Privatizing Education

Can the Marketplace Deliver Choice, Efficiency, Equity, and Social Cohesion?

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Privatization and Charter School Reform: Economic, Political and Social Dimensions

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In this chapter we make the argument that charter school reform—possibly the most popular educational reform movement that exists today—is at the forefront of privatization in public education. We came to this conclusion based on our study of California charter schools and our reading of the growing body of research on the thirty-six state charter school laws and the nearly 1,800 charter schools across the country (U.S. Department of Education, 1999). Our analysis has led us to believe that in most instances charter school laws allow—and sometimes prod—these autonomous schools to become more private in several economic, political, and social dimensions of their existence. Furthermore, we learned that this shift toward privatization, as it is taking place in hundreds of charter schools across the country, may have very disparate effects on schools in wealthy versus low-income communities.

At the same time, however, we argue that the relationship between privatization and charter school reform is highly complicated and multifaceted, as different charter schools, operating in different local contexts, adopt different privatization strategies based on their needs and what is available to them.

In the first section of this chapter, we briefly describe the multiple meanings of the term “privatization” and provide an overview of charter school laws as they help shape privatization within this reform movement. In the second section, we discuss the various privatization strategies that charter schools employ, including relying heavily on private resources; employing educational management organizations (EMOs) to run day-to-day operations; contracting-out with private firms for individual services; and restricting who applies, who gets in, and who has a voice within the school community. Within the context of these economic, political, and social dimensions of privatization, we demonstrate the ways in which charter schools in disparate communities (e.g., wealthy versus low-income) are differentially affected by the shift toward privatization.

In the final section of this chapter, we discuss the implications of what we know about charter schools and privatization thus far, namely, what these various forms of privatization within charter schools mean for the public system, who should care about these phenomena, and why. Finally, we suggest areas of further research that would enhance our understanding of these complex but extremely timely issues.

The Multiple Meanings of Charter School Reform and Privatization

Both “charter school reform” and “privatization” are elusive terms with multiple meanings. In this section, we examine several definitions of these two phenomena so that we can better explore the intersection between them. We also briefly describe our study of California charter schools, the source of much of our data and insights.

The Economic, Political, and Social Meanings of Privatization

The term “privatization” as used in the context of education describes a range of practices, some of which are long standing and some of which are more recent developments (Henig, 1990). For instance, public schools have, for many years, privatized various aspects of their operations by contracting with for-profit com-
panies to provide cafeteria services, transportation, and maintenance. Some also contract with private companies for special education services (Ascher, Fruchter, and Berne, 1996).

But the recent shift toward privatization in education goes even farther and touches more aspects of the educational system than ever before. In fact, as we noted above, we argue that currently there are at least three overlapping and intertwined dimensions of privatization in education: economic, political, and social.

Since 1980, much of the policy debate on privatization has centered around economic and political dimensions (e.g., allowing public money to flow to schools that operate outside the government-run system). This focus relates to several dominant themes in educational reform, namely, the call for greater deregulation and more competition and market-driven change in the educational system. For example, M. Carnoy (1993) argues that "privatization means that individual schools—whether publicly owned, privately owned and secular, or privately owned and religious—would operate with equal access to public resources and largely independent of public controls, in a free market for educational services" (p. 164).

Meanwhile, J. Murphy (1996) presents a slightly broader typology of different forms of privatization, which includes volunteerism, contracting, and deregulation. Volunteerism is when voluntary associations provide services traditionally offered by a government agency. Contracting is when a government agency purchases service from for- and not-for-profit groups in the private sector. Deregulation is the removal of governmental oversight and legislation to allow market forces to operate more freely (Murphy, 1996, pp. 20–34).

Although Murphy's (1996) typology expands the discussion of privatization, it is still limited primarily to issues of funding and regulation. Yet we argue that it is important to consider the social dimensions of privatization in education as well, because they can have a profound impact on students' opportunities. For example, in our study of California charter schools, we saw how some charter schools could restrict who learned about them and thus who had access to them—aspects of privatization that have more to do with issues of association. Of the main differences between public and private schools is that private schools have far more control over who enrolls and who remains enrolled. Thus, charter schools display aspects of privatization when they limit who can enroll through subtle mechanisms such as selective recruitment, applicant interviews, stricter discipline codes, and parental involvement requirements.

Furthermore, voice and governance are, theoretically, different in public versus private schools because private schools are generally governed by a board of

trustees who are appointed, whereas public schools are governed by elected boards who are at least somewhat responsive to their constituencies. Thus, a discussion of the shift toward privatization in public education should include attention to issues of association, including student access and who has a voice in the governance of the school (which is an obvious political dimension of privatization as well).

Indeed, as we explain below, all of these overlapping and intertwined dimensions of privatization—economic, political, and social—are present in charter school reform.

The Diversity of Charter School Reform Versus the Narrow Legislative Agenda

Likewise, the term "charter school reform" is difficult to define because it encompasses a range of actors with highly divergent political agendas and beliefs about schools. The diverse political support for charter school reform was apparent at the birth of the movement, which grew out of the global phenomenon of deregulating, privatizing, and marketizing public education and the distinctly American phenomenon of recurring demands for local and community control of schools (see Nathan, 1996; Tyack and Cuban, 1995). Given its dissimilar political roots, charter school reform has come to symbolize different things to different people, which applies as well to state policymakers who propose, pass, and implement the legislation (see Wells et al., 1999).

