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ABSTRACT

From August 1992 through February 1996, Education Alternatives, Inc. (EAI) provided private management of 9 out of 180 Baltimore City, Maryland, public schools. The "Tesseract" schools remained public property, and teachers continued to be public-sector employees. After three and one-half years, the city cut short the planned 5-year arrangement with EAI. This paper presents findings of two evaluations of the EAI schools conducted by the Center for Educational Research at the University of Maryland Baltimore County (UMBC). A 1995 study compared the seven elementary Tesseract schools with a control group of seven elementary schools. The 1996 study offered an end-of-project summation. Findings indicate that teachers spent more time working with groups of students than did teachers in comparison schools, and that the rate of teacher turnover for both Tesseract and comparison schools did not change for the period 1991-92 through 1994-95. The EAI schools experienced a modest increase in class size; some loss of art, music, and physical education positions; and substantial decreases in special education and Chapter 1 staffing. Both comparison and Tesseract schools saw little change in students' Comprehensive Test of Basic Skills (CTBS) scores over 3 years and little difference in program effect for continuously enrolled students. EAI was hampered by not having a planning year to fully develop its design and by union hostility. The program was prematurely terminated primarily because of financial issues, but also because test scores did not significantly improve. Given a clear picture of costs and results, the public might pay more for schools yielding better results, but not for the same results. (Contains 3 references, and 12 tables.) (LMI)

Private Management of Public Schools: The Baltimore Experience

(based on the UMBC Evaluation of the Tesseract Program in Baltimore City)

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Background - "Privatization" is a recurring theme in efforts to "reinvent government," and Education Alternatives, Inc. (EAI) was an early pioneer in the private sector management of public education. In an arrangement more correctly termed "contracting out" than "privatization," EAI provided private management of public schools, with the schools still public property and the teachers still public-sector employees under the local bargaining unit. For three and one-half years, from August 1992 through February 1996, EAI managed nine of Baltimore City's 180 schools as "Tesseract schools," but Baltimore severed its anticipated five-year association with EAI early.

Methods of Inquiry and Data Sources, 1995 Report - As the result of a proposal-solicitation process, the Center for Educational Research at the University of Maryland Baltimore County (UMBC) was named the independent evaluator of the Tesseract program in Baltimore City at the beginning of the 1994-95 school year, EAI's third year in Baltimore schools. We spent the year comparing the seven elementary Tesseract schools with an already-named matched group of seven control schools. We analyzed four years of school-system data tapes for enrollment, attendance, and test score information; we consulted personnel records for staffing information; we reviewed some school system financial information; we compared class management and instructional activities through 100 classroom observations; we elicited opinions on school management, cleanliness, materials and effectiveness through questionnaires for teachers, students in grade five, and parents of students in grade four; and we interviewed principals. Our report, *The UMBC Evaluation of the Tesseract Program in Baltimore City,* was issued at the end of summer 1995.

The two most consequential findings from the UMBC report concerned test scores and funding level. Our report's finding of no CTBS test score gain after three years has been publicly viewed as a determining factor in the decision in December 1995 to terminate the relationship with EAI, but it was EAI's financial cost to Baltimore City that led Baltimore City negotiators to seek to change the terms of its agreement with EAI, even before the UMBC report was issued. A third finding was also of interest in view of EAI's emphasis on "cleaning up" its schools; the observers rated the EAI-managed schools and the comparison schools as similarly clean.

Methods of Inquiry and Data Sources, 1996 Report - As EAI's fourth year unfolded, it became apparent that EAI's tenure would be cut short. Once the termination decision was made, we changed the evaluation focus from on-going reporting to an end-of-project summation. We reviewed aspects of EAI's management and implementation of its Tesseract program through interviews with the Baltimore EAI staff, principals and some teachers. Because we had not done any investigation of EAI's Tesseract middle school, we interviewed the principal and curriculum coordinators and did some observing of staff development sessions and classes, although no structured observations. *The UMBC Review of the Tesseract Program*, submitted to the superintended in October 1996,

described Baltimore's experience with the Tesseract program and with EAI's school management services; discussed accountability issues; analyzed staffing and spending levels, although largely from second-hand sources; and reported data on EAI's middle school.

