Private Interests and Public Education Reform

by

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Abstract: Education is often considered a primary mechanism for achieving economic advancement. The recent growth of inequality demonstrates, however, that education alone cannot succeed in raising the living standards of the poorest members of society, nor does it increase overall equity. Furthermore, the reform of public education via the No Child Left Behind Act presents new obstacles for the delivery of quality education to American students. This paper provides evidence of persistent and growing inequality in the United States. It argues that capital accumulation is increasing faster than profitable investment opportunities and the search for profit is one of the main forces behind the movement to reform education in the United States and the increasing drive toward privatization. In short, the current drive for school reform is largely driven by investment interests and, to some extent, ideology, not by educational concerns.

Introduction

In the United States, as in many other countries, education is perceived as the key to economic advancement. People are told that the way to a good job and a good income is through their own educational advancement. But on the macro level education has not succeeded *on its own* in raising the living standards of the poorest members of society, or in decreasing overall inequality. While education has failed to reduce inequality, the public educational system is expected to resolve or reduce a broad collection of other problems, from crime and drug use to out-of-wedlock births and family disintegration, and sometimes even a nation's lackluster economic performance.

In the United States inequality of wealth and income has grown dramatically over the past two and a half decades. The richest 1 percent of Americans own approximately one-third of all net wealth (Wolf, 2004), and of the most economically advanced nations, the United States has the greatest degree of income inequality. There is a tremendous amount of wealth held by the richest couple of million Americans but there is a shortage of profitable investment outlets. This is not a minor problem confined to society's elite, overaccumulation has serious repercussions for society as a whole. When there is a shortage of profitable investment outlets investors often bid up the prices of various social goods without increasing the real wealth in society or expanding productivity. They may, for example, bid up the prices of stock causing a bubble that cannot be sustained, which ultimately leads to a stock market crash such as the one that occurred in the fall of 2001. Breaking into new areas of potential profit is another option (as exemplified by the privatization of the prison industry or as in military support services in Iraq).

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Overaccumulation is one of the factors behind the movement to privatize Social Security. If successful, the brokerage business stands to make billions of dollars in broker's fees. Similarly, the search to expand or maintain profitable investment outlets is one of the main reasons that significant health care reform has been foiled in the United States (Kloby, 2004, 2005).

There is strong evidence suggesting that this reasoning also applies to current school reform efforts. For-profit private companies, for example, made new strides in 1990 when Education Alternatives, Inc., began running South Pointe Elementary School in Dade County, Florida. Education Alternatives was the first for-profit private firm contracted to run a public school (Miner, 2003). More recently, greater opportunities have been created. For example, the No Child Left Behind Act of 2001 (NCLB) sets high standards for public schools but with few additional resources to help attain these goals. NCLB sets up public schools for failure and creates more opportunities in the public school system for private companies. Are the motives behind the act genuinely supportive of the goals of public education – that everyone be adequately educated and that there be equity in education – or is the act a creation that mixes some genuine educational concerns with economic interests that distort the educational goals? More specifically, do these reforms address the educational needs of the young or the profit-making needs of investors?

The escalation of economic inequality presents two correspondingly growing problems in education. First, the more obvious, that there will be an even bigger economic gap that education will fail to bridge. The second is much less recognizable and it is the one on which I will focus. This essay will argue that the growth of inequality in the Unites States, particularly the concentration of tremendous wealth in the possession of a relatively small portion of the population, has added significant momentum to the drive for education reform, and in doing so it has exaggerated the shortcomings of our schools and diverted legitimate concerns into a force that aids privatization and profit-making schemes.

In either case, history has a few lessons for us. One is that the broad varieties of social problems are reduced when inequality is reduced and economic security is increased (Daniels, Kennedy, and Kawachi, 2000; Kaplan, Pamuk, Lynch, Cohen, and Balfour, 1999; Navarro, 2004; Sen, 1999).[1] The second is that inequality needs to be addressed head on through better wages, job security, universal health insurance, and other measures, and not solely through the indirect route of education. The third is that economic motivations can divert genuine concerns about education into a plan of action that is harmful to those concerns.

Growing Inequality

In 1983 the richest 5 percent of households in the United States owned 56.1 percent of the nation's net wealth. By 2001 their share had grown to 59.2 percent. Most of this wealth, in turn, was concentrated in the hands of the richest 1 percent. In terms of dollars, the *mean* net worth of the richest 1 percent grew from $7.8 million to $12.7 million (in 2001 dollars) over the same period. For many Americans their biggest financial asset is their home. If we remove home ownership from the equation we get a better picture of the ownership of *financial assets*. When we do this we find that the richest 5 percent own 67.5

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[1] For example, economic insecurity and inequality are associated with high rates of illness and mortality; see George A. Kaplan, Elsie R. Pamuk, John W, Lynch, Richard D. Cohen, and Jennifer L. Balfour, "Inequality in Income and Mortality in the United States: Analysis of Mortality and Potential Pathways, " pp. 50-59 in *The Society and Population Health Reader: Income Inequality and Health*, edited by Ichiro Kawachi, Bruce P. Kennedy, and Richard G. Wilkinson, (New York: The New Press, 1999). Economic insecurity also plays a role in population growth; see, for example, Mahmmod Mamdani *The Myth of Population Control* (New York: Monthly Review Press, 1972). On hunger, see Frances Moore Lappe and Joseph Collins, *World Hunger, Twelve Myths* (New York: Grove Press, 1986). Inequality and poverty can also play a role in environmental degradation; see Ian Durning, *Poverty and the Environment: Reversing the Downward Spiral* (Washington, D.C.: Worldwatch Institute, 1989).

percent of all financial assets and the richest 1 percent 39.7 percent (Wolf, 2004). The category "financial assets" gives us a better idea of how investment capital is distributed.