For instance, charter school reform clearly intersects with the more economic and political dimensions of privatization, especially in the minds of those who advocate charter schools as market-based reform. Indeed, many supporters of charter schools fervently believe that the public education system is beyond repair and that competitive, market-based strategies are its only hope (Chubb and Moe, 1990; Lieberman, 1989). Rather than seeking public school reform, they advocate deregulation of the bureaucratic oversight.

Thus, what makes the charter school reform movement so unique is that it unites people who support such a conservative, market-based agenda with people who consider themselves to be much more liberal and opposed to privatization, at least in principle. Despite this diversity of views within the charter school movement, our data and the work of other researchers show that the ways in which charter school laws have been written leave room for a great deal of privatization, and in some cases they actually leave charter school educators no choice but to head down the privatization path.
Charter School Laws: Framing Privatization. In this section we examine some of the ways in which legislation helps create situations in which charter school founders—even those who oppose privatization—must turn to the private sector if they intend to start and operate financially viable institutions.

First of all, in terms of the economic and political dimensions of privatization, there is ample evidence that charter schools lack sufficient funds. In fact, most major studies have found that a lack of adequate resources was the primary impediment to implementing charter school reform (UCLA Charter School Study, 1998; U.S. Department of Education, 1998; SRI International, 1997; RPP International and the University of Minnesota, 1997).

For example, in California, where public funds for charter schools are, in most cases, routed through the local school districts, charter schools are supposed to receive public funding equal to the “base revenue limit”—or the maximum amount of state and local general-purpose revenue that a district receives—multiplied by the number of students enrolled. In addition to basic (general) funds, charter schools are entitled to receive state and federal categorical funds—for example, Title I or special education—for their students who qualify (see, for example, Slayton, 1999).

But beyond these general operating funds, charter schools are not entitled to any additional public money, such as capital funds, to help cover the cost of buildings and maintenance. This is particularly problematic for start-up charter schools that have no existing infrastructure to build upon. They must then turn to the private sector for economic and political support.

In contrast, most conversion charter schools—those that were converted from existing public schools—often received the same level of support from their districts as they did before, including the right to continue using—generally at no cost—the building in which the school was housed. This occurs in part because conversion charter schools tend to be less politically independent from their districts; in fact, they continue to rely on their school district administration for various services, including payroll, insurance, and legal services (see UCLA Charter School Study, 1998).

Start-up charter schools, in contrast, tend to be much more independent from their districts, both politically and financially. Generally, they are on their own to find their buildings and basic materials. Furthermore, the more independent a charter school is from its school district, the fewer services it will receive directly from the district and the more it will spend out of its own budget for everything from liability insurance to legal services. The cost of freedom from district bureaucracy, therefore, can be quite high, forcing charter schools to rely more heavily on private resources wherever they can get them, for example, from parents, local foundations, or corporations (UCLA Charter School Study, 1998).

Thus, the organizational structure of a charter school and its relationship to its charter-granting agency also affect the cost of running a school and the school’s ability to meet those costs. For instance, size can dictate expense in charter schools. Student enrollment in charter schools, particularly start-ups, tends to be much smaller than in comparable public schools (Scott and Holme, 1998; U.S. Department of Education, 1998). The start-ups in our study, with the exception of the home schooling and independent charter schools, tended to be small schools, with student enrollment ranging from a low of sixty students to a high of 180 students. In such schools, the per-pupil funding is often insufficient to pay for capital expenses, staff salaries and benefits, curricular materials, and administrative overhead.

In terms of the more social aspects of privatization, charter schools are technically schools of choice, but access to these schools varies by state and especially the local context. For instance, the laws in twenty-nine states allow charter schools to have enrollment requirements or admissions criteria. In fact, only nine of the twenty-nine state laws stipulate that criteria shall not be based on “intellectual ability” or measures of achievement or “aptitude.” In California, for instance, charter schools are allowed to have admissions criteria “if applicable.” Such criteria could include anything from evidence of prior achievement, to contracts requiring parents to volunteer for a specified number of hours, to specific codes of conduct.

As we discuss in more detail below, these aspects of the legislation give charter school founders and educators great control over enrollments and with whom they will associate. Start-up charter schools in particular have control over who is recruited and admitted, for they must recruit a student body from scratch, whereas conversion schools generally continue to enroll—at least in the short run—many of the same students who were there before.

Meanwhile, nine charter school laws, including that in California, state that charter schools should reflect the racial makeup of the school districts in which they are located. Still, we found no evidence in California that this stipulation was being addressed, monitored, or enforced (see UCLA Charter School Study, 1998). Furthermore, nineteen of the thirty-six state laws say nothing about racial balance requirements. In this way and others, charter school legislation allows autonomous schools greater control over who does and does not enroll—a form of social privatization.
The UCLA Charter School Study

In 1992, California became the second state, after Minnesota, to pass charter school legislation. By the mid-1990s, California was second only to Arizona in number of charter schools, and by 1997 it had the largest number of students (more than 50,000) enrolled in charter schools. Thus, the story of charter school reform in this huge and diverse state is salient and timely. Our goal in conducting qualitative case studies of ten California school districts and their charter schools was to understand how policy, with its diverse political base, interacts with different local communities.

Accordingly, we sampled school districts for diversity and, using purposive sampling, selected ten districts that differed on several key factors, including: size; racial and socioeconomic diversity; position in an urban, rural, or suburban community; geographic location in Southern, Central, or Northern California; and number, percentage, and types of charter schools in the district. Our sample consisted of five large urban districts; three districts that were mostly rural but also had some suburban housing; and two districts that were mostly suburban, although one included a rural section. These ten districts housed thirty-nine charter schools, or almost one-third of all that existed in the state at the time.