The "Tesseract Program" - Tesseract is a word from a children's book implying a fast journey to previously-unimagined heights, and the word's fictional use was drawn from its definition, the generalization of a cube to four dimensions. "Tesseract" has connotations of a sense of excitement, and EAI staff members brought a spirit of exuberance to the Tesseract schools along with a "this is not business as usual" stance. "Tesseract" also has connotations "something different" without being specific about what is different, and "The Tesseract Way" was a child-centered program with a generalized listing of individualization strategies to be used with a school system's curriculum, rather than an externally-developed program. In addition to the teaching strategies imparted through staff development, individualization was to be accomplished with the help of a second adult in every classroom and through intensive use of computer courseware.

Almost immediately, and with attendant publicity, EAI painted school interiors, brought in new furniture, provided each teacher with a telephone and with access to copying, and generously provisioned classrooms with school and art supplies. EAI also gave schools classroom and library books to support a rich novel-based reading program. EAI "invested" in computers and the Computer Curriculum Corporation Success Maker instructional learning system so that each student could spend about one hour a week on mathematics and one hour a week on reading and language arts coursework, with two sessions a week in a computer laboratory and daily sessions in the classroom. Students were dismissed early on Wednesday for staff development, with the faculty and interns meeting weekly during EAI's first year, and less often thereafter. Some of the components of The Tesseract Way were no-cost items, including the regular Wednesday afternoon staff development session, a parent involvement program built around a student's Personal Development Plan and a detailed reporting system, and the multi-grade "morning meeting."

EAI's most far-reaching management change was its staffing configuration, with attention on the placement on an additional degreed-adult (called an intern) in each classroom from pre-kindergarten through grade eight, for a potential total of 165 interns. The concurrent reduction in teaching positions associated with EAI's staffing model was obscured in the early years by EAI's strong public relations emphasis on its lowered "student-adult ratio;" the Baltimore Teachers Union's protests over the loss of 56 of its 86 paraprofessional positions; and the American Federation of Teacher's distortion of EAI's higher pupil-teacher ratio as a dramatic increase in class size.

In actuality, the teaching staff in EAI-managed elementary schools was eventually reduced by 20 percent through the loss of about 20 special education teacher positions and 18 Chapter I teacher tutor positions. EAI restructured the special education program in its schools, decreasing the number of students identified as eligible for Intensity IV special education services in the elementary schools from 8.6 percent in the pre-EAI year of 1991-92 to 2.7 percent in the third EAI year of 1994-95. EAI's Chapter I program became an additional computer lab session each week along with in-class work with interns for Chapter I-identified students, and EAI highlighted the "non-pullout" nature of its Chapter I services as a positive feature of the Tesseract program.

In our interviews with the Tesseract school principals in spring 1996, they spoke with one voice in their support of the Tesseract program. The principals had been pleased with the computer equipment and materials provided by EAI, the interns for each classroom, and the

staff development program. But the principals also stressed their role in shaping the program, so that by EAI's fourth year, the emphasis had changed from the nebulous "Tesseract Way" to the teaching and learning processes that prepare students for the relatively new Maryland School Performance Assessment. After EAI's withdrawal midway through its fourth year, school system funding kept the interns and computers in place for the rest of the year. Principals endeavored to keep as many of the Tesseract components in place during the 1996-97 school year as their own budgets could support, including the "no cost" aspects, the computers (although without upgrades), and some interns.

A sampling of findings from UMBC's 1995 and 1996 reports

Some Differences in Teaching "Configurations" - Although the presence of interns in EAI-managed schools did not lead to quite the changes in the role of a teacher envisioned in EAI's descriptions of The Tesseract Way's "individualization of instruction," our observers found that teachers in Tesseract schools spent less time teaching the class as a whole and more time working with groups of students than teachers in comparison schools, as follows:

Classroom Time Use of Teachers and Assisting Adults
Percent of total observed classroom time, 1994-95
Assisting adults includes persons in the classroom, but not adults working with "pull-out" students

