THE UNIVERSITY OF TEXAS AT SAN ANTONIO, COLLEGE OF BUSINESS

Working Paper SERIES

WP # 0043ECO-091-2012

Date November 13, 2012

A Storm after the Storm? An Assessment of the Post-Katrina, Charter-Led Makeover of New Orleans's Schools

Nathan Gray
Professor of Public Policy
Young Harris College

John Merrifield
Department of Economics
University of Texas at San Antonio

UTSA COLLEGE OF BUSINESS KNOWLEDGE FOR A NEW WORLD

ONE UTSA CIRCLE
SAN ANTONIO, TEXAS 78249-0631
210 458-4317 | BUSINESS.UTSA.EDU

A Storm after the Storm?

An Assessment of the Post-Katrina, Charter-Led Makeover of New Orleans's Schools

By Nathan Gray* and John Merrifield**

Southern Economic Association

New Orleans, Louisiana

November, 2012

Abstract

This paper assesses systemic change driven by Hurricane Katrina and Louisiana charter school law; a "weak" charter law according to the pro-charter Center for Education Reform. We assess the post-Katrina, charter school-dominated New Orleans system (~70% charter school) by comparing New Orleans' gains to similar Louisiana districts, and three similar non-Louisiana districts, Memphis, Mobile, and Pensacola. Our null hypothesis is that the charter-led transformation of the New Orleans school system did not significantly impact academic performance; that New Orleans performed like demographically similar districts that rebuilt or maintained traditional schooling. Rejecting the null would mean that Louisiana-style chartering significantly impacted the academic performance of New Orleans schoolchildren. Although we use test scores as one dependent variable of interest for the Louisiana district comparisons, we also use the School Performance Score (SPS—aggregated to the district level) as another dependent variable.

Our findings are mixed. SPS and passage rate data indicate that New Orleans has indeed grown faster than the whole state, but the Louisiana districts we identified as most similar to New Orleans (socio-economic variables) improved at similar rates as New Orleans. However, New Orleans improved at a faster rate than the non-Louisiana urban districts that we determined to be socio-economically similar to pre-Katrina New Orleans. We found no basis to regret the Louisiana-style charter makeover but some basis to celebrate at least the Louisiana progress, if not charter-makeover, Louisiana-style, as a route to school system improvement. The larger story may be the inconsistency of national and state school system performance data, and thus the difficulty using school system comparisons needed to make and sustain critical policy assessments.

*Nathan Gray is an Assistant Professor of Public Policy at Young Harris College, Georgia and co-founder and Senior Fellow of the E.G. West Institute.

**John Merrifield is a Professor of Economics at the University of Texas—San Antonio and co-founder and Director of the E.G West Institute (www.egwest.org)

A Storm after the Storm?
An Assessment of the Post-Katrina, Charter-Led Makeover of New Orleans Schools

I. Introduction

Hurricane Katrina caused the death of over a thousand people and billions of dollars in property damage. The terrible news mounted as few industries continued unscathed. The public school system was no different as Horne (2011) stated, "the hurricane was the coup de grace" (p.16). But the immense carnage created opportunities to overcome resistance to much-needed reform, especially reform of New Orleans' awful primary and secondary education system. Because few, if any, wanted to rebuild the pre-Katrina system, state and local leaders expanded the now-familiar policy innovation known as chartering so that in the New Orleans version, the chartered public school (CPS) enrollment share dominated that of the traditional public school (TPS) share. The most recent data indicate that the CPS share of the New Orleans area's public school students is 73 percent (Horne 2011, p. 16). This phenomenon provides us with an opportunity to compare the performance of a Louisiana-style, CPS-dominated menu of schooling options to the traditional TPS-dominated menu.

Jeffrey Henig's (2008) highly praised *Spin Cycle* claimed that CPS research "has been converging on an understanding of CPS that provides a mixed, nuanced, and somewhat complicated picture; one that does not fit neatly into the simple narratives of the political right or political left" (p. 128). The vast majority of this converging research concentrates on the effects of CPS policies *within* school districts (comparing TPS students to CPS students); researchers to date have failed to address the broader effects of CPS policies that can replace some TPSs, while changing the performance of the remaining TPSs. The accuracy of Henig's claim suggests the research community may need to shift from its current research questions to broader questions about school regions.

So, this paper has two purposes: 1) to highlight the need to sometimes replace the typical CPS assessment approach, that compares CPS and TPS outcomes, with an approach that compares 'school systems' with different levels or different types (Louisiana-style vs. Tennessee-style, for example) of CPS market share. The new approach means comparing aggregate performance measures of regions with different menus of schooling options; and 2) to answer the specific under-studied research question: has the change in the New Orleans 'school system' to a CPS-dominant system significantly improved academic outcomes? So, through a variety of possible dependent variables, we compare regions that generally possess the status quo ante system of schooling to regions with significantly different schooling options, such as the New Orleans region. To the extent allowed by available data, our working definition of 'school system' is all of the schooling options; TPS, CPS, and private; however, district-level or metro level private school data are often not available.

Regarding point one, the extant literature on the effectiveness of CPS choice policies fall into two basic categories: participant effects, and systemic effects (widely seen as just competition effects). Most of those studies focus on intra-district comparisons; that is, they typically compare CPS student performance to TPS performance *within the same district* or compare TPS students to themselves before and after the introduction of CPSs *in that particular district*. With the former situation, researchers want to know if CPSs serve their students better than the TPSs would have served those same students. In the latter case, we want to know if the TPS experienced peer effects, sorting (specialization (Merrifield, 2005; 2012) or compositional) effects, or mounted a competitive response to the CPS threat. Sorting effects result when enrollment shifts change the instructional approach-related homogeneity of classrooms. Generally, we expect disproportionate representation of classroom outliers in school choice program-based enrollment shifts, making the instruction of those left behind less challenging. So, we argue that *intra-district* comparisons are often not the best way to assess the usefulness of a particular charter law.

Intra-district comparisons seem appropriate for charter laws that do not spark large increases in the number of CPSs, including, especially, the common cases where only school districts can authorize a CPS. In those cases, the TPS's outcomes can be a reasonable benchmark for assessing CPS performance. There will be no TPS competitive response, and with only small enrollment shifts, the sorting and peer effects could be negligible. But otherwise, the charter law 'treatment' is likely to impact all of the area's K-12 schooling options. Then, only the post-treatment performance of 'school systems' similar to the study area's system prior to the latter's charter law 'treatment' are a credible basis for assessing the full impact of the charter law.

The rebuilding of the New Orleans school system allows us to ask a similar question about the significance of Louisiana style charter law as a policy innovation, but answer it using different types of data. Essentially, we compare regions similar to New Orleans before Katrina with those same regions after Katrina. This inter-region comparison allows for a more theoretically sound approach, since non-New Orleans district schools have not been 'treated' by New Orleans's CPS influx like TPSs in New Orleans have been. So, if the New Orleans region improved faster than similar non-New Orleans regions, then we have some reason to believe that the shift to the New Orleans version of CPS *dominance* (more than adding some CPS to a still-TPS-dominated menu) had the effect.

