific budget lines for “hold harmless” from the 2007-08 school year through the 2009-10 school year. Starting in
2010, these funds were no longer indicated as separate lines in school budgets, and instead the percentage of FSF that each school received rose from 100 percent to at least 127 percent in order to account for the additional funds.

Table 4.9

*History of Funding for Bronx High School for Medical Science, Jonathan Levin High School for Media and Communications, and Bronx High School of Business*
(Data taken from [http://schools.nyc.gov/AboutUs/funding/FSFDetail/default.htm](http://schools.nyc.gov/AboutUs/funding/FSFDetail/default.htm))

<table>
<thead>
<tr>
<th>School Name</th>
<th>School Year</th>
<th>Projected Enrolment</th>
<th>Per Student Funding</th>
<th>Total Budget</th>
<th>Preliminary FSF Funding</th>
<th>Fair Student Formula Allocation</th>
<th>% of Fair Student Funding</th>
<th>Amount Held Harmless</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx High School for Medical Science</td>
<td>2013-14</td>
<td>474</td>
<td>$9,146.11</td>
<td>$4,335,256</td>
<td>$3,515,902</td>
<td>$2,828,078</td>
<td>126.42%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2012-13</td>
<td>468</td>
<td>$9,138.02</td>
<td>$4,276,594</td>
<td>$3,455,248</td>
<td>$2,767,424</td>
<td>127.05%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2011-12</td>
<td>458</td>
<td>$9,551.97</td>
<td>$4,374,801</td>
<td>$3,621,859</td>
<td>$2,791,232</td>
<td>128.50%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2010-11</td>
<td>458</td>
<td>$10,116.40</td>
<td>$4,633,311</td>
<td>$3,131,852</td>
<td>$2,466,518</td>
<td>127%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2009-10</td>
<td>452</td>
<td>$10,590.33</td>
<td>$4,786,831</td>
<td>$2,810,421</td>
<td>$2,810,421</td>
<td>100%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>511</td>
<td>$9,367.58</td>
<td>$4,786,831</td>
<td>$2,810,421</td>
<td>$2,810,421</td>
<td>100%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td>Jonathan Levin HS for Media and Comm</td>
<td>2013-14</td>
<td>247</td>
<td>$16,813.17</td>
<td>$4,152,852</td>
<td>$2,515,586</td>
<td>$1,938,394</td>
<td>133.69%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td>communications</td>
<td>2012-13</td>
<td>390</td>
<td>$11,364.12</td>
<td>$4,432,005</td>
<td>$3,178,986</td>
<td>$2,601,794</td>
<td>122.18%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2011-12</td>
<td>394</td>
<td>$11,833.26</td>
<td>$4,662,304</td>
<td>$3,138,439</td>
<td>$2,627,175</td>
<td>119.40%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2010-11</td>
<td>431</td>
<td>$11,557.69</td>
<td>$4,981,365</td>
<td>$3,384,579</td>
<td>$2,529,484</td>
<td>133.80%</td>
<td>$1,445,103</td>
</tr>
<tr>
<td></td>
<td>2009-10</td>
<td>452</td>
<td>$12,951.29</td>
<td>$5,853,985</td>
<td>$2,712,946</td>
<td>$2,712,946</td>
<td>100%</td>
<td>$1,544,538</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>511</td>
<td>$11,500.59</td>
<td>$5,876,800</td>
<td>$2,878,252</td>
<td>$2,878,252</td>
<td>100%</td>
<td>$1,565,515</td>
</tr>
<tr>
<td>Bronx HS of Business</td>
<td>2013-14</td>
<td>318</td>
<td>$13,059.28</td>
<td>$4,152,852</td>
<td>$2,757,041</td>
<td>$2,372,323</td>
<td>116.20%</td>
<td>$1,565,515</td>
</tr>
<tr>
<td></td>
<td>2012-13</td>
<td>401</td>
<td>$11,626.69</td>
<td>$4,662,304</td>
<td>$3,077,892</td>
<td>$2,693,173</td>
<td>114.28%</td>
<td>$1,565,515</td>
</tr>
<tr>
<td></td>
<td>2011-12</td>
<td>406</td>
<td>$12,269.37</td>
<td>$4,981,365</td>
<td>$2,999,468</td>
<td>$2,607,647</td>
<td>115.02%</td>
<td>$1,565,515</td>
</tr>
<tr>
<td></td>
<td>2010-11</td>
<td>449</td>
<td>$12,254.05</td>
<td>$5,502,070</td>
<td>$3,141,434</td>
<td>$2,474,174</td>
<td>127%</td>
<td>$1,565,515</td>
</tr>
<tr>
<td></td>
<td>2009-10</td>
<td>422</td>
<td>$13,872.00</td>
<td>$5,853,985</td>
<td>$2,878,252</td>
<td>$2,878,252</td>
<td>100%</td>
<td>$1,565,515</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>462</td>
<td>$12,720.35</td>
<td>$5,876,800</td>
<td>$2,960,809</td>
<td>$2,960,809</td>
<td>100%</td>
<td>$1,424,469</td>
</tr>
</tbody>
</table>
The impact of “hold harmless” funds was not only felt on the Taft campus. As indicated in Table 4.10 below, when we take a look at the 38 schools that received over 100 percent of their Fair Student Funding in 2013-14, 73 percent (n=28) had historically been overfunded and had an average of $767,645 in “hold harmless” funds. In reflecting on the implementation of Fair Student Funding, Vicki Sittenfeld, who spent 21 years in the budget and finance department of the Board of Education, reflected on the decision to continue to provide additional funds to schools that had previously been overfunded, and explained that “many of the schools had planned for ‘hold harmless’ allocations to be removed. These schools were planning for a [budget] contraction. The fact that the NYCDOE did not deliver on its promise to eliminate ‘hold harmless' demonstrates how difficult achieving equity is in when you start from a very uneven landscape. Nonetheless, there could have been some progress made over a period of years. 7 years out we should not have schools over 100%, and we should have less of a gap between the highest and lowest FSF percentages” (personal communication, March 6, 2014). In addition to keeping “hold harmless” funds, we will see in the next chapter that the NYCDOE also chose to bring in its new, small schools at 100 percent of their Fair Student Funding as opposed to the citywide average in any given year. This decision, which exemplifies Chancellor Klein’s focus on developing a system of great schools as opposed to a great school system, created new funding inequities that challenge the basic tenets of Fair Student Funding.
Table 4.10

History of Fair Student Funding for Schools Receiving Greater Than 100 Percent in 2013-14
(Data taken from www.schools.nyc.gov)

