

## **The endurance of centralized governance systems in an age of school district decentralization**

Prepared for the Ford Foundation Project on Choice District Governance  
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### **Introduction**

Decentralization of public school systems is a popular if somewhat catch-all concept intended to improve schools. A plethora of school reforms as varied as charter schools, parental empowerment movements, community schools, teacher professionalization, vouchers, or simple cost cutting measures subscribe to the core concept of school decentralization: schools instead of districts or states should exercise greater control over some combination of their staff selection, budget, or school programming. In exchange for greater freedom, decentralization reforms usually also call for schools to bear greater accountability for their students' outcomes.

The principles of decentralization are less contentious than their methods of implementation. At debate is how much authority devolves to schools, to whom greater authority is given—parents, principals, teachers, community members, some combination of the above—, and the terms of school accountability. There are perhaps as many forms of school decentralization as there are districts that have tried it, but advocates and researchers have pointed out that districts' rhetoric often outpaces action, retaining the locus of power within the central office (Wohlstetter & Odden, 1992; Bimber, 1995; Björk & Blase, 2009).

The charter school movement has once again placed decentralization of school districts on the forefront of popular education reforms. Charter schools are public schools typically operated by independent groups under contract with a state agency (usually a local school district). Conceived in the 1990s, there are now more than 4,600 charter schools in the U.S. and they enroll about two percent of the total public school population (Center for Education Reform, 2009). Through its Race to the Top competition, the Obama administration has successfully caused many state legislatures to lift their caps on the number of charter schools allowed. As a consequence, the rapid growth of charter schools should accelerate in coming years.

There is a large body of research about various aspects of decentralization in education—e.g., research on organization theory, political ramifications, and its efficacy for student performance.<sup>1</sup> But perhaps due to the resilience of centralized district authority, much less work documents what precisely happens under decentralization schemes to the wide range of activities that districts traditionally performed (see Bimber, 1995 for an example that does). In the cases where responsibilities devolve in practice, do schools individually perform the functions that districts previously administered? Or do schools band together to recreate an aggregated unit to perform some functions where there are economies of scale? Alternately, do atomized services revert back to the district-level over time? Simply put, how far does the decentralization of school district administrative functions go?

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<sup>1</sup> For schools and districts as bureaucracies, see Lipsky, 1980; Osborne & Gaebler, 1992; Chubb & Moe, 1990; and Hannaway, 1992. For political aspects see LaNoue & Smith, 1973; Scott, 1992; and Moe, 1984. For effects on student performance see Galiani & Schargrodsy, 2002; Galiani et al. 2008; and King & Ozler, 2000.

Given the gap between reality and rhetoric in many school district decentralization reforms, this paper examines the practices of two districts that represent two archetypes of thorough decentralization: a model involving only “traditional” public schools, and a model involving only charter schools, which is arguably the most extreme form of decentralization available within the public system. To understand the first type, this paper examines Edmonton, which is the best known decentralized public school district, and is a large entity that operates more than 100 “traditional” public schools. Representing the second type of thorough decentralization is the Lake Wales Charter district that consists solely of six charter schools and is a district within the Polk County Public Schools system located in Florida.

Districts such as Lake Wales that are comprised solely of charter schools are the logical end point for decentralization since they aggregate schools that are in theory highly autonomous. However, charter-only districts are still few in number and are either rural or small. The Lake Wales Charter district is no exception, but its status as a district within a district that alternately relies upon and distinguishes itself from its host district illustrates some of the tensions likely to recur as other local charter schools begin to cluster together in semi-autonomous districts.

Although schools in both Edmonton and Lake Wales enjoy more decision making freedom than schools in many traditional districts, they still confront a set of choices that their districts’ control. More specifically, their choices have been constrained in ways that cause continuous demand to cover district costs. Despite their decentralized status, the central offices in Edmonton and Lake Wales continue to coordinate services in four core areas: capacity building of staff; enforcing continuity in services across schools;

arranging for the provision of specialized services such as those for special education students; and advocating for their schools’ and for the district’s own interests.

