

ARTICLES



TO MARKET, TO MARKET...

The School Business Sells Kids Short

PHYLLIS VINE

If Wall Street has anything to say about it, the same forces gnawing away at the public stewardship of hospitals, prisons and the Social Security system will take on the \$600-billion-a-year education market. Mary Tanner, managing director at Lehman Brothers, which sponsored the first educational investment conference last year, compares it to health care—"a local industry that over time will become a global business." Montgomery Securities' Michael Moe claims that "the timing and entry into the education and training market has never been better."

Moe knows. In twenty-eight states, legislation supports privatization through charter schools and vouchers, or contracting of for-profit management companies. (Charter schools themselves are politically neutral—some founded by activists on the right or left who want greater involvement in their children's education, others merely openings for entrepreneurs.) Despite the preliminary findings of two federal studies that neither privatized education nor charter schools have improved test performance—an ostensible goal of their proponents—and the well-known failures of Educational Alternatives Inc.'s schools in Baltimore and Hartford [see Bruce Shapiro, "Privateers Flunk School," February 19, 1996], the campaign for charter schools continues to snowball. President Clinton has given it a boost by calling for an increase from the current 450-500 charter schools to 3,000 by the turn of the century.

The road to for-profit educational enterprises has been paved by the political and financial support of conservative opponents of public education. From the Hudson Institute and the Heritage Foundation, two of the right-wing think tanks driving privatization, come reports about reinventing education to stem the deterioration of schools and replace the "status-quo unions." They speak of giving parents choice, back-to-basics and performance-driven curriculums, management "design teams" and accountability. There's lots of doom-mongering that harks back to the Reagan era's screed on education, *A Nation at Risk*. The Indiana-based Hudson Institute has grown to national importance through the support of the Olin Foundation and the Lynde and Harry Bradley Foundation [see Vince Stehle, "Righting Philanthropy," June 30]. Along with Heritage, the Hudson Institute has nurtured a battalion of veterans from the Education Department in the Reagan and Bush administrations. In addition to Lamar Alexander, Education Secretary from 1991 to 1993, Hudson funded Chester Finn Jr., who was Assistant Education Secretary from 1985 to 1988 and a founding partner of the Edison Project, the four-year-old for-profit school chain started by Whittle Communications.

Finn and Diane Ravitch (Assistant Education Secretary from 1991 to 1993) founded the Educational Excellence Network, a smaller think tank housed at the Hudson Institute. The network serves as a clearinghouse and resource center for their projects, one of which was The Modern Red Schoolhouse, designed by the New American Schools Development Corporation (N.A.S.D.C.), which was formed during the Bush Administration in 1992 to funnel business dollars to education reform. Alexander placed David Kearns, a former Deputy Education Secretary and Xerox chief, in charge of the N.A.S.D.C.

Kearns well illustrates the intersection of business and ideology. He serves on the board of EduVentures, Michael Sandler's investment banking service for the education industry. Sandler worked for Kearns at the N.A.S.D.C., developing projects that would fulfill Alexander's break-the-mold vision for schools. The N.A.S.D.C. offers design teams to help schools restructure. The Modern Red Schoolhouse is one of the nine prototypes that schools can purchase for curriculum, assessment, professional development and technology "as a learning and instructional management tool." The costs range from \$90,000 to \$150,000; technology is extra.

Sandler moved on in 1995 to co-found "Education Industry Report," a monthly newsletter that announces mergers and acquisitions, new education markets, changes in charter school legislation and major players in government or business. "E.I.R." also analyzes about thirty publicly traded companies that constitute the "education index." David Kearns and Michael Moe both sit on the board of the newsletter, as does Denis Doyle, who alternates between the Hudson Institute and the Heritage Foundation, writing about vouchers and charter schools. Other prominent players who began in the federal government are the Hudson Institute's Bruce Manno, now doing a study on the

Massachusetts charter school experience, and Scott Hamilton, associate commissioner of the Massachusetts Education Department, who oversees the state's charter schools.

The right-wing approach to school reform can be seen in the battle over the management of public education in Wilkesburg, Pennsylvania, where a divided school board hired the Nashville, Tennessee-based Alternative Public Schools, Inc. (A.P.S.), to manage the Turner Elementary School. Turner is one of three elementary schools in a racially mixed, economically distressed suburb of Pittsburgh. Wilkesburg's once-stable economy sputtered with the decline of the local steel industry. The town has one of Allegheny County's largest percentages of people living in subsidized public housing, and 78 percent of the students at Turner qualify for means-tested lunch programs. Although only half the community is African-American, almost all of Turner's students are.

