

# FOREWORD

By Chester E. Finn, Jr. and Amber M. Winkler

Not long ago, Education Sector policy director Kevin Carey perceptively captured the current zeitgeist in education reform—and how swiftly it has changed<sup>1</sup>:

When I began working on education policy full-time in the early 2000s, the center of gravity in education reform sat with the coalition of civil rights advocates, business leaders, and reform-minded governors of both parties who pushed NCLB through Congress in 2001. To find that same hum of ideas and influence today, you'd head straight for the annual New Schools Venture Fund Summit and its confluence of charter school operators, TFA alumni, urban reformers, philanthropies, and various related “edupreneurs.”

Indeed, education entrepreneurialism is all the rage—at least if you see the world through magazine articles and conference keynotes. Think of Teach For America and New Leaders for New Schools, of KIPP and Uncommon Schools, of Wireless Generation, K12, EdisonLearning, SchoolNet, and so many more players that scarcely existed a few years back.

But is this spirit of innovation and enterprise embraced by today's real world of public education, especially in America's big cities, where the greatest challenges can be found? Alas, not so much. Too few of our major metropolises have the talent, leadership, infrastructure, culture, and resources—both human and financial—to beckon enterprising reformers and then help them to succeed there. That's one core finding of this study. The other finding is more encouraging: A handful of communities have succeeded in creating healthy reform environments. The actual, as Kant observed, proves the possible. If a few places can begin to resemble Silicon Valley when it comes to education reform, others could, too. Be warned, however, that it isn't easy.

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According to the *Dictionary of American History*, “Silicon Valley” came to “symbolize a type of high-risk business characterized by rapid success or failure.”<sup>2</sup> The individual most often credited with the start of Silicon Valley was William Shockley, an English physicist who worked to develop the transistor at Bell Laboratories before World War II. He was “a restless person whose inquisitive mind and entrepreneurial aspirations did not find satisfaction in the larger corporation [i.e., Bell Labs]” and who subsequently left to establish Shockley Semiconductor Laboratories just south of Palo Alto. Other electronics start-ups, including Intel, Atari, and Apple, were launched by talented individuals who once worked at Shockley.

But it wasn't just the influx of human talent into northern California that birthed an entire high-tech industry there. Look deeper and you find other key ingredients that made the area ripe for entrepreneurial activity.

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1. “Whatever Happened to No Child Left Behind?,” *Quick and the Ed*, June 25, 2010, <http://www.quickanded.com/2010/06/whatever-happened-to-no-child-left-behind.html>.

2. Stanley I. Kutler (ed.), *Dictionary of American History*, 3rd ed. (New York, NY: Charles Scribner's Sons, 2002).

These talented individuals thrived in a culture that eschewed traditional large-scale firms and the unions that came with them. They had access to world-class universities and deep-pocketed investors in search of promising ventures. They benefited from positive publicity and interest in their efforts. They developed rich social networks with all sorts of other organizations. They enjoyed an ample supply of financial, managerial, and legal expertise. And they worked during a time when political and economic power in America was shifting away from the industrial Midwest and toward the information technology emphasis of the Pacific West. In other words, the Valley boasted an “ecosystem” that attracted entrepreneurs and helped them succeed.

Could a healthy ecosystem be the key to education entrepreneurship, too? We think so, and that’s largely because we’ve been convinced by the groundbreaking work of Frederick M. Hess, director of education policy studies at the American Enterprise Institute. Widely known as an intellectual entrepreneur and maverick, Rick wrote his first book about education entrepreneurship nearly a decade ago (*Revolution at the Margins*), when many were still trying to figure out what the term meant. And he recently published *Education Unbound*, which calls upon educators and policy makers to embrace freedom and innovation. We asked Rick to apply his theories about entrepreneurship to a practical study of major U.S. cities. He agreed—and Fordham analysts Stafford Palmieri and Janie Scull consented to join him.

In this report, the Hess team examines six areas that are vital to a reform-friendly ecosystem: 1) access to an ample supply of human talent; 2) a pipeline of readily accessible funding—venture capital and operating dollars alike—from private and public sources; 3) a thriving charter-school sector; 4) attention to quality-control metrics to guide and regulate entrepreneurial ventures; 5) receptivity to nontraditional providers<sup>3</sup> (including clearing hurdles that would otherwise impede them) and to reforms at the district level; and 6) similar receptivity at the municipal level.

Authors examined the school-reform environments in the nation’s twenty-five largest cities, plus five smaller communities. As reputed “hotbeds” of reform, they reasoned, these five additional locales (Albany, NY; Gary, IN; New Orleans, LA; Newark, NJ; Washington, D.C.) would permit comparisons of big cities with smaller but potentially more nimble places.

They tapped three types of data. The first was public information gleaned from large national databases and organizations (e.g., evaluations of state charter-school laws and data systems, participation levels in alternative teacher-certification programs, and per-pupil spending figures). Since many of the data they sought were not readily available (or even collected), two new surveys were also administered. One went to leaders in national organizations—mostly nontraditional providers themselves—that are actively involved in cities across the nation. They were asked to rate comparatively, insofar as they possessed the requisite knowledge and/or experience, the cities in our sample on the six areas above. The second survey obtained more granular data about school system behaviors and community-level reform infrastructure and climate from on-the-ground education reformers in each city.

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3. These are entities that operate either inside or in concert with districts, colleges of education, or district schools. Their roles vary: Some provide schooling options other than traditional schools, others recruit or train teachers, and still others develop new tools, technologies, data systems, and learning aids that help solve operational challenges and/or boost achievement.

