

Dec. 22, 2001 San Francisco
Parents Advocating School Accountability

Edison's Philly Sales Pitch Heavy on Myths

The controversial, for-profit company Edison Schools Inc., poised for a lucrative role in the Philadelphia school district, touts itself on a new website in an effort to win over a skeptical Philadelphia community.

The website, edisonandphilly.com, contains sections labeled "Frequently Asked Questions" and "Myth vs. Fact." But the website itself contains more myth than fact. Here's the real story about Edison.

Myth vs. Fact:

Myth: Edison implements the latest "best practices" in education.

Fact: Edison puts cost-effectiveness first. For example, skilled and experienced teachers are viewed as vital to successfully educating disadvantaged children - yet Edison emphasizes hiring lower-cost neophyte teachers. Take Edison's two schools in disadvantaged East Palo Alto, Calif. At Edison-Brentwood Academy, 76 percent of the teachers were uncredentialed in the 1999-2000 school year; at Edison-McNair Academy, 79 percent were uncredentialed.

Similarly, many educators see small schools as best for children. But Edison likes huge schools, which cost less per student. Schools as large as troubled Edison-Perdue Academy in Pontiac, Mich., which expanded from an 850-student K-5 to an 1,100-student K-8, are common in the Edison regime. In San Francisco, Edison closed Edison Charter Academy's existing library to cram in more students.

In Albany, N.Y., popular Edison Principal Eleanor Bartlett recently (December 2001) quit in protest over Edison policies, including New Covenant Academy's large size. "I'm not going to say that 900 (students) here is right, because it's not. It's too many," she told the Albany Times Union.

Myth: "Eighty-four percent of Edison's schools are achieving at higher levels now than when they opened." - edisonandphilly.com

Fact: Edison's claims of positive results fall apart under scrutiny. The company insists that 62 of its schools in 2000-2001 achieved "positive gains." But it says it ran 113 schools that year. That's 54.8 percent, not 84 percent. And many of the 62 schools for which Edison claimed "positive gains" are severely troubled. At least 10 schools on the "positive" list have landed on their states' lists of troubled schools, and contracts have been or are being severed with Edison for at least eight schools on the "positive" list. Communities have raised concerns about many others because of low performance and other problems.

Myth: "We're not a politically oriented company."
- Edison spokesman Adam Tucker, Philadelphia Inquirer, Dec. 15, 2001

Fact: Edison hired ex-Congressman Floyd Flake as president of Edison Charter Schools as it was preparing to pitch itself to then-Pennsylvania Gov. Tom Ridge for a major role in Philadelphia. Flake served with Ridge in Congress, where the two teamed up to sponsor at least one key bill. And Edison recently named Timothy Shriver to its board of directors. Shriver's uncle, U.S. Sen. Ted Kennedy, chairs the Senate Education Committee, which Pennsylvania Rep. Chaka Fattah recently asked to investigate Edison.

Myth: "Edison is accountable to the local community. ... The local community may demand that Edison's contract be terminated if school performance does not meet the terms stated in the contract." - edisonandphilly.com

Fact: When the San Francisco school district moved to sever its Edison contract in spring 2001, the company mounted a costly, bloody, all-out legal battle - as well as a high-stakes public-relations and political lobbying war. Edison CEO Chris Whittle reportedly told San Francisco's superintendent that his investors were willing to spend whatever it took to fight the school district in court.

Myth: In the highly publicized San Francisco controversy, the school board moved to revoke the charter for an Edison school "purely on philosophical/political grounds."
• edisoninphilly.com

Fact: The San Francisco school board moved to revoke Edison's charter in response to numerous problems,

including:

- community complaints about corruption and coercion in the chartering process,
- Edison's failure to implement accountability procedures required by the contract,
- high costs,
- complaints about students being "counseled out" of Edison Charter Academy (14 of 15 students initially counseled out were African-American boys),
- low performance.

Myth: San Francisco's Edison Charter Academy "was making real strides toward improving student achievement."

- edisoninphilly.com

Fact: Edison Charter Academy is the lowest-performing public elementary school in San Francisco.

Myth: When San Francisco moved to revoke Edison's charter, CEO Whittle told the New York Times, "None of the 44 other cities where we manage schools has ever done anything like this."

Fact: At the time Whittle spoke, districts in Sherman, Texas;

San Antonio, Texas; Lansing, Mich.; Goldsboro, N.C.; and Minneapolis had severed or were moving to sever ties with Edison. Numerous other districts have discussed doing so, including Pontiac, Mich.; Inkster, Mich.; Wichita, Kan., and Macon, Ga. Now Edison is about to lose its contract for failing Granville Charter School in Trenton, N.J.

