



WORKING PAPER

Contracting for Success? The Evolution of Governance in Texas Portfolio School Districts

Sara R. Sands and Fiza Mairaj
University of Houston, College of Education, Houston, Texas, United States

August 2024
Working Paper # 101-24
Version 1.0

Abstract: In 2017 during the 85th legislative session, Texas lawmakers passed Senate Bill (SB) 1882, which established Texas Partnerships, an initiative that gives school districts the ability to contract with nonprofit providers to operate new charter schools within their district. In this qualitative study, we examine a fundamental but overlooked component of these partnerships: the performance contracts between school districts and the operating partners (OPs). Building on the literature on portfolio management models (PMMs), educational governance, and contracting, we find that these partnerships devolve power and authority to OPs in areas like curriculum, staffing, and budget allocation. However, the role of the centralized agency—the district—looms large in supporting, managing, and monitoring the partners and fulfillment of the contracts. This suggests that for PMMs, decentralization requires strong centralization to be successful.

Suggested citation: Sands, S. R., & Mairaj, F. (2024). Contracting for Success? The Evolution of Governance in Texas Portfolio School Districts. University of Houston Education Research Center Working Paper #101-24. Manuscript submitted for publication.

© 2024 by Sara R. Sands and Fiza Mairaj. All rights reserved

Contracting for Success?

The Evolution of Governance in Texas Portfolio School Districts

Corresponding Author

Name: Fiza Mairaj
University of Houston
Email address: fmairaj@central.uh.edu

Contributing Author

Name: Sara R. Sands
University of Houston
Ssands2@central.uh.edu

Publication status: An advanced version of this paper has been submitted to a journal and is awaiting acceptance.

Competing interests: The authors report no potential conflicts of interest.

Disclaimer: This policy brief is a result of approved research conducted using data through the University of Houston Education Research Center (UH ERC). Results, opinions, recommendations, or points of view expressed in this policy brief represent the work and consensus of the authors and do not necessarily represent the official position or policies of the University of Houston, the UH ERC, and/or its funding organizations.

August 2024
Working Paper #
Version 1.0

Introduction

Since the late 1990s, a growing number of urban school systems have heeded the clarion call for reform by adopting new governance models (Bulkley et al., 2021). For some districts, this restructuring has meant shifting oversight of schools from a centralized traditional school district to portfolio management models (PMMs) (Hill, 1995; Torres et al., 2020). This includes schools operating traditional direct district oversight, semiautonomous to fully autonomous schools created by the district (e.g., magnet schools), privately managed schools, and charter schools (Bulkley & Henig, 2015; Marsh et al., 2021; Torres et al., 2020). In a PMM, schools operate in an environment defined by a set of interlocking policy mechanisms, namely increased school-based autonomy, accountability, school choice, and expansive contracting of new service providers, including school operators (Bulkley & Henig, 2015; Marsh et al., 2021).

As an educational reform, the PMM invites an opportunity to consider two ongoing debates in K–12 education politics and public administration: centralization versus decentralization in educational governance and contracting regimes. On the governance side, questions abound regarding how much power and authority should remain in the domain of local school districts and how much should be devolved to schools, and in certain cases, the third-party contractors tasked with managing schools (DiMartino & Scott, 2012; Wohlstetter & McCurdy, 1991). This includes over what areas of school operations districts should maintain control, what areas might be devolved to schools or independent organizations, and how much authority should be centralized or decentralized in different domains.

This paper builds on the existing literature on PMMs by looking at a Texas state initiative, the Senate Bill (SB) 1882 partnerships, to promote the uptake of PMMs in districts.

We explore the tension between centralization and decentralization in PMMs by focusing on how the governance of schools is framed in the contracts between school districts and operating partners (OPs) contracted to operate schools. We first ask, *how is power and authority divided between districts and OPs, including what remains the responsibility of school districts and what shifts to OPs under a PMM?* We then consider the implications, asking *what, from a public administration and politics perspective, might the new role of districts be in PMMs, and what are the challenges and opportunities that such a shift portends?* To address these questions, we perform a qualitative document analysis of the contracts between school districts and OPs.

Our findings suggest that the performance contracts, mirroring the SB 1882 policy impetus, endorse the idea that decentralization of autonomy to the school site is the best way to achieve results for students. However, the codification of this idea in law and the framing of contracts belies the complicated, overlapping, and interconnected web of power and authority that forms. This suggests that decentralization appears to require well-executed centralization. We offer recommendations that districts moving toward adopting a PMM might consider prior to entering this type of contracting regime.

Significance

While it might be tempting to dismiss the analysis of these contracts as esoteric or limited to the Texas state law from which they spawn, there are important reasons to examine these partnerships. The Texas case is a notable evolution in the PMM policy realm. To date, most PMMs have appeared in large, urban school districts (Peterson, 2021). For the most part, these districts have undertaken the move to PMMs on their own accord (e.g., New York and Chicago), with only a handful of districts—New Orleans, Philadelphia, and Lawrence, Massachusetts—

serving as rare examples of districts forced to enact a diverse-provider model following state takeovers (see Bulkley et al., 2010). Texas appears to be a loner as a state that has tried to incentivize the uptake of PMMs across multiple kinds of districts—rural, urban, and suburban; large, medium, and small—simultaneously and absent a crisis through the passage of legislation designed to incentivize school choice. This, coupled with the attempts in Texas to launch school vouchers, signals an ongoing wave of initiatives to promote decentralization of school management to private or semiautonomous organizations.

Furthermore, according to a 2022 study, Texas partnerships served 45,022 students in 18 school districts as of 2021 (Templeton et al., 2022), and these partnerships overwhelmingly served communities of color, where students primarily identified as Hispanic or Black and came from low-income socioeconomic backgrounds. This suggests that SB 1882 partnerships are not ubiquitous across the state, but are used in some cases to reform school districts serving historically and currently marginalized communities. Considering the student groups largely being served by these partnerships in Texas, the limited literature on PMMs to date, and the possible expansion of the Texas approach to other states, an examination of this unique case is warranted.

Background on SB 1882

In 2017 during the 85th legislative session in Texas, lawmakers passed SB 1882 to promote collaboration between public school districts and charter schools. Texas state Senators cited that more than 5.3 million Texas public school students already enroll in charter schools and traditional public schools, hence it was in the students' best interest to encourage more collaboration between districts and charter schools to increase “access to high-quality schools,

regardless of type” (Senate Research Center, 2017). The legislation suggested that these collaborations could include shared facilities, shared professional development programs, or other innovative partnership ideas, but would, most importantly, prioritize cooperation and innovation between districts and charter schools and minimize competition (Senate Research Center, 2017).