Income distribution has also become more unequal over the last three decades. In 1973 the richest fifth received 43.6 percent of the nation's income and their share has grown fairly steadily since. By 2003 they were receiving 49.8 percent of all income (U.S. Census Bureau, 2004). The distribution figures would show even greater inequality but they do not include several income sources, most notably capital gains, which accrue disproportionately to wealthy households. Looking higher up the income ladder we find even greater disproportionality. In 2002 the richest 5 percent of American households received 21.7 percent of the nation's income compared to 16.6 percent in 1973.

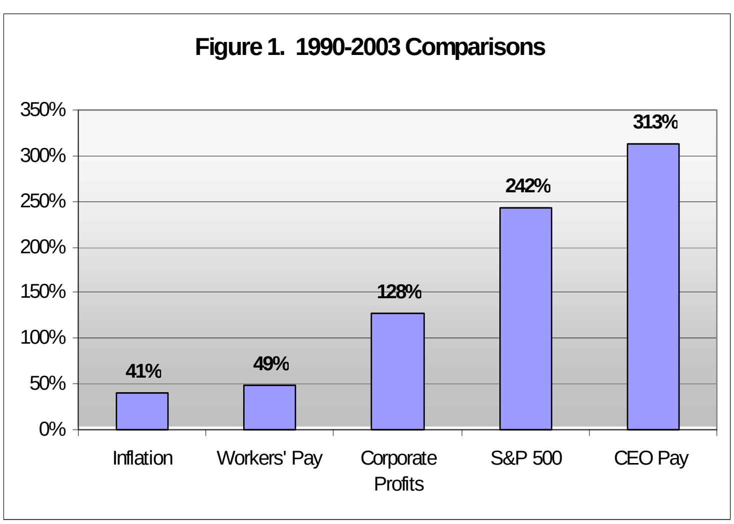
The growth in inequality can also be seen in the data, presented in Figure 1, comparing the rate of growth in corporate profits, executive compensation and workers' pay (Anderson, Cavanagh, Hartman, and Klinger, 2003; United for a Fair Economy, 2004). The first two increasing at a much greater pace than workers' pay, and this occurred in spite of growing productivity.

The Racial Education Gap has Narrowed but not the Income Gap

A great deal of evidence shows that economic inequality persists even when educational differences are reduced. For example, during the 1980s the gap between blacks and whites in graduation rates for both high school and college narrowed. Similarly, during the 1980s the gap in reading scores for seventeen-year-old whites and blacks fell from fifty to thirty points and the gap in math scores fell from thirty-eight points to twenty-one. In spite of this, the gap in the median income of blacks and whites grew, and has not narrowed with the passing of another decade. For example, in 1999 the median income for blacks with a bachelor's degree was more than $17,000 lower than for comparable whites. Likewise, the difference between blacks and whites with a high school diploma was $5,000 (Kloby, 2004).

Simply put, the payoff for additional time invested in education is not nearly as great for blacks as it is for whites (Bernstein, 1995). Other longer term figures support this claim. In 1968 the black high school graduation rate was 54.8% of the white graduation rate. By the year 2002, the black high school graduation rate had improved to 89.3% of the white rate. In 1968 the college graduation rate for blacks was 39.1% of the white college graduation rate. By 2002 the black graduation rate had improved to 58.5% of the white graduation rate. Nevertheless, in spite of these significant educational gains, the income gap has barely narrowed. Per capita income for blacks in 1968 was 54.8% of white per capita income, in 2002 it was 57.2%. In 1968 median family income for blacks was 60% of white median family income, in 2002 it was even less – 57.5% (Muhammad, Davis, Leondar-Wright, and Lui, 2004).

Data on median household income, probably a better indicator than family income, was first calculated starting in 1972. In that year the black/white ratio was 57.6 percent, in 2002 the ratio was 62 percent – a slight improvement but an improvement that lags behind the educational gains that blacks as a whole have made (U.S. Bureau of the Census, 2003).



