Public Education Under New Management: A Typology of Educational Privatization Applied to New York City’s Restructuring

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Educational privatization is rapidly expanding in many urban school districts, altering the social, political, and economic dynamics of educational policy and leadership. Yet many adherents cast privatization primarily as a fiscal or economic alternative to traditional public school management, ignoring these broader alterations. Drawing from a review of the educational privatization literature, as well as an analysis of current privatization reforms, this article offers an original typology of educational privatization and applies the typology to the reforms underway in New York City. It concludes with a discussion of the implications of this typology and privatization reforms for educational leadership practice and policy.

Educational privatization is rapidly expanding in many urban school districts, with unprecedented shifts in school leadership, governance, management, and accountability underway. In Philadelphia, Los Angeles, New Orleans, and Washington, DC, for example, private sector actors are partnering and contracting with school districts to provide supplementary services, manage entire schools, take over district-level administration, or provide access to private schools for voucher recipients. These efforts increasingly enjoy the support of policy elites in government and foundations as well as the tacit approval of many local school stakeholders, including new educational leaders, teachers, and community groups. Despite this growing support, however, privatization remains a controversial and contested issue in public education that significant constituencies, such as teachers unions, civil rights groups, and many community-based organizations, oppose.

Advocates of educational privatization often frame privatization as a last-ditch effort to redress educational inequality, especially racial achievement gaps on standardized assessments. They argue that with privatization come innovation, parental choice, efficiency, effectiveness, and
accountability. Meanwhile, critics oppose the prospect of profits being generated from underresourced schools and critique what they see as the loss of democratic governance and community input when privatization initiatives are enacted. Moreover, they question the qualifications of those who come into leadership and policy roles under privatization reforms.

Amidst the debates, there is also disagreement about what “privatization” is. In the absence of a consensus, teachers, leaders, parents, and community members are often making decisions about whether and/or to what extent they will participate in reforms falling under the privatization umbrella with inadequate information about the scope and implications of their participation.

Popular depictions of privatization often portray it as primarily a shift in fiscal management or economic processes, and ignore the social and political shifts it harkens (Bloomberg, 2007). In addition, much of the scholarship and debate on privatization positions it as a reform that is diametrically opposed to public sector management when increasingly private sector and public sector actors and institutions are intertwined. These renderings fail to provide a more complex exploration of privatization that can clarify what it is, how it is expanding, where it is taking hold, what implications it has for urban school reform, and why particular school districts seem to be hotbeds for privatization activity.

In contrast, Martha Minow (2002, 2003) argued that the private sector need not be seen just as rivals but also as partners to the public sector. Her conceptualization of privatization calls for a broader public debate about the possible contributions the private sector can make as partners to government in providing social services, rather than merely operating as rivals. This debate would include deliberation about the political and philosophical aspects of such partnerships in terms of democracy, accountability, transparency, and equity.

This article examines the proliferation of systemic educational privatization and offers an original typology that conceptualizes the institutional arrangements that emerge under privatization reforms. We build upon Minow’s “partners or rivals” frame, drawing from a review of empirical research as well as from political and philosophical analyses of educational privatization. Our typology is also informed by our previous individual and collaborative work on educational privatization in New York City (DiMartino, 2009a; Scott, 2008; Scott & DiMartino, 2009; Scott & Fruchter, in press).

We argue that prevailing definitions of educational privatization tend to underemphasize its political and social aspects, and instead focus on the administrative, economic, or technical characteristics (Wells & Scott, 2001). The economic aspect refers to a shift from public to private provision and/or financing of educational services (Donahue, 1989; Moore, 2003), but privatization processes also change the ways schools are managed, financed, governed, and held accountable. We define privatization as a range of reforms that redistribute resources and control over most aspects of schooling away from traditional public governance structures to a disparate assemblage of parents, teachers, school leaders, community members, private sector actors, and private organizations.

Our analysis is organized into four major sections. First, we briefly examine the social history and development of privatization in the United States. Second, based on the themes generated in this review, we propose a new typology of educational privatization that keeps pace with recent developments. We define systemic privatization as the comprehensive, private sector-reliant activities in school districts that involve not only multiple district operations but also those within local schools (Feigenbaum & Henig, 1994).
urban school privatization. Third, we apply the typology to the privatization reforms underway in the New York City Department of Education (NYC DOE). Finally, we discuss the implications of this typology and New York City reforms for educational leadership.

EDUCATIONAL PRIVATIZATION: IDEOLOGY, RACE, AND SCALE

Competing ideologies regarding the role of government, civil society, and the private sector in the financing and provision of social services animate educational privatization debates. Despite these debates, a seeming policy consensus about the merits of privatization for urban school district improvement—at least judging by the similarity in privatization reforms being adopted across urban systems—appears to exist among decision makers.

As many researchers have observed, the use of the private sector in education has a long history. It has traditionally involved pragmatic strategies for cost saving or efficiency—such as the common practice of districts contracting out for particular services (Carpenter & Hall, 1971; Hannaway, 1999; Hill, Pierce, & Guthrie, 1997; Kemerer, 2000; Lin & Hassel, 2001).

Within the last three decades, however, educational privatization has been attached to an ideological argument about the superiority of the private sector over the public, especially with regards to remedying what many conservative and neoliberal advocates regard as the failure of public schools to provide excellent education given public resource allocations (Henig, 1990). These advocates, influenced by the work of Milton Friedman (1962), regard public education bureaucracies as monopolies beholden to the constraints of unions with little market incentive to fundamentally change practices.