Following the passage of SB 1882 in the summer of 2017, the Texas Partnerships initiative was introduced, wherein school districts could contract with a partner to operate new charter schools within their district. To form Texas Partnerships, school districts could choose to partner with open-enrollment charter schools, governmental entities, institutions of higher education, or nonprofit organizations to create new or existing schools that either provide an innovative model (“Innovation Partnerships”) or serve as a turnaround school to improve past performance (“Turnaround Partnerships”) (TEA, n.d.). To encourage these partnerships between school districts and outside providers, the state offered two benefits: additional funding and an accountability exemption. The accountability exemption was of particular importance. Districts choosing to engage in a partnership to turn around chronically low-performing schools (based on state accountability ratings) would receive a two-year exemption from accountability-related sanctions, which could have otherwise led to the school district being taken over by the state.¹

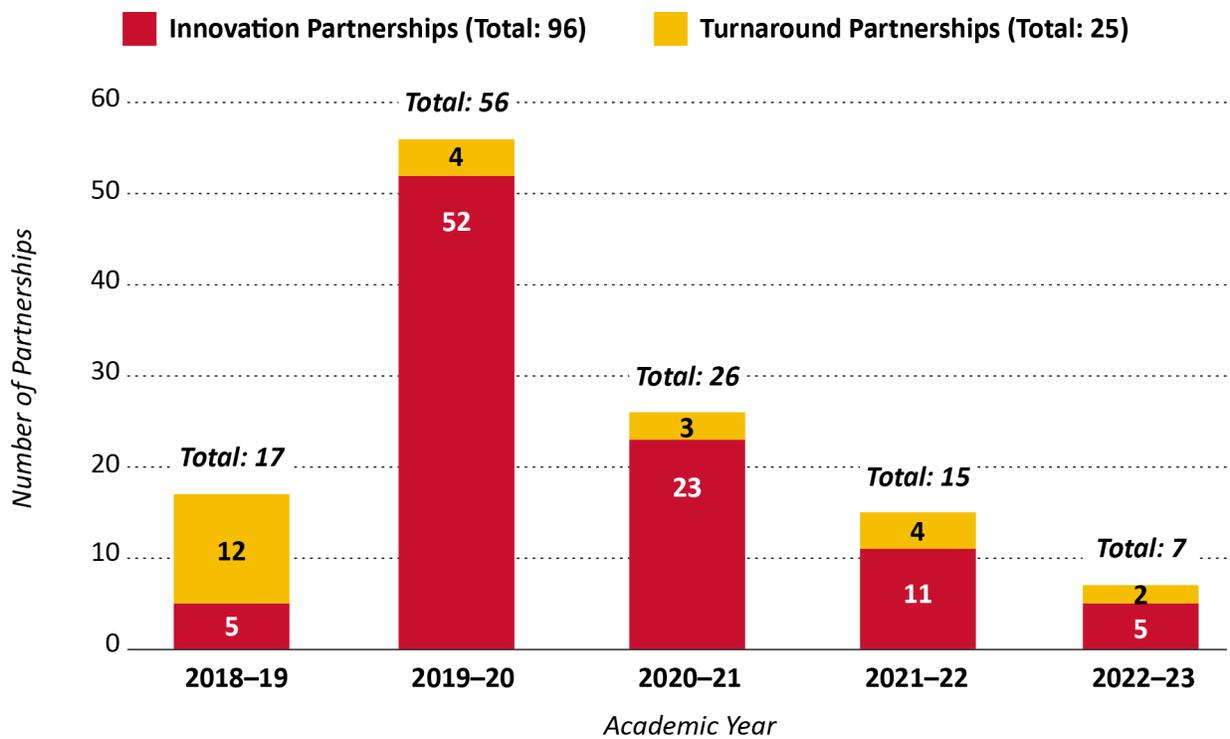
Figure 1 shows the number of new partnerships approved each year between the school years 2018–19 and 2022–23. As of April 2023, 103 partnerships were continued or scheduled to

¹ House Bill 1842, 84th Legislature, 2015 Regular Session.

operate as Texas Partnerships. Of the partnerships approved between 2018–19 and 2022–23, 96 were Innovation Partnerships and 25 were Turnaround Partnerships.

Figure 1

New Texas Campus Partnerships Approved Between 2018–19 and 2022–23



Source: Texas Partnerships, Texas Education Agency

Literature Review: PMMs, Educational Governance, and Contracting

In this section, we briefly review three bodies of literature guiding our research—the existing landscape of literature on PMMs and the literature on two strands of research that

anchor our discussion: centralization versus decentralization and contracting regimes in public service.

PMMs

Hill and his colleagues, who are largely credited with advancing the idea of PMMs, explain that a portfolio school district provides schools through many different avenues—“traditional direct operation, semi-autonomous schools created by the district, and chartering or contracting to independent parties— but holds all schools, no matter how they are run, accountable for performance” (2009, p. 1). Among their many claims about the need for PMMs, Hill et al. (1997) make two assertions. First, PMMs, unlike many other reforms, totally overhaul the current governance structure of public education, granting autonomy over critical areas of school operations to the school level and freeing them of rules, regulations, and other trappings of bureaucratic control, while using the power of the central office to keep schools accountable for results (Hill et al., 1997; Hill et al., 2009; Marsh et al., 2021). Second, using contracting, schools can formalize their autonomy, power, and control over critical operational and investment decisions, and school districts can claim real authority to close or replace schools that do not deliver the contracted services and results (Hill, 1995; Hill et al., 1997). In other words, contracting is the vehicle through which PMMs might reinvent public education governance, trading off autonomy for accountability, district by district.

Given the relatively recent emergence of PMMs as an educational reform strategy, the empirical literature on PMMs is still nascent (Bulkley et al., 2010; Marsh et al., 2013; Torres et al., 2020). Studies aiming to draw causal conclusions about the impact of PMMs on student outcomes have been limited, offering at best mixed results. Two studies utilized quasi-

experimental designs to capture nuances on portfolio evaluation; Kemple's (2011) analysis of the New York Children's First portfolio reform and Strunk et al.'s (2016) examination of Los Angeles Unified School District's (LAUSD) Public School Choice Initiative (PSCI). While Kemple found gains in reading and math in fourth and eighth grades, Strunk et al. found gains only in English language arts and only for one cohort of schools. Two studies examining post-Katrina school reforms in New Orleans found some positive results. Harris and Larsen (2016) discovered that 10 years after the implementation of the portfolio district, student achievement increased by 0.2 to 0.4 standard deviations compared with similar school districts without any educational reform. McEachin et al. (2016) found that gains in student achievement and non-academic student outcomes in New Orleans varied depending on the sector, school type, and contracting agency. These studies suggest that PMMs, in their creation of a patchwork of school types, operators, networks, reforms, and implementation periods yield a patchwork of results, where different operant conditions and time influence outcomes. Generalizations about the effectiveness and efficacy of PMMs without a proper accounting of contextual factors are inappropriate and miss the subtleties that account for nontrivial differences in outcomes.

Outside of performance evaluations, the implementation of PMMs has been documented in research on several urban school systems, including Chicago, Philadelphia, New York, Denver, Los Angeles, and New Orleans (Bulkley et al., 2010; Marsh et al., 2021; Torres et al., 2020). Some findings unite these studies. First, it is evident that the implementation of portfolio reforms is "a deeply political undertaking" (Marsh et al., 2013, p. 518). The enticement of autonomy (changes to leadership and instructional practices; waivers from district policies or union collective bargaining agreements; power over budgets and operational decisions) and the

threats of accountability (the loss of jobs, schools, community institutions, and known institutional norms, values, and culture) generates high stakes and commensurate incentives for stakeholders across the board to mobilize in favor of their interests (Marsh et al., 2013). Second, in shifting the balance of power among school districts, schools, and school operators, PMMs invite consideration of broader questions about what a new system of governance means in practice. Namely, as districts abandon their traditional roles and shapeshift to fulfil the demands of growing and maintaining a portfolio of schools, there are questions about how much power should continue to be centralized and how it should be exercised.