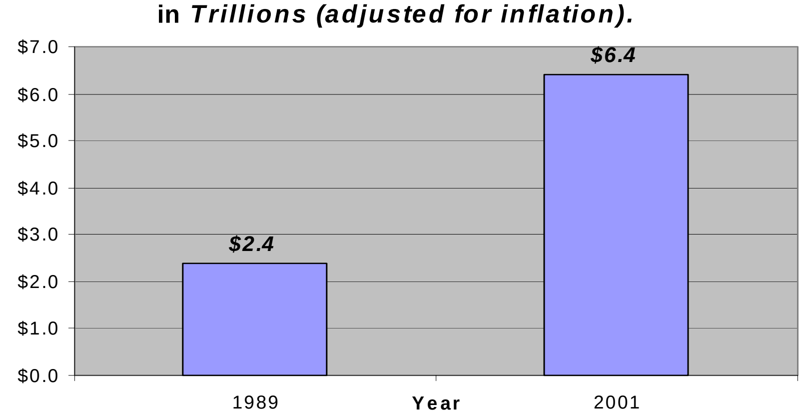
The statistics cited here should be no surprise to anyone familiar with the 1966 Coleman Report, *Equality of Educational Opportunity*, or the findings of the research team led by Christopher Jencks who published *Who Gets Ahead? The Determinants of Economic Success in America*, in 1979. The Coleman Report found that the greatest single determinant of student achievement was the student's home background. And while the report has been the subject of some valid criticisms its conclusion that "the inequalities imposed on children by their home, neighborhood, and peer environment are carried along to become the inequalities with which they confront adult life at the end of school" was on solid footing (Berliner and Biddle, 1995: 71). The conclusions made by Jencks, et al., are similar: "Our data only indicate that economic differences between whites and nonwhites persist even when they have the same amount of schooling and the same scores on cognitive tests" and "those who do well economically typically owe almost half of their occupational advantage and 55 to 85 percent of their earnings advantage to family background" (Jencks, 1979: 79 & 81). More recently David Berliner has written: "small reductions in family poverty lead to increases in positive school behavior and better academic performance." And "the most powerful policy for improving our nation's school achievement is a reduction in family and youth poverty" (Berliner, 2005). Likewise, in his analysis of the impact of social class on educational achievement, Richard Rothstein writes that to succeed, "school improvement must combine with policies that narrow the social and economic differences among children" (Rothstein, 2004).

Persistent Segregation

Racial inequality in the United States runs deep and wide. The state of New Jersey, for example, is highly segregated. The Newark metropolitan area is one of the five most segregated metro areas in the nation (The New Jersey Public Policy Research Institute, 2003). According to john a.powell, executive director of the Institute on Race & Poverty, New Jersey is more racially segregated today than before the historic 1975 State Supreme Court Mt. Laurel decision, which required each municipality to provide a fair share of housing affordable to people of low income. Poverty is also concentrated in the state's largest cities. The impact of poverty and residential segregation falls harshly on the young people of the state, many of whom are struggling in Title I school districts. In New Jersey, 63 percent of poor children would have to change schools to achieve an identical mix of poor and non-poor students. Likewise, 69 percent of minority students would have to move to achieve an identical mix of minority and non-minority students in each school (Orfield and Luce, 2003: 12). In the words of Douglas Massey and Nancy Denton, the authors of *American Apartheid*, "residential segregation is not a neutral fact; it systematically undermines the social and economic well-being of blacks in the United States" (Massey and Denton, 1993: 2).

The existence of a high degree of racial segregation by area of residence was a major factor contributing to the disparities that grew as the U.S. economy was transformed in the last quarter of the twentieth century. Deindustrialization (specifically the loss of manufacturing jobs in urban centers) and other forms of capital flight, along with the growth of the low-wage service sector, and the suburbanization of employment, all combined to create growing disparities between rich and poor and between many blacks and whites. Its cause was unrelated to the educational system as a whole, nor did it result from a lack of academic achievement on the part of individuals.

Figure 2. Financial Assets Held by Richest 1%
in *Trillions (adjusted for inflation).*



The fact that the education system has failed to fully overcome inequalities in academic performance, and that inequalities in economic well-being and in the spatial distribution of the poor and minorities continue to exist, should not be seized upon to make the claim, as some have, that spending on schools is irrelevant, i.e. that it is unrelated to the school performance. There are numerous ways of spending money that do make a difference (e.g., there is a wealth of data showing the positive effect of low student to teacher ratios) (Bracey, 2003: 30-34). The point here is that education is often given the unwarranted responsibility of making up for many of society's shortcomings and is sometimes made the scapegoat for the failure to realize the American dream.

Public education in America has been under severe attack, an attack that in many ways was launched with the publication of *A Nation At Risk* in 1983 (National Commission on Excellence in Education, 1983). Much of the reform movement is marked by the *misuse* of sound educational research as well as the use of *unsound* research. And it is promoted by numerous individuals and organizations motivated by financial interests.

Investment Capital Seeks Growth in Privatized Schools

Increased productivity, high dividends, and tax breaks have put vast pools of capital into the hands of private investors. In 1989 the richest 1 percent of Americans owned financial assets that totaled $2.4 trillion. By 2001 their financial assets had grown to *$6.4 trillion* (Kennickell, 2003: 17 & 21). These assets include stocks, bonds, certificates of deposit, money market funds, trust funds, mutual funds and the like. The richest one percent own more of these assets than the lower 90 percent of Americans combined.