More recent realizations of neoliberal and conservative visions for schooling include a retreat from race-conscious reforms of recent decades and a radically altered state role in the provision of public schooling, with private sector actors at the leadership helm, and with equity redefined as parents' unfettered ability to choose schools for their children. Recently, some conservatives and progressives, including new civil rights organizations, have found philosophical common ground in the potential of privatization and choice to provide more equitable schooling by empowering parents with the choice to flee struggling public schools (Scott, Lubienski, & DeBray-Pelot, 2008). Still, teachers unions and community and parental advocacy groups have also fiercely contested privatization and market-based choice reforms (Cortez, 2008; Scott & Fruchter, in press).

Despite the recent federal government bailout of the financial sector, which some economists argue has resulted in the de facto nationalization of the banking industry (Cho, Irwin, & Whoriskey, 2008), the United States has not historically maintained a stable of nationally owned enterprises to be privatized, as has been the case in other industrialized countries. In the United States, privatization of social services has been more piecemeal; officials have episodically contracted with the private sector for military services, printing, trash collection, and food services, for example. Contracting accelerated in the late 20th century, largely because of the taxpayer revolts of the 1970s and early 1980s (Handler, 1996). Taxpayers became frustrated with the increased government spending on social welfare programs, and persistent inflation left the middle and working class worried about their futures. Much of this angst was a White and middle-class backlash against civil rights redistributive social policy; these groups blamed the country’s gloomy economic outlook on the government’s efforts to remedy past injustices (Edsall & Edsall, 1992). Calls for a reduction in
government, opposition to school bussing to achieve desegregation, and the expansion of the suburbs all energized restructuring efforts that would pave the way for current iterations of educational privatization.

These antiwelfare state sentiments led to a series of deregulatory policies across national, state, and local governments. With the removal of governmental oversight, contracting for services increased in several public sectors, public education among them. In the early 1970s, more than 150 school districts contracted with private companies for instruction in various subjects. The intent was to increase the academic performance of poor and minority students, but the results were decidedly mixed and revealed the difficulty contracting can pose in terms of costs, transparency, competitive bidding, oversight, and holding contractors accountable for results (Ascher, Fruchter, & Berne, 1996; Carpenter & Hall, 1971; Gramlich & Koshel, 1975; Handler, 1996).

Deregulation, Decentralization, and Market-Based Reforms

The Reagan administration-commissioned report, *A Nation at Risk* (National Commission on Excellence in Education, 1983), lamented the nation's schools drowning in a "sea of mediocrity" (p. 1). In its aftermath came a series of state-level reforms aimed at increasing academic standards and implementing more stringent accountability measures. Influenced by corporate models, districts began experimenting with decentralization. Throughout the 1980s and 1990s, site-based management, a popular form of professionally oriented decentralization, allowed principals and school building leaders more control over budgets, personnel, and curriculum. The assumption was that increased local autonomy would produce better achievement for students. At the same time, efforts to enact school vouchers, never dormant, were successful in Cleveland, Ohio, and Milwaukee, Wisconsin. Charter school legislation passed, beginning in Minnesota in 1991 and spread to 40 states by 2009. Although site-based management, vouchers, and charter schools are informed by neoliberal and conservative ideologies, there has also been consistent liberal and progressive advocacy for these measures as well (Apple & Oliver, 1996; Pedroni, 2007; Wells, Lopez, Scott, & Jellison-Holme, 1999). Moreover, many of the original community control activists of the 1960s and 1970s have found a renewed space for advocacy in the voucher and charter school movements.

Across the United States, many state-level and urban school system leaders are currently adopting *systemic* privatization, in which public funds are redirected to organizations whose commitments to broader social goals of equity and democracy are unclear or unstated. Major developments include the proliferation of for-profit educational management organizations (EMOs), nonprofit charter school management organizations (CMOs), intermediary organizations, and partnership organizations in the operation of schools, largely facilitated by school officials. Notwithstanding intriguing partnerships that have the potential to increase the capacity of schools and districts, these organizational models raise significant tensions regarding the ability of parents, teachers, and school leaders to influence the curriculum, governance, and other policies of local schools.

In the aftermath of 2005's Hurricane Katrina, New Orleans schools have been almost completely "charterized;" most of its schools are run by EMOs or CMOs. Philadelphia's school system underwent state takeover in 2002, and its School Reform Commission recommended that the district adopt a diverse provider model wherein EMOs, CMOs, and other nonprofits would
partner with or manage schools (Bulkley, Mundell, & Riffer, 2004; see also Useem, 2009/this issue; DiMartino, 2009a). Similar shifts in the management of schools are underway in Los Angeles and New York City, largely funded by foundations interested in increasing the market share of management organizations in particular urban school districts (Scott, 2009).

Some researchers have found that these new arrangements have resulted in higher achieving schools and greater efficiencies, but these data are highly contested (see, e.g., Lubienski, Weitzel, & Lubienski, 2009; Peterson, 2007). Although there are potentially more opportunities for school leaders to enjoy autonomy as building and system “CEOs,” privatized schools also present policy tensions in terms of greater student selectivity, diminished public participation and democratic accountability (Woodworth, David, Guha, Wang, & Lopez-Torkos, 2008). Political examinations of privatization have considered power relationships between various educational stakeholders, because participants in privatization reforms potentially have access to unequal influence. This research has explored how teachers, school leaders, and private sector actors negotiate decision making while making sense of new institutional arrangements, governance mechanisms, and accountability systems, especially under privatized school management (Archer, 2004; Bulkley et al., 2004; Conn, 2002; Miron & Nelson, 2002; Welles, 2000; Whittle, 2005).