Ironically, the charter schools in Lake Wales are even more dependent on their central office. The Lake Wales superintendant credits his schools’ survival to their ability to pool their resources into a charter district rather than force each stand-alone charter to perform in isolation all of the functions required to operate a public school. Whether in Edmonton or Lake Wales, the central offices are what provides their schools a professional network, enable individual schools to offer to families the benefits of not just a single school but a whole K-12 system, realize economies of scale in purchasing and contracting, and distribute sizeable fixed transaction costs such as provision of special education services and arrangement of transportation across all of its schools.

In short, although substantive roles have devolved to schools in both districts, both district offices continue to perform functions their schools cannot do without. This is due in part to these districts’ ability to assemble comprehensive services and distribute their costs across many schools, and in part to their practice of prohibiting schools from exercising certain choices that could threaten the districts’ centrality.

## **Methodology**

To gain an understanding of decentralization in action, it is important to examine each of the areas that collectively comprise the business of a school—areas such as budget, personnel, curriculum, operations, and administration. Since school functions are so interconnected the selective decentralization of only some but not all of them effectively limits school decisions in even the selected areas (Bimber, 1995; Wohlstetter

& Odden, 1992). For example, if schools have control over their budget but not their personnel choices, the school can select the number but not the composition of its staff. Likewise, if schools can hire whomever they want, but their wages, benefits, and retirement packages identically match those of their peers, then schools fail to distinguish themselves in one important signal to potential applicants.

To understand the role of districts in decentralized environments, this paper examines the distribution of responsibilities for the nuts and bolts of school operations—operations such as student transportation, physical facilities maintenance and operations; human resources like staff recruitment, training, benefits and retirement packages; specialized student services such as counseling and assessments. Documenting which entities perform these functions provides an understanding of decentralization in practice.

Based on interviews and a review of publicly available documents, this paper outlines the distribution of school operations within the two district types that should epitomize decentralization, and it concludes with some thoughts about the future of decentralized districts.

### **Decentralization of a “traditional” district: Edmonton**

Edmonton is a Canadian school district located within the province of Alberta. It served approximately 76,000 students at 195 schools in the 2007-2008 school year. About one quarter of its students are in poverty and a little less than 10 percent are Aboriginal (Wylie, 2007). By U.S. standards, it would place within the top 50 largest school districts in the nation. It is the best known and one of the earliest decentralized

school districts, which it formally started via a 1976 pilot project that expanded in 1980 to all of its schools.<sup>2</sup>

In many substantive ways the district’s 195 schools are self-managed, and they compete with one another for student enrollments. However, as the following discussion should make clear, the district retains a strong hand in building the capacity of school staff, in selecting principals and the available teacher pool, and in predetermining the set of choices that schools confront. With central office staff that consists primarily of its own former teachers and principals, the district imbues its schools with a culture that they are not individual actors but rather belong to the district as a whole. In pragmatic terms, the district plays two seemingly conflicting roles: the arbiter of eligible services and goods that schools may procure, and the primary consultant to schools who electively “purchase” the district’s prescribed services.

*Budget.* The most important feature enabling schools to make site-based decisions is the district’s method of allocating funds to schools according to a differentiated scale of per pupil payments (as opposed to a more traditional method of budgeting based on staff levels). The school district allocates approximately 80 percent of its \$738 million budget directly to schools, applying a weighted student formula to determine each school’s allocation. An additional 10 percent of the district budget covers non-discretionary expenses such as debt service and student transportation. The final 10 percent pays for centralized district services and staff.

The differentiated levels of per pupil funding determine the size of schools’ budgets, categorizing children along eight levels of funding tiers according to grade level,

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<sup>2</sup> Except where otherwise noted in this section, information about Edmonton is based on a telephone interview with Assistant Superintendent Bruce Coggles on November 20, 2009 and from documents on the district’s website.

need category, or special program enrollment for each student. Some additional budget categories for consulting services, staff development, plant operations, and community use of schools also supplement school budgets. For example, Edmonton schools received as little as \$4,322 for each child at level 1 in the 2009-2010 school year, and as much as \$23,281 for a child ranked level 8 (e.g., children who are autistic, blind, deaf, or have a severe cognitive disability.) The district allocates these per pupil funds based on forecast enrollments and then adjusts each school's budget according to the actual enrollment of students on September 30 of a given school year.