Educational Governance: Centralization vs. Decentralization

Informed by Manna (2013), we largely consider “centralization” in terms of how much power over decision-making in critical areas of school operations (e.g., academic programs, curriculum, staffing, and budget allocation) is delegated to local school districts, which are treated in this instance as the main governing body. “Decentralization,” on the other hand, is the degree to which power over decision-making for school operations is devolved away from central governing bodies to OPs. High decentralization over a particular area of school management and operations would indicate that OPs hold the power to make decisions and carry out policies, while high centralization would indicate that school districts maintain the power.

Proponents of decentralization assert that reducing the power of centralized authorities like states and districts to manage and direct schools and elevating the power of individual schools to make decisions about their management and operations is the best way to improve school quality and student achievement (Marsh et al., 2021; Wohlstetter & McCurdy, 1991). This may include extending school autonomy over the hiring and firing of school staff (e.g.,

teachers, principals, and other personnel), curricular choices and instructional approaches, budget allocation, school schedules, and educator professional learning (Torres et al., 2020). However, the degree to which decentralization effectively achieves educational goals is debated. Indeed, decentralization has been found in many cases to reproduce systemic inequities along lines of race and class (Egalite et al., 2017; McDermott, 1999). Moreover, a full abandonment of centralized structures is often not desirable. For example, Torres et al. (2020) found that in the case of Denver portfolio schools, schools often benefited in terms of efficiency and capacity building when given the opportunity to use some capacity supports created by the district.

Subsequently, a healthy body of literature continues to advocate for centralization of educational governance. In addition to the arguments given above, advocates for centralization cite that some decisions and processes are more efficient when centralized in a single governing body, versus dispersed (Treisman, 2007). On the other hand, complete centralization of educational governance may not be desirable. Given the diversity of the United States across any set of metrics, it is often argued that schooling should be able to address these differences. Not all children have the same educational needs or desire the same learning environments, so a one-size-fits-all approach to schools may not only be undesirable but potentially detrimental when it comes to meeting the needs of students (McDermott, 1999). Finally, it is argued that centralization undermines values such as pluralism and local control, including the choice of parents to educate their children as they see fit (Uzzell, 2005).

Contracting Regimes in Public Service

Central to the operation of PMMs is the concept of contracting, which by no means is new in the realm of public administration (Kettl, 1993; Lyons, 1995). Indeed, in their 2004

article evaluating the impact of contracting on more than 1,000 Texas school districts, O’Toole and Meier observed that “more governments contract, governments contract for more goods and services, and a larger portion of government budgets are allocated to contracted arrangements than ever before” (p. 342). Government contracting has often been cast in the administration of public services as an innovative management strategy and alternative to traditional direct service delivery models (Rho et al., 2021). However, researchers have noted that contracting out does not always lead to cost reductions, better quality services, or efficiencies in service delivery, and it sometimes raises challenges regarding accountability and the safeguarding of democratic values (Rho, 2013).

Different from other types of market-oriented reforms that operationalize contracting as one tool of many to provide services, PMMs are best understood as a “contracting regime” (Henig, 2010, p. 28). Like traditional notions of contracting, contracting regimes embrace private providers in the provision of public services, aiming to use the consumer marketplace to achieve public goals. Drawing from an urban regime theory in political science, PMMs reflect a regime in that they a) reflect a local political arrangement born of the formal and informal interactions between government and nongovernmental actors, including businesses, unions, the nonprofit sector, and the general public, and b) are created and maintained to pursue a policy agenda (Henig, 2010; Imbroscio, 1997; Stone, 1993). In this case, the main tool for the regime to achieve its desired goals is contracting.

This distinction is particularly important given the ongoing debate surrounding PMMs, which has been largely framed as a choice between markets and democratic accountability (DiMartino & Scott, 2012; Henig & Bulkley, 2010). As DiMartino and Scott (2012) note,

“ideological and pragmatic principles undergird these contracts” (p. 309). Like the legislation that in this case precedes them, these contracts can be influenced by policymakers and private actors who believe that market principles and corporate-type management strategies are best for improving public education and that curtailing or eliminating the role of the state in public services is needed for such practices to take hold (DiMartino & Scott, 2012). The expanded role of private actors in molding school and system governance can have a substantial impact on the evolution of PMMs and accountability for public and private actors. Namely, districts’ initial choices and later changes may be influenced by different sets of political and economic factors, which may or may not be connected to context and local experiences, depending on how new and existing private actors are able to behave given the terms and conditions of contracts (Henig & Bulkley, 2010). Whether contracts focus on more narrow conceptions of accountability (such as parental choice, cost effectiveness and financial sustainability, and student test results) versus a more expansive frame (such as student socioemotional learning; student, parent, and teacher experiences; and the facilitation of democratic values and processes) can influence the shape of PMMs going forward, including how districts and OPs understand their work and pursue results.

Data and Methods

Our study asks two questions regarding the division of power, autonomy, and authority between school districts and OPs in SB 1882 partnerships:

- 1) How is power and authority divided between districts and OPs, including what remains the responsibility of school districts and what shifts to OPs under a PMM?
- 2) From a public administration and politics perspective, what might the new role of districts be in PMMs, and what are the challenges and opportunities that such a shift portends?

Therefore, we examine which areas of decision-making are delegated to school districts and OPs and to what degree each entity has authority and autonomy over those areas. We conceptualize power in simple terms: “A exercises power over B by getting him to do what he does not want to do” and by “influencing, shaping, or determining” what he wants (Handler, 1996, p. 118). We define autonomy in the context of school as the ability of school leaders and/or independent school operators to wield discretionary powers to make decisions regarding core areas of school operations (Keddie et al., 2023). Authority we define as the person or organization with “the power or right to give orders, make decisions, and enforce obedience” (Oxford English Dictionary, 2024).

To answer our questions, we focus on a fundamental but overlooked component of the partnerships: the performance contracts between school districts and the partners selected to operate schools. As the main avenue to formalize the partnerships, performance contracts are critical to the implementation of these charter schools, clarifying roles and responsibilities of each party; delegating authority, power, and resources to different parties; and outlining activities the OPs are expected to fulfill. Most important, the contracts set expectations with respect to accountability, including the outputs and outcomes the OPs will achieve and the metrics determining how the outcomes will be monitored and assessed, including both academic and financial performance expectations and goals. Finally, performance contracts must include the length of the contract; in Texas, they must have a minimum term of three years (Texas Partnerships, n.d.), with a maximum term of 10 years.²

² 19 Texas Administrative Code § 97.1075 (2018)

By law, an effective performance contract outlines the extent of the OP's autonomy over the academic model, staffing, budget, and calendar, and the academic model the partner will implement at individual campuses assigned to it. The contract should also outline enrollment and expulsion policies.³ The law specifies that the school district must hold the OP accountable for academic and financial performance and all accountability measures documented in the performance contract for approval by the district and OP boards. Finally, districts are required to hold a public hearing before suspending or extending a partnership.⁴

Data Collection

We submitted a public information request to the Texas Education Agency in early 2023 for all contracts and accompanying documents. The agency shared 77 contracts in April 2023, with many contracts covering multiple partnerships. A Google search was conducted to identify missing contracts (e.g., the contract between San Antonio Independent School District [ISD] and the School Innovation Collaborative [SIC].) We coded 14 contracts, covering 35 school partnerships, including six Turnaround Partnerships and eight Innovation Partnerships. Given a high level of redundancy and repetition across contracts due to the use of a contract template and the performance contract evaluation rubric provided by the state, we believe we were able to draw sufficient conclusions through the analysis of a subset of contracts that included a variety of different OPs, including out-of-state partners, institutes of higher education, nonprofit organizations, and charter management organizations. Table 1 outlines the contracts we coded.

