Private Sector Contracting and Democratic Accountability

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Abstract
Public officials are increasingly contracting with the private sector for a range of educational services. With much of the focus on private sector accountability on cost-effectiveness and student performance, less attention has been given to shifts in democratic accountability. Drawing on data from the state of New York, one of the most active contracting contexts, the authors examine how contracting poses challenges to democratic accountability and provide suggestions for how policy makers engaging with private sector providers might better attend to the broader public purposes of schooling.

Keywords
democratic accountability, privatization, contracting, state department of education

Although the private sector has always played a role in public education, its participation at multiple layers of schooling is at historically unprecedented levels (Burch, 2009). The private sector is operating more directly than it has in the past in the operation of virtual or cyber schools; the creation and growth

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of charter school networks, such as the Knowledge Is Power Program (KIPP) or Uncommon Schools; the management of student achievement data; and the use of contracts for school district and state education department services. Indeed, the transformation of the public sector has been so significant that education policy scholars have recently argued that in many instances, public education now operates in a space “between public and private” (Bullocky, Henig, & Levin, 2010). In these new policy spaces of public/private contracting, the size and oversight of the state government (Feigenbaum & Henig, 1999), and the number and influence of traditional stakeholders, such as the teachers unions, have diminished (DeBray & McGuinn, 2009). Many questions surround the degree to which public entities are holding private contractors accountable and the degree to which public stakeholders—including parents, civil rights groups, teachers, and students—are able to influence the decisions made about school reform. The history of public education is replete with the struggles marginalized groups faced as they attempted to participate in school governance and the ways in which their efforts were thwarted by policy elites (Tyack, 1974). Given these past challenges to democratic participation, the contemporary landscape requires close examination.

Private sector actors are increasingly shaping school and system governance and functioning as regulatory entities—tasks that public officials have typically assumed, with elections, public hearings, and participation in local school councils, serving as the primary, albeit imperfect, mechanisms for democratic accountability. These emerging governance arrangements are happening in contexts in which traditional forms of public governance, such as elected school boards, have been eradicated and where mayoral control of schooling has often accompanied the creation of appointed panels that tend to endorse the preferences of the city’s policy elites (Lippman & Haines, 2007). These governance trends are evident in cities where charter schools and intermediary organizations are flourishing, such as New Orleans and Chicago. Private sector influence in governance is also taking place within state departments of education and at the federal level. For example, at the federal level, Jim Shelton, Assistant Deputy Secretary for the Office of Innovation and Improvement, was an executive with the New Schools Venture Fund, a private intermediary organization whose mission includes the scaling up of privately managed charter schools (Scott & DiMartino, 2010).

These altered governing and operating structures have implications for accountability. This article considers the degree to which democratic participation accountability is maximized or constrained by these emerging forms of governance. We argue that what many researchers in England and Wales have come to define as “the new public management,” hybridized public-private
governance that relies on marketized and corporate, managerialist approaches to system leadership, is much more systemic and is trending more toward private control than has previously been conceptualized and examined empirically (Hood & Peters, 2004; O’Reilly & Reed, 2010). Furthermore, much of this systemic privatization, which is advocated for on the basis of maximizing consumer/parental choice through the construction of school data systems, market-based school choice programs, the use of high-stakes testing to determine school quality, and incentive-based rewards for teachers whose value-added scores show them to be high-performing, is hidden to the public writ large (Burch, 2009).

Private sector providers enter into public education typically through contracting with state departments of education and local school districts. Ideological and pragmatic principles undergird these contracts. Frequently, policy makers who believe that market principles and corporate, managerialist strategies are optimal for improving schooling, especially for poor children and children of color (Mickelson, 1999; Shipps, 1997, 1998; Shipps, Kahne, & Smylie, 1999) and fashion their vision of school reform after principles and strategies used to run more efficient and effective corporations (Shipps et al., 1999). Moreover, both conservative and neoliberal proponents of diminishing or eliminating the role of the state in public services have played an important role in creating an intellectual and financial foundation for privatization reforms to take hold (Miller, 2003). From a pragmatic perspective, many states that have been unable to make up for fiscal shortfalls, especially in the aftermath of the economic crisis that began in 2008, are seeking support from corporation and foundation donors who require them to adopt and scale up market reforms (Reckhow, 2010; Scott, 2009).

Market-based strategies include choice and privatization and emphasize student achievement outcomes. This focus on competition and accountability for outcomes measured by student test results has in many ways narrowed conceptions of accountability. Instead of democratic accountability forms that emphasize public and parental input and involvement in decision making, a consumer-driven idea of accountability is dominant. In this frame, accountability is understood to require parental choice of schools and mandating the use of value-added metrics to evaluate teachers and principals. These market-based accountability forms, choice, and high-stakes testing require new managers and analysts to oversee their implementation (Trujillo, in press).

In this article, we examine public/private sector contracting in New York State with particular attention to democratic accountability—the ways in which the broader citizenry whose taxes support public education, the community
groups who advocate for more equitable schools, the parent associations who work to improve schools, and the sundry array of existing interest groups are able or unable to participate under a more privatized public schooling environment. Consideration for whether democratic accountability exists might include the degree to which deliberation, inclusion, transparency, and dialogue are maximized (House & Howe, 2000; Noguera, 1994).

