

Privatized Schooling: Charter School Networks and Supplemental Education Services

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Introduction

During the last four decades, neoliberalism, the move towards privatization and consumerism (Harvey, 2005), has been one of the driving forces of public policy. The focus on corporatism and deregulation has led America to be transformed into a land of consumerism. The rhetoric of Neoliberalism says that when there is a free market than consumers have the ability to shape the market, so the best products are available. It is survival of the fittest as determined by those that buy. But in reality it is survival of the ruthless and the wealthy, as they dictate what consumers buy. Successful corporate and business interests have gained considerable symbolic and economic capital and increasingly are able to influence public policy. Neoliberalism has transformed the public sector into a pseudo-private sector, where previously untapped sources of revenue can now be accessed. One of these areas, public preK-12 education, has become one of the most profitable markets in the United States over the past three decades with an estimated 12 billion dollars spent on private tutoring and 10 billion on textbook publishing; in 2008 alone, NYC spent an estimated \$130 million on standardized testing (Medina, 2008). Considering that all children in the United States are mandated to go to school until age 16, the market is extremely large and can provide revenue for any number of private services. Technology and textbook publishing have historically had a strong hold on the market, but with new legislation (NCLB and Race to the Top), there is now room for private for profit companies to begin making money in areas that were traditionally the domain of public schools.

Stephen Ball terms the marketization of public sectors like education as the “Quality Revolution” as most of the language of performance and quality that are keywords in public policy are borrowed from the private sector. “Hence the new social markets are framed by a mix of incentives and rewards aimed at stimulating self-interested responses. It encourages organizations to become more and more concerned with their style, their image, their semiotics, with the way things are presented rather than with the way they actually work” (Ball, 2006). Public education has aligned at least superficially with the private sector with new positions for business and data managers and an increased role of management consultants. Neoliberalism has made deeper inroads into education with a newfound focus on accountability, standardized testing, and measurable success.

Accountability

One of the keys to running a successful business is to be able to delineate what the markers of success are so as to be able to separate from other competitors. Profit margins are a good indicator of success, but do not inspire most consumers to buy one product over another. One of the ways this is done is by having different objective rating agencies like Zagat’s for restaurants and Consumer Reports for different household products. The extreme privatization of education required success to be calculated differently; in this case by data culled from standardized tests and simple quantitative reporting (i.e. attendance, lateness, etc).

Historically the education system has measured student success in a highly individualized way with grades on assignments and final report cards dictating if a student passed or failed a class, a semester, a year, or a level of schooling. For the most

part these grades have a subjective component based on everything from the teacher to the school system. Portfolios and problem-based learning have become more popular in the last decades, but these are even more subjective and at odds with neoliberal ideals as you cannot standardize and monetize these types of assessments. In order to open up the education market it is necessary to create a system where outside help is needed to create assessments and then provides support in gauging student success. This was done in part by shifting the focus away from teacher-centered assessment to objective accountability measured by any number of standardized tests. College entrance exams like the SAT and ACT was already in place; so standardized tests were not foreign to the American public. In fact they were trusted because these standardized tests are supposedly objective as they measure students on the same scale regardless of abilities, so it has the support of Americans that believe in a system of superficial equality.

No Child Left Behind and now Race to the Top has federally mandated standardized testing. These tests are extremely expensive to develop, administer, and grade, and companies like ETS and the College Board have made enormous profits. The focus on standardized testing and accountability have not only opened the market for corporations to create a pay model for areas traditionally taken care of by public education, but it also shifts the meaning of student success from individual success to ability to measure up to an arbitrary standard of achievement. Students, teachers, schools, and districts have been reified into numbers that are then manipulated by statistical analysis. Ball discusses this reification as “The ‘imperative of exchangeability depends upon the violence in the principle of identity’ as when ‘the student’s knowledge is made identical to the test score that stands for it.’ Within all of this the specificities of

those human interactions involved in teaching and learning are erased. The practice of teaching is re-made and reduced to exogenously generated rule following and target achievements” (2006). While this flattens the student and teacher into numbers and number crunchers, it does provide an incredible inroad for the market economy to exist within public education.

