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# School Choice Competition and How District Leaders Respond to Resulting Fiscal Impacts

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SCHOOL CHOICE COMPETITION AND HOW DISTRICT LEADERS RESPOND TO  
RESULTING FISCAL IMPACTS

by

Terrie S. Johnson, B.S., M.Ed.

A Dissertation Presented in Partial Fulfillment  
of the Requirements for the Degree  
Doctor of Education

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We hereby recommend that the dissertation prepared by

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**Resulting Fiscal Impacts**

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**Doctor of Education, Education Leadership Concentration**

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## **ABSTRACT**

This dissertation examined how superintendents of public-school districts respond to the financial impact of school choice competition. Many U. S. school districts are experiencing funding losses due to the enrollment of students in charter schools and private school voucher programs. The state per-pupil funds follow the student. District leaders must respond to this loss of funding and still maintain high quality instruction and services. The purpose of this research was to explore how leaders develop strategic plans to deal with the fiscal impact of school choice competition. Complexity Leadership Theory was used to view how school district leaders perceive competition, respond to the loss of revenue and what positive outcomes of school choice competition have been realized. Case study methodology was used to conduct an in-depth study of a single school district that has experienced significant financial loss to school choice and is responding intentionally. The current and former superintendent of the district and leaders on their staff were interviewed as well as the director of a charter school in the community. School system superintendents exhibited a strong sense of community and ownership of all students that live in the district. Superintendents believe that competition is good. Competition causes district leaders to improve instruction, facilities, and services to students. School district leaders asserted that there is unfairness or inequity in the implementation of charter school funding and governance and believe that charter schools provide a means for racial segregation. They recognized the need to build partnerships with charter leaders to build community support for education.

In this district, the superintendent found that addressing the loss of funds to charter school competition was less about finances and more about leadership. Leading a district that is significantly impacted by school choice competition necessitates leading the community to support the education of all students. This includes building partnerships with the charter school leaders, empowering innovation in school leaders, and, educating the community on the needs of schools, to provide the best educational opportunities for all children regardless of the school they attend.

## **DEDICATION**

This work is dedicated to my family and in memory of my father, John William Sykes, 1923-1998. He provided the greatest example of a Christian, scholar, servant, and leader. The accomplishment of this goal in my life fulfills a hunger he cultivated in me to learn, grow, think and lead. Every word was written while sitting in his chair literally and symbolically. I know he is smiling down from heaven and I am proud to be my daddy's girl. Dad, your imprint is on every page.

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## TABLE OF CONTENTS

ABSTRACT.....	iii
DEDICATION.....	v
APPROVAL FOR SCHOLARLY DISSEMINATION .....	vi
TABLE OF CONTENTS.....	vii
CHAPTER 1 STATEMENT OF THE PROBLEM.....	1
Background.....	1
Statement of the Problem .....	3
Purpose of the Study.....	4
Research Propositions.....	5
Significance of the Study.....	6
Assumptions .....	6
Limitations.....	6
Delimitations .....	7
Definition of Terms .....	8
Outline of the Study.....	9
CHAPTER 2 REVIEW OF THE LITERATURE.....	11
Theoretical Framework.....	13
History and Lineage of Complexity Leadership Theory.....	13
Core Concepts and Framework of Complexity Leadership Theory. ....	14
Theory Selection Rationale .....	15



Competition in a School Choice Environment .....	17
Historical Background of School Choice.....	17
Existing Theories.....	18
Competition and Funding.....	20
Equity and Access in School Choice.....	22
Competition Perceived by School Leaders .....	24
Marketing.....	26
Charter, Private, and Public School Marketing Trends.....	26
Effectiveness of Marketing .....	27
Funding Marketing in School Districts .....	29
Fiscal Effects of School Choice on Districts .....	30
CHAPTER 3 METHODOLOGY .....	35
Research Method .....	36
Research Design .....	37
Participants .....	38
Instruments .....	38
Data Collection .....	41
Researcher Role .....	44
Data Analysis.....	45
Summary.....	48

CHAPTER 4 RESULTS .....	49
Data Analysis.....	51
Narrative Description. ....	51
Themes. ....	64
A strong commitment to the community. ....	64
Fairness and equity are critical in implementing charter school policy and funding. ....	65
Competition of school choice motivates all to improve in an equitable system.....	67
A school choice environment can result in segregation of students. ....	68
Conclusions .....	70
CHAPTER 5 DISCUSSION.....	73
Major Findings .....	73
Evaluation of Propositions.....	74
Interpretations .....	82
Further Research.....	84
Conclusion.....	86
APPENDIX A: INTERVIEW QUESTIONS .....	85
Interview Questions for District Leaders.....	86
Interview Questions for Charter School Leaders .....	87
Interview Questions for Parents .....	87
Interview Questions for Former Student and Resident .....	88

APPENDIX B: HUMAN SUBJECTS APPROVAL INTERNAL REVIEW BOARD (IRB) ... 89  
APPENDIX C: HUMAN SUBJECTS CONSENT FORM..... 91  
REFERENCES ..... 94

## CHAPTER 1

### STATEMENT OF THE PROBLEM

“A tide that lifts all boats” is a phrase used to describe competition as a result of school choice because the competition is intended to make all schools better (Hoxby, 2003). Rooks said that the tide will only lift the educational boat when the competition is racially and economically equal (Rooks, 2017). Since the 1960s, one of the most persistent cries for reform has been the call to apply the free market economic model of competition through choice on the public school system. All schools faced with the pressures of market competition would adapt to serve students better or close as their students dropped to attend a school of choice (Chubb & Moe, 1990; Friedman, 1962; Hoxby, 2003). A major rationale for the growth of school choice is that it will improve all schools through the process of competition (Jabbar, 2016a). School choice allows public education funds to follow the student to the school that parents choose for their students. It can be a public, private, or charter school, any setting the parents choose, even a home school. Those that oppose school choice maintain that increased competition in public education leads to exacerbates inequities among schools and thereby among students (Frankenberg, Siegel-Hawley, & Wang, 2011). These issues and others create problems for district leaders who face substantial revenue loss to school choice competition.

#### **Background**

Over the last three decades, control and governance has drastically changed in public school education, primarily as a result of school choice policies and legislation (Davis, 2013; Thompson-Dorsey & Plucker, 2016). The No Child Left Behind Act

(NCLB), Race to the Top, (an initiative born from NCLB) , and NCLB's successor, the Every Student Succeeds Act (ESSA), afforded greater accessibility of school choice to parents whose students are districted to attend schools that are academically failing (Elementary and Secondary Education Act, 1965/2017; Jabbar, 2016c; No Child Left Behind Act, 2002; Thompson-Dorsey & Plucker, 2016). Although voucher systems and tuition tax credits exist, charter schools offer the most extensive choice option for parents in the United States (Center for Research on Education Outcomes [CREDO], 2009). The number of parents choosing to send their students to an alternative school option (charter, private voucher, magnet school, etc.) is increasing and because the state funding follows the student, the declining enrollment in public school has a fiscal impact. (Jabbar, 2015; Milliman, Maranto, & Wood, 2017).

The funding of education in almost every state has not increased with inflation and stayed nearly constant in the last ten years (McFarland et al., 2017). Critics of educational competition, with some supporting evidence, fear that the quality of instruction in Traditional Public School districts (TPSD) will suffer, as states allocate funds to schools of choice (Lee, 2016; Linick, 2016; Santos & Nordlund, 2012). To understand how leaders perceive and respond to the fiscal impact of school choice in public school districts, it is necessary to review the literature on three major topics: competition (Milliman et al., 2017), marketing (Jabbar, 2016b; Pettinga, Angelov, & Bateman, 2015), the fiscal effects of school choice (Linick, 2016). These topics provide a background to analyze leadership responses to the fiscal impacts of competition in the school choice environment.

## **Statement of the Problem**

When parents choose to enroll their student in a charter school or private school using the voucher program, the per-pupil funding from the state follows the student and is awarded to the charter school. When this phenomenon occurs in higher numbers, the loss of revenue is significant for the TPSD. In most states, the charter school also receives funds from locally generated educational tax dollars proportionate to the number of students enrolled. The state will deduct the amount of the local tax dollars out of the allotment that is issued to the school district each month (Jabbar, 2016b; Lee, 2016). Leaders of public-school districts in this situation face an environment of shrinking funding while competing with schools of choice for student enrollment. The challenge for leaders is to continue to pursue school improvement efforts for all students while maintaining a financially sound budget process.

Studies on school choice are well represented in the literature (Archbald, Hurwitz, & Hurwitz, 2017; Arsen & Ni, 2012b; Davis, 2013; Gray, Merrifield, & Adzima, 2016; Holme, Carkhum, & Rangel, 2013; Jabbar, 2016b; Larkin, 2016; Lubienski & Lee, 2016; Milliman et al., 2017; Thompson-Dorsey & Plucker, 2016; Zimmer & Guarino, 2013). The literature includes a robust treatment of the topic of how school choice competition affects student achievement (Arsen & Ni, 2012a; Bowen & Trivitt, 2014; Clark, Gleason, Tuttle, & Silverberg, 2015; Gray et al., 2016; Zimmer, Gill, Booker, Lavertu, & Witte, 2012). There is also a variety of research on marketing and outreach by charter schools and public-school districts (Holme et al., 2013; Jabbar, 2015; Jabbar, 2016b; Jabbar, 2016a; Jabbar & Li, 2016; Lubienski & Lee, 2016; Milliman et al., 2017; Thompson-Dorsey & Plucker, 2016). The available research includes many studies that explored re-

segregation and inequity in school choice (Archbald et al., 2017; Ayscue, Nelson, Mickelson, Giersch, & Bottia, 2018; Frankenberg et al., 2011; Jabbar & Wilson, 2018). What is not clear from the literature is how district leaders respond to the loss of revenue from school choice competition while striving to provide high-quality educational experiences to retain and recruit students, which presented the need to explore this problem through this study.

### **Purpose of the Study**

The purpose of this study was to both tell the story of a school district facing and responding to significant revenue loss to school choice competition and to view the responses through the theoretical framework of Complexity Leadership Theory (CLT). The qualitative case study methodology was used to explore the problem in a single school district. A case study design is fitting because it allows for the accumulation of data in a setting that takes into consideration the people and places central to the research (Creswell, 2007). The case provided a collection of multiple data sources that defined and described how leaders respond to the financial challenges of school choice competition (Stake, 2006). This approach allowed the final presentation of this research to include the voices of the participants, the reflections of the researcher, a comprehensive description and analysis of the problem, and its contribution to the literature (Creswell, 2007; Stake, 2006). Qualitative research is consistent with seeking to understand the phenomenon of the complex leadership in an organization and how stakeholders play different roles corresponding to those defined in CLT (Uhl-Bien, Marion, & McKelvey, 2007).

The theoretical framework that was used to examine this phenomenon was Complexity Leadership Theory. It is a post-industrial age leadership theory that “acknowledges that organizations are complex adaptive systems existing in a complex world” (Uhl-Bien et al., 2007, p. 187). CLT recognizes that challenges of the technology era, in which organizations require high levels of innovation and adaptability that appreciates human and social capital. CLT is not about top-down structure but acknowledges and values organic growth that integrates with the command and control structures that coordinate the day to day operation of the organization (Marion, 2008). It is appropriate for analyzing the leadership of large organizations with multiple departments with different functions requiring blended leadership (Marion & Uhl-Bien, 2001) Based on these characteristics; Complexity Leadership Theory is appropriate for exploring how district leaders respond to the financial challenges of school choice competition.

### **Research Propositions**

This research sought to examine how district leaders responded to the financial challenges of school choice competition. The following research propositions were developed from the literature and guided this study:

1. Educational leaders perceive school choice competition based on the presence of charter schools and private schools that have located in their district.
2. Educational leaders respond to the fiscal impact of school choice competition in a variety of ways, adjusting financial allocations, introducing competitive programs, marketing, or perhaps other means.



3. Educational leaders can respond to the financial loss to school choice when they understand why the families in their district are choosing to send their children to charter or private schools.

### **Significance of the Study**

The desire to provide the highest quality instructional experience for students is a universal goal for educational leaders, but the financial impact of school choice competition offers a greater challenge to superintendents in districts with a significant presence of choice schools. Conducting this study contributes to the body of research that informs the educational community about district leaders' responses to the fiscal impact of school choice competition. This research tells the story of a district with substantial financial challenges as a result of competition and how the district leaders exercised complex leadership to create partnerships, establish a collaborative culture, and lead the community to secure funding for the education of all students, those attending district schools and those attending charter schools.

### **Assumptions**

When conducting this study, some assumptions were inherent in the collection and evaluation of data. It was assumed that the participants were honest and forthcoming in the discussion and responses to questions. It was also assumed that the interviewees were able to communicate recollections of events and experiences of school choice decisions and actions through clear conversations.

### **Limitations**

When conducting this research, some limitations accompanied the collection and evaluation of data. School choice includes a variety of options for parents of students

such as charter schools, private school vouchers, magnet schools, and home school study programs. Charter schools have the most significant impact on districts in the state, and although there is a private school choice in this district, the focus of this study was the charter school impact on the district. This research was conducted in a single school district which may have been limiting, and charter schools were selected as the primary choice to investigate. There were only two superintendents of the district that were interviewed. The past superintendents (earlier than 2009) did not deal with the loss of revenue to school choice and therefore, their input was not gathered. Other participants included the former chief financial officer, the director of one of the charter schools, a parent of charter school students, and a former resident that attended all grade levels in this district. These data were collected in only one school district in the south, which places limits on its generalizability to other southern states or the nation.

### **Delimitations**

Specific parameters had to be in place to study how school system leaders respond to the fiscal impact of school choice competition. The most critical constraint was that the district leader had to have a significant revenue loss to school choice competition and he or she had to be addressing this loss thoughtfully and intentionally. This study was intentionally limited to a single school district that was identified by a significant financial loss to school choice data that was provided by the state. The state data identified eight school systems, and a pilot study was conducted to determine the one district that had the greatest loss to school choice competition and was intentionally responding to it.

## **Definition of Terms**

For the purpose of this study, the following terms are defined:

Charter School - an independently operated public school. It receives greater autonomy over operations and management than traditional public schools. The school is established by a “charter” which is a performance contract describing vital elements of the school autonomy granted by the state or the local school board (CREDO, 2009; Lubienski & Lee, 2016). In this state there are 5 types of charter schools. A Type 1 and 3 Charter Schools are authorized by the local school board that exercises some oversight. Both types must have a board of directors that governs the school finances, operations and administration. Both a Type 1 and Type 3 are housed in district owned buildings. The difference between a Type 1 and a Type 3 is that a Type 1 is a new school and a Type 3 is an existing district school that is converted to a charter school. Type 2, 4, and 5 charter schools are overseen by the State Department of Education. A Type 2 charter school is a new or a converted school that is authorized and overseen by the state. A Type 4 charter school is authorized by both the local school board and the state and there is only one of those currently in existence. Type 5 charter schools are ones located in a district that has been labeled as failing and the state oversees all of them (Louisiana Department of Education website, n.d.).

Complexity Leadership Theory- is a joint, follow-on, outcome of three types of leadership: (a) administrative leadership based on control and bureaucracy, (b) adaptive leadership based on creative problem solving, and (c) action-centered leadership that involves dynamic decision making (Baltaci & Balci, 2017).

Cream-skimming- is the selection of higher achieving, non-disadvantaged students in the enrollment process (Jabbar, 2016b; Zimmer & Guarino, 2013).