<table>
<thead>
<tr>
<th>School Name</th>
<th>2013-14 FSF</th>
<th>2012-13</th>
<th>2010-11</th>
<th>Hold Harmless</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jonathan Levin High School for Media and Communications</td>
<td>134.00</td>
<td>122.18</td>
<td>133.8</td>
<td>$1,565,515</td>
</tr>
<tr>
<td>Bronx High School for Medical Science</td>
<td>126.42</td>
<td>127.05</td>
<td>127</td>
<td>$1,445,103</td>
</tr>
<tr>
<td>High School for Mathematics, Science, &amp; Engineering at City College</td>
<td>125.02</td>
<td>126.54</td>
<td>118.1</td>
<td>$1,325,956</td>
</tr>
<tr>
<td>Baccalaureate School for Global Education</td>
<td>124.02</td>
<td>125.63</td>
<td>117.4</td>
<td>$1,069,969</td>
</tr>
<tr>
<td>Bronx High School of Business</td>
<td>116.22</td>
<td>114.28</td>
<td>127</td>
<td>$1,424,469</td>
</tr>
<tr>
<td>Urban Academy Laboratory High School</td>
<td>115.36</td>
<td>114.68</td>
<td>109.9</td>
<td>$443,358</td>
</tr>
<tr>
<td>High School of American Studies at Lehman College</td>
<td>114.41</td>
<td>114.4</td>
<td>108.1</td>
<td>$840,136</td>
</tr>
<tr>
<td>Brooklyn High School of the Arts</td>
<td>112.03</td>
<td>114.35</td>
<td>114.7</td>
<td>$1,387,129</td>
</tr>
<tr>
<td>High School for Dual Language and Asian Studies</td>
<td>111.34</td>
<td>112</td>
<td>109.7</td>
<td>$900,614</td>
</tr>
<tr>
<td>Bedford Stuyvesant Preparatory High School</td>
<td>109.17</td>
<td>106.31</td>
<td>111.3</td>
<td>$379,210</td>
</tr>
<tr>
<td>Manhattan / Hunter Science High School</td>
<td>109.00</td>
<td>108.92</td>
<td>103.9</td>
<td>$732,051</td>
</tr>
<tr>
<td>Eleanor Roosevelt High School</td>
<td>108.86</td>
<td>109.71</td>
<td>102</td>
<td>$754,504</td>
</tr>
<tr>
<td>Belmont Preparatory High School</td>
<td>108.66</td>
<td>108.45</td>
<td>118.5</td>
<td>$1,001,760</td>
</tr>
<tr>
<td>Harvey Milk High School</td>
<td>107.87</td>
<td>106.7</td>
<td>87.2</td>
<td>$45,382</td>
</tr>
<tr>
<td>Queens High School for the Sciences at York College</td>
<td>107.55</td>
<td>108</td>
<td>100.8</td>
<td>$703,442</td>
</tr>
<tr>
<td>City as School</td>
<td>106.71</td>
<td>106.24</td>
<td>102.6</td>
<td>$871,383</td>
</tr>
<tr>
<td>High School for Law, Advocacy, and Community Justice</td>
<td>106.17</td>
<td>106.05</td>
<td>118.9</td>
<td>$1,135,520</td>
</tr>
<tr>
<td>Humanities Preparatory Academy</td>
<td>105.69</td>
<td>105.54</td>
<td>107.2</td>
<td>$349,376</td>
</tr>
<tr>
<td>Bedford Academy High School</td>
<td>104.32</td>
<td>104.33</td>
<td>104.9</td>
<td>$584,845</td>
</tr>
<tr>
<td>El Puente Academy for Peace and Justice</td>
<td>104.08</td>
<td>104.05</td>
<td>97.2</td>
<td>$213,334</td>
</tr>
<tr>
<td>Crotona Academy High Schools</td>
<td>103.82</td>
<td>103.27</td>
<td>100.7</td>
<td>$162,016</td>
</tr>
<tr>
<td>High School for Community Leadership</td>
<td>103.52</td>
<td>104.61</td>
<td>114.7</td>
<td>NA</td>
</tr>
<tr>
<td>Fordham Leadership Academy for Business and Technology</td>
<td>102.88</td>
<td>103.11</td>
<td>120.4</td>
<td>$1,108,665</td>
</tr>
<tr>
<td>Mathematics, Science Research &amp; Technology Magnet High School</td>
<td>102.57</td>
<td>102.78</td>
<td>109.1</td>
<td>$743,173</td>
</tr>
<tr>
<td>Frank McCourt High School</td>
<td>101.84</td>
<td>102.06</td>
<td>110.4</td>
<td>NA</td>
</tr>
<tr>
<td>Cambria Heights Academy</td>
<td>101.77</td>
<td>102.66</td>
<td>109.2</td>
<td>NA</td>
</tr>
<tr>
<td>Ballet Tech, NYC Public School for Dance</td>
<td>101.30</td>
<td>101.29</td>
<td>91.1</td>
<td>$174,006</td>
</tr>
<tr>
<td>Queens Gateway to Health Sciences Secondary School</td>
<td>101.16</td>
<td>101.19</td>
<td>94</td>
<td>$637,843</td>
</tr>
<tr>
<td>Bronx Bridges High School</td>
<td>101.07</td>
<td>101.51</td>
<td>108.7</td>
<td>NA</td>
</tr>
<tr>
<td>Brooklyn Academy High School</td>
<td>101.01</td>
<td>100.88</td>
<td>90.4</td>
<td>$224,998</td>
</tr>
<tr>
<td>Brooklyn Latin School, The</td>
<td>100.55</td>
<td>100.58</td>
<td>95.7</td>
<td>$321,573</td>
</tr>
<tr>
<td>Academy for Health Careers</td>
<td>100.43</td>
<td>100.64</td>
<td>108.6</td>
<td>NA</td>
</tr>
<tr>
<td>Murray Hill Academy</td>
<td>100.31</td>
<td>100.34</td>
<td>112</td>
<td>NA</td>
</tr>
<tr>
<td>Hillside Arts and Letters</td>
<td>100.18</td>
<td>100.3</td>
<td>109.9</td>
<td>NA</td>
</tr>
<tr>
<td>Bronx Design and Construction Academy</td>
<td>100.13</td>
<td>100.2</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Bronxdale High School</td>
<td>100.09</td>
<td>100.14</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Fordham High School for the Arts</td>
<td>100.05</td>
<td>100.05</td>
<td>116.8</td>
<td>$948,717</td>
</tr>
<tr>
<td>Hudson High School of Learning Technologies</td>
<td>100.03</td>
<td>100.4</td>
<td>110.4</td>
<td>NA</td>
</tr>
</tbody>
</table>
CHAPTER FIVE
LIMITATIONS OF FAIR STUDENT FUNDING AND THE NEOLIBERAL FOCUS ON THE INDIVIDUAL

Despite the pretense of transparency throughout the Children First reforms, Chancellor Klein made a number of policy decisions that privileged some schools over others and that ultimately reinforced some of the very funding inequities that Fair Student Funding was intended to address. Perhaps no decision was more important to the success of small schools, and to instantiating certain funding inequities, than the decision to bring in new schools at 100 percent of their Fair Student Funding as opposed to the citywide average in any given year. In order to understand why Chancellor Klein made this decision, and why Fair Student Funding did not live up to its promise, it is important to contextualize the implementation of Fair Student Funding within the following larger educational trends: 1) neoliberalism and a focus on individual schools as sites of reform; 2) the development of a portfolio management model that focuses on accountability as opposed to capacity building; and 3) the implementation of mayoral control and the neoliberal myth of political neutrality.

“One of the mistakes that was made in the years past was relying on market-driven philosophies to set direction. I don’t think those subscribing to these philosophies understood how schools ran, and they didn’t understand that schools were not a for-profit venture. So a lot of the parts of the policy that really dominate in the school system now were derived from a misguided model about what schooling is and should be. And that came directly from the fact that the people who made the policy didn’t understand schools.”

- Phil Weinberg, Deputy Chancellor of Teaching and Learning, reflecting on the market-driven policies of the prior Bloomberg administration (Weinberg, Sweet, Israel, and Sullivan-Yukins, 2014)

During the first decade of the 21st century, Chancellor Joel Klein and Mayor Michael Bloomberg oversaw a radical transformation of the New York City Department of Education (DOE) into a portfolio management district in which the primary responsibility of the DOE was not to develop the capacity of school leaders or teachers, but instead to create a marketplace through which strong schools could be created and failing schools could be closed. Central to these reforms was a focus on the individual school as the site of both reform and accountability. In a 2006 interview with William Ouchi (2009), Joel Klein declared, “The school is the unit that matters” (p.104). As
Ouchi goes onto explain, “New York City’s strategy was to improve student performance by allowing each school to elevate itself in its own unique way. The basic theory was that every school, given proper freedom and accountability with skilled leadership from the principal, will improve” (p. 104). When asked by former New York State Commissioner of Education David Steiner in 2013 if he still believed in building a system of great schools instead of a great school system, Chancellor Klein responded quite simply, “I don’t know any other way. You send your kid to a school, you don’t send your kid to a school system… I don’t know of any formula that tells me that the unit that doesn’t matter is schools…” (Klein, 2013).

In order to hold individual schools accountable for results, the NYCDOE needed to restructure its school funding process to account for differences in student need. In announcing the proposal for Fair Student Funding, which would differentiate funding based on student characteristics, Chancellor Klein explained, “I think it’s important to the city that we can say that we are being equitable, we are being transparent, and we are treating kids who are in a similar situation the same” (Foley, 2010). Klein went on to say: “One of the things I hear from principals is, ‘Well, how can you hold me to the same standards as others, when the funding allocations are not equitable, are not transparent, and they are not fair’” (Foley, 2010). Within this formulation there is an assumption that equity means equity of resources (or inputs), and that what matters most is that principals are provided with similar resources in order to hold them accountable for student results. Chancellor Klein’s focus, both in this instance and throughout much of the Children First reforms, was less on providing additional resources in order to strengthen the education that students receive, and more on creating a seemingly transparent marketplace in which teachers and administrators could be judged.

Despite the pretense of transparency throughout the Children First reforms, Chancellor
Klein made a number of policy decisions that privileged some schools over others and that ultimately reinforced some of the very funding inequities that Fair Student Funding was intended to address. Perhaps no decision was more important to the success of small schools, and to instantiating certain funding inequalities, than the decision to bring in new schools at 100 percent of their Fair Student Funding as opposed to the citywide average in any given year.

If we return to Chancellor Klein's initial assertion that he wanted to build a “system comprised of great schools, not a great school system” (Siskin, 2011), we begin to see the logic behind bringing in new schools at 100 percent of their Fair Student Funding. Given that the administration emphasized the promise of these new schools to improve graduation rates, it wanted to provide these schools with every possible resource. And yet, new schools were judged by the same standards and held to the same accountability structures as older schools that received less funding. The decision to fund new schools at a higher percentage than the citywide average highlights how focusing exclusively on individual schools can ultimately create inequities in the larger school system that hurt certain schools and the students they serve.