Firestone and Shipps (2005) have advanced a typology of accountability that considers political and bureaucratic accountabilities. Whereas the former includes citizen pressures and legal mandates, the latter encompasses regulations, goals, and incentives. We build upon this typology to examine the diverse array of organizations and advocates who are now operating in the context of educational policy and reform in order to understand the way funders, advocates, policy makers, corporations, and schooling systems interact. Our framing of democratic accountability is also influenced by Biesta’s (2004) argument that accountability can be used toward democratic ends, but as currently constructed in managerial terms, has largely come to signify the importance of auditing, rather than the importance of “being answerable to” the citizenry. We understand democratic accountability to be an elusive goal even under traditional public school systems and see the hallmarks of deliberation, inclusion, transparency, and dialogue as necessary preconditions, not guarantees, of systems that are accountable to the public.

**Policy Context: Politics, Advocacy, and the Expansion of Privatization**

Much of the existing public/private sector contracting comes with the support of advocacy networks made up of think tanks, foundations, intermediary organizations, and sympathetic policy makers who base their support for contracting on claims that U.S. schools lag far behind international peers (Scott, 2009). The proponents further argue that the public sector, being highly bureaucratic, risk-averse, unable or disinterested in innovation, and beholden to public sector unions, needs the private sector, including both non-profit and for-profit entities, to step in to bring about change.

Over the past decade, the federal government’s educational policy agenda has also helped to facilitate public/private sector educational contracting. Although much of private/public contracting predates federal policy initiatives, such as contracting the management of low-performing schools in Hartford and Baltimore, needs-based vouchers in the Alum Rock School District in Northern California, and Title I supplemental services nearly four decades ago (Ascher, Fruchter, & Berne, 1996; Richards, Shore, & Sawicky,
many of these earlier iterations of contracting experiments failed to take hold in a systemic way. However, more recent federal, state, and local initiatives and policy directions aim to expand private sector involvement in many more school districts and across a wider range of facets of schooling. For example, the U.S. Department of Education has made contracting and private sector contracting more amenable for state and local public officials. Following the passage and implementation of the No Child Left Behind Act of 2001 and the more recent Race to the Top and Investing in Innovation (I3) programs, state departments of education across the nation have been measuring and assessing schools, principals, students, and, most recently (with the introduction of value-added models), their teachers.

Coinciding with this emphasis on accountability is a push for market forces in public education that includes allowing for more competition. These developments follow a neoliberal and neoconservative belief that increased competition will lead to more innovative and accountable schools. This pro-consumer, “vote with their feet mentality” espoused by Friedman (1962) and Chubb and Moe (1990) encourages states to not only lift their charter school caps but also allow for the entry of private sector providers and market mechanisms into most aspects of schooling. This stance has is supported by the neoliberal Democratic advocacy groups, such as the Democrats for Education Reform and Students First, who receive significant funding from foundations and the private sector.

Over the past 10 years, testing companies, data management companies, and charter school advocates have become active in state educational policy communities. These new policy actors also employ networks of lobbyists working behind the scenes to ensure the adoption of their agendas and/or products. However, their efforts to expand public/private contracting have been met with resistance by new and existing community organizations, however. These groups have raised concerns about the processes by which contracting is taking place, particularly processes that would eliminate public input and deliberation (Lipman, 2011; Lipman & Haines, 2007). Civil rights groups in New Orleans, for example, have protested over the treatment of teachers and have argued that contractors are excluding special education students from newly created or restructured schools (Buras, Randels, Salaam, & Students at the Center, 2010; Robinson, 2008). Advocacy groups in New York have pushed back against private/public sector contracting and have advocated for more transparency and participation in school and system decision making (Hemphill, 2008; Medina, 2008; Robinson, 2008).

In the midst of the local, and increasingly national-level debate, public/private sector contracting reforms have been implemented at unprecedented
speeds, driven particularly by the Race to the Top legislation, which has imposed timetables for implementing newly mandated data and teacher evaluation systems as well as opening more charter schools. There is no better place to consider democratic accountability in light of the expansion of private/public sector contracting than the state of New York, where new private sector actors enjoy substantial political influence and where a long history of efforts to expand community control through democratic participation has been in tension with more managerial approaches to running school systems—especially in urban centers like Buffalo, Yonkers, Albany, and New York City (Tyack, 1974).

In sum, there is an increasing involvement of private organizations into the sphere of public education across the nation in general, and New York in particular. Furthermore, given their relatively small numbers, these private sector actors enjoy a disproportionate impact over educational policymaking. Using our typology for examining privatization (See Scott & DiMartino, 2009), we consider how the public might hold these new private actors accountable for democratic and equitable schooling.

**Conceptual Framework: Accounting for Public/Private Sector Contracting**

In order to consider issues of democratic accountability in public/private sector contracting, we frame our inquiry by identifying the scope and sundry actors involved in this policy terrain with a typology of educational privatization developed in our earlier research on New York City (Scott & DiMartino, 2009).

We developed this typology by drawing from the existing literature on privatization and from our research on the politics of public-private contracting in New York City, including early attempts to privatize schools under Mayor Giuliani and more recent contracts awarded during mayoral control under Mayor Michael Bloomberg. The literature on privatization has often conceptualized public and private entities as distinct and often competitive rivals, neglecting the ways in which neoliberalism has created instances in which public policy makers are key architects of privatization policy (Wells, Slayton, & Scott, 2002). In contrast, we have developed a typology of educational privatization that depicts the often-symbiotic relationship between policy makers and the private sector while still allowing for more complex and adversarial dynamics.

