



ECS Case Study

Restructuring Schools In Chester Upland, Pennsylvania: An Analysis Of State Restructuring Efforts

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Education Commission
of the **S t a t e s**

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INTRODUCTION

Restructuring is a process initiated to substantively change the governance, operation and instruction of public schools or districts identified as failing. There are multiple definitions of restructuring, but the common thread binding all restructuring models is a substantive change of the standard operating procedures of a school or an entire district. More than half of the states in the nation have legislation on the books authorizing school restructuring but the 2001 reauthorization of the Elementary and Secondary Education Act – the No Child Left Behind Act (NCLB) – introduced a new sense of urgency to the process of improving public schools. Among other things, NCLB requires states and districts to identify and restructure chronically low-performing schools.

NCLB is in its third year of implementation, and increasing numbers of schools nationwide are facing restructuring due to their failure to meet their state's Adequate Yearly Progress (AYP) benchmarks.¹ While NCLB establishes mandates for restructuring, few state or district policy leaders have experience executing the types of restructuring strategies required by NCLB.

To inform the process of implementing NCLB-mandated restructuring efforts, this report presents a summary of state-driven restructuring efforts in a single district: Chester Upland, Pennsylvania. Pennsylvania's experience with restructuring this low-performing district's schools provides practical information that should be valuable to other state and district education leaders charged with the arduous task of restructuring schools under NCLB.

By all accounts, school restructuring in Chester Upland School District (CUSD) is an example of how not to restructure. For the past four years, the district has been in relative turmoil due to an evolving partnership between the district and Edison Schools Inc. Each new school year has led to the igniting of a new set of fires, which state, district and Edison personnel are continually struggling to extinguish. Caught in the middle of the turmoil

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are the children and families the restructuring initiative was designed to help. Nevertheless, almost in spite of everything that has occurred in the district, nearly all the schools have demonstrated some academic gains in mathematics and reading. While these gains have been limited, they are nonetheless encouraging.

This report's purpose is not to designate blame, but rather to illustrate how the process of restructuring in Chester Upland serves as an example of how good intentions can easily lead to bad implementation. The lessons culled from CUSD are instructive because they reveal restructuring requires an unflappable commitment to changing the status quo and compromises made in the interest of expedience can substantively undermine a reform initiative. To reiterate, the purpose of this paper is not to point fingers, but rather to describe restructuring in Chester Upland and identify critical missteps that policymakers should strive to avoid when aspiring to substantively improve similarly struggling schools.

METHODOLOGY

To identify the lessons learned through restructuring in Chester Upland, the author conducted a thorough document review and interviewed state-, district- and school-level officials, as well as Edison Schools Inc. personnel actively involved with the restructuring process. The interviews were conducted over the telephone and in-person during the summer and early fall 2004. The interviews were guided by open-ended interview protocols that enabled maximum dialogue while ensuring documentation of specific aspects of the restructuring process in Chester Upland. Due to the contentious nature of restructuring in CUSD, particular emphasis was placed on interviewing informants with diverse perspectives of the issues. In addition, key stakeholders from the state, district and Edison Schools reviewed the case to verify its accuracy.

Informants identified multiple reasons *why* restructuring has been so thorny, but there was universal agreement that CUSD is an example of *how* not to restructure an urban school district. The interviews provided vital information regarding policies and practices that fostered, or conversely impeded, the restructuring process.

Data Sources

- Chester Community Charter School*
- Chester High School*
- Chester Upland Board of Control*
- Chester Upland Education Association*
- Chester Upland Parent Teacher Organization*
- Chester Upland School District*
- Edison Schools Inc.*
- Mosaica Education*
- Pennsylvania Department of Education*
- Showalter Middle School*
- Stetser Elementary School*

THE POLICY CONTEXT FOR RESTRUCTURING

The following sections briefly introduce the national, state and district policy contexts that influenced state-driven restructuring initiatives in Chester Upland from 2000-04.

National Policy Context

The No Child Left Behind Act of 2001 formalized a growing national trend toward educational accountability. In its simplest form, educational accountability refers to students, teachers and school administrators being held responsible for academic outcomes. This responsibility is contingent upon tracking measurable outcomes and granting rewards or sanctions based on the degree to which these outcomes are attained.

Market-based reforms such as school contracting, charter schools and school vouchers are one embodiment of such accountability. They also introduce the forces of choice and competition into public school arenas that have traditionally been relatively isolated from such forces. These reforms have been gaining favor in the public education sector over the last two decades. Of particular relevance to this CUSD case study is school contracting wherein an external entity was hired to operate specific aspects of a public school, the entire school or an entire school district. Companies that operate public schools through contracts are referred to generally as education management organizations (EMOs), and they typically aim to earn a profit in the process of operating public schools.

In 2000-01, when CUSD was identified for restructuring, there were 21 EMOs operating a total of 258 schools in 22 states.² The vast majority of these schools – 213 of the 258 – were charter schools. Nevertheless, a number of traditional public schools are being operated by EMOs via partnership arrangements wherein the district, or in some cases the state, hires a private company to manage schools. As of February 2004, there were 51 EMOs managing 463 schools across 27 states and the District of Columbia. Eighty-one percent of the schools operated by EMOs are charter schools and 54% of these schools are located in just two states: Arizona and Michigan.³ Public schools operated under contracts with for-profit providers are a miniscule sector of the public school arena, yet this sector will most likely experience growth in the coming years due to NCLB’s restructuring mandates.

State Policy Context

Pennsylvania educates roughly 1.8 million students in 690 local education agencies comprising a total of just over 3,000 public schools.⁴ In May 2000, Pennsylvania joined 23 other states in passing a law – the Education Empowerment Act (EEA) – that granted the state extensive authority to intervene in school districts not demonstrating academic growth. The EEA outlined criteria for identifying failing school systems and specific actions that must occur in failing schools.

A district was identified as an education empowerment district if more than 50% of its students were in the bottom quartile on the state’s reading and math tests in the two most recent school years. The academic criterion outlined in the 2000 act enhances that identified in previous legislation, which only focused on fiscal distress. Once a district is identified as an education empowerment district, it has three years to improve its performance or face a takeover by a state-appointed Board of Control (BOC).

A BOC comprises three members: the Pennsylvania secretary of education or their designee, and two residents of the county in which the school district is located who are appointed by the secretary. Employees of the district are explicitly forbidden from being members of a BOC. Members of a BOC serve at the “pleasure of the secretary and if the member is not an employee of the state, they may be compensated.” With the exception of having the ability to levy taxes, BOCs are authorized to exercise the powers and duties otherwise exercised by a board of directors.

Once a BOC is selected by the secretary, the state assigns the district an academic advisory team, which is responsible for leading a district empowerment team through the school-improvement planning process to produce a school-improvement plan. The academic advisory team comprises three to six experts who are knowledgeable in areas such as “school or business administration, staff development, early childhood education, curriculum development, budget development or fiscal management, labor relations or special education.” The district empowerment team includes the following individuals: a member of the board of control, the school superintendent, a school business manager, a principal, a teacher, two parents with a child in a district school, a local representative of business, local community leaders and two members of the general public.

“...under the laws of the Commonwealth, the Board of Control has general control and supervision of the public schools in the School District and is charged with the duty to provide adequate public schools...”

– Management Agreement, July 2001

The act outlines specific goals that district empowerment teams should incorporate in their improvement plans. The central goals are: districtwide academic standards, performance goals, benchmarks and timetables; a system of academic accountability; procedures to inform the community of the performance of each school; policies to increase authority of individual schools; and a system that allows parents to choose the public school in the district their child can attend. Once the plan is developed and approved by a BOC and the Pennsylvania Department of Education (PDE), a BOC is responsible for implementing the school-improvement plan. Once a school-improvement plan is accepted, the academic advisory team and the district empowerment team are dissolved.

The EEA outlines multiple options that education empowerment districts are allowed to include in their school-improvement plans to restructure their schools: establish any school as a charter school; designate any school of the district as an independent school; enter into contracts with for-profit or nonprofit organizations to operate a school; reconstitute a school; reassign, suspend or dismiss professional employees; supervise and direct principals, teachers and administrators; or rescind without penalty the contract of the superintendent and other administrative personnel. The act defines an “independent school” as a school in which a school is granted “authority to decide all matters related to the operation of the school” and is “considered a charter school for purposes of funding.”

If and when school districts identified as education empowerment districts attain the specific academic goals articulated in their school-improvement plan, the district no longer is considered an education empowerment district. If the empowerment district is being operated by a BOC, the traditional school board resumes control over the district and the BOC is dissolved.

When the state enacted this law, it contained a special provision that made the identification standard retroactive so districts with a history of low test scores immediately qualified as education empowerment districts. Based upon this provision, the state identified 11 districts as education empowerment districts. For nine of these districts, the state gave them three years to improve performance or face a state intervention. For two of these districts, the state intervened immediately. In the Harrisburg School District, the state charged the mayor of Harrisburg with appointing a new school board. In the Chester Upland School District, the state appointed a BOC to run the district.

Upon its passage, the EEA was heralded as an important law that “frees school districts from mandates that have protected the status quo at the expense of children ... we’re telling the education establishment that ‘business as usual’ is not acceptable, and we are giving them the means to be innovative.”⁶ While the politicians boasted about the power of the law, however, the potential impact of the law is in fact somewhat limited due to a clause that restricts any restructuring initiatives to the parameters articulated in existing collective-bargaining agreements. Specifically, the law states: “Collective Bargaining – Nothing contained in this article shall supersede or preempt any provision of a collective-bargaining agreement between a school district and an employee organization in effect on the effective date of this article.”⁷ The law does not preclude a renegotiation of collective-bargaining agreements, but it does not require renegotiation. The lack of explicit authority to restructure existing collective-bargaining agreements potentially restricts an education empowerment district’s ability to implement the very restructuring initiatives articulated in the act.