Frequently Asked Questions

Q. How many schools does Edison manage?

A. You'd think the answer would be clear-cut. Edison claims to manage 136 schools, but its website lists 111. Edison divides schools into elementary (K-5), middle (6-8) and high (9-12), and apparently reports any school that combines levels - a K-6, for example - as more than one school. This minor point demonstrates how even an apparently simple fact can be contrived to mislead.

Q. Does Edison make a credible claim that its schools perform better than Philadelphia schools?

A. No. The company doesn't even try to make that claim. Edison was hired to study Philadelphia schools and rated them based on their rankings on state tests, but gauges its own schools only by comparing achievement to same-school previous levels. "We were not charged in our review to compare Edison schools with Philadelphia schools. That should not be an expectation," Edison spokesman Tucker told the Philadelphia Inquirer.

Q. Is Edison's San Francisco school now last in its district?

A. Yes. In spring 2001 test scores Edison Charter Academy ranked 75th of 75 elementary schools in the district. But as of fall 2001, the school was no longer part of the San Francisco Unified School District. It is now chartered by the California state Board of Education, which a spokesman says will pull the plug if achievement doesn't improve.

Q. Is Edison open and accountable in its dealings with school districts?

A. No. Concerns about Edison's secrecy have been raised repeatedly in the Philadelphia press. In San Francisco, school board members didn't see the contract a former superintendent negotiated with Edison Schools until it was put in front of them to vote on in 1998.

Q. Is it true that Edison educates children for the same cost as school districts?

A. No. Edison schools cost districts far more than other district schools. The Dallas school board was shocked to learn that Dallas' Edison schools - already expected to cost more than other schools - would cost another \$5 million to \$20 million more than projected. In Las Vegas, Edison's seven schools are expected to cost \$1 million a year more than district schools. This story is repeated in district after district.

Q. Are Edison's testing procedures on the up and up?

A. Good question. The two top administrators at Ingalls-Edison Academy in Wichita were recently (December 2001) fired after district officials found irregularities in the school's standardized tests. At Edison Hernandez Academy in Dallas, May 2001 news reports said a teacher corrected a student's answers on a standardized test and that students

were paid for passing scores. At San Francisco's Edison Charter Academy, figures show that Edison excluded many children from testing. In spring 2000, the school enrolled 124 African-American students in the tested grades, 2-5, but scores were reported for only 93 in reading (75 percent) and 97 in math (78.2 percent). Of 140 Latino students in the tested grades, scores were reported for only 97 (69 percent) in reading and 101 (72 percent) in math.

Q. Does Whittle send his children to an Edison school?

A. No. Whittle's children attend private school. Whittle, who lives on Long Island, N.Y., explained inaccurately to the Philadelphia Daily News, "I don't have any Edison schools in New York." Actually, Edison operates Riverhead Charter School in Riverhead, Long Island. "One thing I'm not going to do is play politics with my children," Whittle told the Daily News. He did not mention his views on playing politics with other people's children.

Q. How many shares of Edison stock did Benno Schmidt, chairman of Edison's board of directors, dump from September through November 2001?

A. Thirty thousand.

Q. What were his proceeds on the sale?

A. More than \$400,000.

Q: What price did Schmidt pay for his shares?

A: \$2.50, based on the "exercise price" for his options.

Q. What about other Edison executives?

A. Since the beginning of the year, Whittle has sold more than 650,000 shares for proceeds far in excess of \$15 million. Here are other top executives' profits from exercising stock options since November 2000: Manuel Rivera (chief development officer) \$789,989; Christopher Cerf (chief operating officer) \$774,925; Kathleen Hamel (executive vice president, whole district partnerships) \$696,367; John Chubb (chief education officer) \$508,678; Laura Eshbaugh (executive vice president) \$476,280; Deborah McGriff (president

of Edison Teachers College) \$348,164.

Q: Some Edison teachers also receive stock options.
At what price can a teacher exercise a stock option?

A: \$19.68. That means the options are worthless unless the stock is selling above \$19.68.

Q: How many days since July 30, 2001, has Edison stock traded at \$19.68 or above?

A: None.

Q: Why does Edison give stock options to teachers?

A. To “better align the interests” of teachers with the company’s stockholders, according to Edison’s Definitive Proxy Statement.

Q: So Edison gives stock options to teachers so that it will be in the best interest of the teachers to see the company succeed financially? What about the best interests of the children?

A: Edison’s Definitive Proxy Statement does not mention the best interests of the children.

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