A school, in turn, decides how much of its budget applies to staff and to supplies, and how much is disseminated across its internal departments. One important restriction on site-based budgeting is that schools are charged for unit costs for staff rather than the actual salaries of each person. This policy is designed to discourage schools from selecting lower-paid teachers or other staff as a means of saving funds. The district develops unit costs by aggregating total salaries by job type and dividing by the number of district employees in that category. One-page budgets for each school are posted on the school district's website, listing how many teaching, custodial, and support staff work at each school, the aggregate costs for this staff, and the cost of services broken down by consulting, building operations and maintenance, utilities, supplies, et cetera. Schools carry forward any deficits or surpluses into future years, making them responsible for their own overspending and cost-cutting measures. Within district-inscribed limits, schools are also allowed to amortize their future-year allocations to finance purchases (e.g., installation of a computer lab; purchase of a copier). To prevent mismanagement

and to reduce its own risk, the district must approve all school-based budgets prior to their enactment.

Schools may not raise private funds for school operations to encourage funding parity across Edmonton's schools. But individual school councils (i.e., parent groups) may. These funds may pay for program enhancements, but they may not cover the cost of staff.

Parents are free to enroll their child within any school in the district, but school slots are first guaranteed to children living in each school's neighborhood attendance zone. About one half of students did not go their local school in 2003 (Wylie, 2007). Given the per pupil funding and open enrollment plan, schools with declining attendance become financially insolvent and are either targeted by the district for specialized programs or are eventually closed and the facilities are reassigned to other schools or else leased to third parties.

*Personnel.* The district is the sole entry point for applicants to all levels of school positions in the district; schools are not allowed to directly hire candidates. The district serves as the clearinghouse for applications, background checks, and hiring. It establishes the job descriptions, pay, and benefits package for each job title. With the exception of exempt positions such as hired staff like occupational therapists that serve as consultants to schools, each job classification is covered by collective agreements in the province, and a local labor union represents the support staff. The province-level agreements, in turn, determine benefits such as retirement packages, health insurance. Teachers are thus hired into the system, and not into particular schools. Teachers with a continuing contract, which almost all teachers have, are guaranteed employment.

When a school wishes to hire a teacher, it advertises the position within the district, and teachers are allowed to apply to the central office for the particular position. The central office then provides the school principal with a list of teachers he or she may choose from. The principal may not conduct a separate search or solicit outside candidates. If there are no qualified internal candidates (e.g., the position is specialized), then the district will advertise for new hires. Principals are, however, allowed to submit names of candidates to the central office, which it factors into the developing the list of candidates. Most positions are filled by internal candidates, who were either surplussed from other schools or who voluntarily applied to switch from their current school.

When schools wish to fire staff, the principal must first ask for volunteers. If no one comes forward, the principal then identifies a pool of candidates to the district and the person with the least amount of years of service is chosen and that teacher is surplussed. The district is then responsible for identifying positions for the surplussed teacher. As in the U.S., outright firing of unionized teachers requires substantial documentation. The same hiring and firing process applies to other positions such as administrative or janitorial services.

School principals are selected by the district office, and almost all principals come up through internal ranks. The advantage of the large size of the district is that it provides teachers a career ladder by allowing teachers to rise into professional development positions as district-employed consultants to schools and to principal-ship. The district provides annual training for those staff who apply for aspiring leadership and principal positions. Applicants are ranked by five current principals and there are slots for about half of applicants (Wylie, 2007). When principal vacancies become available, all

principals are allowed to apply, and the superintendent selects the principal with advice from five executive directors who, in turn, each work with clusters of about 30 principals. Principals are visited three times per year by executive directors (who were themselves former principals), and principals must also participate in monthly a support group that the district puts together. Principals are also incorporated into district decisions since they must serve on committees to determine district funding priorities and allocation formulae for weighted student funding (ibid).

*Curriculum and programming.* So long as schools offer province-approved curriculum and cover at least five required areas, schools may choose their curriculum and also offer optional courses. Schools can establish entrance criteria for specialized programs. In 2009-2010, schools in the district offer 30 alternative programs ranging from bilingual programs, AP and IB programs, sports programs, and Christian education programs. Within the constraints of district-arranged student transportation and school days, schools are also free to select their class scheduling.