The Pennsylvania Legislature passed the EEA in mid-2000. The subsequent passage of the federal No Child Left Behind Act of 2001 required the state amend its accountability system to align with the federal statute. Based on NCLB’s stipulations, districts previously identified as education empowerment districts were recategorized. For example, in 2002, the Chester Upland, Duquesne, Harrisburg and Philadelphia school districts all were categorized as the most serious level of action outlined in NCLB: “Needs Improvement – Corrective Action II.”⁸

In part due to issues in Chester Upland and the fact that the state was transitioning to a new gubernatorial administration in 2002, the Pennsylvania General Assembly amended the EEA to include language related to the appointment and removal of members of a Board of Control. The amendments stipulated that: “No member of the board may be removed from office during a term, except that the secretary of education may, upon clear and convincing evidence of malfeasance or misfeasance in office, remove a member prior to the expiration of the term.” Prior to the amendment, the state had what was perceived to be more liberty regarding the hiring and firing of Board of Control members. The 2002 amendments reportedly insulate Board of Control members from state control to some degree.

District Policy Context

Chester Upland is a small former factory town in Delaware County located southwest of Philadelphia, Pennsylvania. The urban community encompasses an area of just under seven square miles and has a population of approximately 50,000 residents. The district is predominantly African American and over 80% of the students in the district qualify for free or reduced-price meals. Whereas the city once had a strong tax base due to a variety of factories, the city now struggles financially. Chester Upland has a shrinking tax base and a high rate of tax delinquency, which undercuts the school system’s annual budget.

When the district was identified for state intervention in 2000, it enrolled a total of 7,500 students and had had five superintendents in the previous 10 years. The district comprises 10 traditional public schools. In 2000, the per-pupil allocation was just under \$8,000 a student and CUSD was ranked last in the state academically, according to performance on standardized test scores.⁹

“... the entire system is broke and has failed to accomplish its primary mission of educating our children. Therefore, the total public school system, as we know it, must be reformed.”

– November 17, 2000, Reverend Coe, chairperson, Community Education Task Force

Interconnected to the district's fiscal and academic problems, the district's special education program was operating under federal supervision due to noncompliance with the federal Individuals with Disabilities Education Act (IDEA). The supervision stemmed from a 1990 class-action lawsuit – referred to as the Duane B. case – related to the education of students identified as emotionally disturbed. As a result of the court-ordered state involvement, the district has dedicated an unusually disproportionate amount of human and fiscal resources to its special education programs since the early 1990s. At the time of the state intervention under EEA, the district's special education programs were still being operated under close supervision by the federal courts, which magnified attention to compliance issues. In 2003, the court order requiring the state's involvement and consequent agreements were lifted because the district had documented its special education program was in compliance with IDEA.

“There was no malice ... but the system as a whole was fundamentally broken, there is no incentive system, no rational incentive structure to improve performance. None of the adults' performance is connected to outcomes.”

– PDE staff member

In addition to the traditional public schools, there is a relatively active charter school sector in Chester Upland. Since 1997, a total of four charter schools have been granted by the district. Two of the charters have closed, and in 2003 a third school significantly scaled back its operations due to financial problems. The two charter schools still operating in Chester Upland enroll approximately 2,000 students – out of a total of 7,500 students in the district – and the schools are a contentious topic among district administrators. Charter schools are funded on a per-pupil basis and receive less per-pupil funds than traditional public schools. Nevertheless, district personnel perceive the charter schools draw a disproportionate quantity of resources, and the district has not been able to realize any cost savings associated with the decrease in enrollment due to students enrolling in the charter schools.

According to the Pennsylvania charter school statute, the charter schools operate autonomously from the district so they are not directly affected by the state intervention. Nevertheless, the district's ongoing financial crisis does affect the charter schools' budgets.

As previously mentioned, when the Legislature passed the EEA in 2000, CUSD qualified immediately for state intervention. This happened for two reasons: (1) the district had been managed by a state fiscal board of control for more than two years due to being identified as “fiscally distressed” in June 1994 and (2) the district had a history of low performance – an average of 68.4% of children failing in mathematics and reading for two consecutive years, according to the Pennsylvania System of School Assessment test.¹⁰

In fall 2000, the state appointed a three-member BOC to operate CUSD and an academic advisory team to work with the district. In addition to appointing the BOC and the academic advisory team, the state granted the district \$450,000 plus an additional \$75 per student, according to prior year enrollment, to assist with school-improvement efforts.

“... the School District Empowerment Team was established to develop a School District Improvement Plan to significantly improve academic performance and enhance the educational and fiscal management and operation of the district.”

**– Management Agreement,
November 2002**

In September 2000, the BOC and the academic advisory team created the CUSD education empowerment team. The team comprised 11 individuals from Delaware County, including members of the CUSD Board of Control, the superintendent and representatives from the high school, the high school parent teacher organization, the Chester Upland Education Association and the community at large as dictated by the EEA.

Between September and December, the education empowerment team developed a school-improvement plan under guidance from the academic advisory team. In line with the EEA requirements, the empowerment team held two public meetings to solicit community input, made its plan available for public inspection for a total of 15 days and adopted the plan in a public forum prior to submitting it to the BOC. In turn, the BOC submitted the approved plan to the Pennsylvania secretary of education.

The school-improvement plan was to raise academic performance and entailed hiring private providers to operate all the traditional public schools in the district as independent schools. The plan included:

- Implementing rigorous standards and high expectations by adopting state academic standards
- Creating charter and independent schools to start in 2001-02
- Adopting academic assessments and integrating test scores in performance goals and benchmarks
- Establishing district performance goals, benchmarks and timetables that will lead to decertification as an empowerment district
- Implementing academic accountability by introducing consequences and rewards connected to performance goals and benchmarks
- Engaging parents and community members by improving communication regarding school standards, policies and academic outcomes
- Introducing a system of school choice whereby students can choose to attend any school in the district
- Boosting professional development and ensuring new charter and independent schools submit a professional development plan for all faculty
- Enhancing school safety by evaluating the Code of Discipline, working with the Chester Police Department and reviewing roles of security personnel.

In the section of the school improvement plan pertaining to creating charter and independent schools, the authors noted that "... only qualified education providers should be permitted to operate schools. Provider qualifications must include experience in school management, a proven effectiveness of their educational programs, a demonstrated ability to meet their financial and contractual responsibilities, and a commitment to educating all students."¹¹ This stipulation in the improvement plan established a mandate to recruit and hire private managers to manage the newly independent schools.

The decision to hire external managers was attributed to a perceived lack of confidence in the district's ability to self-improve. While the purpose of the empowerment teams as outlined in the EEA was to develop a locally initiated plan to restructure failing schools with guidance from the state, in the absence of a plan emerging from the district, restructuring was heavily influenced by the PDE in Harrisburg.

Not unexpectedly, the improvement plan was criticized as soon as it was adopted by the BOC. In particular, community members expressed dissatisfaction with the fact the plan reflected the desires of state leaders in Harrisburg as opposed to the community members that comprised the empowerment team. The state embraced privatization as a strategy for reform, but members of the community, including members of the BOC who would be responsible for implementing the contracts, reportedly did not wholly embrace the strategy. This initial disconnect was an early indication of future divides between the BOC, district administration and private managers hired to operate district schools.

Discussions with officials involved with restructuring revealed a strong commitment on the part of the PDE to reform CUSD yet a hesitation to reform too radically out of concern for costly and time-consuming legal challenges. In other words, while the state was interested in and committed to taking an active role in radically changing the district, the state seemingly tempered its objectives in an effort to build what consensus was possible and hopefully avoid tying the state and the district up in lengthy litigation.

As noted previously, the EEA allowed for the allocation of additional grant funds to empowerment districts. During the first three years of state intervention in CUSD, the state provided the district with an additional \$11 million to support the BOC's restructuring efforts. This money was given to CUSD in the form of demonstration and other grants beyond the state dollars the district would have received under normal conditions. A substantial portion of these additional funds were allocated to the Edison contract.

"Amidst this climate of academic distress is an increasing public belief that the present public school system no longer operates in the interest of the children it serves. The schools are unaccountable for academic results (or the lack of them). Decisions within the system are often seen as benefiting adults at the expense of children. And parents and community members too often feel marginalized in the process."

– Education Empowerment Team, 2000

SCHOOL RESTRUCTURING

Equipped with a mandate from the education empowerment team, the BOC initiated the formal process of selecting private contractors to operate Chester Upland public schools in the winter of 2000-01. The following sections describe the (1) call for proposals, (2) process of selecting vendors, (3) contract negotiations, (4) transition to new management, (5) autonomy granted to the independent schools, (6) accountability plan and (7) outcomes of restructuring.

Call for Proposals

In December 2000, the BOC released a Call for Business Proposals (CFBP) inviting vendors to submit a proposal to manage a school(s) in Chester Upland. The Contractor Selection Process and Timeline sidebar contains the proposed timeline articulated in the call.

The BOC structured a process that boiled down to a two-step written application process: a statement of qualifications signaling a provider's intent to bid for a contract and then a full proposal. The statement of qualifications included a Vendor Experience section (see the Vendor Experience Criteria sidebar below) in which potential vendors were required to, among other things, outline their academic and management experience and submit their two most recent annual financial statements to document their financial viability. The full proposals were to outline how individual vendors intended to operate schools.