A byproduct of this concentration of financial assets is the intense exploration for new avenues of private investment, including the current attempt to privatized more of the education "industry." Private educational service businesses are not new. For-profit educational businesses have been around for quite a while. Berlitz International, for example, was founded in 1878. But recent reforms have encouraged a growth in for-profit education companies and the privatization of public education. ETS, which bills itself as the world's largest private educational testing and measurement organization, was founded as a nonprofit in 1947 but has recently spawned a variety of for-profit subsidiaries. In 2000 ETS established a for-profit K-12 division (K-12 Works). ETS also boasts a for-profit testing division (the Chauncey Group), and several other for-profit subsidiaries (ETS 2002). There is an increasing number of companies taking advantage of the technology explosion to provide services that integrate technology into the classroom or as a replacement for in-class learning (e.g. Blackboard, Web CT, University of Phoenix) or use technology to improve learning through supplemental learning (e.g. Carnegie Learning). More controversial and pertinent to this discussion, is the growth of for-profit companies geared toward taking over educational services currently or formerly provided by the public education system. This is a trend that has been increasingly promoted over the past decade or so.

For several years big investment firms have been notifying clients of investment opportunities presented by the current movement to reform and privatize public education. In fact, investors often compare public education to the health care industry. In this regard Noam Chomsky has written: "In fact, a couple of years ago already, the big investment firms, like Lehman Brothers, and so on, were sending around brochures to their clients saying, 'Look, we've taken over the health system; we've taken over the prison system; the next big target is the educational system. So we can privatize the educational system, make a lot of money out of it'" (Chomsky, 2000). According to Mary Tanner, managing director of Lehman Brothers: "Education today, like health care 30 years ago, is a vast, highly localized industry ripe for change. The emergence of HMOs and hospital management companies created enormous opportunities for investors. We believe the same pattern will occur in education" (Miner, 2003: 177-178).

Michigan industrialist J. C. Huizenga, founder and chairman National Heritage Academies (NHA), characterized for-profit education "as a breakthrough business opportunity" (Clowes, 2003). Huizenga invested more than $50 million in NHA, which started in 1995 with a single charter school and grew to 32 schools in four states serving more than 17,000 students by 2003. Huizenger was named Entrepreneur of the Year by the Education Industry Association in 2003 (Miner, 2003).

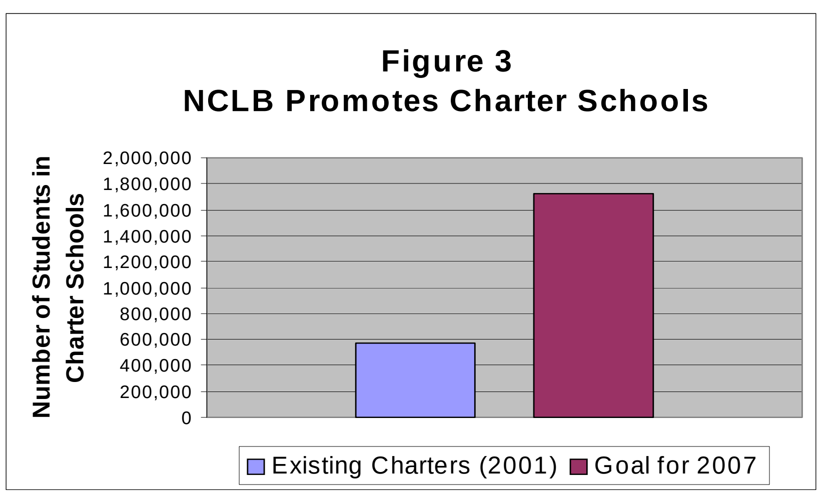
Nevertheless, educational for-profit companies that run many of the nation's charter schools are having a difficult time both in improving educational achievement and in making a profit. Often they run a deficit when given a budget comparable to public schools. And what happens if they go bankrupt? The California Charter Academy provides a foreboding example. Up until the summer of 2003 the largest chain of publicly financed but privately run charter schools was the California Charter Academy. But that summer C. Steven Cox shut down the Academy's 60 schools leaving 6,000 students without schools to attend in the fall. Cox was a former insurance executive with little background in education but in just a few years he had received approximately $100 million in state financing, and as his education empire grew Cox hired his wife, son, daughter-in-law and other relatives to work at California Charter Academy headquarters. But a series of difficulties led Cox to simply abandon the operation, with parents and state education officials scrambling to repair the damage (Dillon, 2004b).

When private companies that run charter schools do make money it is often a result of effective public relations that creates interest in the stock, thereby enabling the initial investors to sell at a profit. For example, in 2001 Edison's founder, Chris Whittle, sold 650,000 shares of stock for more than $15 million. At the time he still owned an additional 3.7 million shares (Miner, 2003). Microsoft cofounder Paul Allen is also an investor in Edison Schools. Edison's officers, incidentally, are paid $300,000 a year. Education analyst Gerald Bracey (2003) reported that Edison executive Benno Schmidt received a $1.8 low-interest loan from Edison and the company set up a $2.5 million golden parachute for when he leaves the position.

Among those leading or initiating the transformation of public education are such business leaders as Lou Gerstner, the chairman of IBM and author of *Reinventing Education: Entrepreneurship in America's Public Schools*, and former secretary of education, William Bennett (1985-88). Bennett has railed against America's public schools for more than two decades. He is currently a distinguished fellow at the Heritage Foundation and a co-director of Empower America. Bennett is developing a for-profit company to deliver curriculum aimed at home-schooled children via the Internet (Bracey, 2003).

