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Edison Schools' False Numbers Obscure Contract Losses

Embattled, for-profit Edison Schools – the education management organization once hailed as the miracle savior of America’s schools – lost one-sixth of its school-management contracts with school districts in spring 2005, while continuing its longstanding practice of claiming to operate far more schools than it actually does.

Edison began March 2005 with 41 contracts to manage schools in school districts around the United States. In the past few weeks, it has lost seven of them. Edison contracts were severed or not renewed by school districts in Miami; Springfield, Ill.; Worcester, Mass; Flint and Inkster, Mich.; Rochester, N.Y.; and Chester-Upland, Pa. Numbers of schools in each cancelled district varied. Chester-Upland, where Edison managed eight schools, was Edison’s second-largest school-management contract. Edison contracts in Peoria, Ill., and York, Pa., are also in jeopardy.

Meanwhile, Edison’s website claims that the company “currently operates 157 schools,” but a hand-count of schools listed on the website (as of June 28, 2005) shows only 104 schools.

Of those, the website list misleadingly includes 13 schools that Edison does not manage or operate but for which it merely provides consulting services (all in Allendale and Charleston, S.C.). It also lists 14 schools that Edison no longer operates due to recently severed contracts. Omitting those misleadingly listed schools brings the actual number of Edison-managed schools to 77, not 157.

In addition, a long-awaited report on Edison Schools’ achievement by the respected RAND research organization – for which Edison contracted in 2000 – is now two years overdue after repeated delays. The report was originally due in summer 2003, and was eagerly anticipated back in the days when Edison boasted high credibility and visibility. A RAND spokesperson, giving no reason for the delays, says the report is now due in August 2005.

Over the company’s 13-year history, Edison has contracted to manage schools in a total of 59 districts nationwide. Counting the most recent seven severed contracts, the company has lost 25, or 42.3 percent, of those 59 contracts. Edison spokesperson Adam Tucker told the Honolulu Advertiser newspaper in May that Edison “retain(s) 80 percent of our contracts” -- which was inaccurate if Tucker referred to school-management contracts (“Edison Says Past Troubles Won’t Follow It Here,” Treena Shapiro, Honolulu

Advertiser, May 15, 2005). Edison has moved into various supplemental services, such as summer school and tutoring, that appear to be supplanting its original core business. The Honolulu Advertiser article was a report on the prospect of Edison's providing consulting services, not running schools, in Hawaii.

New York-based Edison Schools, founded in 1992 by flamboyant entrepreneur Chris Whittle, was publicly traded on the NASDAQ from 1999 to 2003. After reaching a high of close to \$40 per share in early 2001, the share value tumbled to a low of 14 cents. In November 2003, the company's stock was taken private in a buyout at \$1.75 per share.

Edison 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 talk about solutions for public education.

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