The Limitations of Building a System of Great Schools Instead of a Great School System: A Case Study of the Decision to Fund New Schools at 100 Percent of Fair Student Funding as Opposed to the Citywide Average

The opening of hundreds of new small schools was a central component of Bloomberg’s education reform strategy. Announcing the creation of 67 new small schools, funded, in part, with $51.2 million from the Gates Foundation, Mayor Bloomberg declared, “Small high schools are a concept that has been proven to work… Students at these small high schools have lower dropout rates than students in larger high schools. Also, more of them get passing grades, more of them graduate, and more of them go to college” (Hemphill et al., 2009, p. 14). In his 2005
state of the city address, Mayor Bloomberg (2005) reflected on the small schools that opened under his administration and argued, “In new small schools, the promotion rate is 93%—more than 20 points higher than the city average and a full 50 points higher than in some of the ‘super-sized’ schools they have replaced. That progress is part of why the citywide graduation rate has shown small but steady increases over the last three years.” As a key part of his educational reform strategy, and thus as an integral part of his legacy, Mayor Bloomberg needed to be able to point to the success of the small schools started by his administration and he needed to demonstrate that these schools were faring better than the schools they replaced.

Shortly after Mayor Bloomberg left office, a number of reports were released that lauded the accomplishments of the small schools created by his administration (Abdulkadiroglu, Hu, and Pathak, 2013; Bloom and Unterman, 2013). A study by Howard Bloom and Rebecca Unterman (2013) for MDRC used a series of randomized lotteries and found increased graduation rates by 9.5 percent for students who entered small schools in 2005-2007 as compared to students who enrolled in older and larger high schools (70.4 percent as compared to 60.9 percent). Gordon Berlin, President of MDRC, declared these results “historic” and claimed that they “hold great implications for reforming high schools in other communities” (Bloom and Unterman, 2013, p. x).

Chancellor Klein provided the small schools that opened in the first few years of his administration with a number of structural and financial advantages:

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67 Hemphill et al. (2009) note that the graduation statistics for new schools are “controversial because the new schools do not have exactly the same mix of students as the old” (p. 20). Citing research from Teachers College, Hemphill et al. (2009) argue that even though new schools draw students from the same neighborhoods as the old schools, and even though most new schools do not use measures of achievement or ability to screen students for admission, the incoming classes of students at new schools through the 2005-06 school year “had better attendance and were more likely to be proficient in reading and math than the incoming students at the large schools they replaced” (p. 20).
1. Initially, new small schools were not required to accept English language learners (ELLs) or students with disabilities given that they did not have the resources to support these students.68

2. New schools received an additional $400,000 in start-up philanthropic funds.

3. New schools could hire new teachers at a lower salary, which provided them with greater “purchasing power” per student, as described below (Bloom and Unterman, 2013; Bloomberg, 2006).

While Bloom and Unterman (2013) acknowledge that small schools had a number of institutional advantages, none of the reports discuss the financial advantages that small schools received under the enactment of Fair Student Funding. When asked about how the NYCDOE structured school funding, Phil Weinberg, then principal of a mid-sized high school, explained, “By design, [new] small schools have more money” (P. Weinberg, interview, November 7, 2013). Starting in 2007, new schools received their entire Fair Student Funding formula in their first year, and their student population was based on citywide averages for poverty (60 percent), academic intervention (50 percent below or well below standards), and English language learners (eight percent for non-ELL-focused schools). While the student population rates were adjusted based on the school’s roster after its first year, the fact that new schools initially receive 100 percent of their Fair Student Funding served to perpetuate funding inequities. For example, two

68 In “So Many Schools, So Few Options,” a joint report written by the New York Immigration Coalition and Advocates for Children (2006), the authors analyzed the impact of the initial wave of small schools on English language learners (ELLs), and they found that not only were ELLs underrepresented in small schools, but many small schools did not provide legally mandated programs for ELLs. Even though small schools are no longer allowed to exclude ELLs, there are still a number of questions about the level of service that a small school can provide English language learners. As Hemphill et al. (2009) note in their analysis of small schools, “Even at their best, the small schools have limitations. Most are ill-equipped to offer special education services and instruction for ELLs—who make up a large proportion of the students at risk of dropping out. A large school can afford to hire staff members who are highly specialized—a Chinese-speaking guidance counselor, for example, or a teacher who knows how to work with emotionally disturbed or autistic children. A school that has only a handful of students with special needs cannot afford to hire the specialists trained to help them, while a large school may have an entire department devoted to ELLs or special education” (p. 23).
schools on the same campus could have very similar student populations, and yet a new school that opened in 2013 would receive $4,246 per student (based on 100 percent of its FSF) while an older school would receive, on average, $3,626 per student (based on the average 85.39 percent of FSF that high schools that opened before 2008 received). Because it is so politically challenging to take away funding from a school that has already built structures around a certain level of resources, bringing in new schools at a higher rate of funding ensured that these schools would continue to be resourced at a higher level. As indicated in Table 5.1, the average percentage of Fair Student Funding is significantly lower for schools opened before 2008 (barring those that had “hold harmless” funding), and this disparity is not accounted for in any of the NYCDOE’s accountability metrics.

Table 5.1

<table>
<thead>
<tr>
<th>Type of High School</th>
<th>N</th>
<th>Percentage of FSF in 2013-14</th>
<th>Average funding per unweighted student</th>
</tr>
</thead>
<tbody>
<tr>
<td>High schools opened before 2008 without hold harmless funding</td>
<td>337</td>
<td>85.39</td>
<td>$3,625.66</td>
</tr>
<tr>
<td>High schools opened before 2008 with hold harmless funding</td>
<td>28</td>
<td>109.65</td>
<td>$4,655.74</td>
</tr>
<tr>
<td>High schools opened in 2008</td>
<td>25</td>
<td>88.17</td>
<td>$3,743.70</td>
</tr>
<tr>
<td>High schools opened in 2009</td>
<td>14</td>
<td>91.02</td>
<td>$3,864.71</td>
</tr>
<tr>
<td>High schools opened in 2010</td>
<td>15</td>
<td>98.19</td>
<td>$4,169.15</td>
</tr>
<tr>
<td>High schools opened in 2011</td>
<td>12</td>
<td>97.76</td>
<td>$4,150.89</td>
</tr>
<tr>
<td>High schools opened in 2012</td>
<td>10</td>
<td>100</td>
<td>$4,246.00</td>
</tr>
<tr>
<td>High schools opened in 2013</td>
<td>19</td>
<td>100</td>
<td>$4,246.00</td>
</tr>
</tbody>
</table>

While small schools have seen higher graduation rates (Kelleher, 2014), many critics argue that the launch of these schools has had a negative impact on larger schools in the system.

In “The New Marketplace: How Small-School Reforms and School Choice Have Reshaped New
York City’s High Schools,” Hemphill et al. (2009) analyze enrollment patterns and graduation rates to demonstrate how with the opening of small schools, large schools saw their enrollments increase dramatically, with a concomitant decline in attendance and graduation rates. In analyzing 34 large high schools in Brooklyn, Manhattan, and the Bronx, Hemphill et al. (2009) found that 26 of these schools saw their enrollments jump, and of these, 19 saw attendance decline and 15 saw graduation rates decline between 2002 and 2007. In reflecting on the impact of these reforms, David Bloomfield, Brooklyn College education professor and member of the Citywide Council on High Schools, concluded, “Everyone agrees that those [large failing] schools had to be closed and reorganized… The problem is they didn’t plan enough for the contingencies. They actively made the [remaining] large schools worse. They created a death spiral, where the graduation rates and attendance rates go down further, violence increases, and there is even more excuse to close the schools” (Hemphill et al., 2009, p.36).69

Even though the small school strategy was supposed to focus on building the capacity of individual schools to work successfully with students, the way in which they were launched had serious systemic consequences. Large schools, which even at the height of the small school movement continued to serve the largest percentage of New York City public high school students, were harmed by the policies Chancellor Klein put into place to support the new small schools. In addition to launching small schools with 100 percent of their Fair Student Funding, the decision to charge schools a school-wide average for teacher salaries as opposed to a citywide average served to further increase the “purchasing power” of these schools that allowed

69 Despite the focus of the administration on new small schools, the New York City Working Group on School Transformation (2012), which was associated with the Annenberg Institute for School Reform at Brown University, notes that the DOE has slated nearly 140 schools for closure and that “nearly half the schools most recently closed by the DOE were opened during the past ten years” (p. 3).
them to hire, on average, more teachers than older schools that inherited tenured staff members who earned, on average, higher salaries.

