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PRESS RELEASE

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To: News editors, education reporters and editors,
business editors, editorial writers

Sex, cheating scandals cost stumbling Edison Schools another client

A lurid scandal involving charges of sex between a school principal and a 16-year-old student, as well as new revelations about cheating on tests, have lost a major client for Edison Schools, the once-hailed for-profit school management firm.

Edison has run eight schools for the past four years in Chester-Upland, Pa., the company's second-largest client after Philadelphia.

Chester High School Principal Eboni Wilson was arrested April 6 on charges of corruption of a minor and indecent exposure, after two reported March 2005 incidents between Wilson and the student in the school auditorium.

Then, in mid-April, students at Chester's Edward E. Parry Edison Junior Academy reported that Principal Jayne Gibbs had given them answers to questions on Pennsylvania's state achievement test. Test scores at the school and at another Chester school where Gibbs was previously principal soared significantly while she ran them. Gibbs is on paid leave while the charges are investigated. The score increase at Gibbs' previous school will probably be scrutinized as well, Chester officials told the Philadelphia Inquirer.

Both Gibbs and Wilson are Edison Schools employees. After the sex scandal exploded, school district and Edison officials announced that Edison will leave the district in June, a year before its contract ends.

The Chester-Upland turmoil adds to Edison's woes around the nation. The company recently lost contracts in Rochester, N.Y.; Worcester, Mass.; and Miami, and is in jeopardy in Springfield, Ill., and Flint and Inkster, Mich. A respected veteran principal in

a struggling Edison school in Albany, N.Y., recently quit and told the Albany Times-Union, "It's about my integrity. I can't subscribe to another four years with Edison."

And New York State Attorney General Eliot Spitzer's office is about to investigate reports of financial management at a New York school from which Edison was recently removed, Rochester's Charter School of Science and Technology, according to the Rochester Democrat & Chronicle (April 21, 2005).

Edison Schools, founded in 1995 by flamboyant entrepreneur Chris Whittle and once publicly traded on the Nasdaq, promised to improve student achievement at troubled schools for lower cost than regular public schools, and make a profit as well. But Edison schools have never been shown to perform better than other schools, and many school districts complained of Edison's higher costs.

As for profits, Edison has reported only one profitable quarter in its existence and no longer discloses financial information.

Edison stock traded publicly from 1999 to 2003, soaring to nearly \$40 a share in early 2001 and then plummeting to 14 cents. In November 2003, the company stock was taken private in a buyout at \$1.75 a share. The Florida state pension fund invested \$174 million in the purchase. Media reports noted that Florida Gov. Jeb Bush was a trustee of the board that supervises pension investments and a supporter of Edison and other school "reforms" favored by conservatives.

In recent years, Edison has quietly moved away from its mission of "revolutionizing" public education, and into marketing conventional supplemental services such as testing, summer school and tutoring. Almost all of its new business involves providing such services rather than trying to manage schools.

Edison once attracted ideological support from backers of privatization and school vouchers, and from such powerful conservative bastions as the Wall Street Journal editorial board and the Hoover Institution. But its name is no longer mentioned when "school reform" supporters propose solutions for public education.

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Philadelphia Inquirer April 17, 2005 News Story

<http://www.philly.com/mld/inquirer/news/local/states/pennsylvania/11412829.htm>

Principal accused of cheating on tests

The Chester Upland administrator is said to have provided answers on state exams. She was put on leave.

By Dale Mezzacappa, Connie Langland and Dan Hardy

Inquirer Staff Writers

Another principal in the beleaguered Chester Upland School District has been put on administrative leave - this time while the district investigates allegations of possible cheating on statewide tests given to students over the last two weeks.

Jayne Gibbs, the acting principal of Parry Middle School, was suspended Thursday after "more than one" student complained to teachers about getting help with answers on the Pennsylvania System of School Assessment test.

