

January 30, 2007



THE PHILADELPHIA STORY

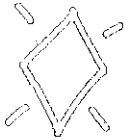
Educational Progress in the City of Brotherly Love

Philadelphia public schools have seen a radical transformation in the last five years. For the first time in modern history, educational achievement is on the rise in a meaningful way. Such progress is attributable to the introduction of new and varied providers of education, something few traditional education researchers and observers are able to fully acknowledge.

Philadelphia has historically been a city of momentous events and firsts. It was the birthplace of our country's independence and our Constitution, home to the first American capital, development ground for some of the first public schools in the country, and currently a leader in education reform. In 2001 Philadelphia, the "City of Brotherly Love," lived up to its moniker. To hasten the process for Philadelphia's children to receive a quality education, the city allowed privately managed organizations to take charge of some of the district's worst performing public schools. And hoping to boost sagging test scores on the Pennsylvania System of School Assessment (PSSA), and to improve the management that left the system \$215 million in the red, the city allowed the state to take control of the school district. Although a variety of different reforms were instituted, the School Reform Commission's (SRC) district-wide embrace of competition, and introduction of Education Service Providers (ESPs) to take over the worst performing schools in the city was truly unparalleled.

THE BEGINNING OF REAL EDUCATION REFORM

After Governor Tom Ridge was elected in 1994, the state's support for Philadelphia got a much closer look. Ridge was the first governor in a long while not to owe his election to the teachers unions and traditional education system. The state was spending approximately \$650 million annually to support the Philadelphia public school system with no results, which was one policy he had promised to change. Despite record urban spending, less than half of Philadelphia students entering high school in 1989 graduated four years later; students in only 15 out of 171 elementary schools scored at or above average on nationally recognized standardized tests.



At the same time the state's leadership changed, Philadelphia recruited David Hornbeck to be superintendent. He was praised for his commitment to content and performance standards, decentralization, and his belief that accountability mechanisms should be used in concert to transform entire school systems rather than seeking improvement school by school. These had been part of his signature effort a few years earlier in Kentucky, and were the subject of much talk in the education community. Hornbeck attracted one of 16 huge Annenberg Foundation grants for urban school systems to help him turn the Philly schools around. With the match, Philly received an infusion of a new \$150 million. But Superintendent Hornbeck's ambitious *Children Achieving* plan ended with his departure in 2000. The results of his tenure were positive for some, with basic level scores on norm-referenced tests rising and gains made particularly in third-grade scores, but middle schools experienced declines in math and science, some high schools back-slid on achievement, and other improvements were minimal, leaving the district still suffering with large numbers of underperforming schools and fiscal mismanagement.

Today state and Mayoral takeovers are more commonplace policy options in the face of dismal urban education. When Pennsylvania considered the policy idea, it was controversial to have a state move in and take over a school system. Philadelphia was in crisis, however, despite the additional effort and spending made over the previous decade. And so in 1998, the state adopted Act 46, which permitted state takeover of any school district in financial and/or academic distress. In May 2000, the legislature passed Act 16, the Education Empowerment Act, affecting Philadelphia and 10 other school districts whose students performed poorly on state assessments. The act stipulated that failure to produce turnaround results in three years would result in the removal of the district from the control of its local board of education and make it eligible for state takeover.

Ridge wanted a thorough review of the district to be able to make a recommendation, and so, in an unprecedented move, Governor Ridge's administration hired the public school management company Edison Schools to review district operations, report on its findings, and make recommendations for improvements and reorganization. When Edison was hired, students at more than half of Philadelphia schools could not meet even basic standards of performance, and over fifty percent of Philadelphia's students dropped out before graduating high school.

According to the state's academic content standards, basic work reflects "inadequate academic performance." Below-basic work indicates "little understanding and minimal display of skills." In short, it was not good. Clearly, Philadelphia's schools were in dire circumstances.



Edison's final report, issued in October 2001, recommended that the district's worst schools be turned over to private managers and that millions of dollars in non-professional school district contracts be outsourced to more efficient private companies. Philadelphia's horrible financial situation was only worsening, with the school district \$215 million in the red during 2001. Thus, the state moved in to take over and stabilize the floundering district. The city and the state worked out a compromise takeover agreement and established a five-person School Reform Commission (SRC), which would replace the city school board. Three members were appointed by the Governor, and two by the Mayor. The Philadelphia School Reform had one overriding principle — to reform the Philadelphia School District.

One of the commission's first efforts was exploring alternative forms of education management, along the lines recommended by Edison Schools. The School Reform Commission was vested with the authority to hire independent contractors to run the school system's headquarters as well as individual schools.

In the spring of 2002 the SRC members voted to implement what would become known as the diverse provider model, allowing multiple different entities to be in charge of certain city public schools. They would hire Edison to manage 20 of the district's worst performing schools, and another 25 were assigned between two other Education Service Provider (ESPs) and two local universities.