A.P.S. was new to education when it won the contract for Turner Elementary. Bill DeLoache and John Eason, its founders, were investment counselors, "citizens with a hobby," DeLoache said, when they bid on the Turner initiative. "We came at it from a

businessperson's perspective. Charter laws started passing. The market was opening up." In just three years A.P.S. has moved from being "a couple of guys looking for a school"

In three years A.P.S. has moved from 'a couple of guys looking for a school' to a major force among the education profiteers.

to a major force in the for-profit education industry. Their first bid, on a school in Tennessee in 1992, was unsuccessful. But it put them in touch with the growing network of educational privatizers who gathered regularly at meetings such as the Edventures Conference in Madison, Wisconsin (not related to Sandler's service), where a request for proposals for Turner was advertised in July 1994.

Since March 1995, when the school board announced the contract, the Pennsylvania State Education Association and the Wilkesburg Education Association have been in court. The union challenged the board for discharging its responsibility and funneling more than \$2.4 million of taxpayer money to a private, out-of-state company. It also sued Pennsylvania's Education Secretary, Eugene Hickok, whose furlough of teachers made way for A.P.S. to bring in nonunion employees. (The court later upheld an arbitrator's recommendation to reinstate them with back pay.) Connected to the Heritage Foundation and a member of the Commonwealth Foundation for Public Policy Alternatives board, Hickok is another link between the political right and the drive to transform public education.

Facing huge legal bills, the school board accepted an offer of free representation from the Landmark Legal Foundation shortly after signing the contract with A.P.S. With strong connections to the Heritage Foundation and a mission to challenge "arbitrary, government-imposed barriers to entrepreneurial opportunity," Landmark has battled for vouchers for religious schools in Wisconsin. Landmark then hired the law firm of Strassburger McKenna Gutnick & Potter, which also represents Richard Mellon Scaife, a major financier of right-wing organizations, including the Heritage Foundation and Landmark itself.

The most recent ruling in this case was handed down in Au-

gust, when a court ordered A.P.S. to vacate the Turner school at the end of this year. But the case is far from settled and appeals are likely to go on for several years, at least through the remainder of the five-year contract.

A.P.S.'s promise to improve student performance backfired. Some blame the new teachers, others cite the lack of school supplies, still others denounce a principal commuting from Chicago. At the end of the first year test scores tumbled, and disappointed parents pulled their children out of Turner. Among them was Ernest Neal Ramsey, the school-board president who struck the original deal. In last spring's school-board elections, neither Ramsey nor the sitting president, an A.P.S. enthusiast, was returned to office. "The company used us to get what they wanted," says Ramsey's wife, Arnella Ramsey. "It's like buying something in the mail and not knowing what you get until you've got it."

Nowhere does the play between politics, profits and policy appear more powerful than in Massachusetts. And no single group has been more active promoting charter schools in Massachusetts than the Boston-based Pioneer Institute. Pioneer's role in the charter school movement has been evident from the beginning. Former director Steven Wilson is largely regarded as the architect of the 1993 Education Reform Act, which he drafted while serving as a special adviser to then-governor William Weld. Current executive director James Peyser was named acting Under Secretary of Education by Weld when the first charter schools opened in 1995. And board member William Edgerly influences state legislation by mobilizing C.E.O.s for the organization Fundamental Change in Education and by taking credit for "a more flexible approach to special education compliance in charter schools [that] was adopted by the Department of Education."

In 1995 Pioneer raised more than \$500,000 for charter schools, and it assists the growth of others by "identifying, recruiting, and assisting potential charter school founders." Pioneer also distributes a how-to manual, *The Massachusetts Charter School Handbook*, and sponsors seminars bringing together entrepreneurs selling curriculum packages, management systems and assessment and evaluation programs. Conservatives want to "outsource" these functions as part of an effort to neutralize "the government monopoly on education." In addition to companies, such as A.P.S., that supply these services, they can be obtained from Advantage Schools, the for-profit education company Wilson started after leaving state service. Edgerly is chairman of the board of Advantage.

The impetus behind many Massachusetts charter schools has been to restructure education by removing accountability from local jurisdiction. Critics of the 1993 Massachusetts law point out that it transfers oversight to the politically appointed state Education Department, which decides who gets charters. And even if for-profit companies do not hold the charter, the holders may then hire a market-driven company, with its "learning system" and accompanying services. Although community-based trustees theoretically manage the school that manages the company, Robert Gaudet, who resigned last spring from the Edison Project's

Boston Renaissance Charter School, says that's a charade. Of the twenty-five charter schools that have opened in Massachusetts, seven are managed by out-of-state companies. Two (Boston and Worcester) are run by the New York-based Edison Project. Sabis International, a company headquartered in Choueifat, Lebanon, opened two (Springfield and Somerville). And Nashville's A.P.S. started out with one (Chelmsford), but last July picked up consulting with two more (Franklin and Lawrence) when it acquired The Modern Red Schoolhouse from the Hudson Institute and the N.A.S.D.C. It is ironic that the same people who complain about the government's imposition of standards and regulations invite corporations with anonymous shareholders and highly paid executives to devise and deliver educational values.