**Implementation of School-Wide Averages for Teacher Salaries and the Privileging of Small Schools**

Before the implementation of Fair Student Funding, schools received funding based on the base number of teachers required to teach a given number of students. Whether a school hired an experienced teacher at $80,000 or a new teacher at $40,000, the school was charged the citywide average salary. The use of a citywide average thus resulted in schools with more experienced and higher-paid teachers essentially being subsidized by schools with more inexperienced teachers. As the NYCDoe (2007) explained in its overview of Fair Student Funding, if there were two schools that had 100 teachers each, and one of the schools had a school-wide average salary of $70,000 while the other school had a school-wide average of $80,000, the school with a higher school-wide average was essentially receiving $1 million more for salaries per year (since the total amount the NYCDOE would pay for the 100 teachers was $7 million and $8 million, respectively). As the NYCDOE concludes, this “difference was especially troubling when we knew that the school with lower-salaried teachers likely had greater needs” given that schools with higher-needs students tend to attract more inexperienced teachers who earn less (NYCDOE, 2007).  

70 In “Fair Student Funding Summit: Conference Proceedings and Recommendations for Action,” Education Resource Strategies (2010) argue forcefully for charging schools for actual salaries: “Impoverished schools often end up with the least senior teachers (given union rules that allow teachers to select placements by seniority), so these schools often have substantially lower teacher salary costs. Budgets are based on actual teacher salaries, then principals can use the money they ‘save’ by hiring cheaper teachers and investing it in other ways. When budgets are based on average salaries, the schools lose this savings (they are charged the average amount even though they have cheaper teachers), resulting in lower (and less equitable) per-pupil expenditures. There is essentially a money transfer from schools with cheaper teachers (which tend to serve disadvantaged students) to schools with more expensive teachers (which tend to serve wealthier students)” (p. 16).
Under Fair Student Funding, schools receive an allocation based on their student need, and principals must pay their teachers out of this allocation. As opposed to using a citywide average salary, the NYCDOE now uses the school-wide average salary. If we return to the example above, if both schools received $1,000,000 through Fair Student Funding, the school with a school-wide average of $70,000 could hire 14 teachers, while the school with the school-wide average of $80,000 could only hire 12 teachers. In order to minimize disruption and ensure that principals could hire a range of teachers, the formula’s grade weights were intended to cover base teachers at the citywide average, “meaning the school’s teacher salary average can be made up of a mix of new and experienced teachers” (NYCDOE, 2007, p. 43).

Foley (2010) notes that the implementation of school-wide average “was the most controversial aspect” of the plan to enact Fair Student Funding (p.32). Older schools that had longer-standing teachers had much higher average salaries than new schools that could hire teachers with less experience and a lower salary. The resulting difference in purchasing power can be seen by looking at the budgets for two schools: High School for Telecommunications, Arts, and Technology (HSTAT), a medium-sized high school in Brooklyn, and Academy for Software Engineering (AFSE), a small school established by a former vice principal of HSTAT in 2012.71

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71 The Academy for Software Engineering (AFSE) was developed in partnership with Fred Wilson, a venture capitalist who serves as the Chairman of the New York City Foundation for Computer Science Education.
Table 5.2

A Comparison of the Purchasing Powers of HSTAT and AFSE Based on Their Percentage of Fair Student Funding and Average Teacher Salary (FY 2014)

<table>
<thead>
<tr>
<th></th>
<th>High School for Telecommunications, Arts, and Technology (HSTAT)</th>
<th>Academy for Software Engineering (AFSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Student Funding (FY 2014)</td>
<td>$6,349,287</td>
<td>$2,301,172*</td>
</tr>
<tr>
<td>Percent of FSF Received</td>
<td>83.81</td>
<td>100</td>
</tr>
<tr>
<td>Average Teacher Salary</td>
<td>$67,555</td>
<td>$57,156</td>
</tr>
<tr>
<td>Student Population</td>
<td>1,274</td>
<td>241</td>
</tr>
<tr>
<td>Number of Teachers Covered by FSF**</td>
<td>94</td>
<td>40</td>
</tr>
<tr>
<td>Student to Teacher Ratio***</td>
<td>14:1</td>
<td>6:1</td>
</tr>
</tbody>
</table>

* AFSE receives an additional $166,039 for being a CTE school.

** This calculation assumes that the school uses its entire FSF to cover instruction. This is not the case but it allows one to calculate the instructional purchasing power for each school.

*** Like the previous calculation, this calculation shows the impact of a school’s instructional purchasing power on potential student-to-teacher ratios.

If HSTAT had received 100 percent of its Fair Student Funding, the school would have received an additional $1,027,949 for a total annual budget of $7,366,236. Keeping an average teacher salary of $67,555, the school could have hired an additional 15 teachers if it had simply received its full amount of Fair Student Funding. If the school’s average teacher salary matched AFSE’s at $57,156, the school could have hired an additional 18 teachers. Thus, if HSTAT had the same budgetary conditions as AFSE, a school that it is compared to on its school report card, it could have hired a total of 129 teachers as opposed to 94 teachers.72

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72 The school-wide average for HSTAT is not the highest in New York City. The average teacher salary at New Dorp High School (FY 2013) was $71,483 (150 teachers for a total of $10,722,518) and the average teacher salary at Fort Hamilton High School (FY 2013) was $78,270 (207 teachers for a total of $16,201,984). It is important to note that the NYCDOE included a “legacy supplement” that was tied to specific teachers and that covers “increases in salary due to increment for steps, longevities, and differentials for these teachers, for as long as they remain in the same school” (Foley, 2010, p. 34). While the legacy supplement ensures that individual veteran teachers will have their salaries covered, it does not address the challenge of the diminished purchasing power of older schools that inherited a staff of veteran teachers.
Even though Fair Student Funding was intended to create a transparent and equitable distribution of funds, the decision to bring in new schools at their full funding as opposed to the citywide average, coupled with the shift from using citywide averages to school-wide averages, resulted in providing small schools with unfair advantages. This is particularly problematic given that the NYCDOE did not factor these advantages when comparing schools to each other on the high-stakes school report cards.

**Peer Indexes, School Report Cards, and the Obfuscation of Funding Inequities**

In 2007, the NYCDOE introduced school report cards in order to help the public better understand accountability metrics and compare schools to each other. As Corcoran and Pai (2013) explain in their analysis of the use of peer index in progress reports, “The Progress Report is similar to other accountability tools found in practice in that it serves many purposes. Among other things, it is intended to set expectations about student outcomes; to monitor performance; to encourage educator effort; to provide information to the public; and to serve as a basis for rewards or sanctions, such as bonuses and school closure” (p. 2). There were severe consequences to report card grades; schools that earned a grade of C or lower for three years in a row were threatened with closure. Conversely, principals could earn a bonus of up to $25,000 based on the school’s report card.

In order to account for variability in student compositions, schools were evaluated on a number of metrics and were compared to 40 peer schools in order to “reflect each school’s contribution to student achievement, no matter where each child begins his or her journey . . . The methods are designed to be demographically neutral so that the final score for each school has as little correlation as possible with incoming student characteristics such as poverty,
ethnicity, disabilities, and English learner status. To achieve this, the Progress Report emphasizes year-to-year progress, compares schools mostly to peers matched based on incoming student characteristics, and awards additional credit based on exemplary progress with high-need student groups” (NYCDOE, 2013, p. 2).

In 2013, the Progress Report for high schools consisted of four weighted categories: student progress, student performance, school environment, and college and career readiness. Each category consisted of four to 12 subcategories that were norm-referenced; that is, “each subcategory score depends on how a school performs relative to the range of outcomes observed in its peer group and citywide” (Corcoran and Pai, 2013, p. 6). A high school’s peer group is assigned based on a peer index, which is calculated for each high school by taking the average math and ELA proficiency of a school’s incoming eighth graders and adjusting for the percentage of students with disabilities, the percentage of students in self-contained classes, and the percentage of overage students.73 As Corcoran and Pai (2013) explain, “Because the peer index is based almost exclusively on the average proficiency of incoming students (with an adjustment for disabled and overage students), it ignores other potentially important factors associated with student performance” (p. 9). Since the peer index does not look at location, size, or admissions method, “the typical peer group is a highly diverse set of schools, differing in size, location, admissions method, poverty rates, and proportions of students with special educational needs” (p. 12).74

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73 Gaytan et al. (2009) note that student demographics (including race, poverty status, and language proficiency) are factored into grades for elementary schools and middle schools.