Gibbs, a former Philadelphia principal, works for Edison Schools Inc., which has run all but one of Chester's schools since 2001. She was assigned to Parry late last year. She could not be reached for comment.

An outside investigator hired by the district has been questioning students and staff members about the allegations, Chester Upland and Edison officials said Friday.

"The kids said, something weird is going on, somehow they're getting answers on the test," said Edison spokesman Adam Tucker, who related what Edison was told by district officials. Edison was told by the district that the allegations involved the principal, Tucker said. Edison responded by putting Gibbs on paid leave.

The students told teachers that the problems had occurred over several days, according to Wayne Emsley, Chester Upland's assessment officer.

Granville Lash, a member of the Board of Control and a longtime Edison critic, said a teacher told him that a student who was finishing a test on a make-up day found answers filled in.

Gibbs was principal of Showalter Middle School in Chester for two years, during which time the school showed remarkable growth in test scores.

The school showed big gains from 2002 to 2003 that were largely sustained in 2004. In 2004, 71 percent of Showalter students were proficient in reading and 55 percent in math, compared with Chester Upland's overall totals of 37 percent in reading and 25 percent in math. The statewide scores were 69 percent in reading and 58 percent in math.

From 2002 to 2003, Showalter scores jumped 62 percentage points in math and 39 in reading. Showalter students showed similar gains on the SAT-9, which Edison administers.

In 2003, Gibbs attributed the success to double periods of math and reading, weekly staff meetings to discuss individual student progress, and top-flight professional development for teachers. Edison officials said that Showalter, of all the district's schools, was the one that most eagerly embraced the company's model. Edison's other two middle schools scored way below state averages and made small gains from 2002 through 2004.

Emsley said the district may look into Showalter's test scores if the Parry allegations are confirmed.

This is another blow for Chester and for Edison, which will leave the district in June, a year before the end of its contract.

The long-troubled Chester-Edison relationship came to a head earlier this month with accusations that Chester High acting principal Eboni Wilson had consensual sex twice with a 16-year-old student in the auditorium. Wilson faces a preliminary hearing on May 17. He was arrested on April 6 on charges of corrupting the morals of a minor and indecent exposure.

Wilson, 28, who was brought in by Edison to turn around chaotic Chester High, has said he would be "vindicated" when the facts came out. He was put on paid leave March 31. Chester Upland, which has been under state control since 1994, is struggling to close a \$35 million deficit.

The three-member Board of Control, which oversees the district, voted Thursday to borrow \$15.2 million to pay off short-term debt and continue to operate through summer. The move will need approval from Delaware County Court of Common Pleas.

The board will also seek to restructure its long-term debt of about \$70 million so it can reduce annual debt service costs, which this year ate up more than \$5 million in an \$80.6 million budget, Control Board president Michael F.X. Gillin said Friday.

The board also plans to step up efforts to collect delinquent local taxes, Gillin said. The tax collection rate is about 72 percent, way below other districts. He said tax liens will be

sold to Xspand Inc., a Moorestown debt-collection firm headed by former New Jersey Gov. Jim Florio.

Shawn Farr, special assistant to state Education Secretary Francis Barnes, said Friday that the state viewed the board's decision to take on more debt "with caution and concern." Gillin said the plan was recommended by business manager Eugene Cresta, consultant Thomas Padden and Public Financial Management Inc., hired by the state to rein in the district's 2005-06 spending.

Gillin said there was no talk of closing the schools early despite the fiscal crisis and no push to seek an emergency appropriation from the state, which funds about half the district's spending. "The state has put it on us to get our house in order, and that is what we are doing," Gillin said.

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April 21, 2005, Rochester Democrat & Chronicle

Report on planned probe of Charter School of Science & Technology

<http://tinyurl.com/8n5df>

April 15, 2005, Albany Times-Union column about Edison's problems in Albany, N.Y.

(Backup for quote from departing Principal Eleanor Bartlett)

<http://tinyurl.com/cpozh>