The CFBP was distributed widely and invited vendors to submit a proposal to operate one or multiple schools in the district. Vendors were reportedly encouraged to be "creative" and "entrepreneurial." The PDE and the BOC created a Web site associated with the CFBP. Interested applicants could submit the various documents required for the process via the Web site and applicants could post questions to the site, which all potential providers were able to view. The Web site was reportedly very helpful and ensured all potential applicants had easy access to the same information from the district.

Seven companies initially expressed interest, but in the end only four companies opted to continue to the full proposal phase: Edison Schools Inc., LearnNow, Mosaica and Sabis International. A BOC member noted that these four companies had "the financial means and desire to enter Chester." The BOC presented the four companies with a business contract for them to bid on. An important component of the selection process associated with the formal proposal was an oral presentation. According to the CFBP, each provider that submitted a formal proposal would be required to make an oral presentation, which could be up to two hours in length. The presentation was followed by a period during which the evaluation team would have the opportunity to ask the questions.

Upon reviewing the business contract, Sabis International withdrew from consideration because it reportedly did not wish to operate under the existing collective-bargaining agreement. According to sources familiar

Contractor Selection Process and Timeline

1. *Call for Business Proposals release (12/11/00)*
2. *Registration by vendors of intent to submit proposals (12/15/00)*
3. *Submission of questions for information conference (12/18/00)*
4. *Business information conference (12/21/00)*
5. *Formal registration of intent to submit a proposal(s) (12/22/00)*
6. *Submission of Statements of Qualifications (12/29/00)*
7. *Initial qualification evaluation (12/30/00-01/05/01)*
8. *Selection of vendors for the short list (01/08/01)*
9. *Submission of formal proposals (02/05/01)*
10. *Oral presentations (02/01)*
11. *Selection of vendor(s) (02/28/01)*
12. *Contract negotiation (03/01)*

Source: Chester Upland School District Call for Business Proposals, December 11, 2000

Vendor Experience Criteria

- *Previous management engagements*
- *References*
- *Financial viability*
- *Personnel/project team*
- *Budgetary experience*
- *Prime/subcontractor relationship*
- *Pennsylvania-specific experience/familiarity*
- *Previous school management experiences*
- *Stakeholder involvement*
- *Curricula experience*
- *Student management programs*
- *Staff development*

Source: Call for Business Proposals, December 11, 2000

with the process, Sabis did not want to share decisionmaking authority with the unions. LearnNow proposed to operate a few select schools, and Mosaica proposed to operate a single school as a charter school. Edison's proposal outlined a plan to operate the entire district under a partnership with the Chester Upland Education Association (CUEA), the Chester Upland Education Support Personnel Association (CUESPA) and the Chester Community Leaders – a cohort of community leaders.

The proposed Edison partnership represented a coalition of unlikely partners who put their differences aside in the interest of maximizing their role in the restructuring mandated by the BOC. The partners proposed to assume management of all 10 CUSD schools and the central office. Under the auspices of the partnership, all CUSD schools would become “independent schools” operated under a single independent governing board, which would hire Edison to operate schools and be accountable to the BOC. The BOC would remain intact but the CUSD central office would be significantly downsized. A key component of the partnership was a tentative arrangement forged between Edison and the CUEA, which entailed compromises on the part of both parties. For instance, Edison negotiated a more rigorous teacher evaluation process than was previously allowed under the collective-bargaining agreement, and CUEA was able to maintain its bargaining unit.

“Providers ... may submit several proposals offering different approaches or configurations ... potential providers will be required to establish their proposed schools as either charter public schools or independent schools ... potential provides may submit a proposal to operate a single school, multiple schools, or may submit a proposal to operate the entire school district.”

– Call for Business Proposals, December 11, 2000

The BOC flatly rejected the Edison partnership. Discussions with stakeholders involved with the process revealed an apparent disconnect regarding the substance of the partnership. The BOC reportedly interpreted the proposal as an undermining of the BOC and an attempt by Edison and the CUEA to take over operation of the district without any perceptible external accountability. A BOC member characterized Edison's proposal as simply a trade of a public monopoly for a private monopoly. From the perspective of Edison and the CUEA, the partnership did not advocate undermining the BOC but rather streamlining the central office while retaining the BOC's position of authority as the “customer” to whom the partnership would be accountable. Regardless of the reported intentions, the BOC rejected the proposed partnership and encouraged Edison to submit its own proposal to manage schools in CUSD, which Edison subsequently submitted.

“We did not want to trade a public monopoly for a private monopoly.”

– BOC member

The BOC sought to create a competitive environment from which multiple strong operators could be selected to operate a variety of different educational programs to meet the diverse needs of parents and children. In practice, the call for proposals appears to have overstated the BOC's willingness to consider creative or entrepreneurial proposals. Informants also questioned the degree to which it is feasible to create a competitive environment in such a small district in which all students end up in a single high school. In addition, existing collective bargaining agreements appear to have served as a deterrent for some companies that would have otherwise sought contracts to operate schools in CUSD.

Lessons Learned

- The call or request for proposals soliciting providers to submit bids to operate schools must be an accurate representation of how the district plans to restructure. While the initial BOC call invited providers to propose a variety of arrangements, in practice the BOC was willing only to consider a relatively narrow menu of options.
- Limitations – such as an unwillingness to consider creative options or to revise existing collective-bargaining agreements – can deter competition to manage schools.
- Managing the proposal process via an interactive Web site can expedite the process and provide an added degree of transparency for all applicants.

Selecting Contractors

The BOC sought to foster competition by selecting multiple external managers to operate particular schools in the district. In theory, the different managers would offer unique educational models and parents would have a variety of choices within the public sector. Selection was managed by the BOC with assistance from a local law firm and four external experts with knowledge of private contracting for public schools. The local law firm developed the call for proposals and the business contracts, and conducted due diligence regarding the academic and fiscal health of the companies. The due-diligence process consisted of visiting schools operated by the companies and interviewing company references. Four external experts with substantive knowledge of education, private contracting and charter schools reviewed the proposals and made recommendations to the BOC.

In late March 2001, the BOC offered the three remaining companies contracts to operate select schools. Edison Schools Inc. was offered a contract to manage four elementary schools and two middle schools. LearnNow was offered a contract to manage the high school, a middle school and an elementary school. Mosaica was offered a contract to manage a single elementary school.

The selection of vendors was based upon a statement of qualifications, a formal written proposal and public presentations by the proposed vendors. In addition to the oral presentation to the BOC, the prospective vendors met with parents, teachers and church communities to discuss their proposals. The presentations were reportedly critical to the eventual selection of the companies and the specific schools awarded. In particular, community members were impressed by the executives of LearnNow and specifically the company's explicit commitment to urban youth. Numerous key stakeholders attributed LearnNow's presentations with the decision to award the company management of Chester High School in spite of the fact the company had never operated a high school.

In hindsight, key informants reported the selection process was rushed and not particularly competitive. The Call for Business Proposals was released in December 2000, and vendors were selected by the end of March 2001. In addition to the short timeframe allocated to vetting and selecting vendors, "most EMOs withdrew from competition when they researched our business proposal," according to one BOC member. The proposed business plan granted the external managers rather limited autonomy from the existing central office and collective-bargaining infrastructure. Furthermore, the business plan incorporated keeping the central office essentially intact, as opposed to substantively downsizing the office. Due to the overhead required to operate the central office, the proposed financial arrangement with the private providers was reportedly precarious and somewhat untenable.

The following sections briefly introduce the three competitors.

Edison Schools Inc.

Edison was created in 1992. By 2001, it was the largest EMO operating public schools in the nation, managing 113 public schools (i.e., 84 traditional public schools and 29 charter schools) serving a total of 57,500 students.¹²

The Edison school design is a comprehensive school model that Edison developed based upon research on effective school practices.¹³ The academic core of Edison's model is a set of academic content standards that are supported by packaged curricula – such as Success for All and Chicago Mathematics – and implemented using diverse instructional methods such as direct instruction, cooperative learning, project-based learning and differentiated instruction. In addition, Edison's model depends heavily upon technology, comprehensive assessments and regular communication between school and home.

LearnNow

LearnNow was founded in 1999. At the time the company was bidding to operate schools in Chester Upland, it was operating 11 schools serving a total of 5,000 students in Minnesota, New York, Pennsylvania, and Washington, D.C. Most of the LearnNow schools were located in low-income neighborhoods, with several run as partnerships with local community groups. According to the company's literature, LearnNow's academic program consists of high academic standards delivered by quality teachers with adequate resources and tools. LearnNow schools focus on math, science and technology skills, and offer a longer school year and school day. The LearnNow model incorporates involvement in local community groups and an internship requirement for high school students.

To assist with transitioning into new districts, LearnNow is reportedly successful at gaining community involvement and securing local leaders' support. When vying to manage schools in CUSD, LearnNow recruited popular former teachers and administrators from the district who had left the community.¹⁴ An indicator of LearnNow's ability to amass local support is the fact that when the BOC publicly announced which schools it had assigned to specific companies, community members reportedly cheered when it was announced LearnNow would be managing Chester High School.

Mosaica

Mosaica was established in 1996 and by 2001, the company was managing 20 public charter schools in five states enrolling a total of approximately 5,000 students. According to company literature, Mosaica manages public schools either at established district spending levels under contract with local school districts or funded directly by states under charter school laws that permit private management.¹⁵ Key features of the Mosaica model are the Paragon curriculum – which hinges on hands-on activities that engage students' interest, curiosity and enthusiasm for learning – a longer school day and year, smaller classes, and technology.