Per-pupil allotment- the average per student expenditure by the State for the operation of the school or agency divided by the aggregate number of children in average daily attendance to whom the school or agency is providing free public education during that year (Chubb & Moe, 1990; Jabbar, 2015).

School choice- the school choice movement, based on the premise that parents ought to choose, often at full or partial public expense, the school their child attends. Choice schools can refer to a public magnet school, home schooling, charter school, or private school (Chubb & Moe, 1990; Friedman, 1962; Hoxby, 2003).

### **Outline of the Study**

What follows is an outline of this qualitative study that explores how district leaders respond to the financial implications of school choice competition. The literature review contains necessary information related to school choice competition, existing theories of school choice, complexity leadership theory, competition and funding, equity and access, perceptions of competition by educational leaders, marketing and the fiscal effects of school choice on districts. Chapter 2, the review of literature initially did not address racial segregation specifically in the analysis of previous research regarding equity and access. All of the participants in the case study and the pilot study discussed racial segregation as a critical issue. Post research, the literature review was expanded to address racial segregation inside the context of equity and access in school choice environments. Chapter 3 describes how the case study progressed. Chapter 4 offers a full description of the research findings, and Chapter 5 extends the discussion concerning

research findings as they relate to existing literature and offers suggestions for future research and practice.

## **CHAPTER 2**

### **REVIEW OF THE LITERATURE**

“Improvement for all students” is a common phrase used to describe the results of school choice competition in education. However, it is a complex issue that is multifaceted with a variety of topics that are important to district leaders (Hoxby, 2003). Public school education has experienced a transformation in control and governance in the last three decades, mainly as a result of school choice policies and laws (Davis, 2013; Thompson- Dorsey & Plucker, 2016). The No Child Left Behind Act (NCLB), Race to the Top, (an initiative born from NCLB) , and NCLB’s successor, the Every Student Succeeds Act (ESSA), have opened up school choice availability to parents whose students are districted to attend failing schools (Elementary and Secondary Education Act, 1965/2017; Jabbar, 2016c; No Child Left Behind Act, 2002; Thompson-Dorsey & Plucker, 2016). With more parents exercising school choice (charter, private voucher, a magnet school, etc.) the financial impact on the public school system is increasing because the state funding follows the student (Jabbar, 2015; Milliman et al., 2017).

In a time when public funding dedicated to schools is stagnated, or even decreasing, in some situations, school and district leaders are challenged to maintain high quality instruction (McFarland et al., 2017). Those critical of market economics applied to public schools warn that the quality of instruction in Traditional Public School districts (TPSD) is negatively impacted by the drain of public funds from school districts to schools of choice (Lee, 2016; Linick, 2016; Santos & Nordlund, 2012). To understand how school districts leaders perceive and react to the revenue loss of school choice, it is necessary to examine current research on three major topics: competition (Milliman et al.,

2017), marketing (Jabbar, 2016b; Pettinga et al., 2015), and the fiscal effects of school choice (Linick, 2016). These topics provide a background to shape the research of this study involving leadership responses to the fiscal impacts of competition in the school choice environment.

As Traditional Public School Districts (TPSD) face stagnant, or even decreased per-pupil state funding, district leaders must respond to the fiscal impact of school choice to attract and retain students and the funding that accompanies their enrollment (McFarland et al., 2017; Wolf, Maloney, May, & DeAngelis, 2017). The problem that TPSD leaders must address is the loss of funding from school choice competition alongside the expectation and responsibility to provide high-quality instructional experiences for all students. The purpose of this study was to both tell the story of a school district facing and responding to significant revenue loss to school choice competition and to view the responses through the theoretical framework of CLT. This study was guided by the following research propositions:

1. Educational leaders perceive school choice competition based on the presence of charter schools and private schools that have located in their district.
2. Educational leaders respond to the fiscal impact of school choice competition in a variety of ways, adjusting financial allocations, introducing competitive programs, marketing, or perhaps other means.
3. Educational leaders can respond to the financial loss to school choice when they understand why the families in their district are choosing to send their children to charter or private schools.

## **Theoretical Framework**

### **History and Lineage of Complexity Leadership Theory.**

Complexity Leadership Theory (CLT), a relatively young leadership theory, originated in the work of Marion and Uhl-Bien (2001). Marion and Uhl-Bien applied complexity theory to build the foundation of CLT and study organizational practice and methods of leadership. According to Marion (1999), complexity theory developed out of many sources, particularly the transition in business and industry after World War II. Concepts of systems thinking and chaos theory provided the background for complexity principles (Marion & Uhl-Bien, 2001). The foundational tenets of complexity theory that shape CLT are (a) the interaction forces at work among multiple interconnected individuals, and (b) how evolving events, such as learning, adaptability or creativity grow out of these interfaces (Marion, 2008). Social science researchers in the 1990s borrowed complexity theory research in biology, chemistry, computer science, and physics to develop innovative insights about their fields (Marion, 1999; Nowak, May, & Sigmund, 1995). Eventually, complexity theory was applied by Marion and Uhl-Bien (2001) to leadership and organizational processes.

Complexity Leadership Theory developed as a reaction to perceived limitations in existing leadership theory. According to Marion and Uhl-Bien (2001), much of the previous leadership theory emerged from a bureaucratic framework that is characteristic of the industrial age. In this environment, much of leadership theory focused on how leaders use formal and vertical structures in organizations to influence and motivate workers (Uhl-Bien et al., 2007). The conventional bureaucratic approach to leadership, according to Uhl-Bien and her colleagues (2007) has demonstrated limited effectiveness



with the rise of the information and technology age. Forces of globalization, technology, deregulation, and democratization overlap and create a new competitive and diverse institutional frontier that is characteristic of the information age (Lichtenstein et al., 2006). In such a landscape, learning and innovation are vital to organizational well-being and strict control is less efficient and less sustainable. Marion and Uhl-Bien (2001) have proposed Complexity Leadership Theory as a contemporary framework for leadership in the dynamic, unpredictable and fast-paced information age.

### **Core Concepts and Framework of Complexity Leadership Theory.**

Complexity Leadership Theory proposes that adaptability, which enhances performance and innovation, occurs in the everyday interactions of individuals responding to pressures and opportunities in their local established organizational structure (Marion & Uhl-Bien, 2001; Uhl-Bien & Marion, 2009). The central question addressed by CLT is: How, in the context of bureaucratic organizing structures, can organizational leaders enable the emergence of new solutions to survive and innovate in today's complex world? The priority for answering this question lies in the recognition that organizations have two primary systems—a bureaucratic and an entrepreneurial one that operate in dynamic, yet productive tension with one another because of their differing functions. The operational, bureaucratic system drives structure, standardization, and accountability success; the entrepreneurial system drives learning, innovation, and growth (Uhl-Bien & Marion, 2009).

In addition to the two systems at work, the three leadership positions makeup CLT are administrative leadership, adaptive leadership, and enabling, or action-centered leadership that creates a dynamic relationship between the bureaucratic and the

entrepreneurial tasks of complex adaptive systems (Uhl-Bien et al., 2007).

Administrative leadership concentrates on control and procedures and focuses on formal operational roles. These activities are day-to-day operations that control cost, allocate resources, and maintain order and compliance (Baltaci & Balci, 2017; Marion & Uhl-Bien, 2001). Adaptive leadership is the creative, flexible and innovative style. This leadership is less bound to rules and structure, and decision-making centers on vision and values (Baltaci & Balci, 2017; Marion & Uhl-Bien, 2001). The third leadership style is action focused leadership, and it is an enabling style, and it works to create conditions that allow adaptive leadership to thrive and allows immediate decision making in times of crises or dynamic productivity (Baltaci & Balci, 2017; Marion & Uhl-Bien, 2001). The significant shift in the mindset of CLT is from the leader to leadership that can arise naturally or be cultivated across the organization (Uhl-Bien et al., 2007).

### **Theory Selection Rationale.**

Many of the leadership theories applied to education focus on the hierarchical leader-follower dynamic that has grown out of the industrial age. The current political, social and economic forces that act on schools are taking place in the information or knowledge age (Baltaci & Balci, 2017; Marion, 1999; Uhl-Bien & Marion, 2009; (Verger, Steiner-Khamsi, & Lubienski, 2017). Morrison (2002) examined schools as complex systems, focusing on leadership that is necessary for school districts to function in the post-industrial age. He found that if leadership in schools and districts is to be effective, leaders need to impact their environment and community and allow themselves to be affected in return. He also found that distributed leadership and control among the schools and departments increased not only efficiency but also innovation (Morrison,

2002). Educational practitioners must respond to the needs of society and must connect the knowledge of business and information systems to current leadership practice in education, the use of a theoretical lens related to decision-making, empowerment, and collective leadership apply to this study.

Most researchers have viewed school choice competition and educational leadership in response to it, through the lens of economic, political and social theories. When compared with CLT, these theories provide information but serve different functions (Arsen & Ni, 2012a; Jabbar, 2015; Jabbar, 2016b; Milliman et al., 2017; Ni & Rorrer, 2012; Pettinga et al., 2015; Thompson-Dorsey & Plucker, 2016; Welch, 2011; Zimmer & Buddin, 2009). Economic and competitive market theories have informed the professional education community regarding the economic impact of school choice and the theoretical expectation of outcomes (Arsen & Ni, 2012a; Friedman, 1962; Jabbar, 2015; Pettinga et al., 2015; Thompson-Dorsey & Plucker, 2016). Economic, political, and social theories use economic and social tools to explain economic cause and effect behavior (Jabbar, 2016a). Complexity Leadership Theory uses collective intelligence and informal dynamics in organizations to achieve balanced leadership decisions (Uhl-Bien & Marion, 2009). The factors in the competitive school choice market environment have influences of human behavior such as innovation, leadership, teacher empowerment and stakeholder decision making, that are not considered in market competition and social network theories (Jabbar, 2016a).

In this research, I intended to examine the school district leaders' balancing of bureaucratic mandates, the operational requirements of the district, and the need to employ innovative strategic planning to the growing impact of school choice. I used

Complexity Leadership Theory as a lens to view the leadership challenge of school choice competition. CLT is appropriate for this study because it applies a leadership lens to a problem of practice related to effective decision making regarding all phases of competition with school choice options. CLT allows the research to examine the leadership response to existing structures and mandates. Using this theory, I was able to explore the influence and innovation of various stakeholders involved in decision making and planning in multiple areas of the organizational structure to address the loss of funds due to school choice competition.

### **Competition in a School Choice Environment**

#### **Historical Background of School Choice.**

A kind of school choice has always existed for parents because they could choose their children's school by the neighborhood they wanted to live in, or by enrolling their child in a private school at their own expense (Chubb & Moe, 1990; Hoxby, 2003). Growing dissatisfaction with public education has existed since the civil rights movement of the 1960s through the publishing of *A Nation at Risk* in 1983. This dissatisfaction prompted the first laws establishing charter schools in Minnesota and the expansion of charter and vouchers in Washington DC in the early 1990s (Forman Jr., 2005). School choice policies, such as charter schools and vouchers, are intended to prompt competition between schools and is believed to improve education for all (Egalite & Wolf, 2016; Jabbar & Li, 2016; Verger et al., 2017). This improvement should be realized by the student that chooses another school, such as a charter school, and the students that remain in the district school, because competition will motivate school improvement to retain existing students and attract others (Clark et al., 2015; Edchoice, 2018; Jabbar, 2016a;

Verger et al., 2017). The economist Milton Friedman argued that government-provided education could be improved when the forces of market competition were applied. He pointed specifically to student achievement and overall organizational efficiency (Friedman, 1962). Chubb and Moe (1990) argued that school choice had the potential to increase student achievement through education competition that creates an economic market of producers and consumers. This market should force schools, both public, and choice, to improve instruction to attract and retain students (Chubb & Moe, 1990; Friedman, 1962; Holme et al., 2013; Pettinga et al., 2015).

### **Existing Theories.**

Scholars used Neoclassical Economic Theory to examine competition in the school choice environment to understand and predict behavior (Arsen & Ni, 2012b; Jabbar, 2015; Lee, 2016; Yoon, 2016).

Neoclassical Economic Theory says that:

1. People have rational preferences based on values.
2. Individuals maximize utility to maximize profits.
3. People act independently based on relevant information.

Applied to school choice, this means that:

1. Parents make school choices based on preferences for high student achievement.
2. Schools will maximize student achievement to gain the most students and the funding that comes with them.

3. Parents are acting based on independent information about student achievement in the schools.

(Chubb & Moe, 1990; Friedman, 1962; Jabbar, 2015; Jabbar, 2016a; Verger et al., 2017).

Parents do not always make school choices based on the level of student achievement in the school according to several studies (Jabbar, 2016c; Lee, 2016; Wilson, 2016). The marketing information about schools often emphasizes aspects of the school other than student achievement, and parents have reported making decisions based on a particular characteristic of the school, such a performing arts program, the success of an athletic team, or a STEM (Science Technology Engineering and Math) program (Davis, 2013; Jabbar, 2015). In spite of the usefulness of Neoclassic Economic Theory in understanding how competition from school choice should affect education, it does not address leadership and problem-solving in response to school choice competition effects on school districts. Additional study needs to focus on the intentional actions of school leaders, taking into account all of the factors affecting their fiscal resources and determining the best course of action. This study used a leadership theory that addresses the complicated mandates, organizational complexities, and needs for innovation, of a public school district to examine how leaders respond to the fiscal impact of school choice competition.

## **Competition and Funding.**

The economics of producers and consumers does not precisely fit public educational services. Educational competition is unique because consumers, the parents, generally do not purchase education services and for the most part, schools do not earn profits (Davis, 2013; Jabbar, 2016b; Thompson-Dorsey & Plucker, 2016). School choice and the competitive education market did not evolve naturally from human social and economic activity. This economic condition is a result of the purposeful intervention of government (Thompson-Dorsey & Plucker, 2016). As a result, a market environment has been created without a financially driven motivation (Jabbar, 2016c; Pettinga et al., 2015; Yoon, 2016). The government has created competition for public schools by issuing “charters” for non-profit schools to be formed as producers. Alongside public schools, charter schools are independent in many ways, yet subsidized by public funding. Some “for-profit” companies act as producers and manage charter schools realizing a net financial gain (Clark et al., 2015). School choice policies introduce competition, and Neoclassical Economic Theory predicts improvement across the choice market to attract consumers—parents seeking the best education for their students (Arsen & Ni, 2012b; Davis, 2013; Jabbar, 2015; Jabbar, 2016b; Ni & Arsen, 2011; Zimmer & Guarino, 2013). Studies reveal that the influence of school choice competition does not fit the economic model because there is little or mixed improvement in student achievement resulting from school choice (Clark et al., 2015; CREDO, 2009; Egalite & Wolf, 2016; Gray et al., 2016; Holme et al., 2013; Zimmer et al., 2012).

There is a strong economic incentive for all schools to recruit and retain students because the funding for education is a per-pupil allocation in every state (Davis, 2013; Jabbar, 2015; Wolf et al., 2017). In every state that has school choice available, most or all of the per-pupil allocation follows the student to the charter school or the private school through a voucher (Jabbar, 2015; Thompson-Dorsey & Plucker, 2016). In many states, the school of choice receives, not only the state allocated money, but also, any local taxes collected for education are assigned to the charter school (Arsen & Ni, 2012b; Edchoice, 2018; Jabbar, 2015; Milliman et al., 2017). The amount of the per-pupil allotment awarded to the choice school varies from state to state, as little \$3,600 to as much as \$38,000 (Edchoice, 2018; Jabbar, 2015; McFarland et al., 2017). In some states, the allotment is based on the October 1 student enrollment exclusively, and all of the allocations are awarded to the school of choice for the year, regardless of a student transfer even one day after October 1. In this case, there is no financial incentive for the school to retain students after that date. Some states adjust the award one or two more times during the school year with partial funding for a student who changes schools after the October 1 date (Edchoice, 2018; Wolf et al., 2017). As the number of students that leave a TPSD and choose a charter or private school increases, the magnitude of the financial loss experienced by the TPSD can be substantial. From 2006 to 2010, the Detroit school district, the largest district in the state, suffered a \$400 million reduction in revenue to two choice programs (Ni & Arsen, 2011). Nationwide, approximately 9.1 billion dollars of state funding was allocated to charter schools in the 2015-2016 school year (Wolf et al., 2017). The need for district leaders to keep students enrolled in the TPSD is critical to maintaining consistent funding from state allocations.



