

Edison Schools and the Philadelphia School District

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Introduction

The Edison takeover of 20 Philadelphia public schools has generated a tremendous amount of controversy. The decision's effects have important implications for both the fate of Edison Schools and the future of school privatization in general. This paper will explain the rationale behind the Edison contract, the arguments for and against school privatization, and the actual results seen in Philadelphia's public schools. First, however, it is crucial to recognize the specific conditions of Pennsylvania and Philadelphia that led to the perceived need for school privatization.

Pennsylvania has a marked achievement gap, as seen along geographic and racial lines. Despite the efforts of No Child Left Behind's provisions to narrow the achievement gap, Pennsylvania's achievement gap is showing no signs of fading. For example, in the 1992 4th Grade NAEP Mathematics test, urban, suburban, and rural schools had average scores of 214, 228, and 228 out of a possible 500 points, respectively. In the 2003 tests, these same areas had scores of 217, 241, and 242, respectively. All three school types experienced increases from 1992 to 2003, but the suburban and rural schools improved much more than the urban schools.¹ The statewide racial achievement gap is even larger. On the 4th Grade NAEP Mathematics test in 1992, the average black student scored a 194 and the average white student scored a 230. In 2003, the average black student received a 212 and the average white student received a 243. Since both groups increased their scores at nearly identical rates, blacks were nearly as far behind whites in 2003 as they were in 1992.² In fact, Pennsylvania has the fourth largest racial achievement gap in the nation.³

Philadelphia is the state's largest urban center, and it also has a high percentage of minority residents. Roughly 80% of the city's nearly 200,000 public school students are non-white minorities, and 78% are economically disadvantaged enough to qualify for free lunches.⁴ It can be argued that Pennsylvania's achievement gap problems are exemplified by the Philadelphia School District, which consistently underperforms relative to the rest of the state. For instance, in 2002, Philadelphia's 5th graders scored 1150 on the statewide PSSA Math test, while the state's overall 5th grade score was a 1320.⁵

According to many Philadelphia School District officials, at least some of the blame for Philadelphia's underperformance can be placed on the under-funding of its schools. Although the extent to which school resources affect student achievement is debatable, the funding disparity between the Philadelphia School District and the city's suburban neighbors is undeniable. While some school districts in nearby Montgomery County spent more than \$11,000 per student in 2004 instructional costs, Philadelphia County spent just \$5219 per student.⁶ Philadelphia, in response to these consistent returns, threatened a lawsuit against the state of Pennsylvania to secure more school funding, an action that eventually led to the Edison school takeover.

The Edison Takeover

When Philadelphia Mayor John Street threatened to sue the state in the spring of 2001, Pennsylvania Governor Tom Ridge persuaded Street to put the lawsuit aside by agreeing to a compromise: if Street allowed the state to conduct a review of Philadelphia's public schools, Ridge would consider giving the city more money. At the time, Ridge did not want to increase funding unless he felt sure that it would be spent properly. To conduct the external review, he gave a \$2.7 million dollar contract to Edison Schools, an action that the Philadelphia Teacher's Union (PTU) interpreted as directly paving the way for the privatization and state takeover of the Philadelphia School District.⁷ The report confirmed the PTU's suspicions: in addition to strongly criticizing Philadelphia's public schools and recommending cost-cutting measures like reducing the size of the school district's janitorial support staff, it also suggested the hiring of a private company to manage 45 of the city's worst schools.⁸

The Edison school controversy, like any major education policy debate, was highly politicized. Ridge, a Republican, was a proponent of vouchers and school privatization, while Street, a Democrat, believed that Philadelphia's schools should remain under the city's control and not be privatized. The conflict over the Philadelphia School District caused other old tensions and hostilities between the two political figures to surface again. Ridge used the Edison report and the \$215 million dollar debt of the city's schools to call for the restructuring of the Philadelphia School District. To replace the former school board, Ridge established the new, five-person School Reform Commission in the fall of 2001. Three of the members would be selected by Ridge's successor, Mark Schweiker (Ridge had been appointed as the nation's homeland security advisor), and two would be chosen by Street. While Schweiker was in favor of an Edison takeover of the entire city school district office, the Commission's members eventually reached a compromise. Seventy schools would be restructured by a combination of universities, local school officials, charter schools, and private companies.⁹ Of the 42 schools that were to be managed by private firms (also known as Educational Management Organizations, or EMOs), 20 schools would go to Edison.¹⁰ In April of 2002, the deal was made official when the city signed an \$11.8 million dollar contract with Edison Schools.¹¹