74 While it is beyond the scope of this dissertation, it is important to note that a number of researchers have raised questions about the ability of school report cards to be “demographically neutral” (NYCDOE, 2013). In “Making the Grade in New York City Schools: Progress Report Grades and Black and Latino Students,” Meade, Gaytan, Fergus, and Noguera (2009) examined the grades assigned to schools between 2006 and 2008, and found that “schools serving higher proportions of Black and Latino students tended to receive lower grades. Correlations between scores and other variables are less consistent. Overall, the relationship between scores and school demographics and size are strongest at the high school level. In high schools, we observe that large high schools and schools serving a high
It is important to note that the peer index also does not account for the different percentages of Fair Student Funding that schools receive. This oversight challenges one of the basic tenets of Fair Student Funding, that principals can now be held accountable and compared to each other because they now receive similar amounts of funding. As the table below indicates, within the peer index of schools against which the Academy for Software Engineering (AFSE) is compared, the average per-student funding ranges from $3,439 for the Channel View School for Research to $4,324 for Frank McCourt High School. Thus the results of the administrator at Channel View high school are evaluated against the results of the administrator at AFSE or Frank McCourt High School, even though the school receives nearly 20 percent less funding.

 proportion of Black and Latino and special education students received lower grades in both years... In 2007-08, the proportion of racial/ethnic minority, free and reduced lunch, and special education students are estimated to explain approximately 34% of a school’s score” (p. 4). In a later analysis, Corcoran and Pai (2013) found that progress report grades were correlated with a number of student factors including average eighth grade proficiency and the percentage of African-American students.
Table 5.3

*A Comparison of the Percentage of Fair Student Funding and Average Per-Student Funding that Schools in AFSE's “Peer Network” Received in 2013-14*

<table>
<thead>
<tr>
<th>DBN</th>
<th>School Name</th>
<th>Total Allocation</th>
<th>2013-14 FSF</th>
<th>Average per Student Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>M546</td>
<td>Academy For Software Engineering</td>
<td>$1,616,368</td>
<td>100</td>
<td>$4,246</td>
</tr>
<tr>
<td>Q301</td>
<td>Academy for Careers in Television &amp; Film</td>
<td>$2,763,083</td>
<td>87.45</td>
<td>$3,713</td>
</tr>
<tr>
<td>K554</td>
<td>All City Leadership Secondary School</td>
<td>$1,578,773</td>
<td>86.08</td>
<td>$3,655</td>
</tr>
<tr>
<td>M630</td>
<td>Art and Design High School</td>
<td>$8,238,342</td>
<td>98.1</td>
<td>$4,165</td>
</tr>
<tr>
<td>X260</td>
<td>Bronx Center for Science and Mathematics</td>
<td>$2,297,484</td>
<td>86.74</td>
<td>$3,683</td>
</tr>
<tr>
<td>X505</td>
<td>Bronx School for Law, Gov., &amp; Justice</td>
<td>$4,171,487</td>
<td>97.87</td>
<td>$4,156</td>
</tr>
<tr>
<td>K690</td>
<td>Brooklyn Studio Secondary School</td>
<td>$4,708,262</td>
<td>87.04</td>
<td>$3,696</td>
</tr>
<tr>
<td>M555</td>
<td>Central Park East High School</td>
<td>$2,555,456</td>
<td>89.59</td>
<td>$3,804</td>
</tr>
<tr>
<td>Q262</td>
<td>Channel View School for Research</td>
<td>$3,125,489</td>
<td>81</td>
<td>$3,439</td>
</tr>
<tr>
<td>K674</td>
<td>City Polytechnic High School</td>
<td>$2,988,304</td>
<td>88.72</td>
<td>$3,767</td>
</tr>
<tr>
<td>X288</td>
<td>Collegiate Institute for Math and Science</td>
<td>$3,308,944</td>
<td>87.27</td>
<td>$3,705</td>
</tr>
<tr>
<td>X327</td>
<td>Comprehensive Model School Project</td>
<td>$2,597,676</td>
<td>82.19</td>
<td>$3,490</td>
</tr>
<tr>
<td>R047</td>
<td>CSI High School for International Studies</td>
<td>$2,753,019</td>
<td>91.12</td>
<td>$3,869</td>
</tr>
<tr>
<td>K525</td>
<td>Edward R. Murrow High School</td>
<td>$19,078,425</td>
<td>85.96</td>
<td>$3,650</td>
</tr>
<tr>
<td>K490</td>
<td>Fort Hamilton High School</td>
<td>$20,874,196</td>
<td>81.8</td>
<td>$3,473</td>
</tr>
<tr>
<td>M417</td>
<td>Frank McCourt High School</td>
<td>$2,099,107</td>
<td>101.84</td>
<td>$4,324</td>
</tr>
<tr>
<td>M534</td>
<td>Harvest Collegiate High School</td>
<td>$1,492,265</td>
<td>100</td>
<td>$4,246</td>
</tr>
<tr>
<td>M400</td>
<td>HS for Environmental Studies</td>
<td>$6,332,359</td>
<td>86.89</td>
<td>$3,689</td>
</tr>
<tr>
<td>M489</td>
<td>HS of Economics and Finance</td>
<td>$3,887,332</td>
<td>88.27</td>
<td>$3,748</td>
</tr>
<tr>
<td>K485</td>
<td>HS of Telecomm. Arts, &amp; Technology</td>
<td>$6,574,287</td>
<td>83.81</td>
<td>$3,559</td>
</tr>
<tr>
<td>X500</td>
<td>Hostos-Lincoln Academy of Science</td>
<td>$2,872,459</td>
<td>85.41</td>
<td>$3,627</td>
</tr>
<tr>
<td>X368</td>
<td>In-Tech Academy</td>
<td>$5,526,196</td>
<td>81.69</td>
<td>$3,469</td>
</tr>
<tr>
<td>Q502</td>
<td>Information Technology HS</td>
<td>$4,621,506</td>
<td>82.58</td>
<td>$3,506</td>
</tr>
<tr>
<td>K425</td>
<td>James Madison High School</td>
<td>$14,816,325</td>
<td>84.6</td>
<td>$3,592</td>
</tr>
<tr>
<td>K122</td>
<td>Pathways in Technology Early College (P-Tech)</td>
<td>$2,148,860</td>
<td>98.14</td>
<td>$4,167</td>
</tr>
<tr>
<td>X542</td>
<td>Pelham Preparatory Academy</td>
<td>$2,587,309</td>
<td>90.22</td>
<td>$3,831</td>
</tr>
<tr>
<td>Q566</td>
<td>Queens HS of Teaching, Liberal Arts, &amp; Sciences</td>
<td>$5,875,235</td>
<td>87.34</td>
<td>$3,708</td>
</tr>
<tr>
<td>Q686</td>
<td>Queens Metropolitan HS</td>
<td>$6,225,853</td>
<td>99.43</td>
<td>$4,222</td>
</tr>
<tr>
<td>Q600</td>
<td>Queens Vocational/Technical High School</td>
<td>$7,594,452</td>
<td>83.84</td>
<td>$3,560</td>
</tr>
<tr>
<td>X141</td>
<td>Riverdale / Kingsbridge Academy</td>
<td>$7,210,021</td>
<td>95.14</td>
<td>$4,040</td>
</tr>
<tr>
<td>R080</td>
<td>The Michael J. Petrides School</td>
<td>$5,768,019</td>
<td>86.85</td>
<td>$3,688</td>
</tr>
<tr>
<td>K483</td>
<td>The Urban Assembly School for Law &amp; Justice</td>
<td>$2,391,842</td>
<td>87.71</td>
<td>$3,724</td>
</tr>
<tr>
<td>R455</td>
<td>Tottenville High School</td>
<td>$17,922,743</td>
<td>84.99</td>
<td>$3,609</td>
</tr>
</tbody>
</table>
Educational Reform Trends and the Decision to Fund New Schools at 100 Percent of Fair Student Funding

In *Educating the “Right” Way: Markets, Standards, God, and Inequality*, Michael Apple (2001) analyzes the neoliberal foundations of the contemporary educational reform movement, and argues that reforms “that are instituted with good intentions may have hidden effects that are more than a little problematic… [and] quite often reproduce or even worsen inequalities” (p.197). Chancellor Klein’s focus on individual schools and students, as opposed to developing system-wide structures, resulted in reinforcing the very budget discrepancies that Fair Student Funding was intended to address. The decision to focus on individual schools reflected a number of ideological trends and beliefs that have dominated the educational reform movement for the last three decades. In order to understand why Fair Student Funding did not live up to its promise, it is important to contextualize the implementation of Fair Student Funding within the following trends: 1) neoliberalism and a focus on individual schools as sites of reform; 2) the development of a portfolio management model that focuses on accountability as opposed to capacity building; and 3) the implementation of mayoral control and the myth of political neutrality.

1) Neoliberalism and a Focus on Individual Schools as a Site of Reform

In *A Brief History of Neoliberalism*, David Harvey (2007) explains that the central tenet of neoliberalism is that “individual and social ideals can best be achieved through the unfettered market” (p. 23). Under a neoliberal framework, the public sphere is viewed as an inefficient and bureaucratic entity that is encumbered by, and beholden to, special interests. The private sphere, as represented by markets, is viewed as the most efficient way to meet individual interests and the role of the state is to protect markets or create them when necessary. Reviewing the impact of
neoliberal ideology on current policies, Pauline Lipman (2011) concludes that a new “social imaginary” has been developed as a result of neoliberal thinking in which individual self-interest is promoted and the market is positioned as the most “effective and efficient” means of delivering services and guaranteeing “freedom,” “choice,” and “individual rights” (pp. 6-7).