### **Equity and Access in School Choice.**

Many parents do not or are not able to take advantage of choosing a higher performing school for their students ( Jabbar, 2016a; Lee, 2016; Verger et al., 2017; Zimmer & Guarino, 2013). School choice is designed to empower parents, particularly those whose children are attending low performing schools based on their attendance district (Elementary and Secondary Education Act, 1965/2017; No Child Left Behind Act, 2002). It relies on market mechanisms to provide options to these students. When implemented, school choice programs often fail to provide choices for parents to send their children to a school within their district with higher student achievement (Lee, 2016; Linick, 2016). When there is a lack of available school options within districted areas, families are discouraged from taking advantage of school choice because a higher performing school is too far away. Many times, neither the school district nor the charter or private school provides transportation (Lee, 2016; Logan & Burdick-Will, 2015; Verger et al., 2017; Zimmer & Buddin, 2009).

Parents often select schools based on demographics, choosing to send their children to schools whose demographics most resembles their own (Egalite & Wolf, 2016; Jabbar, 2016c; Ni & Arsen, 2011; Zimmer & Guarino, 2013). Neoclassical Economic Theory predicts that schools act as businesses and parents act like consumers, rationally selecting the best performing schools for their children. Observed parent selection of schools often does not follow this prediction (Davis, 2013; Jabbar, 2016b). School choice is intended to give power to parents. However, in the competitive environment, schools selectively use marketing campaigns which implies that schools are

not just attracting, but targeting and selecting high performing students, shifting the power of choice away from the parent and to the charter school (Jabbar, 2016c; Linick, 2016; Zimmer & Guarino, 2013). This practice, sometimes called “cream-skimming” potentially leads to racial and economic segregation (Gooden, Jabbar, & Torres, 2016; Jabbar, 2016b; Jabbar, 2016a; Loeb, Valant, & Kasman, 2011; Thompson-Dorsey & Plucker, 2016; Yoon, 2016).

There are mixed reports in the literature about school choice increasing segregation. Several studies have shown that charter schools have not caused increased segregation. However, they allowed segregation that had previously been in place to continue. Jabbar and Wilson (2018) used a multi-case study approach to study charter schools and traditional schools in New Orleans and in Minneapolis. They found that the schools were not diverse, nor did individual demographics reflect those of the community. However, the introduction of charter schools in these communities did not seem to vastly differ from the segregation that had previously existed in the neighborhood schools (Jabbar & Wilson, 2018). Coughlan (2018) found similar results when he studied neighborhood schools and charter schools. He studied demographic shifts in the 100 most populated cities from 1990 to 2015. He concluded that although the changes in populations of these cities and suburbs would likely have caused greater diversity in the schools over this period, because of school choice, the segregation that has always existed was perpetuated. Coughlan purposed that without policy and oversight to encourage diversity, school choice may not cause increased segregation, but the status quo of segregation remains constant (Coughlan, 2018).

There is research that documents that charter schools and school choice policies have increased segregation. A longitudinal study in five school districts extending over 26 years concluded that segregation by race and income among schools accelerated with the introduction of school choice policies (Archbald et al., 2017). Archbald and his colleagues studied the demographic changes in five large school districts in Delaware from 1987 to 2014 and found a 20% increase in racial segregation over that time. Socio-economic segregation also increased, but by less than 15%. The authors pointed out that the segregation was caused by a parent choice environment, however, if low-income students attend schools that have fewer resources, the system may have reverted to a separate and unequal situation (Archbald et al., 2017). Frankenberg and her colleagues studied the relationship between charter schools and segregation in 40 states, including several dozen metropolitan areas with a large number of charter school choices in the 2007-2008 school year (Frankenberg et al., 2011). They discovered that charter schools isolate students by race and class and they do so far more than their traditional public-school counterparts in nearly every state. The conclusions of this study also pointed out that parent choice caused the segregation of race and income, and that some of the areas that exhibited racial segregation before the introduction of school choice became more segregated when parents were able to exercise school choice (Frankenberg et al., 2011).

### **Competition Perceived by School Leaders.**

Studies conducted in New Orleans, containing over 80% charter schools, have examined many aspects of school choice and market competition. Jabbar's (2016a) case studies examined how school leaders in New Orleans perceived competition from school

choice using economic and Social Network Theory as a framework. She found that social structures and networks enabled school leaders to recognize competition influences and shaped their responses (Jabbar, 2016a). School leaders reported sensing competition when charter or private schools attracted a similar demographic or ability level as they, or when competition schools located within proximity (Jabbar, 2015; Jabbar & Li, 2016). Once school leaders had identified their rivals due to market similarity, they constructed a social network of competition. Based on this structure, leaders made plans in response to the competitive pressure in that network (Arsen & Ni, 2012a; Jabbar, 2016a). Social Network Theory provides a view of how leaders construct their perceived competition position. It does not provide a means of viewing decision-making strategies or organizational structures that can assist leaders in responding to school choice competition (Jabbar & Li, 2016). There is an aspect of CLT that is similar to Social Network Theory as the units of leadership; complex adaptive systems are compared to as social networks. The difference is that Jabbar (2015) is referring to social networks outside the organization whereas CLT is referring to the leader activating leadership in social networks inside the district (Marion, 2008). The framework of Complexity Leadership Theory provided a lens for examining the actions and perceptions of leaders, as well as, explore their interaction within their organization and their community to empower and gain knowledge in this study (Baltaci & Balci, 2017; Morrison, 2002; Uhl-Bien et al., 2007).

Before competition can make an impact on school quality for all, TPSD leaders must perceive the presence of competition in the first place and be motivated to respond to it (Jabbar & Li, 2016). Research in New Orleans and in other areas where there is a

high density of school choice competition, revealed that leaders were not overly concerned with competition because they lose so few students, or that they often re-enrolled students who had exited (Jabbar & Li, 2016; Ni & Arsen, 2011; Zimmer & Buddin, 2009). However, data showed that competition for student enrollment is increasing with the increase of charter and private voucher programs present in almost every state and the loss of funding that accompanies the student who transfers out (Milliman et al., 2017). School leaders that perceive competition most frequently reported that marketing of their school was the response strategy they implemented (Jabbar, 2016c; Milliman et al., 2017; Pettinga et al., 2015). As school leaders examine the prospect of using marketing or other strategies to respond to competition, they need more than an understanding of their competition as explained by Social Network Theory (Jabbar & Li, 2016). District leaders need to use the expertise that exists across their complex organization to problem solve and develop a strategic plan in response to school choice competition.

## **Marketing**

### **Charter, Private, and Public-School Marketing Trends.**

As marketing is the most common response of educational leaders to school choice competition, a review of the literature on educational marketing and the theories used to support and understand it is necessary to inform this study. According to Neoclassical Economic, Rational Choice Theory and Friedman's School Choice Theory, marketing is believed to educate parents and reduce student loss to competition in a school choice environment (Friedman, 1962; Jabbar, 2016b; Milliman et al., 2017; Wilson, 2016). Public schools have lost a guaranteed market share of students and the

accompanying per-pupil funding (Pettinga et al., 2015). Charter schools make up the most significant portion of competition for public school districts. The latest data reveal more than 6900 charter schools enrolled an estimated 3.1 million students in the U.S. at the start of the 2017-2018 school year (Edchoice, 2018; Wolf et al., 2017). Most educators and lay people think that marketing is “getting the word out” about their school, but communication strategies and public relations are so much more (Pettinga et al., 2015). Given this emphasis on marketing for charter schools and other competitors, school and district leaders need to consider their options to craft a response. Parents as consumers need information about school performance and the programs offered; school districts need to present the information in an attractive and easy to understand format. Marketing the school district and the schools is an essential means to highlight their strengths and is a prevalent practice across the nation (Jabbar, 2016b; Pettinga et al., 2015; Verger et al., 2017). Leadership decisions regarding marketing the school or district are complex ones and may best be handled by empowering systems within the district to innovate and participate in careful strategic planning (Baltaci & Balci, 2017; Morrison, 2002; Uhl-Bien et al., 2007).

### **Effectiveness of Marketing.**

Studies in various locations in the U.S. uncovered some trends in the effectiveness of districts marketing schools in a competitive environment (Arsen & Ni, 2012b; Davis, 2013; Jabbar, 2016b; Lee, 2016; Linick, 2016; Milliman et al., 2017). In Arizona, a quantitative study by Milliman (2017) and his colleagues that looked at the number of student enrollment in school choice options found that marketing of public schools did not initially slow the growth of charter school enrollment according to

surveyed families. However, in the period five years after the introduction of charter schools and the marketing efforts of public schools, a reduction in charter school enrollment was observed, and school leaders attributed that decline to the continued marketing scheme (Milliman et al., 2017). This same delayed effect is seen in Michigan and Ohio (Arsen & Ni, 2012b; Linick, 2016). In New Orleans, it also appears as if the marketing campaigns are slow in reducing loss to charter schools for the first several years of implementation (Jabbar, 2016b; Jabbar, 2016c; Ni & Arsen, 2011). While longitudinal findings show marketing of public schools has the potential to slow loss of students to charter schools, a more immediate benefit of marketing is reported as well. Engaging district staff and parents in marketing practices may create a stronger shared vision and support pride in the culture of the school and district according to Pettinga (2015) and her colleagues. Speculation is that this occurs by creating ownership in the marketing process and exposure seen through mainstream and social media marketing (Milliman et al., 2017; Pettinga et al., 2015). This team-like identification creates a sense of pride and belonging.

Jabbar (2016c) has done extensive research in New Orleans regarding the effects of marketing and the perceived competition among schools. Her case studies centered on how leaders see competition from surrounding or equivalent schools and their responses to that competition. She concluded that the government created a perception of fair market competition when it made an effort to resolve some of the adverse effects of market-based policies, such as “cream-skimming” or the lack of objective information on schools (Jabbar, 2016c). Districts in other states where the introduction of school choice has moved more gradually than in New Orleans have less regulation of the issues of

market-based policies than have been observed in New Orleans. There has been little research on the presence of marketing, leaders' perception of competition, and their responses to competition, outside of New Orleans (Arsen & Ni, 2012a; Verger et al., 2017).

### **Funding Marketing in School Districts.**

The current organization of public-school districts does not usually contain an advertising or marketing department, and the typical district or school leader does not have a background in marketing practices (Linick, 2016; Jabbar, 2016b; Pettinga et al., 2015). The growing school choice competitive environment makes it necessary for school and district leaders in public schools to engage in concepts related to business which are outside of their professional training (Pettinga et al., 2015). Few if any public schools have identified consumers' wants and needs and created a response that appeals to and is marketed to parents (Lee, 2016; Pettinga et al., 2015). Without dedicated funding for marketing and the constraints of budgetary mandates, it is possible that funds for marketing will be identified and diverted from instructional use (Arsen & Ni, 2012a; Jabbar, 2016a; Milliman et al., 2017). CLT is a lens to view leadership practices and decisions in the information age and can be applied to analyzing leadership in the marketing climate for school districts including the complex issues that affect budgets and instructional needs (Baltaci & Balci, 2017; Morrison, 2002; Uhl-Bien et al., 2007).



## **Fiscal Effects of School Choice on Districts**

The most common response to school choice competition by districts is to engage in a marketing program (Jabbar, 2016a; Milliman et al., 2017; Pettinga et al., 2015). How do districts fund marketing programs that could take several years before they realize any measurable results (Milliman et al., 2017)? It is reasonable to think that districts shave funds from existing budgeted areas to identify money for marketing. Studies show that teachers' salary levels and instructional resource budgets stay constant even in situations where districts face increased financial losses to school choice (Arsen & Ni, 2012b; Jabbar, 2016b). Districts may have union contracts in some states that dictate salary levels or state and federal funding sources may mandate how salaries must be maintained (Arsen & Ni, 2012b). Research has also demonstrated that public schools continue to fund professional development for teachers at consistent levels, in spite of increased funding loss to competition (Arsen & Ni, 2012a; Milliman et al., 2017). School districts have diverted funds from non-instructional budget items, such as maintenance or supplies to instructional needs to compensate for the loss (Davis, 2013; Jabbar, 2015; Ni & Arsen, 2011). Though not specific to school choice competition, school district address declining funds by consolidating schools with small enrollments (Howley, Johnson, & Petrie, 2011). It is possible that this competitive market has brought about strategic funding changes within the instructional budget to make it more efficient without realizing any loss. In a time when most school funding provided by the state is constant, an already lean budget may not have much room for shifting funds around, even non-instructional monies (Arsen & Ni, 2012a).

As school district leaders try to respond to competitive education markets, they can look to the deregulation of other public industries as models of reacting to the reform. Examples for school and district leaders to examine in forming a strategic plan include the Department of Defense in 1973 when it became a total volunteer force. Other examples include the U.S. Postal Service that faces competition from technology such as email, and also competitors such as UPS, DHL, and others (Pettinga et al., 2015). These public entities recognized that to survive and be successful in their changing financial and operational situation; they had to identify and provide what consumers were expecting of them (Milliman et al., 2017; Pettinga et al., 2015).

It is essential for school and district leaders to understand not only what parents are expecting of educational services, but also how parents choose schools for their children. This knowledge enables educational leaders to respond to competition with an effective marketing program or school improvement plan (Pettinga et al., 2015; Thompson-Dorsey & Plucker, 2016). There have been a variety of responses by TPSDs to school choice competition such as marketing using media or instituting specialty programs. There have been districts that have done nothing in response to school choice competition, some have continued to fail and be closed or taken over as a result (Arsen & Ni, 2012b; Jabbar, 2016a).

Survey data from school personnel, parents, and other stakeholders can be used to inform a district leader's response plan (Jabbar, 2016a; Milliman et al., 2017). The need for district leaders to collect information for their response to competition is essential to creating a thoughtful and intentional plan. Case studies revealed that districts face high

levels of competition and demonstrate increased fiscal stress evidenced by declining available funds (Jabbar, 2016a). Without a strategic plan, districts face pressing financial concerns in the current school choice environment.

Public school and district leaders appear to be floundering with insufficient information about responsible practices that address the increased amount of competition. Charter and private schools have less oversight and can make site-based decisions on spending and market practices. As a result, critical budgetary differences exist in how charter and private schools spend money as compared to public schools (Arsen & Ni, 2012a; Davis, 2013; Thompson-Dorsey & Plucker, 2016).

