

HOW DO SCHOOL LEADERS RESPOND TO COMPETITION?

Evidence from New Orleans



By Huriya Jabbar

Understanding how schools respond to competition is vital to understanding the effects of the market-based school reforms implemented in New Orleans since 2005. Advocates of market-based reform suggest that, when parents and students can freely choose schools, schools will improve education in order to attract and retain students. But, for market-based school-choice policies to work, school leaders have to believe they are competing for students, and they have to choose to compete in ways that improve education.

WHAT HAVE PREVIOUS STUDIES MISSED ABOUT COMPETITION IN PUBLIC SCHOOLS?

Most studies of market-based approaches to schooling have focused on outcomes—whether such approaches have increased average achievement. Prior studies have assumed that school leaders feel competitive pressure and can respond in productive ways. The results of these studies have been mixed. Some have found that increased competition led to higher student achievement, while others found that more competition actually lowered student outcomes over time. What is common to all of them is that the effects found have been small.

This study extensively analyzes New Orleans school leaders' perceptions of competition and their responses to it. Focusing on schools' responses to competition rather than outcomes can help policy-makers understand whether improving education is the automatic response to competition in a school-choice environment, or whether schools, like competitors in other markets, have a range of strategies they employ in order to survive. This can add to our understanding of the varied ways in which competition affects schools, a dynamic not captured in studies of student outcomes.

This study also solves a problem that prior research on market-based school reform has faced: limited competition. A certain number of competitors are necessary in a given market before real competition exists. In many of the school-choice markets that have been studied, there simply may not have been enough schools competing to create competitive pressures. The New Orleans school-choice market, consisting overwhelmingly of open-enrollment charter schools, is arguably the most competitive district ever created in the United States.

HOW DID I CARRY OUT THE ANALYSIS?

The data for the study were obtained from 72 interviews with district leaders, charter-school board members, charter network leaders, and principals of 30 randomly selected schools in 2012–2013. This sample of schools represents the schools in New Orleans, including charter schools, direct-run OPSB and RSD schools, and schools at all grade levels. The interviews were transcribed and items systematically coded to identify categories of responses.

ARE SCHOOL LEADERS AWARE OF COMPETITION?

- Yes. The leaders of 29 of the 30 schools in the sample reported having at least one specific competitor. Some felt the

competition intensely, saying “Yes, Lord!” and “Absolutely,” when asked if their schools competed with other schools for students.

“ We all want our [student] numbers up so we can get more money, more funding. ”

– School Leader

- School leaders defined competition as competition for students and the government funding that comes with them. Their comments in this regard included, “Every kid is money,” “Enrollment runs the budget; the budget runs the enrollment,” and “We all want our [student] numbers up so we can get more money, more funding.”

WHAT STRATEGIES DID SCHOOL LEADERS ADOPT TO RESPOND TO COMPETITIVE PRESSURE?

School leaders compete using strategies that range from improving academics to more questionable practices like selecting or excluding students based on ability [Table 1].

TABLE 1: Strategies Adopted by School Leaders in Response to Competitive Pressure

*n = number of schools using strategy

TYPE OF STRATEGY	TYPES OF COMPETITIVE RESPONSES	EXAMPLES
Improvements to Quality and Functioning	Academic Changes (n=10)* Operational Changes (n=10)	<ul style="list-style-type: none"> • Improving student test scores • Changes to curriculum and instruction • Cuts to unnecessary budget items
Market Research	Increased Market Research (n=10)	<ul style="list-style-type: none"> • Internal or external data analysis • Visits to other schools
Differentiation	Filling Niche Market Gaps (n=10) Increased Extracurricular Activities (n=10)	<ul style="list-style-type: none"> • Occupying a niche (arts, academic, geographical) to attract parents and limit competition (a specialized, whole-school focus) • Adding unique extracurricular programs and activities (e.g., sports)
Marketing	Increased Marketing (n=25)	<ul style="list-style-type: none"> • Focus on promoting existing offerings • Branding and marketing materials
Selecting or Excluding Students	Selecting or Excluding Students (n=10)	<ul style="list-style-type: none"> • Counseling out students deemed not a good fit • Not advertising open spaces to limit types of students who enroll

- The most common competitive practice (25 of 30 schools) was marketing existing school offerings. Marketing activities included advertising, attending fairs, and hiring marketing or brand consultants.
- More than half of schools (17 of 30) differentiated themselves by filling academic, extracurricular, or geographic niches.