³ 2 Texas Education Code §11.174 (2017)

⁴ 19 Texas Administrative Code § 97.1075 (2018)

Table 1

Overview of Contracts Analyzed

Independent School District	Operating Partners	School Campus(es) Covered	Year of Contract
Innovation Partnership Contracts			
Edgewood ISD	Friends of P-Tech	Stafford Visual and Performing Arts Elementary School	2021
Fort Worth ISD	Leadership Academy Network (Texas Wesleyan University)	Forest Oak Middle School	2019
		Como Elementary School	
		Maude I. Logan Elementary School	
		John T. White Elementary School	
		Mitchell Boulevard Elementary School	
Longview ISD	Longview LEAP (East Texas Advanced Academies)	Forest Park Magnet School	2020
		East Texas Montessori Prep Academy	
		Johnston-McQueen Elementary School	
		Ware East Texas Montessori Academy	
		Bramlette STEAM Elementary School	
		J. L. Everhart Elementary School	
Lubbock ISD	Lubbock Partnership Network	Hodges Elementary School	2022
		Alderson Elementary School	
		Ervin Elementary School	
Midland ISD	Young Women’s Preparatory Network	Young Women’s Leadership Academy	2019
San Antonio ISD	Alamo Colleges District	Fox Tech High School	2020

		St. Phillips College Early College High School	
		Travis Early College High School	
San Antonio ISD	School Improvement Collaborative	Bowden Academy	2019
		Lamar Elementary School	
		Gates Elementary School	
San Antonio ISD	Young Women’s Preparatory Network	Young Women’s Leadership Academy Secondary	2019
		Young Women’s Leadership Academy Primary	
Turnaround Partnership Contracts			
Edgewood ISD	Friends of P-Tech	Brentwood STEAM School of Innovation	2020
Fort Worth ISD	Leadership Academy Network (Texas Wesleyan University)	Leadership Academy at Forest Oak Sixth Grade	2019
Fort Worth ISD	Phalen Leadership Academies	Jacquet Middle School	2021
Lubbock ISD	Lubbock Partnership Network	Dunbar College Preparatory Academy	2022
Midland ISD	Third Future Schools-Texas	Sam Houston Elementary School	2020
Waco ISD	Transformation Waco (Prosper Waco)	Indian Spring Middle School	2018
		Alta Vista Elementary School	
		G. W. Carver Middle School	
		J. H. Hines Elementary School	
		Brook Avenue Elementary	
		South Waco Elementary School	

Source: Texas Education Agency

Data Analysis

We applied qualitative document analysis (QDA) to analyze contracts. The purpose of conducting a QDA is discovery and description. It is used when data is presented in the form of official documents that are examined and interpreted to elicit meaning, gain understanding, and develop empirical knowledge previously unknown (Bowen, 2009). QDA shifts the focus away from numerical relationships between two or more variables characterized by frequencies—a hallmark of traditional quantitative content analysis—to thematic emphasis and communication patterns and discourse (Altheide et al., 2008). QDA subsequently allows researchers the flexibility to constantly discover and compare while searching for contexts and underlying meanings, patterns, and processes (Altheide et al., 2008). Given our emphasis on identifying patterns, trends, and meaning in the contracts between the school districts and OPs in Texas, we leveraged the flexibility offered by QDA.

Both deductive and inductive coding approaches were used for coding the performance contracts. In a deductive coding approach, the number of codes is relatively limited and derived from the literature and theoretical framework, while in inductive coding, codes are developed based on what is uncovered in the review of data (Linneberg & Korsgaard, 2019). A combination approach was used to best capture elements of our framework key to answering our research questions and to incorporate patterns and themes emerging in the data. To understand how power and authority were allocated between entities, we primarily used codes related to centralization and decentralization, such as “authority,” “responsibility,” and “autonomy.” To answer questions like “authority over what?,” we took notes on which entity was granted authority over what kinds of decisions. We also noted when and to what degree it appeared the authority might have been

shared between the parties in the contract. To understand how those concepts functioned as guiding principles in contracts, we drew from traditional logic models in public management (see Thelens-Creps & Lindle, 2022; W. K. Kellogg, 2004) for codes such as “assumption,” “theory of change,” and “outcomes.” To promote interrater reliability, one contract was selected for coding by both authors. We then compared our coding and shared insights to ensure relevance and validity of codes. We discussed our application of codes throughout the coding process as new information surfaced.

Findings

We consider our findings in three parts: First, we describe the areas of authority that are decentralized to OPs. Next, we discuss the areas where school districts are delegated power.

Decentralization as a Driving Force in Contracts

Thanks to the state-provided template, many contracts were straightforward in identifying the primary assumption driving the partnership, stating, as noted in the 2019 contract between Midland ISD (MISD) and Young Women’s Preparatory Network, “This agreement is predicated on an understanding that students benefit when decisions regarding educational programs, operations, and student services are made at the school level and that autonomy and accountability are mutually reinforcing principles.” Such a statement conforms with the guiding notions of decentralization, which assert that students are best served when decision-making power is located at the school site, closer to students and families and the school staff working with them daily. The 2020 contract between Longview ISD and Longview LEAP, on the other hand, stated that the purpose of the agreement was “to create new opportunities for students and educators to thrive in educational settings that prioritize student outcomes.” The assumption

communicated through this statement and others like it more closely aligns with the arguments for school choice, which assert that students, their families, and school staff are all better off when there are an abundance of educational experiences provided by different schools from which to choose (Chubb & Moe, 1990).

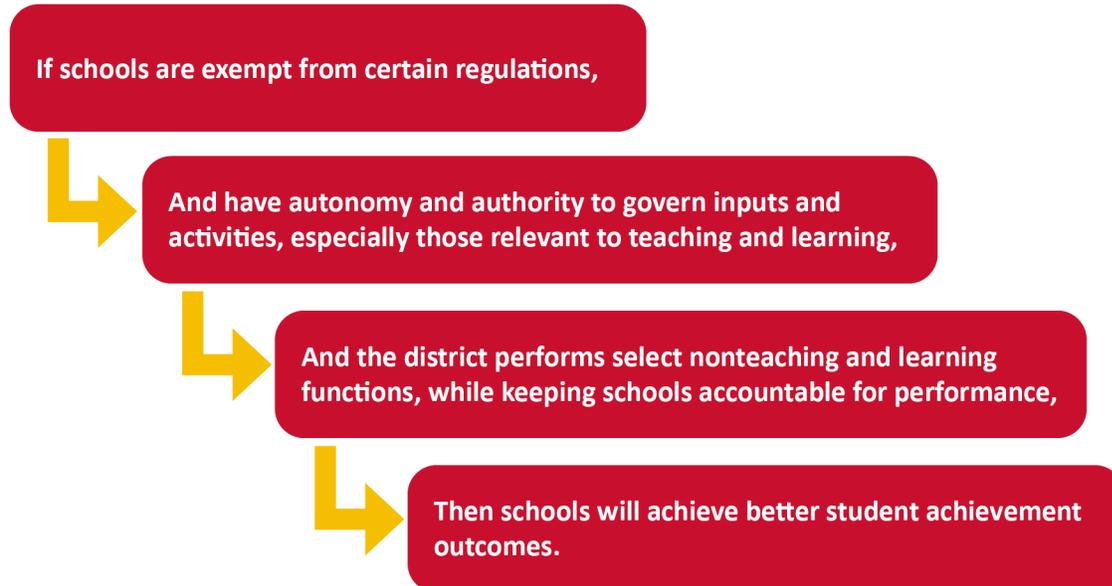
These statements unveil a few assumptions about the SB 1882 partnerships. First, the prevailing assumption is that districts are not best positioned to make decisions with respect to school management and operations. There is a presumed belief that the OPs, even those managing multiple schools within and across districts, are closer to students and able to make better decisions. Finally, there is a belief that OPs will provide educational experiences that traditional district schools could not or do not offer, and these opportunities will create a learning environment that is more aligned to achieving higher student outcomes.