Spending is different in charter and private schools compared to public school districts. Charter schools have engaged in marketing more than public schools and based on research by Larkin (2016), charter schools allocate a more significant percentage of funds to administration compared to public schools and a lower amount on teacher salaries, benefits, and professional development. Her study in Florida involved reviewing the reported expenditures by public, charter and private schools, as each school participating in the Florida Education Funding Program was required by law to report expenditures in a uniform manner (Larkin, 2016). This practice by charter schools is contrary to the thought that public school budgets are top heavy with bureaucratic salaries and charter school have streamlined budgets for instruction (Arsen & Ni, 2012b; Jabbar, 2015). Charter school budgetary practice in this area is contrary to economic theory which predicts that charter schools streamline leadership and spend less on administrative and other costs that are not directly related to the classroom (Arsen & Ni, 2012b; Chubb

& Moe, 1990; Pettinga et al., 2015; Welch, 2011). The practice of per-pupil funding that is assigned to whatever school the student attends has created a competitive market for education. It has also encouraged a degree of corporate consolidation within the charter market that may yet defeat the independent providers valued as innovators in the charter school movement (Verger et al., 2017). Economic and competitive marketing theory does not align with observed trends when viewing the funding issues in charter schools (Arsen & Ni, 2012a; Larkin, 2016).

Using economic and political theories to understand the competitive environment for district leaders is helpful, but another lens must be used to frame the leadership and decision making in response to school choice. Complexity Leadership Theory can provide the perspective that leaders need to view all aspects of their organization as potential sources of leadership solutions by empowering leadership and blending the bureaucratic functions with the innovative ones (Lichtenstein et al., 2006; Uhl-Bien et al., 2007). Leaders can examine the bureaucratic aspect of the organization and determine possible financial decisions, as well as consider the managerial and operational issues of the school district. Applying CLT to examine the entrepreneurial or innovative growth aspect of the school organization is empowering for the district leader to determine a response to school choice that impacts student growth and success.

Current research has not explored how the fiscal impact of school choice competition has impacted the classroom and ultimately the student. Research by Jabbar (2016a) and Thompson-Dorsey and Plucker (2016) reveal that examination of the effects of marketing, competition, and district fiscal decisions associated with school choice on

the classroom is virtually non-existent. The decision making that is necessary by school and district leaders requires a lens that is comprehensive and complex. In Complexity Leadership Theory, learning and adaptability are viewed as necessary outcomes that result from cooperation and action of stakeholders who are communicating their diverse knowledge and decision making with one another to solve problems (Schreiber & Carley, 2008). The examination of different information in this area required public financial data to determine the financial loss to school choice to identify the districts with the greatest loss of revenue. Ultimately, understanding how superintendents balance budgets and strive to offer high quality instruction and the implication on the instructional environment required a qualitative study. To examine this problem thoroughly, it was necessary to initially review quantitative data and conduct a pilot study. The pilot study consisted of a short interview with a specific group of district leaders. These data were used to create interview questions that were used in the case study.

School choice competition is a topic covered extensively through research in the literature. The financial aspects of competition and how leaders respond to it is a sector of school choice that is lacking robust study within academic studies and writings. Scholars have chosen to focus on student achievement in school choice environments (Gray et al., 2016; Holme et al., 2013), the marketing of public and charter schools by leaders (Jabbar, 2015), and equity and access in school choice situations (Ayscue et al., 2018; Davis, 2013; Linick, 2016; Wolf et al., 2017). The perceptions and responses of district leaders to the financial challenges of school choice is an aspect that has not been thoroughly explored in the literature and provided the opportunity for greater exploration of the topic through this research.

## **CHAPTER 3**

### **METHODOLOGY**

As Traditional Public School Districts (TPSD) face stagnant or even decreased per-pupil state funding, district leaders must respond to the fiscal impact of school choice to attract and retain students and the funding that accompanies their enrollment (McFarland et al., 2017; Wolf et al., 2017). The problem that TPSD leaders must address is the loss of funding from school choice competition alongside the expectation and responsibility to provide high-quality instructional experience for all students. The purpose of this study was to both tell the story of a school district facing and responding to significant revenue loss as a result of school choice competition and to view the responses using the theoretical framework of Complexity Leadership Theory (CLT). This study examined the following research propositions that were developed based on the review of the literature:

1. Educational leaders perceive school choice competition based on the presence of charter schools and private schools that have located in their district.
2. Educational leaders respond to the fiscal impact of school choice competition in a variety of ways, adjusting financial allocations, introducing competitive programs, marketing, or perhaps other means.
3. Educational leaders can respond to the financial loss to school choice when they understand why the families in their district are choosing to send their children to charter or private schools.

With these propositions in mind, it was necessary to look at the issue of school choice competition in the bounded system of school district leadership. I sought a deep

understanding of the decision-making processes that district leaders employed to respond to school choice competition. I was able to produce an analysis that was richly descriptive of the processes that took place (Creswell, 2007; Merriam & Tisdell, 2016; Yin, 2009).

### **Research Method**

Qualitative research is consistent with seeking to understand how educational leaders respond to the fiscal impact of school choice competition. I used the qualitative approach of case study because the problem of responding to the economic result of school choice competition is complex and needs a robust, detailed understanding of the issues to address it. This detail can only be established by going to the offices of district leaders and listening to them explain the problem and how they respond to it (Creswell, 2007). Qualitative research is consistent with seeking to understand the phenomenon of the complex leadership in an organization and how stakeholders play different roles corresponding to those defined in CLT (Uhl-Bien et al., 2007). Two of the five goals that Maxwell (2013) described to be suited to qualitative research frame this study. The first goal is understanding the effects of experiences, situations, events or actions that affect and create meaning for study participants. The second goal is recognizing how context or unique circumstances shape the participants' behavior or actions (Maxwell, 2013). District leaders experience competition from school choice and must make decisions regarding it (Jabbar, 2016a). District leaders perceive school choice competition differently depending on their understanding of the schools with which they compete (Jabbar, 2016b). A qualitative approach to research allowed the gathering of district leaders' own words explaining the effects of school choice competition. The

interviewing and observation process enabled me to record how the competitive environments impacted district leaders' actions or decisions.

A qualitative research design is appropriate when the research propositions strive to understand how people interpret an experience or problem, how they construct their responses, and what meaning they attribute to these experiences (Merriam & Tisdell, 2016). The purpose of this research was to both tell the story of a school district facing and responding to significant revenue loss to school choice competition and to view the responses through the theoretical framework of Complexity Leadership Theory (CLT). I worked to uncover how they made decisions about the challenges of school choice and how they led the leaders in their organization to respond to the challenge. Therefore, a qualitative approach was suitable.

### **Research Design**

A case study, preceded by a pilot study, was fitting because it allowed for the accumulation of data in a setting that took into consideration the people and places central to the research (Creswell, 2007). The case provided a collection of multiple data sources that defined and described a particular phenomenon; in this situation, school choice competition (Stake, 2006). This approach allowed the final presentation of this research to include the voices of the participants, the reflections of the researcher, a complex description and analysis of the problem, and its contribution to the literature (Creswell, 2007; Stake, 2006). Case studies concentrate on a specific event, program, phenomenon or situation, which in this case is school choice competition (Merriam, 1998; Merriam & Tisdell, 2016). To determine which district with the highest loss of fiscal resources to school choice competition was addressing the issue in a thoughtfully



and intentionally, I conducted a pilot study in school systems in two regions of the state that had a loss to school choice competition of greater than 2%.

### **Participants**

The population was district superintendents and school board members that made decisions about school choice competition. The general population of district leaders that experience school choice competition in this state is the larger group; the target population was district leaders that experience school choice competition in the northern region of the state. The sample for this study was determined based on data obtained from the State Department of Education for two regions. This data showed the amount of funding that each of these 23 districts lost as a result of students transferring to charter schools or using vouchers for private schools. I chose the sample based on data obtained from the state, ordering the 23 districts and accounting for differing demographics. After examining three years of data; I ranked the top school districts that had the most significant loss of funds to school choice. The top school systems above a natural break in the data, which was two percent of state allocations, were chosen for the pilot study. The pilot study consisted of contacting the superintendent or their designee of each of the eight districts, that dealt with school choice financial issues. I conducted a short interview to determine which district with the most substantial financial loss to school choice competition responded intentionally and thoughtfully.

### **Instruments**

The pilot study was formative and conducted in eight districts to determine which school system would be the subject of the case study, by identifying the one that was responding to school choice competition intentionally. The instruments for the case

study were: (a) in-depth interviews of district leaders; (b) documents and archived records from school board meetings and finance committee meetings; (c) newspaper articles about the school district and the superintendent; and (d) follow up focused interviews of district leaders. I used the in-depth interview because it allowed a targeted approach, which focused directly on the case study topics. These interviews were insightful and provided perceived causal inferences and explanations (Yin, 2009).

Documents were used to provide a background for the actions of the district and school board as it related to school choice competition. The use of school board meeting minutes and district policy manuals provided valuable insight as to the previous action and discussion that the school board members and the superintendent had experienced and informed the interview question development. I studied documents to establish the setting of this case as well as to provide a source of data. Documents were a readily available source of data; minutes of the meetings were public records posted on the school system website. In case study research, documents are used to corroborate and provide clarity to the evidence from other sources. They can help verify simple things like correct titles of individuals and correct spellings of names (Yin, 2009). Inferences were made from documents that informed the follow-up interview questioning (Yin, 2009). The documents served as secondary sources that verified the data found in the interviews. The decision of how best to use the data obtained from documents and what, if any, bias was present was determined during and after the pilot study (Merriam & Tisdell, 2016).

The in-depth interview questions included several types of questions to stimulate responses from an interviewee, including the six types of questions suggested by Patton (2012). The initial interview questions were:

- Tell me about your experiences in education and your work in this district.
- Tell me about how you as a leader have experienced the effects of school choice?
- Tell me about other people and positions in your organization that deal with this issue?
- How do stakeholders help you make decisions and plans in response to school choice competition?
- What is your opinion about school choice competition?
- How do you think school choice affects the decision-making of district leaders?
- How do you feel about the influence of school choice on school district fiscal resources?
- How does the funding formula work when a student leaves your district for a school of choice?
- Suppose I was a new district leader facing significant issues with school choice funding loss, what would be your advice?
- Some people say that school choice causes school improvement in both the school that loses the student and the one that gains the student and additional funding, what are your thoughts on this?

Other interview questions were added based on the interviewee's responses to gather more in-depth, more detailed data. See APPENDIX A for the additional interview questions used.

I used multiple sources of evidence so that the investigation overlapped and revealed trends and themes across the data sources (Merriam & Tisdell, 2016; Yin, 2009). Multiple data sources allowed the triangulation of data creating corroboration of conclusions from a variety of sources; this made the conclusions convincing and valid (Merriam, 1998; Yin, 2009). Establishing a chain of evidence in the form of a case study database using Microsoft Excel to organize the hand-coded data from each of the sources was a second strategy to support the validity of this study. The third way that this study established validity was to have the draft of the case study report reviewed by key informants (Yin, 2009).

Reliability of case study research has been a historical criticism according to Stake (1995). Reliability means that another researcher could repeat the study on the same cases and obtain similar results. The key to addressing this issue was to have impeccable records in the form of a case study database and a case study protocol. This report served as a guide to a contract for this study because it contained an overview of the case study project, field procedures, case study questions and a guide for the case study report. The case study protocol was edited to be more specific based on the pilot study (Yin, 2009).

### **Data Collection**

I submitted this proposal to the Institutional Board (IRB) of Louisiana Tech University and received approval to proceed with this human subject study (See

APPENDIX B). Once I received permission from IRB, the participants were chosen based on information obtained from the State Department of Education in a public records request I submitted. The public records provided the amount of state and local funding that each district lost as a result of students choosing a charter school or taking advantage of the private school voucher program. This amount was available for each school system in the state, for each of the last three school years: 2015-2016, 2016-2017, and 2017-2018. Districts with greater than 2% loss of funds to school choice competition were the subjects of the pilot study. These rank order data informed the development of relevant lines of questions and revealed additional sources of data (Yin, 2009). Once the pilot study was complete, I chose Alpha district because it was responding to the financial loss due to school choice competition thoughtfully and intentionally. The district leaders were contacted initially by phone with a follow-up email that provided the purpose of the research and information about the researcher and doctoral program in education at the degree granting university. The participants were presented with an informed consent document and form to sign and had the opportunity to ask questions or to remove themselves from the study at any time (see APPENDIX C). I offered a copy of the transcribed interview and the final report of this research to each district leader that I interviewed upon their request. Pseudonyms represented each participant in the transcripts and the final report. I removed all personally identifiable information. The names of the school districts were removed and replaced with Greek letters because this information would identify the district leaders.

The data collection began with in-depth interviews of the district leaders that dealt with decision-making regarding school choice competition; this the current and former

the superintendent of the district. I recorded the conversations with the permission of the participant, using a Sony recording device. I transferred the data from this device to a laptop computer, which was password protected and used and owned exclusively by me. The interviews were transcribed using a web-based, secure and password protected transcription program, Trint. Once transcribed, I saved the document in a password-protected Word file and erased the audio recording from the laptop and the device. Once transcribed, I deleted all audio and text from the Trint software. All documents were backed up on an external hard drive that was password protected.

I attended a school board meeting and a committee meeting of the school board based on released agendas. The observations occurred during these meetings, and I took detailed notes. Data gained through observation can be reflective of the participant's perceptions, feelings, experiences, and perspectives just as they can through an actual interview (Merriam & Tisdell, 2016). The observation data contributed to the understanding of leadership interaction and stakeholder involvement in the decision-making associated with school choice competition. The data that were recorded in a Word documents were stored on my password protected laptop and backed up on the password-protected hard drive. Any recordings, once transcribed, were erased.

The documents I studied were minutes from 36 different school board and committee meetings that took place from 2010 to 2018 that contained relevant information about competition, the charter schools and revenue issues associated with them. Publicly available policy manuals for the district and 53 newspaper articles from August 2003 to December 2018 were also reviewed and coded. Follow up interviews were conducted with district leaders after the initial in-depth interviews and the

observations and document studies. Follow up conversations were held face to face and by phone; I developed an outline of the follow-up interviews. The follow-up interview protocol was flexible and varied for each interviewee based on the initial data.

The data collection phase of this research lasted until the exhaustion of all of the data sources: (a) the in-depth interview; (b) document study; (c) observations of the school board and committee meetings; and (d) follow up interviews. The data collection was complete when it was evident that little relevant evidence remained untouched by the researcher given the boundaries of the case study. When all critical pieces of the case had received thorough attention, data collection was complete (Creswell, 2007; Yin, 2009).

### **Researcher Role**

As the researcher, I collected the data myself, examining documents, observing behavior and interviewing participants. As the creator and collector in the research process, it is essential to recognize that the researcher is the main instrument (Yin, 2009). As the primary instrument in the research, I was able to immediately respond and adapt to the collection and analyzing phase of this research. During the interviews and observations, I was able to expand my understanding of each case through nonverbal as well as verbal responses, process data immediately, refine and review information, verify for accuracy with participants and explore surprising answers that were different than anticipated (Merriam & Tisdell, 2016).

As an educator who has spent more than twenty years in public education, I believe that public education is the best means for educating citizens in America. I have held teaching positions in several states, served as an assistant principal, principal and district curriculum leader. This research was not about whether school choice makes

public education better or whether it should continue. School choice is an established practice in our nation. My opinion about public education did not influence this research because the goal was to determine how district leaders respond to school choice competition and discover the best practices of leadership responses as a result of the study. This goal was not affected by my views regarding public education or school choice. Therefore, no bias took place.