Lessons Learned

- Rushing to implement a restructuring initiative is shortsighted. Adequate planning and due diligence will prove expedient over time.
- Districts interested in hiring external operators have an obligation to conduct academic and fiscal due diligence to ensure the vendors can fulfill their promises. Examples of academic due diligence are reviewing external evaluations of schools operated by the company and checking references. Examples of financial due diligence are examination of third-party audits by knowledgeable business professionals.
- Written proposals and oral presentations provide a dynamic understanding of a potential vendor that might not emerge from a single source of information.
- Effective presentations cannot serve as a proxy for effective practice. Due diligence enables districts to identify high-quality, financially stable providers.

Negotiating Initial Contracts with Vendors

After the BOC selected the three contractors, the companies entered into contract negotiations with the BOC. The initial request for proposals invited applicants to submit creative proposals but in practice the three companies were offered essentially identical contracts to operate their assigned schools.

Contract negotiations between the BOC and the three companies languished for months. The negotiations entailed complex negotiations involving the board, the companies and district administrators. Key informants knowledgeable about the process attributed the prolonged contract negotiations to disagreements between the parties regarding the roles and responsibilities of the central office and the private providers. In the end, the BOC proved either unwilling or unable to downsize the central office. In July 2001, just two months before schools were due to open, the BOC completed negotiations with Edison, LearnNow and Mosaica. The substance of the contract and specifically the autonomy granted Edison is described in the next section.

“This was a resource-starved district and the name of the game was efficiency at the central office, not propping up the central office. Propping up the central office while still expecting outsiders to compete for contracts that weren’t financially feasible was not [rational].”

– Edison personnel

In July 2001 – nearly to the day of announcing the conclusion of the negotiations – Edison and LearnNow merged. Edison acquired LearnNow for 1.4 million shares of Edison stock. The merger also entailed Edison lending LearnNow \$4 million to cover overhead and expansion efforts. Discussions with key stakeholders knowledgeable about the merger revealed that prior to the merger LearnNow was facing financial difficulties. The merger enabled the company to remain solvent. LearnNow was reportedly overextended and needed additional financial backing to fulfill its new contractual obligations to CUSD. The contract in CUSD was reportedly a contributing factor to the merger. The three companies had applied to operate independent schools, but they were offered rather restrictive contracts that were built upon the premise of maintaining the CUSD central office. The

overhead associated with operating the central office diminished the revenue directed to the private managers to operate the individual schools. Edison personnel noted the merger was partially motivated by each company's desire to minimize overhead in their contracts to manage CUSD schools. An Edison staff member noted that CUSD was a "resource-starved district."

The announcement of the Edison and LearnNow merger was an unwelcome surprise to the BOC, which was committed to infusing competition into the district by hiring multiple vendors. Nevertheless, the BOC signed a contract with Edison to operate a total of nine schools. Six schools would offer the Edison program, and three would offer the LearnNow model. According to news reports, Edison promised to fulfill the BOC's objective for school choice options by honoring the LearnNow educational model in the schools specifically awarded to LearnNow.

**"The BOC wanted competition
but the companies wanted it to be
financially feasible."**

– Edison personnel

While the BOC was negotiating with Edison and LearnNow and dealing with the pending merger, it was simultaneously negotiating with Mosaica. Mosaica had submitted a proposal to operate a single elementary school as a charter school, including the requisite independence and budgetary autonomy granted other Pennsylvania charter schools. The generic contract offered by the BOC was substantively different from the plan Mosaica executives had articulated in their proposal. Furthermore, after analyzing their potential revenues and expenditures, Mosaica executives predicted they would lose upwards of \$1 million in a single year of operating Toby Farms Elementary. In light of these substantive issues and following months of negotiations, Mosaica opted out of its contract with the BOC in August 2001. Mosaica's decision to turn down the contract to manage Toby Farms Elementary led to the school reverting back to the dominion of CUSD. Mosaica subsequently submitted a proposal to operate a charter school in CUSD, which was rejected by the BOC.

As the 2001-02 school year loomed, the BOC was faced with the prospect of a single company operating nine of 10 district schools, an arrangement the BOC had explicitly sought to avoid. The contract between the BOC and Edison was not finalized until November 2001. Nevertheless, the nine CUSD schools awarded to Edison opened their doors as Edison Schools on Tuesday, September 11, 2001.

Lessons Learned

- The request for proposals, review process and contract negotiations need to be aligned to reflect the goals and objectives of the entity responsible for implementing the restructuring (i.e., the BOC). For instance, if the goal is to create a competitive environment, the proposal should be attractive enough to draw multiple contractors. Conversely, if the proposed contract will offer little autonomy to external providers, the call for proposals should articulate the parameters of the arrangement to ensure the companies applying match the needs of the entity (i.e., the BOC) purchasing their services.
- One of the incentives for EMOs to manage public schools is they may earn a profit. If the opportunity to earn a profit appears tenuous at best, the pool of potential vendors will be somewhat shallow. If districts want to realize the full potential of hiring a private management company, they should leverage the potency of profit to attract and motivate the companies.
- Targeted dissemination of Calls for Proposals may be required to hire competent and appropriate vendors well-matched with local requirements. For instance, Chester High school is an urban high school with a history of issues related to school safety. Given this history, a targeted outreach strategy aimed at identifying financially stable providers with experience operating urban high schools may have generated a more competitive pool of applicants.
- The best-laid plans do not always come to fruition, and districts should be prepared to re-evaluate their approach and redirect their restructuring efforts. While the BOC was committed to creating a competitive environment, the substance of the business plan that it proposed deterred potential competitors. A shallow field of potential competitors may be an indication the proposed initiative is flawed. Reconfiguring the Call for Proposals and the specific business plan proposed may have led to a more robust field of competitors.
- The entity responsible for implementing school restructuring must embrace the process. The PDE embraced private management, but the BOC did not. As a result, the process of considering proposals was somewhat limited to the BOC's preconceived notion of what was acceptable. The BOC requested creative proposals but then created a homogeneous contract that restricted newly independent schools' autonomy.

Transitioning to New Management

The three companies were notified they were selected to manage schools in CUSD in late March 2001. During the application process and after Edison and LearnNow were selected, the companies conducted outreach to the local community. Examples of the outreach were meetings in local churches and the high school. The purpose of the meetings was to introduce apprehensive community members to the two companies' academic models and build rapport with the community.

Edison hired community members to help with outreach and professionals to work in the schools who had ties to the community. Leading up to and during the first year, Edison poured substantial amounts of money into the schools in the form of computers, equipment and curriculum materials. Efforts to reach out to the community reportedly stopped once school opened, and Edison became harried trying to deliver its curriculum in the nine schools.

One informant described the transition process as Edison entering the district "like a steamroller." At the school level, the transition entailed Edison firing all the administrators in the nine schools and then hiring new administrators. A few of the administrators were rehired, but the vast majority of the principals and academic directors (Edison's equivalent to the vice principal) were new to the district. The original contract and subsequent revised contracts specified that Edison must abide by the existing collective-bargaining agreements, and this entailed retaining the teachers working at all nine schools.

"Edison came into the district like a steamroller."

– Former district official

An example of Edison's policies that contributed to its reputation as a "steamroller" was Edison's efforts to address truants and disruptive students at the high school. During the first year of operation, there was a marked increase in the number of suspensions in the high school. By mid-year, Edison was purportedly on pace to administer upwards of 3,000 suspensions in a school of 1,500 students. In response to concerns about its high rate of suspensions, however, Edison recreated an in-school suspension program it had dismantled when it took over operation of the high school.¹⁶ Nevertheless, Edison's initial policy regarding suspensions reportedly damaged the company's reputation with the community.

The transition to Edison's management was further complicated by its diminished relationship with the Chester Upland Education Association. Edison and the union had been willing to forge a partnership to operate the entire district. Once the partnership was rejected by the BOC and Edison was subsequently awarded a substantial number of schools, though, Edison and the union essentially retreated back to their separate corners. The fragile bridge between Edison and the union could not withstand the failure of the partnership and Edison's subsequent success. For instance, Edison was able to negotiate an extended school day and school year as part of their partnership agreement. Once Edison was awarded its schools, though, the union refused to renegotiate its contract to allow Edison to operate a significantly longer school day or school year. Once the partnership was sidelined, Edison didn't have a bargaining position with which it could urge the union to alter its contract.

Edison was initially required to implement the LearnNow educational model in the three schools awarded to LearnNow. The model, however, was not particularly fleshed out in terms of a specific curriculum, particular instructional approaches or a plan of implementation. Furthermore, although LearnNow had limited experience operating charter schools enrolling elementary school students, CUSD had awarded the company management of the high school. The LearnNow high school model was reportedly more a skeleton of a model than a fleshed-out curriculum and instructional model. The LearnNow Schools remained designated as such for three years. After three years, Edison determined the LearnNow model was inadequate and all nine schools operated by Edison would implement Edison's educational model.

Lessons Learned

- Community outreach is essential to build community acceptance and support.
- Community outreach must be followed by fulfillment of promises to retain credibility.
- Transitioning to a new model requires the existence of an actual model that can be implemented. The reality the LearnNow model was not a fleshed-out design hampered the transition to new management.
- The first year of operation is critical to building trust with school staff and the community at large. While some providers may enjoy a "honeymoon" phase, errors made during the first year can cause long-term damage to the overall health of a district EMO partnership.

Autonomy Extended to Edison Schools Inc.

The specific roles and responsibilities assigned to the central office and Edison Schools have been continually evolving, and the contract has been renegotiated three times in three years. Table 1 presents a summary of the delegation of key responsibilities in CUSD in the initial management contract.

The initial contract retained Edison to operate nine schools from 2001 through 2006. The agreement stipulated that after the first year, each subsequent year would be subject to annual appropriation by the BOC. According to the initial management contract, Edison, as an independent contractor, would be

“Edison shall be an independent contractor and ... shall have the sole right to supervise, manage, operate, control and direct the performance of education services under this agreement.”