II. Literature Review

In *Spin Cycle,* Henig (2008) assesses the charter school debate and how research has addressed the mainstream policy questions. Merrifield (2006) noted that key differences in charter law, and the problematic features that charter laws have in common, could lead charter-led systemic change to produce four very different outcomes: disaster, detour/delay of efficacious transformation, irrelevance at scale, or efficacious transformation. Henig blames ideological influence and polarization for the attention given a methodologically weak ATF study (2006).

> "Asked how politicized they [education policy researchers] felt education policy researcher is in the United States today, using a scale from 1, 'almost completely

> evidence based,' to 5, 'almost completely driven by political and ideological factors,' the average score was 3.9" (p. 34).

The choice of methodology for that study, and the attention devoted to its findings is, by itself, a compelling reason to shift school choice research away from traditional within-district, school- or student-level approaches and towards broader approaches, perhaps including ours.

The majority of CPS literature addresses three types of questions. Researchers conduct studies concerning participant effects, systemic effects, and how to estimate those effects without selection bias and endogeneity. Participant effects determine whether students attending charter schools experience positive attributes as compared to what those same students would have experienced had they chosen to stay in the TPS. Systemic effects assess whether a charter law creates a 'tide that lift all boats.' In other words, do private schools and TPS change quality through peer effects, sorting effects, budgetary changes (Hanushek, 1996), or as a response from the real or perceived threat that CPSs provide (Hoxby, 2006; Blair and Staley, 1995)?

Hence, though there has been a huge amount of CPS research, its focus has been relatively narrow. Much of this narrowing effect may come from prominent methodological debates. Betts and Hill (2006) precisely discuss the methods for identifying effects through the 'gold standard' of random assignment (Hoxby and Rockoff, 2006) to advanced statistical analysis, including regression analysis (pooled OLS, fixed, and random effects), regression discontinuity, and instrumental variables (Bifulco & Ladd, 2006; Bohte, 2004; Buddin & Zimmer, 2005a; Carr & Ritter, 2007; Greene & Forster, 2002; Holmes et al., 2003; Sass, 2006; Ni, 2007; Imberman, 2009). Though random assignment is the 'gold standard' for experimental design, Betts and Hill (2006) identify potential pitfalls of lottery assignment studies; for example, that over subscription of CPSs varies because the most over-subscribed CPSs are the best CPSs. However, even with the "gold standard's" dependence on shortages that can profoundly influence the behaviors being studied, gold standard findings are statistically robust and help researchers asking those types of questions. The U.S. Department of Education's "What Works

Clearinghouse" (WWC) added fuel to the methodological debate. WWC's first-ever broadening of its definition of 'gold standard' research only added regression discontinuity tests to already-approved, 'gold standard' random assignment (Sparks, 2010) approaches.

The question, however, we are asking is quite different. Instead of determining CPS policy effectiveness for CPS students and non-choosers, we want to identify significant differences between the outcomes of CPS-dominated *systems* and TPS-dominated *systems*. We added the emphasis to highlight that public education policy is, well, just that, public. Society has an interest (not necessarily only monetary) in effectively schooling everyone - TPS students, CPS students, and private school students. So, our question is not about whether certain *schools* or certain *types* of schools perform differently, we are interested in whether the policy driven systems perform differently with various levels of choice that lead to different menus of schooling options.

The point here should not be taken lightly. It is a fundamental shift in how school choice researchers conduct studies and ask questions. Although the literature to this point is indeed asking important questions about the quality of *types* of schools, etc; other policy questions concerning effective school systems need attention. The risk of basing *system-wide policy* decisions on specific schools or specific types of schools is that policymakers potentially miss important information as to how the entire system is performing relative to *other* systems that may have more or less extensive 'choice' systems—an extremely important question to address.

Consider the consequences of failing to compare school *systems* in the following hypothetical scenario. Prior to choice expansion in Region B, Region A has a similar size, similar demographics, and test scores. Then, Region B increases the affordability of TPS alternatives through a charter law, tuition vouchers, or tuition tax credits (Merrifield, 2008a) and gradually develops a robust menu of schooling options (choice schools and TPS), including specialized schooling options (Merrifield, 2005). Region A's system stays typical, with nearly 90% of children enrolled in a 'comprehensively uniform' TPS system with multiple, exclusive TPS catchment areas, and the remainder homeschooled

or enrolled in private school, 100% at private expense. If we were to conduct the current and popular type of analysis and compare Region B students that leave their assigned TPS to Region B's remaining TPS students, we may find they do no better or maybe even worse, which may *mistakenly* give us license to condemn parental choice expansion as not working (Merrifield, 2001; chapter 3) to improve academic performance. However, that analysis might miss the fact that Region B may be generally achieving at different rates than Region A. Policymakers considering choice expansion policies need to know how the aggregate academic outcomes differ in Region A and B.

So, using as rigorous of a method possible with the available data, this paper addresses a question that plagues our policymakers: which, if any school choice expansion policies (Merrifield, 2008b), will cause a *school system* to perform significantly better than a traditional, TPS-dominated system? Fortunately, New Orleans's post-Katrina CPS-dominated system provides some data to address that question. After Katrina damaged the Gulf coastal area, most school districts damaged by the storm rebuilt status quo systems. New Orleans did not. The Recovery School District (RSD), established in 2003 controlled five New Orleans schools before Katrina. After Katrina, the RSD controlled 63 (Horne, 2011). The RSD acted out of "its conviction that improved performance lay in spinning off as many schools as possible and chartering them as independent institutions with open-enrollment admissions policies and citywide catchment areas" (Horne, 2011 p. 16). The other districts in the region rebuilt traditional systems allowing us to compare the before and after effect of choice expansion via CPSs, Louisiana-style.

Claims about the success of the New Orleans makeover already exist. Horne (2011) and Lasker (2010) cite similar statistics. They claim that about two-thirds of New Orleans students were attending failing schools by state standards and in 2010-11 that number has dropped to about 34%, while the gap between New Orleans and the rest of the state has basically been cut in half.
Such a finding certainly lends credence to the theory that the CPS-dominated system is performing better than the pre-Katrina TPS-dominated system. However, the measure of performance is crude, at

best. Attending a school labeled as passing state standards does not necessarily result in a higher quality education. Furthermore, the Horne (2011) and the Lasker (2010) reports lack any method for comparison. Similar Louisiana districts may have seen similar improvements. Vanacore (2012) and Tilove (2012) cite New Orleans' gains relative to the full state and describe anecdotal evidence of success. Robelen (2010) also noted that "state achievement data at various grade levels show considerable gains and growth that outpaced the state as a whole" (p. 5), and that "4th graders scoring at the 'basic' level or above in reading rose from 43 percent in 2005 to 62 percent in 2010, and in math from 47 percent to 59 percent" (p. 5). Again, the obvious issue is that they lack any kind of reasonable counterfactual to facilitate valid conclusions about CPS-dominated systems.