We selected the seventeen charter schools within these districts by, once again, sampling for diversity along various dimensions, for example: dependent versus independent relationships with districts; grade levels served; size and demographics of the students; type or format of the school, including home schooling and independent study charters; philosophy of the school; and duration of the charter. The final sample included two suburban, five rural-suburban, and ten urban charter schools. Eight of the seventeen were conversion charter schools, and nine were start-up schools. Three of the charter schools were home schooling/independent study schools that spanned grades K-12; three schools were high schools serving students in grades 9-12; and four were middle/junior high schools with some combination of grades 5-8. One school was a K-8 charter school, and six of the charters were elementary schools serving some subset of grades K-6.

From spring 1996 through spring 1998, we conducted three site visits to each of the eight larger school districts in our study and two site visits to the two smallest districts. Data collection included 462 semistructured interviews with district officials: charter school founders, leaders, teachers, parents, and community members; and community supporters; and educators at nearby public schools. We also conducted observations of district and charter school meetings and classrooms in charter schools. Finally, we collected hundreds of district and charter school documents. This qualitative methodology allowed us to examine the many ways in which charter school reform intersects with various forms of privatization in education.

The Intersection of Charter School Reform and Privatization

Over the years we have studied charter school reform from several standpoints—including those of policymakers, educators, and parents—and it has become increasingly clear that this is a multifaceted reform and that different people engage in it for a host of reasons (see Wells et al., 1999). Yet as we mentioned above, we learned that even charter school founders who are adamantly opposed to privatization in education heavily rely on private resources simply for their very survival. Furthermore, although we see charter schools at the forefront of privatization in public education, we also learned that no two charter schools are drawing on the private sector or employing private school strategies in quite the same way.

In the next sections, therefore, we discuss the various privatizing strategies charter school founders and educators employed, noting that some charter schools engaged in all of these strategies while others only used one or two. Furthermore, these strategies are not mutually exclusive—for instance, there are overlaps between the private management practice and contracting-out, as some charter schools contract out for their management. Generally, however, most of the charter schools we and other researchers have studied engage in at least one of the following practices.

Relying on Private Resources

In their efforts to start and maintain charter schools, founders and operators often rely heavily on private resources for basic day-to-day operations. As we mentioned above, charter schools—particularly start-ups that must secure a site and pay rent or mortgage out of their operating budget—frequently operate with a lower level of public funding than do traditional public schools.

We found, therefore, that for some charter schools fiscal survival often depends on the ability to acquire additional private support. We also learned that charter schools in wealthy communities are better able to garner such support compared to those in low-income communities, which raises serious questions related to equity and privatization in public education (UCLA Charter School Study, 1998; Scott and Holme, 1998).
Thus, below we discuss the ways in which charter schools are garnering private support and which schools are in the best position to do so; this is the central economic and political dimension of privatization within charter school reform. Although we acknowledge that regular public schools have shown an increased reliance on supplemental private resources acquired through voluntary contributions and fund-raisers (Brunner and Sonstelie, 1996), charter schools’ need for such resources can be particularly acute, leading to an acceleration of such activities.

Private Fund-Raising. The need to tap private sources of funds—be they community-based, corporate, or foundation sources—is tremendous, especially for start-up charter schools. In fact, one charter school in our study draws only 60 percent of needed revenue from public coffers. The remainder of the school’s money comes from corporate donors (Scott and Holme, 1998). Although this school is an extreme example, every school in our study sought funding from such private sources. Yet the person responsible for this activity varied from school to school. For instance, some charter schools employed professional grantwriters, many of whom were also well connected. In addition, these wealthier charter schools relied upon parent volunteers to help write grants.

Meanwhile, the parents of charter students at lower-income schools generally had less time and fewer social networks. Thus, the already overburdened administration and teaching staff at the low-income schools wrote grants and solicited funds in addition to their instructional responsibilities.

Yet even in wealthy charter schools, where grants have funded many programs, teachers expressed concern about the sustainability of this type of financial support, as most grants cannot be extended once they are used. Also, charter school educators sometimes complained that grants can be too prescriptive—for example, providing funding only for a specific activity—which often whittled away at the autonomy they cherished. In other words, as charter schools educators they had become less beholden to school districts, but in some ways they had become beholden to private funders.

In addition to grants from corporations and foundations, some charter schools in our study, particularly suburban and wealthy charter schools, were able to raise more grassroots money within their own school communities. These wealthier charter schools relied upon parent volunteers to fund-raise—either within the community or through their wider connections. In some sites, parent organizations raised staggering amounts of money for school programs. For instance, at one charter school we studied, parents were able to raise hundreds of thousands of dollars each year.

Other schools did not draw upon parents for fund-raising. For instance, we found that charter schools in low-income communities tended to be more reliant on outside sources—especially corporations—to raise enough private resources to maintain their programs. This meant that when low-income charter schools received donations they were more likely to be beholden to corporations and other outside donors, forcing them to be more responsive to the demands and interests of those funders. For example, one charter school received a large cash donation from a major bank; in exchange, the school agreed to teach its mostly poor African American and Latino elementary students a banking curriculum—complete with information about how to use a checking account.

This relationship between generous donors and cash-strapped charter schools needs to be examined through further research exploring the degree of autonomy poor schools have from corporate funders. It could be that in such instances charter schools are trading autonomy from their bureaucratic school districts for dependence on corporate donors.

