

## Chapter 2 – Portfolio Management Models and the Political Economy of Contracting Regimes

27.1A	Everything seems new and fresh	New reform ideas seem compelling and full of promise.
27.1B		Each new idea is seen as sui generis little learning accumulates
28.1A	The portfolio management model	New approach increases flexibility, competition, choice, efficiency, and student performance
28.1B		Key features include: contract arrangements in exchange for accountability.
28.2A	It is too soon	PMM contracting regime
28.3A	Contracting regimes incorporate	Place government in the role of consumer
29.1A	Government entities differ	Stronger bargaining position,
29.2A	Acknowledging the core	Understanding differences between contracting and consumer markets
29.3A	The portfolio model	Greater reliance on market is the best route for speedy and effective school reform
30.1A	Claims by some advocates	PMM will not take the decisions about schools out of politics
30.1B		Decisions shifted different political dynamics
30.1C		Social interests do not get overlooked or obscured
30.2A	Market theories and reform	Milton Friedman – elements of market perspectives
B		Free interactions between suppliers and consumers – most effective way
C		Competition provided efficiencies, innovations, responsiveness
D		Government monopolies more insidious than private monopolies
31.1A	Part of the political appeal	Metaphor – firms compete for shoppers
B		Parental choice as an alternative to

		neighborhood schools
31.2A	This grassroots popular	National level debate divided conservative proponents of privatization against liberal progressive government
B		Quasi markets- government create market arrangements, compete privately – government still involved.
31.2A	Within this context,	PMM emphasize competition, choice to generate innovation, efficiency, adaptability and quality outcomes
B		PMM overlaps with vouchers, charters, and other movements associated with consumer markets
C		PMM puts government front and center
32.1A	Table 2.1 highlights	Key consumer, establishment of priorities, primary indicators of dissatisfaction, mechanism for improvement
B		Market arrangements, contracting arrangements
33.1A	In markets, it is the power to	Power to exit – “voice” of discontent
B		Parent choice form of exit
33.2A	Failing to appreciate the core	Difference between for and not for profit
B		Do parents act as informed/quality shoppers
34.1A	Findings from these kinds	Differences are minimized if PMMS define tasks, enforce contracts, structure rewards and sanctions in ways that force participating organizations to conform,
34.2A	Government contracting with	Age of contract
34.3A	Contracting out has been	Slower to infiltrate core aspects
B		Decision making shifted to where educators can protect jobs
35.1A	PMM, though, has been	Districts turn into private providers beyond standard services
B		New Orleans - extreme
35.2A	Albeit less dramatically, a	Washington, D.C. – 1/3 charter schools

35.3A	Large-scale and sustained	Not clear data to substantiate contracting out services is successful
36.1A	What then can we learn	The first lesson is the nature of the service matters
B		

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B		Contracting services – trash, etc. good
C		Long term ramification of contract on student achievement not known
36.3A	Considerations such as these	Contracting out is impractical for schooling
B		Americans want public schools to produce better workers, creativity, entrepreneurial sprit, build scientists, transmit culture and values, reinforce public health initiatives and turn out informed and independent minded citizens.
35.1A	Other social services	Federal/State increase in accountability for math/reading
B		Reading/math primary goal
35.2A	A second lesson	Literature – “claims . . .”
B		School promote key societal outcomes
38.1A	Hodge, in one of the most	Empirical data 268 studies contracting out
B		Variation of quality
38.2A	A third general finding	Empirical record mixed
B		Both implementation and context matter
C		Need to have competition in contracting
38.3A	Fiscal context can matter also,	Reliance of privatization has spiked during times of government expansion
B		Political factors critical
39.1A	The fourth lesson is	Disappointing results attributed to market failures or government failures or both
39.2A	What remains contested is	If there is a public interest in ensuring equitable access to education, government

		could offer vouchers that make the purchasing power of the poor greater.
39.2B		Public responsibility need not entail public delivery
40.1A	The fifth and final lesson	Contracting out – and privatization more generally is not unidirectional; governments that engage in frequent contracting subsequently scale back that initiate and take on more of the direct deliver themselves
40.2A	The phenomenon of contracting	Contracting back in – government contract back when difficult to monitor
41.1A	Taken together, these five lessons	Show limitations of evaluating PMMs exclusively on technical, managerial, or market criteria.
41.2A	The evolution of PMM	Large urban district driven by pragmatic adjustments rather than abstract theories
B		PMM reflection of administrators efforts
C		Abstract rationale “we made it up as we went along” not seen as a compelling narrative
41.3A	Attending seriously to the	2 sets of issues raised
B		Timing and pattern of emergence of PPM
C		Likely scenarios for the future
D		Similarities in Chicago, NY, Philadelphia, New Orleans
E		Role of foundation, educational entrepreneurs play disseminating and promoting core ideas.
42.2A	The concept of regimes	Regime theory starts with the recognition that the power and resources of local government are insufficient for meeting goals.
B		Openness comes from working together
C		Urban regimes are stable relationships between private and public interests.
43.1A	Urban regime theory initially	Interplay of mayors and business around urban economic development
43.2A	More recently, the regime	Coalition building for urban school reform.

B		Regimes for education are different for other issues in a city.
C		Business continues to be an important component
43.3A	Public employees typically	
43.3A	Public employees typically	Unions hold great power – are political
B		When moving to a portfolio model have to reconstruct government regimes
44.1A	From this vantage point,	A governance regime has the potential to shift the balance of power and influence
44.2A	Table 2.2	Contracting versus traditional school governance regimes
B		Core – Episodic and variable
C		Traditional educational governance regimes – contracting regimes
44.3A	While the particular	Contracting regimes will depend on local circumstances and coalition building strategies.
45.1A	Teachers, parents, and school	Influences are more attenuated
B		Parent and teacher organizations have to be willing to join coalitions.
C		Parent and teacher organizations lose have a clear target and single battlefield.
46.1A	The introduction of contracting	Switch from local control to mayoral
B		Chicago, NYC – best examples of PPM
C		Government and legislative leaders play entrepreneurial roles
D		Government – used to contracting out
E		Elected officials less concerned with upsetting teacher unions
F		Relationships built with foundation, management consultants, etc.
47.1A	While mayoral and state	PPM increases momentum for stronger state and mayor involvement
47.2A	As noted earlier,	Contracting regimes draw business interests

		into a central role
B		Urban regimes centered on manufacturing, retailing and commercial sectors -
C		Contracting regimes – marked by greater involvement from private education sector
48.1	Kelleher and Yackee	Contracting out opens a new pathway for organized interests to lobby and influence public managers
48.2A	In general, school systems	Traditional school governance systems were designed to reflect local values.
B		Localism
49.1A	Contracting regimes create	National organizations are not useful allies in local elections.
B		Are important to mayors and school superintendents – seeking to build regimes
49.2A	Among those with which	Influence and contract with foundation to seek funding is a big part of the job
50.1A	Incorporating nonlocal	Invite local organization to compete for school related contracts
50.2A	The contracting regimes we	PMM aim to reallocate decision making responsibly some to central other to school level
B		Stakeholders – include community advisory boards, wards, or community school districts – formal - informal community based organization – lack formal authority – but . . . have loyal constituencies mobilize to protect community voice.
51.1A	Organizations that operate	De-emphasis on Geographically defined schools vs. schools that are open to students regardless of where they live
B		PMM proponents of knowledge – school openings and closings are controversial
C		Efforts by Bloomberg – Klein administration tried to eliminate community school districts