– Management Agreement, 2001

authorized to “supervise, manage, operate, control and direct the performance of educational services.” The district would be responsible for capital expenses, and Edison would be responsible for maintenance. The initial contract assigned responsibility for technology to Edison.

Students were assigned to schools based on home attendance zones, although students may transfer according to standing district policy. Edison and the BOC jointly managed recruitment and registration. Due to the Duane B. special education court case, Edison cooperated with the state and district regarding obligations related to special education. Furthermore, Edison was responsible for any costs related to special education litigation in their schools. Edison was to provide English Language Learner (ELL) services and was responsible for administering all state and local standardized tests. Finally, Edison was to submit an annual report to the PDE, the district and the BOC, and was to evaluate and perform all services required under the Accountability Plan developed by SchoolWorks in collaboration with the district.

In the initial contract, the BOC – in practice, the central office – was to provide students with transportation and food services. The BOC was responsible for major repairs, capital improvements or replacements or construction at the facility to the extent such repairs, improvements or replacements ensure the facility was in compliance with regulations.

Table 1: Delegation of Key Responsibilities

<i>Responsibility</i>	<i>Entity Responsible</i>
Hire, supervise, fire teachers	Chester Upland School District (CUSD)
Conduct capital repairs	CUSD
Provide security	CUSD
Supply transportation	CUSD
Provide noncurriculum supplies and materials (e.g., paper, pencils, pens, chalk, erasers, etc.)	CUSD
Develop school calendar	Edison Schools Inc.
Conduct professional development/in-service training	Edison Schools Inc.
Maintain facilities	Edison Schools Inc.
Administer state and local standardized tests	Edison Schools Inc.
Provide English Language Learner Program	Edison Schools Inc.
Furnish/manage Technology	Edison Schools Inc.
Coordinate student recruitment and registration	CUSD and Edison Schools Inc.
Provide special education and related services	CUSD and Edison Schools Inc.
Develop and maintain student reports and records	CUSD and Edison Schools Inc.
Implement accountability plan	CUSD and Edison Schools Inc.

Edison’s limited autonomy and the degree to which Edison and the district must cooperate is problematic. In particular, the district’s retention of responsibility for hiring and firing teachers limits Edison’s ability to exert authority over its schools and subsequently implement its full model. The contract stated: “All personnel working at Edison Schools who are members of the Chester Upland Education Association and the Chester Upland School District Support Personnel Association shall remain employees of the District. All other personnel assigned to work at Edison Schools shall be Edison employees, except for District employees providing District supplied services under this agreement. With respect to District employees, the Board shall have the ultimate authority to hire, fire, and discipline such employees, taking into account Edison’s recommendations regarding the individual’s performance or Edison’s recommendations for new hires.¹⁷ While the contract provided Edison with an opportunity to make “recommendations,” in practice Edison personnel reported that principals’ hands were largely tied regarding teacher hiring, assignment and evaluation.

“Restructuring in Chester Upland is the equivalent of playing tennis in the middle of the court ... you have to commit to play the baseline or the net, you can’t win playing in the middle.”
– BOC member

- In addition to tensions associated with hiring and assignment of instructional personnel, Edison and the district continually have clashed over issues related to technology. Technology is a focal point of Edison's program yet during the first year of operations Edison and the district clashed over Edison's access to existing district Internet connections. Furthermore, Edison and the district have grappled over who is responsible for developing and maintaining school-level computer networks given that both Edison and the district employ multiple technology-related personnel. A principal of one of the schools described the situation between the central office and Edison Schools as a tug of war in which the children are in the middle in the mud.

“We are in a giant tug of war with the kids in the middle. The kids end up in the mud in the middle; we can't do what we need to do for these kids.”
– CUSD Principal

The tension related to personnel and other issues has necessitated ongoing revisions to and renegotiations of the contract. Since the first contract was negotiated in July 2001, the BOC and Edison have amended the contract three times: November 2002, March 2003 and August 2004.¹⁸ Closely associated with the evolving roles and responsibilities articulated in the contract revisions has been the changing financial arrangement between the BOC and Edison.

Fall 2002 Contract Renegotiations

In November 2002, the BOC and Edison concluded another round of contract negotiations prompted by Edison's deliberation regarding whether it would withdraw from Chester Upland due to financial losses associated with operating schools in CUSD. The renegotiation signaled a significant shift in responsibilities from the initial contract. In the new contract, responsibility for building maintenance, computer technicians, special education and English Language Learners shifted back to the district. In the new contract, Edison retained responsibility for professional development. Responsibility for submitting annual reports to the PDE was split between Edison and the district.

Edison was initially compensated on a per-pupil basis. After a year of operating the schools, Edison reportedly lost upwards of \$8 million in part due to inaccurate enrollment projections.¹⁹ Based on student enrollment projections provided by CUSD, Edison anticipated enrolling approximately 7,000 students. In fact, during the first year of Edison's contract, only roughly 5,000 students enrolled in the nine Edison schools. The difference between projected and actual enrollment led to Edison receiving far less money than company executives had anticipated.

“The Edison model is a very good model when you read it, you can't argue. The reality is they took short cuts in Chester Upland. They downsized their model in CU. For instance, they are supposed to have Quarterly Learning Contracts – QLCs – one school did it one time. Now the teachers have to do it by hand. We don't know why Edison doesn't do the QLCs ... during the first year we had a business manager and a technology person in every building. The business manager worked and teachers were happy. They were taken away after the first year due to finances. It was costing Edison too much.”
– CUSD Teacher

The new contract shifted Edison's compensation from a per-pupil formula to a fixed fee. It stipulated that Edison would be paid a total of \$4.4 million representing three distinct components: \$1.6 million as reimbursement for expenses associated with school principals and academy directors; \$2.5 million as compensation for the services performed under the agreement; and \$300,000 to purchase Edison technology, supplies and materials.

Edison's claim that it had lost millions of dollars in a single year of operating the nine schools appeared to validate Mosaica's projections regarding the unrealistic expectations outlined in the initial business proposal developed in spring 2001.

Summer 2004 Contract Negotiations

In June 2004, the BOC took a vote to determine whether to retain Edison Schools Inc. Parents complained Edison had lost their trust by not delivering on its promises. One of the complaints levied at Edison was the company did not spend all the federal money it received for Title I students and the company had not improved school climate, including issues related to discipline.²⁰ In addition, Edison had experienced an unusually high rate of administrator turnover during its three-year tenure. The BOC voted two-to-one to retain Edison. The Pennsylvania secretary of education had purportedly urged the BOC to retain Edison in spite of parental protests.

Because of the July renegotiations, the BOC extended Edison's \$4.4 million contract for two years to manage eight of the district's schools.²¹ At the time, the state committed to pay half of Edison's fee, but the new contract adjusted Edison's compensation structure to ensure Edison would be paid for its services regardless of the district's receipt of state-allocated funds and district financial distress. Prior contracts had stipulated Edison's compensation was contingent upon the district's budget, which relied significantly upon additional state funds. Given the district's documented history of financial mismanagement, Edison did not want its compensation contingent upon the district's management of its budget, especially because Edison did not have any authority over the CUSD budget.

In addition to altering the compensation plan, the new contract explicitly granted Edison more involvement in teacher hiring decisions. CUSD was still responsible for hiring and firing teachers but the new contract granted Edison principals the authority to "review and interview candidates for teaching positions in his or her Edison School and to make written recommendations to the District administration and the Board as to the candidate to be hired for the position."²²

The majority of the conflict and cause of the ongoing negotiations between CUSD and Edison stemmed from an underlying lack of clarity regarding who ultimately was responsible for what in CUSD and a continual duplication of administrative efforts. The BOC hired Edison to provide an educational program yet the central office perceived it remained ultimately responsible for the educational program delivered. The district has maintained its multimillion dollar central office budget supporting approximately 30 employees even though it has shed significant responsibilities and now has the added burden of compensating Edison.

"There was concern that somehow it would have been unholy to give Edison greater control. In hindsight, we should have given them more control. We left this tension on the table."

– PDE staff member

When Edison was hired, central office personnel were effectively relieved of many of their responsibilities to manage and supervise the schools but consequently shifted their focus to managing and supervising Edison's operation of the schools. The superintendent and other central office personnel, however, do not have authority to supervise Edison. The BOC is responsible for supervising Edison and the superintendent. The superintendent is responsible for essentially supporting Edison by providing teachers, security, transportation, noncurriculum supplies and materials, technology, student reports and records, maintaining facilities, and operating non-Edison schools. This relationship is untenable as it requires the newly hired private provider to rely upon the district – the entity it was hired to essentially replace – to implement its educational model.

Ongoing Tensions

The limited autonomy extended to Edison is a continual source of frustration for both CUSD and Edison Schools Inc. Each successive modification of the contract has addressed particularly problematic issues; none of the changes have erased the reality that state-driven restructuring was supposed to radically alter the district, but the CUSD administration has not substantively changed. Furthermore, neither the BOC nor the PDE has utilized its authority to break the impasse between Edison and the district. A recent management assessment report released by the PDE succinctly summarized the status of CUSD in the following manor:

"... a major conflict exists between the management of Edison and the District Administration. The Special Board of Control is handicapped due to a lack of educational expertise on the part of its members and unbiased administrative advice. The Pennsylvania Department of Education is also at a disadvantage because it does not have at the district an individual with fiscal and educational expertise who has any reporting responsibilities to the Secretary of Education."²³

The delegation of key roles and responsibilities in Chester Upland represents a dysfunctional hybrid in that it dilutes authority and restricts incentives that can motivate positive change. Furthermore, the arrangement retains an expensive central office while limiting the external provider's ability to implement its model. Interviews with key informants revealed a recurring example of where the current delegation of authority leads to dysfunction that has a tangible impact on teachers and students: hiring personnel.