## What were the results?

Nine cities bubbled to the top of the reform-friendly heap: New Orleans, Washington, D.C., New York City, Denver, Jacksonville, Charlotte, Austin, Houston, and Fort Worth. They all earned Bs. There were no As.

Six cities landed at the bottom with Ds and Fs: San Jose, San Diego, Albany, Philadelphia, Gary, and Detroit.

Among the six realms we examined, cities generally fared best at securing financial capital. They were less attentive to managing their human capital pipelines, i.e., recruiting and retaining high-quality teachers, and they fared badly when it came to district environment. Here a third of them received failing grades, generally due to skittish leaders and bureaucratic fiefdoms hostile to nontraditional problem-solvers.

Some variation emerged within states. In California, for example, San Francisco ranked a respectable 10th place nationally while San Diego lagged at 22nd.

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What to make of these results? On the one hand, they aren't too shocking. Everybody knows about exciting reforms underway in New Orleans, Washington, New York, Houston, and Denver. And everybody bemoans the sorry plight of unyielding education systems in declining communities such as Detroit and Gary.

But not everybody would have predicted that Austin, Charlotte, Jacksonville, and Fort Worth would turn out to be hotbeds of edupreneurship. It appears that Austin benefits from the long and successful run of superintendent Pascal "Pat" Forgione as well as the general spirit of innovation that pervades the community—not to mention a fairly weak teachers' union. Charlotte has a well-run countywide school system with lots of middle-class support, and a labor environment conducive to reform. Jacksonville profits from the aggressive reforms of the Jeb Bush era in Florida as well as a burgeoning reform-friendly, local philanthropic community—and a strong state charter law. Fort Worth is home to a strong municipal environment and a school district that actively uses data to adjust its policies and programs.

A scan of the bottom-scoring cities reveals that reform apathy plays no geographic favorites. In their overall lack of receptivity to entrepreneurial education reform, we don't find much difference between such "rust belt" cities as Detroit and Gary and more prosperous (and populous) coastal and "sun belt" locales like San Jose, San Diego, and Philadelphia. None is attracting large numbers of eager innovators and none boasts reform-friendly labor policies. Many feature calcified bureaucracies and lethargic municipal leaders.

Is there hope for the laggards? Indeed, yes. This study outlines enormous opportunities for mayors, school systems, and business leaders to turn things around, though such transformations won't come easily or fast. But then, Silicon Valley did not become a hotbed of innovation over night. It took decades to infuse the region with the financial capital, talent, networks, and expertise that make it what it has become.

To move their community seriously toward entrepreneurial education reform, leaders of that community need to think very differently than in the past. Monopolies and top-down reforms by themselves only get you so far. Competition is healthy for the public sector and so is innovation. There's a nimbleness and creativity to nongovernmental providers. But the injection of a small amount of entrepreneurialism doesn't inoculate the entire body or transform the whole ecosystem. This needs to grow and it needs to grow energetically, smartly, and in a sustained way.

Nor should one expect instantaneous results. Just as new business activity in your city (e.g., the launch there of a bio-tech firm) takes a while to pay off in real economic growth, we find no immediate relationship between the reform-friendly grades for cities in this study and gains in pupil achievement. No education reform—entrepreneurial or top-down—boosts test scores overnight. It needs to get traction, to attain reasonable scale, to change actual behavior and alter traditional practices.

### Big Fat Caveat

The findings reported in these pages will upset some folks in every city that we profile. (Some of them are friends of ours, too.) So let us acknowledge up front that the methods we used to grade cities, while commonsensical, are nonetheless fragile. They rely on surveys that didn't always yield the hoped-for response rates and on analyses and interpretations by people who don't live in—and may never even have visited—the places they're depicting. Individuals on the front lines in those places may reasonably charge us with casting too negative a light on good work about which they know and in which they may even be participating. We also may be accused of reporting imprecise or misleading data. That said, the report's findings are indeed based on a variety of publicly available data, as well as national and local survey data. All judgments found herein are to be attributed to the report's authors, not their informants.

As for those who don't share our vision of "reform" or believe in the entrepreneurial approach to rekindling American education, we look forward to your, ahem, analysis of our analysis.

Fostering entrepreneurial reform is no silver bullet, either. Also essential are quality teachers, rigorous academic standards, rich curricula, vibrant school choice, capable school leaders, data-based decision-making, astute governance, rational finances, and scads of other ingredients called for in the recipe for effective K-12 education. Many of these elements begin with sound, learning-centered, kid-oriented public policies and effective district (and state) leadership. But most of them also happen faster and better if those policies and leaders are open to innovation and assistance from entrepreneurs.

That's really the lesson of this report. America's most promising education hotspots *blend* sound "top-down" policies with environments that welcome entrepreneurial activity and private initiative. The welcoming becomes part and parcel of their public policies as well as their community culture. And their superintendents, chancellors, mayors, and other community leaders encourage and facilitate this blending because they understand that it works better than government alone, even though opening the door and ushering nontraditional folks through it causes dismay in the usual places.

Other communities could open their doors, too. And their children would benefit.

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Special thanks to Rick Hess, who is not only one of America's foremost education scholars but also a longtime friend. This report is the latest in a lengthening series of insightful studies that he has contributed to or conducted for Fordham, including an analysis of collective bargaining agreements in large school districts (*Leadership Limbo*, 2008) and thought pieces on the uses of education data (*A Byte at the Apple*, 2008) and on school superintendents and the law (*From Schoolhouse to Courthouse*, 2009). Fordham-based coauthors Stafford Palmieri and Janie Scull also spent countless hours on this report from start to finish. Their attention to detail and perseverance are greatly appreciated. Michael Petrilli, Vice President for National Programs and Policy, offered plenty of guidance, solutions, and encouragement, as well as skillful editing.

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