These assumptions guide the theory of action encapsulated in performance contracts (Figure 2). In line with assumptions about the primacy of school-based decision-making without interference from a centralized agency as a key for success, the first guiding principle of the theory of action is that schools must be exempt from many of the laws, rules, and regulations that govern districts and traditional public schools. This exemption from laws, rules, and policies was extensive in the contracts analyzed. Only those identified as applicable to the school in the agreement were binding, and, even then, the school or OP could apply for a waiver if removing a restriction “would expand opportunities for students enrolled in the School,” as noted in the 2021 contract between Edgewood ISD and Friends of P-Tech. The OP and its governing board, not the district, would have the final decision in adopting policies applicable to a school and notify the district of the policies prior to adoption.

The second and third guiding principles undergirding the contracts are that 1) more autonomy for schools is essential for them to make better decisions that foster improved school quality and student outcomes, and 2) this autonomy can effectively be held in check through the institution of stringent accountability mechanisms. For instance, in the 2020 agreement between Alamo Colleges District (ACD) and San Antonio ISD (SAISD), the contract states that ACD is authorized “to manage and operate the Partnership Schools, as independent campuses subject to transparent accountability requirements,” and that ACD’s ability to meet and maintain “the Performance Contract objectives” in the given agreement will serve as the basis for further authorizations to continue the partnership and additional schools. Similarly, the 2019 Young Women’s Preparatory Network contracts with MISD and SAISD state, “The primary purpose of this Agreement is to improve student outcomes by allowing the District to partner with OP to operate the School as an independent campus subject to transparent accountability requirements.” These statements, derived from arguments for PMMs, assume that autonomy and accountability are reinforcing principles: a higher level of autonomy is needed for schools to make better decisions for teaching and learning, and accountability mechanisms serve as a counterbalance to this autonomy, ensuring that school operators leverage their decision-making power to achieve student-centered goals. Together, autonomy and accountability can be leveraged to improve student achievement outcomes.

Figure 2

Theory of Action Guiding SB 1882 Partnerships



With this in mind, the most essential resource and input across the contracts is autonomy. In conformity with the state’s performance contract rubric, all contracts contained clauses that OPs possess “initial, final, and sole” autonomy or authority over a school’s mission and values, strategic planning, budget matters, selection of the academic program, and staffing. The 2021 contract between Edgewood ISD and Friends of P-Tech, for example, states that the “OP shall have full and sole autonomy with respect to School operations,” and that the “domains of autonomy” that the contract mentions are “illustrative” and do not represent an “exhaustive listing.” This transfer of power from the traditional school district to the OP is construed as critical for the OP to carry out any of the other activities, explicit and implied, scoped out in the agreement. For example, in nearly all the contracts, authority and autonomy were conceptualized as resources that anteceded the undertaking of certain activities, like the selection and implementation of an academic model and curriculum and instructional resources, hiring and

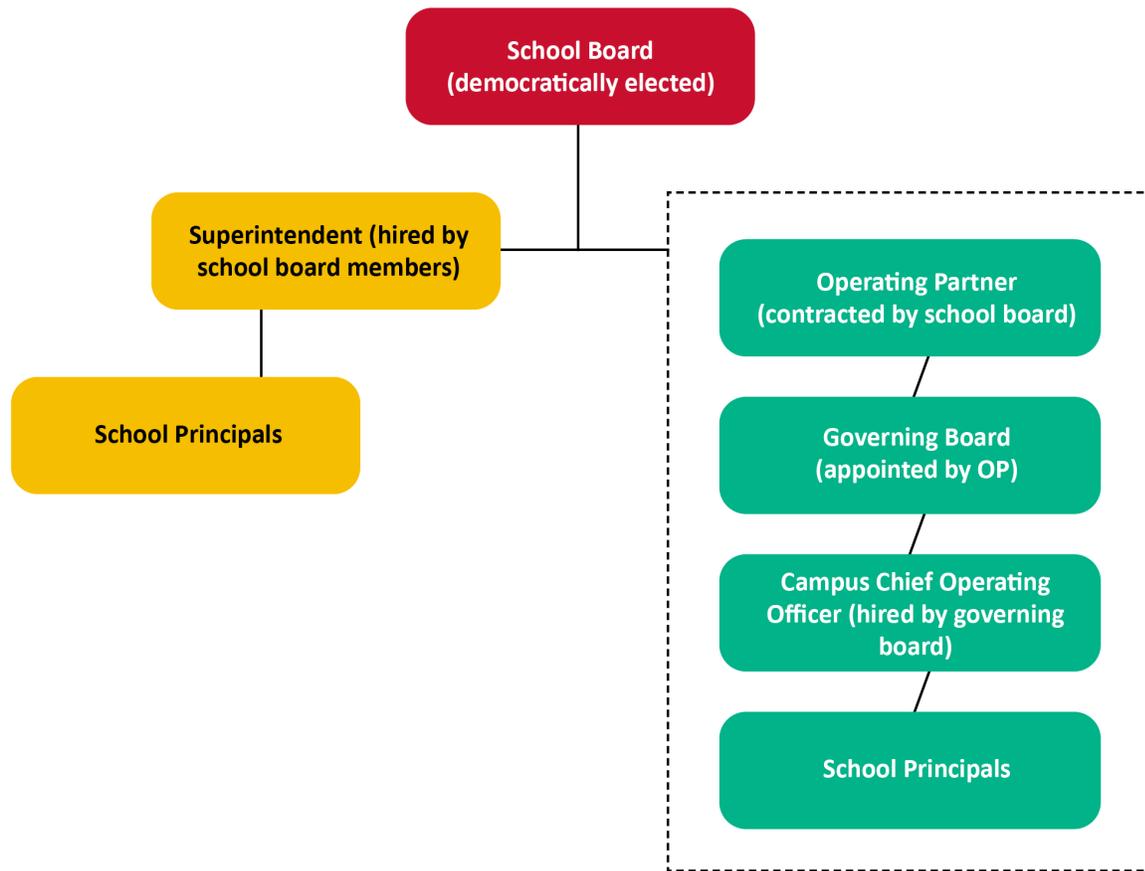
termination of staff, and the ability to set the school calendar. This sort of decentralization is aligned to the operating principles of school choice as it is to school-based management. Indeed, the contracts codify into practice a transfer of power to schools over areas deemed critical for school change that prior waves of school-based management reforms have found elusive (see Mayer et al., 2013).