In “Autonomous Schools: Theory, Evidence, and Policy,” Plank and Smith (2008) argue that the idea that the school is a critical unit of change and improvement in the education system has resulted in the displacement of accountability for the provision of education from a central district office to individual schools: “The fact that some schools beat the odds is taken both as a demonstration that schools have the capacity to acquire or develop the knowledge and resources for educational success, and as a warrant for policies that hold them accountable for their outcomes” (p. 406). Even though much of the reforms were based on the notion of exceptional leaders and institutions that were able to “beat the odds,” Plank and Smith (2008) note that “being effective is very different from becoming effective. Two decades of experience and research provide compelling evidence that simply setting schools free and holding them accountable for results is not in itself sufficient to conjure the attributes of effectiveness into being” (p. 414, emphasis added). Under the portfolio model adopted by Chancellor Klein, however, the NYCDOE does not focus on developing capacity and instead focuses on three primary areas: accountability and performance evaluations; compliance; and system-wide functions related to policy and resource allocation. The adoption of a portfolio model focused on accountability, described further in the next section, was grounded in the neoliberal focus on individual schools as the site for reform.
2) Redistricting District Offices Under a Portfolio Management Model

In the last 10 years, a national movement has emerged in which school districts restructured themselves under a portfolio district model, transforming the district office into “performance managers” who do not control schools by regulation, but instead “create freedom of actions for school leaders and teachers, track and compare schools’ performance, and try to expand the number of high-performing schools and reduce the number of low-performing schools” (Hill et al., 2013, p. 11). While there were only four portfolio school districts in 2008—New York City, Washington D.C., Chicago, and New Orleans—by 2012, there were over 30 portfolio school districts nationwide, including Denver, Los Angeles, Baltimore, and Sacramento (Hill et al., 2013).

Even though schools serve as the primary unit of analysis and change, their status within a portfolio district is highly volatile and their survival depends on achieving quantifiable outcomes. Within portfolio districts, “schools are not assumed to be permanent but contingent: schools in which students do not learn enough to prepare for higher education and remunerative careers are transformed or replaced” (Bulkley, 2010, p. 4). The primary responsibility of the central education office is to develop a marketplace, collect data on school success, and ultimately close schools that do not function.

In “Choosing the Wrong Drivers for Whole System Reform,” Michael Fullan (2011) argues that school systems have mistakenly focused on accountability as opposed to capacity building. A focus on accountability “assumes that educators have the capacity or will be motivated to develop the skills and competencies to get better results,” and as a result resources tend to be focused on individuals (e.g., performance pay) as opposed to collective capacity
building. Citing a McKinsey study of 20 strongly improving education systems around the country, Fullan (2011) notes that “in the improving systems in the developing countries (those going from awful to adequate) the interventions were split 50/50—an equal proportion of accountability and capacity-building activities; in the good to great countries the percentages were 78 per cent professional learning and 22 per cent accountability.”

It is important to understand that under the portfolio model, districts are intentionally removed from the process of building capacity for fear that a focus on capacity building would hinder their ability to be neutral when evaluating schools. As Hill et al. (2013) explain, “Autonomy is important for both principals and districts because it removes the district from the inherent conflict of telling principals what to do and then faulting them whenever schools don’t improve. It also gives principals and teachers the freedom to do what they think is right for their individual students, something that is very difficult for central offices to do well from afar” (p.22).

In “Performance Management in Portfolio School Districts,” Lake and Hill (2009) explain the connection between a portfolio management system and an emergent evaluative state: “Leaders implementing a portfolio strategy are not simply letting a thousand flowers bloom. All ultimately hope to create a process of continuous improvement, by which the

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75 Fullan (2011) goes on to note that standards and assessments in and of themselves are not the problem, “rather [it is] the attitude (philosophy or theory of action) that underpins them, and their dominance (as when they become so heavily laden that they crush the system by their sheer weight.)”

76 Fullan (2011) also cites a 2011 study from Carrie Lena, a business professor at the University of Pittsburgh, who looked at the interactions between teachers and the development of social capital. She “found that low-ability teachers perform as well as teachers of average ability if they have strong social capital in their school... Lena’s findings mean that having bad working conditions (low social capital) makes good teachers less effective, and makes poor teachers get even worse. Her findings also mean that the goal is to develop in concert both high human and high social capital. More than that, high social capital is a powerful strategy to leverage human capital.” Again, we see that we must look at more than just the individual when attempting to strengthen schools.

77 As Childress, Higgins, Ishimaru, and Takahashi (2011) note, “Rules and regulations have long served as substitutes for technical knowledge in schools. It does not follow, however, that reducing the regulatory burden on schools will create or increase the knowledge available to educators. Even when faced with new responsibilities and accountability pressures, educators can only do what they know how to do, effective or not” (p. 411).
educational opportunities available to students and families are always adapting to emerging needs and evidence about what works. A portfolio strategy requires that school districts do two things they were not originally designed to do: first, judge the performance of individual schools and decide whether they are effective enough to warrant continuing to spend the public’s money—and the time of the community’s children—on them; and second, to assess the entire set of schools available locally to determine whether a different mix of schools might serve the community better” (p. 8). In this brief description of the portfolio management system we see a critical distinction emerge: whereas in the past a school district would have been responsible for the provision of good education, now districts are primarily responsible for judgment and evaluation. As we will see in the next section, this focus on data reinforced the myth of political neutrality that accompanied mayoral control.

3) Mayoral Control and the Myth of Political Neutrality

In 2001, Michael Bloomberg ran for mayor with a vow to take control of public schools, which he described as being “in a state of emergency”; in response, he vowed “to remake the system with management reforms, incentives, merit pay and accountability” (Ravitch, 2010, p. 70). At a March 2002 hearing about alternatives to the existing New York City Board of Education, recently elected Mayor Bloomberg declared that he wanted to see a system that ensured “a quality education for all children” and that held “managers responsible for the success or failure of individual units based upon the results that parents have a right to expect, measurable, relevant educational achievements by all of our children” (Fullan and Boyle, 2014, p. 24).

Throughout the Children First reforms, and throughout broader neoliberal reforms
generally, there was a focus on efficiency and data that seemingly translated into politically neutral policies. As Lipman (2011) notes, the focus on efficiency allows neoliberal reformers to adopt a mantle of political neutrality: “Neoliberal policy discourses are thus ‘politically neutral,’ based on technical criteria of ‘efficiency’ and ‘effectiveness’ thereby excluding discussion of values, philosophy, and social interest” (pp.11-12). Yet, in *Policy Paradox: The Art of Political Decision Making*, Deborah Stone (2001) argues that efficiency is “not a goal in itself. It is not something we want for its own sake, but rather because it helps us attain more of the things we value” (p. 61). Stone (2001) goes on to argue that efficiency is a contestable concept since it requires a common understanding of outcomes to be achieved; most people support “the general idea of getting the most out of something, but to go beyond the vague slogans and apply the concept to a concrete policy choice requires making assumptions about who and what counts as important” (p. 65).

Fair Student Funding hid the political decisions that were made through a seemingly technocratic budgeting solution that appeared to be both efficient and transparent. Unlike previous budgeting systems which relied, in part, on superintendents and other district leaders deciding where funds would be allocated, Fair Student Funding theoretically turned all budgeting decisions into a question of weights allocated by student need. Yet if we return to the decision to fund new schools at 100 percent, we can see how even this technocratic solution was shaped by politically motivated, albeit obfuscated, considerations given the mayor’s investment in the success of these new small schools.
Limitation of Fair Student Funding: A Focus on Equity and Not Adequacy

“If you don’t have enough basic revenue in the system, by weighting, even if it’s a fair weight for concentrations of poverty—and a fair weight would be a pretty heavy one in my mind—there’s a concern that you’re fighting over the scraps at the table”—Michael Rebell (Denvir, 2010)

In an editorial written shortly after the implementation of Fair Student Funding (FSF), Michael Rebell, the lawyer who spearheaded the Campaign for Fiscal Equity case that resulted in an additional $2.3 billion in state funding added to the budgets of the New York City public schools in FY2007 and FY2008, argues that while it was laudable to attempt to make school funding more equitable, FSF is fundamentally flawed because it “dodges the biggest funding problem facing our public schools—the lack of adequate funding overall” (Rebell, 2007). In reflecting on the use of Fair Student Funding to bring equity to school funding, Helaine Doran, deputy director of the Campaign for Fiscal Equity, distinguishes between the equitable distribution of inadequate resources and true equity: “Part of what is problematic is that the folks who talk about weighted student funding, they aren’t asking for more resources. They want student needs not just to drive the money, but also to contain it” (Foley, 2010, p. 38).

When examining school funding policies and practices, it is important to distinguish between the concepts of equity and adequacy. As Baker and Green (2008) explain, “Equity conceptions deal primarily with variations of relative differences in educational resources, processes, and outcomes across children, whereas adequacy conceptions attempt to address in more absolute terms, how much funding” is necessary for all students to achieve a specific outcome (p. 203). As Springer, Houck, and Guthrie (2008) explain, “Adequacy seeks to ‘backward map’ policy expectation to arrive at more precise levels of student funding. While the definition of an ‘adequate’ education varies from state-to-state, based on the language in a state’s
education clause, education finance adequacy generically infers that a sufficient level of resources be available to all students, thus providing them opportunity at least to reach a level of proficiency by state standards” (p. 13).