The privatization of K-12 education entices investors with its potential. Spending on education makes up over 7 percent of the GDP (public and private combined), not as much as spending on health care but enough to get cash registers ringing (National Center for Education Statistics). After an initial burst in privatization investment in the 1990s (peaking in 2000) investment has slowed dramatically (Eduventures). In part the slowdown may be due to overall investor wariness resulting from a slumping economy but part of it must be explained by the fact that privatization hasn't shown itself to be a viable solution to educational problems. The challenge is much greater than privatization advocates claimed. Besides, public education is doing a better job than many of its critics claim (Berliner and Biddle, 1994; Bracey, 2003).

Another growth area for investors in education is the federally-financed tutoring industry. NCLB provides funds for tutoring of children in failing schools. Nationally there are more than 1,800 "supplemental



educational service providers" and in 2005 they are expected to earn about $200 million (Saulny, 2005). Thirty percent of that amount goes to large national companies such as Princeton Review, Kaplan, and the Huntington Learning Center. With only about 11 percent of the eligible students being tutored at present, the federally-funded tutoring industry could quickly grow into a $2 billion industry. Tutors are paid as much as $1,997 per child and companies have resorted to questionable practices in their attempts to get parents to sign up with their tutoring services. Some have offered gift certificates, basketball tickets, and even computers to the patents of eligible students. These incentives amount to little more than kickbacks but the federal Department of Education has chosen to look the other way. "We want as little regulation as possible so the market can be as vibrant as possible," says Michael Petrilli, one of the department's officials. Meanwhile, tutoring companies have been guilty of serious lapses in the delivery of services. Platform Learning, Inc., for example, was asked to leave several Chicago schools because of repeated absences by tutors, which left hundreds of students without instruction just before the Illinois Standard Achievement Test.

Critics of NCLB have pointed out a double standard in the law, which requires that public school teachers be "highly qualified" but has no such requirement for tutors. Likewise, while the law insists that proven scientific methods be used in the classroom, no efforts are being made to assess the impact of tutoring.

Adding weight to claims made that the Bush Administration was/is more interested in privatizing education than improving it were the revelations made in the fall of 2003 that for the first three years of its administration nearly $78 million of federal money was dispersed to groups advocating privatization and vouchers. As noted by Ralph Neas, president of the People for the American Way Foundation, "an unprecedented amount of discretionary and unsolicited funding has been granted to organizations supporting policies that harm public education and do not benefit the majority of American students" (Neas, 2003). Among those receiving grants were K12, which was cofounded by William Bennett, and the Education Leadership Council, cofounded by Deputy Secretary of Education Eugene Hickok. The Bush Administration has also appointed numerous privatization advocates to key governmental positions, including two "unabashedly pro-privatization" conservatives to oversee NCLB (Miner, 2004).

Does School Privatization Improve Education?

School privatization has met with mixed reviews in regard to school performance and narrowing various achievement gaps. It has also caused controversy on the issue separation of church and state. In 1999 National Heritage Schools was sued by the ACLU for promoting religion. Kary Moss, the executive director of the ACLU, claimed that "charter schools are often a ruse for the kind of schooling that the Supreme Court has said violates the Constitution (Golden, 1999)." According to an article in the *Wall Street Journal*, "from Mr. Huizenga down, many National Heritage administrators and teachers are steeped in evangelism" (Golden, 1999) and Huizenga sees his responsibility as a businessman as being "akin to the stewardship that was entrusted to Adam by the Creator" (Acton Institute, 2002).

Perhaps the biggest and most important of these for-profit companies is Edison Schools. Edison was founded in 1992 and now runs 130 schools in 20 states, serving 132,000 students (edisonschools.com). And while Edison claims student achievement in its schools is headed steadily upward its critics disagree:

- Edison makes "hyperbolic conclusions, using data that can only be described as questionable." – Gerald Bracey, author of *The War Against America's Public Schools.*
- "Our findings suggest that Edison students do not perform as well as Edison claims in its annual reports." – Gary Miron, for the National Education Association.
- "The overwhelming majority of Edison schools perform poorly, in many case faring worse than some Philadelphia schools." – U.S. Representative Chaka Fattah (D-Pennsylvania) (Miner 2003).

Education Alternatives, Inc., for a while the nation's largest for-profit manager of public schools, had its contract to manage or administer 12 of Baltimore's schools canceled by the city's public school system in 1996. In 1992 Education Alternatives (EAI) had promised major cost savings and quick improvement in student achievement. But the company failed to bring down costs or improve student scores (Walsh, 2002). The company also failed in Florida and Connecticut (Bracey, 2003). EAI later became TeseracT, Inc., and eventually went bankrupt.

A strong critic of privatization, Barbara Miner writes: "while there may be doubts about the educational value of privatization, the movement has the support of well-heeled investors with strong ties to political power brokers" (Miner, 2003: 181). In fact, while the charter school movement seems to be stalling the movement toward increased standardized testing has taken a great leap forward. Many of the reform movement's biggest advocates, and biggest investors, believe that money is best spent on textbooks and testing.