When children and schools do not succeed on standardized tests or other quantitative measures, there are extreme pressures placed on them. Students are part of a failing system and the schools are forced into spending their budgets differently or even losing resources (Koyama, 2010). For profit education service providers are not held to the same standards, which allows for unscrupulous policies. A business can go bankrupt, be part of a scandal, or make mistakes and it will affect the bottom line and possibly brand value, but all it takes is a swift, efficient name change or brand image makeover and the company can continue to make money oftentimes with the same product (2010). In traditional public education it is not possible to shut the school down and start again, or get a new Public Relations person to revamp the school’s image, although this is happening more and more in the charter school world. The rhetoric of the Quality Revolution makes it seem that public education and the private sector speak the same language and have the same cultures this is simply not true. Many problems are created when these very different institutional cultures clash.

For profit education companies like Kaplan and Pearson have been profitable business for the last couple of decades with their focus on private tutoring, textbook publishing, and curriculum writing. Recently these companies transitioned into the soft services of education (i.e. teaching). This transition from hard to soft services was not accompanied

by a shift in the institutional culture of profit margins and accountability. “The ‘soft’ services like teaching which require ‘human interaction’ are necessarily made just like the ‘hard’ services (book supply, transport, catering, instructional media) which can be standardized, calculated, qualified and compared. This involves ‘flattening’ into ‘crude representations’ of complex human and social processes, it is...a form of violence” (Ball, 2006). Princeton Review now teaches students after and before school and other companies have begun to manage schools and entire districts. For profit education companies like Kaplan and Pearson have been profitable business for the last couple of decades through their focus on private tutoring, textbook publishing, and curriculum writing. Recently these companies have begun to not only support teaching, but to take over the role of the teacher as well as the role of the school administrator. This transition from hard to soft services is one that was not done in an explicit way, but done in a way to incorporate soft services directly into the culture of hard services. “The ‘soft’ services like teaching which require ‘human interaction’ are necessarily made just like the ‘hard’ services (book supply, transport, catering, instructional media) which can be standardized, calculated, qualified and compared. This involves ‘flattening’ into ‘crude representations’ of complex human and social processes, it is as De Lissovoy and McLaren (2003, p. 133) represent it, a form of violence” (Ball, 2006). There is a flattening of the way the services are provided, and many of the former “hard” services providers now provide soft services with little to no change in culture or philosophy. Charter School Networks are often run as if they were hard services companies that are now doing soft services. The franchise model of McDonald’s is used to create more schools across the country even though selling a burger is much different than teaching a

child. On the other hand, many Supplemental Education Services companies were at one point for profit hard services providers that have created a new division to tap the lucrative free tutoring market. Many charter school networks are run as if they were once hard service providers with the focus on branding and expansion of a product (Koyama, 2010). The franchise model of McDonald's is used to create more schools across the country even though there is little comparison between flipping a burger and educating a child.

This paper analyzes two areas of public education that privatization has affected widely: charter schools and the Supplemental Education Services section of No Child Left Behind (NCLB). Charter schools have much greater autonomy than their public school counterparts, but they are held to higher standards for student achievement on standardized tests. This creates a problem when charter schools must meet levels of student achievement in a much shorter window than other public schools, but the trade off is that they are able to embody free market ideals due to the lack of regulation. This goes as far as allowing a charter school network to pull its name or brand from a failing school and move on with little tarnishing of their reputation. On the other hand, Supplemental Education Services was created explicitly with the purpose of privatizing education. This provision mandates failing schools to provide remedial tutoring to poor students; the catch is that the schools are not allowed to provide this tutoring as it must come from an approved outside provider because the school has already failed the child. This privatization of free tutoring has opened the tutoring market, which previously had been the domain of high-income students. Now low-income students that could not

afford (a usually higher quality of) tutoring have the option of free remedial tutoring paid for by federal Title I funds.

Franchising School

Neoliberalism has affected every level of American life; from eating to schooling, and corporations have transformed people into constant consumers. The previous section of this paper discussed how Neoliberalism has transformed education into a system of data and accountability. This section will discuss the charter school movement through the lens of neoliberalism and the role of branding in the success of charter school networks.

Neoliberalism has made many inroads to education with the passing of NCLB and Race to the Top, which shift the focus to accountability measured by standardized tests and on the de-professionalized teacher and school system. There are also provisions within the legislation that mandate school systems to move towards privatization of schooling. A percentage of Title I funds that are allocated explicitly for low income students now must be used to pay outside corporations and CBO's for tutoring services under the Supplemental Education Services provision. Another move towards privatization is the support of charter schools, which are non-unionized and often controlled by corporate boards.