*Student transportation.* Schools are not responsible for the transport of their students nor are transportation costs within their budgets. Most students live close enough to their neighborhood school to be ineligible for bus service. The district does, however, provide bus service for students who live in areas without a local school or where public transit is insufficient. There are also zones for special needs students, where the district pays for the transport of students to non-neighborhood schools as required. For those who do qualify, the district contracts with private bus operators and determines the routes. Families may elect to use the service by purchasing a pass at their school, and families are assessed a per child fee. Since students can enroll in any of the schools within

Edmonton (where preference goes to local children if there are over enrollment demands), children may or may not be eligible for yellow bus service to the school of their choice.

*School facilities planning and maintenance.* The district owns and maintains each of its schools.<sup>3</sup> It maintains high cost items such as heating systems and matters to do with the building envelope (roof, foundation, etc.). The district also holds all utilities and broadband service contracts to schools. In its three-year capital plans, the district sets out in order of priority school renovations, openings, and closures, which are determined by enrollment trends, and space needs.

Within these general parameters, schools do have some latitude to initiate and fund capital improvements. Each school is allocated an annual plant, operation, and maintenance line item in its budget, with which it may decide to pay for alterations such as installing a language lab, computers, or other new equipment. Before doing so, the district's facilities department must set out the specifications, and it has the right to bid for any construction work the school may wish to hire (although the school is not obligated to hire the district's facilities department). Schools may also approach the district to amortize its annual facilities allocations to acquire more costly purchases. If the district agrees, the district purchases the good(s) and the school then pays the district in installments out its annual allocations.

*Technology.* Edmonton initially allowed schools select their own computer equipment. However, as the costs of supporting different computing platforms became prohibitively expensive, the district required that schools purchase only computers with a

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<sup>3</sup> There are six exceptions for religiously-affiliated schools that are part of the district but that own or lease their own facilities.

Windows platform. While many schools elect to fund a regular staff person for IT support, the district also maintains a central IT services office.

*Staff development and professional services.* The district hires a set of consultants that primarily consist of former teachers or school professionals to provide a wide range of services including social work, psychiatry, special education assessors, curricular specialists (such as literacy coaches), or trainers. These personnel work for the school district and the schools choose to engage their services via consulting agreements which are paid from school budgets. While never truly independent contractors, the consultants used to rely primarily for their salary on a sufficient number of school requests for their services. However, the district observed that when school budgets got pinched, schools typically cut back on demand for these services, and the district was then forced to subsidize the costs of maintaining the consultants on staff. Therefore the district recently switched away from its cost-recovery system to a pre-paid credit system, where the district retains the funds it previously had allocated to schools which it uses to pay the “consultants.” Schools either use or lose their annually allocated credits for pre-paid services. Schools are always allowed to top-up the credits by allocating their own funds to consume additional supportive services.

*Supplies and equipment.* For purchases over \$1,000, schools must go through the purchasing department. But for purchases less than \$500, schools may purchase it directly from their vendor of choice. In all cases, schools are advised to use a district purchase acquisition form to centralize the billing directly to the district, which the district then deducts from school budgets.

### **Charter-only districts as the paragon of school district decentralization**

Edmonton is an example of a traditional school district that has thoroughly decentralized their services. Yet as their administrative practices demonstrate, the central district in Edmonton continues to play a strong role in enabling its schools to operate. To imagine the fullest potential for district decentralization, the role of an individual charter school is a good place. Over and above their relative degree of instructional autonomy, charter schools are typically responsible for a host of activities traditionally within districts' purview: choosing their curriculum and staff; procuring, operating, and maintaining their physical facilities; performing all aspects of human resources such as recruiting, screening, hiring, professionally developing, and administering benefits to teachers and support staff; obtaining school supplies and food services; organizing student transportation; and contracting for specialized services such as psychiatry, social services, and special education assessments. By extension, charter *districts* would theoretically be the epitome of decentralization since they would serve solely at the discretion of schools' voluntary purchase of services.

To date, charters typically comprise only a small minority of schools in any given traditional school district, and as such they operate against a pre-existing larger market established by area school districts. This relationship is changing in some large districts like Chicago, Los Angeles, Philadelphia, and New York, where charter schools are beginning to amass into substantial numbers within districts. Nevertheless, in fewer than one percent of districts (i.e., 71 out of more than 13,000) do at least one in ten students attend a charter school (National Alliance of Public Charter Schools, 2009; NCES, 2000). New Orleans has the largest market share of any district; 57 percent of its students

attended charter schools in 2008 (ibid). This is followed by the District of Columbia (36 percent), Detroit (32 percent), Kansas City (29 percent), and Dayton (27 percent). Some of the most distressed school districts in the U.S. rank in top 10 highest charter market shares.