When the Edison Project began to manage the Boston Renaissance Charter School two years ago, initial publicity promised maximum class sizes of twenty-one, parental involvement, longer days and more of them. Instead, classes grew to twenty-eight, books and materials arrived late, faculty were replaced in mid-year and the principal clashed with parents and staff. Edison also botched the job of providing services for kids with special needs. By the middle of the first year, Boston Renaissance had been reprimanded by the state's Bureau of Special Education Appeals for its neglect of two children with learning disabilities. Although both cases were sealed with nondisclosure clauses, the school

agreed to provide the special education services these students need.

Two other complaints have been filed with the civil rights office of the U.S. Education

Department, describing patterns of racial discrimination and neglect of special education. Both are under investigation. Parents of one boy with a learning disability described how their kindergartner had been suspended for forty-nine days, sent home at noon instead of 3:30 for five months and physically restrained by holding his hands behind his back until he stopped crying. He was subsequently placed in a public school, where he had perfect attendance and won an award for the student who made the most progress.

Children's advocates claim that charter schools have gone out of their way to develop an inhospitable environment for kids with serious special needs. At Edison's Seven Hills Charter School in Worcester, something called "counseling out" resulted in the return of fifteen students to public schools in their first two weeks. The process was subtle, says Robin Foley, chairwoman of the district's parent advisory council for special education. Parents complained that during counseling Edison's staff asked, "Do you think your child can fit in?" Kate Garnett, Edison's consultant for special education, explains that "we wanted to make clear that parents knew what kind of a situation the families were choosing." Of the ninety-two students who returned to the district schools by year's end, nearly one-quarter needed special education services.

Edison's John Chubb attributes the problems to the start-up phase in which students arrived without sufficient records. Edison underestimated the number of special-education students. Their planning was based on the national average of 9 percent, instead of the state average of 17 percent. But Tim Sindelar, an

One kindergartner in a Boston charter school was physically restrained, hands pinned behind his back, until he stopped crying.



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attorney with the Disability Law Center in Boston, says many cases cannot be attributed to start-up problems, since the schools opened two years ago. In testimony before the U.S. House Committee on Education and the Workforce, Sindelar painted a bleak picture for special education in the Massachusetts charter schools: exclusion of students; extension by several months of the required forty-five-day deadline for developing a student's individualized education plan; failure to inform parents of their rights and the schools' obligations.

The Boston Renaissance Charter School has beefed up its special-education staff for the coming year. But critics still fear that the charter schools are simply selecting the students most likely to succeed in any environment and leaving the others to a system that will be further impoverished. "It's a scary thing," said Fred Birkett, former assistant headmaster of Boston Renaissance. "Those who are hurt the most in public schools have the most to lose in a reform movement."

The Massachusetts law undermines unions and allows companies to set low salaries and determine qualifications for employment. Districts—i.e., taxpayers—pick up transportation costs for charter school pupils, while companies get bargain rent. Sabis International Schools pays \$2,800 a month to rent an entire school.

Sabis's Springfield school was not created from the efforts of dissatisfied parents. It was a pure business deal struck after passage of the 1993 law. Sabis, with fifteen schools in the Middle East, England and Europe, has ambitions to start a chain of charter schools in America. With its cookie-cutter curriculum and packaged testing system, Sabis can profitably surf the back-to-basics reform movement and bask in public subsidies.

Sabis approached Advantage Schools/Pioneer Institute's William Edgerly to help it find a school; Edgerly arranged for a meeting between Sabis's owners and Springfield's mayor, Robert Markel, and superintendent of schools Peter Negroni, both of whom eventually ended up on the board of a newly formed partnership. One week before the deadline for submitting an application for a charter school, Sabis put together a board of trustees during a meeting in Negroni's office. The group then agreed to apply for nonprofit status, assuming it would be granted about the time school opened.

Without so much as a site or school building, or youngsters it intended to serve, Sabis submitted its application for a charter school. And in the absence of an actual facility, the application could only refer to the school as "XX" when it claimed, "The XX school is currently running and can be easily adapted to the SABIS program."

Sabis budgeted hefty profits. The company's standard 6 percent management fee comes off the top. For the first year, this amounted to \$150,000. Then it charges an additional fee for using its proprietary computerized program for weekly tests. For this it charged \$50,000. And there was a combined fee for marketing and for corporate support from its Minnesota site. This amounted to \$30,000. But the profits could rise well beyond \$230,000, depending on the number of students enrolled.