When analyzing the decision to turn 20 schools over to Edison, it is important to consider the arguments for school privatization in general. Most EMO supporters focus on the points of competition, choice, efficiency, and accountability in their justifications for school privatization. According to them, traditional school districts are not held accountable for their performance because no one is competing with them. Since states automatically have control over their respective public schools, they have no incentive to improve the level of education they provide. However, when market forces are introduced into education, schools are held directly accountable for their performance. This accountability motivates the schools to increase the achievement levels of their students.¹² Some researchers have found that the mere "threat" of school choice improves the educational quality of low-performing public schools.¹³ Additionally, privatized (or EMO-run) schools have a strong incentive to succeed because their contracts will only be renewed if they are successful.¹⁴

The Edison School takeover in Philadelphia is unusual in that the vital component of school choice is missing. The original 20 Edison schools are not being run as charters; they are directly replacing the city's public schools and are not offering students a choice in the matter. Still, EMO supporters would state that, since Edison schools (in theory) must perform well to keep their contracts, citizens can "choose" to abandon the Edison model if it is not working, and elements of choice and competition are therefore intact. The notion of "economies of scale" is also present in most pro-EMO arguments. Centralizing the school offices raises efficiency and cuts costs. If, as the Edison model dictates, staff members are placed in a centralized office at a rate of one staff member for every 2000 students in the entire school system, much more money is saved than if a staff member were placed in each school (because many schools often have fewer than 2000 students). Theoretically, the cost of these staff members should amount to less than 1 percent of the total school budget.¹⁵ Only extremely large operations (and not local school districts) can function on such a scale.

While there are several EMOs, Edison Schools was chosen for a variety of reasons, not just because it had worked on the initial study. Edison had a track record of working with school systems that were demographically similar to the Philadelphia School District. Of the roughly 85,000 students who were in Edison-run schools at the time the contract was signed with the city of Philadelphia, 80% were non-white minorities and 70% qualified for federally subsidized lunches.¹⁶ Second, Edison was, without a doubt, one of the largest and best-known EMOs in 2002. Since Philadelphia's achievement gap is measured by performances on standardized test scores, state officials wanted a company that could post test gains in the city's schools, and Edison claimed to be highly capable of boosting student achievement. According to Edison's corporate website, its stated innovations include: integrating technology into the curriculum, frequent testing and test preparation, better hiring of (and more accountability for) teachers and principals, and having longer school days and years. (Edison claims that its school days are two hours longer than the national average. Its school year is roughly 198 days long, while the national average is 180 days long.) The foundation of the company's school plan is the "Edison Design," which calls for rigidly structured classroom time and a "proven," efficient, and standardized curriculum that is still sensitive to regional needs.¹⁷ In theory, Edison is able to save money because of the scale and efficiency of its operation. School districts pay Edison what they would normally pay for operational costs, and Edison pockets the surplus.

Critics of Edison Schools claim that Edison only turns a profit if it cuts corners on the quality of education it provides. This often includes reducing the size and quality of its teaching staff, and Edison teachers are especially likely to be young, uncertified or inexperienced.¹⁸ The lack of experience of many Edison teachers is particularly troubling because a recent study by Clotfelder, Ladd, and Vigdor (2004) cited teacher experience as the single most important element of teacher quality. According to the study, experienced teachers are much more effective at raising their students' test scores than inexperienced ones. Edison has also been accused of unfairly cutting expensive educational programs (such as ESL and special education). Edison refers to its special education technique as "responsible inclusion": unless a student is severely disabled, he/she is best served by staying in a typical classroom. The company's website boosts

that, of the 63 previously identified special education students in an Illinois elementary school, only 10 of students “truly” needed special education.¹⁹ According to special education advocates, Edison’s practice is no more than a money-saving tactic. In fact, the U.S. Department of Education’s Office of Civil Rights censured Edison’s Boston Renaissance School for failing to accommodate special education students.²⁰ Edison has also been criticized for “teaching to the test” and stressing examination preparation over critical thinking.