In a few isolated districts charters comprise 100 percent of the school portfolio. The first charter district started in California in 2000, and variations are found in Georgia, Oregon, and Florida. But charter districts are invariably small or rural. There is no widely accepted definition of a charter-district yet, but the one I employ here is one that Education Commission of the States suggests: a district where all or most of the schools are charter or contract schools (2005).<sup>4</sup> After Pennsylvania took over the troubled Chester-Upland district in 2000, it was slated to become the biggest charter district in the U.S. However, after Edison’s contract was not renewed in 2005, the district now largely operates a majority of the districts’ schools.

Very little research exists about charter districts. The American Association of School Administrators issued two reports in the early 2000s that were largely dismissive of the potential for charter districts to create substantial change to the status quo (Lockwood, 2001; Lockwood, 2002). Paul Hill (2001) and Andrew Rotherham (2001) posted prospective policy pieces on what charter school districts might become. Finn et al. (2001) examined five charter schools and two districts that it called “deeply influenced” by the charter movement. The Center on Reinventing Public Education has

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<sup>4</sup> California and Florida legislation define charter districts as those that enjoy freedoms from state regulation in exchange for greater accountability, but the charter districts do not necessarily operate charter schools. California was the first state to alter its law in 1996 to allow charter-districts, and as of 2009 there are nine charter-only districts in the state, six of which operate only one school. Florida law authorized up to six pilot charter districts, and three started in the years 1999, 2000, and 2002. Meanwhile, Georgia, Texas, and New Mexico also have legislation permitting charter districts (Lockwood, 2001).

sponsored a series of reports regarding methods districts could employ to better manage charter schools' performance and to encourage their growth and improvement.<sup>5</sup> Beyond that, charter districts get glancing mention as a theory with little testing to substantiate hypotheses.

Yet as the numbers of charter schools within large districts grows, all-charter districts have become a reality. The Lake Wales Charter District located in central Florida offers what might be the closest example of a true charter-only district.<sup>6</sup> Located within Polk County, which is a large geographic area housing about a half million residents, Lake Wales is a primarily rural community of only 10,000 people. In 1914, a land company formed Lake Wales and started its own school system, which the county school district took over in 1940s.

Responding to what the community felt was historical neglect by the county in favor of the county's larger city schools, five of seven schools in Lake Wales voted in 2003 to convert into a charter school system, replete with its own superintendent. The remaining two schools voted to remain within the Polk County system. A large committee originally formed for a 2002 Lake Wales Chamber of Commerce study that was largely critical of the quality of Lake Wales public schools helped prepare conversion charter applications for the five schools. These were submitted to the Polk County School Board, which approved the applications and allowed Lake Wales Charter Inc. to operate all five schools that re-opened as charters in 2004. Four years later, the

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<sup>5</sup> See, for example, Lake & Hill (2009) outlining principles for districts' successful management of their portfolio of schools.

<sup>6</sup> Unless otherwise noted, information about Lake Wales was obtained in three telephone interviews with Mr. Jackson, superintendent of Lake Wales Charter district, Dr. Tonjes, Associate Superintendent in Polk County Public Schools; and Brian Warren, Senior Coordinator in Polk County's Office of Magnet, Choice, and Charter Schools.

Lake Wales Charter district funded the construction of a middle school, completing a five-school system that offers complete academic articulation. Today the Lake Wales charter district educates about 3,700 students in four elementary, one middle, and one high school. About 65 percent of its students qualify for a free or reduced price meal, and a little over half of students are white.

Lake Wales Charter District comprises six of the 23 charter schools that Polk County School Board has authorized. An additional three of the 23 charter schools belong to the McKeel charter district, which is a second charter-only district in Polk County. The remaining portion of charter schools are stand-alone and operate under the auspice of the school district. Although McKeel and Lake Wales are charter districts, they do not have the status of local governments with the ability to tax or exercise eminent domain. Rather, Polk County Public Schools is their Local Education Agency, and Polk County Public Schools distributes their federal, state, and local funding. Since it is the larger and the older of the two charter districts, only Lake Wales is discussed below.