We build upon Minow’s (2002) framework that called for a third space between partnership and rivalry when imagining private involvement in the
public sphere. In fact, under the current policy context, public school districts and private educational entrepreneurs are collaborating with one another in many ways (Burch, 2006). In addition, district and school leadership are increasingly comprised of former private sector actors and new intermediary organizational affiliates, such as Education Pioneers, or the Broad Foundation Urban School District Residency, who move between school district positions, policy posts, and positions within the private sector. This more complex rendering of privatization signals the need for conceptualizing contemporary public/private sector contracting in order to study it empirically. Martha Minow wrote about the entrance of private contractors:

No one committed to the public values of freedom, equality, and fairness can watch these trends and simply cheer. Nor can anyone truly impressed by the nonprofit sector and religious organizations sit at the sidelines without concern for the autonomy and vitality of private and religious spheres. Conflicting missions and loss of accountability surface immediately as central problems when public and private, profit and non-profit, and secular and religious sectors converge. (p. 28)

Taking as our departure Minow’s framing the democratic possibility for the public and private sectors to work as partners, not rivals, and building on the literature, we imagine the terrain of privatization and public/private sector contracting as being comprised of five interconnected and sometimes overlapping categories. As shown in Table 1, these include gatekeepers, partners, rivals, managers, and profiteers. In our conceptualization, gatekeepers are public policy officials and legislative staff who help facilitate the entry of the private sector into public sector services. Partners join with the private sector to deliver discrete services, most frequently out of pragmatic needs on behalf of the public contracting agency. Rivals are private sector and hybridized intermediary organizations that compete with the public sector to deliver goods, services, or further their agendas. Rivals are frequently for-profit organizations, but they also manifest themselves as special interest groups. Managers represent a new breed of public and private sector administrators who possess (or need to develop) sophisticated financial and legal expertise to negotiate and oversee contracts. Government officials as well as members of charter management and educational management organizations may be managers. Finally, profiteers are organizations and individuals whose primary aim is to generate a profit and who hold this goal above other public concerns, such as due process for teachers or civil rights protections for students. We emphasize that there is an overlap of individuals and organizations across this
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Table 1. Privatization Typology

<table>
<thead>
<tr>
<th>Type</th>
<th>Definition</th>
<th>Examples</th>
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</thead>
<tbody>
<tr>
<td>Gatekeepers</td>
<td>Provide the private sector with access</td>
<td>Elected and nonelected government officials: policy makers, state commissioners, mayors, and superintendents</td>
</tr>
<tr>
<td>Partners</td>
<td>Join with the public sector to deliver educational services</td>
<td>Universities, community-based organizations, and business groups</td>
</tr>
<tr>
<td>Rivals</td>
<td>Base their enterprise on competition</td>
<td>Educational management organizations, some charter school management organizations, special interest groups</td>
</tr>
<tr>
<td>Managers</td>
<td>Provide fiscal and operational oversight</td>
<td>Government organizations, educational management organizations, charter management organizations, and data management companies</td>
</tr>
<tr>
<td>Profiteers</td>
<td>Primary objective is to make money</td>
<td>Testing companies, data management companies</td>
</tr>
</tbody>
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Note: The typology draws from Scott and DiMartino’s (2009) article.

typology. Its heuristic power lies in its ability to capture the social, economic, and political dimensions of public/private sector contracting to better illuminate issues of democratic accountability. As state departments of education and school districts scale up their private sector contracting, some groups and individuals stand to enjoy more power and influence than others.

The politics of urban educational privatization involve longstanding issues of power, race, resources, and ideological differences which have implications for democratic participation. According to Feigenbaum and Henig (1994):

In shifting responsibilities from government to market, privatization potentially alters the institutional framework through which citizens normally articulate, mediate, and promote their individual and shared interests. The specific consequences of such an institutional restructuring are hardly agreed upon or the same for all: some groups in a more privatized arena would find their interests more clearly defined and more readily promoted; other groups would find the opposite. (p.186)

More recent scholarship on urban school privatization and democratic participation has borne out many of the political tensions predicted by these
policy scholars (Bulkley, 2005; Scott, 2012). Researchers have found that private contracting may limit democratic participation in local school and district governance. Specifically, researchers have shown the ways in which private sector actors across multiple urban school district contexts are able to exert greater control because of their relatively more powerful positions given their access to much-needed revenue streams. (Ascher & Greenberg, 2002; Bulkley & Fusarelli, 2007; DiMartino, 2009; Huerta & d’Entremont, 2010; Wexler & Huerta, 2000).

Our typology of privatization helps to conceptualize and categorize the new roles, institutional arrangements, and the altered power distributions privatization creates in school systems. In the next section, we apply our typology to a case study of private/public contracting in the state of New York, using it to highlighting issues of regulation, accountability, and democratic participation.

**Method**

This case study relies primarily on document reviews and evidence from a New York State government database. Documents reviewed for this piece include requests for proposals, contracts, newspaper articles, government and private organization’s websites, and correspondence between government agencies or between the New York State United Teachers Union and the New York State Department of Education (NYSED, 2010). These data afforded breadth and depth, allowing us to capture in a comprehensive fashion the various actors involved in state education as well as some of the internal dynamics taking place within and between offices inside state government.