Chester Upland has been in fiscal distress for more than 10 years. In part due to their ongoing fiscal problems, the district does not fill all teacher vacancies until individual schools conduct a "10-day count" each fall. The purpose of the 10-day count is to wait 10 days into the beginning of each school year to verify exactly how many students are enrolled in each school and thereafter hire the teachers required to fill any vacancies. By waiting to fill *actual* versus *projected* vacancies, the district eliminates any unnecessary expenditures associated with hiring too many teachers. This process aims to ensure schools are not overstaffed, but it forces principals, school staff and students to start each school year with understaffed schools. Understaffing leads to overcrowded classrooms and/or filling classrooms with substitute teachers. Furthermore, given the reality that most school districts hire the bulk of their teachers in late spring and early summer, a district that hires in the fall is at a disadvantage when recruiting highly qualified teachers.

CUSD's hiring practices create a great deal of aggravation between CUSD and Edison Schools. Each year, Edison has allegedly requested the projected number of teachers it will need in its schools, but the district does not hire all staff until after school starts. As a result, the existing staff must juggle multiple classrooms for the first few weeks of school, and parents are frustrated because their children don't have teachers or their children are being taught by substitutes. While Edison is not responsible for hiring, company personnel are first in line to receive student, parent and teacher complaints. Students and parents blame Edison for not hiring teachers when it was the district's sole responsibility for hiring and assigning all teachers.

"Nothing is going to get done until you guys start working together. This school system is being set up for failure."

– Parent quoted in Delco Times regarding overcrowding at the high school

The idiosyncratic hiring process and consequent tensions came to an apex in early October 2004. In spring 2004, CUSD closed the Chester Charter School due to low test scores. Village Charter School – a K-9 school – closed its 9th grade. Between the two schools, a wave of approximately 260 new high school students enrolled in Chester High School in September 2004. Chester High School's enrollment capacity is 2,000 students, but the school did not have enough teachers to teach all the classes required to accommodate the new students.

CUSD and Edison were aware of the changes in the charter school sector, but CUSD remained adamant about its policy to delay hiring until after the 10-day count. The influx of students and delay in hiring led to overcrowded classrooms at the high school. Numerous high school classes had upwards of 50-60 students enrolled and 40 students were common. Some classes did not have a teacher assigned.²⁴ Parents and students complained to Edison and CUSD during the initial weeks of school to no avail.

In a series of newspaper articles, CUSD and Edison exchanged barbs regarding the classroom overcrowding situation. An Edison representative argued that students were not allowed by the district to register until September and that Edison had requested seven additional teachers. The superintendent responded that Edison had not backed up the requests with class schedules and documentation to show that the teachers were necessary.²⁵ In mid-September, the students staged a peaceful protest at Edison's office to request Edison hire more teachers at the high school. Edison and CUSD were reportedly working to hire more teachers but the overcrowding situation continued.

On Monday, September 27, a melee broke out at Chester High School resulting in an emergency evacuation and early dismissal. Although the school of 1,600 students employs eight security guards and four nonteaching assistants who handle security, the security guards were unable to subdue the disturbance. Approximately 50 police officers were dispatched to the high school leading to the arrest of 28 students who were charged

"It's not like the closing of the charter schools was a surprise. Yes, many of the kids failed to register until the last minute. Still, it seems another instance where the school district and Edison simply failed to be on the same page. As a result, as has all too often happened in the district, it was the kids who paid the price."

– Delco Times Editorial, October 1, 2004

with disorderly conduct. The police used mace to control the students. Teachers and students interviewed for the local paper blamed overcrowding as the root cause of the fight, which started in the school cafeteria. Neighborhood gang activity also was reportedly a factor in the fight.²⁶

While gang activity was a factor in the action, it does not detract from the fact that overcrowding most certainly contributed to the incident. Another factor that reportedly contributed to the size of the melee was due to financial constraints – the district had downsized the security staff from 12 to eight security guards prior to the beginning of the school year. The incident represents an extreme consequence of both CUSD and Edison’s failure to find a plausible middle ground to operate the schools in a manner conducive to learning.

Lessons Learned

- Effective contracting requires clear lines of authority and responsibility. The ambiguity in the various iterations of the management agreement between the BOC and Edison Schools creates a dysfunctional relationship and expensive duplication of administrative functions.
- Clarity is essential in contracting. The purchaser (i.e., the BOC) and the provider need to have an explicit understanding of the fiscal details of the contract. If the details are unclear or evolving, the contract is subject to ongoing revisions and consequent instability.
- Effective change can be fostered by leveraging internal and external incentives to encourage desired behavior. Conversely, overlooking incentives can sabotage change. CUSD is in a position to help Edison implement its model and achieve mutual goals, but the district and specifically central office personnel have little apparent incentive to assist Edison. In fact, Edison’s success could conceivably lead to their termination. The various incentives operating in CUSD are counter-productive and should be avoided.
- Infusing a profit motive into public school restructuring via education management organizations is a radical notion based on the premise that leveraging profit incentives can foster school improvement. While the veracity of this assumption may be debated by reasonable people, the empowerment team’s decision to hire private managers was based in part on an acceptance of the notion that profit can motivate desirable behavior. To capitalize on the profit motive, the entity hiring private providers must embrace the notion of profit and leverage its power for the benefit of students. Hiring private managers while limiting autonomy and diffusing the profit motive undermines the core tenet, and potential power, of private contracting.

Compensation

As mentioned previously, Edison’s compensation in CUSD has evolved over the three years of the contract. During the first year of the contract (i.e., 2001-2002), Edison was compensated using a per-pupil formula plus any augmenting funds. The per-pupil fee, however, was reduced by the following costs: (1) out of district, including special education services; (2) debt service; (3) central administration costs of the district; (4) building operations, maintenance and custodial costs; (5) transportation; (6) ELL services; (7) security costs; (8) funds received for federal entitlement programs and federal special education funding; and (9) reserves for adjustments.

Since fall 2002, Edison’s compensation has been a fixed fee of \$4.1 million and an additional \$300,000 for technology, supplies and materials related to the education program.

A recent audit of CUSD’s financial management conducted by the PDE raised questions about Edison’s contract, specifically the absence of any fiscal incentives attached to outcomes. While the BOC has the authority to hire and fire Edison, none of the contract iterations to date have contained a fiscal incentive to correlate Edison’s performance to academic outcomes. Short of actually firing Edison, the BOC does not have any financial means to hold Edison accountable for performance or lack thereof.

“The district office staff and budget have stayed the same even though Edison runs nine of the schools. There is layer upon layer of administration.”

– CUSD teacher

Lessons Learned

- Financial incentives tie compensation to competence and outcomes. Conversely, absence of fiscal incentives potentially diffuses the focus on competence and outcomes.
- Performance contracts should articulate an explicit and reasonable compensation package that is contingent upon the private management company achieving specific performance benchmarks.

Accountability for Performance

Accountability in private contracting is ideally built upon a contract that contains: (1) explicit goals, (2) means of measuring achievement of the goals and (3) consequences for failing to fulfill the goals.²⁷ Actual accountability requires not only an accountability plan but that the plan is *implemented*. The contract between Edison Schools Inc. and the BOC contained a “draft accountability plan” developed by SchoolWorks, an external consultant. The decision to hire an external contractor to draft the plan, as opposed to the BOC or Edison developing the plan, was dictated by the PDE and based on a desire to develop a strong, objective accountability plan. The plan was never finalized. The “draft” version was incorporated into the initial contract and subsequent revisions continued until fall 2004.

The draft plan outlined a series of priorities, vague goals, and quantifiable measures to be used to assess progress related to each priority. The draft plan reflected a loose outline of an accountability plan the BOC, Edison and CUSD were presumably expected to construct. The priorities were as follows:

- Priority 1: Growth of Pennsylvania State School Assessment (PSSA) scores
- Priority 2: Growth of Stanford Achievement Test, 9th Edition (SAT9) Scores
- Priority 3: Inclusion of All Students in Academic Success
- Priority 4: School-Based Achievement Measures
- Priority 5: Quality of Education and Management

In addition to outlining a basic plan for accountability, the document identified specific reporting instruments the BOC would use to assess Edison’s formative and summative progress: an annual report produced by each school, an annual review and a contract renewal review.

Because the “draft” accountability plan was neither finalized nor implemented, no evidence exists of any stakeholders’ specific achievement goals and of individual school-based achievement measures that would have allowed the individual schools to document performance based on their unique contexts.

Community members and CUSD personnel have attempted on multiple occasions to fire Edison, but there does not appear to be any real consequence for essentially ignoring the accountability plan requirements. Rather, questions posed to Edison and CUSD staff elicited deflections of blame. For instance,

Edison reportedly did not generate reports because CUSD would not release the required data. Conversely, CUSD did not generate reports because Edison would not provide district personnel with required data. Regardless of who is ultimately responsible for writing the reports, neither Edison nor CUSD were held accountable for not cooperating to complete the accountability plan or implement its dictates. Parents and teachers expressed exasperation at the lack of accountability for any of the entities responsible for what happens in CUSD’s schools.

“The district and Edison are too busy blaming one another. No one is accountable.”