*Governance.* As a district, the six Lake Wales charter schools share one board of trustees instead of usual charter law which requires each charter to have its own school board. Also as a district, the Lake Wales Charter Inc. is a not-for-profit corporation that does not assess management fees but rather pays staff out of its aggregated per pupil allocations. The Board of Trustees is responsible to hire the Superintendent and it has also approved the employment of nine additional central staff to help operate the six schools. These central staff are an assistant to the superintendent, nurse, chief financial officer, transportation coordinator, community outreach coordinator, human resources

director, accounts payable, payroll manager, and director of special education services.

The Superintendent is responsible to hire the six school principals.

The relationship between Lake Wales Charter District and its LEA (Polk County Public Schools) is a work in a progress. Each party has to negotiate their roles, and the relationship thus far varies from department to department. Both sides acknowledge they are in uncharted waters; for example, one open question they have yet to experience and resolve is to which party school governance reverts if a conversion charter school within the charter district is not renewed by the Polk County School Board.

*Budget.* According to Florida law, Lake Wales Charter District receives 95 percent of Full Time Equivalent (FTE) funding per student. Polk County retains the final five percent, which it uses to provide certain services such as access to the student records system and Title II-funded professional development training to the Lake Wales Charter District. Unlike in Edmonton, funding is not weighted according to children's needs.

One of the main reasons Lake Wales became a charter district was to allow the pooling of FTE funding across its six charter schools. With these pooled funds, the district can afford to hire its ten central office staff in addition to the school-based personnel. The district also relies on private financing to augment its FTE public allocations, and it reports receiving several hundred thousand dollars each year plus in-kind donations. In 2007 for example, the district reported receiving \$22.3 million in federal, state, or local resources for school operations, and \$2.4 million from contributions and other resources. Unlike Edmonton, the district may allocate private funds for any purpose, including staff or hard goods.

Both Polk County and Lake Wales are well aware of their competition for limited public resources, and accordingly each sends representatives to the state capital to lobby for their respective interests. For example, Lake Wales hopes ultimately to become its own LEA, thus cutting out Polk County as the middle-man that passes through federal and state funds. One source of contention is public school district-level policy for the allocation of Title I funds to schools, which Polk County only releases when schools surpass a threshold ratio of economically disadvantaged students. Since none of Lake Wales's six schools reaches this threshold, no Lake Wales school receives Title I funds. It is for this reason that Lake Wales now lobbies Tallahassee legislators to allow the release of categorical funds such as Title I on a per pupil basis.

*Personnel.* Unlike in Edmonton, the Lake Wales schools recruit, screen, and hire their own applicants for all levels of school positions. However, this function is coordinated across the six schools as it would be in traditional districts, although principals have substantial input in the hiring of teachers for their campus. Although they are not required to do so, Lake Wales' salaries and benefits largely match the salary schedules for Polk County school district positions. They also match one another within the six schools to minimize intra-charter district competition. Unlike its LEA, Lake Wales is not a self-insurer and thus it purchases health benefits through a private company. They participate in the Florida Retirement System, though, which allows teachers to transfer between traditional and charter schools and still earn the same years of credit toward retirement allocations. (For the period of time that teachers work in charter schools they do not accumulate seniority years that would count if they shift into the Polk County school system.)

Charter school employees are not members of a union, and consequently Lake Wales retains full rights to fire staff. This is one of the most significant departures from the rights accorded to schools under the more traditional Edmonton decentralization model. The ability to release staff also allows the Lake Wales district more flexibility to make cuts in costs in anticipation of reduced per pupil allocations.

*Curriculum and programming.* As with hiring and firing, Lake Wales has greater autonomy in the selection of curriculum and school programming than Edmonton schools. Individual schools within Lake Wales are allowed, with its charter district's approval, to select their own curriculum. Accordingly, the four elementary schools have slightly different foci: science, bilingual programming for all students, arts, and a specific reading program. The charter district has also adopted a cross-cutting curricular focus on career paths, which applies within each of the six schools. The charter schools are, however, subject to federal and state accountability systems, which necessitate a focus on testing and statewide curricular standards. With strong state and federal accountability systems plus requirements and regulations that accompany categorical funding, the Polk County school district has expressed some skepticism about the degree of curricular autonomy that charters such as those in Lake Wales can actually exercise. Lake Wales, though, cites curricular autonomy as one of the biggest advantages of being a charter system.

