

School privatization 'experiments' fail

by Charles Tuttle

Education Alternatives, Inc. (EAI), the Minneapolis-based outfit touted as the leader among the much-advertised "emerging industry" of education management organizations, has run into trouble, as educators and parents, wary of their privatization schemes, recently voiced protests in Baltimore, Maryland and Hartford, Connecticut. The cities are the company's prize contracts, examples of the greatest inroads nationally of the Conservative Revolution doctrine for privatized schooling which is keeping EAI's fledgling operations afloat.

Severe scrutiny is now focusing on EAI's modus operandi of projecting inflated educational expectations along "reform" lines to secure public funds, while getting rid of teachers and imposing ever more austere management to maintain its profits. EAI won its deal with Hartford last fall to run all the city's public schools, and EAI has since proposed cutting 300 staff positions while increasing class sizes. Like most cities suffering from disintegrated, post-industrial economies, Hartford is struggling with a \$171.1 million education budget, and EAI is attempting to shift millions away from teacher's salaries (last year's budget devoted 80% to staff salaries) into cheaper computers, textbooks, and superficial building repairs, displaying deceptive, quick-fix "improvements" yet all the while preserving profit opportunities.

Raucous debates have ensued in past weeks over plans for this year's budgetary appropriations, as Superintendent of Schools Ed Davis has resisted the EAI-proposed teacher cuts, along with many other so-called reforms. Ironically, the wife of Mayor Michael Peters, who was key in arranging the hiring of EAI, stands to lose her school paraprofessional job under the proposals.

EAI Chairman John Golle now says he wants to renegotiate its five-year management contract with Hartford, and is seeking to have EAI paid a set fee or percentage of the public till in the future. The city challenged numerous expenses upon receipt of its first set of bills from EAI in early May, which included nearly \$150,000 in travel expenses, \$1.6 million for the rental of two condominiums, and hundreds of thousands in unsubstantiated construction costs. Golle also now says EAI "never intended to actually seek payment" for some aspects of the bills.

The company announced a net loss of \$243,000 (amounting to 3¢ per share) for its third financial quarter, which ended March 31. Filings with the Securities and Exchange Commission revealed that EAI said it expects "reimbursable expenses" of \$2.8 million for the 1994-95 school year in Hartford—the same expenses that Golle now says are "negotiable." The report said EAI had generated a "sufficient savings" to offset a projected school appropriations deficit of \$4.7 million, but was uncertain where it would find money in the budget to cover its own \$2.8 million in operating costs. EAI's predominant revenue in the past has derived from sales of company-owned financial securities.

In no position to bargain, EAI will likely accept whatever Hartford's school board agrees upon, even if that includes few of the company's recommended changes. The crucial fact now at risk of coming to the fore, if the board doesn't accept the sort of change that EAI advocates, is the nagging question, "Why have the company here at all?"

Is this any way to educate children?

Baltimore, with its "sweetheart deal of a lifetime" with EAI, pushed through by a frenzied "reform" mob during the summer of 1992, is now acknowledging extreme doubts. Even Mayor Kurt Schmoke has admitted disappointment with results from EAI's outcome-based, multi-intelligences "Tesseract Way" learning methods. Test scores have fared poorly for EAI-run schools in comparison with district schools, and Schmoke is facing a tough reelection battle from among EAI's harshest critics. The press, usually the staunchest of reform advocates, has revealed that EAI has siphoned off \$18 million in extra funding to run its 12 schools within the 182-school system in the past three years. Closer examination of the contract showed that EAI, based on inflated enrollment projections that were never realized, was allowed to pocket most of the extra proceeds that resulted from a \$270 per student surplus. EAI's contract demanded that it be paid the same as the district's projected allotment per student, but EAI schools don't have to pay for higher-cost special education such as vocational or alternative schools within their Tesseract framework. Schmoke now says he misunderstood the EAI "cost-neutral" proposal to mean EAI schools didn't need more money, i.e., he hoped that the city wouldn't have to increase funding to pay for it.

Superintendent Walter Amprey, an EAI adherent, has admitted some doubt as to the effectiveness of the Tesseract program, while maintaining a "it's too early to tell" stance on the poor (and previously deceptively bolstered) test score results. Amprey insists that EAI is no different than companies that sell the city school supplies and that the system "paid to learn" from EAI. In keeping with the America/Goals 2000 "reforms," Amprey says the Tesseract (EAI) "experiment" has been worth the cost as a model for moving money and authority away from the board of education to the schools themselves.