Also, based on an evaluation of charter schools in Texas (Taebel et al., 1998), it appears that reliance on private resources is not specific to California. For instance, the study found that more than three-quarters of charter schools in Texas receive some kind of support from community and business organizations. The study also found that parent participation in these charter schools is high and that parents are most frequently involved in fund-raising activities (Taebel et al., 1998).

Volunteerism and In-Kind Resources. In addition to fund-raising for economic and material support, parents and teachers can use their professional connections to attract additional resources. In some of the wealthier schools we visited, we witnessed parents—or friends and colleagues of parents—teaching courses, assisting teachers in the classrooms, performing administrative work, and serving on governing boards. Thus, parents with medical, legal, technological, or fiscal expertise shared their skills with the charter schools. Although there was some variation within schools in terms of parental support, in wealthy school parental resources helped the schools academically. A teacher at a charter school in a wealthy community noted, "I have a couple of parents who have just been God-sent. One is an amateur astronomer, she got her degree in physics and she does computers now... She did our Mars web page." This teacher described another parent who used her training in microbiology to conduct science experiments with the children.
In contrast, less-educated parents, particularly in charter schools in low-income communities, were less likely to help in the classrooms and more likely to work on maintaining the facilities: cleaning bathrooms, laying concrete sidewalks, cutting grass. In one school we studied, parents were there every day to clean the school’s only bathroom. Such volunteerism saves the poor charter schools money in maintenance, which is especially helpful when they do not have the budget to hire full-time custodial services.

But it was clear to us that the volunteer experiences of charter school parents vary from one school to the next, depending on the most urgent needs of the school and the ways in which the educators perceive the expertise of the parents. This raises important issues not only about the differential experiences of parents with children in charter schools but also about the differences in the types of in-kind resources available to charter schools.

For instance, we asked a governing board member at a charter school in a very wealthy community whether her school had a distinct advantage over other charter schools—particularly those in a nearby urban area—because of the scientists, computer experts, and mathematicians the school had recruited to teach the K-8 students’ elective courses in such topics as anatomy and computer programming. Her response was that the parents in the inner-city charter school could always teach courses on topics for which they have some expertise, such as ham radio operation. The differences in terms of socially valued cultural capital—not to mention employable skills—between taking a class in computer programming versus ham radio operation did not appear to occur to her.

We realize that regular public schools, particularly those in wealthy communities, also experience high levels of parental involvement and benefit from the sophisticated social networks of families. Still, charter school reform seems to take volunteerism and in-kind resource donation to a higher level as parents of all social backgrounds participate either by contract or choice. Also, the fact that charter schools enjoy greater autonomy from the public system means they can use parents and colleagues instead of certified educators as instructors for some courses.

Private/Public Partnerships. There is yet another way to make up for lost revenue: Some charter schools have launched partnerships with universities and corporations or affiliations with national educational reform groups. For example, two of the schools in our study were formally associated with universities, which provided facilities, consultants, and public visibility. An administrator at Directions High School talked about the benefits of his school’s partnership with a university: “We get full access to their media center, so pretty much unlimited use of VCRs, LCD projectors, monitors, microphones, so we don’t have to buy any of those, we just use theirs—they’re fully serviced—as well as unlimited use of the computer labs during the day.”

Other charter schools received substantial financial support through partnerships with major corporations in the banking, computer, and entertainment industries. For example, one of Academic Charter School’s corporate partners gave it more than $1 million at the time of our study. In addition, an executive from the corporation served on the school’s board of trustees, flying to town once a month to see to the business of the school. According to this executive, “My job is to chair the business of the school, and the board is just like any board in charge of fiscal accounts, fiscal and legal management of the institution.”

In this case, as in the case of other charter schools with university or corporate partnerships, the connections help the charter schools strengthen powerful social connections and garner greater support throughout the business and academic communities. This in turn assists them in raising even more private donations.

Private Management of Charter Schools: The Proliferation of Educational Management Organizations

Yet another way in which privatization overlaps with charter school reform is through a new development in educational governance and operations known as education management organizations. Even though most EMOs run charter as well as traditional public schools, the rapid growth in the number of these private for-profit and nonprofit organizations since 1990 has coincided with the growth in the charter school movement. Furthermore, charter schools managed by EMOs appear to be the high-growth sector of the diverse charter school movement, and the percentage of charter schools run by EMOs appears to be growing (Moore, 2000).

Some of the best-known EMOs include Edison Schools; Advantage Schools, Inc.; Beacon Management; The Tesseract Group; Sabis Educational Systems; and the School Futures Research Foundation. Despite some controversy and opposition from groups such as teachers’ unions, there has been growing political support for the private for-profit management of charter schools (Parry, 1997; Carnoy, 1998).

Washington, D.C., Massachusetts, Wisconsin, Arizona, and Michigan all allow either private schools to convert to charter schools or allow for-profit companies to start charter schools. For instance, L.M. Rhim (1998) writes that Massachu-
setts is ripe for contractors because of its permissive legislation, high per-pupil allocation, and support for public-private partnerships in state government. Her study also suggests that officials in the upper echelons of state government in Massachusetts supported privatization.

An evaluation of charter schools in Michigan, where the law is very permissive in terms of EMOs, reported that during the 1998–1999 school year a full 70 percent of the state’s charter schools were contracting with either for-profit or non-profit EMOs to provide a range of services, from helping the schools secure a site, to employing the teachers, to handling all aspects of accounting and budgeting (Horn and Miron, 1999). Some of these EMOs work with several schools across the state; others work with only one or two local schools.