Some authors vehemently disagree with the success stories reported by government officials and choice proponents. Buras (2012) describes anecdotal evidence of the failure of the new system, including a blind child's inability to enroll in a school with the services he needed. Hatfield (2012) took issue on two main fronts. First, he claims disaggregating the data, rather than looking at all of Orleans Parish, would better tell us how the RSD is doing. That is true, if indeed your research question is concerning the effectiveness of the RSD, but disaggregating the data is exactly what choice researchers have been doing for many years, and, as argued before, a choice *system* working in an integrated manner is the major question for this paper. Second, Hatfield (2010) concludes that, "a cursory examination of the RSD schools clearly shows that the general achievement level of the vast majority of RSD schools, as measured by the assigned letter grades, is pathetic at best" (p. 3). But the use of letter grades in determining success in Louisiana is problematic. As Buras (2012) notes, the School Performance Score cutoff for a failing school in 2005 was 87; it was lowered to 60 in 2010; it will be moved to 75 in the 2011-2012 school year (Tilove, 2012). This movement of the definition of a failing school caused Buras (2012) to conclude "the success of New Orleans charter school movement has been legislatively construed." The issue with Hatfield and Buras's arguments are that they are using the letter grade as measure of success; this criticism applies to the Horne (2011) and

Lasker (2010) reports, too. Why not simply use the SPS itself? If a school moved from 63 to 73, then it improved regardless of what name we give those numbers. Hatfield (2012) is again caught in the trap of comparing RSD schools to others (which is appropriate for certain questions), but that approach fails to answer whether the entire, integrated choice system is a tide lifting all boats. RSD schools are only judged as possible substitutes for OPSB schools, not as possible complements or competitors that would improve OPSB (and BESE) school outcomes. The previous New Orleans studies do not facilitate condemnation or praise of a system. They did not actually assess the system.

Thus, the purpose of our literature review was to describe the hole in the research our study intends to fill. Our paper attempts to argue that the current focus of school choice literature centers on a pertinent but specific question, but that there are other important questions needing answers; mainly, which school choice expansion strategies, if any, significantly improve school systems? Like 'gold standard' approaches that compare treated and untreated schools and children, our proposed system comparisons have methodological strengths and weaknesses that should be reflected in their uses and the interpretation of findings.

III. Methodology

To control for state policy effects, we prefer to compare the performance of the New Orleans-area school system to other Louisiana school systems that had similar socio-economic and education outcome profiles before Katrina. We recognize the major limitations in this matching approach: small sample sizes, no other educational region in Louisiana can match the size of New Orleans, and lack of statistical control for the effects of differences. Those caveats notwithstanding, we found good matches of Louisiana districts that match New Orleans on demographics, economics, and test score data relatively well. We address the 'size' issue by finding large, New Orleans-like districts in nearby states: Memphis, Tennessee; Mobile, Alabama; and Pensacola (Escambia County/District), Florida.

Then we estimated the post-Katrina differences between the performance of the New Orleans-area system, and the selected benchmark regions. That is, we present, through a series of tables and graphs, the trends that New Orleans and the benchmark regions have experienced since 1999. To make the comparisons discussed above, we present, through tables and graphs, the demographic information for all of the 'benchmark' regions we used to assess New Orleans's post-Katrina gains. Further, we trace growth (positive or negative) over time noting changes in slope. Finding a large number of benchmark districts proved impossible; therefore, more complex statistical analysis such as regression analysis is impossible. Clearly, the comparability of the districts is paramount to the validity of our findings. Because of our inability (small n) to use regression analysis, one possible limitation of our study is lack of direct statistical control for possible compositional effects. Many Katrina refugees did not return to New Orleans. None of the benchmark regions experienced a similar change in the composition of its student population. We take the reported compositional changes into account, but not in the same way that a regression analysis would. The type of analysis proposed concentrates on our ability to dig deep into the educational regions to determine the differences between the comparison regions and New Orleans.

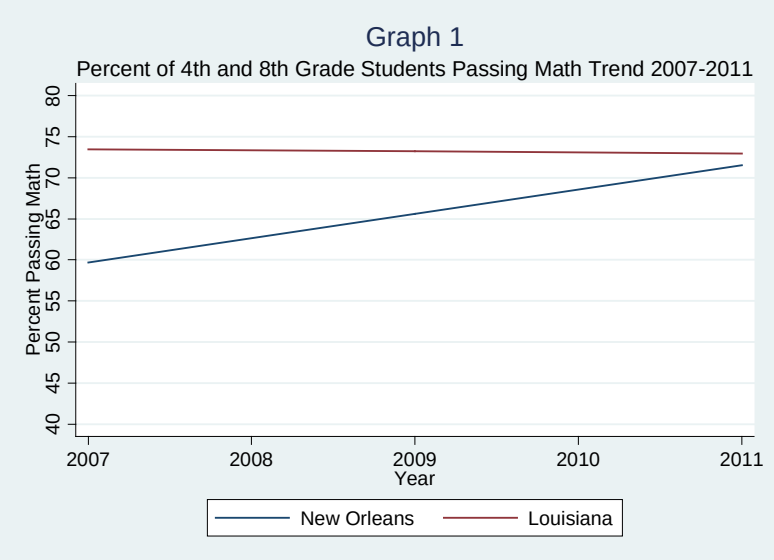
IV. Data

The major challenge for many social science impact assessments, and especially for a study of school choice policies with the potential to generate significant systemic effects, is finding comparable regions to study that have common, measurable dependent variables. Even within Louisiana, the choices are limited. We adopted the percent passing for 4th and 8th grade Math and English and school performance scores. Passing means scoring in the basic category or above.[1] Each year the state

[1] Louisiana uses five categories in which to place students: advanced, mastery, basic, approaching basic, and unsatisfactory. We used basic or above as the passing threshold, which is consistent with the Louisiana Department of Education guidelines: "For students to be promoted from the fourth or eighth grades, students must score *Basic* or higher in either English or math and *Approaching Basic* or higher in the other subject."
http://www.louisianaschools.net/topics/leap_faqs.html

derives a SPS for each school from attendance rates and state exam performance. The SPS is the basis of the Adequate Yearly Progress assessment required by the No Child Left Behind act. We aggregated SPS to the district level with a straight and weighted average based on the school's enrollment proportion of the entire district's enrollment in schools that administered tests.