*Student transportation.* Lake Wales contracts with the district for student transportation for three of its six schools, and it has purchased 10 buses and hired drivers to transport students for the remaining three schools. It receives allocations from the district for transportation, but Lake Wales feels it can more efficiently arrange

transportation routes than Polk County, and thus make its transportation dollars stretch further. The Lake Wales superintendent sites this as one of the many areas where its status as a district gains it economies of scale, allowing for the purchase of a small fleet of buses.

Lake Wales transportation obligations are greatly reduced by the state’s charter law that charter schools must ensure transportation is not a barrier to attendance for those who live within a “reasonable distance” of the school. Lake Wales has interpreted “reasonable distance” to mean the attendance zone boundaries that applied to the five schools prior to their conversion from traditional to charter schools.

*School facilities planning and maintenance.* The district owns and maintains the five conversion charter school facilities, while Lake Wales owns and maintains its sixth new charter school. For the five Polk County-owned buildings, the district is responsible for capital planning and insurance. Lake Wales has little input or control over scheduled improvements or renovations at those five buildings. Lake Wales, however, pays to operate the facilities including holding utilities and broadband contracts. Although it does not control the physical maintenance of the Polk County-owned buildings, if Lake Wales wishes to make superficial changes such as painting or minor repairs relating to immediate safety needs, its attitude is go ahead on its own and work it out with the Polk County facilities department later. That outlook might reflect what Polk County itself refers to as blurred boundaries about responsibilities for maintenance and upkeep.

Unlike individual Edmonton schools, Lake Wales has purchased its own insurance policies and is entirely responsible for the upkeep of its sixth newly charter

school facility. But like Edmonton, individual schools within Lake Wales look to the charter district to implement facilities plans and decisions.

*Technology.* Lake Wales has largely adopted its own IT policies. With donated laptops, it has replaced Polk County-owned computer equipment in some of its schools. It also pays for instructional media and contracts for its own IT repair and upkeep needs.

*Staff development and professional services.* Lake Wales credits its very survival to its ability to pool six schools' resources rather than force each stand-alone charter to perform in isolation all of the functions required to operate a public school. The Superintendent sees his role as alleviating some of the burdens on individual charter school principals, first by creating a professional community (whose principals meet weekly), and second by providing specialized staff to whom principals can outsource certain responsibilities. For example, the charter district's director of exceptional student services (instead of a school's own staff person) contracts with special education assessors, deals with the considerable paperwork and financial arrangements with Polk County, and schedules the family conferences.

The respective roles of the Polk County and Lake Wales districts are much less clear regarding the professional development of Lake Wales' school staff. The Polk County department has invited Lake Wales and other charter school operators to join in staff development training free of charge should the charters so desire. Invitations to other forms of training such as principal workshops on code of conduct are also extended to charter principals along with traditional school principals. While Title II staff development-related services are primarily offered free of charge, services from other Polk County departments sometimes are not.

Regardless, Lake Wales' preference is to obtain staff development services directly at its schools to minimize teachers' travel time and to increase participation rates. In sharp contrast to Edmonton, there appears to be little in the way of formal guidance about staff development activities from either Polk County or Lake Wales, and Lake Wales does not perceive benefits in the form of reduced transaction costs by participating to the greatest degree possible in Polk County-sponsored professional development.

*Supplies and equipment.* The Lake Wales district alternately purchases supplies through the district because of beneficial pricing or directly from vendors of its own choosing. For example, the charter district currently contracts with Polk County for food services, but it is considering contracting out with an alternate provider in the future. Likewise, its schools sometime purchase office equipment and supplies through the district.

Polk County, for its part, struggles to adopt a uniform internal procedure for tracking expenses and services to bill charter schools, including those in Lake Wales. Polk County district staff sometime forgets to track time and supplies provided (copies, repairs, reams of paper, etc.), especially when these services amount to only small sums. The increasing number of charter schools in the district is forcing Polk County to create a new layer of accounting—one for its traditional schools, one for its other forms of specialized schools such as adult schools or expulsion programs, and an additional form of tracking to pass through costs for services rendered to charter schools.