### **Data Analysis**

Stake (1995) said that there is “no particular moment when data analysis begins...it gives meaning to the first impression as well as to final compilations” (p.71). The analysis of data in this study began with the pilot study and ended with the writing of the final. Qualitative research needs to incorporate strategies that are efficient and procedures that are defensible for data analysis. Ongoing analysis throughout the data collection process was both prudent and enlightening (Merriam & Tisdell, 2016). Yin (2009) explained that case study analysis is complicated because, unlike quantitative analysis, there are few preset formulas or standard routines to guide the inexperienced researcher. Computer programs can assist, but without an overall analytic strategy, they cannot point the researcher to what he or she needs to discover. Returning to the research problem and using one or more of the approaches recommended by Yin (2009): theoretical propositions, case descriptions, using both quantitative and qualitative data and examining rival explanations, allows the novice researcher to organize the case and discover new meanings. In this study, I employed the case description and proposition statements to guide my analysis.



For the transcriptions that resulted from the interviews, I used coding as the method of analysis to derive meaning or concepts from the data (Saldana, 2016). A code is an idea generated by the researcher that represents and assigns meaning related to the problem to each data piece for eventual pattern assigning, categorizing and other processes of analysis (Stake, 1995; Yin, 2009). I did not use a computer program but instead coded the data by hand to discover the codes that emerged from the interview data. It was appropriate for an inexperienced qualitative researcher to use this method in learning how to code data because it uses the participants own words as the code for the passages (Creswell, 2007). I conducted the second code analysis of the interview transcripts to isolate descriptive data, which used a phrase or summary to reveal a theme (Saldana, 2016; Stake, 1995). I accomplished this by hand using a color-coding system. I used analytical coding, which goes beyond descriptive coding, to interpret and reflect on meaning based on the theoretical framework of Complexity Leadership Theory (Merriam & Tisdell, 2016). Use of this method provided a basis to determine the alignment with the application of CLT in the public-school organizational setting (Morrison, 2002).

The documents and observation field notes were coded using a descriptive coding method in a similar manner applied in the second pass of the interview transcripts. The themes isolated in the interview analysis became the primary focus as well as evidence of CLT application in the organizational setting (Saldana, 2016). All data were analyzed and organized for reporting. I developed an appropriate presentation, constructing a narrative description of the results.

Qualitative researchers frequently deal with impressions, their own and those of others. Impressions can provide useful data if the researcher has the assurance of what they see and hear. Researchers want assurances that we are not oversimplifying the situation or reading too much into what we see. We want the confidence that the meaning we gain from a document is the meaning that is intended. Triangulation provides these assurances (Stake, 2006). Four different data sources allowed me to address a wide variety of issues with the use of triangulation. Multiple data sources alone were not sufficient; the goal of triangulation was to establish meaning by the observed intersections of data (Stake, 1995). I supported each significant interpretation of data with multiple data gathered and identified the intersections. I collected a substantial number of uncontested descriptions based on interviews, observations and document reviews. Any case study finding or conclusion corroborated by data from multiple sources of information is more convincing and accurate than a single source. Patton (2012) discussed four types of triangulation in doing evaluations: (a) data triangulation; (b) investigator triangulation; (c) theory triangulation, and (d) methodological triangulation. For data analysis, I applied data triangulation to see if the case remained the same in other times or other spaces, or as people interact differently (Stake, 1995). By coding each data source and then organizing each iota (issue) from the sources, and then when separate, the iotas were supported by more than a single data source. The coding process allowed me to see if what I observed and reported possessed the same significance when discovered under different conditions (Stake, 1995; Yin, 2009). As the researcher, I knew more about the case, but there are colleagues and other professionals

in the field that are aware of this problem. I asked other experts to review and respond to the data analysis that I produced to provide validation to this research (Stake, 2006).

### **Summary**

This study used a qualitative case study design to determine how district leaders responded to the fiscal impact of school choice competition. The sample for this study was one of eight districts in the northern region of the state, that had a loss of funds to school choice competition greater than 2 %. I used multiple data sources to gather rich data about the leadership responses to school choice competition. The data sources were in-depth interviews with district leaders, documents, observations of the committee and board meetings, and follow up interviews. The study and the findings described the responses and told the story of how district leaders respond to the fiscal impact of school choice competition.

## CHAPTER 4

### RESULTS

To visit Alpha School District, one must exit the east/west interstate onto a two-lane highway that meanders through rural farmland and piney forests heading north. This terrain frames both sides of the highway until the road opens to the view of a beautiful, pristine blue lake. On the left, before you cross over the lake is a lovely, modern, two-story, school building, with the sizeable athletic structure visible from the highway. The big sign in front of this impressive building announces ABC Charter School. The lake is bright blue and exemplifies the fishing sport that is so popular in this part of the state. The highway takes one across the lake and through the town. Off to the right on the top of a hill is the impressive new complex that is Alpha Middle High School. The athletic stadium is also visible and equally as majestic in appearance as the school. The natural beauty and picturesque lake are a stark contrast to the face of the town that shows little new construction and several buildings and businesses that are unoccupied and showing signs of neglect. Driving through town, and seeing the number of people present, it makes one wonder how so few people have children that can populate those two big schools and another charter school and private school that exist in this school district. The answer is that this district covers a vast land mass, one of the largest of its kind in the southern part of the country, including rural and wooded areas.

The purpose of the case study research of this school district was to tell the story of a school district facing and responding to significant revenue loss to school choice competition. A lens of Complexity Leadership Theory was used to examine the actions and responses that superintendents used to address the challenges of declining revenue as

a result of school choice in their district. Research reveals that traditional public school districts face stagnant, or even decreased state funding per pupil, district leaders must address the fiscal impact of school choice in order to retain and attract students and the funding that follows their enrollment (McFarland et al., 2017; Wolf et al., 2017).

Providing high-quality instruction to students in the light of decreasing funding as a result of school choice competition is a problem faced by many school district superintendents.

The following research propositions guided this study:

1. Educational leaders perceive school choice competition based on the presence of charter schools and private schools that have located in their district.
2. Educational leaders respond to the fiscal impact of school choice competition in a variety of ways, adjusting financial allocations, introducing competitive programs, marketing, or perhaps other means.
3. Educational leaders can respond to the financial loss to school choice when they understand why the families in their district are choosing to send their children to charter or private schools.

With these propositions in mind, it was necessary to look at the issues of school choice competition in the bounded system of school district leadership through a case study qualitative methodology. A case study was appropriate because it allowed for the accumulation of data in a setting that took into consideration the people and places central to the research (Creswell, 2007). The case provided a collection of multiple data sources that revealed the challenges, responses, and possible necessary considerations for leaders to address school choice (Stake, 1995). I chose Alpha school district because a review of financial data provided by the state of school districts in the region revealed

that there was a substantial loss of revenue to school choice competition in eight districts in the area. Further, a pilot study that consisted of superintendent interviews indicated that the leadership in this district was responding to the loss of funding to competition intentionally and thoughtfully. The six participants in this study were (a) the current superintendent; (b) the former superintendent; (c) the former chief financial officer; (d) the director of one of the charter schools in the district; (e) a former resident of the community who attended school in Alpha district; and (f) the parent of a charter school student.

The words of the leaders are documented with the participants' job descriptions preceding the quotations (current superintendent, former chief financial officer) so that the reader can understand the development of themes from the various sources of data while maintaining confidentiality. The interviews and documents collected in the case study revealed that district leaders exhibited a strong commitment to the community, fairness and equity are critical in implementing charter school policy and funding, the competition of school choice motivates all to improve in an equitable system, and a school choice environment can result in segregation of students.

## **Data Analysis**

### **Narrative Description.**

Alpha School District is a large rural school district with the largest land mass of any district in the state. There are approximately 3000 school age students in the region, with very slight fluctuation in that number from one year to the next due to small changes in the population of migrant families. Less than 60% of the students that reside in Alpha School District attend the public schools. The current school superintendent's words are

best to describe the population numbers and enrollment losses to charter and private schools:

You got ABC. That is a type 2 Charter. There are 800 kids that go there from this district. They (ABC Charter) will get all the state allocation for those kids. It goes directly there from the state. Then we have DEF Charter, which is a type 3. So, they are still under our umbrella. But now it (the money) goes to them; we collect the funds from the state. We shoot the money directly to them. But we get the test scores for our accountability, and we have some oversight, but we lose 300 kids to that school. There are about 3000 kids in Alpha School district, and only about 1800 come to the public district schools. We lose another 60 students to a charter school outside of our district. That charter schools allows them to go to school in another state; it's a long story; they do not have a building; they are a post office box. The charter leader has an agreement with the school district just over the state line in, and the kids get to go to the school they live closest to. The state allows a lot of latitude when it comes to what charter schools can do.

The district's primary economic industry is agriculture, and there is a sizeable poultry plant, and there are some residents who live in Alpha, but work in one of two neighboring cities that are 30 – 45 miles away. There are some family-owned small businesses, and the school system is the third largest employer in Alpha.

The public schools were average or slightly below average in terms of student achievement according to the state accountability grading system. The elementary schools were rated C's and D's over the last 4 or 5 years, and the middle and high schools were B's and C's. The district average ACT score was the same or even slightly higher than the state average score, every year. The graduation rate was above the state average, and the percentage of students applying and attending college was consistent with the state average. Alpha school district had room to improve, but by federal and state standards, the schools were not considered perpetually low performing or in decline.

The current and former superintendents spoke about a need to generate revenue from the local citizens when the state funding for the district schools declined because students enrolled in the charter schools and the per-pupil funding went with them. The

former superintendent talked about how the population was aging, and there was a robust anti-tax mindset among the longtime residents. Newspaper articles described the problem of low enrollment in some schools and the school board minutes showed that the cost of these small schools was discussed frequently in the 2004-2005 school year. The former resident that attended school in Alpha School district described the community as fiscally conservative and “fiercely opposed to funding government projects”. School and district leaders agreed that there is a community distrust of government, including the school system. They also described racial tensions and geographic separations of cultural groups that affect the enrollment of students in different schools. The demographic description provided by the superintendents, the former resident, and the former CFO, provides the background information necessary to understand the challenges to school funding in the environment of school choice competition.

The decline in local tax revenue began more than ten years ago according to the former resident and the school board minutes. The school board and superintendent at the time began to consider consolidation of schools as a means to address the loss of funding. The school board minutes during the 2004-2005 and some of the 2005-2006 school year indicate that the topic was discussed and debated by the superintendent and the school board members. The former resident who attended school in the district talked about how the consolidation of the small schools caused parents to want a different solution other than the consolidated district school. At the same time, the state passed laws that provided state and local funding for charter schools, and the community embraced school choice and charter schools as a means to avoid school consolidation and the combining of community schools according to the former resident. The first charter school, ABC



Charter School was not approved by the local school district. The former Chief Financial Officer (CFO) described the course of events leading up to the charter schools forming:

Alpha was going through budgetary issues with a decline in enrollment. So, the financial challenges for Alpha School district were already presenting themselves. The residents were aging, fewer children were being born, some residents were moving to larger nearby cities rather than commuting, and they (leaders in Alpha District Schools) were starting to consolidate and planning to close some schools. They started to close some of the small community schools. These days, it's very difficult to maintain a school with only 150 students. You have to have staff, you have to heat and cool the building, and so on... all the expenses to be paid. You know, so schools were starting to close. The community school farthest west was one of the first schools that was slated to close, back in 2006-2007. It was where the "idea" of a charter school, of what became ABC charter, originated. The people of that community did not want their school closed. They did not want their children transported to another school, going to school with other children that were not like themselves.

The board of ABC Charter appealed to the state and was granted a charter to open the school in Alpha District. The superintendent at that time accepted a position in another school district at the start of the school year, the interim superintendent (former superintendent) was appointed and came out of retirement to lead the school system through the year. He was asked to finish out the 10-month contract of his predecessor and continued as the chosen superintendent for seven years. The former superintendent was the first superintendent interviewed for this research. By the spring of his first year, another community school facing closure due to consolidation petitioned the school board for a charter. Newspaper articles describe how the community, the school board and the superintendent had conflicting ideas about this school closing. The school board minutes described the board discussion and the many parents that spoke out against the closure. The former resident explained that the parents in that neighborhood believed that their school board member was going to save their school. When the board voted to close the school, the parents organized to petition for a charter school. The former

superintendent convinced the school board members to approve the Type 3 charter, which is a district managed charter, because the school district could maintain some financial and instructional supervision. The former resident said that the parents in that neighborhood were shocked, they expected the same status as ABC Charter School. DEF Charter School opened in the same building the district school had occupied, and many of the teachers and the building administrator remained. The CFO explained the events:

DEF Charter, on the other hand, is a type 3. It was a school that was in danger of closing also in the consolidation efforts to deal with declining funds. They came to the board and said they wanted to have a charter. They wanted to keep their school. The school had always been a part of Alpha District Schools. Because of the danger of closing, they appealed to the board. The board granted them a type 3 charter, based really on the former superintendent's recommendation. So, it's a type 3 charter, housed in a district building. They benefit from all taxes that are not capital improvement or debt service.

The former superintendent explained how he remembered the forming of DEF Charter:

To address the loss of funds from the charter school, but also the aging population and loss of population, we closed some schools. You cannot fiscally support a school with four to seven grade levels and 120-150 students. One of the schools that was going to be closed was in the DEF community. There were about 200 students, and the parents formed a group and applied for a charter. I think they thought they were going to get a Type 2, like ABC, but I convinced the board to grant them a Type 3 charter because we would still have some oversight, we would get their scores and might help us control some of the losses. It turns out, they contract with us for transportation and food service, and that allows us to recoup some of the revenue. So, the board granted them a Type 3 charter.

ABC Charter School opened in a repurposed Walmart building and offered grades K-5. They added a grade every year until they became a K – 12 school. The new enrollment of students into ABC Charter increased by nearly 100 students per year, and those were 100 students that had been districted to attend Alpha elementary or Alpha Middle/High School. The loss of 100 students translated into 100 multiplied by the per-

pupil allotment of funds allocated by the state that the school district did not receive as funding. That loss also included the proportion of the locally generated tax dollars dedicated to schools equal to the number of students that exited the school district. Alpha School District felt the effect on the already declining fund balance immediately. The former superintendent knew he needed to generate more funds because the state withheld the per-pupil allotment for each of the students enrolled in ABC Charter School and awarded those funds to the charter.

At the same time, the state also began withholding from Alpha School District's monthly state funding, the amount equal to the local tax revenue generated for schools proportional to the number of students enrolled in ABC Charter School. Funds for DEF Charter School, per-pupil allotments of state support, flowed through Alpha School District, and those were funds that could not be used by Alpha School District for expenses. It was clear from the school board minutes that the board members and the superintendent were wrestling with the issue of declining funds. The former superintendent determined that the school district could provide food service and transportation to DEF Charter School and deduct the fees for these services from the funds that the state allocated to DEF. The former superintendent determined that Alpha School District could provide and charge for transportation if ABC Charter School wanted to make that agreement, which they did. In spite of these interventions, the financial resources of Alpha School District continued to decline, and the former superintendent, his staff, and the school board members struggled to keep their finances from going into the red.

The former superintendent led the district in a tax referendum. He convinced the school board members that a new state of the art, centrally located secondary school building was necessary because they were consolidating the entire district into one elementary, and one junior/senior high school. The voters defeated the first attempt at the tax referendum. The CFO recalled those events:

The first couple of weeks that I was on the job I was very involved in all of this and brought into it very quickly. And we had a meeting with ABC Charter; the former superintendent explained to them how they would benefit from this tax as well. And from there I saw how the former superintendent realized and acted on the idea that because charters play such a big role in Alpha District, the only way for anyone to get anything done was to work together. But that was not an idea that was embraced by all at first, and the tax hike failed. Because not everyone would get on board. And it was the school district that worked to get the vote out, not the charters, and it failed.

