It’s fashionable among some school reformers today to see simple governance changes as the key to improving urban schools. Proponents of charter schools and vouchers share a belief that if local schools are freed from the heavy hand of public school bureaucracies and forced to compete for students in an education marketplace, they will have both the means and the incentives to provide quality education to students.

These are intriguing—and, for some people, highly appealing— notions. The problem is that they are largely untested. Charter schools and voucher schemes in the United States are either too recent or too small in scale to constitute legitimate tests of the theory. What is needed is evidence from a sustained large-scale experiment with self-governing schools in a competitive environment.

Fortunately, there is such an experiment—and it suggests that U.S. policymakers should think twice before counting on governance changes alone to solve the problems of troubled urban schools.

The experiment has been going on for the last decade in New Zealand, a country that is the size of a typical American state and where the national Ministry of Education is the functional equivalent of a state education system in the United States. New Zealand has similar social, cultural, and political traditions to the U.S. as well as a significant minority population. Maori and Pacific Islanders, many of whom live in urban areas, make up 20 percent of the population.

In 1989, New Zealand abolished its heavy-handed central education bureaucracy and turned the running of each primary and secondary school over to a locally elected board of trustees dominated by parents. Two years later, a new government added to the reform mix by giving parents the right to choose which school their child would attend. Schools no longer enjoyed ensured enrollments and were forced to compete for students in an education marketplace.

One way of characterizing these governance changes, known collectively as the Tomorrow’s Schools reforms, is to say that New Zealand is running a whole system of conversion charter schools—with the important qualification that schools took on this status whether they wanted to or not.

Since New Zealand has no national testing system, it is impossible to determine whether the reform package improved student achievement. Nevertheless, it is possible to describe other results—both positive and negative—that are relevant to policy debates in the United States.

The Impact of Self-Governance

Schools in New Zealand clearly enjoy their new operational autonomy. In the course of our travels and research we encountered virtually no one who wanted to restore
the highly regulated system of the past. “There is no doubt that the increased autonomy at the school level has been attractive to many principals and trustees,” said Cathy Wylie, who has closely monitored the changes at the primary level for the New Zealand Council for Educational Research (NZCER). “It has allowed faster decisions, and has allowed—where their budgets permit—the direction of funds in areas which are relevant to those at the school. Schools have been able to purchase computers, develop programs, strengthen a bilingual Maori unit, hire a consultant for schoolwide staff development, or hire a part-time teacher or teachers aide.”

Principals welcomed their new authority to hire teachers suited to the particular needs of their school rather than having to accept whoever was sent by the local board of education. Principals and teachers report that parents, who elect members of boards of trustees and constitute a majority of members, have become more assertive in articulating their children’s needs and even in questioning school policies. “[Parents] question teachers a lot more,” said Angela Stone, the principal of Waitangirua Intermediate School in Wellington. “Many of our parents had bad experiences during their own school-days, and to them schools have been very alienating places. Slowly, slowly, these parents are becoming more comfortable about coming into the building, and they are now beginning to ask questions about what we are doing.”

Self-governance, however, has also brought new problems, starting with workload. In giving schools the responsibility of governing themselves, the Tomorrow’s Schools reforms handed over to them the burden of carrying out many of the administrative tasks that had been handled by the Ministry of Education through its regional boards. For the first time primary school principals had to deal with matters such as budgeting, hiring, and dealing with boards of trustees, while teachers found themselves with new responsibilities such as the increased record keeping associated with new accountability mechanisms. In addition, self-governance imposed whole new areas of activity on schools, brought on by the enhanced needs to raise local funds, to market themselves, and to maintain better contact with parents.

“Self-governance works because of the high workloads taken on by principals, the increase in teachers’ workloads, the voluntary time given by trustees, and the additional money which schools have raised,” observed Cathy Wylie in a report for NZCER. Wylie found that primary teachers’ working hours rose steadily from an average workweek of 45.8 hours in 1989 to 48.3 hours in 1996. A major reason, she said, is that “teachers have not cut back on their extra-classroom responsibilities to accommodate the new administrative demands.”

Another negative consequence has been that some schools, primarily those located in low-income areas, have found it difficult to assemble boards of trustees with the financial, legal, and governing skills necessary to run an institution as complicated as a local school. The sort of cultural capital that middle-income schools take for granted is largely missing in such areas since, until recently, one out of every two students emerged from school without credentials. “Half the population were academic failures and came to loathe the schools,” said Philip Capper of the Center for Research on Work, Education, and Business. “Now we’re telling these same people to go manage them.”