Charter schools were begun as a progressive school choice initiative to give community control to schools. These charters were given to schools, so that they would have more accountability but more control with less governmental interference. Charter schools receive public money as well as private donations, no tuition may be charged and students attend the schools by choice. If there are not enough spaces for all interested

students, charter schools often use a lottery or waiting list for admissions. These charter schools have morphed into privatized education over the last twenty years. This was made possible by the branding of charter schools as to create charter school networks that proliferate the market.

The majority of charter schools are still single entities, but increasingly, Education Management Organizations (EMO) or Charter Management Organizations (CMO) create and run charter schools across the United States. 10% of national charter schools are part of charter school networks that follow corporate models of expansion, and this number is on the rise. Charter school networks are either franchised or centrally controlled by management organizations (Bennett, 2008). Knowledge is Power Program (KIPP) has a franchise model that is similar to McDonald's and other famous multi-nationals (2008). KIPP locates sites, raises funds, and recruits students, and in return each school franchise pays 1% of its revenues to KIPP (2008). "If a KIPP school fails to pass an annual inspection or meet its enrollment goals, or if its students fail to achieve, KIPP, too, will take away its name and support, but the school itself may remain open" (2008). The stripping of the brand name is the punishment for poor performance, which sheds light on just how important brand power is for charter schools. Brand names have inherent worth and in the case of charter schools that are based on parental choice, just having heard the name of the charter school is a first step in acquiring new students/customers.

The majority of CMO's opt for central management where each of the charter schools in the network is overseen by a central office. This means slower growth, but it does allow for larger control over the running of the school from curriculum to hiring

practices (2008). These schools pay 8-10% of their budgets to the central offices, which provide many integral services to the management of the school like payroll, curriculum development, and human resources (2008). If a school does not perform well, principals and teachers are fired and replaced so as to ensure that the brand stays strong.

Branding in Action

The specter of choice is one of the linchpins of consumer culture, and charter schools exemplify this deeply held neoliberal value. Most charters are opened in low-income, highly segregated neighborhoods (the majority of students are black or Hispanic). Charters most show achievement quickly, however, low-income students of color tend to underperform middle-class and affluent whites on standardized testing. So choice is a conundrum, how do charter schools make it look like they are giving parents choice: the lottery. The names are picked at random while parents and students wait with bated breath, which is the trope of the documentaries *Lottery* and *Waiting for Superman*. Significantly, most charter schools have done away with the lottery and now choose students based on their interaction with the charter school network (pre-K or elementary), student support, achievement, and non-ELL or Special Education status. As Geoffrey Canada of Harlem's Children Zone found out, a truly random sampling would not give them the success on standardized tests that they wanted, so it is no longer a part of the process (Tough, 2008). A conveyor belt of pre-k, to elementary, to middle, and high school is the new model at HCZ, which socializes students to be test takers from the age of 2 (2008). There are many fewer special education and ELL students in Charter schools (2008), which skew test scores to meet accountability standards.

By leveraging established brands, charter schools are able to garner more interest, which in turn allows them to choose students that will lead to better success. A recent New York Times article about the success of KIPP charter schools cites high attrition rates for black male students, small numbers of special needs students, and extreme focus on test preparation combined with increased funds from private corporations as the reasons for their continued success (Dillon, 2011).

Charter school networks represent a familiar conundrum in the neoliberal privatization of public sector services: they are marketed to low income minority students, but the schools must demonstrate superior student achievement (on tests) and scores from this community come up short. So it is in their best interest of charter schools to appear equanimous (to secure public funding and boost their brand image), while weeding out the students that need intervention the most. Luckily, corporations have always been good at covering up their bad practices with the varnish of brand power.

Supplemental Education Services

Another example of the impact of Neoliberalism on public education is the policy of Supplemental Education Services. SES are a relatively new feature in public education created by the No Child Left Behind Act of 2001, which included a provision that provided free remedial tutoring for students at poorly performing schools. The SES program was designed primarily to combat poor teaching and learning environments at underperforming schools, by providing remedial tutoring in math and reading/writing as well as school choice. Supplemental services were thought to increase competition between outside providers, which in turn would increase the quality of services Title I students receive (Sunderman, 2006). These SES programs “must be high quality, research

based, and specifically designed to increase student achievement,” (Sunderman, 2006, p. 5), and the providers must be state approved and show student progress so as to keep their contract with the state.