To identify the name of clients and lobbyists, the financial resources committed to lobbying, and the bills and rules targeted, we examined the Joint Committee on Public Ethics’ (JSCOPE) online database, a source for information about lobbying practices in New York State. The authors also exchanged emails with members of the State Department of Education’s Contract Processing Unit and the Records Access Officer in the Office of the Comptroller. These emails took place in our pursuit of information regarding NYSED’s US$32 million contract with NCS Pearson, Inc. (Pearson). NYSED denied our original requests to review the actual contract between Pearson and the NYSED (Number C010713, The Office of the New York State Comptroller, 2011), forcing us to submit a Freedom of Information Act request for the document. After 30 days, we received a response from the Office of the Comptroller that an additional 60 days would be necessary before they could make a determination about whether or not the contract would be made available for review. After 90 days, we received a redacted copy of the contract.
We employed data analysis techniques specific to case study research such as direct interpretation and categorical aggregation (Stake, 1995). We analyzed the data looking for a series of related instances from which issue-oriented meaning might arise. For example, when multiple sources referenced the role of lobbying in state governments, it became a code, and later a theme, around which we organized our findings. We also used direct interpretation to focus on single instances or events in depth. For example, we examined the Pearson contract and documents related to it, from government correspondence to newspaper articles, to obtain a full picture of this specific event (Creswell, 1998; Stake, 1995). To ensure reliability, we triangulated the data by comparing findings from multiple sources. For example, if a newspaper article cited a statistic, we worked to either confirm or disconfirm it by looking at other sources including government documents, JSCOPE, or by emailing the individuals or companies involved.

New York State: A Case Study

Gatekeepers: The Board of Regents and the Chancellors

2009 was a pivotal year in NYSED’s leadership as long-standing officials retired and new leaders or gatekeepers assumed their positions. Key changes included the election of Merryl Tisch as Chancellor of the Board of Regents and the appointment of David Steiner as the State Commissioner of Education, the latter upon the retirement of the long-standing Commissioner Richard Mills. Though both Tisch and Steiner, New York State’s highest-level gatekeepers, had experience in the field of education, they had never held teaching or leadership positions in public schools. Tisch, a noted philanthropist, taught first grade at a private school and earned her doctorate from Teachers College, Columbia University. Steiner, a former Dean of Education at Hunter College, was known for the partnerships he formed with charter management organizations such as the KIPP Academy, Uncommon Schools, and Achievement first, to create teacher preparation programs for both charter and non-charter school teachers. Under his later tenure as chancellor, he would approve the creation of the Relay School of Education, the first school of education to open in New York State in over 100 years. Founded by leaders of the charter school movement, the Relay School of Education aims to produce a clinically rich curriculum targeted to perspective teachers in charter schools. In addition to supporting the Relay School of Education, Steiner resided as chancellor during New York State’s pursuit of Federal Race to the Top funds when it won in the second round.
Steiner’s tenure lasted two years. He resigned in 2011 and was replaced by his deputy, the 32-year-old charter school reformer, John King. A graduate of Harvard, Yale Law School, and Teachers College, Columbia University, John King was the director of Uncommon Schools, a charter school network, before becoming the Deputy Commissioner of Education for New York State. What is notable about New York State’s current leadership is their lack of experience either as teachers or administrators within the traditional, public school system. Given that, as of 2009, charter schools made up less than 2% of the schools in the state, the overrepresentation of charter-oriented reformers in the NYSED is remarkable (Charter School Institute, 2009). It raises questions about the prior knowledge and experience that they, as key state decision makers, bring to education governance and the agendas they will be representing—that of the entire public school system or the smaller charter share. Furthermore, none of these positions are elected; the New York State Board of Regents appoints them all.

**Partners: The Regents Fellows**

New partners joined the ranks of the NYSED in 2009. Merryl Tisch, the Chancellor of the New York State Board of Regents, announced that 13 research fellows would be hired, using outside funding sources, to provide research, analysis, and advisement to the 17-member New York State Board of Regents and the NYSED on the topic of current education reforms. The fellows focus on reform areas, including the alignment of the K-12 English language arts and math curriculum with the Common Core Standards, the redesign of the state’s K-12 assessment system, and the implementation of New York State’s new teacher and principal evaluation systems (Butry, 2011). Rather than being supported by government funds, money for the Regents Fellows comes from the Regents Research Fund, a nonprofit organization located in New York City. By 2012, the Regents Research Fund had raised more than US$4.5 million in private donations, including US$1 million from the Chancellor herself, US$892,000 from the Bill and Melinda Gates Foundation, and US$50,000 from the National Association of Charter School Authorizers (Winerip, 2011b).

In terms of information about the fellows, according to a *New York Times* article, they earn, on average, US$185,000 a year. Their experience in education is mixed and in some cases limited: “Six of the 11 have never taught. The five others have a total of 10 years in the classroom and one as a principal . . . and five have worked for charters, like the commissioner” (Winerip, 2011b). While supporters of this program argue that the fellows will bring with them
innovative and rigorous approaches to improving public schools, detractors question the role that outside funding sources will play in setting the agenda for the research fellows and how the public will hold these privately funded policy makers accountable. This situation highlights the role of gatekeepers, in this case Chancellor Tisch, in bringing partners, many hailing from the private sector, into public education. It is notable that the fellows are not held accountable to the public by any formal mechanisms as they were both hired and paid for by a nonprofit organization, yet at the same time they directly influence public policy making. In addition, the fellows, similar to the Chancellor and Commissioner, possess limited direct experience in traditional public schools, which the vast majority of students in New York State attend.

