



U.S. Schools Overhaul Sought, Using Private Control (Update3)

By Paul Basken

Dec. 14 (Bloomberg) -- U.S. public schools should be run by private contractors who would graduate most students by 10th grade, concluded an expert commission sponsored by the Bill and Melinda Gates Foundation.

The plan also calls for state funding to replace local property taxes, free pre-kindergarten and higher teacher pay on a merit-based system. The Gates Foundation and other sponsoring groups may pay states to help implement it, organizers said.

The commission includes executives from Viacom Inc. and Lucent Technologies Inc. and school officials from New York, Massachusetts and California. It wants to end an "insane" U.S. school system that's producing students who can't handle either college or the workplace, said one of its members, former U.S. Labor Secretary William Brock.

"Our children must be given the ability to compete in a global economy," rather than a school system that leads the world in drop-out rates, Brock said. "If you're not worried about that, you have to become worried."

U.S. Education Secretary Margaret Spellings hasn't yet studied the report, though she already is pursuing steps such as toughening school standards, offering privately managed alternatives and increasing merit-based teacher pay, spokeswoman Katherine McLane said.

"The department shares many of the concerns and goals raised in this thought-provoking report," McLane said.

Opposition

The plan faces opposition from teacher unions, which expressed concern about the proposal to hand operations over to private contractors, and to shift the structure of teacher retirement pay.

The Gates Foundation, one of the commission's sponsors, has been experimenting with some of the ideas the panel proposed today and is ready to help states implement more of them, said Tom Vander Ark, the foundation's education director.

"We would certainly like to see the states where we're working adopt these sorts of recommendations and would certainly be open to helping them plan and implement these ideas in a thoughtful way," Vander Ark said in an interview.

Congressional leaders from both parties, including the incoming Democratic chairman of the House and Senate education committees, Representative George Miller of California and Senator Edward Kennedy of Massachusetts, also praised the ambitiousness of the recommendations and promised to consider them.

Skills Commission

The panel, called the Commission on the Skills of the American Workforce, estimates that its plan would cost little more than the \$500 billion the U.S. currently spends each year on kindergarten through 12th grade education. The federal government provides about 9 percent of the current total, with the rest split between state revenue and local property taxes.

The commission plan proposes that states take control of the amount now provided by local governments to reduce inequities in spending between richer and poorer communities, said Marc Tucker, a co-author of the report and president of the Washington-based National Center on Education and the Economy. He said the states should then increase that spending by about \$30 billion a year.

The plan also suggests adding about \$19 billion a year more to teacher salaries to create a merit-based compensation system that would increase pay to a peak of \$110,000 a year.

Costs Offset

The added costs of about \$60 billion a year would be offset by graduating about 60 percent of students after the 10th grade, when tests would show they are ready for jobs or college. The commission predicted its improvements eventually would leave about 95 percent of all high school graduates ready for college.

The nation's largest teachers union, the 3.2 million-member National Education Association, said that recommendations such as state funding and private control of schools "could potentially disenfranchise poorer communities and eliminate community voices." The NEA, in a written statement, did say the report "shed light on some very real issues," including the need for more access to pre-kindergarten and better high schools.

The 1.3 million-member American Federation of Teachers warned of "enormous upheaval" from allowing private control of schools and from graduating students early.

Gates-funded projects in such places as Boston and Oakland show the change doesn't have to be that unsettling, since the same people who now run their schools might continue to run them, just as private contractors who are held more accountable for results, Vander Ark said. "It wouldn't have to be a mass revolution," he said.

The proposed tax shift "might be popular," since local property tax is seen by Americans as the least-fair method of state and local taxation, said Bill Ahern, spokesman for the Tax Foundation, a Washington-based advocacy group.

Funding Policies

The Education Trust, a Washington-based research and advocacy group, released a state-by-state analysis yesterday concluding that U.S. school funding policies leave poor and minority students with the worst schools, including less-qualified teachers and less-demanding curriculum.

Schools in districts with low-income students receive \$907 less per student than those in wealthier districts, based on 2003 figures, the Education Trust said. The gap is as high as \$2,280 in New York and \$2,065 in Illinois, the organization said.

Members of the skills commission include Michael Dolan, chief financial officer of Viacom; Henry Schacht, former chairman and chief executive officer of Lucent; John Engler, president of the National Association of Manufacturers; and former U.S. Education Secretaries Roderick Paige and Richard Riley.

Others on the panel are Marc Morial, president of the National Urban League; Morton Bahr, former president of the Communications Workers of America; Charles Reed, chancellor of the California State University System; and school system chiefs Joel Klein of New York City, Thomas Payzant of Boston and Clifford Janey of Washington, D.C.

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