Margonis and Parker (1995) argued that choice and privatization measures in urban districts represent strategies of “containment;” they are attempts to keep poor children of color enclosed within urban districts and out of more wealthy suburban settings. Urban school district privatization is often state-initiated and based on arguments that school failure is solely the result of local district leadership. This allows for managers, who are more likely to be White and male and to have less experience in public education than existing school district leaders, to emerge as the new leaders of segregated schools and school districts (Maranto, 2005; Rhim, 2007; Scott, 2008). The school management arena, then, becomes a key area of privatization where alterations in educational leadership are especially prominent and politically charged. Other privatization forms intersect and expand this shift in leadership; for example, alternative certification programs, which are designed to attract leaders from outside traditional public school leadership networks and largely funded by foundations. Two such programs in New York City are New Leaders for New Schools and the New York City Leadership Academy.

Given the diversity, growth, and overlap of privatization forms in the educational privatization movement, an updated framework is needed to describe and interrogate it and to help aspiring and current urban educational leaders understand the new organizational environments in which they will likely be working. An exploration of the types of privatization can also inform a more nuanced public debate about which forms are desirable and why, and which fail to serve the interests of students of color, as well as the broader public purposes of public education.

**A NEW EDUCATIONAL PRIVATIZATION TYPOLOGY**

Our survey of existing typologies determined that many were developed before the most recent expansion of privatization initiatives, and were in need of updating (Murphy, 1996). Several typologies come from research on the British implementation of market-based and privatization reforms. Although they are instructive about systemic privatization in a highly marketized policy environment, they also have limited applicability to the U.S. social and political context (Gewirtz, 2002; Whitty & Power, 2000).
TABLE 1
A Survey of Existing Privatization Typologies

<table>
<thead>
<tr>
<th>Author</th>
<th>Sector</th>
<th>Conceptual Focus</th>
<th>Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feigenbaum &amp; Henig (1994)</td>
<td>K-12 Education, Public Sector</td>
<td>Political goals and consequences</td>
<td>Pragmatic, Tactical, and Systemic</td>
</tr>
<tr>
<td>Murphy (1996)</td>
<td>K-12 Education</td>
<td>Administrative and governance shifts under privatization</td>
<td>Load Shedding, Asset Sales, Volunteership, Self-Help, User Fees, Contracting, Franchises, Vouchers, Grants/Subsidies, Deregulation</td>
</tr>
<tr>
<td>Minow (2002)</td>
<td>Public Services: Education, Welfare, Medicine, and Law</td>
<td>Political deliberation; Public values and social consequences</td>
<td>Partners and Rivals</td>
</tr>
<tr>
<td>Wells &amp; Scott (2001)</td>
<td>Charter Schools</td>
<td>Sociological analysis with equity focus</td>
<td>Political, Social, and Economic</td>
</tr>
<tr>
<td>Perry &amp; Rainey (1988)</td>
<td>Public and Private Organizations</td>
<td>Organizational characteristics</td>
<td>Ownership, Funding, Mode of Social Control</td>
</tr>
</tbody>
</table>

Among the existing privatization typologies, perhaps the most salient to contemporary U.S. privatization comes from Feigenbaum and Henig (1994). Their typology employs three categories: pragmatic, tactical, and systemic. Pragmatic approaches mirror the administrative conceptualization, but "the political perspective considers such pragmatic privatizations to be discrete and context-dependent episodes" (p. 191). Tactical privatization is meant to enhance the position of the privateer, which can include political parties, politicians, or interest groups. The final approach is systemic privatization. This is the most comprehensive form and is intended to restructure political and economic institutions. It has three aims: lower the public expectations for what government should provide, diminish governmental oversight and enforcement, and alter interest groups' support for government growth (p. 192). These researchers argue that systemic privatization shifts not only the capacity of stakeholders to pursue agendas but also the values, culture, and expectations of the public and the institutional arrangements of society to encourage greater reliance on the private sector. Table 1 summarizes other existing educational privatization typologies, noting their conceptual orientations, privatization dimensions, and schooling sector.
Although these typologies are useful, many were developed before the creation and expansion of charter school reform, the development of management organizations, the passage of No Child Left Behind (NCLB), the proliferation of venture philanthropies whose funding agendas support privatization, and the expansion of the testing and data industries. As a result, they fail to capture the range of systemic privatization actors in many urban districts.

Based on our review of the conceptual, ideological, and empirical literature on privatization, as well as a review of existing privatization typologies, we constructed a new, comprehensive typology of educational privatization. This typology attends to the practices, structures, individual actors, and processes that comprise privatization reforms in urban school districts. It begins where Feigenbaum and Henig’s ends: describing the types of privatization actors in a systemically privatized environment. Building on Minow’s (2002) notion of partners and rivals, our typology of educational privatization expands this framing to encompass five forms: (a) Gatekeepers, (b) Partners, (c) Rivals, (d) Managers, and (e) Profit Seekers. For the purpose of explicating each one, we provide a distinct discussion of these five types, but we note that there is important overlap among the five and that in many urban districts like New York City, systemic privatization is underway with all five types operating in different degrees across the school system. Figure 1 shows this typology and provides examples of each type.