The devolution of power, authority, and autonomy suggests that OPs may be taking on the role of a district within a district. The governing structure (Figure 3) is detailed in several contracts, such as the 2019 Fort Worth ISD and Texas Wesleyan University agreement, which states: “The governing board of Partner shall serve as the governing body of the Schools and oversee management of the Schools.” OPs must set up their own governing boards, which oversee the management of the schools and assume responsibility “for ensuring that OP achieves performance goals specified ... and intervene as required to ensure that performance goals are achieved, as noted in the 2020 contract between Edgewood ISD and Friends of P-Tech. Notably, OP governing boards are contractually obligated to hire a campus chief operating officer (COO) to oversee school operations, a role that is specifically an employee of the OP and not the district. This role functions much like a superintendent of schools; schools are “subject to the direction, control, policies, practices, and procedures of the COO” and COOs must “ensure that the curriculum meets the requirements of state law,” the Edgewood ISD and Friends of P-Tech contract states. Additionally, the contract notes, the school principal is “subject to the control of the COO and OP,” much like school principals at traditional district schools are subject to the control of the superintendent and the district. In short, functionally, the performance contracts lay the foundation for a transfer of authority, autonomy, and power to OPs, while simultaneously

reinventing the school district under the governance of autonomous or semiautonomous organizations.

Figure 3

New Operating Structure of School Districts with Introduction SB 1882



The Evolution of Centralization

While the contracts provide OPs autonomy over school operations, they also establish a large role for the district. We find that the district role evolves tremendously as the primary service provider to OPs (providing support services needed for OPs to manage schools) and the

custodian of democratic accountability (providing checks and balances to the power of OPs and safeguarding public values).

Districts are contracted to provide extensive resources and services to OPs. In the 2018 agreement between Waco ISD and Prosper Waco, these services “include, but are not limited to, transportation; utilities; normal/regular maintenance and repairs; special education; District employees assigned to the schools; school security and police; crossing guards; and food services.” The 2020 and 2021 contracts between Edgewood ISD and Friends of P-Tech, which are largely reflective of other contracts, detail an extensive list that includes district control over all nonacademic and non-curriculum staff, including those for maintenance; special service screenings (e.g., English language learners, special education, and gifted and talented); record keeping (e.g., for student attendance and state and federal funds accounting); student transportation; health care, including nursing; food and cafeteria services; substitute teaching; and miscellaneous areas (e.g., crossing guards, security, registrar, secretaries, payroll, purchasing staff, human resources staff, etc.).

There are other essential services that districts are tasked with providing to OPs to facilitate school operations. Districts are responsible for criminal history background checks for the hiring of district staff and, depending on the contract, some OP staff. Some contracts include funding to maintain enrollment services and the operation of the OP’s campus lottery for student enrollment (e.g., the 2020 contract between Midland ISD and Third Future Schools). Perhaps most important, though, districts provide facilities, classroom and office furniture, equipment, and storage areas. This includes, in instances like Third Future’s 2020 contract for Sam Houston

with Midland ISD, allowing OPs to use whatever instructional materials and curriculum resources are present in the classrooms when the OP takes over the school.

The long, non-inclusive lists of personnel and services that districts must provide to OPs coincides with the demand for districts to develop the capacity to manage and monitor the OPs as they carry out their essential educational functions. As the government agency charged with administering education, the districts retain their “statutory role in governance of the district” and have “ultimate responsibility for the schools,” as noted in the 2022 Lubbock ISD contract with Lubbock Partnership Network. The determination of partnership continuation or termination falls entirely on the districts. The contracts detail two ways districts are to fulfill this: 1) evaluation and monitoring and 2) the holding of public hearings.

All of the contracts indicate that districts and their governing bodies retain the right to evaluate and monitor the performance of schools and OPs. This monitoring is focused on assessing progress made toward goals agreed upon in the contracts, which consist of student academic performance and financial performance. Data collection, analysis, and reporting for partnership assessment and federal and state accountability processes are all centralized in the district. School districts are required to develop a charter-specific “school performance framework” to evaluate schools and then use those results to inform district decisions about campus replacement, restart, or closure. Depending on the agreed-upon metrics, districts may be required to create data collection instruments, such as teacher and parent satisfaction surveys.

Where evaluation, monitoring, and managing are the foundation for accountability, public hearings appear to be the main forum for democratic values to enter the accountability equation. The conditions in which districts must contractually hold a public hearing are limited.

Generally, contracts mandate public hearings in two main cases: if the district intends to terminate the contract despite the OP achieving the contracted performance goals or if the district intends to extend the contract despite the failure of the OP to achieve contracted performance goals. This is in direct contrast to the operation of OPs, which generally have no obligation to host public hearings or open the meetings of governing boards to the public. Overall, the contracts indicate that rather than minimizing the district in school governance, partnerships rebalance power and shift the main purview of district authority to be a manager of managers.

Discussion and Implications

The movement to spread PMMs across Texas raises important questions about the governance of schools. There are three areas that emerge as ripe for discussion given the unique mix of decentralization, centralization, and dual responsibility formalized in SB 1882 partnership contracts: hybrid failures and new pathologies of privatization, accounting for context, and the balance of governance tradeoffs. Each area has implications for current PMMs in and outside of Texas. We find that successful decentralization in the case of the SB 1882 partnerships requires strong centralization. This key takeaway should be at the forefront of public managers' decision-making frameworks as they think about whether PMMs built around SB 1882 partnerships are the right reform strategy for their district.

Our findings on centralization and mixed governance suggest that the operationalization of SB 1882 partnerships is not a wholesale shift to decentralization. Rather, partnerships are best understood as a remaking of districts and a reapportionment of the district power. This raises questions about context and the capacity for districts to govern in these new governance models. For instance, it can be argued that district purchasing power is entrenched through the extensive

provision of services to schools. To some degree, this makes sense. There are some services (e.g., transportation, food services, and janitorial services) that districts, rather than schools, are best positioned to coordinate—not just because they can negotiate better prices, terms, and conditions. Other areas that may be blurry but still could arguably conform to this rationale include maintaining pools of specialized staffed (nurses, health care providers, and substitute teachers) that serve the whole district and can be deployed most easily from a central office. Finally, a separate category might be those services that the district maintains given 1) the extensive federal and state statutory frameworks guiding provision of services and legal ramifications of noncompliance, and/or 2) the special certifications and training required to provide the services (e.g., screening and placement into specialized services) and the comparatively small number of students served. There is an argument to be made that administrative centralization of the provision of these services and other functions like enrollment makes sense, as it allows the district to capitalize on economies of scale and streamline processes, while schools focus on those decisions that most impact teaching and learning (Manna, 2013; Treisman, 2007).

This rationale aside, the contractual obligations of districts to provide such a vast array of staff and services critical to operations places them in the role of primary support services provider to OPs. In this sense, the contracting regime instituted by the introduction of a PMM both incorporates and broadens the original conception of private provision of public goods, establishing the role of the district as “consumer supreme.” As “consumers supreme,” districts are required by the contracts to expand and extend their capacity to manage and monitor providers and enact accountability mechanisms. Where before districts may have contracted for

many of the services listed in SB 1882 partnerships, they are now required to coordinate such services with an expanding list of OPs that control school operations and then ensure that the service providers fulfill the diverse demands of OPs. OPs are reliant on districts to deliver the basic day-to-day services that schools are expected to provide and, in doing so, potentially grow the government. To the degree that districts are doing what they've always done, the obligations detailed in contracts are perhaps just making the implicit explicit in the relationship between schools and districts. However, to the degree that the districts are enlarging their contracting powers and exposing themselves and schools to an ever-increasing number of private contractors with competing goals and priorities, there is reason to draw attention to the codification of such power. Consequently, context of the implementation of school reforms like PMMs becomes incredibly important as districts must consider their capacity to deliver, manage, and monitor such services for PMMs to actualize results.