Eligibility for SES funds is entirely dependent on the Annual Yearly Progress (AYP) of schools. If a school does not meet AYP for three consecutive years, then 20% of the Title I budget is set-aside for SES tutoring services and school choice transportation (Beese, 2008). In 2004-2005, 19% of eligible students took advantage of the SES tutoring services nationally, whereas 40% of NYC students received the services. Students that receive SES tutoring are disproportionately of minority, ESL, and/or low-income status (Sunderman, 2006). Elementary school students have the highest rates and high school students have the lowest participation rates (Zimmer, et al, 2007). SES monies that are not paid out to providers revert back to the Title I budget and can be used for other Title I approved services (Sunderman, 2006).

“In 2005, there were 1,800 registered SES providers. During the same year, the SES providers were poised to earn nearly \$200 million, with the large for profit national companies securing one-third of the profits. One year later, in 2006, the federal government reported that there were three thousand providers across the nation. Sixty three percent were for-profit companies, 25% were not for profit organization; 9 percent were local educational agencies or schools, 2 percent were associated with colleges or universities 7 percent were faith based, and 9 percent were online businesses” (Koyama, 2010).

In NYC, providers such as Brienza, Catapult Learning, Kaplan K12 Learning, Netwon Learning, Platform Learning, the Princeton Review, Supreme Evaluation,

Sylvan, and TestQuest—all private, for profit entities—hold the majority of SES contracts (2010). At of 2008, NYC has over 80 state approved SES providers and a higher rate of participation for eligible students than then national average, but there is a low completion rate for both SES programs after-school and in the summer (Ascher, 2006). Low rates of completion are attributable to transportation costs for students (Burch et al., 2007) and a lack of commitment by students to complete the tutoring program (Sunderman, 2006).

SES and Privatization

The theory behind SES is that outside providers (public and private) will be able to do what schools cannot; “raise the achievement of students in consistently poorly performing schools.” (Sunderman, 2006, 117) The tutoring is based purely on socioeconomic status (eligibility is based on free lunch status in the DOE) and an arbitrary AYP for each demographic group. As very few schools have a homogenous population of students based on test scores, students in the remedial tutoring may be the highest achieving student in the school as failure is measured at the school and not the individual level. Income level is the most important indicator for involvement in the SES program.

These programs have the support of not only private companies who make a profit, but also to the general public. NCLB may flatten students into numbers, but it does so in a way that makes it hard to argue; the purpose of the program is to ensure that all students achieve regardless of their race, socioeconomic status, or gender. It would take a cold hearted person to say that this is not a goal worthy of

the United States, but in doing so students, schools, and school systems were not failing based on the creation of standardized tests.

These standardized tests were often haphazardly created or revamped in response to NCLB (2001), and AYP's were measured across all demographic groups based. Some estimations show that more than half of public schools are or will be failing if the standards remain the same (2010). This is not only problematic because of the stigma of failure, but also because of the vulnerability statistical data has to manipulation. Student test scores can be changed as seen in NYC public schools or faulty accounting can lead to a formerly successful school becoming a failing school overnight with no change in student success (Koyama, 2010). In corporations an accounting error leads to an internal audit, but in public education it leads to major institutional and cultural changes. Once again the language obscures how much higher the stakes are for public schools than their private counterparts. This appropriation of the language and methods of managerialism have much larger effects in the world of public education. Supplemental Education Services are only made available to students that are in "failing" schools and there is evidence that some of these services can actually cause losses on standardized tests due to their remedial nature and/or poor quality of instruction (Sunderman, 2006), regardless the providers still get paid.

With the quality revolution there is also a focus on outcomes regardless of how they are achieved and this also holds true for SES. "Much of the paraphernalia of quality is borrowed from the private sector—the public sector it was argued would benefit from exposure to market forces, commercial models of management

and of quality improvement” (Ball, 2006). New social markets like those of education have been framed by a mix of incentives and rewards aimed at getting positive results or at least the appearance of positive results. In Koyama’s three-year ethnographic study of SES providers and schools in NYC, she found that there were many negative repercussions of the privatization of schooling (2010). Examples of problems caused by this focus on results at all costs included a SES site supervisor who changed the scores of students on the standard pre-test so as to lower the majority of test scores. Each provider is mandated to give pre-and post-tests as well as to record attendance data and a few qualitative indicators (students ability to focus, attitude, abilities, etc). These tests do not have to be used diagnostically, which would be the approach of educators; instead they are used for reporting purposes only. When asked why the supervisor changed test scores, he reported that in order to secure a contract with the school for the following year, he thought it was necessary to guarantee that students did much better on the post-tests (2010). With a price tag of \$2000 a student for full attendance, the loss of a large school contract would be a huge economic loss. Neither the teachers nor students saw their scores, so the changes went unnoticed until a progress report was sent home, and parents realized the mistake. It was assumed by the supervisor that the parents of low-income students would not worry about a low-test score, but this was not the case (2006) due to the mixed levels of students as well as variable level of parent involvement in students’ lives regardless of socioeconomic status.