Graph 1 shows the percent passing math trend line from 2007 through 2011 for Orleans Parish (includes all schools in the parish except private schools) and the state of Louisiana. It is clear from the graph, as has been widely reported, that Orleans Parish improved faster than Louisiana since Katrina. Indeed, since 2007, the state has not greatly increased the percent of students passing the state Math exam. The 8th grade, National Assessment for Educational Progress (NAEP) data, which are not available for the New Orleans area, tell a similar story. From 2007 to 2011, the statewide NAEP changed from 272 to just 273. So, on that basis, it is tempting to conclude that the New Orleans system has made some useful policy changes, with the change to a CPS-dominated system certainly in the forefront of the possible useful changes. But the many differences between New Orleans and Louisiana (see Table 1), or other factors, could explain the convergence of the New Orleans and



Louisiana performance levels. For example, regression to the mean may play a key role, or the fact that the Louisiana exam became a high stakes test in 2004 for 4th graders and 2006 for 8th graders could disproportionately affect low performing districts. So, there may be better counterfactuals for New Orleans than the whole state (Louisiana districts like pre-Katrina New Orleans that kept their TPS-dominated system after Katrina). Table 1 names and describes the five districts we determined to be much better benchmarks for post-Katrina effects. Table 1 includes the statewide data to illustrate the problem with using the state as the benchmark. From Census data and assorted 2004-05 state data, we selected City of Monroe, East Carroll Parish, Madison Parish, St. Helena Parish, and Tensas Parish. Our basis of comparison was per capita income, percent free/reduced lunch, the percent black, and state test achievement (passing rates - Table 1). Most Louisiana schooling data is reported by Parish, but the state reports on five cities or communities (Monroe, Bogalusa, Zachary, Baker, and Central).

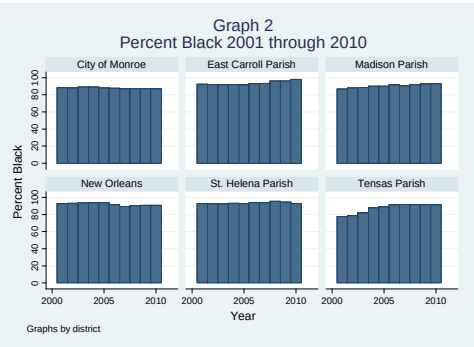
Table 1

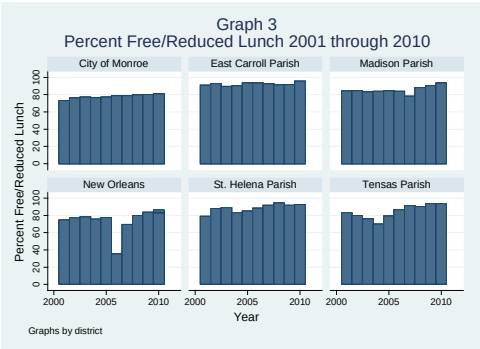
2004-05 Percent Black, Percent Free/Reduced Lunch, 4th/8th Grade Passing Rate, and SPS

City of Monroe	% Black	87.9	Orleans Parish	% Black	93.6
	% Free Lunch	77.0		% Free Lunch	77.4
	% Passing Math	64.5		% Passing Math	56.5
	SPS Score (Rank)	78.9 (19)		SPS Score (Rank)	58.9 (5)
East Carroll Parish	% Black	91.4	St. Helena Parish	% Black	92.5
	% Free Lunch	93.4		% Free Lunch	85.0
	% Passing Math	65.3		% Passing Math	44.7
	SPS Score (Rank)	81.4 (27)		SPS Score (Rank)	56.8 (3)
Madison Parish	% Black	89.8	Tensas	% Black	88.8
	% Free Lunch	84.4		% Free Lunch	79.3
	% Passing Math	59.4		% Passing Math	65.7
	SPS Score (Rank)	53.6 (2)		SPS Score (Rank)	61.1 (6)
State of Louisiana	% Black	47.7			
	% Free Lunch	61.6			
	% Passing Math	68.9			
	SPS Score (Rank)	86.5			

Note: The District School Performance Score (SPS) is the weighted average (based on enrollment) based on achievement growth, attendance, and dropout rates. The rank is bottom up; Orleans Parish is 5th worst.

A graphical representation of the free lunch and percent black variables trend is shown in Graphs 2 and 3. The below graphs show that with the exception of the turbulent 2005-2006 school year, the percent black and the percent free/reduced lunch have remained relatively steady. The graphs indicate that Katrina displaced poor students not students of a particular race. By 2007, most of the districts returned to the pre-Katrina levels for the percentage black and poor.





To further check on our matching of New Orleans to those districts, we gathered census data from 2000 to check basic demographic and economic data of the cities and parishes we chose. Table 2 shows the pre-Katrina snapshot of demographic, educational, and economic data. Although a perfect match is impossible, the data presented in Table 2, make us confident that we found the *best* counter-factual regions available to compare to New Orleans. The per capita incomes vary slightly as the larger cities have higher incomes than those smaller parishes. The housing values vary greatly as expected; the larger cities have greater median property values than do the smaller parishes and towns. New Orleans has one of the highest concentrations of black people in the state. Baton Rouge has a high concentration also; however, we purposely did not choose Baton Rouge because many people displaced from New Orleans during the hurricane sought refuge in Baton Rouge. New Orleans has a relatively highly educated populace compared to the other control districts as the percentage having bachelor degrees is more than double all but one control district. Again, the larger populated cities

have most similar characteristics; therefore, the city of Monroe seems to be the best control district for New Orleans.

Table 2
Census Data 2000 for New Orleans and Control Districts

	'99 Per Capita Income	Median Housing Value	Percent Bachelor or Higher	Percent Renting	Percent Black Under 18
East Carroll	9629	36200	24.6	37.9	76.5
Madison	10114	43900	21.8	38.1	71.8
Monroe	15981	71100	54.0	50.4	76.5
New Orleans	17258	88100	51.6	53.5	80.3
St. Helena	12318	55100	22.2	15.1	60.4
Tensas	12622	42500	29.3	30.9	64.4

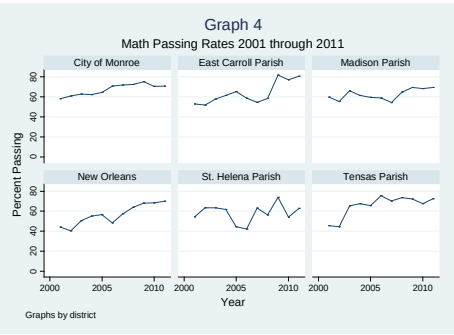
Because the state often changes what SPS constitutes a failing school (Buras, 2012; Hatfield, 2012), we avoid those distinctions by only using the SPS score itself; that is, we do not look at whether a particular school is failing or not in the eyes of the state, we only look at the school's numerical score and aggregate to Orleans Parish. We report the weighted average for all SPS district level scores as we believe this measure more accurately represents the district score. Aggregating to the Parish level is the only appropriate way to answer the research question at hand. Many condemn that approach by arguing that we are including the very high performing schools with the RSD low performing schools giving the appearance that New Orleans is improving. If one disaggregates, then regression to the mean for the RSD will likely prevail, since the RSD can essentially only go up. Hatfield (2012) claims that proponents have used this disaggregation to show growth for the RSD. Hatfield (2012) is correct; we should aggregate. If the argument is that poor schools will regress to the mean, then the same is true for the higher performing schools. As long as all schools are aggregated to the district level using appropriate weighting, then we should be observing how the entire region is doing over time. If there are gains over time, we can be reasonably sure that all of those gains are not in just the best schools because the top schools, by definition, have less room to gain.