In such areas, boards typically lack the technical expertise to advise on legal or financial issues and also often lack the sophistication that would allow them to challenge decisions by the principals. They often do not know enough to ask the hard questions or sometimes even the simple questions that would allow them to make good decisions on budgetary or other matters. One principal of such a school praised the intelligence and dedication of his board but added “There is no way I will get a robust appraisal of how I am doing.”

Parental Choice and Market Competition

The 1991 decision to abolish geographic enrollment zones for local schools and to institute parental choice also had both positive and negative effects.

Parents were quick to take advantage of their new right to exercise a voice in which school their child would attend. A climate was created in which choice came to be seen not only as a right but as a moral obligation. To be a “good” parent one had to make a conscious decision about which was the best school for one’s child.

The impact of the new system on school enrollments was rapid and profound. Parents began voting with their feet and sorting themselves among schools in demonstrably different ways than under the regime of zoning. Middle and upper-middle-class European families were the most aggressive in taking advantage of the choice option, but many upwardly mobile Maori and Pacific Island families also opted for choice as a means of improving their children’s educational prospects.

While parental choice brought clear benefits to families who were in a position to exercise it, the new student assignment policies had negative consequences as well. Many low-income families were deterred from exercising choice because they could not afford the added transportation costs or student fees associated with more upscale schools. Still others were restricted by the rules governing situations in which a school had more applicants than available places. In such cases, schools had wide latitude in determining which students they would accept. Not surprisingly, popular schools tended to turn down students who were difficult to teach because of the effects of poverty, learning or behavior problems, or lack of English proficiency. One major consequence of New Zealand’s new educational marketplace was thus a significant polarization of enrollment patterns by ethnicity.

For funding purposes, the Ministry of Education classifies schools by “decile rankings” from 1 to 10 that reflect the socioeconomic and ethnic makeup of their students. Low-decile schools serve high proportions of minority and disadvantaged students while high-decile schools serve relatively affluent and European students. Under a funding system that the U.S. might do well to emulate, the government provides more funds to low-decile schools serving students who are most costly to educate than to their higher-decile counterparts.
Popular schools tended to turn down students who were difficult to teach because of the effects of poverty, learning or behavior problems, or lack of English proficiency.

The additional public funding for low-decile schools, however, was not sufficient to make them attractive to parents. Enrollment data for the years following the introduction of parental choice show that the number of students attending low-decile schools declined while the number attending high-decile schools rose. Moreover, although minority families as well as European (white) families opted out of low-decile schools, the white flight was greater than the minority flight. The result was a greater concentration of minorities in the low-decile schools.

Between 1991 and 1996, for example, the share of minorities in decile 1 primary and intermediate schools in the capital city of Wellington rose from 76 percent to 82 percent—a shift that cannot be explained by changes in ethnic residential patterns as measured by census data. At the secondary level even greater changes occurred, although the patterns were a bit more complex as some minorities moved from decile 1 to decile 2 schools while Europeans fled from both. Piecemeal evidence from a ministry-financed study indicates that school enrollments have also become more segregated in terms of socioeconomic status.

One reason that the introduction of parental choice fostered polarization is that New Zealand parents appear to judge the quality of schools largely by the ethnic and socioeconomic mix of their students. Schools with a preponderance of European students are seen as superior to those with large numbers of Maori and Pacific Islanders. As Margaret Ngatai, principal of Rowley Primary School in Christchurch, put it, “People see little brown faces coming in our gate and immediately think that it’s not a very good school.” Another less racially tinged interpretation of this behavior is that parents have some valid reasons to judge a school’s quality by the relative socioeconomic or ethnic mix of its students. These reasons include the possibility of positive peer effects on student learning, the fact the higher-decile schools are able to attract the more-qualified teachers, and the reality that higher-income parents can provide more resources to the school.