**Gatekeepers**

This type of privatization refers to individuals and organizations that facilitate privatization policy, including policymakers, district officials, and courts, and to the practices that local schools engage in to limit enrollment, raise funds, and “brand” themselves. Examples of individual gatekeepers include state policymakers, whose legislation in Louisiana and Pennsylvania enabled
the New Orleans, Philadelphia, and Chester school systems to turn over many of their schools to management organizations. At the district level, superintendents and school boards often provide private sector actors with the opportunity to provide services or school management by issuing requests for proposals for specific school and district contracts. This is especially common when the superintendent or district leader comes from the private sector, as is the case in New York City (Wells, Slayton, & Scott, 2002). Gatekeeping philanthropic foundations have also facilitated the growth of privatization, especially that of EMOs and CMOs. At the local level, small schools, charter schools, and other marketized schools demonstrate gatekeeping practice when allowed to set admissions criteria. Even though they typically do not explicitly violate federal civil rights statutes, often these selective practices contribute to both the “creaming” and “cropping” of student enrollments (Lacireno-Paquet, Holyoke, Moser, & Henig, 2002). The gatekeeping form of privatization, then, describes individuals, organizations, and the practices they initiate that create the environment for private sector actors to operate in a public education environment.

Partners

Partners are individuals and organizations who enter into collaborative relationships with schools and school districts, often contributing as much as they gain from the relationship. Universities, for example, often partner with local schools; they offer faculty expertise while schools offer opportunities for college students to do research or apprentice as student teachers or leadership interns. Other examples of partners are school reform consortia (Coburn, Bae, & Turner, 2008), community-based organizations, business groups, and media outlets. Cultural and civic groups also frequently partner with local schools or school districts. Of course, these partnerships are not exempt from the policy tensions we have discussed in terms of the different levels of power enjoyed by schools, districts, and institutional partners. Some partnerships, rather than functioning as relatively equal interactions between institutions, in fact look more like management relationships, especially when the partner has needed resources or expertise that the local school or district lacks (DiMartino, 2009a; Honig, 2009/this issue).

Rivals

Rivals are private sector actors whose energies or organizations are geared toward competing with traditional public schools—for students, results, and/or resources. These players are often informed by market ideology; they believe that school improvement will only happen when public schools are forced to compete, and that opening up the schooling sector to the private sector can help to foster risk taking and innovation. Voucher advocates and plans, and some charter school founders and networks are key examples of rivals to public schools. Ultimately, the goal of rivals is to expand their market share and put low-performing public schools “out of business.”

Managers

The fourth type of privatization are managers, and as we have argued, this is the fastest growing type of privatization actor, especially in urban school districts. These are individuals or
organizations oriented toward whole school or partial school district governance. They aspire to make key decisions over schooling and seek the authority and public funding they deem necessary to execute their work. EMOs, CMOs, intermediaries, and partner support organizations fall under this category. The growth of this form of privatization has been assisted by the adoption of charter school policies across 40 states, which has encouraged the growth of the school management sector (Miron & Nelson, 2002). As the charter school movement has matured, autonomous, locally grown schools are less common. More prevalent now are charter school networks and management organizations that manage franchises of schools across different districts and states. Philanthropists have dedicated millions of dollars to encourage the growth of such management organizations that boast high student achievement in their school in urban districts. Due in part to foundations' financial largesse, the majority of charter schools in many cities are operated by management organizations (National Charter School Research Project, 2007; Scott & DiMartino, 2009). Attempting to build an identifiable brand and to demonstrate academic results to policymakers and donors, these organizations often insist that local schools adhere with fidelity to their particular school model, its curriculum, governance structure, admissions criteria, and personnel policies. Although uniform practices are common in corporate settings, in public school settings, tensions can emerge when brand homogeneity conflicts with local desires to shape the schooling environments according to the needs of particular students or communities, or to reflect particular racial, cultural, or linguistic identities.

Profit Seekers

Finally, we term the last type of privatization actor profit seekers. Here we refer to organizations or individuals whose central motivation is to make money. Although this does not preclude them from having multiple motivations—student achievement, parent satisfaction, school improvement, public relations, and growing their brand, for example—they are unlikely to engage in any of these secondary goals if doing so will diminish their ability to make money. Textbook and test preparation companies are key examples of this category, as are some management organizations, data analysis firms, food service providers, and financial service organizations.

We reiterate that significant overlap exists across these types, and few individuals or organizations fall into just one. Although this typology is a work in progress, it captures the breadth and depth of private sector involvement in public education and allows for an examination of the systemic privatization many urban school systems are currently undergoing. In the next section, we apply the privatization actor types to an examination of the privatization reforms in the New York City public schools.

PRIVATIZATION IN NEW YORK CITY

New York City has experienced an influx of private providers with different orientations to schooling, profit, and equity. This enables us to apply our framework and demonstrate how the categories of private sector involvement that we have identified play out in practice.
Gatekeepers

One function of gatekeepers is to decide which groups or individuals can enter an environment. Given their tremendous decision-making power, it is often the gatekeepers’ values and goals for schooling that dominate a system, or in the case of education, a district or a school. In 2002, when the state legislature gave the mayor control of the public schools, he became the ultimate gatekeeper in New York City. Upon gaining control of schools, Mayor Bloomberg, the former CEO and founder of Bloomberg LP, chose to hire corporate sector professionals to be key leaders within the DOE. For example, he hired Joel Klein, the chairman and CEO of Bertelsmann, Inc., to be chancellor of the New York City Public Schools. In turn, Chancellor Klein hired McKinsey and Company, and Alvarez & Marsal, private management consulting firms, to help with the reorganization of governance and operational structures within the NYC DOE (Gootman & Herszenhorn, 2007). Chancellor Klein hired Chris Cerf, the former president of the EMO, Edison Schools, Inc., to be the deputy chancellor of operational strategy, human capital, and external affairs. Espousing market ideologies and the positive potential of competition, these leaders invited private sector organizations to partner with the DOE to provide educational services to further their visions for school reform.