V. Results

First we discuss the within-Louisiana comparisons, where we find that CPS dominance-driven gains are hard to identify. Then, we compare the post-Katrina New Orleans gains to the post-Katrina trends in the Memphis (Tennessee) City District, the Mobile (Alabama) City District, and the Escambia District (Pensacola, Florida); places that are credibly similar to pre-Katrina New Orleans. We present evidence that New Orleans performs better than its non-Louisiana counterfactuals.

Based on the Louisiana District Counterfactuals

The following presentation of data through tables and graphs shows that, generally, other districts that appeared similar to pre-Katrina New Orleans also increased their passage rates and SPS scores. Graphs 4 and 5 contain the raw New Orleans passage rates and the control districts' data for Math and English. Two conclusions emerge from studying the graphs. First, all of the districts, including New Orleans, saw rising passage rates *prior* to Katrina, especially in 2004 when the 4th grade test became high stakes. Also, all districts saw rising passage rates in both subjects *after* Katrina (August, 2005) when the predominantly CPS system began to influence New Orleans.



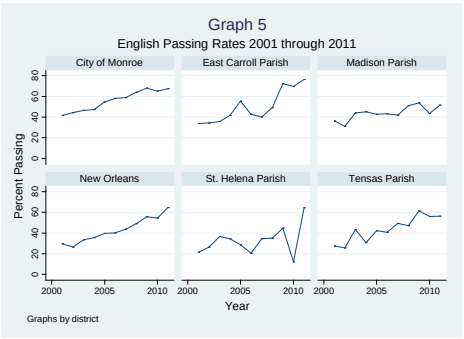


Table 3 shows the English and Math passage rates for all years since 2001 and the change from one year to the next for Louisiana, New Orleans, and the control districts' average. Louisiana passage rates rose by an average of just over 1.5 percentage points for each subject. New Orleans advanced by

3.5 percentage points, and the control groups gained by 3.1 and 2.6 percentage points in English and Math, respectively. The point here is that Louisiana districts most similar to New Orleans also gained at a greater rate than did the state over the same time period. The averages listed at the bottom of Table 3 show the average change rate from 2001-2011, from 2001-2005, and 2008-2011.

Table 3
Percent Passing on Lousiana State Exam

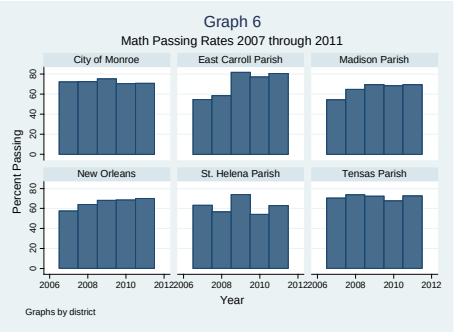
Year	Louisiana				New Orleans Region				Control Group Averages			
	English % Passing	Change	Math % Passing	Change	English % Passing	Change	Math % Passing	Change	English % Passing	Change	Math % Passing	Change
2001	55.6	-	50.1	-	29.7	-	23.6	-	32.1	-	30.5	-
2002	52.6	-3.0	46.2	-3.9	26.5	-3.2	19.4	-4.3	32.4	0.3	27.6	-2.9
2003	55.4	2.8	52.3	6.1	33.3	6.8	30.9	11.5	41.3	8.9	42.2	14.6
2004	56.2	0.8	58	5.7	35.7	2.4	36.4	5.5	39.9	-1.4	44.0	1.8
2005	60.1	3.9	59.2	1.2	39.6	3.9	39.8	3.4	44.8	4.9	40.0	-4.0
2006	61.7	1.6	60.5	1.3	30.2	-9.4	35.6	-4.3	41.1	-3.7	42.2	2.2
2007	64.8	3.1	60.7	0.2	43.8	13.6	40.0	4.5	44.9	3.8	42.0	-0.2
2008	66	1.2	65.1	4.4	49	5.2	46.2	6.2	49.3	4.4	49.4	7.4
2009	69.6	3.6	64.6	-0.5	55.9	6.9	50.7	4.5	60.1	10.8	58.7	9.3
2010	67.3	-2.3	66.2	1.6	54.5	-1.4	56.1	5.4	49.3	-10.8	55.9	-2.8
2011	72.5	5.2	68.4	2.2	64.6	10.1	61.4	5.3	63.2	13.9	56.8	0.9
2001-2011 Average		1.7		1.8		3.5		3.8		3.1		2.6
2001-2005 Average		1.1		2.3		2.5		4.1		3.2		2.4
2007-2011 Average		2.2		1.6		6.9		5.2		4.4		2.9

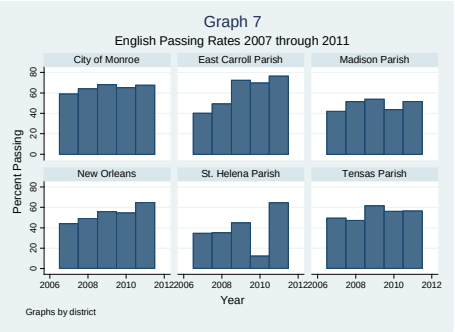
Note: Percent Passing is defined as percent of students scoring at or above the "Basic" level on the Lousiana state exam.

Looking at those averages, it appears that the charter system is working. New Orleans is outpacing the state and the averages of the control group since the inception of CPS dominance. However, it is a fragile interpretation. St. Helena Parish is an outlier in 2010 in both subjects but especially in English as Graph 5 clearly indicates. So the average change for the control group is skewed downward with the inclusion of St. Helena. To better illustrate why a state comparison is problematic, consider the percentage gained in math between 2007 and 2011 in each of the three

regions in Table 3. New Orleans went from 40% passing to 61% passing, a 52% increase. The state increased from 61% passing to 68%, a 12.7% increase while the control districts had a 36% increase in the percent passing. For the state to increase 52%, it would need to have a passing rate of over 90% in 2011. Regression to the mean seems a reasonable explanation for why the state is not growing at a similar rate as New Orleans.

The story is clearer when showing trends for the individual control districts and New Orleans since 2007 (Graphs 6 and 7). Although some districts failed to advance as fast as New Orleans, some did. The Madison and New Orleans trends are similar. East Carroll also has made gains since 2006.