*Rivals: The Lobbyists*

The past three years has seen an exponential increase in lobbying at the state level of government. While many critics of teachers unions argue that they have an unfair advantage and exert too much political influence over public elections, new players have outspent them. In 2010, Education Reform Now (ERN), an education advocacy organization located in Denver, Colorado, outspent both the New York State Unified Teachers and the United Federation of Teachers on lobbying in New York State. In 2010, the New York State United Teachers (NYSUT) union spent US$4.9 million and the United Federation of Teachers spent another US$1.3 million on lobbying. During the same period, ERN spent US$6.6 million dollars in lobbying expenses (New York State Commission on Public Integrity, 2011). There are also tactical differences between the unions and ERN. While the New York State Teachers Union, with more than 600,000 members, lobbied for more than 1,600 discrete bills, rules, and regulations in 2011, ERN targeted only 11. According to state documents, these primarily focused on increasing the number of charter schools across New York State (New York State Commission on Public Integrity, 2012).

As it turns out, ERN represents a powerfully funded, yet poorly connected—outside of the world of hedge funds—foil to the teachers unions. The organization is headed by Joe Williams, a former education writer for the *New York Daily News* and executive director of Democrats for Education Reform. ERN’s board of directors consists entirely of hedge fund managers, with the exception of Joel Klein, the former New York City Schools Chancellor and current education advisor to Rupert Murdoch (Education Reform Now, 2012). In addition to signing on Patricia Lynch Associates, one of the top Albany Lobbying firms, ERN hired Bradley Tusk, Mayor Bloomberg’s former campaign manager, to
help ERN lobby state legislature to pass laws that would support New York State’s bid to win Federal Race to the Top funds in 2010. The group successfully lobbied for laws that included raising the charter school cap in New York State from 200 to 460, creating a new teacher evaluation system in New York State and building a statewide data system.

In an *Education Next* article, Joe Williams described his approach to lobbying, “We ran $4 to $5 million worth of television ads,” and Williams recalls, “blaming the teachers union for losing the chance to win $700 million in round one and urging the legislature to bring home the money for New York” (Meyer, 2011). From William’s perspective, ERN successfully reframed the RTTT competition debate, away from the relative merits of charter schools and toward depicting the unions as obstructing attainment of additional monies for the state. Though some argued that this framing was misleading because although US$700 million dollars is a hefty sum, it represents just a fraction of the 24 billion dollars New York State spends annually on its public schools, this successful reframing would gain impetus to both raising the charter school cap in New York State and positioning the state to win the RTTT grant. As Tusk Strategies, Bradley Tusk’s (Tusk Strategies, 2012) company’s website boasts, “In 2010, we were lucky to work on Education Reform Now’s campaign to lift the cap on the number of charter schools allowed in New York. The resulting legislation meant the creation of 260 new charter schools that will ultimately serve 125,000 students. It also gave New York State the credentials it needed to win $700 million in federal Race to the Top funding.”

These lobbyists’ growing influence in Albany raises concerns about democratic accountability. In the case of NYSUT, its 60,000 members vote on the organization’s leadership. These members provide some level of accountability in terms of the rights of teachers, though the voices of the students and their families are absent from the conversation. In contrast, organizations like ERN, operate under a different regulatory framework in which democratic participation is neither sought out nor required. As a result, there do not appear to be mechanisms for the public to weigh in on its leadership or to hold it accountable for its actions. This increase in lobbying by rivals to the unions makes it more likely that the agenda of these well-funded, single-focused advocacy groups will be heard. Their involvement adds a strong check—for better or for worse—to counter the influence of long-standing players in public education such as the teachers unions. However, the situation does not bode well for the influence of citizens—public school parents and their children—whose taxes fund the system yet who have a limited voice in influencing decision makers.
Managers and Profiteers: Pearson and Wireless Generation

Federal mandates for new state achievement tests and data systems have also brought new private sector players into the K-12 public education arena. Since 2010, NYSED has awarded Pearson more than US$33 million dollars in testing-related contracts. In 2010, Pearson won an award for US$1 million to scale and equate standardized tests, and then in 2011 the NYSED awarded Pearson a US$32.1 million dollar contract to develop the state’s assessments in Grades 3 through 11 in English language arts and for Grades 3 through 8 in mathematics. A review of the original request for proposals (RFP) from the State Education Department revealed a highly detailed RFP that outlined requested services including “conducting field testing using both stand-alone field tests and items embedded within the operational tests, scoring the field tests, developing all operational test forms, ancillary materials, and scoring materials, and performing all analysis and research” (RFP #10-021, 2010, p. 1). Defined as a competitive procurement contract, it is assumed that companies other than Pearson participated in the bidding process. However, the senior attorney in the contract-processing unit for the State Education Department would not confirm that information, leaving it unclear whether or not Pearson was the sole bidder.

Controversy surrounds lobbying tactics employed by Pearson, Inc. and its subsidiary, the Pearson Foundation, regarding the contracts mentioned above. Specifically, questions have been raised regarding whether the Pearson Foundation, which sponsors the Council of Chief State School Officers (CCSSO) international meetings, actively lobbied on behalf of Pearson, Inc. during these meetings. Given that the Pearson Foundation pays for State Commissioners to attend the conferences, including the former New York State commissioner David Steiner, public officials and members of the media have raised questions regarding inappropriate marketing practices by Pearson at these meetings. This close relationship between Pearson and state policy makers is an example of the kind of opaque nature of private sector contracting that we argue stands to undermine democratic participation and accountability.