How Did Edison and the Students Perform?

To address the issue of whether or not Edison’s instructional and administrative methods are producing educational gains in Philadelphia’s public schools, it is necessary to look at the standardized testing data. Of the 20 schools that Edison took over in 2002, eight schools will be examined in this paper. One of these schools (Comegys) serves grades K-5, four (Kelley, Ludlow, Alcorn, and Kenderton) serve grades K-8, and three (Stetson, Shaw, and Sulzberger) are middle schools, with students in grades 5-8. Regarding the income and racial composition of their students’ families, the eight schools are virtually identical. And all the students take the PSSA, the statewide test that is being used to comply with No Child Left Behind Act. Performance levels are divided into four different categories (Advanced, Proficient, Basic, and Below Basic), and schools are often evaluated based on the percentage of students that fall into each category.²¹ However, it has often been argued that state proficiency levels are manipulated to give the appearance of test score gains. As a result, in this paper, raw test score data will be used instead.

While the Edison school contract was signed in the spring of 2002, the Edison management did not take over until the fall of 2002. Therefore, the scores from the spring 2002 PSSA test represent the last scores before the Edison transfer. To evaluate the impact of Edison schools on student achievement, the 2002 scores will be compared to the 2004 scores, the most recent ones available at the time of this writing. In 2002, the 5th Grade Math, 5th Grade Reading, 8th Grade Math, and 8th Reading scores for the city of Philadelphia were 1150, 1150, 1170, and 1140, respectively. In terms of benchmarks, the score of 1150 corresponds to just above the “Basic” benchmark of 1136 for 5th Grade Reading. For the other three tests, the scores put the city at the “Below Basic” level, but gains of just a few points would upgrade the city to the “Basic” level. In 2004, the 5th Grade Math, 5th Grade Reading, 8th Grade Math, and 8th Reading scores citywide improved to 1210, 1200, 1230, and 1210, putting the city average at the “Basic” level in all four categories. These test score differences correspond to two-year gains of 60, 50, 60, and 70 points, respectively.²²

If the Edison Design were as effective as the corporation claims, the Edison schools would be expected to at least match the gains posted by the Philadelphia school system as a whole. Additionally, the fact that Edison’s schools have more disadvantaged students than the rest of the city arguably would make it easier for Edison to create test score improvements. From general funding increases to class size reductions, improvements in schools increase the achievement of low-income, minority students more dramatically than they increase the achievement of white, middle-class students.²³ Since students of Edison schools are, on average, of a lower socio-economic status than

those in the rest of Philadelphia's schools, improvements in Edison schools should, theoretically, lead to particularly strong test score gains. However, results from the Edison schools were mostly unimpressive.

Only three schools were able to meet or outpace the average citywide test gains in both math and reading. At Kelley, 5th Grade Math and Reading scores rose by 100 and 60 points, and Comegys scores on the same two tests rose by 90 and 80 points. On both the 8th Grade Math and Reading tests, the scores of Shaw students increased by 80 points. Some of the other schools met or outpaced the average in one area but not the other. For example, Stetson's 8th Grade Reading increase of 80 points was 10 points higher than the citywide average, but its 8th Grade Math increase was 20 points lower. A similar pattern was found for the 5th grade scores of Ludlow's students. Alcorn's 5th Grade Math scores rose by 60 points (the Philadelphia average), but its 5th Grade Reading scores only saw a 10 point boost. Other schools and grades (Ludlow, Sulzberger, Kenderton, Shaw's 5th grade, and Stetson's 5th grade) failed to match Philadelphia's gains in both subject areas. Kenderton's 5th Grade Math scores remained flat while its Reading scores rose by only 30 points. Stetson's 5th Grade Math scores rose by 20 points, but its Reading scores actually dropped by 60 points. On average, Edison's 5th Grade Math and Reading scores at the schools in this paper rose by 51 and 30 points compared to citywide increases of 60 and 50 points.²⁴