Within its small district Lake Wales has not implemented strict rules about school autonomy in purchases. Given its size, principals and the superintendent are in regular contact and can decide on a case-by-case basis.

### **Limits of decentralization**

Even in highly decentralized environments like Edmonton and Lake Wales, the central office continues to fulfill many of the functions associated with traditional districts. Ironically, the district is even more essential to its schools in Lake Wales because of their status as charters. The central office is what provides the charters a professional network, it enables the individual schools to offer to families the benefits of not just a single school but a whole K-12 system, it realizes economies of scale in purchasing and contracting, and it distributes fixed transaction costs such as special education services and arrangement of transportation across six schools rather than one.

With some important exceptions, the Lake Wales district has recreated a fairly traditional small school district. Schools have autonomy within the district, but that is largely a function of their easy access to their district's leadership, which allows for individualized school-by-school decision making that large districts typically cannot offer. The district has also remained small by contracting for services (such as contracting with a local social services agency instead of placing social workers on staff). Operating outside the context of unions and collective bargaining, each school also has autonomy over its personnel that most traditional public schools do not. Lake Wales also has fewer constraints on combining funds across schools, which better enables the schools to act as one. Yet the charter-district has found benefits in a centralized structure where weekly leadership meetings are an essential means of support and shared decision making for its six schools. It has unified its schools in terms of curricular continuity, and the schools materially rely on one another for shared funding and direct feeders of student cohorts.

The district has also made some steps towards increased administrative centralization (e.g., purchasing buses). As it begins to issue an increasing number of contracts outside the Polk County district provider, it will also have to invest greater resources in the oversight of those services.

Lake Wales does not cite substantial advantages from belonging to Polk County's larger district structure, but it nevertheless reacts to and benefits from Polk County's accrued experience and its size. Polk County structures the wages and benefits for the local teacher market, it offers large purchasing power that the charter system can join at will, it has accumulated experience and knowledge of curricular and staff development packages that the charter system can participate in, and it provides a mature bureaucratic structure with its associated inventories (e.g., bus fleet, cafeteria services) and knowledge (e.g., regulatory expertise) that Lake Wales can benefit from for at least the short term as it builds its own capacity.

With 195 schools to operate compared to Lake Wales' six, Edmonton confronts the challenge of maintaining school quality on a much larger scale. Both districts have struck a balance between site-based school management that leaves a core set of district functions intact. Edmonton's central office, not its schools, develops and maintains its supply of school leaders and teachers. At the same time that the district has allowed schools leeway over a greater share of its budgetary decisions, the district has also prevented schools from acting outside the district (e.g., hiring non-district consultants) and retracted policies (such as a cost-recovery system for district consultants) that rendered the district subject to school demand for those services. Edmonton's schools might then be understood as working with a set of controlled choices—choices that are

constrained to provide continuous demand to cover district costs and to ensure uniformity in quality across schools.

Despite their differences in size and district type, both Edmonton and Lake Wales have strong forms of central governance. Their schools enjoy increased freedoms relative to traditional public schools, but they are still embedded within systems that perform functions essential to their success. Whether via contracts or direct employees, the central offices in Edmonton and Lake Wales coordinated services in four core areas: capacity building of staff; enforcing continuity in services across schools; arranging for the provision of specialized services such as those for special education students; and advocating for their schools' and for the district's own interests.

Even at the same time that they have decentralized services to schools, both central offices have effectively ensured their own continuity (even if their shares of funding for centralized functions are small)—in Edmonton's case by requiring that schools consume their and not outside entities' services, and in Lake Wales' case by directly pooling the schools funding to bear costs shared across schools.

As the charter movement grows, more charter district-like structures are likely to emerge, whether they are called school districts, charter associations, alternative authorizers, or some other name. This is unlikely to occur in a linear fashion since the popularity of decentralization as a school reform has waxed and waned over decades, and its cyclical nature reflects an ongoing tension about who should decide the content of public education (Kaufman, 1969; Elmore, 1993). Nevertheless, the charter associations could decouple geographic boundaries from district boundaries, since charter schools at opposite ends of a state or even the country might theoretically band together under

unified governing structures. This would have large ramifications for equity of access and families' abilities to directly engage both their school and district. Regardless of the varied shapes that such central governance structures might take, the experience of Edmonton and Lake Wales indicate that school districts, whether in name or in function, are here to stay.

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