“ *School leaders compete using strategies that range from improving academics to more questionable practices like selecting or excluding students based on ability.* ”

- One-third (10 of 30) of schools competed with other schools by improving academics or instruction, and one-third responded by making operational changes, such as cutting costs, developing partnerships, or opening additional schools.
- One-third (10 of 30) of schools selected or excluded students by, for example, counseling students who were not thought to be a good fit to transfer to another school, holding invitation-only events to advertise the school, or not reporting open seats. This number included five OPSB schools and five RSD schools.
- Finally, seven of thirty schools conducted market research, gathering information on competitors through data analysis, word-of-mouth, and visits to competitor schools.

WHY DID DIFFERENT LEADERS RESPOND IN DIFFERENT WAYS?

- We find that school leaders’ strategies varied according to the intensity of competition. Those perceiving intense competition used a number of different strategies, including academic improvement, information gathering, differentiation through extracurricular activities, and marketing. Leaders who perceived less competitive pressure made operational changes, differentiated themselves through niche programs, or selected students in some way. The single school that reported feeling no competition did not use any competitive strategy.

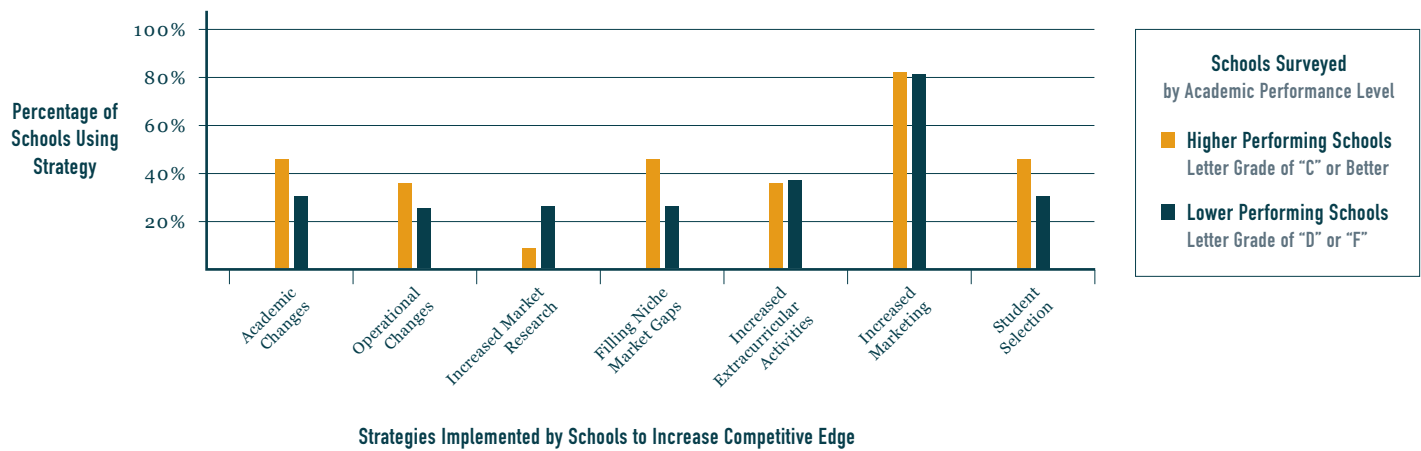
How is this Report Related to Other Studies by *Era*-New Orleans?

The results of this study are in many ways consistent with *Era*-New Orleans’ first report: *What Schools Do Families Want (and Why)?* That earlier report found that families want many different things from schools, suggesting that, to compete well, schools need to respond in a variety of ways—to focus not just on academics, but also on extracurricular activities, for example.

Era-New Orleans’ researchers are also examining a range of issues related to competition and principals’ strategies, including how schools market themselves to parents, how much differentiation exists in the school programs in New Orleans, and how the public image of schools aligns with their actual practice (via survey data from teachers and staff). Another study will examine the impact of selection and exclusion strategies by studying patterns in student mobility and the distribution of students by race, income, and other characteristics in the New Orleans system. Finally, *Era* researchers are examining whether New Orleans’ overall model of choice and competition has led to academic gains over time, by comparing pre- and post-Katrina data on student outcomes.