At the mayor’s and chancellor’s bidding, private sector organizations have been involved in starting schools, reorganizing the DOE’s governance system, creating systemwide data management programs, and contracting with advertising agencies to rebrand academic achievement. Funding for many of these new initiatives and programs comes from philanthropists and hedge fund managers rather than public coffers. This influx of private money into the DOE has facilitated the speedy adaptation of many new initiatives and programs.

The creation of more than 200 new small schools in partnership with private sector organizations is another Bloomberg gatekeeping practice. These new small schools often have connections to important networks, are clearly branded with the name of their private sector partner, and have individualized admissions policies. The College Board, famous for the SAT, is an example of one of these private sector organizations involved in school reform. Schools founded in partnership with the College Board receive not only additional funding but also in-kind services and resources, such as access to the College Board’s Advanced Placement curricula, testing services and even to graphic designers who help the new schools create their logos. In return for this support, these hybrid, public–private schools must use the College Board’s English, math and college preparation curricula in Grades 6 through 12 and adopt their professional development programs. Most visibly, however, these schools must include the phrase “College Board” in their name, thus creating school monikers such as *Pathways College Preparatory: A College Board School.* Although these schools do not admit students based on prior demonstrations of achievement, they do require their incoming sixth-grade students to submit applications and be interviewed by the school principal or lead teachers, thus adding to their admissions processes’ gatekeeping practices that are usually associated with private schooling.

The opening of the new small schools, as well as charter schools, increases the schooling options available to students and their families while building an education marketplace in New York City. The creation of this marketplace represents an integral part of the chancellor’s *Children First* reform initiative that seeks to create a portfolio of schooling options from which students and their families can choose. In turn, schools are expected to compete for students. To
help families choose from among schools and to hold principals accountable for their schools’ outcomes, the DOE has created new ways to measure school effectiveness: progress reports and quality reviews. With the progress reports, each school receives a letter grade (A–F). These grades are based on standardized test scores, attendance reports, and the results of the schools surveys administered in the spring of 2007 (New York City DOE, 2007). In contrast to the outcome-oriented progress reports, the quality reviews provide a more descriptive overview of the school. Data are collected during 1 to 2 days of interviews and observations at the school. After the completion of the review, schools are given one of five possible scale scores ranging from “outstanding” to “underdeveloped.” In addition to a summative rating, schools receive written feedback about their performance (see Shipps & White, 2009/this issue).

In tandem with the emphasis on outcomes has been a move by the DOE to increase students’ motivation to achieve academic success. To raise the scores of low-performing students, in particular poor children and children of color, DOE officials enacted or will enact various incentives programs ranging from paying students for perfect test scores to rewarding high-performing students with free cell phone minutes and tickets to sporting events (Bosman, 2007; Medina, 2007b). For example, a recent million-dollar donation by Whitney Tilson, a hedge fund manager and vocal school choice advocate, will pay students for receiving passing scores on Advanced Placement exams. In his program, students receive $1,000 for scoring a 5, $750 for a 4, and $500 for a 3. Currently, this program exists in 25 public schools in New York City (Medina, 2007a). As this example illustrates, gatekeepers’ access to private funds, whether top education officials or private funders themselves, allows them to make educational policy without the democratic participation and transparency traditionally expected of decision-making processes in the public sector (“New York’s Schools,” 2007).

In these initiatives, we see the intersection of the accountability domain with the gatekeeping type of privatization actor; Samsung is a sponsor of the cell phone program, for example. This program, part of the city’s “Million Motivation Campaign” is the brainchild of Harvard economist Roland Fryer, the DOE’s chief equality officer, and supervised by Bruce S. Gordon, a former Verizon executive and former president of the NAACP. The DOE, as part of their larger rebranding effort, can utilize the cell phones to send text messages to students about the importance of education. Students in this program who achieve academic success could also receive other rewards; most of which will be supplied by private sector partners (Medina, 2007b, 2008a).

When the program was implemented (2007–08) in seven selected Brooklyn schools, four of which were affiliated with the Knowledge is Power Program (KIPP) charter school network, many phones were awarded to students who were already excelling (Medina, 2007b, 2008a). An external evaluation conducted by Fryer will determine if external incentives increase academic motivation; it is unclear how the evaluation will account for the selection of already high-achieving students as cell phone recipients when determining the program’s academic value.\(^2\) In the fall of 2007, New York City launched another incentive program. This pilot program, which exists at 40 schools, pays fourth and seventh graders $25.00 and $50.00, respectively, for earning perfect scores on each of the 10 standardized tests administered over the course of the school year (Medina, 2007c). Currently, foundations and philanthropists fund this program (New York City Office of the Mayor, 2007).