– CUSD teacher

The August 2004 contract does not include the draft accountability plan, but it alludes to efforts to develop a plan. It states that an accountability plan will be “developed and executed and attached hereto as an amendment to this Agreement.” Furthermore, the section pertaining to “Accountability Standards” contains the following vague language: “Edison and the Board acknowledge and agree that Edison may not be successful in furthering the academic performance of 100% of the students enrolled in the Edison Schools. Accordingly, Edison and the Board agree that they shall work together to establish acceptable levels of academic success.”

The recent contract changes appear to provide the Board and Edison with an opportunity to negotiate the accountability plan, but the district started the school year without an explicit accountability plan. The lack of a plan raises questions about the degree to which the BOC can legitimately hold Edison accountable for specific outcomes. Furthermore, the clause regarding “acceptable levels of academic success” appears to provide Edison with a waiver from responsibility. Discussions with Edison personnel revealed the contract is vague regarding accountability due to the practical reality that the BOC and Edison had been engaged in lengthy contract renegotiations and the looming new school year dictated they sign a contract, even if the contract is arguably incomplete. The ambiguity related to accountability was also attributed to the fact that the hybrid nature of the management situation in CUSD distributes responsibility between the district and Edison, and therefore it is not tenable to hold Edison solely responsible for outcomes.

The BOC has an obligation to hold Edison and the superintendent accountable. The state has an obligation to hold the BOC accountable for fulfilling its obligations stemming from the EEA. Just prior to leaving his position in early 2003, the outgoing Pennsylvania secretary of education removed the three BOC members in part due to their lack of support for the privatization initiative. Following the release of the initial BOC, the PDE appointed a new BOC perceived to be more amenable to private providers. In addition, the outgoing administration amended the EEA to insulate the BOC from influence by future administrations. In practice, the new process is perceived to insulate the Board of Control from the state and consequently somewhat limit the state’s role in restructuring. It is unclear at this point the degree to which the BOC is holding Edison or the superintendent accountable. It is equally unclear the degree to which the PDE is authorized and/or willing to urge the BOC to exercise more authority in Chester Upland.

Lessons Learned

- An accountability plan is only effective if it is finalized and implemented.
- An accountability plan should identify specific goals and objective measures to be used to assess progress towards the goals.
- An accountability plan should articulate explicit roles and responsibilities related to reports to ensure adequate reporting does not require potential adversaries to cooperate in completing reporting documents.
- Financial incentives can heighten the focus on accountability. Conversely, absence of financial incentives can contribute to accountability drift.

Outcomes

The goal of restructuring in Chester Upland mandated by the EEA is to improve the academic and financial standing of the district. Fall 2004 marked the beginning of the fourth year of restructuring. Discussions with key stakeholders representing diverse perspectives revealed that outcomes have not met expectations. Nearly all 10 CUSD schools have recorded some academic gains but test scores remain for the most part abysmally low relative to the rest of the state. The determination that the process overall has been unsuccessful is based upon continuing poor academic outcomes and ongoing financial instability. The following sections present findings regarding the academic progress and fiscal condition of CUSD.

Academic

An obvious means to assess individual schools’ academic performance is whether schools have met their AYP benchmarks. As of spring 2004, only one of the schools in CUSD has met unqualified AYP goals in Chester Upland: Showalter Middle School. Two schools, Main Street and Toby Farms (operated by CUSD), qualified for the Safe Harbor provision of NCLB because they did not meet state AYP goals, but they did make significant progress.

A more sensitive measure of academic progress is the percentage of students who have demonstrated academic proficiency in mathematics and reading pre- and post-restructuring. Students in Chester Upland participate in the Pennsylvania System of School Assessment (PSSA). The PSSA was first administered in Chester Upland in spring 1999. The test comprises a series of mathematics and reading subtests and is administered to students in grades 5, 8, and 11. In line with NCLB’s requirements, PSSA scores are reported according to performance levels: advanced, proficient, basic and below basic. While somewhat unsophisticated, the elementary school that CUSD retained – Toby Farms – serves to some extent as a control school against which the elementary schools operated by Edison may be compared. Tables 2, 3 and 4 present a summary of the percentage of students meeting proficiency standards in mathematics and reading in grades 5, 8 and 11 in all CUSD schools. The test scores from 2000-01 represent pre-restructuring achievement. The highlighted column reflects the increase in the percentage of students meeting proficiency standards after three years of restructuring.

Table 2: Elementary School Outcome Data

School/ Grades/ Enrollment	PSSA (5) MATHEMATICS % MEETING PROFICIENCY STANDARD					PSSA (5) READING % MEETING PROFICIENCY STANDARD				
	2000-2001	2001-2002	2002-2003	2003-2004	Change Since Restructuring	2000-2001	2001-2002	2002-2003	2003-2004	Change Since Restructuring
Columbus Edison Elementary (K-5) 771 students	9%	1%	15%	22%	+13%	7%	8%	16%	24%	+17%
Main Street Edison Academy (K-8) 346 students	18%	10%	34%	38%	+20%	18%	15%	32%	33%	+15%
Parry (formerly Pulaski) Edison Junior Academy (5-8) 334 students	5%	2%	13%	N/A	+8%	3%	3%	18%	N/A	+15%
Showalter Edison Junior Academy (5-8) 459 students	50%	5%	N/A	N/A	**	8%	5%	N/A	N/A	**
Stetser Elementary (K-5) 227 students	N/A	2%	18%	26%	+24%***	N/A	16%	35%	16%	0%***
Toby Farms Elementary (K-5) 610 students (CUSD)	14%	22%	33%	34%	+20%	19%	23%	23%	36%	+17%
William Penn Edison Elementary (K-4) 324 students	N/A	N/A	N/A	N/A	****	N/A	N/A	N/A	N/A	****

Source: Pennsylvania System of School Assessment

*Wetherill Elementary closed in spring 2002 and re-opened as an alternative middle school in fall 2003. The PSSA does not post test scores for Wetherill.

**Showalter Edison Junior Academy dropped its 5th grade in 2002-03. Given that only two years of data are available for fifth grade students, it is inappropriate to assess their progress.

***Test score data were not available for Stetser for 2000-01. The change since restructuring reflects growth since the first year of restructuring as opposed to pre-restructuring. Given that all the elementary schools experienced a drop in test scores during the first year of restructuring, the gain at Stetser may be inflated.

****William Penn Edison Elementary School is a K-4 school and therefore does not give the 5th-grade tests.

Since CUSD was restructured in 2001-02, an additional 20% of students at Toby Farms have demonstrated proficiency in mathematics and an additional 17% of its students have demonstrated proficiency in reading. Two Edison schools have matched or exceeded Toby Farm's mathematics gains and two schools recorded lower gains. A single Edison school has matched Toby Farm's gains in reading proficiency and three recorded lower gains.

Table 3: Middle School Outcome Data

School/ Grades/ Enrollment	Pssa (8) Mathematics					Pssa (8) Reading				
	% Meeting Proficiency Standard					% Meeting Proficiency Standard				
	2000-2001	2001-2002	2002-2003	2003-2004	Change since Restructuring	2000-2001	2001-2002	2002-2003	2003-2004	Change since Restructuring
Smedley Middle School (6-8) 444 students	10%	2%	5%	7%	-3%	20%	11%	19%	20%	0
Parry (formerly Pulaski) Edison Junior Academy (5-8) 334 students	11%	5%	13%	12%	+1%	10%	8%	18%	14%	+4%
Showalter Edison Junior Academy (5-8) 459 students	33%	11%	71%	56%	+22%	41%	57%	82%	73%	+32%
Main Street Edison Academy (K-8) 346 students	11%	11%	17%	21%	+10%	30%	13%	22%	39%	+9%

Source: Pennsylvania System of School Assessment

Besides Wetherill’s alternative program, CUSD does not operate any middle schools against which Edison’s gains may be compared. The four Edison-operated middle schools have recorded mixed academic progress. Showalter has demonstrated strong growth (i.e., an increase of more than 20 percentage points), Main Street’s middle school students have demonstrated moderate growth, and Parry and Smedley have demonstrated negligible or no growth.

Table 4: High School Academic Outcome Data

School/ Grades/ Enrollment	PSSA (11) Mathematics					PSSA (11) Reading				
	% Meeting Proficiency Standard					% Meeting Proficiency Standard				
	2000-2001	2001-2002	2002-2003	2003-2004	Change since Restructuring	2000-2001	2001-2002	2002-2003	2003-2004	Change since Restructuring
Chester High School (9-12) 1,502 students	3%	9%	5%	6%	+3	16%	14%	15%	17%	+1%

Source: Pennsylvania System of School Assessment

Chester High School has documented growth in the number of students meeting proficiency standards but the growth is relatively negligible, and the level of overall student performance in both mathematics and reading remains deplorable.

Financial Outcomes

Chester Upland was first identified for intervention by the state in 1994 due to significant financial mismanagement. In 10 years, the district has made little progress toward getting its financial affairs in order. In spite of the fact that CUSD has outsourced management for eight of its 10 schools, the central office has decreased neither its budget nor the number of its personnel. The PDE recently released an evaluation of the district's financial management in which the state documented that the district remains unstable financially and is currently facing a budget deficit of an estimated \$8.4 million. The total budget for the district is \$80 million. This deficit is in spite of the more than \$11 million the state has allocated to the district since identifying CUSD as an empowerment district.

In the management report, the state noted the CUSD central office is “overstaffed, ineffective and poorly organized.” Areas that the report identified as swollen were mid-level administrators, janitorial staff and security personnel. Furthermore, the report suggested that the BOC renegotiate its contracts with Edison and the teachers union, and privatize all janitorial services in the district. Among other recommendations, the report notes, “A Board of Control has the power to cancel and or renegotiate contracts. The team has seen no evidence that this power has been used. All contracts available to the team showed only increased salaries and benefits.”²⁸ The increases reveal that personnel salaries and benefits are not connected to performance. The salary increases are seemingly incongruous with the budget crisis.