- The fact that schools facing less competition respond with more niche programs and student selection strategies could be due to several factors. First, by creating niche programs, schools could be responding to the different family preferences, that is, responding to the market. The niche programs may also indicate that these are successful strategies for mitigating competition. In other words, schools find a niche in order to minimize competition, and, as a result, they feel less pressure to compete in other ways. Something similar can be said for schools that select or exclude students. By selecting students, these schools may be able to improve results. Improved results mean greater demand for the school, and school leaders perceive less competitive pressure.
- Charter network membership and funding also influenced which competitive strategies school leaders chose. Leaders of stand-alone charter schools and district direct-run schools felt

FIGURE 1: The Relationship Between a School’s Academic Performance Level and the Strategies They Use to Increase Their Competitive Edge



they were not able to compete as extensively as “brand-name” schools operated by larger charter management organizations. For instance, the stand-alone and district-run schools reported lacking the funds to make operational changes like creating new teacher bonus systems. Larger charter networks reported that they could absorb the loss of students at any one school and spread philanthropic dollars across sites.

- While most schools did not have control over their school sites, school leaders noted that newer facilities bestowed a competitive advantage and temporary or portable facilities a disadvantage.
- Academic performance, particularly a school’s letter grade, appeared to influence the competitive strategies used by the school. Higher performing schools, those with a letter grade of C or higher, made academic and operational improvements, differentiated themselves by finding a market niche, and used student selection strategies at higher rates than lower performing schools (those with a grade of D or F) [Figure 1].

WHAT DOES THIS RESEARCH MEAN?

School-choice policies in New Orleans have resulted in perceived competition among school leaders. Only 1 leader of 30 reported having no competition. However, the responses to this competition, the strategies used to compete, are not necessarily those expected by policy-makers.

For instance, schools most often responded to the pressure to attract and retain students by marketing programs and services that the school already offered.

One-third of school leaders reported using academic and operational strategies of the kind expected by proponents of market-based reform. However, given the general assumption that higher achievement is crucial for attracting and retaining students (and their parents), it is surprising that failing schools less often competed by seeking to improve academics.

One-third of schools in the study reported using selection strategies. These schools used a combination of targeted marketing and unofficial referrals in order to fill seats with more desirable students. Some schools chose not to declare open seats, preferring to have vacant seats rather than attract students who might lower school test scores. The combined pressure to enroll a greater number of students and raise test scores to meet state targets seems to have created perverse incentives, encouraging the practice of screening and selecting students.

WHAT CAN POLICYMAKERS DO TO ENCOURAGE POSITIVE CHANGES IN RESPONSE TO COMPETITION AND MITIGATE NEGATIVE ONES?

Some advocates of school choice suggest there is little role for districts other than approving charters and closing low-performing schools. But, if schools, like firms in other markets, can choose to compete in

ways other than improving their products—even in ways that violate district policies—a more significant role for a central authority may be warranted. Without more efforts to manage the current responses to competition like student selection and exclusion, New Orleans could end up with a less equitable school system.

These findings suggest areas where the district could help ensure a fairer marketplace, mitigating some of its negative effects. For example, central assignment programs, such as OneApp, may simplify the process for families and may reduce opportunities to screen and select students. While the OneApp was available during the year of the study, it was in its first year of implementation and there was still some confusion over what the rules were. Since the data in this study were collected, the RSD has made several efforts to address these issues, such as closer oversight of mid-year transfers,

and has increased the number of schools participating in the OneApp. However, it is difficult to prevent the strategic use of open seats and school capacity or the use of strategic marketing strategies.

In addition to closer oversight, districts can also provide better information to ensure that students and families can access schools. While the New Orleans Parents' Guide and the RSD's parent centers provide some information on schools, studies of parental choice in other cities have found that more targeted information might be less overwhelming for parents, and enable them to select higher performing schools. And since competition alone does not seem to generate many efforts to improve instruction, districts might provide supports to struggling schools to help them build capacity and focus on academic improvement.



About Education Research Alliance For New Orleans

The mission of the Education Research Alliance for New Orleans (*Era-New Orleans*) is to produce rigorous, objective, and useful research to support the long-term achievement of all students. Based at Tulane University, *Era-New Orleans* is partnership of a variety of prominent local education groups. Our Advisory Board includes (in alphabetical order): Educate Now!, the Louisiana Association of Educators, the Louisiana Association of Public Charter Schools, the Louisiana Federation of Teachers, the Louisiana Recovery School District, New Schools for New Orleans, New Orleans Parents' Guide, the Orleans Parish School Board, the Orleans Public Education Network, and the Urban League of New Orleans. For more information, please visit the organization's website:

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Huriya Jabbar is an assistant professor at The University of Texas at Austin in education policy, and a research associate at *Era-New Orleans*. She studies the social and political dimensions of market-based reforms in education, including school choice and incentive pay, and how policymakers use research on such reforms. Recently, she has been examining school choice and competition in New Orleans. She has a PhD from the University of California, Berkeley, in Education Policy, Organization, Measurement, and Evaluation.