Linda Wilson, past president of the Springfield Educational Association, points out that "Springfield tax money will be given to an out-of-state private company to be enjoyed as business

profits while more than 23,000 Springfield students do without new materials and supplies." In challenging the Springfield School Committee's decision to give Sabis a building rent-free, she said: "The School Committee will go forward to negotiate the contract with the International School Board of Trustees. But who will they negotiate with? The Mayor, two members of the School Committee, the Superintendent, the President of the company who owns the International School, and the Director General are all members of the Board of Trustees of the Charter School. I can't be the only one to see a conflict of interest here!"

Creaming students most likely to succeed, poor management,

unionbusting, conflicts of interest and discrimination against kids who need special education (and sometimes discrimination against kids of color)—all are on display in the for-profit school system. And so is the effort to eviscerate a core American institution that has been a laboratory for citizenship. While right-wing education guru Chester Finn insists that "the market... can rise to the challenge of educating America's young," the record suggests otherwise. "The schools belong to us as communities," says Barbara Miner, editor of *Selling Out Our Schools*. "So why should we allow some private company to come in and make money off of our kids?" ■

PEOPLE ARE ORGANIZING TO MOVE AGAIN, BUT WHERE TO AND BY WHAT ROUTE?

A Stirring in the Land

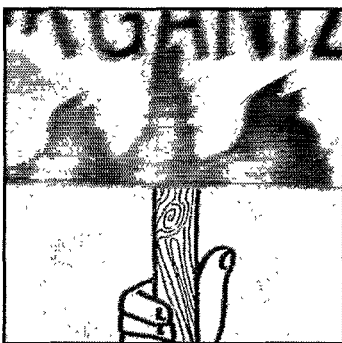
JOANN WYPIJEWSKI

As a child, you tend to look on the lines drawn as the inevitable nature of things; for a long time, I did. But along somewhere in boyhood, I came to see that lines once drawn might have been drawn otherwise.

—Haywood Burns

With this issue, *The Nation* inaugurates a series of articles supported by the Haywood Burns Fund for Community Activist Journalism, sponsored by *The Nation* Institute and the New World Foundation, organizations Haywood served as president and chairman, respectively, until his death in a car accident in South Africa, in April of 1996. A product of the black working class whose boyhood in Peekskill, New York, was punctuated by both protest against racism and annual honors from the Daughters of the American Revolution for his school essays on democracy; whose youthful understanding of the world was shaped by both Harvard and his experiences with SNCC in the South and with politically engaged African-American religious communities in Boston; whose professional life was dedicated to the law both as an institution (analyzing it, challenging it, opening it up to a whole new class of students at the CUNY Law School, where he was dean for many years) and as a political weapon (in the Poor People's Campaign, the defense of Angela Davis, the defense of the Attica prisoners, the campaign for black liberation in South Africa), Haywood did regular, passionate, graceful battle against "the lines once drawn."

This series aims to explore those lines and the means by which people collectively join to defy, break, redraw, sharpen or erase them. And to examine, too, the way the form organizing takes—the lines drawn within, so to speak—affects what it can do, what it can resist and whether, in the combination of many efforts, it might lay the base for a new movement to reconfigure the social equations. This first article takes a broad tour of some of the issues, the debates, the historical realities organizers are grappling with. Subsequent articles will focus on particular organizations or arenas



of action. Haywood Burns represented a particularly inspiring combination of commitment, curiosity and faith in the ability of people to imagine a better future. We hope to honor his legacy.

—The Editors

What becomes a movement most? It is an enduring question on the left—one asked with more urgency between periods of action and reaction, after the long night of retreat but before the dawn of a new political day. Today, that question is arising again, prompted by the stirrings of labor, the dismemberment of welfare as we knew it, the boldness with which big money controls the lawmaking machinery of the land. For the first time in many years, "organizing" (and not from the right this time) is in the air again. Where it is headed and what prospects it has for reaching critical mass are far from clear. How do you measure hints, rumors, the faint sensation of a shift in the temperature of the time?

The device sensitive enough for that task has yet to be invented, because what's happening, the crackle of energy just being felt, is most profoundly a turn of thought—or thought-in-action. For labor it means a reawakening of interest in the class beyond the tiny subset that pays union dues. For communities it means a venture into issues beyond "development," beyond strict neighborhood concern, beyond identity as a matter of personal politics. For both it means a departure, however tentative, from the purely defensive battles of the past twenty years and an understanding, however undeveloped, that the central battle of the day must pose the primacy of human rights over corporate rights.

In one sense, there is something sobering in the conversation

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