Two risks that appear to be endemic to performance contracts are a lack of concern for context—decontextualization—and inattention to the need for continuous attention, support, and adjustment in PMM implementation (Bulkley & Henig, 2015). Our finding that the language is overwhelmingly similar across districts and providers suggests that decontextualization of PMMs is already happening. Regardless of district size, student demographics, or geography, many parts of the contracts, including performance goals, are consistent across districts and OPs. The incentivization to use the template language that conforms to the state-provided performance contract rubric is strong, as doing so fosters a smoother approval process. However, this decontextualized approach to performance contract creation and evaluation obscures the ways in which districts need to invest in their own capacity to actualize PMMs. Districts need to devote

extensive resources to effectively manage the managers of schools and ensure the goals of partnerships are aligned to constituents and ultimately fulfilled. Thus, we suggest that strong centralization is required for effective decentralization. Districts exploring SB 1882 partnerships should consider two sets of conditions for success: external political and policy conditions and internal organizational and structural conditions.

Externally, districts require the power, autonomy, and authority—politically and in policy—to use all accountability levers to manage schools. This includes the ability to identify the best partners; set contractual terms and conditions; and meaningfully change course when those partnerships no longer meet the needs of communities, including closing or opening schools. Moreover, cities like New York, Chicago, Denver, and New Orleans that have overseen PMMs have done so under a variety of conditions but with some pronounced similarities, including strong support from local and/or state leadership, an attractive market for private and nonprofit providers, and extensive support from foundations and businesses (Bulkley et al., 2010; Bulkley & Henig, 2015). Texas districts enticed by promises of additional funding and accountability pauses should consider the degree to which these conditions exist and whether any may need to be cultivated prior to engaging in partnerships.

Internally, districts require the capability (knowledge, skills, mindsets, and expertise) and the capacity (leadership, authority, and resources, including human, financial, and time) to manage partnerships and enforce accountability mechanisms. Edelman (2010) highlights several conditions that districts should consider. First, central office redesign and leadership are foundational. The creation of distinct departments in charge of supporting partnerships within the central office structure is a starting point. Better is for such departments to have the authority and

resources needed to work across the boundaries of often siloed departments and wield their authority effectively in hierarchical organizational. Leaders within new departments and across the central office require the positional authority and bureaucratic experience to know how to create and communicate a guiding vision and rethink roles and responsibilities, while districts must provide the right amount of autonomy, corral and allocate funding, manage internal and external stakeholders, and eliminate or minimize obstacles to success (Edelman, 2010). Districts that fail to build this core capacity within their organizations may find themselves initiating partnerships and formulating contracts that may not be copacetic in their local context and/or handicap themselves from holding OPs and other contractors accountable (Bulkley & Henig, 2015).

This question of internal capacity is particularly important in the case of accountability—the counterbalance to OP autonomy. The centrality of evaluations in the renewal, termination, or expansion of partnerships cannot be overstated. A review of the metrics themselves raises questions about the capacity of districts to carry out these essential functions. First, in some cases, districts with multiple partners or a single partner serving multiple schools have contracts with different metrics. For example, the 2021 contract between Edgewood ISD and Friends of P-Tech for Stafford Visual and Performing Arts Elementary School—an Innovation Partnership—offers a (seemingly) more comprehensive set of metrics that includes academic performance, engagement, and campus culture, while the 2020 contract between the same parties for the operation of Brentwood STEAM School of Innovation—a Turnaround Partnership—does not even indicate what ratings are expected each year of the partnership. While it could be argued that this sort of differentiation speaks to the needs of different OPs or communities, the variation

in their comprehensiveness raises questions about whether districts can reasonably and holistically monitor and evaluate a single OP across several contracts, much less multiple OPs.

Limitations

The performance contracts provide the foundational terms and conditions for partnerships. However, they are ultimately legal documents, as the template language highlights. This means we could be missing important insights into how districts, OPs, and communities put partnerships into practice. Expanding the qualitative study could bridge these gaps. For example, while the contracts indicate limited scope for the inclusion of community voices in partnerships, it is possible that other mechanisms exist, including pathways for community to directly influence OPs. Similarly, additional analysis is needed to understand how performance metrics are decided and how partners are held accountable. More understanding is also needed on the contextual factors affecting districts and what begets successful or unsuccessful partnerships.

Introducing a quantitative component to the study could also prove useful. Understanding the effects of partnerships in different kinds of schools and districts could uncover important insights in how more bespoke performance contracts might help or hinder districts looking to engage in SB 1882 partnerships. Of course, such information could also help districts decide if partnerships are right for them at all based on the experiences of their peers.

Conclusion

The SB 1882 partnerships represent a new evolution of PMMs, with the state codifying the model into law via legislative and regulatory bodies. That said, while the variety of districts in Texas engaging in PMMs and introducing the contracting regime into district operations is unprecedented, the use of contracting to form public–private partnerships is old hat. Our analysis

of the performance contracts between districts and OPs suggests that while the ethos of decentralization appears to be the motivating principle in SB 1882 partnerships, a heavy amount of centralization in districts is required for partnerships to be successful. Put simply, good decentralization requires good centralization. This is particularly important as we find that SB 1882 partnerships create an OP-managed district within a district, generating extensive distance between communities and school operators and districts. Districts, subsequently, require the capacity to effectively manage the managers and ensure the preservation of democratic accountability and local control of schools.

References

- 2 Texas Education Code § 11.174 (2017).
- 19 Texas Administrative Code § 97.1075 (2018).
- Altheide, D., Coyle, M., DeVriese, K., & Schneider, C. (2008). Emergent qualitative document analysis. In S. N. Hesse-Biber & P. Leavy (Eds.), *Handbook of emergent methods* (pp. 127–151). The Guilford Press.
- Bowen, G. A. (2009). Document analysis as a qualitative research method. *Qualitative Research Journal*, 9(2), 27–40.
- Bulkley, K. E., & Henig, J. R. (2015). Local politics and portfolio management models: National reform ideas and local control. *Peabody Journal of Education*, 90(1), 53–83.
- Bulkley, K. E., Henig, J. R., & Levin, H. M. (Eds.). (2010). *Between public and private: Politics, governance, and the new portfolio models for urban school reform*. Harvard Education Press.
- Bulkley, K. E., Torres, A. C., Hashim, A. K., Woodward, S., Marsh, J. A., Strunk, K. O., & Harris, D. N. (2021). From central office to portfolio manager in three cities: Responding to the principal-agency problem. *American Journal of Education*, 127(4), 597–626.
- Chubb, J. E., & Moe, T. M. (1990). *Politics, markets, and America's schools*. Brookings Institution Press.
- DiMartino, C., & Scott, J. (2012). Private sector contracting and democratic accountability. *Educational Policy*, 27(2), 307–333.
- Edelman, J. (2010). Portfolio management models: From the practitioner's eyes. In K. E. Bulkley, J. R. Henig, & H. M. Levin (Eds.), *Between public and private: Politics,*