In other states, the charter school laws are not always clear on the issue of for-profit firms, but there are often ways around the ambiguity. For instance, California’s charter school legislation does not permit private schools to convert into charter schools; neither does it allow charter schools to charge tuition. But the legislation does not exclude for-profit firms from operating charter schools. In practice, once a school has been granted a charter, it can then contract out for EMO-provided services. This contracting-out is often described as a partnership.

Thus, the specifics of the legislation in terms of EMOs do not seem to matter: Once a nonprofit group obtains a charter, it can hire a for-profit firm to run it. And although for-profit firms are not yet operating a large number of charter schools in California, they are beginning to emerge as a major presence in the charter school movement. In particular, many of the newest charter schools to be approved in California are operated by for-profit companies. For instance, Edison Schools operates nine charter schools in California. Bolstered by a hefty $25 million donation from The Fisher Family Foundation, as well as publicly traded stock, Edison Schools now has the capital to expand and is in the process of developing many new schools across the country (Guthrie, 1998).

The possibility of partnering with an EMO may be particularly attractive to grassroots charter schools in high-poverty communities of color. In these environments—where many of the public schools are failing miserably—educators and community leaders may seek to break away from the school district bureaucracy and obtain autonomy over curriculum and school philosophy, yet they find themselves limited in management expertise and in the ability to raise and sustain resources for capital expenses.

For instance, one of the urban charter schools in our study was started by a nonprofit EMO. Representatives from the EMO wrote and presented the charter to the school board, secured a building in which to house the school, recruited students with the assistance of a community organization, and paid for the remodeling of school facilities. In addition, the foundation hired the faculty, selected the members of the governing council, and chose the curriculum. None of the school’s staff and only one parent served on the governing council.

We also interviewed educators at another school that petitioned its district to end its charter due to conflicts with the school’s EMO partner over control and decisionmaking. In light of the activities undertaken by the EMO in establishing and managing the first school, and the overpowering role that the EMO held over the second school, we have questions regarding the degree to which these schools were actually in “partnership” with private entities. Were they being run by members of the private sector? The implication of poorer schools and communities contributing to the profits of EMOs needs to be discussed more fully in the research and policy debates about the future of publicly funded education.

Moreover, we argue that more research is needed concerning the politics of private management of public charter schools and the educational environments that can be created by it. For instance, the study mentioned above (Horn and Miron, 1999) found that charter schools in Michigan, 70 percent of which are managed by EMOs, spend more on support services compared to nearby school districts. This finding raises important questions about the efficiency claim regarding market-based reforms such as charter schools.

Even though formal research is just beginning to emerge on the private management of public charter schools, the issue has received much more attention from the media. There is no clear picture emerging from media accounts of EMO-managed schools (Moore, 2000), but some articles have begun to document that charter schools operated by for-profit management firms make promises to parents when trying to attract students (and capital) and then often fall short of expectations (Toch, 1998; Winerip, 1998). For instance, T. Toch (1998) reports that while there are some high-quality charter schools, abuses abound in privately managed ones. For example, he writes:

Near half of Arizona’s charters are high schools, the majority run by chains such as PPEP TEC High School, Excel Education Centers Inc., and the Leona Group. These companies take advantage of the fact that Arizona requires high school students to attend only four hours of school a day. They target kids on the margins of traditional public schools—low achievers, discipline problems, truants—with pledges of swift and simple routes to graduation. And many of the companies increase their revenues by running two or three four-hour sessions a day and substituting self-paced computer instruction for a regular teaching staff” (1998, p. 37).
Toch also describes distressingly low academic standards for some high school students enrolled in EMO-run charter schools, including some schools that give course credit for students working in fast-food restaurants.

Other articles have documented the disturbing trend of some for-profit management companies to discriminate against students perceived to be problems. For example, the Boston Renaissance School, managed by Edison Schools, was sued for its treatment of a special education student (Vine, 1997).

Conversely, at least one article has reported test-score gains for some schools run by EMOs (Steinberg, 1997), but the measurement problems involved in evaluating progress make such arguments less credible. For instance, the availability of baseline data, or even the assurance that charters will use the state standardized test, is not guaranteed (UCLA Charter School Study, 1998). The Study of Student Achievement in Edison Schools found mixed results. It also pointed to the need for consistent, reliable data. In July 2000, Edison Schools announced that the RAND Corporation would conduct an independent analysis. Yet, many EMOs use prepackaged curriculum, such as Success for All. Thus, it is unclear if any progress or regress is to be attributed to the management of the school, the curriculum, or the ability to exclude students (Rothstein, 1998).

Thus, the picture is a cloudy one. Although EMOs have brought charter schools needed resources, particularly in high-poverty communities, it is less clear if there are meaningful opportunities for community involvement in the governance of these schools. Additionally, media accounts have raised questions about student access and achievement in privately managed schools, particularly those that are run on a for-profit basis. These issues relate directly to our discussion on the social dimensions of privatization.

Contracting-Out with Private Firms for Specific Services

As we noted earlier, charter schools can be fiscally dependent or fiscally independent in relation to the charter-granting school district. Generally, if they are dependent they utilize district administrative services and oversight; fiscally independent schools, in contrast, manage all aspects of their administrative and budgetary infrastructure and sometimes receive their funding directly from the state. Although some of these schools flock to EMOs that handle many of the logistics, others contract out with private, often for-profit, firms to perform specific services such as payroll and accounting.