That was when the former superintendent realized he needed to build a coalition of the whole district and that all stakeholders needed to know how they would benefit from the tax referendum. He educated board members of their need for partnerships with both charter schools in this endeavor because all schools, district, and charter would realize additional funding with the new tax. The citizens of the Alpha community were not friendly to new taxes, but the former superintendent knew that he did not have any other option to adequately provide for the students who attended the district school. The former superintendent explained how this took place:

We passed a bond issue. The first try it did not pass, then we tried again. We had to, and it was all-hands-on-deck, principals, board members, director of transportation, chief financial officer, everyone. Alpha is a district that is anti-tax. There was a lot of opposition. We worked with the charter schools because they were going to benefit, too. I worked with the board presidents, and we talked with businesses and civic groups, we promoted it together, and that is how it passed. It had to, for the good of all the children in the district. The lay person does not understand how it works, and initially, the charter school leaders did not realize that the tax would generate additional revenue for them too.

The former Chief Financial Officer described the second bond issue attempt also:

Because, the former superintendent brought them all together, working for a common goal, they understood. They would get back (funds) as well and saw working together as an investment. The charters can't levy taxes, they, in a way, are dependent on the district to levy taxes to increase their funding. At that point it took some, educating, because there was, of course, prejudices seen as you are charter. Back then, no one understood how everything was going to work, charters were so new in the state and certainly here in Alpha. Even the charters did not understand how the funding was supposed to work. But the former superintendent researched everything, talked to a lot of people—at the state and in other parts of the state, to figure it all out, he taught himself how the funding was going to work when dealing with charters and bond issues. Once he knew that information, he got people, stakeholders, to sit down and just talk to each other. And he would kind of explain to them what neither one could see working on this tax together would be good for everyone. It would provide additional funding for all, and it was worth working together. The leadership, on all sides, had to accept the idea and look at the bigger picture. The former superintendent brought people together to do that. He built those bridges between, what had started as, opposing sides, and they ended up working together

The tax passed, Alpha School District built big beautiful new buildings and a stadium. ABC Charter School also constructed new buildings; DEF Charter School did not get as much money as they thought they should and sued the school system. The judge dismissed the suit because there was full disclosure before the tax referendum went to the voters. The school system revoked the charter from the board of DEF Charter school and awarded it to a different group of directors. There was evidence of mismanagement and misappropriation of funds. The new DEF Charter School board corrected the issues as required by the charter agreement, and the school continued, virtually without any interruption of operation.

The financial drain, though slowed by the influx of new funds continued in spite of the tax referendum. The population of school-age children in Alpha was declining. Situations such as when children enrolled in the charter schools and then returned to the

district school after a few weeks or months, costs the district the per pupil funding, in spite of providing education for the student for the majority of the year. Often these were students of color, with behavior issues or ones with special needs. Both superintendents discussed this issue of equity or fairness. The current superintendent said:

So, they get that advantage and sometimes, it's not a fair playing field, they (charter schools) like to pick and choose, I know they're not supposed to, but they do. And they are supposed to have the same demographics as the district; they have a percentage, 10 points either way of all the population. But you won't see special education students at charter schools, or minorities, unless they are really good athletes, then they will be recruited by the charter school. They get to choose who walks in their door, whereas we have to accept every student who enrolls.

The former superintendent explained it this way:

There are a lot of things that charter schools can do, or get away with, that makes it an unfair playing field. They can make it hard for minorities to enroll, they can expel a student and say they can't come back and we have to take them. The school system needs to have a way to control the funding loss and make sure that all children get a good education. I think competition is a good thing, but everybody needs to have the same set of requirements and accountability. If a charter school enrolls a student and receives the per-pupil funding, they need to keep the student for the whole year, regardless of the behavior, just like the public-school district.... that is just fair. , true competition, where everyone plays by the same rules, it makes everyone better. But the policies and practices in this state when Charter Schools were introduced were not fair; there are hidden advantages.

The director of the DEF charter school addressed this issue by saying:

Equitable that is a better choice of terms because fair. Fair indicates that maybe it's a conscious effort trying to underfund certain types of schools. I do think that possibly the state needs to reassess how they determine each school is funded whether they are a charter or not and make sure that it is equitable across the board because I think if you looked at it you'd also find some charter schools throughout the state that are Type 2 that don't get with the local school district gets per pupil. So, I do believe there needs to be equitable funding and equitable standards for policies, district schools and charter schools of all types.

The parent of the charter school students said that she thought that all the schools got “a fair and equal amount of money” for educating students, although she believed that the

parents of the students that attended the charter schools “donated and raised money for the schools, but it was a small amount”.

The enrollment of ABC Charter School continued to grow and become overwhelmingly composed of White children and became well-known across the state for their competitive athletics programs. The Racial/Ethnic demographics of the district are roughly 60 % Black and Hispanic and 40% White students. As a mostly rural district, there are distances of 15 to 20 miles between communities that are somewhat segregated. According to the former resident, there were generations of families that attended the same neighborhood school and parents did not want that to change. She, the former resident, said that parents would not openly admit that they “wanted racial segregation, but they wanted an all-White school.” Alpha School district had consolidated all of their personnel, and building costs into two school sites, an elementary school and a middle/high school, and they were transporting students from across the large geographic area to the schools. The consolidation caused an increased cost for transportation, and parents expressed frustration with the length of time students were spending on buses. The other issue that became evident was that Alpha schools had an increasing Black and Hispanic population and both charter schools had very few if any minority students. The director of DEF charter school explained the racial issues this way:

You have racial issues that come into play, and you have economic issues, and it's a very large geographic district, so geographic issues come into play. So, anyone wanting to deal with this would have some issues. If a superintendent were to take over this district and wanted to attract students to the district's schools away from these other entities. He would have to fight all those issues because the district schools are primarily African-American and all the other schools are primarily white.

This very issue of racial segregation was one that the former superintendent had worked to correct in every leadership position of his career because he valued racial diversity even when it was unpopular to do so. He explained the situation that arose:

They (charter schools) don't always follow their charter, especially in regards to their obligation to meet the racial demographics of the district within 10 %. It takes legal action to force the issue, but I talked to a judge. The justice department is not going to do anything about the demographics; they just aren't. That doesn't mean there is not segregation, there certainly is... There are less than 8% of minority students at ABC Charter School, and that includes any Asians and Hispanics. The school is predominately white, and neither the justice department nor the state is going to do anything about it. When I was there, I called a judge, and he said that there would not be anything done. So, that is not only unfair, but it is going backward in our society if you believe that desegregation is a good thing, and I do. It comes down to why do parents choose the school they choose?

Both the current superintendent and the former Chief Financial officer discussed segregation as well. The current superintendent said:

So, some are not going to go to a school that is racially mixed; our schools are racially mixed. Many white parents want their kids to go to an all-white school and in this district charter schools or private schools are essentially all white. It doesn't matter what you do.

The CFO said she saw the situation a particular way:

If you look at the populations of the charters, the kids are from the communities where the schools were closed. They are white, more or less professional, middle class and upper-middle-class families and they wanted their students altogether, and not mixed in with other students who might be different, racially or economically, that is my take on it. Even though it (ABC Charter) started in a repurposed Walmart building, it was new, it was different, and it was the population of students that they wanted to stay together, and not be in school with the other students that were different.

The former superintendent and his staff worked hard to improve instruction and offer quality opportunities such as Advanced Placement courses and College Dual Enrollment courses in the district schools. He encouraged and empowered administrators and teachers to apply for competitive grants and to participate on state curriculum committees. It became evident to the former superintendent that fewer and fewer of his



students were choosing the college-bound pathway, his leadership team, particularly some building level administrators, empowered by the superintendent, built partnerships with the vocational-technical school in a neighboring town to offer training, dual enrollment and workplace certifications to interested high school students. He described those efforts this way:

I told you at the start; I am not going to be politically correct, we played the game, doing what we needed to improve the school score in terms of state accountability. Don't get me wrong; the way to be competitive is to have the best education for students, AP courses, Dual enrollment for college-bound students. We did what we could to get the points. We have about 20% of our students go to college, and let's be honest, if college-bound kids want to go to an all-white school, all the AP and Dual Enrollment offerings are not going to get them back. There are families, students like that in Alpha District, and the racial segregation of the charter schools appeals to them... I told you I was not going to be politically correct; it's just the truth. But as a public educator, we have to offer a way to graduation for the non-college bound students as well as the college-bound, and not just graduation, but a set of skills and certifications so that they can make a career and be able to provide for their family and be productive in the community. It has to help the individual student, and it has to help the community, that is what public education is all about.

After the new Alpha Schools opened, the former superintendent who had turned his 10-month interim superintendency into a seven year reign, decided it was time to return to retirement. He proudly passed the torch to his successor, the current superintendent, who shared his value of community, culture and racial diversity. The current superintendent began his tenure meeting and building relationships with community members, the leaders of the charter schools and the leaders of district schools. He instinctively became a member of the community

It did not take long for the current superintendent to realize the growing enrollment in both charter schools heavily impacted the state per-pupil allotment the school system received. He led his staff to apply for some state and federal grants for

rural districts as well as some privately funded grants. He empowered members of his staff to reach out to the local poultry plant and make plans for internships for students planning to go into that career. He has had to problem-solve with his team to even meet payroll and is investigating the feasibility of another tax referendum. His business office team has developed a plan with the state to spread out some payments in such a way as to allow some flexibility with district level finance. Only a few months into his superintendency, the current superintendent realized the fiscal challenges of school choice competition were significant and likely to continue for the foreseeable future. He described the situation like this:

Well, it's like we got a dam holding back the water in a pond, we got 11 leaks, and I got ten fingers, I can plug ten holes, which hole is the smallest that I can leave leaking until I get the big ones plugged. We got to take one problem at a time, the greatest to the least. You are always going to have problems in public education, but we got to take care of the big ones here. But we've got to show the folks of this district, all of them, parents of kids at our schools, parents of kids at charter schools that we care about what we're doing. We are good stewards of the tax dollars. Some of the tax base thinks, well, you already passed a tax, or my kids are grown, I don't need to spend all this money on the schools..... My job is to be as transparent, responsible and upfront about getting the best education for our kids, all of Alpha kids.

He expressed a deep commitment to the education of all children in his district and a surprising sense of optimism in spite of the many financial obstacles that his school system faces.

Well you know, it's like I've said to a bunch of people, we got to have a community that even though the kids go to ABC or DEF or all the way to the charter 40 miles from here, they're still part of our community and that means that I'm not going to not think about them, you know we got to educated folks whether they are ours, or theirs, we got to do it together. We have to work with the charters, we have to work with the private school, because it is our home, now, I have to admit, I wish they were all in my schools, I wish it were all under the same umbrella, but I'm still going to work hard for all of them.

### **Themes.**

Early open coding of initial data was completed manually and developed throughout the data gathering process. Reflecting on the research propositions while analyzing the open codes, common themes emerged among all interviews and documents and were labeled as: a.) Community, b.) Fairness and Equity, c.) Competition, and d.) Racial Segregation.

#### ***A strong commitment to the community.***

The district leaders expressed a commitment to the citizens of Alpha school district regardless of which school the students attended, the district school, private school or the charter schools. Both the current and previous superintendents exhibit and vocalize a strong sense of community and ownership of all students that live in the district. When asked what kinds of things guided his decision making the former superintendent said, “But you have to make the decisions that make the best situations for students, all students, even those in the charter schools, because as public educators, it’s about all students.” When he discussed the challenging aspects of getting the bond issue passed, he described the process in light of ownership to the community. He explained,

There was a lot of opposition. We worked with the charter schools because they were going to benefit, too. I worked with the board presidents, and we talked with businesses and civic groups, we promoted it together, and that is how it passed. It had to, for the good of everyone, all the school children in the district.

The former superintendent returned to the topic of valuing of the community throughout the interview. When asked about improvement and accountability,

But as a public educator, we have to offer a way to graduation for the non-college bound students as well as the college-bound, and not just graduation, but a set of skills and certifications so that they can make a career and be able to provide for their family and be productive in the community. It has to help the individual

student, and it has to help the community, that is what public education is all about. But you have to make the decisions that make the best situations for students, all students, even those in the charter schools because as public educators, it's about all students.

The current superintendent also expressed his value of community and his commitment to all students. When asked about how he was leading his district he responded,

We have got to have a community that even though the kids go to ABC or DEF Charter school or all the way to the charter near the college, they are still part of our community. That means that I'm not going to not think about them, you know we got to educated folks whether they are ours, or theirs. We got to do it together because it is our home, now, I have to admit, I wish they were all in my schools, I wish it were all under the same umbrella, but that does not change my commitment to them.

Both the newspaper and school board minutes quoted the former superintendent as making similar comments throughout the former superintendent's tenure. In more than one document he was quoted as using a phrase that referred to all the students in this district, in the district schools or not. Upon assuming the position of superintendent, the current superintendent was quoted in the local newspaper as saying, "...I've got the kids in my heart, all the kids, district, charter, and private school kids because we are all in this community together."

***Fairness and equity are critical in implementing charter school policy and funding.***

The issues of fairness and equity in education are foundational in the United States and documented in laws and policy including Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA) and others. Educational leaders in Alpha School District, including the Director of DEF Charter School, believe that there is unfairness in the implementation of school choice policies, accountability

and funding. The former superintendent described a funding issue that he found particularly unfair:

When a bond tax was not renewed, the charters got two years of lead time to adjust to the loss of income, but the district did not. That was not equitable and a real hit. So, when the tax was not renewed that was raising \$450,000 for the district, not only did we not get to collect that, but the \$200,000 that was the charter school share, it was subtracted from our state per-pupil allotment for two years and included in the charter school's allotment. Two years after the tax was no longer being collected. We not only lost \$450,000 in tax revenue, but we lost another \$200,000 per year for two years because the state took that out of our allotment and awarded it to those charter schools through their allotment from the state. That \$200,000 had to come out of our reserves! We had to make payroll, had to pay bills. That is what I mean about not being a fair playing field.

He also talked about how he believed this unfairness was evident in other areas of school operation. He described how this affects personnel issues:

Rural parishes have always had a hard time (in teacher recruitment), and the competition of the charter school just makes it harder. They (the charters) can also change their pay scale, give \$5000 bonus or something if they need a math teacher or a science teacher. They have more flexibility in that. As a public-school district, we have to be transparent. We have to publish a pay scale that we can afford and stick to it. We try to mirror the pay scale of the other parishes nearby, but when we experience a draining revenue stream, you have to be realistic. We had to reduce our staff....

The former superintendent also discussed student enrollment and recruitment practices and described why he thinks that they are unfair. He explained, "... they (charter schools) can selectively recruit, even with their lottery system, they make it harder for the students of less educated parents to participate, not accept special education students, or they can expel a student for bad behavior and not take them back, forcing him back into the district school."

The current superintendent expressed some of the same ideas and frustrations. He also used the term, "not a fair playing field." And explained that

...they like to pick and choose, I know they're not supposed to, but they do... you won't see special education students at charter schools, or minorities, unless they are really good athletes, then they will be recruited by the charter school.

As applied to finances, the director of DEF Charter school acknowledged that he believes inequity exists. He said, "I do think that possibly the state needs to reassess how they determine each school is funded ... and it makes sure that it is equitable across the board... I do believe there needs to be equitable funding for charters and district schools".

***Competition of school choice motivates all to improve in an equitable system.***

One of the tenants of school choice competition is that it causes all schools to improve to attract and retain students (Davis, 2013; Friedman, 1962; Lubienski & Lee, 2016). District leaders in the Alpha School District addressed the competition in the light of a variety of conditions. Both superintendents qualified competition as being positive when the "playing field was equal." The former superintendent said, "I think competition is a good thing, but everybody needs to have the same set of requirements and accountability.". The current superintendent's answer was similar when asked about the outcomes of school choice competition. He said,

...any time that you have competition people get better because you don't want to be the last one on the totem pole...we have to all have the same resources and opportunities to work with kids, and we all have to be measured the same way.