Proponents of Fair Student Funding, and weighted student funding in general, often focus on equity as opposed to adequacy. In analyzing the impact of weighted student funding on urban districts in an analysis for the National Education Association (NEA), Petko (2005) notes that “Available research does not address funding adequacy very well. Among this research is an implied understanding that WSF demonstrates that current district funding levels are adequate. This implies that the problem lies with districts’ organizational structures. The question, therefore, gets reframed as one of efficiency rather than of adequacy” (emphasis added). Reframing the question as one of efficiency as opposed to adequacy highlights the neoliberal belief that there are sufficient resources for schools to educate students. Petko goes onto explain, “What decentralization proponents seem to be assuming is that decentralization automatically creates more efficient schools. If schools are more efficient, goes the argument, then they will provide students with improved educational opportunities” (p. 2, emphasis added).

Many contemporary educational reformers, especially neoliberal reformers, argue against the notion of adequacy—or even the idea that funding matters. In the introduction to Stretching the School Dollar: How Schools and Districts Can Save Money While Serving Students Best, Frederick Hess (2010) argues that per-pupil spending is roughly double what it was in 1983 (when A Nation at Risk was published), and that this increased spending has resulted in little effect: the “huge increase in public outlays has funded all manners of questionable practices, including... a uniform salary schedule that treats incompetents and all-stars identically, an unsustainable pension-and-benefits system, and a tenure system that protects instructional dysfunction. In other words, taxpayers have spent decades funding an enormous, inefficient jobs program” (p. 8) that focuses on preserving teacher and administrator jobs. It is not only conservative think tanks that argue that there is enough money to educate students. Andrew Cuomo, the Democratic governor of New York, recently argued against advocacy groups that were demanding additional educational funds. In an interview with Crain’s New York, Cuomo explains, “The educational groups [saying] we don’t spend enough money [are] funded by the teachers’ union, which has a vested interest in making the answer ‘It’s about more money; it’s about more salaries and more benefits.’ That’s not what it’s about. [They have names like] the Blessed Virgins for Education, the Good Citizens for a Better Tomorrow. [They] should be called Lobbyists for the Teachers’ Union. Otherwise it’s misleading.”

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78 Many contemporary educational reformers, especially neoliberal reformers, argue against the notion of adequacy—or even the idea that funding matters. In the introduction to Stretching the School Dollar: How Schools and Districts Can Save Money While Serving Students Best, Frederick Hess (2010) argues that per-pupil spending is roughly double what it was in 1983 (when A Nation at Risk was published), and that this increased spending has resulted in little effect: the “huge increase in public outlays has funded all manners of questionable practices, including... a uniform salary schedule that treats incompetents and all-stars identically, an unsustainable pension-and-benefits system, and a tenure system that protects instructional dysfunction. In other words, taxpayers have spent decades funding an enormous, inefficient jobs program” (p. 8) that focuses on preserving teacher and administrator jobs. It is not only conservative think tanks that argue that there is enough money to educate students. Andrew Cuomo, the Democratic governor of New York, recently argued against advocacy groups that were demanding additional educational funds. In an interview with Crain’s New York, Cuomo explains, “The educational groups [saying] we don’t spend enough money [are] funded by the teachers’ union, which has a vested interest in making the answer ‘It’s about more money; it’s about more salaries and more benefits.’ That’s not what it’s about. [They have names like] the Blessed Virgins for Education, the Good Citizens for a Better Tomorrow. [They] should be called Lobbyists for the Teachers’ Union. Otherwise it’s misleading.”
Financial weights are intended to provide sufficient resources to ensure that students are able to meet outcomes. Following the idea behind Fair Student Funding, if subgroups of students are not achieving outcomes, or gaining ground, then the weights should be revisited. If we return to my initial analysis of Fair Student Funding, we see that there is an inverse correlation between the percentage of the school population identified as English language learners (ELLs) and the percentage of Fair Student Funding a school received—\[ r = -0.123, n = 451, p < .009 \]—with schools with a higher percentage of English language learners (ELLs) receiving a lower percentage of Fair Student Funding.

While the coefficient is not very high, the fact that there is a statistically significant inverse relationship is surprising given the challenges that English language learners have traditionally faced in graduating high school college-ready. Although the graduation rate for ELL students increased from 25.1 percent to 41.5 percent between 2007 and 2010, their graduation rate was still far lower than the non-ELL four-year graduation rate of 75.3 percent. Since 2010, the four-year graduation rate has steadily dropped for English language learners to 34.3 percent. The graduation rate for English-proficient students rose slightly to 76.2 percent by 2013, which indicates that the achievement gap for ELL students is increasing while the weight provided to ELL students has remained constant at .4 for students in kindergarten through fifth grade, and .5 for students in sixth through 12th grade. If ELL students are faring worse over time, one must question why the weights have remained constant and whether schools are being provided with sufficient resources to educate these students given both their outcomes and the statistically significant inverse correlation between the percentage of ELLs in a school’s population and the percentage of Fair Student Funding the school receives.

One of the greatest limitations of Fair Student Funding is that it focuses on the individual

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student and not on the characteristics of the entire student body in a given school. Baker and Green (2008) found that “individual student background attributes are but one small piece of a complex integrated puzzle in which the specific educational needs of individual students interact with the composition of students’ peer groups and with the context in which children are schooled” (p. 211). Mantil, Perkins and Aberger (2012) note that “a school’s socioeconomic makeup is in fact a stronger predictor of whether a child will succeed in school than any other factor, save the child’s own family income” (p. 155). Kahlenberg (2012) summarizes these recent findings by explaining that “being poor imposes a disadvantage; but attending a school with large numbers of low-income classmates presents a second, independent, challenge” (p. 1).

This is especially important given that the number of high-poverty schools has grown from 34 percent in 1999 to 47 percent in 2008 and that “black and Latino children are twice as likely as white children to attend high poverty schools” (Mantil, Perkins and Aberger, 2012, p. 157).

Fait Student Funding was supposed to incentivize schools to enroll groups of students who may be harder to educate. As the authors of an influential Fordham Institute (2006) report on weighted student funding explain, “Under WSF, if weights are implemented properly, schools will have powerful incentives to serve more disadvantaged kids. Schools may begin to vie for these populations to gain increased funding, rather than shun them as is often the case today. By rewarding schools for attracting more students (and especially more students with educational challenges), WSF can fundamentally change the way individual schools think about their ‘most attractive’ students. As schools change their behavior to attract a different mix of students, it is also important that students are able to attend the schools that are right for them” (p. 24).

Ultimately, if FSF were to work as planned, then schools should have theoretically become more heterogeneous. That is, certain schools should not have an overrepresentation of
high-needs students since it is in the interest of principals to recruit high needs students (and highly resourced) students. In an analysis of enrollment patterns and the potential impact of Fair Student Funding, the Independent Budget Office (2013) found that although “the citywide student need index has remained relatively stable, the distribution of needs across individual schools has changed over the five years. The 5 percent of schools with the highest need index in 2007-2008 had a need index of roughly 1.75 or greater. By 2011-2012, the share of schools with a need index of 1.75 or greater had practically doubled to 9.8 percent. This increase was not simply due to the increase in the number of schools funded through FSF in those years, which grew by 7.9 percent” (p. 6).

While there is not a clear explanation as to why the percentage of schools with high concentrations of high-needs students has nearly doubled in the last four years, the fact that this is the case can be seen as evidence that Fair Student Funding does not in fact incentivize successfully principals to recruit high-needs students. If the assumption is that schools receive the necessary amount of money required to educate a student, then there is no incentive to enroll struggling students since any additional funds the student brings in with him or her should be used for his or her education. If anything, given the challenge of helping struggling students accumulate credits and perform better on standardized tests, which serve as the primary metrics for the school report cards, simply providing schools with the amount of money it takes to educate the child is not an incentive. In reflecting on how this structure could incentivize principals to recruit high-needs students, Principal William Quintana asserted that the incentives work only “for those administrators who haven’t been exposed to the reality of daily life for running a school” (personal communication with author, October 25, 2013).

Over the last few years, a number of researchers have begun to explore the impact of
poverty on educational outcomes. Henig (2013) notes that while there has been an acknowledgement of this research, many educational reformers are concerned that acknowledging the effects of poverty mitigates the ability to hold schools accountable: “Sure, these things [e.g., poverty] matter, is the general attitude, but they are so big, powerful, and deeply ingrained that to even acknowledge their import is to risk losing focus on things like accountability, standards, tenure reform—policy levers we know how to manipulate…. Attention to non-school factors is feared as an excuse to let bad schools and teachers off the hook. It seems to be a call for a vast increase in spending in an era in which retrenchment is the order of the day” (p. 178). Such an attitude can be seen in both the proliferation of “no excuses” charter schools, as well as the numerous “beat the odds” studies that highlight schools that are successful with low-income students.