To meet this growing demand, a cottage industry of entrepreneurs anxious to capitalize upon charter school reform is springing forth. Thus, consulting agencies, payroll and insurance contractors, food-service providers, maintenance companies, and curriculum specialists all focused in on charter schools, often providing services formerly handled by school district bureaucracies. Obviously, this practice of contracting-out for specific services overlaps with the EMOs discussed above. However, EMOs tend to provide each school with an array of services and are more involved in day-to-day management. Contracting-out usually happens on more of a piecemeal basis, with charter schools contracting-out only one or two services or contracting with more than one firm.

Also, as we mentioned, traditional public schools have long contracted out with for-profit and nonprofit firms for such services as transportation, food services, and special education, as well as building maintenance and custodial care. C. Ascher et al. (1996) write that this history of public-sector contracting-out for ancillary services has "a complicated balance sheet" (p. 89). They note that many school systems have been victims of fraud, overcharging, and other forms of corruption.

Now charter schools are taking the concept to a new level by contracting-out for many more of their regular services, saving money by avoiding the hiring of unionized public employees. For instance, in one school we studied the principal had chosen not to hire district personnel and instead contracted with a private landscaping firm to cut the grass and trim the trees on the school's property (which was still owned by the school district). The workers for the private firm were paid less than the district employees and were not members of a union. The local union representing classified staff in the district sued the charter school, arguing that it must use district employees. The charter school won the case by successfully defending its right, as an autonomous school, to hire the less expensive private company to conduct gardening and maintenance. Given that school district maintenance is often provided by minority workers who enjoy the protection of unions with regard to compensation and safe working conditions, this trend raises questions about the future of those employees' working conditions, as well as working conditions for employees in private nonunion companies.

Furthermore, we learned that many schools in our study used the same payroll or insurance company, but such services were not always provided with the same quality. For example, a low-income charter school in our study had contracted with a payroll company that had reportedly made serious errors in bookkeeping and had overcharged the school. This was an especially poor school serving low-income students of color that did not have a functioning heater during the winter. Thus, it was not surprising that the principal had no time to oversee the payroll company's bookkeeping. Thus, the underresourced schools were at a greater disadvantage in terms of contracting-out; they had the weakest bargaining position and had neither the time nor the resources to oversee contractors.
Privatizing Association: Restricting Who Applies, Who Gets in, and Who Has a Voice

Although the privatization practices described above mainly impact the economic and political dimensions of charter school operations, we also learned from our study and subsequent studies that charter schools also engage in the more social dimensions of privatization. We learned, for instance, that it is common for charter schools to state in their proposals a desire to be inclusive in communities where all children are welcome and all parents and community members are actively involved in shaping the school; yet many charter schools use mechanisms to limit enrollment to certain students and make sure that only certain parents and community members have a voice in how the school is operated. Although these are not issues of funding or school management—the typical issues in privatizing education—they impact the degree to which charter schools operate more like private than public schools.

We do acknowledge, however, that in traditional public schools attendance is usually bounded by residential geography, which is also fraught with racial and social class discrimination. Still, we see charter schools as taking this concept farther, refining the art of excluding the unwelcome. Through various mechanisms—enrollment, recruiting, and requirements—charter schools have more power than most public schools to shape their educational communities.

Recruitment and Enrollment. Charter schools tend to have more control over who enrolls compared to traditional public schools. This is true even when charter school operators state that they serve students on a first-come, first-served basis, because the enrollment process begins with targeted recruitment and dissemination of information; in addition, very few parents in a given community or district know that a charter school even exists. For instance, few of the charter schools we studied sent out information using district-wide brochures, as do other public schools of choice such as magnet schools.

Other charter schools simply posted flyers in their local communities or sent out mailers to nearby families. A couple of charter schools placed ads in the newspaper, and others sent representatives to attend various meetings and public forums to make presentations. Finally, several charter schools in our study relied solely on word of mouth to attract students and parents. Often, these efforts were targeted toward certain audiences based on geography, racial/ethnic composition, language proficiency, and even at-risk characteristics (Lopez et al., 1998). Such targeted recruitment gives the saying “first-come, first-served” a new meaning: Those who arrive first are the children of a small, interconnected group.

Beyond stacking the deck in recruiting students, charter schools employ subtle admissions requirements and processes that allow them to control enrollment. For instance, many of the charter schools in our study operate on a first-come, first-served basis, yet they granted priority to certain students (e.g., they attended the school before it was converted to a charter school, they have siblings at the school, their parents work at the school).

In addition to these admissions priorities, several charter schools require some sort of parent and/or student meeting with school officials before the student can enroll. These mandatory meetings range from informal discussions where the school culture is described to more of an interview designed to assess the student’s abilities and interests as well as the parents’ level of commitment to education and volunteer service. Charter school operators described how such meetings/interviews are often used as opportunities to ensure there is a “fit” between the charter school and the family. Students may be steered to apply or not apply, based on whether they meet the behavioral and/or academic standards of the school or whether their parents can meet the school’s expectations.

These admissions requirements and processes are highly valued by charter school operators who see them as a mechanism through which they can filter applicants to ensure that they share the same values and beliefs about education. Charter school operators stated that having admissions criteria and an application process in place creates an environment in which most everyone is committed to the school’s goals and rules. For example, a counselor at one of the charter high schools commented, “I guess what makes [the charter] a little bit better is just the fact that you have to go through an application process and do these things. It makes it more of a commitment on both the parent’s and the student’s part. And that ultimately helps the school and helps everybody.”