The Impact on Individual Schools
New Zealand’s new system of self-governing schools competing for students in an educational marketplace had varying impact on particular schools. Some, such as Gladstone Primary School in Auckland, thrived. Colin Dale, the principal, became intrigued with the concept of multiple intelligences developed by Harvard University psychologist Howard Gardner. In 1990, just as the Tomorrow’s Schools reforms were kicking in, Dale decided to create a learning environment that, in keeping with Gardner’s ideas, would systematically promote the full range of pupils’ intelligences. “Schools typically focus on a narrow band of logical and linguistic skills,” he explained. “We teach these, but we also address other important intelligences, like spatial, kinesthetic, and interpersonal ones.”

Dale’s efforts resonated with teachers, parents, and students alike. Enrollment at Gladstone soared from 415 students in 1990 to 744 in 1998, making it the largest primary school in the country. It now encompasses a school of performing arts and four other mini-schools, and it has rich academic offerings that include instruction in seven languages. It also runs an extensive after-school program and pays for students who have self-esteem problems to take part in a 10-week program at the University of Auckland. Dale attributes Gladstone’s success to the managerial freedoms accorded by the Tomorrow’s Schools reforms. “No one is restricting us,” he said. “The potential is now there to do whatever you want. It’s all about meeting needs and performing. If you get it right, people will flock to you.”

Other schools, however, found it difficult to compete in the new education marketplace. As popular schools took advantage of the opportunity to fill their rolls with students from family backgrounds conducive to academic success, undersubscribed schools, many of them located in low-income urban areas, found themselves coping with greater concentrations of difficult-to-teach students.

As upwardly mobile European, Maori, and Pacific Islanders left, these schools lost staff positions and other academic resources, which in turn made it even more difficult for them to serve the students left behind, much less attract additional students. Such schools face great difficulty in recruiting good teachers and are often reluctant to fire teachers who are clearly not competent for fear that any new replacement teacher might be even worse. New Zealanders have come to speak of downwardly “spirling” schools that have gone into a downward trajectory over which they have little control and from which it is difficult to escape.

In October 1995, national attention was focused on the plight of spiraling schools when one of New Zealand’s major television networks broadcast a prime-time program entitled “The Forgotten Schools” that documented the shattering effect of the Tomorrow’s Schools reforms on several secondary schools in South Auckland, an impoverished area of the country’s largest metropolitan area. By highlighting the downside of the Tomorrow’s Schools reforms, this program proved to be a turning point in public attitudes toward government education policies.

Faced with political pressure to come to the rescue of troubled urban schools, the Ministry of Education initiated a series of programs to assist them. Policymakers still held to the belief that schools would succeed in the education marketplace if they were properly managed, so at first these programs were limited to managerial assistance. If
schools were run well using managerial principles, the reasoning went, then everything else would fall into place.

Corollaries to the view that problems were at root managerial were that intervention from the center would be short term and that it would involve tight accountability provisions. As a result, new funds were allocated for short periods, typically six months, and release of additional promised funds was made contingent on the school meeting certain performance milestones. But these tight restrictions were not well conceived and made it difficult for the schools to hire good people for projects designed to last two or three years. “Six-month deadlines are not milestones,” said Terry Bates, the principal of one of the low-performing schools. “They’re 100-meter dashes.”

Such managerial fixes suffered from another more fundamental flaw: They did not address the real challenges facing the downward spiraling schools, many of which were outside the control of principals and teachers. They did nothing, for example, to address the difficulty such schools faced in attracting high-quality teachers.

Over time, however, central authorities were forced to adopt a more proactive approach and to provide funding for programs ranging from professional development of teachers to the creation of mini-schools. Policymakers took such direct action reluctantly, however, since they were in effect conceding that giving schools autonomy, incentives to attract students, and competent management was not a sure-fire formula for success. The spiraling schools had all of these elements, but still they could not overcome the obstacles they faced.

Eventually senior administrators came to concede that, however well it may have worked in middle and upper-middle-class communities, the education marketplace was not suitable for troubled urban schools. “Some schools will never work under this system, and for them we will have to have a different system,” conceded Brian Donnelly, a former associate minister of Education. “Some will have to be under direct control of ministry, and South Auckland will get a design for schooling that will be unique.”

A Balancing of Interests

The Tomorrow’s Schools reforms raise some broad questions about the applicability of market concepts to the delivery of public education, including the question of how to balance the interests of various stakeholders.

Any state education system has a multitude of stakeholders with different interests. These range from the central government, which funds public education for important public purposes, to students, parents, teachers, administrators, employers, and others. The legitimate interests of these parties are sometimes in conflict, however, and it is important to have institutional means to deal with these conflicts.