The director of DEF Charter School indicated that he thought competition was "good to make everyone work harder for the children." It is interesting to note that he did not add a qualifier about a "fair playing field," as in the responses of the district leaders.

I asked all the leaders about the advice they would give to a new district leader facing school choice competition. The former superintendent said, "You have to do the

best with what you have and protect instruction, do what you have to balance the budget, but protect instruction and find creative ways to give the students the best you can.”. The current superintendent said,

Competition, that’s what it is in the private sector. Two people selling insurance, they are both trying to prove to you that their product is the best. So, I guess what I’m saying is you’ve got to make sure that you stay strong that you have a good set up. Set your goals, where you want to go and stick to it. Get the instruction set up with the state curriculum, that is going to help your test scores, and recruit the best teachers because that is where it all happens. Do not be afraid if somebody wants to open another charter school, if your schools are good, the people will stay.

District leaders believed that competition has positive outcomes and helps everyone work to provide the best instruction and services for students.

*A school choice environment can result in segregation of students.*

The former superintendent began his interview with me by telling me about himself. He identified himself as someone who believed in the racial integration of schools. He worked as a district superintendent in a southern city when desegregation was not well received, and he explained how he worked hard in that district at that time because he valued desegregation as something good for all students. Research shows that the populations of students in schools have shown more segregation with the implementation of school choice (Ayscue et al., 2018; Logan & Burdick-Will, 2015). All three educational leaders acknowledged that racial segregation exists in the Alpha School district community and that it was not a favorable condition. The former superintendent, who several times told me that he was not going to be politically correct, had these comments regarding racial segregation:

They (charter schools) don’t always follow their charter, especially in regards to their obligation to meet the racial demographics of the district within 10 %. It takes legal action to force the issue, but I talked to a judge. The justice

department is not going to do anything about the demographics; they just aren't. That doesn't mean there is not segregation, there certainly is... There are less than 8% minority students at ABC Charter School, and that includes any Asians and Hispanics. The school is predominately white, and neither the justice department nor the state is going to do anything about it. When I was there, I called a judge, and he said that there would not be anything done. So, that is not only unfair, but it is going backward in our society if you believe that desegregation is a good thing, and I do. It comes down to why do parents choose the school they choose? Some parents will choose a school because it is higher performing, but parents in Alpha School District chose the charter school because it was more like their neighborhood school that was closed, at least in terms of student demographics.

When asked about the differences between the district schools and charter schools in the district, the current superintendent had the following comments:

...most charter schools are white. They can influence politicians, and most of them are white. White-Collar professionals are mostly white. They have the stigma that you can go there and be around all white children. So, they get that advantage and sometimes, it's not a fair playing field, they like to pick and choose, they advertise to the white neighborhoods, they make it harder for less educated parents who may not understand a complicated application process, to enroll their children. These are often minority families. But you'll won't see special education students at charter schools, or minorities, unless they are really good athletes, then they will be recruited by the charter schools.

The Director of DEF Charter School acknowledged the racial segregation that exists in the enrollment of schools:

You have racial issues that come into play in this community, and you have economic issues, and it's a very large geographic district, so geographic issues come into play also. So, anyone wanting to deal with this would have some issues. If a superintendent were to take over this district and wanted to attract students to the district's schools away from these other entities. He would have to fight all those issues because the district schools are primarily African-American and all the other schools, charter, and private schools, are primarily white. The school district struggles with teacher quality, too. I mean a lot of those teacher quality issues they struggle with are the traditional issues that you have when race and funding are involved.

The district superintendents believed that charter schools provide a means for racial segregation among students and that it is a problem. They indicated that there is a policy in the charters that states that charter schools need to match the demographics of the



district with a 10% tolerance level, but that this policy is not being enforced. An interview with a former resident and archived data from the state department of education indicates that the elementary (K-5 or K-6) schools have always been racially segregated because they were neighborhood schools and the neighborhoods tended to be primarily white or black. Most of the students in Alpha school district attended a racially integrated school in junior and senior high school up until the time of consolidation and the forming of the charter schools. Both charter schools are K-12 schools, and the student demographics are more than 85% White. According to the former resident and the current and former superintendents, the consolidation of neighborhood schools combined with the forming of the two charter schools created the racial segregation that exists in Alpha Schools and the charter schools. The parent of a charter school student does not think the charter schools are racially segregated and described the charter schools as both “very diverse in terms of demographics”.

### **Conclusions**

Exploring how district leaders respond to the fiscal impact of school choice competition led me to examine the issues in a single school district. The themes, values, and beliefs held by district leaders discovered in Alpha School District were ownership in the community, fairness and equity, competition leading to improvement and racial segregation. The words and expressions of the participants through interviews and the documents and photos provided the emerging themes. These themes are important in understanding the responses, decisions, and leadership of superintendents dealing with school choice competition.

School system superintendents exhibited a strong sense of community and ownership of all students that live in the district. They expressed several times, and response to different questions, that they wished that all students were attending the district schools, but regardless of the school enrollment; the superintendent felt a commitment to do what was best for all students. These superintendents were members of the community; all of the students and parents were the people that they shopped with, went to church with and said hello to when they passed them on the street.

The superintendents believed that competition is a good thing and helps everyone work to improve instruction and programs for all students. Both of them were quick to qualify that they felt this principle is true when the same regulations, accountabilities, and funding formulas are the same for all kinds of school choice. Competition from charter schools cause district leaders to work to improve instruction, facilities, and services to students so that they can retain and recruit students. School district leaders believed that there is unfairness or inequity in the implementation of charter school funding and governance. There were several instances that the superintendents recounted that demonstrated favoritism of financing and accountability towards charter schools.

District leaders believed that charter schools provide a means for racial segregation among students and this was particularly troubling for both superintendents. The former superintendent explained how he spent his leadership career working to end racial segregation, and he felt that school choice allowed a return to a segregated environment in Alpha district. The superintendents recognized that building partnerships with charter school leaders is necessary to cultivate community confidence and financial support. Members of the community described the actions by the

superintendent to educate people about the need for funding for all schools demonstrated his commitment to all students.

The results gathered in this research are limited to this particular district and are limited by the time in which the interviews took place. One of the district superintendents was retired after a nearly fifty-year career in education, and the other was at the beginning of his superintendency, and these factors affected the way they answered my questions and how much they shared personal experiences and values. The number of the participants may have limited the data analysis. The participants were the two district superintendents, the director of the charter school, the parent of students who attend one of the charter schools and the chief academic officer of the school district. Because the case was bounded in this district, the number of leaders that knew about the problem was small. As described in CHAPTER 5, these findings provide implications for consideration for those district leaders facing the financial impact of school choice competition.

## CHAPTER 5

### DISCUSSION

Rooks said that the tide will only lift the educational boat when the competition is racially and economically equal (Rooks, 2017). School choice competition is a complex issue with a variety of topics that are important to public school district leaders (Archbald et al., 2017; Hoxby, 2003; McFarland et al., 2017). Traditional public school districts face stagnant, or even decreased state funding per pupil. Consequently, district leaders must address the fiscal impact of school choice to retain and attract students and the funding that follows their enrollment (McFarland et al., 2017; Wolf et al., 2017). Providing high-quality instruction to students in the light of decreasing funding as a result of school choice competition is a problem faced by many school district superintendents.

The purpose of the case study was to both tell the story of a school district facing and responding to significant revenue loss to school choice competition and to view the responses through the theoretical framework of Complexity Leadership Theory (CLT). In this chapter, an interpretation of the data from the current study, a discussion of significant findings, and the implications of these findings are shared. Additionally, the research limitations and possibilities for future research are described. Finally, the reflections and thoughts of the investigator are presented.

#### **Major Findings**

The district leaders expressed four central beliefs about school choice competition. They believed in ownership in the community and that as public educators, they had an obligation to all students in their district, whether they attended the district school or the charter schools. They believed that there was inequity and unfairness in the

governance, funding and accountability policies as applied to charter schools and public schools. They thought that school choice competition, when applied equitably, caused all school leaders to strive to improve. They believed that school choice competition resulted in racial desegregation. These beliefs shaped the responses of district leaders when presented with the financial challenges of school choice competition. The central idea emerged that a commitment to the community and the good of all students is necessary for navigating the struggle of competition and the economic impacts that accompany it,

### **Evaluation of Propositions**

The first proposition, that educational leaders perceived school choice competition based on the presence of charter schools and private schools that have located in their district, results from the work of Arsen and Ni (2012a), Jabbar (2016) and Lubienski and Lee (2016). Jabbar explored how district leaders in the New Orleans area perceived competition from charter schools and found that social structures and networks enabled leaders to recognize competition influences and shaped their responses. If charter schools were recruiting and enrolling students that traditionally attended their school, they were perceived as competition. If the charter school was recruiting a different demographic or special program, they were considered to generate less competition (Jabbar, 2016b). Arsen and Ni found that school leaders perceived competition from charter schools as significant when they located in their attendance districts (Arsen & Ni, 2012b). Lubienski and Lee found that charter schools in Detroit defined themselves by their mission statements, but that district school perceived them as competition when they were in a location that would draw from the public-school attendance zone (Lubienski &

Lee, 2016). Based on this research and others, I proposed for this study that school district leaders perceive school choice competition based on the presence of choice school located in their district (Arsen & Ni, 2012b; Davis, 2013; Jabbar, 2016b; Jabbar & Li, 2016; Milliman et al., 2017; Thompson-Dorsey & Plucker, 2016; Zimmer & Guarino, 2013).

In this study, the Alpha district leaders perceived the economic competition of charter schools based on the presence of the two schools existing in their district which aligns with the first research proposition of this study. The types of charter schools (state or district oversight) and the demographic character of the students enrolled were the most significant factors that determined how the superintendents perceived school choice competition. There had been a private school in the district for at least a generation, and the leaders indicated that the private school attendance was small, constant and not a significant source of competition. The private school students never attended the public schools, so they did not represent funding lost, but rather funding never received. However, it was the charter schools that received funding from the allocation that was previously assigned to the district that had the most significant impact on the superintendent's perception of school choice competition. The first charter school was quickly growing in enrollment and was able to recruit students from all over the district (a state permission awarded in the charter documents). It was under the supervision of the state department of education and perceived as the greatest threat. The charter school that was under the authority of the school district, though still a threat, was considered less of one because the school system could exercise some control.

The first research proposition was that district leaders perceive school choice competition based on the presence of charter and private schools in their district. Leaders in Alpha district perceived the competition from schools of choice differently based on the authority the schools possessed as a result of their charter, and this is a new consideration not recorded in the literature. As complex leaders, the superintendents gathered information about the charter schools and their funding; from the state, from the district former chief financial officer, and the charter documents and made decisions about district direction based on this information. These decisions required the leaders to balance the empowerment they provide the bureaucratic systems in their district along with the entrepreneurial systems to act on the competition generated from the two charter schools.

Leaders in this district perceived the competition from charter schools based on their presence in the attendance zone but also based on the authority the charter schools possessed to recruit students from different attendance zones as granted by the organization that oversees their charter. A leader's perceived competition from a school of choice appears to depend on several factors, but the most critical one is how much control the district can exercise over the school of choice. A private school may be seen as less of a competitor because it receives funding directly from students that the school district never received. A charter school that is under the district oversight is perceived as somewhat competitive because there is revenue loss, but the school system possesses some control over important decisions. The school system regards the charter school that has the most autonomy as the most significant source of competition. This district leader

perception of competition by schools of choice is different than what the literature contains.

The second research proposition was that district leaders respond to the fiscal impact of school choice competition in a variety of ways (Jabbar, 2015; Larkin, 2016; Milliman et al., 2017). Larkin explored how district schools in Florida that were experiencing competition from charter schools distributed funds. She found that other than instituting a hiring freeze and losing personnel due to attrition, the public schools did not spend any less on instruction, and in some cases spent more money on instruction to improve it (Larkin, 2016). Milliman, et al. (2017) explored how outreach and marketing by public school districts impacted competition from charter schools in Arizona, finding that eventually marketing did slow charter school enrollment growth. Jabbar, whose research took place in New Orleans, found that school and district leaders took steps towards improving instruction, eliminating unnecessary programs or budget items, creating specialty programs, marketing, and selective marketing or “cream skimming,” in response to school choice competition (Jabbar, 2015). Based on this research and others, I proposed for this study, that school district leaders respond to the fiscal impact of school choice competition in a variety of ways (Arsen & Ni, 2012b; Davis, 2013; Jabbar, 2015; Jabbar, 2016c; Larkin, 2016; Linick, 2016; Milliman et al., 2017).

In this study, the Alpha district leaders responded to school choice competition by adjusting budgets to balance the loss of revenue as was found in the literature. They also made efforts to improve instruction and add programs to meet the needs of students. The current and former superintendents in Alpha School District worked to increase revenue by going to the voters for a tax referendum to cover expenses and to build better



facilities. The first attempt to pass a tax by the former superintendent failed, and as a result, he began building relationships with the leaders of the charter schools who would also benefit from a tax referendum. He also planned to construct new, more modern school facilities when the tax passed.

Both the current and former superintendent discussed their efforts to increase funding by initiating a tax referendum. They both acknowledge the culture of the district being one that had traditionally rejected new taxes. The unique phenomenon is not only the bold effort to pass a tax in the environment of declining revenue, but also the way these district leaders exercised a leadership approach that engaged the central office staff, the school building leadership and the teachers. This leadership moved beyond the school district, and they took on a leadership role in the community to secure funding for all students.

The actions by leaders to get a tax referendum passed in an environment of school choice competition and declining funding is different than what the literature reports. This action to pass a tax referendum coupled with school district leader as a complex leader, activating the various factions in the community and building relationships with charter school and community leaders, to achieve a goal that benefits them all provides a different view of leaders' response to competition. The building of new facilities in the public school system is a different response as well. The literature describes charter schools building new facilities as they are forming in the district, but there is no mention of the traditional school district constructing new facilities in response to school choice competition (Jabbar, 2015). The behaviors of the complex leader are different in comparison to more traditional leadership models. An interactive, dynamic approach to

situations that empowers collective dialog that can stimulate organizational change is characteristic of the complex leader. These attributes are displayed in this bold and ultimately successful action to increase revenue by passing a tax (Baltaci & Balci, 2017).

The third proposition, educational leaders can respond to the financial loss to school choice when they understand why the families in their district are choosing to send their children to schools of choice, was informed by the work of several researchers including Lubienski and Lee. Their research took place in the Detroit metropolitan area, and they found that regardless of the level of school performance, parents chose schools based on a school demographic that was most like themselves. Working class Black parents chose schools where the students were children of other working-class black parents, even if there was a higher performing school with a different demographic available (Lubienski & Lee, 2016). Archbald and his colleagues found in their longitudinal study that rarely is school performance the first reason parents cite as the reason for their choice, but more often they choose a school for its programs, location or student body (Archbald et al., 2017). Jabbar found similar results in her studies in New Orleans where parents seemed to make choices about schools based on programs, location and demographics, ahead of school performance scores (Jabbar, 2016b). Wilson found that interest in specialty programs such as athletics or STEM were drivers of parental school choice (Wilson, 2016). Based on this research and others, I proposed that school district leaders could respond to school choice competition if they understood why families chose schools of choice. If district leaders know why parents choose schools, they can market their school in that light, or improve or adjust an aspect of their school to attract students (Archbald et

al., 2017; Ayscue et al., 2018; Davis, 2013; Jabbar, 2016b; Lubienski & Lee, 2016; Wilson, 2016) .