As a recent New York Times article (Winerip 2011a) reported, “Nine executives of the Pearson company took part in the Singapore conference, including the president of its Brazil division, the president of Pearson Education South Asia, three corporate vice presidents and a chief marketing officer. A videotape of the conference produced by Pearson includes Steve Dowling, the executive vice president for corporate development at the time, saying, ‘Pearson, through the Pearson Foundation, has brought this group together.’ ”
A more specific allegation of impropriety has arisen concerning the former education commissioner’s travel to and participation in a London conference sponsored by the CCSSO and underwritten by the Pearson Foundation. This trip immediately preceded the awarding of the aforementioned US$32 million contract to Pearson. New York State Attorney General Eric Schneiderman has opened an investigation into the relationship between the Pearson Foundation and Pearson Education regarding these internationally sponsored conferences. The attorney general has issued subpoenas to both the Pearson Foundation and Pearson Education, “seeking documents and information related to their activities with state education officials, including at least four education (CCSSO) conferences—in London, Helsinki, Singapore and Rio de Janeiro—since 2008” (Hu, 2011).

Controversy also ensued regarding the 2012 administration of the New York State Assessments. Specifically, NYSED discounted six questions on the eighth-grade English language arts exam and questions on the fourth-, fifth-, and eighth-grade math exams due to errors in the questions themselves, no correct answer selections, or two possible correct answers (Fertig, 2012; Phillips, 2012). While the issues with the math exams received some attention, the problems with the eight-grade ELA exam became a widespread scandal, referred to as Pineapple Gate. Debate erupted surrounding the ambiguous nature of a reading passage modeled after Aesop’s’ fable about a turtle and a hare, but using a pineapple instead of a turtle. Students, teachers, and parents voiced anger over the test items and called for them to be discounted. Facebook pages, blogs, and numerous newspaper articles weighed in on the appropriateness of the reading passage and its six supporting questions. Pearson, according to a *New York Times* article, had used the same items previously on standardized tests in other states, such as Alabama, Arkansas, Illinois, and Texas with some pushback from students and parents (Hartocollis, 2012). When asked to explain its actions, Pearson, in an open letter to the NYSED, defended itself by saying that the testing items had been used in other states without complaint, and had gone through rigorous review, including field testing in New York State in 2011 and with a representative sample nationally in 2002. In addition, the items were vetted by experts at Pearson, NYSED, and committees of certified public school teachers (Twing, 2012). The NYSED contract with Pearson outlines this requirement for multiple and independent strands of review.

Specifically, the contract stipulates that “all materials must be provided to NYSED error free and proofed by the contractor’s editors” (The Office of the New York State Comptroller, 2011, p. 50). “Pearson editors will conduct rigorous fact checking. Editorial reviews will be augmented using a ‘blind review’
procedure in which the correct answer key is obscured from the reviewers so that keyed responses and the presence of only one correct answer can be better verified” (p. 119). NYSED also requires that teachers be part of the review process. Two types of teacher committees exist: ELA and mathematics field passage and item review committees consisting of 48 New York State teachers who review passages and items for five days, as well as an ELA final eyes review committee consisting of 12 to 18 New York State teachers and mathematics final eyes review consisting of 8 to 12 New York State teachers who meet for three and two days, respectively (p. 131). According to the NYSED-Pearson contract (The Office of the New York State Comptroller, 2011),

During item review and final eyes committee meetings, New York State certified teachers and Pearson are charged by NYSED to produce quality test materials for ELA and mathematics assessments. As passages and items receive their initial review through content committees, they are checked for grammatical error, clueing, clarity of language, direction, standards alignment, and grade level appropriate-ness. . . . Once the forms are constructed, the passages and items are again reviewed by teacher committees one last time during final eyes review committees. (p. 132)

In addition, the contract (The Office of the New York State Comptroller, 2011) stipulated the use of field testing to verify the quality of testing items. Field-tested items go through rigorous statistical review for reliability and validity. This year field testing was administered for the newly developed ELA and mathematics multiple-choice items, constructed response items, and nationally normed items. According to the NYSED-Pearson contract, the proposed field testing cost for the ELA field tests this year was US$3,199,950. This amount includes the need to obtain passages for the field tests, conduct passage and item reviews, develop field test forms, field test forms and ship to schools, administer the 2011 field test, and score the field test. The technical report on the 2011 field test costs an additional proposed US$58, 648 (p. Attachment A-1b).

According to the NYSED-Pearson contract, there was a thorough vetting of the state assessments in ELA and math, by content specialists, editors and psychometricians, and members of NYSED and New York State certified teachers. Yet errors occurred regardless, raising questions about the quality of the Pearson tests and the review process itself, and causing NYSED to invalidate some questions. These issues of quality control, best exemplified by the Pineapple Gate fiasco, as well as the editorial errors in the math exams, should
have been caught in one of the numerous layers of review as stipulated by the contract and paid for by NYSED. Why weren’t they? Who should be held accountable? Pearson? The teacher committees? NYSED? Where does the weakness lie and how can it be prevented in the future, especially in 2012 when tests need to be revamped to align with the Common Core Standards? Clearly, more oversight at every level is needed to ensure that New York State’s standardized tests are fair to the students taking them and to the teachers and students being judged by them, especially as 2012 test scores will factor into teachers’ annual evaluations. Oversight would also, on a purely financial level, provide more assurance that taxpayers’ monies are being well spent, given that NYSED proposed to spend almost US$3.5 million dollars in its contract specifically to ensure the validity and reliability of the 2012 assessments.