\(^2\)The DOE also banned cell phones in all city schools over significant parental opposition.
Borrowing performance incentives usually found in the corporate sector, education officials have increased their reliance on outcomes-based accountability mechanisms to evaluate students and schools. This increased reliance on outcomes, as measured by standardized test scores, means that inputs such as teacher quality and retention, and class size reduction receive less attention and funding. As this section illustrates, the ideologies and actions of gatekeepers directly affects what types of programs and initiatives receive funding, the type of expertise needed to run these new programs, how student and school success is measured, and the mechanisms used to motivate students. Although the individuals associated with gatekeeping influence decision-making processes within New York City’s public education system, other players, such as the district’s partners, rivals, managers and profit seekers, seek to use their outsider status to influence educational decision-making.

Partners

The use of intermediary organizations to found and run new small schools and the emergence of partner support organizations to provide technical support to public schools represent the “partners” aspect of educational privatization.

The involvement of private sector partners, called intermediary organizations in New York City’s new small schools movement, is an example of both school-level “partners” and “managers” under our framework. Since 2002, more than 260 new small schools have opened in New York City (NYC DOE, 2008). The NYC DOE in partnership with an intermediary organization founded a majority of these schools. Intermediary organizations receive funding from foundations to cofound and run new small public secondary schools. Intermediary organizations include the aforementioned College Board, New Visions for Public Schools, and the City University of New York. For example, in 2005, the Bill and Melinda Gates Foundation (2005) gave $11,850,000 to the College Board to start new small schools.

The introduction of Partner Support Organizations (PSOs) as part of the current restructuring of the NYC’s DOE provides another example of the Bloomberg administration’s push for a systemwide increase in private sector “partners” and also signals the potential entry of “profit seekers” into public school management because the request for proposals was open to both nonprofit and for-profit organizations. As of the 2007 reorganization, the NYC DOE is no longer divided into 10 distinct regions; now schools choose between three different types of school support organizations for what were once regional support services. Two of them, the Empowerment School Organization and the four Learning Support Organizations, remain internal to the NYC DOE. However, the third grouping of school support organizations, partner support organizations (PSOs) hails from the private sector (NYC DOE, 2007). For-profit and nonprofit organizations, then, have an unprecedented opportunity to build their market share of school services like professional development and special education while they support the restructuring effort. In addition to being partners, and potentially profit seekers, because the PSOs compete against the two internal support structures, they also act as rivals to the public system. Rivals in other arenas include charter schools, EMOs, and for-profit curriculum and professional development providers.

Rivals

Charter schools and schools managed by EMOs or CMOs represent clear rivals to traditional public schools governance structures. Other, subtler rivals, such as the Princeton Review and
Kaplan K12 Learning compete in their domains of teaching, learning, and diagnostic testing. New York City's leadership has embraced charter schools as much to expand choices for students in struggling schools as to encourage competition between schools. Currently 60 charter schools operate in New York City with an additional 50 more expected to open in the next 3 to 5 years as a result of state legislation raising the cap on charter schools. Eighteen of them were to open in September 2008, most of which would be managed by a CMO. Although some community-based or nonprofit organizations such as KIPP run charter schools, for-private educational management companies manage others. These management organizations hold the sometimes competing goals of raising student achievement and gaining financially. Two examples include Victory Schools, Inc., and Edison Schools. At the same time that these new rival school managers have emerged, there has been an increased reliance on alternative certification programs, such as New Leaders for New Schools and the New York City Leadership Academy, to provide principals to staff the new schools. The alternative programs rival current university-led preparation and training and suggest the emergence of a new set of criteria for school leaders.

The advent of NCLB and its increased reliance on testing indicators have brought new players into the arenas of curriculum and professional development. Increased federal pressure on schools to reach annual yearly progress targets, coupled with city pressure on teachers and students to past high-stakes tests, has pushed school leaders away from using teacher-, school-, or district-generated curriculum in favor of curricula that directly addresses test preparation. Currently Kaplan, famous for its standardized test preparation programs, offers elementary curricula in both English and math as part of their Kaplan K12 Learning Services. In 2003–04 one region, which enrolled 91,224 public school students across Brooklyn and Queens, hired Kaplan to provide instructional materials to students and professional development to teachers (Kaplan K12 Learning Services, n.d.). Another test preparation service, The Princeton Review, offers similar curricular and professional development programs. Purchasing curricular materials and professional development from private sector, for-profit vendors is not new; however, the increased reliance on measurable outcomes, such as test scores, has pushed school leaders to seek out standardized curricula and test preparation guides to prepare their students and teachers to function within this accountability driven environment. In this climate, test preparation organizations not only act as “rivals” to other school- or region-created curriculum developers but also as profit seekers from the public school coffers. The testing industries’ notably increased market share in education is discussed in the upcoming Profit Seekers section.

Managers

The creation of a “portfolio” of schooling options from which students and parents can choose remains a hallmark of Bloomberg’s and Klein’s Children First Initiative. Bloomberg and Klein pushed for the introduction of new “managers” of schools to build this portfolio. Examples of new managers in New York City include Edison Schools and Victory Schools, Inc., the Urban Assembly and New Visions for New Schools. Discussed in the Rivals section, EMOs such as Edison Schools and Victory Schools, Inc., represent one type of manager, in their cases for-profit EMOs that run schools in New York City. However, over the past 2 years, other types of managers have begun to oversee schools in New York City. In 2006, the Urban Assembly signed
a “prototype management contract” with New York City to manage 19 schools, which founder Richard Kahan, a former real estate developer, called “an unprecedented management agreement” (The Urban Assembly, n.d.). The contract gives Urban Assembly, a nonprofit organization, “a large role, including say in hiring principals and administrators” (Herszenhorn, 2006, p. 2). The Urban Assembly, which started as an intermediary organization by cofounding and running small schools, now acts as its own mini-region or district within New York City (The Urban Assembly, n.d.).