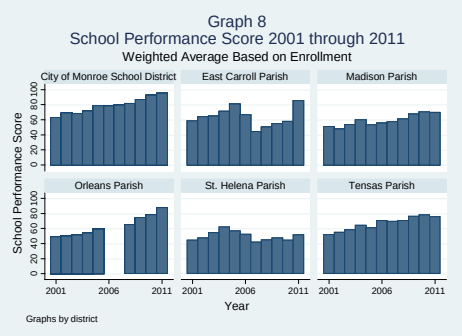


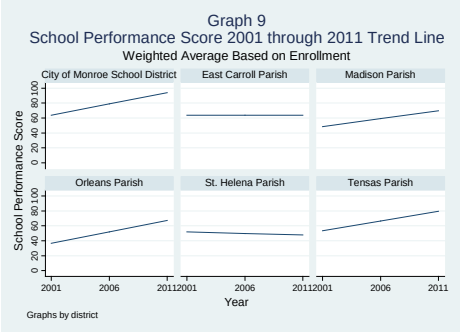
The best control district, the City of Monroe, shows a relatively flat-line in Math and a similar growth to New Orleans in English, especially between the years of 2007 and 2009. The steeper trend line for New Orleans is mostly due to the exceptional year the district had in 2011. It should be noted that New Orleans started well below Monroe in 2008 in both categories. The faster growth that New Orleans experienced could be due to regression to the mean rather than a response to the CPS dominance strategy, including post-Katrina changes in Louisiana's charter law that are not evident in major charter law amendments but are evident in a change in the Louisiana charter law assessment by the Center for Education Reform (CER).[1] Since other districts, including Monroe in English, also increased scores during the same period, it is difficult to discern whether the New Orleans shift to CPS

Comment [NLG1]: Fix these. I am indifferent which is used; we just need consistency.

dominance, the Louisiana charter law, or something else is responsible for a significant share of New Orleans's post-Katrina's gains.

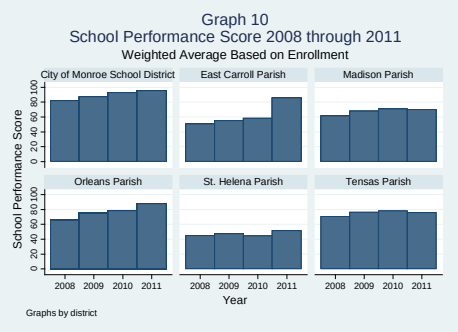
The story is, however, clearer with SPS scores. Graph 8 shows the actual SPS scores for New Orleans and the control districts since 2001. Graph 9 shows the trend lines for the same districts. The key in interpreting those data is to look at the pre and post Katrina trends in Graph 8. All districts prior to the storm were experiencing growth in their SPS. Note that after the storm, all but one district elevated its scores, and all increased their scores at a greater rate after the storm than they did before. Graph 9 shows that the overall trend in four (4) of the districts, including New Orleans, Monroe,





Tensas, and Madison are similar in slope—all rising at similar rates. Graph 10 shows the level SPS scores for New Orleans and the control districts since 2008. Again we see growth in most districts with Monroe (the best counterfactual region) in step with New Orleans. In interpreting Graph 10, we should again note that New Orleans started at a lower point than did districts such as Monroe, so a slightly faster growth rate could result from regression to the mean. East Carroll had steady growth through 2010 and a surge in 2011. The percentage gain between Orleans and the City of Monroe is quite different. Orleans went from an SPS of 65.32 in 2008 to 87.57 in 2011 for a 34% gain while the City of Monroe gained 16% (82.14 to 95.46). The temptation is to conclude that New Orleans is gaining faster. The issue is that regression to the mean could be present; that is, New Orleans has

much more room to gain than do others. If we were to do the same calculation for East Carroll Parish, we would conclude East Carroll is doing things well; it had a gain of a whopping 69.7% between 2008 and 2011, but we must note that it also started near the bottom with a score of 50.5.



The results seem to indicate that New Orleans has not experienced much relative gain compared to other poor performing districts with high levels of minority and poor students in the state of Louisiana. There is one additional reason to believe that New Orleans's gains could be overstated. Since the state does not require schools to report SPS scores for the first two years of existence, it is quite possible that the gains we see in New Orleans are because new schools have emerged and taken poorer performing students out of the performance numbers.

Based on the Memphis, Mobile, and Pensacola District Counterfactuals

Table 4 compares New Orleans to three similar non-Louisiana urban districts. A key reason for reaching beyond Louisiana districts for counterfactuals is the significant size difference between New Orleans and the Louisiana districts that are most like New Orleans in terms of socioeconomics and pre-Katrina schooling outcomes. A second reason for comparing the New Orleans trends to non-Louisiana counterfactuals is the question of whether the post-Katrina New Orleans trends were driven by statewide changes, or New Orleans-based changes, likely the CPS dominance makeover of the New Orleans system.

Table 4										
	Total		Aged 5-17	Poverty Share						
Districts	Population	Aged 5-17	in Poverty	of Aged 5-17						
Mobile, AL										
2010	399,863	72,855	19,120	26.2%						
2009	398,979	74,402	18,579	25.0%						
2007	404,406	77,396	20,751	26.8%						
2005	399,851	77,632	20,566	26.5%						
2000	400,705	79,253	16,902	21.3%						
NOLA										
2010	347,858	51,579	19,080	37.0%						
2009	354,850	50,533	16,680	33.0%						
2007	239,124	31,486	11,022	35.0%						
2005	452,170	83,201	31,486	37.8%						
2000	478,427	92,172	28,307	30.7%						
Memphis, TN										
2010	647,856	118,311	41,221	34.8%						
2009	706,682	133,461	41,743	31.3%						
2007	700,255	134,114	42,008	31.3%						
2005	689,239	135,941	37,238	27.4%						
2000	652,191	129,236	28,843	22.3%						
Pensacola (Escambia), FL										
2010	298,043	45,304	11,914	26.3%						
2009	303,343	45,810	11,780	25.7%						
2007	306,407	48,002	10,318	21.5%						
2005	295,624	48,556	10,595	21.8%						
2000	296,667	51,563	10,162	19.7%						
	Per Capita			Housing				School	District	
	Income		Median	Value	% Owner Occ		Rev/Student	Rev/HH	Rev/Person	Rev/Family
	1999		2000	2005	2000		2000	2000	2000	2000
NOLA - Orleans Parish SB	17258		88100	133700	46.53%		$6,402	$2,737	$1,064	$4,524
Escambia (Pensacola, FL)	18641		81700	123500	67.26%		$7,899	$3,223	$1,215	$4,801
Mobile County SD (AL)	17178		76600	97900	68.85%		$7,502	$3,249	$1,221	$4,548
Memphis City (TN) SD	17838		72300	86200	55.83%		$8,659	$3,894	$1,503	$6,104

New Orleans is the second largest of the four areas; all are much larger than the Louisiana district counterfactuals. Mobile has the lowest of the four very similar 1999 per capita incomes, but other than that feature, New Orleans seems at a slight disadvantage against Memphis, Mobile, and Pensacola, with slightly more child poverty, a lower rate of owner-occupied housing, and less per pupil spending. Mobile and Pensacola also sustained significant Katrina damage. Florida has one of the 'stronger'[2] charter laws, and Alabama has no charter law. Tennessee has a virtual 'in-name-only' charter law; consistently ranking among the nation's weakest charter laws.