Recent education reform efforts emphasize testing. The No Child Left Behind Act requires states to test all students annually from third to eight grade. Publishing giant NCS Pearson likes the types of reforms advocated by the Bush Administration. One of Pearson's executives said that the president's call for state testing and school-by-school report cards "almost reads like our business plan." Monte Neill of FairTest, a Boston-based nonprofit, declared that the president's plans promise "to be a bonanza for the testing companies." In fact, writing in January of 2002, Stephen Metcalf noted that "over the past five years state testing expenditures have almost tripled, from $141 million to $390 million..." (Metcalf, 2002). The Business Roundtable is no doubt happy, for them, testing is a "bedrock principle." In 2001 the Roundtable published a monograph advising businessmen on how to cope with resistance to such testing (Bracey, 2003).

Standardized testing is dominated by the same companies who dominate textbook publishing – McGraw-Hill, Houghton-Mifflin, and Harcourt General. And, it just so happens that the McGraws are old friends of the Bush family. Harold McGraw is on the founding board of the Barbara Bush Foundation for Family Literacy and was a member of G.W. Bush's transition advisory team along with Edward Rust Jr., another McGraw-Hill board member. John Negroponte, appointed by Bush to be U.S. ambassador to the United Nations and later nominated by Bush to be the nation's first the Director of National Intelligence, was McGraw-Hill's executive vice president for global markets.

Many of McGraw-Hill's authors advised Bush while he was developing an educational reform plan as governor of Texas. These consultants wrote statements of principles for the Texas Education Agency and helped shape the state board of education's call for new reading textbooks. By the time Bush left office McGraw-Hill had gained a dominant share in the Texas textbook marketplace (Melcalf, 2002).

Stan Karp, editor of *Rethinking Schools,* sums up some of the problems with testing as a tool for accountability, one of the stated goals of NCLB:

> If the goal is educational accountability, standardized tests are of limited value. To assess the effectiveness of a particular school or education program requires multiple measures of academic performance, classroom observations, project- and portfolio-based assessments, a range of indicators from attendance and dropout rates to graduation rates and post-graduation success, measures of teacher preparation and quality, and surveys of parent participation and satisfaction. In addition, legitimate assessment strategies would measure "opportunity to learn" inputs and equity of resources so that the victims of education failure would not be the only ones to face "high stakes" consequences (Karp, 2003: 204).

The emphasis on testing feeds into a long-term shift in the goals of public education. According to Stephen Metcalf, the original aspirations of public education were to fashion a common culture and "prepare young people to be reflective and critical citizens in a democratic society." These goals are being displaced by the current emphasis on a narrow range of skills geared to satisfying the low end of the labor market, and a preoccupation with "global competitiveness." Furthermore, "the Bush revolution in education is the culmination of a decade of educational reform spearheaded by conservatives and business leaders" (Metcalf, 2002).

No Child Left Behind: Investing in our Children?

The No Child Left Behind Act of 2001 is a reauthorization of the Elementary and Secondary Education Act of 1965. There are critical differences between the 1965 and 2001 versions of the law. NCLB marks a sweeping overhaul of federal efforts to support elementary and secondary education in the United States. The stated principles of NCLB are accountability for results, an emphasis on doing what works (based on "scientific" research), expanded parental options, and expanded local control and flexibility. Another significant change involves the distribution of Title I funds. NCLB requires that schools perform in order to receive these once entitled funds. This presents a number of challenges for Title I schools and their students, challenges that, if not overcome, may result in a loss of resources for the schools.

NCLB is, in large part, a logical outcome of the attack on public education waged by the political right for the last twenty years. NCLB raises the standards that schools must meet. Schools must show "adequate yearly progress," as measured by mandatory yearly testing, or face a variety of penalties. By federal law all schools must have 100 percent of students passing state tests by the 2013-2014 academic year. The goals set by NCLB are virtually impossible to meet and thus ensure failure. The sanctions they face range from loss of federal funds to being shut down or having private management imposed. NCLB also explicitly sets as a goal an increase in the number of children attending charter schools, from 575,000 in 2001 to 1.72 million in 2007 (U.S. Department of Education, 2002).

Why is the educational system being held to such standards? Two reasons, one is that it supports the privatization movement. The second is that ideologically it focuses on failing schools (i.e., deficient teachers and deficient students) and takes attention away from other issues and remedies. It's convenient to blame a poorly trained workforce for a company's or a nation's economic problems while overlooking investment decisions that undermine communities and families (it's also convenient to assume that the school system, not employers, should be responsible for worker training). It also reinforces structured economic inequality by saying that people are poor because they don't fulfill their intellectual potential and they don't fulfill it because of failing schools, not because of structural roadblocks caused by disinvestment, discrimination, and low wages.[1]

Make no mistake, adequate yearly progress is a good thing. In fact, why not aim for adequate yearly progress in other measures of the quality of life? As Stan Karp writes: "Imagine a federal law that declared that 100 percent of all citizens must have adequate health care in 12 years (Karp, 2003: 16)." Or why not aim for reducing the income gap between blacks and whites or the poor and the non-poor? Why not a have No Child Left Behind Act that aims to reduce infant mortality rates among blacks to the level of whites within 12 years? Or how about a No High School Graduate Left Behind that equalizes access to higher education? Thanks to rising tuition and fees and reduced state aid, higher education is becoming less affordable to individuals from lower-income households (National Center for Public Policy and Higher Education, 2002). In fact, students of low socioeconomic status who are high academic performers are less likely to go to college than students in the highest socioeconomic quartile who are low academic performers (68 percent of the former go to college, compared to 72 percent of the latter) (*On Campus*, 2004; Kahlenburg, 2004).