In Alpha district, this proposition was not fully affirmed. The superintendents realized that parents chose to send their children to the charter schools because of school consolidation that eliminated some neighborhood schools. The parents wanted their students to attend the neighborhood school, in many cases just like they had. They wanted them to be in classes with their neighborhood friends and not with children from other neighborhoods. The neighborhood schools had historically created nearly total racial segregation in grades kindergarten through fifth or sixth grade. Greater racial integration occurred in the younger grades as a result of the consolidation of schools. The consolidation was taking place to address less revenue in the face of a population decrease. Initially, this did not help the leaders in their responses to the revenue loss, because the parents were seeking to keep their neighborhood schools by enrolling in the charter school in the same neighborhood area. The racial segregation that exists between the charter schools and the district schools built on the racial segregation that already existed at the younger grades. Ultimately, the district leaders used this understanding to inform their efforts to educate and inform the citizens about the need to fund and support all schools for the good of the community.

Consolidation was not a consideration that arose during the literature review, however, both superintendents mentioned it as a contributing factor to the rise of charter schools in Alpha School District. Consolidation is a common practice among school districts as a cost savings measure. It most often involves closing schools with low enrollment and sending all the students to a centrally located school. The evidence of

how much savings is ultimately realized is mixed and often less than anticipated (Howley et al., 2011). When large rural school systems, such as Alpha School District, consolidate it causes students from many different neighborhoods, and different racial and socio-economic backgrounds, to attend school together. The consolidation in the Alpha School District caused parents to lose a sense of neighborhood school culture and created greater racial integration at younger ages for students. The charter schools formed during this time and provided the solution to the parents who wanted to maintain the segregation.

The findings in this study are a different view on why parents choose schools than what the literature contains. The work of Archbald and his colleagues, as well as Lubienski and Lee, reported that when parents were considering schools of choice because their attendance zone schools were declining in performance, the parents considered demographics and special programs in the process of choosing higher performing schools (Archbald et al., 2017; Lubienski & Lee, 2016). The former superintendent describe the resistance to consolidation in the small communities as “fierce”. The former resident explained that the families had attended the neighborhood schools for generations, “ the parents and the grandparents went to that school”. Based on the superintendent’s comments, school board minutes, and the former resident’s interview, it appears that parents chose the charter schools to maintain their social and racial culture, not because they were displeased with the school performance. They chose the charter school because they did not want their school closed and consolidated with another and they did not want their children attending school in a racially diverse student population.

## **Interpretations**

My research demonstrates that when district leaders addressed the loss of funds to charter school competition, their actions were less about funding, balancing the budget and the bottom line of revenue on hand, and more about leading their district and their community to solve the issues that arose. The superintendents became complex leaders, braiding the two primary leadership systems that existed, the bureaucratic one that drove structure and the entrepreneurial one that drove innovation (Uhl-Bien & Marion, 2009). The essence of complexity leadership states that the organization (the school system) and its environment (the community) interact and shape each other's development and that is accomplished by leading and anticipating the other (Morrison, 2002). This leadership demonstrated characteristic qualities of complex leadership theory, an interactive, dynamic process including an unpredictable, a complex interactive system of actions, and a collective stimulating power for organizational change, existing inside the school system and the community (Baltaci & Balci, 2017). The interactive dynamic process was the consolidation of schools causing parents to choose enrollment in a charter school and the collective stimulating power for change was the way the superintendents led the district and the community to pass the tax referendum.

Leading a district that is significantly impacted by school choice competition necessitates complex leadership, not just leading the central office staff, the building principals and the teachers and students, additionally, it requires convincing the community to support the education of all students. This leadership includes building partnerships with the charter school leaders, empowering innovation in district school leaders, and educating the community on the needs of schools, providing the best

instruction and opportunities for all children regardless of the school they attend as was observed in Alpha School District. In addition to the two systems at work in Complexity Leadership Theory (CLT), the three leadership positions, administrative leadership, adaptive leadership, and enabling or action-centered leadership that creates a dynamic relationship between the bureaucratic and entrepreneurial tasks of an organization, are balanced by the complex leader in order to solve problems and address needs (Uhl-Bien et al., 2007).

The former and current superintendent of the Alpha School District exhibited the attributes of complex leadership. They both activated the existing leadership in their organization to accomplish what was necessary to address charter school competition by working to improve instruction and to offer and improve essential programs. They also became complex leaders in the community as they built partnerships and activated leadership in different entities, charter schools, and businesses in the town, to achieve the shared goal of providing the necessary funds for improving all schools in Alpha School District. Once the citizens approved the funding, the complex leadership responsibilities of the district superintendent were not over, the ongoing success for all students, as the superintendents acknowledged, was their responsibility as public educators, and still required complex leadership from the school system leader. The commitment to all students was not a value expressed by the charter school leader in Alpha School District. As a result; the district superintendents needed to continue to grow a culture that recognized the community ownership of the success of all students. Perhaps the role of superintendent in a district that faces significant revenue loss to school choice

competition is to become the complex leader in the community that activates leadership among the different entities to provide the best education possible for all students.

The Alpha school district offered an opportunity to study a common challenge for district leaders inside a unique situation of school choice competition in a rural school system. A public-school leader's commitment to the community and quality education for all students, including the students that attend charter and private schools, as a means of navigating the financial challenges of school choice competition, is a phenomenon that could be translated to other leadership situations. The complex leadership exhibited by the superintendent, not only in the school system but in the community, is a model that is generalizable to other school systems and populations facing similar problems.

### **Further Research**

Although this research answered essential questions about how these district leaders responded to the financial impact of school choice competition, there are limitations to the generalizability of the results. Those limitations include size of the district and there was only one district studied. The district was a southern, rural district, which is also a limitation. There are other questions that remain unanswered. Are there inequities between charter and public schools? Does school choice competition expand racial segregation? How does consolidation of public-schools impact charter school growth? When district leaders become complex leaders in the community, how are all students affected?

Leaders report that policies that favor charter schools, such as allowing charter schools to permanently suspend students, whereas the district must enroll every student, even those expelled from the charter school exist in this state. Other inequities identified

by district leaders included the awarding of local tax revenue to the charter schools, in spite of the tax referendum that generated the funds originally designated for a particular purpose such as debt service on a district building project. Does inequity exist in policies of funding, governance, and accountability between public and schools of choice, and if so, what are those inequities?

The racial segregation did not initially appear to be a relevant issue in the design of this study, but the topic kept coming up in conversations with the participants. It was a major concern of all of the leaders. A lot of research about re-segregation by charter schools supports that school choice tends to maintain the status quo (Ayscue et al., 2018; Coughlan, 2018). Based on this concern, I added it to the literature review and considered racial segregation when analyzing the results. Does the introduction of charter schools in communities other than urban ones increase segregation? The segregation in Alpha district may be unique because of the small population of students in a large land mass. Consolidation of schools and the forming of the charter schools may have created the conditions that led to racially segregated schools. Therefore, the question to answer is how does school consolidation act as a catalyst for charter school growth and increased racial segregation occurring in environments of significant competition from school choice not initiated by the presence of low performing schools? A similar question for further research is if the state policies and funding had not been conducive to charter school formation, would the community have worked together to improve education for all in an environment of school consolidation and increased racial integration?



## **Conclusion**

Based on the literature, I did not expect to find that the focus of the themes that emerged was not revenue and accounting but leadership and community. This case study allowed me to examine and understand the complex inter-relationships of the leaders of the school district and the leaders of the charter schools and other community organizations. This methodology allowed me to focus on this situation and uncover an in-depth and detailed description of this case. I was able to discover an unexpected phenomenon as a result of the case study approach. I did not expect to find that the superintendents displayed and described a commitment to the community and to quality education for all students in the district, even those that did not attend their schools.

By every indication, school choice is a phenomenon in education that will continue into the foreseeable future (Arsen & Ni, 2012b; Davis, 2013; Thompson-Dorsey & Plucker, 2016). It is likely that leaders of public-school districts will face the challenge of the loss of funding due to school choice competition if they have not already. It will be necessary for district leaders to make adjustments in their budgets, improve the quality of instruction, and adjust their leadership to respond to the fiscal impact of school choice competition

Based on the study of Alpha School district, leading a school system that is significantly impacted by school choice competition necessitates leading based on a commitment to all students in the community, not just the ones that attend the district schools. To lead in this situation means exercising complexity leadership in the community, building partnerships with leaders, empowering innovation, and educating

the citizens on the needs of schools and providing the best instruction and opportunities for all children regardless of the school they attend.

**APPENDIX A**  
**INTERVIEW QUESTIONS**

### **Interview Questions for District and Charter School Leaders**

- Tell me about your experiences in education and your work in this district.
- Tell me about how you as a leader have experienced the effects of school choice (school choice meaning charter schools, online charter schools, and private school vouchers)?
- What is your opinion about school choice competition?
- How do you think school choice affects the decision-making of district leaders?
- How do you feel about the influence of school choice on school district fiscal resources?
- How does the funding formula work when a student leaves your district for a school of choice?
- Suppose I was a new district leader facing significant issues with school choice funding loss, what would be your advice?
- Some people say that school choice causes school improvement in both the school that loses the student and the one that gains the student and additional funding, what are your thoughts on this?
- Tell me about other people and positions in your organization that deal with this issue?
- How do stakeholders help you make decisions and plans in response to school choice competition?

### **Interview Questions for Charter School Leaders**

- Tell me about yourself and your experiences that have contributed to the way you lead at your school.
- Tell me how you interact with the leaders of the school district in the capacity of your job.
- In your view what are the positive aspects of school choice?
- If I were a new district leader facing a situation with substantial competition, what would your advice be to me?
- Are there funds that your school receives that do not come from the state or federal government? Please describe them.
- Do you think that the funding of your school and the public-school system are similar? Is the system of funding fair? Why or why not?
- How do families (parents) learn about your school and how do they make the choice to send them to your school?

### **Interview Questions for Parents**

- In your view what are the positive aspects of school choice?
- Do you think that the funding of all schools in the system are similar?
- What are your impressions of the demographics of the district schools and the charter schools?
- Is there competition between the schools, charter and district?
- How do families (parents) learn about schools and how do they make the choice to send them to your school?
- What factors did you consider in choosing the charter school for your children?

**Interview Questions for Former Student and Resident**

- In your view what are the positive aspects of school choice?
- How do you think the district ended up with the current situation that exists with the two charter schools?
- Do you think that the funding of all schools in the system are similar?
- What are your impressions of the demographics of the district schools and the charter schools?
- Is there competition between the schools, charter and district?
- Why do you think parents choose the charter schools for their children?

**APPENDIX B**  
**HUMAN SUBJECTS APPROVAL INTERNAL REVIEW BOARD (IRB)**

# LOUISIANA TECH UNIVERSITY.

## MEMORANDUM

OFFICE OF SPONSORED PROJECTS

TO: Ms. Terrie Johnson and Dr. George Noflin Jr.

Dr. Richard Kordal, Director of Intellectual Property  
(OIPC) *by Dr. Larry Stikley co-chair IRB*  
[rkordal@latech.edu](mailto:rkordal@latech.edu)

FROM: \_\_\_\_\_ Intellectual Property &  
Commercialization

SUBJECT: HUMAN USE COMMITTEE REVIEW

DATE: April 19, 2018

In order to facilitate your project, an EXPEDITED REVIEW has been done for your proposed study entitled:

**"School Choice Competition and How District Leaders Respond to  
Resulting Fiscal Impacts"**

HUC 18-124

The proposed study's revised procedures were found to provide reasonable and adequate safeguards against possible risks involving human subjects. The information to be collected may be personal in nature or implication. Therefore, diligent care needs to be taken to protect the privacy of the participants and to assure that the data are kept confidential. Informed consent is a critical part of the research process. The subjects must be informed that their participation is voluntary. It is important that consent materials be presented in a language understandable to every participant. If you have participants in your study whose first language is not English, be sure that informed consent materials are adequately explained or translated. Since your reviewed project appears to do no damage to the participants, the Human Use Committee grants approval of the involvement of human subjects as outlined.

Projects should be renewed annually. This approval was finalized on April 20, 2018 and this project will need to receive a continuation review by the IRB if the project continues beyond April 20, 2019. ANY CHANGES to your protocol procedures, including minor changes, should be reported immediately to the IRB for approval before implementation. Projects involving NIH funds require annual education training to be documented. For more information regarding this, contact the Office of Sponsored Projects.

You are requested to maintain written records of your procedures, data collected, and subjects involved. These records will need to be available upon request during the conduct of the study and retained by the university for three years after the conclusion of the study. If changes occur in recruiting of subjects, informed consent process or in your research protocol, or if unanticipated problems should arise it is the Researchers responsibility to notify the Office of Sponsored Projects or IRB in writing. The project should be discontinued until modifications can be reviewed and approved.

Please be aware that you are responsible for reporting any adverse events or unanticipated problems.

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

P.O. BOX 3092 • RUSTON, LA 71272 • TEL: (318) 257-5075 • FAX: (318) 257-5079

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**APPENDIX C**  
**HUMAN SUBJECTS CONSENT FORM**

## HUMAN SUBJECTS CONSENT FORM

The following is a brief summary of the project in which you are asked to participate. Please read this information before signing the statement below. You must be of legal age to participate in this study.

**TITLE OF PROJECT:** School choice competition and how district leaders respond to resulting fiscal impacts

**PURPOSE OF STUDY/PROJECT:** The purpose of this study is to explore how leaders of school districts develop plans to deal with the fiscal impact of educational competition through the lens of Complexity Leadership Theory.

**PROCEDURE:** Key informants at school districts that experience a loss of revenue due to school choice competition greater than 2% of the MFP will be asked to participate in a short interview in person or by phone lasting 10 – 12 minutes with potential follow up questions.

**INSTRUMENTS:** Participants will answer questions in a face to face or phone interview with potential follow up questions.

**RISKS/ALTERNATIVE TREATMENTS:** The participant understands that Louisiana Tech is not able to offer financial compensation nor to absorb the costs of medical treatment should you be injured as a result of participating in this research. No foreseeable risks are associated with this study. Participation is voluntary and you may discontinue participation and withdraw consent at any time, for any reason.

I, \_\_\_\_\_, attest that by checking the box below, I have read and understood the following description of the study, " School choice competition and how district leaders respond to resulting fiscal impacts", and its purposes and methods. I understand that my participation in this research is strictly voluntary and my participation or refusal to participate in this study will not affect my relationship with Louisiana Tech University. I understand that I may withdraw at any time or refuse to answer any questions without penalty. Upon completion of the study, I understand that the results will be freely available me upon request. I understand that the results of my interview will be confidential, accessible only to the principal investigators, myself, or a legally appointed representative. I have not been requested to waive nor do I waive any of my rights related to participating in this study. I am over 18 years of age.

- I agree to participate in this study
- I do not agree to participate in this study

Print name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**CONTACT INFORMATION:** The principal experimenters listed below may be reached to answer questions about the research, subjects' rights, or related matters.

**PROJECT DIRECTOR(S):**

Terrie Johnson      tsj012@latech.edu      (318) 820-0686

Dr. George Noflin      gnoflin@latech.edu      (318) 257-3923

Members of the Human Use Committee of Louisiana Tech University may also be contacted if a problem cannot be discussed with the experimenters:

Dr. Barbara Talbot      btalbot@latech.edu

Dr. Richard Kordal      rkordal@latech.edu

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