The most disturbing aspect of Edison's management of Philadelphia's public schools, however, is not the lack of test score gains. Instead, it is the fact that many Edison schools showed alarming drops in enrollment and equally alarming increases in suspensions. Of the eight schools examined in this paper, *every single one* experienced an enrollment drop from 2001 to 2004. (Since enrollment figures are calculated annually, 2001 represents the last year before Edison's management began.) In 2001, Alcorn, Kenderton, Shaw, and Ludlow, for instance, enrolled 1148, 760, 798, and 509 students, respectively. In 2004, their respective enrollments dropped to 810, 612, 655, and 360 students.²⁵

The rises in suspensions were not as consistent as the drops in enrollment, and some of the schools (Shaw, Comegys, and Sulzberger) had fewer suspensions in 2004, after the Edison takeover, than they had in 2001. However, others experienced significant increases in the number of suspensions. Alcorn, Kenderton, and Stetson had, 0, 0, and 391 suspensions in 2001. In 2004, they had 315, 56, and 552 suspensions. These increases are startling to begin with, but the fact that they coincide with a drop in enrollments makes them seem even more troubling.

It is clear that Edison has not produced conclusive test score gains in Philadelphia's public schools. Still, is it too early to conclude that Edison will not do so in the future? A 2005 study conducted by the RAND Corporation found that it can take years for Edison's beneficial effects to surface. One aspect of the study focused on "conversion schools," Edison schools that were previously run by traditional school districts. Researchers found that it typically takes five years for these "conversion schools" to even match the test score gains made by comparable schools. In the first year of Edison school management, it is not uncommon for test scores to drop. The schools that enjoy the greatest increases in student achievement are the ones that follow the Edison model most closely.²⁶

While the study's authors deemed "Edison's improving trends" to be "encouraging," they also acknowledged that the results were not strong enough to warrant the recommendation of Edison to other school districts. Additionally, the study found that Edison's advantage over comparable schools was only statistically significant on the math portions of standardized tests, as Edison did not improve reading scores by a statistically significant amount.²⁷ Despite its modest findings, Edison praises the study's results on its company website for "affirm[ing] the general proposition that most Edison schools bring significant achievement gains to our public-education partners".²⁸ However, a more impartial analyst (the editor of *School Improvement Industry Weekly*) calls the study an additional "nail in the coffin" of the EMO model.²⁹

Given the results of the RAND study, some analysts might recommend waiting before reaching conclusions on Edison's educational effectiveness in Philadelphia public schools. However, given the financial situation of the company, it is difficult to predict how much longer Edison will last. Unless Edison manages to make serious improvements over the next few years, it may be headed for bankruptcy. By the spring of 2002, Edison was operating on a deficit of \$250 million dollars. In order to pay for the opening of Philadelphia's Edison schools, the company had to borrow \$40 million dollars from Chelsey Capital and Merrill Lynch at extremely high interest rates (Woodward 2002).³⁰ In November 2003, Edison became a privately- owned company once again. After opening at \$18 and hitting peaks of \$38 just a year before, its stock closed for the last time at \$1.76 a share. In addition to its financial woes, Edison has also been accused of unethical bookkeeping practices (such as lying about its financial situation).

In light of all this information, the future performance of Edison's Philadelphia schools must be monitored extremely closely. In Edison's defense, the company's lack of success in Philadelphia cannot be solely attributed to failings in its education model. Specific structural problems in the Philadelphia School District (such as under-funding and extreme segregation) that should be addressed are not under Edison's jurisdiction. Such problems can only be solved legislatively if at all. Additionally, Edison cannot possibly have control over all of its employees, and some principals simply do a better job than others. Nonetheless, it was not a wise decision to turn 20 Philadelphia public schools over to Edison control. Given the underperformance of Edison's schools, the questionable tactics of its administrators, and the financial situation of the company as a whole, the author of this paper advises potential clients, states and cities, to avoid Edison Schools. Additionally, Edison's poor performance casts doubts on more than just the Edison Schools corporation. It casts doubts on the entire concept of school privatization.

Endnotes

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