In their study of charter schools in California, SRI International (1997) found that 44 percent of the ninety-eight charter schools surveyed cited students’ and/or parents’ lack of commitment to the school’s philosophy as a factor for being denied admission. For start-up charter schools the number was 50 percent; for conversion charters it was 39 percent.

Student and Parent Requirements. In addition to recruiting and enrollment strategies, the charter schools we studied often stated explicit expectations and requirements in their charter proposals and policies. Students were held to standards of academic performance, effort, and behavior; parents were expected to be involved in the school. Unlike other public schools, charter schools are legally able to enforce such requirements, mainly through the use of contracts and discipline/expulsion policies.
All but four of the charter schools we visited had specific requirements, policies, and/or contracts in place for students. These requirements ranged from attendance policies to dress codes to specific conduct codes. Educators can even ask students to leave the school if they or their parents do not live up to the charter or the contract. In other words, students who were not trying hard enough, were frequently tardy or absent, wore the wrong clothes, or misbehaved (as defined by the school's conduct code) could be kicked out. As one parent at a charter school we studied commented, "It is nice to have some 'teeth' when you need 'teeth' as far as discipline and having children be accountable for themselves and the work" (see also Lopez et al., 1998; Wells, Holme, and Vasudeva, 2001).

Charter schools frequently specify expectations and requirements of parents and are able to enforce them, mainly through the use of contracts. The SRI International study (1997) found that 75 percent of California charter schools required parents to sign a contract upon enrolling their children. For start-up charter schools it was 86 percent; for conversion charters it was 64 percent. Seven of the charter schools we visited required parents to sign contracts asking them to conduct a variety of tasks, including reading to their children, going over homework, and encouraging appropriate student behavior in accordance with school codes.

Yet the most common requirement was that parents volunteer and participate in school activities, usually for a certain number of hours per school year. Many of the charter schools reserved the right to ask families to leave if parents did not meet requirements specified in the contract. They also denied families admission to the school if parents did not agree to fulfill the requirements of the charter (Lopez et al., 1998; UCLA Charter School Study, 1998). SRI International (1997) reported that 32 percent of charter schools in its study had denied families admission due to parents not being able to fulfill a parental involvement requirement. This was more likely to have occurred in start-up charter schools (37 percent) versus conversion schools (27 percent).

Our data also indicate that some parents had difficulty meeting requirements because they did not have the time. Parents who lived far from the school, for instance, had more trouble getting to campus. Thus, even when charter schools were serving low-income communities and attracting students from poor families, to the extent that these schools had parent contracts they were likely to attract only the most involved and efficacious parents within those communities (Lopez et al., 1998; UCLA Charter School Study, 1998).

Also, as we noted above in the section on in-kind resources, there was a range of activities that parents were encouraged to participate in, and there appeared to be a relationship between the status and social class of the parents and the tasks charter schools asked them to conduct. In general, low-status parents are more likely to be cleaning, not helping with academics. Although this may be true in most public schools with high levels of parental involvement, the contracts mean that these issues are more prominent because parents are forced to do the type of volunteer work the school requires (Lopez et al., 1998; UCLA Charter School Study, 1998).

Thus, contractual requirements consistently helped to define who belonged at the schools and who would be better off elsewhere. We clearly see this as a form of privatization of education, for charter schools are better able to control who is associated with their schools and thus how open and "public" these schools actually are.

**Governance and Voice.** Another area reflecting the social and political dimensions of privatization is governance and voice within charter schools. There was a tendency at the charter schools we studied to seat only the most powerful and best-connected parents and community members on the governing councils. For instance, we learned that some charter schools use the governing council specifically as a way to attract resources. In other words, council members were often recruited, appointed, and selected to serve based upon what they could bring to the table.

In fact, many schools in our study, including some in low-income communities, appointed individuals simply because of their connections, expertise, and resources. Of course, many advisory boards for nonprofit organizations (and even traditional public schools) are chosen with similar goals in mind. But such activity is more problematic in charter schools because reform is often presented as a means to offer local control, and yet few charter school communities actually elect governance council members. For example, at a charter school in a well-to-do community, one governance council member described the selection process, saying, "And there were people who were . . . recruited, who were commandeered, really, people wanted them."

The members of this governance council have, in turn, used their connections to garner resources for the school, resulting in grants for technology and curriculum materials. As with the EMO-run charter schools discussed above, those who are handpicked to govern are not always those with the most vested interest—parents and educators. Instead, they are the ones with the most money, expertise, and connections.

The question of who has a voice in the governance of charter schools needs further exploration. How do the answers relate to privatization needs to be considered. As we have argued here, privatization is not only about resources and dol-
Implications and Further Research

In this final section, we discuss the implications of what we know about charter schools and privatization thus far, namely, what these various forms of privatization within charter schools mean for the public system, who should care, and why. Finally, we discuss what type of further research should be conducted to help enhance our understanding of the issues.

Implications and Audience

In our research on charter schools in California and our reading of studies of charter schools in other states, we find several implications that are worthy of further study and public debate. First, given that charter school reform has a diverse constituency and that many supporters either oppose or favor privatization in public education (see Wells et al., 1999), the various forms of privatization apparent within charter school reform need to be made more public and debated more openly. Only then can the successes and failures, as measured by student outcomes or greater efficiency, be discussed in terms of the trade-offs (e.g., more selective recruitment and admissions policies and more reliance on private as opposed to public resources).