Similarly, by opting to become a PSO within NYC DOE’s newly reorganized governance system, New Visions for Public Schools, as of July 2007, has its own contract to provide technical support in teaching and learning and data analysis to city schools. Other PSOs with separate technical support contracts include Replications, Inc.; The Academy for Educational Development; and Fordham University. The Urban Assembly contract and the PSO contracts represent a move by New York City’s educational leaders to privatize services formally managed by region or district personnel.

Profit Seekers

A $17 billion district budget creates the potential for extracting a profit from delivering educational services in New York City’s public schools. By providing beverage services, data management expertise, curriculum, and after-school tutoring, Snapple, IBM and Kaplan K12 Learning Services are a few examples of for-profit companies that have sold their services over the past few years to the DOE. In 2003, Mayor Bloomberg signed a contract with Snapple, making it the only beverage brand sold in the city’s public schools. In exchange for the brand exposure and profits, New York City received a 30% commission and $3 million donated annually to school sports programs. Although proponents argued that the Snapple deal brought extra revenue to public school system, detractors questioned the lack of transparency associated with the contract and opposed the use of schools for commercial means, especially the marketing of high-calorie drinks to children (Lucadamo, 2006).

New York City’s recent 5-year contract with IBM to create a comprehensive data management program also garnered mixed reviews. DOE officials argue that the program, called ARIS, brings together student-level demographic and assessment data with school-level data gathered from school quality reviews, progress reports, and surveys to provide teachers and administrators with comprehensive information to allow them to more effectively track individual student and school progress. ARIS is not available to parents and students for confidentiality reasons. Critics argue that the money spent on the $80 million contract could have been used inside the DOE to build internal data analysis capacity, or to lower class size, buy more curricular materials and supplies, or build new schools (Einhorn & Saul, 2007).

The accountability provisions in the federal NCLB have provided a fertile market for test developers, and test preparation companies to contract with districts and individual schools to sell their test preparation and data analysis programs. As mentioned, companies such as Kaplan and The Princeton Review have become key players offering an array of K-12 test preparation services. In addition, to providing test related school services during the school day, both of these organizations, as well as many others, have become Supplemental Educational Service providers. They offer tutoring and other enrichment activities to help students in failing schools improve their
achievement in reading, math and language arts. Supplemental Educational Service providers act both as “profit seekers,” making money from the services that they offer, but also as “partners” and “rivals” to the public school system. They are partners because public school students benefit from the extra services they provide, but they are rivals because they also provide a service that could otherwise be provided internally. As frequently illustrated in this description, overlap exists among the five types of privatization actors. It is this overlap and the consequent blurring of our typological boundaries that necessitates further interrogation of the multiple dimensions of educational privatization, beyond what is described here.

**DISCUSSION AND IMPLICATIONS**

Although it is too early to draw final conclusions about privatization restructuring in New York City, it is clear that the increasingly privatized leadership and management of the district and many of its schools has raised questions that require closer attention and public deliberation. These include the role of democratic governance, the state of educational leadership, and the implications for racial equity in public education.

Although the DOE boasts about important benchmarks it has hit—such as being awarded the Broad Prize for Urban Education, there are murmurs and shouts of discontent about the lack of community and parental input in shaping reform. With the abolition of all public forums for citizen input into school system decisions, new advocacy groups have formed and existing ones have become more active. The advocacy group, New York City Public School Parents, petitioned the Broad Foundation, which had already donated more than $15 million to the DOE in support of various initiatives, not to award its prize to New York City, citing parents’ concerns about lack of access and their questions about school accountability (New York City Public School Parents, 2007).

Parent groups have protested at meetings where Chancellor Klein has given speeches on issues like the cell phone ban; the test-based third-, fifth-, seventh-, and eighth-grade retention policy; and the school report cards. One protesting group, Class Size Matters, has advocated for more funding to reduce class sizes and has rejected the legitimacy of DOE-generated parent surveys, generating an independent parental survey whose results were much more critical of the administration (Haimson, 2008). Teachers and school leaders have also organized around issues they would like changed. For example, the New York Collective of Radical Educators advocates for social justice, including opposing the use of high-stakes testing, and the current form of mayoral control (http://www.nycore.org/statements.html).

State and local policymakers are starting to look more closely at the systemic privatization of NYC DOE (Hernandez, 2009). In 2008, New York state comptroller Thomas DiNapoli announced that his office would begin auditing the DOE’s no-bid contracting (Medina, 2008b). Public advocate Betsy Gotbaum, an independently elected member of New

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3 This award is given to the most improved urban school system that is funded by venture philanthropist Eli Broad. He favors corporate-style management and competition to improve urban schools.

4 New York City has had a complicated school governance history, with community boards being the only elected bodies. These were abolished under mayoral control. For a discussion of the evolution of school governance, see Hemphill (2009).
York City's government, formed the Commission on School Governance to examine the grievances of parents and community members in advance of a mandated reauthorization vote for the mayoral control law in 2009 (Robinson, 2008). It commissioned papers, held hearings, and has produced recommendations to rebalance mayoral control with opportunities for substantive community input and external oversight of DOE fiscal and educational policies (http://pubadvocate.nyc.gov/advocacy/schools/index.html).