A final link in this complicated Pearson story revolves around recent tax breaks, ranging from US$13.5 million to US$50 million, offered to Pearson from New York City and New York State to move 650 jobs from New Jersey to Manhattan (McGeehan, 2011). Given the recent State Attorney General’s open investigation of Pearson, and not to mention the substantial contracts it recently won from New York State’s Department of Education, such tax incentives raise important questions regarding accountability: What type of capacity does the state government have to communicate across departments to ensure consistent and sustained oversight of companies? Furthermore, how do we keep such transactions open and transparent? The relationship between the Pearson Foundation and Pearson, Inc. blurs important boundaries. The international conference situation reveals an uncomfortable relationship that state departments of education have with Pearson. The Pearson Foundation seeks to partner with and support departments of education and profit off of them. Similarly, in regards to the 2012 New York State standardized tests, NYSED and Pearson are partners, each with a role in producing and reviewing the test. Pearson creates and reviews the assessments, but NYSED does the final review. This makes both partners accountable for the quality of the tests and makes it difficult, especially for the public, to determine at what level accountability mechanisms failed when test questions are inappropriate or wrought with careless errors. Here, it is state-level managers who need to possess the skills to hold not only these outside partners or profiteers accountable but also to oversee the behaviors of government officials with whom they interact.

Wireless Generation is another company that has increased its market share over the past few years. Acting as a partner, manager, and profiteer, Wireless Generation, a 12-year-old education software development company known for building and running, along with IBM, New York City’s data Achievement Reporting and Innovation System (ARIS), has found itself under increasing
scrutiny. Much of this scrutiny can be traced back to November 2010, when Rupert Murdoch’s News Corporation bought a 90% stake in Wireless Generation. Murdoch’s purchase of Wireless Generation reflects his belief that “When it comes to K-through-12 education, we see a $500 billion sector in the U.S. alone that is waiting desperately to be transformed” (News Corporation, 2010). Two weeks prior to the sale of Wireless Generation to News Corporation, then New York Schools Chancellor Joel Klein announced that he would be resigning from his post at the end of the year to become an executive vice president at News Corporation in charge of education (Santos, 2010). Klein’s close dealings with Wireless Generation when chancellor and subsequent move to News Corporation, at the same time during News Corporation’s active pursuit of Wireless Generation, raised numerous questions about conflict-of-interest rules. This would not be the last News Corporation–induced scandal that would impact Wireless Generation.

In May 2011, NYSED petitioned the Office of the State Controller to allow Wireless Generation to be the single-source provider “to develop software to be used statewide to allow teachers, parents and school administrators to view and collaborate on the use of student data” (Artini, 2011). This software would be one of the key contingent pillars to receiving Race to the Top funding. The Office of the State Comptroller subsequently approved what was a 27 million dollar no bid contract. The contract was only later revoked after the phone-hacking scandal in Britain associated with News Corporation emerged. The official explanation provided by the Comptroller’s Office in a letter to NYSED was that the “record remains incomplete with respect to vendor responsibilities issues involving the parent company of Wireless Generation [News Corporation]” (Breeyear, 2011). It should be noted that both the New York State Teachers Union and the New York City Teachers Union wrote letters to the Comptroller’s Office protesting the state’s partnership with Wireless Generation citing grave concerns about the confidentiality of student data (New York State United Teachers, 2011). In addition, numerous parent groups, such as Class Size Matters and Coalition for Public Education, wrote letters in protest of the Wireless Generation contract in which they also raised concerns about the oversight and protection of student data.

In December 2011, Wireless Generation’s prospects improved dramatically when it received US$44 million from the Bill and Melinda Gates Foundation on behalf of the Shared Learning Collaborative (SLC) to hold and manage a multistate data platform, which includes data from New York. This funding was part of the Shared Learning Collaborative, an organization that is building “a shared technology infrastructure that will support the implementation of the Common Core State Standards and help states and
districts provide teachers with the instructional data and tools they need” (Shared Learning Collaborative, 2012). The State Department of Education justified their decision to allow Wireless Generation access to confidential student data by citing the fact that the funding came from an independent foundation, rather than the state’s coiffures.

As the NYSED explained, “The cost of the development of the SLC will be the responsibility of the SLC, not New York State. Consistent with the Comptroller’s concerns regarding Wireless Generation, no New York State funds will be paid directly or indirectly to Wireless Generation or any of its subsidiaries for the development of these SLC services” (State Education Department, 2011). In terms of democratic accountability, Wireless Generation’s access to data raises two key questions that are, as yet, undetermined: How will the student and teacher data be protected and who will be held accountable for protecting that data? Furthermore, does giving Wireless Generation access to student-level data not only in New York State but also across other states potentially create a monopoly on student data information systems, which favors Wireless Generation? What are the implications for the students, parents, and teachers for whom data-based outcomes determine numerous high-stake decisions ranging from student retention and promotion to a teacher’s tenure status? The situation of Wireless being denied then granted access to New York State’s confidential student data highlights the complicated relationship between democratic accountability and private funding. Though private funds directly impact the public (in this case students, teachers, and public school)— there is no commitment to democratic accountability. The New York State data suggests that, due to the strong relation of power and decision making to capital and wealth, there is constrained democratic accountability through contracting. Specifically, there is much overlap and interlock in the policy networks shaping contracting, and there is little opportunity for the everyday citizen to have a say in the absence of elections and community boards.

**Discussion and Conclusions**

The case of New York State demonstrates that public/private contracting is widespread, new players have entered the public education arena at the state level, and those policy makers and private sector actors are operating with minimal citizen input or oversight. Our typology captures the social, economic, and political dimensions of this new public/private policy environment, highlights the overlap among various stakeholders, and shows that privatization is a multilayered phenomenon that is transforming the creation,
delivery, and implementation of education policy that can limit democratic accountability for public education.