New Zealand policymakers found themselves confronting such a conflict almost before the ink was dry on the Tomorrow’s Schools legislation in 1989 when the board of Seatoun Primary School in Wellington, the equivalent of a K-6 school in the U.S., announced that it would add two more grades to its program so that its students would no longer have to travel to a nearby intermediate school. This decision had major consequences for competing primary schools as well as for the intermediate school, which faced an immediate falloff in enrollment. Although the resulting controversy was vigorous, the minister of Education declined to enjoin. In keeping with the principle of self-governance, he asserted that the wishes of current parents in a school must prevail over all others.

As already noted, the balancing-of-interests issue also arose regarding policy on how to determine which students would be admitted to popular schools that had more applicants than openings. Placing admissions decisions largely in the hands of local schools was another way of affirming that their interests took precedence over those of other stakeholders.

By the end of the 1990s the government came to realize that structures were necessary to restore some balance between the interests of autonomous schools and other stakeholders. Limitations were placed on the right of schools to make unilateral decisions about which grades they would teach, and popular schools lost the right to frame their enrollment policies without consultation with other schools and central authorities.

Winners and Losers

Another broad issue has to do with the creating of “winner” and “loser” schools. This is what competition does—create winners and losers. But the question arises whether it is defensible, morally or practically, to organize a public school system in such a way that, when it is running as designed, it will inevitably exacerbate the problems of some schools and have a negative impact on many students and families.

Such a situation might be justified if the competitive environment led to improvement in all schools—a rising tide that lifts all boats even though some might be going faster. Similarly, such an approach might be justified if, knowing in advance that some schools would become losers, central authorities were ready to intervene when schools started to spiral downward. However, neither of these conditions held in New Zealand.

Proponents of charter schools and vouchers in the United States and other developed countries would be well advised to recognize that while market-based reform may work in middle-class areas where schools compete for students on a level playing field, they will never—in and of themselves—solve the problems of troubled urban schools. In a compulsory education system, setting up some schools for inevitable failure is an unacceptable price to pay for other schools to succeed.

New Zealand’s spiraling schools had the freedom, the incentives, and in many cases the managerial ability to compete effectively in the education marketplace, yet they were still unable to do so. Some direct intervention from the center will always be necessary for such schools, and provision for such assistance should be anticipated from the outset.
New Zealand: About the People and the Education System

Kiwis
New Zealanders may be the only people in the world who describe themselves colloquially by their national symbol. They are known as Kiwis, after one of the numerous bird species unique to these islands. The kiwi is small, flightless, and very vulnerable—characteristics with which New Zealanders readily identify—and it is nocturnal. Few persons ever see them except in zoos.

New Zealanders form three main groups. Residents of European descent are known as Pakeha (Pak´ee-ha) and make up 80 percent of the population, while Maori account for 14 percent. The term Maori means non-European. It was coined by the original New Zealanders in the 19th century to distinguish themselves from the arriving Europeans; about 1850 it became a collective noun to describe the various tribes that had settled the islands long before the arrival of the English but that hitherto had no need for a particular collective identity. The third major group is Pacific Islanders, who began arriving during the manufacturing boom of the 1950s from Samoa, the Cook Islands, Tonga, Fiji, and other islands and constitute 6 percent of the population. Another 4 percent are Chinese, Indian, and others. (The total is more than 100 percent because persons of mixed ancestry are sometimes counted more than once.)

The relationship between Pakehas and Maori is complex and unusual. Unlike other British colonies, New Zealand was not conquered by military force. Instead, new immigrants purchased land from Maori, who for the most part saw Europeans as useful neighbors and a source of goods such as muskets, tobacco, iron tools, and clothing. Relations between the two were formalized in 1840 in the Treaty of Waitangi, which was signed by 45 Maori chiefs and the representative of the queen of England. Under the treaty, the Maori ceded their sovereignty of New Zealand to the queen, who in turn guaranteed them protection and granted them the same rights, privileges, and duties of citizenship enjoyed by the citizens of England. The treaty gave Maori continued possession of their land but stipulated that, if they chose to sell it, they must do so to the Crown. Although there has always been a considerable degree of intermarriage between Maori and Europeans, subsequent relations between the two groups were rocky. Disputes over land and British prerogatives led to a series of wars in the 1860s, variously known as the Land Wars, the Maori Wars, and the New Zealand Wars. Confiscation of large territories from Maori who had taken up arms against the government created resentments that continue to this day.