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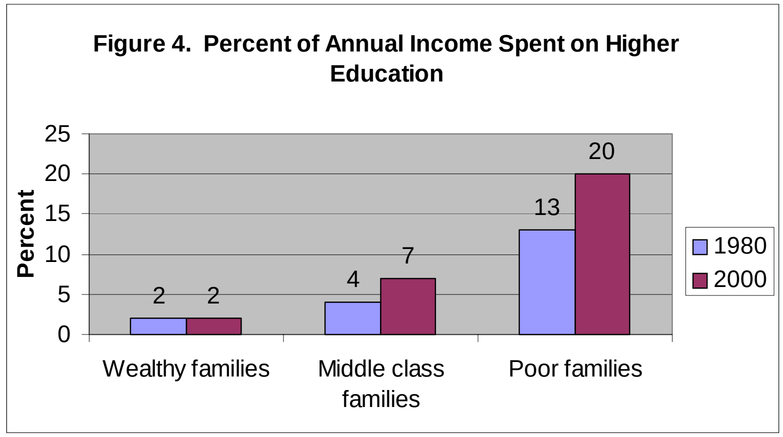
[1] This thinking was evident in George Bush's debate with John Kerry during the 2004 presidential campaign. When asked a question about jobs, George Bush responded by talking about No Child Left Behind.

Abandoning Ship?

Through NCLB the federal government is asking a great deal of schools that are primarily funded by state and local governments. K-12 schools receive only about 6 to 7 percent of their revenue from the federal government and many states are wondering if its worth it and are beginning to rebel against the restrictive demands of NCLB.



Over time resistance to many provisions of NCLB have mounted. In 2003 Vermont prohibited state officials from spending any of Vermont's own money to comply with the terms of the federal law (Dillon, 2004). In January of 2004, the Virginia House of Delegates passed a resolution, 98 to 1, calling on Congress to make exemptions from the law's requirements. On February 10, 2004, the Utah House voted to prohibit the state's education authorities from using any local money to comply with No Child Left Behind. Then on March 24, 2004 the chief state school officers of fourteen states asked the Bush Administration to allow them to use alternate methods for showing academic gain, fearing that the current annual yearly progress standards will soon result in most schools being subject to federal sanctions (Schemo, 2004a).

Likewise, local governments and once hopeful parents may be becoming disillusioned with the hope and promise of charter schools. In January of 2004 evaluators for the State of New York found serious faults with all three of the first charter schools to open in the state. They called for one school in Harlem to be shut down, another to receive a probationary extension of its charter, and for a school in Albany to close its middle school.

In October of 2002 a report by the Center for Education Reform found that 194 (6.8 percent) of the 2,874 schools granted charters nationwide had been closed. Not included in these numbers are another 77 schools that were absorbed back into their original school districts and 84 schools that were granted charters but never opened (Herszenhorn, 2004).

Nevertheless, officials from the U.S. Department of Education are aggressively pushing their reform agenda. Deputy Assistant Secretary Ken Meyer was sent to Utah in February 2004 to defend NCLB. He told parents and teachers that American schools needed to improve so that workers could compete in the global economy (Dillon, 2004). And, just a few days later, Secretary of Education Rod Paige called the National Education Association (NEA) a terrorist organization. Paige was frustrated with the NEA's resistance to NCLB (Pear, 2004). His remarks should come as no surprise though, to anyone who has read the secretary's introduction to the Department of Education's strategic plan. The brief statement contains three references to the attacks of September 11. And, of course, NCLB's requirement that schools cooperate with military recruitment was one of the law's provisions that drew early criticism.

Charter schools as a viable education option were called into further doubt in 2004. In August the American Federation of Teachers showed that fourth graders attending charter schools were performing about a year and a half behind fourth graders at public schools. The comparisons held up when broken down for income, race and ethnicity. The AFT used data that the Federal Department of Education had released in November of 2003. At that time the Department of Education announced the release of state by state data from the national assessment, but federal officials never mentioned that the charter school data were publicly available (Schemo, 2004b). In November of 2004, a study by the Department of

Education, which focused on five states, concluded that charter schools were less likely to meet state performance standards, even when adjusted for race and poverty. In Texas (the birthplace of many of the central ideas of NCLB), only 66 percent of charter schools met state performance requirements, compared to 98 percent of public schools. Perhaps more telling is the fact that Department of Education, which had the final report in June, did not release until late November and then only after the *New York Times* had filed a Freedom of Information Act Request the month before (Dillon and Schemo, 2004).