- governance, and the new portfolio models for urban school reform* (pp. 307–322).
Harvard Education Press.
- Egalite, A. J., Fusarelli, L. D., & Fusarelli, B. C. (2017). Will decentralization affect educational inequity? The Every Student Succeeds Act. *Educational Administration Quarterly*, 53(5), 757–781.
- H.B. 1842, 84th Legislature, 2015 Regular Session.
<https://capitol.texas.gov/BillLookup/History.aspx?LegSess=84R&Bill=HB1842>
- Handler, J. F. (1996). *Down from bureaucracy: The ambiguity of privatization and empowerment*. Princeton University Press.
- Harris, D. N., & Larsen, M. (2016). *The effects of the New Orleans post-Katrina school reforms on student academic outcomes*. Education Research Alliance for New Orleans.
- Henig, J. R. (2010). Portfolio management models and the political economy of contracting regimes. In K. E. Bulkley, J. R. Henig, & H. M. Levin (Eds.), *Between public and private: Politics, governance, and the new portfolio models for urban school reform* (pp. 27–52). Harvard Education Press.
- Henig, J. R., & Bulkley, K. E. (2010). Where public meets private: Looking forward. In K. E. Bulkley, J. R. Henig, & H. M. Levin (Eds.), *Between public and private: Politics, governance, and the new portfolio models for urban school reform* (pp. 323–340).
Harvard Education Press.
- Hill, P. T. (1995). *Reinventing Public Education*. Washington, DC: RAND.

- Hill, P., Campbell, C., Menefee-Libey, D., Dusseault, B., DeArmond, M., & Gross, B. (2009). *Portfolio school districts for big cities: An interim report*. Center on Reinventing Public Education.
- Hill, P., Pierce, L. C., & Guthrie, J. W. (1997). *Reinventing public education: How contracting can transform America's schools*. University of Chicago Press.
- Imbroscio, D. L. (1997). *Reconstructing city politics: Alternative economic development and urban regimes*. SAGE Publications.
- Keddie, A., MacDonald, K., Blackmore, J., Boyask, R., Fitzgerald, S., Gavin, M., Heffernan, A., Hursh, D., McGrath-Champ, S., Møller, J., O'Neill, J., Parding, K., Salokangas, M., Skerritt, C., Stacey, M., Thomson, P., Wilkins, A., Wilson, R., Wylie, C., & Yoon, E. (2023). What needs to happen for school autonomy to be mobilised to create more equitable public schools and systems of education? *The Australian Educational Researcher*, 50, 1571–1597.
- Kemple, J. J. (2011). Children first and student outcomes: 2003–2010. In J. A. O'Day, C. S. Bitter, & L. M. Gomez (Eds.), *Education reform in New York City: Ambitious change in the nation's most complex school system* (pp. 255–292). Cambridge, MA: Harvard Education Press.
- Kettl, D. F. (1993). *Sharing power: Public governance and private markets*. Brookings Institution Press.
- Linneberg, M. S., & Korsgaard, S. (2019). Coding qualitative data: A synthesis guiding the novice. *Qualitative Research Journal*, 19(3), 259–270.

- Lyons, J. E. (1995). Contracting out for public school support services. *Education and Urban Society*, 27(2), 154–167.
- Manna, P. (2013). Centralized governance and student outcomes: Excellence, equity, and academic achievement in the U.S. states. *Policy Studies Journal*, 41(4), 682–705.
- Marsh, J. A., Allbright, T. N., Brown, D. R., Bulkley, K. E., Strunk, K. O., & Harris, D. N. (2021). The process and politics of educational governance change in New Orleans, Los Angeles, and Denver. *American Educational Research Journal*, 58(1), 107–159.
- Marsh, J. A., Strunk, K. O., & Bush, S. (2013). Portfolio district reform meets school turnaround: Early implementation findings from the Los Angeles Public School Choice Initiative. *Journal of Educational Administration*, 51(4), 498–527.
- Mayer, A. P., Donaldson, M. L., LeChasseur, K., Welton, A. D., & Cobb, C. D. (2013). Negotiating site-based management and expanded teacher decision making: A case study of six urban schools. *Educational Administration Quarterly*, 49(5), 695–731.
- McDermott, K. A. (1999). *Controlling public education: Localism versus equity*. University Press of Kansas.
- McEachin, A. J., Welsh, R. O., & Brewer, D. J. (2016). The variation in student achievement and behavior within a portfolio management model: Early results from New Orleans. *Educational Evaluation and Policy Analysis*, 38(4), 669–691.
- O’Toole, L. J., & Meier, K. J. (2004). Parkinson’s law and the new public management? Contracting determinants and service-quality consequences in public education. *Public Administration Review*, 64(3), 342–352.
- Oxford English Dictionary. (2024). Accessed via www.oed.com

- Peterson, P. E. (2021). *How to improve our schools in the post-COVID era: Post-pandemic portfolio schools*. Hoover Institution.
- Rho, E. (2013). Contracting revisited: Determinants and consequences of contracting out for public education services. *Public Administration Review*, 73(2), 327–337.
- Rho, E., Kim, S., & Han, S. (2021). Taking context and strategy seriously: The contracting out decision in the U.S. public education. *Public Management Review*, 23(9), 1398–1422.
- Senate Research Center. (2017, April 24). Bill analysis. Texas Legislature Online. <https://capitol.texas.gov/tlodocs/85R/analysis/pdf/SB01882S.pdf#navpanes=0>
- Stone, C. N. (1993). Urban regimes and the capacity to govern: A political economy approach. *Journal of Urban Affairs*, 15(1), 1–28.
- Strunk, K. O., Marsh, J. A., Hashim, A. K., Bush-Mecenas, S., & Weinstein, T. (2016). The impact of turnaround reform on student outcomes: Evidence and insights from the Los Angeles Unified School District. *Education Finance and Policy*, 11(3), 251–282.
- Templeton, T., Sands, S. R., Mairaj, F., Horn, C. L., & Narvaez, J. (2022). *First look: An exploratory analysis of Senate Bill 1882 partnerships in Texas*. University of Houston Education Research Center.
- Texas Education Agency. (n.d.). *Texas Partnerships (SB 1882)*. Retrieved August 18, 2022, from <https://tea.texas.gov/texas-schools/texas-schools-charter-schools/texas-partnerships-sb-1882>
- Texas Partnerships. (n.d.). *Texas partnerships: Creating great learning opportunities for students across the state*. Texas Education Agency. Retrieved August 16, 2022, from <https://txpartnerships.org/>

- Torres, A. C., Bulkley, K., & Kim, T. (2020). Shared leadership for learning in Denver's portfolio management model. *Educational Administration Quarterly*, 56(5), 819–855.
- TheLens-Creps, C. E., & Lindle, J. C. (2022, April). *UCEA policy brief: A logic model framework for evaluating ARP ESSER interventions*. University Council for Educational Administration.
- Treisman, D. (2007). *The architecture of government: Rethinking political decentralization*. Cambridge University Press.
- Uzzell, L. A. (2005). No Child Left Behind: The dangers of centralized education policy. *Policy Analysis*, 544. Retrieved <https://www.cato.org/sites/cato.org/files/pubs/pdf/pa544.pdf>.
- W. K. Kellogg Foundation. (2004). Using logic models to bring together planning, evaluation, and action: Logic model development guide. <https://wkkf.issuelab.org/resource/logic-model-development-guide.html>
- Wohlstetter, P., & McCurdy, K. (1991). The link between school decentralization and school politics. *Urban Education*, 25(4), 391–414.