Maori generally accepted Christianity, and missionaries took the lead in extending education to them. Both Maori and Pacific Islanders, however, share the plight of racial and ethnic minorities in other developed nations. They lag far behind the Pakeha majority in income, educational attainment, and measures of well-being such as health.

The 1970s and 1980s brought a resurgence of Maori culture, and political activists began pushing for redress of long-standing grievances. In 1975 the Parliament passed legislation establishing a Waitangi Tribunal to investigate Maori claims against the Crown, and 10 years later the act was amended to apply to all claims dating back to 1840. Substantial financial reparations have been made to Maori tribes whose lands were found to have been unjustly confiscated, and other claims are pending.

Education in New Zealand
New Zealand pupils begin their first year of school, as new entrants, on their fifth birthday, and they pursue 12 more years of schooling through year 13. Attendance is compulsory through age 16. The overwhelming majority, 96.5 percent, of New Zealand young people attend state schools; the rest are in private schools, which receive state subsidies ranging from 25 to 40 percent of the average state cost per pupil, depending on the age of the student. Nearly 10 percent of students in state schools attend what are known as state integrated schools. These schools, three-quarters of them Roman Catholic, have a “special character” and are run by boards that are accountable both to the Ministry of Education and to the sponsoring body. Although they own their own physical plants, integrated schools follow the national curriculum and are fully funded by the state for operating and new capital expenses.

One notable characteristic of the New Zealand education system is the large number of single-sex state schools. New Zealand is an inherently conservative country, and, its fundamental egalitarianism notwithstanding, the English tradition of prestigious grammar schools lives on in the minds and hearts of many Kiwis. Prestigious all-boys schools such as Auckland Grammar and Wellington College turned out most of the country’s political and other leaders in the past, and most of the highly sought after secondary schools today are single sex.

Another important feature of state education in New Zealand is the growing network of Maori schools. In response to the resurgence of interest in Maori culture in general and its language in particular, the Ministry of Education has supported the development of a range of educational institutions run by and for Maori. Preschool children learn Maori in language “nests,” or kobanga reo, and regular primary and intermediate schools operate as immersion classrooms, known as ruma runaki, that offer the chance for students to pursue part of their education in a Maori environment. In recent years the government has been encouraging the creation of schools known as kura kaupapa, where students can receive a Maori-oriented education through secondary school. There are also eight Maori boarding schools serving about 1,000 students.

New Zealand’s state education system is held together by a national curriculum that, while created centrally and
designed to provide overall coherence to teaching, is not as highly prescriptive as those in, say, England or France. It is perhaps best described as a set of curriculum statements, and teachers are given great latitude in how they cover the material.

In keeping with British practice, it has been traditional for New Zealand students to take a school-leaving examination at the end of their compulsory education, and over the years, as students stayed in school longer, new tests were added at higher grade levels. School attendance is now compulsory to the age of 16, and most students sit for a school certificate examination at the end of three years of secondary education in year 11, or at about the age of 15. Twelve certificates are awarded on a subject-by-subject basis, and a higher school certificate is awarded to students who have satisfactorily completed five years of full-time secondary schooling, or through year 13. Graduates going on to further study at the university take university entrance and bursary examinations to qualify for admission and to compete for scholarships.

A notable characteristic of New Zealand schools has been the absence of any comprehensive system of national tests of student performance for students under age 15. New Zealand teachers are wary about the use of tests for reasons other than to organize classes or to diagnose the needs of particular students, and there is little tradition of aggregating test data or keeping them on a schoolwide, much less a national, basis. Instead of following the English model of national tests, the Ministry of Education in 1993 initiated the National Education Monitoring project, which assesses the achievement of a light sample of primary pupils in years 4 and 8 in selected schools primarily as a source of information to teachers. The assessments cover about one-quarter of the curriculum areas each year. The first four-year cycle was completed in 1998. Other than the results of these tests, the ministry collects no data that can be used to track student performance in core academic areas over time.

Excerpted from When Schools Compete: A Cautionary Tale by Edward B. Fiske and Helen F. Ladd (Brookings Institution, 2000).