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Charter Movement Opens Door for Edison Project

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Joe Williams Milwaukee

Five years ago, a for-profit education management firm called the Edison Project retreated from Milwaukee with an imprint of the teachers union's boot on its behind.

Edison had offered to run several Milwaukee Public Schools and promised enhanced learning for less money than MPS was spending to educate its students. The Milwaukee Teachers' Education Association complained that "privatizing" public schools would hurt children, teachers and the community.

After months of controversy, Edison Vice President Richard T. Roberts wrote in a letter to MPS officials: "Given the overall climate in Milwaukee concerning this potential partnership, we do not feel it is appropriate to continue actively pursuing such a relationship for the 1995-96 school year."

The Edison Project is back, another example of how quickly the educational scene has changed here. And there's not a darned thing the teachers union can do about it this time.

"There are people out there who always have an opinion about everything, but the people who really matter are the parents of the kids who are currently unhappy," said Deborah McGriff, a former MPS deputy superintendent who is now senior vice president of the New York-based company.

It's easy now for Edison officials to say that it doesn't matter so much what administrators, School Board members or teachers union officials think of their plans to educate youngsters in the city. The charter school movement changed everything. There is little need to sell their pitch to anyone but potential consumers.

The University of Wisconsin-Milwaukee will open two innovative charter schools in the city next fall: the Milwaukee Academy of Science and the Milwaukee Urban League Academy of Business and Economics. Both will be managed by the Edison Project.

"If the established groups support us, fine. But in the end, this is about an individual parent making a decision about his or her child," McGriff said.

While critics will continue to take aim at for-profits, ultimately the people of Milwaukee will let the Edison Project know if it is welcome when it comes time to sign up for classes.

As much as Milwaukee's education scene has changed in the last five years, so, too, has the Edison Project.

The company has adjusted its goals and shifted from a high-profile sales pitch to quiet negotiations with non-profit groups and charter-granting authorities.

Earlier in the decade, flamboyant media entrepreneur and Edison founder Chris Whittle crusaded through the nation's editorial boards and education circles with his ambitious plan to establish high-quality public schools all across the country for less money than was being spent in public school systems.

Using a national economy of scale, his company would be able to make a profit while increasing academic performance at the same time, he told just about anyone who would listen back then.

Whittle has adapted over the years by toning down and scaling back his plans and timelines for new schools. Edison's return to Milwaukee was something company executives didn't want to discuss with reporters until all the papers were signed. It was a marked contrast from the earlier courting process, when Whittle himself gave interviews and the company held community information sessions.

Whittle gained national attention in the 1980s as the co-owner and publisher of Esquire magazine. He used proceeds from the sale of Esquire to grow a group of niche magazines. Before the Edison Project, he founded Channel One, a venture that supplied schools with color TVs and video recorders in exchange for the schools airing the company's 12-minute news segments.

Profits came from the ads that were sold and aired during the newscasts.

It's the profit part of Channel One and the Edison Project that drives critics wild. One east side alderman, Michael D'Amato, was so upset about two other for-profit firms aiming for contracts through City Hall's charter school program that he distributed articles about the failure of an entirely different for-profit firm.

Advantage Schools Inc. and Beacon Education Management eventually dropped out of consideration for city-sponsored charters.

"People confuse a company with the industry," McGriff said. Indeed, the industry has had trouble in other cities, with for-profits being run out of town.

McGriff said the Edison Project has never been fired from a city where it established contracts, but others clearly don't like what Edison has to offer to the education business.

"If you look at their operation across the country, the Edison Project is a mixed bag," said UWM professor Alex Molnar, director of the Center for Analysis of Commercialism in Education.

"Edison Project schools, taken as a group, don't look any better or worse, in my judgment, than a cross section of public schools. They are not doing anything that public schools cannot or are not already doing."

Paulette Copeland, president of the Milwaukee Teachers' Education Association, said: "We knew they were going to be back. That's what we warned people when they started talking about charter schools."

The controversy over "privatizing" schools grew so hot in Milwaukee several years ago that it became a rally cry for a slate of union-backed candidates who were elected to the School Board. The union-backed board majority ultimately led to the resignation of former Superintendent Howard Fuller.

Fuller, now a Marquette University professor who works with charter schools, is married to McGriff.

"It's not privatization," McGriff said. "No one is selling a school. It's a public-private partnership. We're bringing resources to a public entity. We're responsible to a public authority and we operate as other public schools operate."

Today, Edison operates 51 schools nationwide, serving more than 24,000 students. In Milwaukee, as in many of its locations, it will invest $1.5 million of its cash in start-up funds for each school.

Paul Haubrich, director of UWM's Center for Charter Schools, said the cash that for-profits bring to the table is an important part of starting a new school.

"We do not open schools that are not profitable as individual sites," McGriff said. "We have 51 schools now, and they are all profitable except for one. As a company, we would be profitable now if we stopped growing. But our goal isn't to be a company of 51 schools."

Industry reports speculate that the company's revenue will reach $126 million this year. The company has invested more than $45 million into research curriculum and other start-up costs.

Molnar said the amount of money that has been required to run Edison schools makes it unlikely that public schools will be able to learn lessons from the for-profits.

"They are sold by their proponents as models for educational change," Molnar said. "If these laboratories require massive infusions of outside money, then they are not realistic models."

Whittle's partners in the venture have included Philips Electronics NV; Associated Newspapers Holdings; Richmont Leeds Education Co. LLC; J.W. Childs Associates; and Zesiger Capital Group LLC.

Last year, Donald and Doris Fisher, who founded the Gap Inc. in San Francisco, provided $25 million to help the Edison Project work with public schools in California. In the future, the Edison Project intends to go public and will offer stock options to its employees, McGriff said.

The goal, once the company is profitable, is to have 88 cents of every dollar go into the local classroom. Central office staff development, curriculum and system management would get 5 cents. Two cents would go for taxes and 5 cents for profit.

"That's a very low profit margin," said McGriff, who challenged critics to investigate the profit margins of textbook, transportation and other companies involved with public schools.

It took the Edison Project several years to get its two schools in Milwaukee. Now the challenge turns to finding students to fill the seats for the 1999-2000 school years.