FSF allows for these factors to be addressed in a very limited and potentially problematic way. Given that schools are provided with additional funding for students who most likely require additional support, there is an assumption that principals have been provided with the resources they need to educate these very children. Thus, because poverty is used as a proxy for academic achievement in grades K-3 and principals receive additional funds of $495 for each low-income student in these grades (in FY2013), the district has done its job by providing additional resources to mitigate the role of poverty on educational outcomes.

At a Center for American Progress conference on weighted student funding in 2006, Michael Rebell argued that inadequate weights, such as those espoused by the authors of the influential Fordham report on weighted student funding who advocated for market-set weights, potentially “undermine the adequacy litigation movement [as well as] the fair funding approach… You know, when we went into professional costing out studies to determine how
much money you really need to fund kids coming from a heavy poverty background, the range is 50 to 100 percent. I think it was precisely 87 percent in our New York costing out study” (Center for American Progress, 2006). That is, a low-income student should receive a weight of 1.87 as opposed to the current weight of 1.12 for students in kindergarten through third grade.
CHAPTER SIX: CONCLUSION

REPOSITIONING FAIR STUDENT FUNDING AND THE CHILDREN FIRST REFORMS

In the introduction to *Education Reform in New York City: Ambitious Change in the Nation’s Most Complex School System*, O’Day, Bitter, and Talbert (2011) note that despite the fact that the reforms under Mayor Bloomberg have been touted as a national model for school reform, there “has been surprisingly little independent documentation of [these] reforms” (p.2). There has been particularly scant attention to the implementation of Fair Student Funding, even though this represented a radical transformation of the ways in which schools receive funding and even though it has been widely adopted across the country. By 2013, 15 of the largest school districts were implementing a version of weighted student funding, including the Houston Independent School District, San Francisco Unified School District, Denver Public School District, Boston City Public School District, and Minneapolis Public School District. In addition, Governor Jerry Brown recently proposed a weighted student-funding plan for the entire state of California.

Fair Student Funding serves as a strong case study of the impact of neoliberal reforms, in part because it instantiates the neoliberal focus on the individual by literally transforming student need into financial weights that are then used as the basis for school-level funding. In theory, Fair Student Funding provides every school with the resources needed to educate its specific student population, and thus a principal has everything that he or she needs to meet specific, quantifiable outcomes. Yet despite the intention of Fair Student Funding to create a transparent and equitable system, the percentage of Fair Student Funding that a school receives varies anywhere from 81 percent to 134 percent. Of the 451 high school budgets I examined for this
study, only 8.5 percent (n=38) were fully funded, with the median funding amount being 86.19 percent. This means that when I looked at two small schools on the same campus that serve similar students, I found that one school received $5,511 per student while the other school received $3,339. If the underfunded school received the same amount as the overfunded school, it would receive an additional $629,800 or 40 percent more than its current budget.

Fair Student Funding was intended to ensure that students who had historically required more resources to reach certain educational outcomes received those resources. As former Secretary of Education Rod Paige explained, weighted funding should be thought of as a “backpack that travels with a student to the public school of his or her family's choice. The more disadvantaged the child, the bigger the backpack” (Center for American Progress, 2006). Yet, when I looked at the percentage of Fair Student Funding a school received and its relationship to its percentage of low-income students, percentage of English language learners, and the size of the school, I found that there was a *statistically significant inverse relationship* for each of these categories. That is, the higher the percentage of low-income students, the higher percentage of English language learners, or the larger the school, the lower the percentage of Fair Student Funding the school receives.

In “Choice and Civil Rights: Forgetting History, Facing Consequences,” Gary Orfield (2013) notes that whereas education policy in the 1960s and 1970s focused on mitigating the effects of poverty and racism, since the 1980s education policies have been “based largely on standards and accountability, sanctions, and market competition, setting aside earlier concerns about poverty and race” (p. 4). *A Nation at Risk*, the 1983 report from the National Commission on Excellence in Education that declared that schools were characterized by rising mediocrity and were responsible for the nation’s economic decline, instantiated the neoliberal focus on
competition, individualism, and national standards that would characterize educational reform to this day. In *Rethinking School Choice: The Limits of the Market Metaphor*, Jeffrey Henig (1994) notes that the “past twenty-five years have witnessed a steady shift in the terms of the national education debate, from one centered largely around equity in inputs (equalizing resources, equalizing access) to one centered on educational outcomes, measurable changes in what children actually learn” (p. 32).

In *Educating the “Right” Way: Markets, Standards, God, and Inequality*, Michael Apple (2001) explains that the contradictions that frequently emerge between the intention of educational policies and their effect can best be understood through an “act of repositioning… [which] says that the best way to understand what any set of institutions, policies, and practices does is to see it from the standpoint of those who have the least power” (p.197). In this case, I have shown the disparate impact of the implementation of Fair Student Funding on certain schools and students in order to highlight that policies that are based on supporting individual schools have important system-wide consequences.

The restructuring of school budgets with Fair Student Funding was an important step in helping to ensure that schools had the resources necessary to educate their specific student populations. In *First Steps to a Level Playing Field: An Introduction to Student-Based Budgeting*, Ucelli, Foley, and Emdon (2002) make a progressive argument for student-based budgeting that encompasses strategies like Fair Student Funding:

> Student-based budgeting addresses the inequity and the lack of flexibility inherent in

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79 The authors of *A Nation at Risk* not only framed the educational state as a crisis of global proportions, but they also blamed schools for their own failures: “If an unfriendly power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves... We conclude that declines in educational performance are in large part the result of disturbing inadequacies in the way the educational process itself is often conducted” (as cited in Hanushek and Lindseth, 2009, p. 44).
staffing-based resource allocation. Student-based formulas allocate actual dollars directly to schools on the basis of both the number of students enrolled and weights assigned to various categories of students, such as high-poverty, disabled, gifted, vocational, or bilingual. Matching funding to the specific needs of students provides greater flexibility and equity at the school level. Student-based budgeting thus offers a potentially powerful mechanism for enabling education systems to build the necessary financial foundation to achieve equity and excellence in student results. (p. 1, emphasis added)

It is important to note that the student-based budgeting provides a means toward achieving equity (as defined by student outcomes) and is not a solution in and of itself. While the goal of achieving “equity and excellence” served as a foundation for the NYCDOE, seven years after the implementation of Fair Student Funding, large discrepancies between the amount of funds that schools receive per student continue.

In “Where Public Meets Private: Looking Forward,” Henig and Bulkley (2010) discuss the importance of developing civic capacity—or the interrelationships between various stakeholders including government, business, and the broader community—that “can make it possible to institute meaningful, systemic, and sustained reform” (p. 327). The authors go on to argue that the shift from a focus on system to a focus on individual schools may make it challenging to bring the broader community into a strong governing regime that grows out of civic capacity: “In New York City, one could argue that the entire portfolio approach actively encouraged [the shift of attention by parents and community groups from the system to the individual school] by delegating some decisions to the school level and inviting (some) parent engagement at that level, but eliminating intermediary institutions (community school districts)
and resisting efforts by parents and others to attempt to change or even debate centrally defined policies” (p.328).80

While the portfolio model made it easier to shift accountability from the district office to individual schools, this shift may have hindered Mayor Bloomberg’s ability to develop public support for his policies. In 2013, despite having run as an “education mayor,” at the end of his third term, the majority of New York City residents did not approve of the reforms enacted under Mayor Bloomberg: “In a stinging assessment of the mayor’s priorities and effectiveness, however, two-thirds of New Yorkers say they believe that the quality of the city’s long-troubled school system has stayed the same or become worse since he took office in 2002, despite his vigorous pledges to improve it” (Barbaro, 2013). While it is undeniable that Mayor Bloomberg and Chancellor Klein made a number of positive changes to the school system, their displacement of accountability onto individual schools, and their focus on building individual capacity as opposed to systemic capacity, ultimately hindered their ability to make meaningful and long-lasting reforms, and in some cases reinforced the very inequities that they intended to address.

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80 In analyzing the impact of weighted student funding on parent advocacy against segregation in the Netherlands, Ladd and Fiske (2009) note that “instead of promoting integration, the Dutch experience suggests that additional funding through a system of WSF has had the effect of reducing political pressures to keep segregation to a minimum. In the absence of WSF, at least two concerns arise with regard to school segregation. One is that the students in the schools with large concentrations of disadvantaged students are likely to suffer educationally because of the low quality of education in such schools. The other is that such students are disadvantaged socially by not gaining access to the social and other contacts they need to assimilate readily into the dominant culture after they leave school. To the extent that by increasing the quality of the schools attended by such students WSF makes the first concern less compelling, it reduces the political imperative to avoid segregated schools.”
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