Whatever the law's fate, many believe that the privatization reforms of the Bloomberg/Klein administration will continue for some time. Feigenbaum and Henig (1994) wrote,

Not only do the interests of constituencies often change with privatization, but once in place, the new policies may engender new groups as well as behavior, groups endowed with powers that leave them entrenched and sometimes impossible to remove. . . . This is, of course, what the opponents of privatization fear and what the advocates of privatization are counting on. (p. 208)

If this argument plays out, the privatization that has been put into motion in NYC DOE is unlikely to cease, even under new leadership.

The contemporary expansion of privatization in New York City and other urban systems also suggests new roles for educational leaders and, in many ways, introduces new leadership forms into public education. Educational leadership research has only begun to examine the most recent privatization expansion, and existing work often neglects the politics of educational privatization. In addition, traditional, university-based educational leadership certification programs, in general, have not kept pace with the changes underway in many urban school systems, leaving graduates of such programs potentially unprepared to deal with this new institutional terrain (see Cibulka, 2009/this issue). Privatization in many urban school systems requires school leaders to negotiate and oversee contracts with private sector actors—whether partners, managers, or profit seekers—often adding an additional "boss" or external organization to which they are held accountable in market terms (see Shipps & White, 2009/this issue; DiMartino, 2009b). Responding to this growing market, leading business schools have hosted conferences and case competitions on educational leadership and management (Haas Education Leadership Club, 2009; Yale School of Management Club, 2009). In 2008, the KIPP School Leadership Program held its summer institute at New York University's Stern School of Business.

If New York, New Orleans, Philadelphia, and Washington, DC, are harbingers of the growth of systemic privatization in urban school districts, universities should take note. Teacher education and leadership preparation programs must attend to the new policy terrain in which teachers and principals work. In some ways, the emergence of private providers of public schooling is diminishing the desirability of educators trained in traditional university-based programs. In fact, school leadership preparation programs and workshops can now be found within several university-based business schools.

For example, a new Brooklyn charter school called Ascend is an amalgamation of many of these actors. It is a CMO but licenses aspects of its school design from SABIS, Inc., a for-profit EMO. A 2009 job posting for a director of operations revealed that it sought a candidate with the following pairing of characteristics: a CPA or MBA degree or equivalent experience and experience working in an educational organization or a school, preferably in an urban setting (Brownsville Ascend Charter School, 2009). Alumni of Teach For America, Education Pioneers, The New Teacher Project, or New Leaders for New Schools, all alternative teacher and leadership
preparation programs, were especially encouraged to apply. In this example, several of the types of privatization actors identified in our typology come together in the context of one institution. For adherents to traditional forms of public education, this should signal how complex changes in public education leadership and management have become and how closely they must attend to the multiple dimensions of this new educational environment. Simply arguing to preserve the status quo is unlikely to convince policymakers oriented to systemic privatization.

A final implication of this analysis that requires much more exploration is the relationship between educational privatization and educational equity, especially as it pertains to race and social class. A question requiring much more consideration is why so many policymakers agree privatization is the remedy for struggling urban school systems but is not required in predominantly White and middle-class or wealthy school districts. It is also important to examine the role privatization and choice reforms might play in reinforcing racial and social class segregation within and across school districts, and what the characteristics are of schools operating in privatized schooling systems in terms of leadership, curriculum, governance, and teacher quality.

Exploring these questions does not preclude a critique of the status quo in many urban school systems. Although many urban school systems—and the leadership within them—are themselves victims of inadequate funding from state legislatures, declining tax revenues, and deteriorating infrastructures, they are also perpetrators of educational neglect and corruption. Many troubled urban districts can undoubtedly benefit from some of the practices of the private sector as well as from highly functional and equitable public systems. A danger is that infatuation with the private sector can inflate assessments of the talent, insight, and innovation its members actually provide to public education and underestimate the managerial, pedagogical, and social justice capacities that already exist within urban public school systems. In addition, because democratic and equitable practices are not hallmarks of the private, for-profit sector, privatization across multiple dimensions must be closely monitored by public agencies to protect against abuses (Sclar, 2000).

CONCLUSION

Educational privatization involves the crossing, or at least the blurring of private and public sector boundaries, altering, and possibly enhancing educational goals of economic and social opportunity. Without examining the full range of privatization actors, our understanding of educational and institutional arrangements is attenuated, the shift in power relationships becomes opaque, and the profound alterations to leadership, teachers' work, and community participation in democratic governance receive insufficient attention. Indeed, when economic models of privatization dominate policy discourse and research, the primary concerns are fiscal issues and assessments of student achievement based on standardized exams.

We propose that our typology of educational privatization has at least three benefits for research, policy, and practice. First, it facilitates a more nuanced public debate about the appropriate role of the private sector in public education by considering the social, political, and economic dimensions of privatization. Second, it highlights the potential promises and pitfalls of privatization for urban education, especially in terms of democracy, equity, and school quality. Finally, it enables us to closely examine how privatization changes the working conditions and educational experiences of those closest to it: school leaders, teachers, parents, and students. Privatization may have the
potential to revitalize aspects of public schooling, but we know too little about how it might also constrain other aspirational characteristics of public schooling, qualities Americans have historically hoped that public education will engender.

REFERENCES


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