Like New Orleans in Louisiana, Memphis is at the bottom of the barrel in Tennessee (TN), and Memphis did not improve its position from 2001-2011. For 8th grade math,[3] a 2001 Memphis 25th

percentile student was at the 14th percentile, statewide; 12th percentile in 2011. The 2011 25th percentile Memphis 8th grader was in the 14th percentile, statewide. A 2001 Memphis 50th percentile student was at the 29th percentile, statewide; 28th percentile in 2011. The 2011 50th percentile Memphis 8th grader was in the 31st percentile, statewide. A 2001 Memphis 75th percentile student was at the 52nd percentile, statewide; 51st in 2011.

New Orleans gained on the Louisiana statewide average. Memphis did not gain on TN. Memphis lagged TN, and TN did not gain from 2007 to 2011, as measured by NAEP 8th grade math (the most reliable indicator for the oldest children), and TN gained only slightly by its own measures. Louisiana's 8th grade math NAEP score rose only one point, from 272 to 273, from 2007 to 2011; it experienced slightly larger gains as measured by its own high stakes measures during that time. Those NAEP and state measure differences are consistent with the high stakes nature of most statewide measures – definitely Louisiana's – and the no-stakes NAEP (Walberg, 2011) exam results. Recall that New Orleans increased its performance, by the Louisiana standards, faster than the entire state.

Mobile was only Alabama's (AL) 8th worst urban district. But lacking a charter law, AL districts are good counterfactuals for assessments of CPS systemic effects. AL made more progress, as measured by NAEP, than Louisiana, TN, or FL. AL's 8th grade NAEP math score increased from 262 in 2005 to 266 in 2007 and 269 in 2011. On the basis of the state's 8th grade reading and math assessment, AL improved in the post-Katrina period in the 'exceeds expectations' category about 33%; from around 20% to 27%; there was little change in the other three lower categories. Mobile's gains slightly lagged the statewide AL gains.

Like LA and TN, Florida (FL) made virtually no 2007-2011 progress on its 8th grade math scores; increasing from 277 to 278. Based on Florida's grading system, Pensacola is at the bottom of FL's urban areas. Pensacola's consistent pre-Katrina grade of 'C' tops only four very small rural areas. Since 2007, Pensacola has bounced back and forth between 'B' and 'C'; receiving mostly 'B's.

The 2007-2011 Pensacola trend is in line with, perhaps slightly lagging, the statewide trend in district grades. From 2007-2011, the FL districts with an 'A' grade increased from fifteen to thirty, out of 67.

A Preliminary, Shaky Verdict

We have a cloudy picture. New Orleans gained on the statewide performance level. Memphis, Mobile, and Pensacola did not. But the New Orleans gains matched the gains of socio-economically-similar Louisiana districts, which implies that a statewide policy, not a New Orleans-specific policy caused the differences between New Orleans, Memphis, Mobile, Pensacola, and LA statewide trends.

It may be too soon to have a clearer view of CPS-dominance, LA-style, impacts. New CPS are known (Budin and Zimmer, 2005b; Booker et al, 2007) to suffer Year One problems. Even TPS-CPS conversions may suffer transitional declines in effectiveness. With more time, Year One effects will be a smaller part of the total New Orleans schooling outcomes. Furthermore, the most recent data may be a snapshot of a 'system' still in transition, not a 'system' in an approximate equilibrium end-state that should be the basis of a verdict.

And 'LA-style' may be a key determinant of the outcomes, so far, and perhaps even more so with more time to attain a degree of equilibrium. The specifics of the LA charter law, other state policies, and the exact extent of school change in New Orleans may help us understand our equivocal findings. Louisiana has five CPS categories, but those five types fall into two major categories (conversions and start-ups). A conversion CPS is a former TPS. The vast majority of New Orleans'CPSs are type 5 TPS conversions. Type 5 CPS are TPS that were shifted to the state organized Recovery School District.

Since the vast majority of New Orleans' CPSs are former TPSs, it is quite possible that many of the 'new' CPSs look and behave much like the 'old' TPS, which is consistent with our findings. And though a start-up school does not need to shed any prior culture and can begin its new program without any prior expectation, method, or product, there is no guarantee that every new school will do so.

Louisiana charter law does not allow the profit motive that might increase the propensity to innovate and experiment. Failure to note this potential effect could have caused Armao (2012; ¶ 10), and others, to conclude: "The horrors of Katrina created a blank sheet." But the sheet may not be as blank as one thinks if many TPS were converted to CPS and called something else without substantial changes.

Conversion CPSs lack the attendance of the TPS they used to be, but there still might not be much change in the composition of students. Indeed, Buras (2012) indicated that although choice exists for everyone in New Orleans, it exists in theory only. If her statement is true, that leads credence to the idea that the composition of students in conversion CPSs is not much different than that composition when those schools were TPSs.

The Louisiana charter law contains additional features that might cause CPS-dominance, Louisiana-style, to differ significantly from CPS-dominance in another state. Louisiana does not charter schools that deliver instruction online. Two key reasons for the relatively low ranking of the Louisiana charter law by the pro-charter Center for Education Reform are: 1) the availability of just traditional school districts and the state education agency (BESE) as CPS authorizers, and 2) a history of an above-normal level of CPS regulation.

Along with specifics on new vs. surviving vs. TPS-to-CPS conversion of surviving schools, these concluding paragraphs of section V should note key restrictions on chartering like potential authorizers (minimal authorizers other than districts), non-profit inhibits investment, funding inequity (see WFF/Ball State study), ban on cyber charter, and much regulation (etc.) Another limitation (holding back NOLA), maturation effects. Lots of new schools perform poorly in early years. I need to chase down the reference(s) for that finding.

VI. Summary and Concluding Remarks

It is difficult to conclude that the New Orleans' CPS dominance strategy is responsible for the recent growth in passage rates and SPS, though maturation of the new schools may eventually yield

such an effect. First, the ongoing trend began before the post-Katrina shift to CPS dominance. Second, the Louisiana districts with similar demographics also improved on those measures during the same period but lacked any kind of robust chartering system. Before using our findings to lament the lack of noteworthy systemic improvements through school choice expansion via charter schools, we have to recognize that the New Orleans system may not be in 'equilibrium', but still in transition while powerful forces continue to work their way through the system, that not all CPS settings are equal, and that some of the common differences may be very important determinants of aggregate performance as measured by available data. If further scrutiny confirms disappointment with LA-style charter law as a transformation catalyst, it may point to charter law revisions, not giving up on current charter law as a starting point for further innovation. A 'stronger' charter law may qualify as a transformation catalyst, and the 41 state charter laws may have debilitating provisions in common. So, we may need to further experiment with the charter law-based experiment.

Did we undertake our study too soon? No! The New Orleans experience is already a widely cited example that policymakers may rely on for systemic change. That, the need for increased attention to charter law specifics, and the possible significance of our systems-level perspective more than justifies our preliminary assessment.