The case of New York State—where gatekeepers, partners, rivals, managers, and profiteers simultaneously exist and overlap—exemplifies this complex, new terrain. New York State’s highest education officials—the Chancellor of the Board of Regents and the State Commissioner of Education—are the ultimate gatekeepers, setting policy through formal mechanisms and by bringing in new partners, the Regents Fellows, to inform policy makers and practitioners. It is not surprising that similar to the gatekeepers who hired them, these high-level policy makers have limited teaching and traditional public school experience, with many of them having either never taught or only taught in charter schools. Funded by nonprofit organizations, these fellows directly inform policy without being accountable to the public—the public neither elects nor funds them even though their work directly impacts citizens.

Special interest groups represent another unelected, yet powerful, force in New York State politics. While new special interest groups, such as ERN, act as rivals to long-established groups such as the teachers union, they also illuminate a key shift in terms of representation. Teachers unions are membership organizations beholden to its fee-paying members, creating some level of internal accountability. In contrast, new special interest groups tend to be driven by boards of directors, leaving limited room for member input. Privately managed and funded, these groups are not beholden to any outside stakeholder. Here, financial resources and well-placed networks replace any type of democratic accountability mechanisms, leaving no space for transparency or public dialogue and deliberation.

The situations involving Pearson and Wireless Generation speak to the overlap that exists between partners, managers, rivals, and profiteers. In its capacity as a foundation, Pearson acts as a partner to state governments by providing them with professional development opportunities on key education topics. At the same time, however, the Pearson Corporation, NCS Pearson Inc., invests in selling their products to states with the goal of being the manager of the state testing programs and turning a profit. Juggling the multiple roles of partners, managers, and profiteers proves tricky for Pearson, especially when outside forces begin to question the motives of the foundation as opposed to those of the company, and when errors in the assessments occur, calling the quality of their work into question. Here though, it is not only Pearson that needs to be held accountable but also the organization that hired them: NYSED. NYSED needs to be vigilant about clarifying the roles and responsibilities of the Pearson Foundation versus Corporation as well as
to ensure that Pearson is fully meeting responsibilities as outlined in their contract. The blurring of the lines among partners, managers, and profiteers creates a lack of transparency around NYSED’s interactions with Pearson and also raises questions about how and to whom Pearson is being held accountable.

Similar to Pearson, Wireless Generation straddles various roles. Wireless Generation wants to be a manager of data systems and at the same time it hopes to be a profiteer, making money off of public schooling. What is most striking about the example of Wireless Generation, however, and this is mirrored earlier in the examples of the Regents Fellows and ERN, is the question of funding. It is important to note that the comptroller refused to give Wireless Generation access to New York State data when it would be paid for out of public coffers, but agreed to give access when funding was private. If funds come from private sources, does it mean that democratic accountability is null and void and is replaced by the agenda of the funders? If revenue streams come from the private sector, yet impact the public sector, does it mean that the state no longer has a responsibility for oversight and transparency? These developments suggest troubling trends in public/private contracting and have serious implications for democratic accountability. With the incursion of new partners, rivals, gatekeepers, profiteers, and managers, it becomes essential that institutional arrangements be designed ensure democratic accountability and equitable schooling.

In its current state, however, the public sector lacks capacity to enforce and regulate contracts. Public/private contracting scholar, Elliot Sclar (1997) writes, “Markets make wonderful servants, but terrible masters” (p. ix). The New York State Attorney General and the Office of the State Comptroller have exercised their authority to scrutinize actions by both members of the NYSED, gatekeepers such as former Commissioner Stein and outside managers such as Wireless Generation. These actions by government officials are laudable and are one step to ensuring democratic accountability. However, there is a need for more oversight, transparency, and regulation throughout the system to ensure the consistent examination of all stakeholders from the gatekeepers holding traditional roles within the government to outside managers and privateers. Whether this oversight manifests itself as a beefed-up government accountability office or as an independent board of overseers—a team of experts including educators, lawyers, and parents—it’s presence will work to ensure the proper and equitable execution and enforcement of contracts. This will facilitate the creation of policies that directly address the best interest of citizens—the students and their families—attending New York State’s public schools.
Currently, when the government fails to monitor itself, the media, professional organizations, community groups, and parent groups step in to push for more accountability and oversight to ensure school reforms that promote equity. Media organizations such as the *New York Times* and the *Huffington Post* have reported about the State Attorney General’s investigation of Pearson and the State Comptroller’s of Wireless Generation. At the same time, professional organizations, such as the consortium of more than 700 New York State principals, wrote letters and staged meetings in protest to the rapid and non–research-based implementation of the new teacher evaluation system. Similarly, community-based and parent-run organizations, such as the Grassroots Education Movement (GEM) and Class Size Matters, have been meeting, marching, and blogging to place their voices and ideas into the policy arena, to raise critical and pressing questions about privatization of education in New York State and to press public office holders for more democratic accountability and oversight. While these are all positive moves to increase accountability and oversight, change must also occur at the state level. Policy makers in state departments of education and in school districts must conceptualize new roles, new institutional arrangements, and new power distributions to maximize democratic accountability in an era of unprecedented private sector contracting.

**Declaration of Conflicting Interests**

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

**Funding**

The authors received no financial support for the research, authorship, and/or publication of this article.

**Note**

1. In this article, we use the terms “public/private contracting” and “privatization” interchangeably to refer to the private provision of services and activities formerly done by public bureaucracies.

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