For instance, if charter schools over the next four or five years outperform public schools on standardized tests, should anyone be surprised given that many schools selectively recruit and enroll students? To the extent that some charter schools are open to all and perform well academically, other schools should be able to learn from those experiences. And if some charter schools are hailed as models of innovation, should the fact that they acquired a leg up on others through corporate largesse dampen our enthusiasm for their model? Perhaps most important, will the success of privatized charter schools be enough to overcome the fear that increased private-sector involvement in public education will undermine the democratic principles on which it was formed? As one researcher points out, “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” (Vine, 1997, p. 14).

But perhaps the most interesting aspect is the way in which privatization is subtle and discrete, particularly as to the public that pays to support these schools. Distinctions between charter schools and traditional public schools are not well known. In our interviews with non-charter school principals, for instance, educators generally had little information about operations at nearby charter schools. Oftentimes, their only interaction occurred when charter students were expelled and sent to the traditional public school (UCLA Charter School Study, 1998). Thus, it occurs to us that the public needs to be better informed about the types of privatization; the implications need to be discussed, particularly as additional reports on the success or failure of charter schools emerge.

Parents of school-age children enrolled in traditional public schools and the educators in those schools have the most at stake. They will be most affected by a broader move toward privatization. Thus, to the extent that they and others are firm believers in public schools and oppose corporations making money by running public schools, they would be interested in privatization in charter schools.

But we think there are other audiences, including civil rights and child advocacy organizations as well as policymakers and the general tax-paying public. Issues of equity, including unequal access to private in-kind and material resources and selective recruitment and admissions policies, should be of great interest to organizations that fight for the rights of low-income students and students of color. Furthermore, policymakers and the general public will want to know the outcomes of various forms of privatization (e.g., whether or not they make the schools more efficient or more productive and, if so, at what cost to the larger education system). If charter schools are creating yet another layer of stratification within a stratified education system, is that simply considered the price that society pays for innovation? These are important public policy questions.

People anxious to invest in the business of school management or service provision should also be a target audience for future research and information on privatization and charter schools. This audience will certainly want to know how much money is and can be made in the new frontier of capitalist expansion—publicly funded education. In addition, members of the private sector may want to avoid some of the pitfalls other companies have experienced with regard to equity and access for all students.

Further Research

As with any complex set of public policy issues, further research is needed to enhance our understanding of the promises and threats of privatization as it interacts with charter school reform. Yet some research—designed in such a way as to ignore many of the issues we raise in this chapter—could be more damning than
helpful. For instance, like so much of the research on school choice, studies that simply look at student outcome data (sometimes after only one year of the choice program) and compare schools of choice—in this case charter schools—to "comparison" public schools nearby are not helpful. We argue, based on many of the issues we raise in this chapter, that such comparison studies, decontextualized from the policies and practices that shape the different communities of the schools being compared, cannot control away critical variables that make test scores higher in one school than the other. For instance, even when two schools—one a choice school, the other a neighborhood school—enroll students of similar race and social class, there remain subtle but significant differences among families who actively choose a school of choice and those who do not (see Wells and Crain, 1997). Thus, research that emphasizes test-score differences without accounting for other issues—screening and selective recruitment of students, for example—only distorts the discourse.

We advocate studies that combine quantitative and qualitative methodology to paint a larger picture coupled with in-depth examination of how these practices impact daily lives. Thus, we argue that more quantitative data is needed to determine the frequency of the various privatization practices we have described. For instance, it would be helpful to have both national and state-level figures as to the percentage of charter schools run by for-profit EMOs, their total number, and which services are most likely to be contracted out to private firms by charter schools as well as public schools. In addition, we need more national and state-level data on student access to charter school opportunities. For instance, we need data on selective recruitment and enrollment; on parent and student contracts; and on the issues of governance, voice, and private fund-raising. But researchers also need to spend time in charter schools and nearby public schools to better understand how people experience privatization on a daily basis and how they make meaning of their choices.

Although student achievement data are important, we believe, based on our study of charter schools in ten school districts in California, that student achievement data, especially if measured by standardized test scores, cannot be examined in isolation of the major shifts in funding, management, enrollment, and governance within a complex reform movement such as charter schools.

Conclusion

Because charter school reform is at the forefront of many efforts to privatize education in the United States, research on this movement should be integral to a research center designed to examine current trends and issues in privatization.

Yet we believe, based on our research on charter schools in California, that attention must be paid to the multifaceted economic, political, and social dimensions of privatization as they interact with charter schools in American communities. As we have demonstrated here, there are several strategies charter schools employ toward greater privatization: relying on private resources, private management of charter schools by EMOs, contracting-out with private firms, and privatizing association. In a few cases all four types of privatization are present in a single school, but more often individual schools will adopt one or more of the above practices but not all. Still, in many charter schools privatization has affected the economic, political, and social dimensions of the schools' existences.

This individualized yet broad-based impact of privatization within charter school reform calls for very careful and thoughtful exploration in different local contexts. We believe that the Center for the Study of Privatization in Education has an important role to play in conducting and disseminating such careful and thoughtful research.

Notes

1. This finding is based on a thorough analysis of charter school laws in thirty-six states and the District of Columbia conducted by Jennifer Jellison Holme and Alejandra Lopez.
2. Prior to our study of the ten school districts, several researchers on our team conducted more than fifty interviews with state-level policymakers in six states on the reasons why they supported charter school reform (see Wells et al., 1999).

References