In God We Teach

The support for education reform is, in part, based on legitimate concerns about our capacity to educate our children, as well as a public struggle over what they should be taught. But in the current movement private economic interests, with their greater resources, have been able to steer the reform into an effort that benefits testing companies, textbook publishers, and private venture companies hoping to win contracts to get public money for running private schools. However, the full picture of the current thrust of education reform can't be explained solely in terms of economic interests. The present reform project is also driven by religious conservatism. The confluence of these two interests, though not totally overlapping, makes for a much stronger current that threatens to drown out more rational voices.

President Bush's "No Child Left Behind" initiative has been chided for stealing the "Leave No Child Behind" slogan from the Children's Defense Fund. But it's more likely, given George W. Bush's close ties to Christian evangelicals, that the law's nomenclature is a not-so-accidental reference to the "Left Behind" series of books written by Tim LaHaye and Jerry B. Jenkins. The twelve book series is loosely based on the Bible's Book of Revelations and it has been immensely popular, with more than 62 million copies sold (PR Newswire Association, 2004). The series describes an apocalyptic world where Christ's true believers are rewarded and nonbelievers are punished by a variety of horrors. Polls show that a majority of Americans believe in "the Rapture" – the idea that just before the world's end, the Christian faithful will be saved and taken up to heaven. According to believers, after the Rapture those "left behind" will face seven years of Tribulation consisting of natural disasters, wars, and other catastrophes. Given the Bush Administration's close ties with the Christian Right, the ground troops of the reform movement are not the big financial interests but the "true believers" who would like to end the separation of church and state, allow school prayer and who oppose the teaching of evolution. In fact, all of these principles, as well as abolishing the federal Department of Education, are planks in the platform of the Texas Republican Party which helped propel George W. Bush to electoral success (Sperling, et al., 2004).

Conclusion

The United States doesn't so much face a crisis in education as it does a crisis of overaccumulation. The growth of inequality over the past three decades combined with structural limits on the expansion of investment is causing investors to search for new investment outlets and this is one of the motivations behind the movement to reinvent and reform education in the United States. It is one of the main motivations behind such privatization schemes as charter schools, mandatory yearly testing, No Child Left Behind, and related reforms.

But the education system is not the problem. Even if it was failing, privatization isn't necessarily the answer. One only has to look at how companies such as Enron and WorldCom have managed their affairs to be reminded that private companies have their own priorities, which often conflict with the public good and result in long term harm and additional expense.

Consider the example of Enron for a moment, keeping in mind that there are many instances of similar problems in for-profit companies. Enron was able to persuade the Federal Energy Regulatory Commission to deregulate the wholesale natural gas market. In California alone, the added costs to consumers brought about by deregulation was nearly $50 billion. Enron also set up dummy corporations overseas to hide its expenses and artificially inflate the value of its stock. The crash that followed cost Enron's employees $1.2 billion in retirement savings. Enron contributed $2 million to George W. Bush's electoral campaigns. It used its ties with the Bush Administration to influence national energy policy. In India Enron constructed one of the world's largest electrical generating stations despite wide-scale local opposition and it paid abusive security forces to repress the opposition. In Bolivia Enron built a 400 mile pipeline, much of it running through a "biologically outstanding" forest, again despite broad opposition. Another Enron pipeline in Bolivia burst and spilled nearly 30,000 barrels of oil. This ocurred in spite of repeated warnings that the pipeline needed repair. Enron's profits amounted to nearly $2 billion in the period from 1996 to 2000, but in four of those five years Enron paid not one penny in corporate taxes to the U.S. government. And, of course, Enron filed for bankruptcy in 2002 leaving the poor in Bolivia and India, and the American taxpayer the responsibility of cleaning up the environmental and economic mess it left in its wake (Kloby, 2004).

Similar problems exist with for-profit education companies. Already the Security and Exchange Commission has found fault with Edison Schools' accounting practices, leading *Education Week* to declare that the company had contracted a case of *Enron-itis* (Bracey, 2003).

The advocates of privatization in school reform would have us ignore these lessons. They tell us that "schools cannot be 'regulated' back into good health," that regulation, itself, is a large part of the problem," and that "the discipline of the market provides the key (Gerstner, Semerad, Hoyle and Johnston, 1994)." Proposals such as these are a business-like approaches that reduce true public oversight and accountability and instead offers a much weaker substitute: individual consumer choice. The deregulation being prescribed is one that ultimately gives freedom to investors in the guise tearing down barriers to achievement and creating "a culture of learning." And if it fails with what will we be left? Most investors will bail out before they incur great losses but the rest of society will be left with another social disaster and taxpayers will struggle with the costly burden of putting the pieces back together.

The problem of inequality in the United States, whether it is the inequality of wealth and income, or the inequality of residential choice, or the unequal representation that exists in institutions of power, is not a problem that an educational system should be expected to solve. Not because it is an impossible task but it is a task made much more difficult when addressed with only one set of tools. Inequality must be addressed through greater equity in the delivery of educational services but also by a whole range of economic and political programs that address inequality head on. Existing problems will be exacerbated unless the problem of overaccumulation is recognized and challenged, and the way to do that is not by finding new avenues of investment for the rich (often high risk avenues), but by aggressively reallocating available resources through a more democratic process involving a much broader range of informed decision makers.

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