Local opposition, spearheaded by the local teacher union, vocally disapproved of an outside company running the district's central office, and prevented private managers from taking over that duty. However, after a series of proposals and reviews, the SRC decided to award control over 45 schools which were identified as "in need of extra help" to six outside education providers.

The School Reform Commission also hired former Chicago schools chancellor Paul Vallas to serve as the CEO of the district, a well-respected reformer with more business than education experience who had helped right many of the Windy City's wrongs earlier. In addition to the multiple provider program he would have to manage, he instituted a series of centralized reforms, including: smaller classes in early grades; a mandatory core curriculum in four major subjects, six weeks formative Benchmark tests assessing student mastery of the curriculum, related professional development for teachers, extended learning time for struggling students after school, on Saturdays, and in summer school, and review and support from central office intervention/assistance teams for low-performing



schools. He privatized some services, removed teachers from under-enrolled classrooms, and moved to replace some school leadership positions.

Observers report that the combination of effort between Vallas' accountability push and private managers resulted in progress that was unprecedented in such a short span of time. Vallas took the brunt of education establishment opposition, but he stood fast, supported and expanded the reforms, and challenged the status quo in ways that no other school district leader in Philadelphia had ever done.

Education author, expert and reporter Jay Mathews, writing in the *Washington Post* on November 9, 2004, said that the district managers showed dramatic gains over a less-than two year time period. The largest provider, Edison, showed gains of "10 percentage points in the portion of proficient students [that year] compared with an average annual gain of less than half a percentage point in the previous seven years."

One principal told Mathews that, "Before the takeover by outside groups in Philadelphia, ... 'If the kids were quiet and the school hadn't been in the newspaper for anything bad, we would say [hey, we're doing a good job]'. "

All of the Philadelphia education managers would show gains on standardized tests. The number making adequate yearly progress under the federal No Child Left Behind law went from seven to 23 in one year.

James E. Nevels, chairman of the Philadelphia School Reform Commission, told the *Post*, this "underscores the promise of the partnership management model, which only two years ago was viewed as controversial and potentially volatile."



COMPETITION WORKS

Looking back over the six year period between the time the state established the SRC and results of the most recent state test scores, a clear picture emerges that demonstrates the power of competitive and external partners to dramatically improve the overall education system.

In July 2006, the School District of Philadelphia released the results of the state's achievement test, which showed a record fourth consecutive year of growth in math and reading scores for all district students.

- Math scores rose 4.4 percentage points over the previous year, and since 2002 math scores are up 22.3 percentage points.
- Reading scores rose 2.5 percentage points over the last year, and 14.1 percentage points since 2002.
- At the same time as the percent of students scoring advanced or proficient boomed, the percentage scoring below basic has dramatically decreased. In math, the percentage of students scoring below basic dropped 3.9 percentage points (to 36.5 percent overall) when compared to last year, and has fallen a dramatic 22.7 percentage points since 2003.
- In reading, the decline is 3.4 percentage points (to 41.3 percent overall) from last year and 8.1 percentage points since 2003.

Because of the No Child Left Behind Act, larger numbers of students are being tested than ever before, so this impressive achievement occurred while the number of students being tested rose.

When looking at the scores of the six private managers, the results are equally if not more impressive, and a testament to the leadership of CEO Vallas. These outside providers, while initially responsible for some of the lowest performing schools in the district, have doubled, tripled, and in some instances quadrupled their proficiency percentages. In third-grade Math, a foundation level for mathematics learning, district-managed schools scored 53.8 percent (advanced or proficient) in 2005 and 60.7 percent in 2006, a gain of 6.9 percent. Over the same time-period, provider schools went from 35.6 percent (advanced or proficient) to 48 percent, a one-year improvement of 12.4 percent.



In 2002, the combined percentage of provider school students scoring advanced or proficient was 6.9 percent. In 2006, that number had almost quadrupled to 26.5 percent. The district scores over the same time have risen from 22.8 percent to 45.8 percent, roughly doubling. Both are impressive, but at their current rates of growth (roughly 40 percent-a-year for the providers and 20 percent-a-year for the district managed schools), the provider schools will have equaled the district managed public schools current achievement level in less than two years, and will equal the districts actual achievement levels in under five years, despite starting out at dramatically lower achievement rates.

Thus, what seemed impossible for the Philadelphia public school district to accomplish throughout the latter half of the 20th century -- educating its most needy and lowest performing students-- may finally be within sight for all students.

All of Philadelphia's public schools have clearly progressed. But the essential lesson that must not be lost in the review of data that inundate policy and media in-boxes is the fact that the district struggled for decades to improve and spent millions to make piecemeal progress. But it was not until Philadelphia adopted a transformative solution, one that changed the entire system for the better, that all boats were lifted.

Five years after the state intervened to force change in Philadelphia's schools, five years after a dynamic schools CEO was hired, and five years after the multiple provider model was introduced, the achievement results from "The Philadelphia Story of 2007" are clear -- competition works for all students.