There is nothing in our findings to suggest that CPS-dominance, Louisiana-style, produced worse outcomes than the path taken by other Katrina-devastated areas. We cannot praise or condemn a robust school choice system based on New Orleans data as such a system does not exist in New Orleans. The strongest conclusion one could make for the approach employed in post-Katrina New Orleans using our approach is that the emergence of the CPS system in New Orleans has not caused ubiquitous academic failure to any more of a degree than the previous system.

References

Armao, J. 2012 "The Big Easy's school revolution." *Washington Post* (4/27/2012) Retrieved August 5th, 2012, from http://www.washingtonpost.com/opinions/the-big-easys-school-revolution/2012/04/27/gIQAS4bDmT_story.html

Betts, J. and P. T. Hill. 2006. Key issues in studying charter schools and achievement: A review and *suggestions for national guidelines* (NCSRP White Paper Series No. 2). Seattle: National Charter School Research Project: Center on Reinventing Public Education.

Bifulco, R. and H. F. Ladd. 2006. The impacts of charter schools on student achievement: Evidence from North Carolina. *Education Finance and Policy* 1:1, 50-90.

Blair, J. P., and Staley, S. (1995) "Quality Competition and Public Schools: Further Evidence." *Economics of Education Review* 14:2, 193–98.

Bohte, J. 2004. "Examining the impact of charter schools on performance in traditional public schools." *The Policy Studies Journal* 32:4, 501-520.

Booker, K., S. Gilpatric, T. Gronberg, and D. Jansen. 2007. "The Impact of Charter School Attendance on Student Performance." *Journal of Public Economics* 91:5-6, 849-876.

Buddin, R. and R. Zimmer. 2005a. *Is charter school competition in california improving the performance of traditional public schools?* (Working paper No. WR-297-EDU). Santa Monica, CA: RAND Corporation.

Buddin, R. and R. Zimmer. 2005b. "Student Achievement in Charter Schools: A Complex Picture." *Journal of Public Economics* 24:2, 351-371.

Buras, K. 2012. Panel discussion on New Orleans Education Reform: Pass or Fail? Retrieved July 25, 2012, from The Harvard Graduate School of Education AskWithForums Web site: http://www.gse.harvard.edu/news-impact/2012/04/watch-the-new-orleans-askwith-forum-live/.

Carr, M. and G. Ritter. 2007. *Measuring the competitive effect of charter schools on student achievement in Ohio's traditional public schools* (Research Publication No. 146). New York: National Center for the Study of Privatization in Education, Columbia University.

Greene, J. P. and G. Forster. 2002. *Rising to the challenge: The effect of school choice on public schools in Milwaukee and San Antonio* (Civic Bulletin No. 27). New York: Manhattan Institute.

Hanushek, E. 1996. "School Resources and Student Performance." In G. Burtless (ed.) *Does Money Matter? The Effect of School Resources on Student Achievement and Adult Success*, 43–73. Washington: Brookings Institution.

Henig, J. 2008. *Spin Cycle*. New York: Russel Sage.

Holmes, G. M., J. DeSimone, and N. G. Rupp. 2003. Does school choice increase school quality? Unpublished manuscript.

Horne, J. 2011. "New Schools in New Orleans." *Education Next* : 15-24.

Hoxby, C. M. 2006. School *Choice: The Three Essential Elements and Several Policy Options*. Wellington, NZ: New Zealand Education Forum.

Hoxby, C. M. and J. E. Rockoff. 2004. *The impact of charter schools on student achievement.* Unpublished manuscript.

Imberman, Scott A., 2011. The effect of charter schools on achievement and behavior of public school students. *Journal of Public Economics* 95(7-8), pages 850-863

Laskow, S. 2010. "Necessity Is the Mother of Invention." *Newsweek* (8/26/10) Retrieved July 25th, 2012, from http://www.thedailybeast.com/newsweek/2010/08/26/new-orleans-s-charter-school-revolution.html

Merrifield, J. D. 2012. "Instructional Comparative Advantages May Exist Despite the 'Comprehensive Uniformity' of Traditional Public Schools." *Journal of School Choice* 6:1,.

Merrifield, J. D. 2009. "The Potential for System-Friendly K-12 Reform." *Cato Journal* 29:2, 373-387.

Merrifield, J. D. 2008b. "The School Choice Evidence and its Significance." *Journal of School Choice* 2:3, 223-259.

Merrifield, J. D. 2008a. "The Twelve Policy Approaches to Increased School Choice." *Journal of School Choice* 2:1, 4-19.

Merrifield, J. D. 2006. "Charter School Legislation: Disaster, Detour, Irrelevant, or Reform Tool." *Journal of School Choice* 1:1, 3-22.

Merrifield, J. D. 2005. "Specialization in a Competitive Education Industry: Areas and Impacts." *Cato Journal* 25:2, 317-336.

Ni, Y. 2007. *Do traditional public schools benefit from charter school competition? Evidence from Michigan* (Research Publication No. 145). New York: National Center for the Study of Privatization in Education, Columbia University.

Plyer, A., & Elaine, O. 2011. "The New Orleans index at six." Website: https://gnocdc.s3.amazonaws.com/reports/GNOCDC_NewOrleansIndexAtSix.pdf

Robelen, E. 2010. "New Orleans Seizes Momentum." *Education Week* (8/25/10): 1-13.

Sass, T. R. 2006. "Charter schools and student achievement in Florida. *Education Finance and Policy* 1:1, 91-122.

Sparks, S. D. 2010. "Federal Criteria for Studies Grow." *Education Week* (10/20/10): 1-12.

Tilove, J. 2012. Senator Mary Landrieu touts New Orleans Charter Schools on 'Morning Joe.' *Times-Picayune* (5/8/12). Retrieved July 25th from http://www.nola.com/politics/index.ssf/2012/05/sen_mary_landrieu_touts_new_or.html

U.S. Commission on National Security for the 21st Century. 2001. *Road Map for National Security: Imperative for Change—Phase III Report.* Washington: Government Printing Office.

U.S. Department of Education, National Commission on Excellence in Education. 1983. *A Nation at Risk: The Imperative for Educational Reform.* Washington: U.S. Department of Education.

Vanacore, A. 2012. New Orleans charter schools are producing success stories. *Times-Picayune* (5/27/12). Retrieved July 25th from http://www.nola.com/education/index.ssf/2012/05/new_orleans_charter_schools_ar.html

Walberg, Herbert. 2011. *Tests, Testing, and Genuine School Reform*. Stanford, CA: Hoover Institution Press.

[1] Louisiana vaulted from a #24 ranking in 2008 to #13 in 2011; mostly from 2008 to 2009 when it reached #16.
[2] "Strong" is the CER term of laws conducive to autonomous CPS formation.
[3] TN made numerous recent testing changes. Only TCAP (Tennessee Comprehensive Assessment Program) math data are consistent from 2001-2011.