Another example of a conflict that occurred when the for-profit and public education worlds collided was over the marketing strategies of SES providers.

Koyama found there was evidence that providers advertised their programs as customizable even when the providers had no intention of reworking their curricula and programs based on the needs of the schools or students. Some also told parents there were a limited number of spots left in the SES program so as to increase the urgency of signing up when there were a relatively unlimited number of spots available. Finally a 2006 report about SES showed many unscrupulous business practices. “The practices in question included misappropriation and misuse of confidential student information, the failure to conduct background and fingerprint checks on tutors-teachers, improper parent and student solicitation, offers of money to school employees for the enrollment of students, monetary donations to schools, and the offering of self-serving incentive programs—including CD players, sporting event tickets, and \$100 gift cards—tied to student attendance” (2010). All of these practices are the norm in marketing for different services from credit cards to different energy companies, but for a program that was supposed to hinge on consumer choice, bribing principals, parents, and students effectively limits choice to whoever gives the best freebies. Considering that the SES sector is poorly regulated, these practices most likely go unnoticed for the most part (Sunderman, 2006).

The structure of the regulation of SES actually incentivizes providers to enroll students at any cost because they are paid by enrollment and seat time, not on student achievement or satisfaction. Most providers find it easiest to focus on establishing the brand of these programs by pointing out years of service, successes in other areas, as well as the strength of their SES products. For profit SES providers

are better able to do this as they are usually already established brands that are branching out, but not-for-profit providers must try to compete on the same level, which means a large percentage of resources being used for marketing strategies.

Attendance tends to be the only regulated aspect of SES, so here is little state or district oversight of the curriculum, lessons, and evaluative measures used by SES providers. Heinrich and her colleagues (2009) note that ‘in fact, the legislation strongly discourages any attempt by states and school districts to regulate instructional choices.’ There exists a similarly alarming absence of program evaluation, and providers are only removed if they fail---according to their own reports—to increase student achievement for two consecutive years.” This deregulation allows for greater profits, as providers are able to hire anyone that they choose; seasonal employees teach the majority of courses and supervise the programs on site as well as do the majority of the marketing.

Even in cases when the instructors are DOE certified, it is often the case that they tutor students outside of their content/age area (Koyama, 2010). In one case instructors were hired to teach middle school mathematics, but did not pass a diagnostic exam covering the same material that they were set to teach (2010). These teachers either ignored the content that they did not understand or taught the information incorrectly, which led to student attrition (2010). This laissez faire attitude towards regulation in the SES world comes into conflict with the bureaucratic nature of the federal, state, and local governments as the amount of paperwork that is necessary to complete is enormous. The majority of the paperwork is focused on calculating the number of hours a provider will be paid for

as well as payment and student safety. Providers have “to produce materials, including but certainly not limited to, attendance records, student rosters, notifications to parents, emergency forms, time sheets, and identification cards, that would keep United in compliance with the redundant and variably enforced SES regulations established at the level of the state and district in accordance with NCLB” (2010). A further example of the deregulation of the SES market is that providers can choose how to evaluate the success of their programs. Each provider must show student improvement over two years, but they get to choose how to gauge this improvement as well as self-report the data (NCLB, 2002). SES may be the best example of a federal education policy that was created specifically for neoliberal interests; unfortunately, neoliberal ideals do not support student learning and may actually decrease student achievement.

Conclusion

Neoliberalism is arguably the most powerful political and economic force in the country if not the developed world, and its effect on education has changed the landscape of education. As accountability and standardization become more and more important, new programs are being created by for-profit entities that promise to bring quality products to the masses. New teachers are being trained to use new products and techniques that are the physical or intellectual property of corporations. There has been talk of eliminating the role of teachers for the last century, and privatization may make that possible. Without regulation of educational policies and an eye towards the negative impacts of conflating the public and private worlds, education in America will become just another profitable area of corporate America.

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