Financial mismanagement is undoubtedly a principal cause of the budget crisis in Chester Upland. Nevertheless, the state also documented that a declining real estate tax base also is contributing to the district's deficit. A key aspect of the tax decrease is a poor record of collecting taxes. The state estimated that the city treasurers only collect between 73% and 85% of the tax revenue owed to the town.

Lessons Learned

- CUSD has experienced some gains in test scores in both mathematics and reading since restructuring in 2001-02. The gains documented in the Edison Schools are on average slightly less than the gains documented in the single non-Edison school.
- Chester Upland's financial problems persist today *in spite* of 10 years of state-driven interventions. The persistence of the district's financial woes should serve as an indicator that additional change is required to stabilize the district's financial house. Changes to address the financial instability should be closely aligned with changes to improve the district's academic outcomes.

RECURRING THEMES AND RECOMMENDATIONS

This case study of state-driven restructuring in Chester Upland revealed recurring themes and practical recommendations regarding the transition to and actual operation of restructured public schools. The themes and recommendations fall into three broad categories: (1) the contracting process, (2) the transition to new management and (3) the operation of restructured schools. The themes and recommendations are summarized below.

The Contracting Process

- The existence of multiple restructuring strategies enables change agents to select the model most appropriate for a particular school or district. Once a model is selected, it is critical to harness its ability to foster change. The PDE and CUSD elected to hire private providers yet failed to capitalize on this model's various incentives to harness the potential of private contracting. Philosophical conflicts over the type of restructuring need to be tackled prior to implementing the model rather than after it is up and running.
- Negotiating a contract that relies upon multiple entities for implementation (i.e., the Board of Control, the district and the private provider) is cumbersome and requires extensive bargaining and brokering. The resultant contract represents a series of compromises that don't necessarily reflect best educational practice (e.g., Edison principals have limited control over their teachers). Compromise and consensus building are important but radical restructuring demands clear leadership that may periodically require sacrificing compromise and bypassing consensus building in the name of effective decisionmaking.
- Entities reviewing applications must conduct thorough due diligence regarding the academic and financial credentials of potential contractors.

Transition to New Management

- Private providers have a limited opportunity to make an initial impression yet the community's initial impressions shape future perceptions. Districts and private providers should dedicate adequate resources to introducing private providers to the school communities in which they will work and to ensuring they can meet expectations.
- A strong management agreement precludes the need to continuously renegotiate the terms of the agreement. Renegotiations can lead to transition fatigue as stakeholders are habitually learning and relearning roles and responsibilities.

Operation of Restructured Schools

- There is no silver bullet to improve failing schools. Rather, states and districts need to select a model that will fit their unique circumstances and thereafter commit to the particular model to make it work in the local context.
- Hiring private providers to operate failing public schools is a relatively new and highly controversial reform strategy. To capitalize on the potential benefits of private management, private providers must be afforded the autonomy required to implement their educational model. If districts can't or won't delegate basic administrative responsibilities and extend autonomy to external operators, private management may prove to be an expensive yet relatively ineffectual model.
- Committed local leadership is critical to effective implementation of private management contracts.
- States cannot micromanage restructuring from afar. The state has to either allow the local district to initiate the reform *or* commit to actively engage in the reform every step of the way at the local level, regardless of the political costs.

FINAL THOUGHTS

State-driven restructuring requires a commitment by the state to dictate the particulars and thereafter monitor implementation. In Pennsylvania, the state pressed the BOC to privatize yet did not follow through to ensure the privatization model negotiated was tenable. As a result, the BOC entered into a private management contract in spite of the fact that it did not embrace the model.

The agreement between the BOC and Edison Schools does not embody the crux of private management: autonomy and accountability. Rather, the agreement preserves the central office while limiting Edison's ability to implement its educational model. Authority is distributed amongst various stakeholders who disagree about how restructuring should occur. Furthermore, the hybrid model dilutes the critical accountability component of the private management model. The push and pull between Edison and the district central office impacts teachers and students in tangible ways which create an environment that is far from ideal for learning. This approach is arguably wholly unsatisfactory to all stakeholders.

Nevertheless, almost inexplicably, state-mandated restructuring in Chester Upland has led to change that can be construed as positive in that nearly all the schools have seen improvements in their test scores. The current state of affairs, however, is exceedingly dysfunctional and the schools have a great distance to travel before students are performing at satisfactory levels. The gains that have been recorded in CUSD are encouraging but Edison and CUSD can and must do better.

ENDNOTES

¹ NCLB requires states to establish benchmarks by which their schools will be evaluated. The benchmarks must incorporate measures related to attendance, graduation rate when applicable, test participation, and academic performance.

² Molnar, A., J. Morales and A.V. Wyste. *Profiles of For-profit Education Management Companies 1999-2000*. Milwaukee, WI: Center for Education Research, Analysis and Innovation, 2001.

<http://www.uwm.edu/Dept/CERAI/edpolicyproject/cerai-00-02.htm> (retrieved October 15, 2001).

³ Molnar, A., G. Wilson and D. Allen. *Profiles of For-Profit Education Management Companies: Sixth Annual Report 2003-2004*. Tempe, AZ: Education Policy Studies Laboratory, 2004.

<http://www.asu.edu/educ/eps/EPRU/documents/EPSL-0402-101-CERU.pdf> (retrieved March 1, 2004).

⁴ Pennsylvania Department of Education. "Public, Private and Nonpublic Enrollments 1994-95 through 2003-04."

<http://www.pde.state.pa.us/k12statistics/lib/k12statistics/03-04ppnpenrolltbl2.pdf> (retrieved October 20, 2004).

⁵ Education Empowerment Act, 24 P.S. §17-1701-B, et seq.

⁶ Mowery, H. *Legislature Approves Education Empowerment Act*. <http://www.halmowery.com?Releases/2000/sb652.html> (retrieved April, 8, 2004).

⁷ Education Empowerment Act, 24 P.S. §17-1712-B, et seq.

⁸ In Pennsylvania, benchmarks for AYP are as follows:

- School Attendance: Target of 90% or any improvement from previous year.
- Graduation (for schools with high school graduating class): Target of 80% or any improvement from previous year.
- Academic Performance: Schools' AYP state targets are the percent of students that must meet or exceed scores at the proficient level in math and reading. The state targets for the 2003-04 school year were 35% of students at or above proficient in math and 45% of students at or above proficient in reading.
- Taking the Test: At least 95% of students overall and within each subgroup must take the test.

⁹ Persing, T. "Privatization in Chester Upland: Off to a Rocky Start." *ECS Governance Notes*. Denver, CO: Education Commission of the States, 2002.

¹⁰ Education Empowerment Team. *Chester Upland School District, School District Improvement Plan*. Pennsylvania: 2000.

¹¹ *Ibid.*, 5.

¹² Edison Schools Inc. <http://www.edisonschools.com/news/news.cfm?ID=174> (retrieved October 1, 2004)

¹³ The Edison Project. *Research Behind Edison's School Design*. New York, NY: Author, 1998a; The Edison Project. The Academic program: K-8. New York, NY: Author, 1998b; The Edison Project. *Special Features of Edison Schools*. New York, NY: Author, June 1998c.

¹⁴ Johnson, R.C. "'Free Market' in PA District Wanes as Edison Buys Rival Company." *Education Week*, vol. 20, no. 40 (June 13, 2001): 6.

¹⁵ Mosaica Education. <http://www.advantage-schools.com/what.html> (retrieved October 1, 2004).

- ¹⁶ Staples, B. "Fighting the Culture of Poverty in a Worst-case School." *New York Times*, sec. A, col. 1, editorial desk (March 4, 2002): 20.
- ¹⁷ Management agreement between Chester Upland School District Board of Control and Edison Schools Inc., August 2004.
- ¹⁸ The March 2003 agreement reflects minor changes to the November 2002 agreement.
- ¹⁹ Brennan, C. "Chester Uplands Deal with Edison May Cost \$2M Extra." *Philadelphia Inquirer*. <http://www.philly.com/ml/dailynews/new/local/3893197.htm?1c> (retrieved April 7, 2004).
- ²⁰ Mezzacappa, D. "Board Retains Edison Schools Amid a Protest." *Philadelphia Inquirer*. <http://www.philly.com/ml.d.inquirer/living/education/9044389.htm> (retrieved April 7, 2004).
- ²¹ Edison initially operated nine CUSD schools. In spring 2002, Edison and CUSD mutually agreed to close Wetherill Elementary and assign the students to other elementary schools that were operating under capacity. In fall 2003, Wetherill reopened as an alternative middle school operated by the district.
- ²² Management agreement between Chester Upland School District Board of Control and Edison Schools Inc., August 2004.
- ²³ Pennsylvania State Department of Education. *Chester Upland School District, Management Assessment Study*. Harrisburg, PA: Author, 2004.
- ²⁴ Cornfield, J. "Chester High Still Reeling from Overcrowding." *Delco Times* (September 22, 2004).
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- ²⁶ Quinn, R. "Students Clash at Chester High." *Delco Times* (September 28, 2004).
- ²⁷ Hill, P.T., L.C. Pierce and J.W. Guthrie. *Reinventing Public Education: How Contracting Can Transform America's Schools*. Chicago: The University of Chicago Press, 1997; Hassel, B.C. and P. Herdman. *Charter School Accountability: Issues and Options for Authorizers*. Baltimore, MD: Annie E. Casey Foundation, 2000.
- ²⁸ Pennsylvania State Department of Education. *Chester Upland School District, Management Assessment Study*. Harrisburg, PA: Author, 2004.

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