	Tesseract Teachers- 507 10-minute periods	Comparison Teachers- 445 10-minute periods	Tesseract Interns (Present 89 % of the time)	Comparison Assisting Adults* (Present 23 % of the time)
Teaching the whole class	44 percent	66 percent	4 percent	2 percent
Teaching a group	35 percent	13 percent	23 percent	3 percent
Monitoring groups or students	15 percent	18 percent	29 percent	7 percent
Working with a single student	1 percent	1 percent	9 percent	4 percent
Preparing, grading, watching	2 percent	5 percent	19 percent	7 percent

Source: UMBC Evaluation of the Tesseract Program in Baltimore City, 1995

No Change in Teacher Turnover - Despite union claims that EAI management resulted in considerable teacher turnover, we found that, in EAI's third year, the number of "new" classroom teachers was similar in the Tesseract and comparison schools, and in both groups of schools, the turnover rate, on ongoing problem in most Baltimore schools, was little changed from the pre-EAI year, as follows:

Proportion of "New" Elementary Classroom Teachers
in Seven Tesseract and Seven Comparison Elementary Schools
Grades 1 through 5, 1991-92 and 1994-95

	1991-92			1994-95		
	Under 3 yrs experience	N classroom teachers	Proportion "new"	Under 3 yrs experience	N classroom teachers	Proportion "new"
Tesseract schools	35	99	35 percent	34	91	37 percent
Comparison schools	31	98	32 percent	30	90	33 percent

Source:: UMBC Evaluation of the Tesseract Program in Baltimore City, 1995, based on BCPS Personnel Reports, BCPS Pupil Information File, and September 30, 1994 enrollment

Modest Increase in Tesseract Class Size - Class size increased somewhat in Tesseract schools, although class size was similar in the Tesseract and comparison schools, as follows:

Class Size in Seven Tesseract and Seven Comparison Elementary Schools
Grades 1 through 5, 1991-92 and 1994-95

	Tesseract Schools			Comparison Schools		
	1991-92	1994-95	Change	1991-92	1994-95	Change
Classroom teachers	117	98	- 16 percent	119	106	- 11 percent
Class size	23.9	26.0	+ 9 percent	26.6	25.9	- 3 percent

Source:: UMBC Evaluation of the Tesseract Program in Baltimore City, 1995, based on BCPS Personnel Reports, BCPS Pupil Information File, and September 30, 1994 enrollment

Some Loss of Art, Music and Physical Education Positions - By the third year of the EAI management, the number of art, vocal music and physical education positions in Tesseract elementary schools was similar to the number of positions in comparison schools, and in both groups of schools, the positions had similarly decreased from the pre-EAI year, as follows:

Art, Vocal Music and Physical Education Positions in Tesseract and Comparison Schools
1991-92 and 1994-95

	Tesseract Schools		Comparison Schools	
	1991-92	1994-95	1991-92	1994-95
Art positions	3.1	3.0	3.5	2.7
Vocal music positions	3.3	1.5	3.2	1.5
Physical education positions	2.6	1.4	2.6	2.3
Total art, music, PE positions	9.0	5.9	9.3	6.5
Ratio of positions to students	1 to 286	1 to 418	1 to 310	1 to 394

Sources: Baltimore City Personnel Report, BCPS Pupil Information File, and 1994-95 September 30, 1994 enrollment

Substantial Decreases in Special Education and Chapter I Staffing - Chapter I tutors, who were certified teachers, were eliminated, along with many of the special education positions, as follows:

Special Education and Chapter I Positions in Tesseract Schools
1991-92 and 1994-95

	1991-92	1994-95
Self-contained special education teachers	19.0	6.0
School resource special education teachers	9.0	8.5
Speech resource special education teachers	3.8	0
Preschool special education teachers	2.0	0
Gifted and talented resource teachers	3.0	0
Chapter I teacher tutors	18.0	0

Source: Personnel reports from Baltimore City Public Schools compiled by the American Federation of Teachers

Loss of Teaching Positions - Increased class size and fewer art, music and physical education teachers contributed only modestly to the loss in teaching positions, but the changes in staffing for Chapter 1 and special education programs resulted in a markedly reduced teaching staff, as follows:

Teachers in Elementary and Middle Tesseract Schools

1991-92 and 1994-95

(With adjustment to reflect enrollment decrease in elementary schools and increase in middle school)

	1991-92	1994-95	Change	Adjustment
Total teachers	284	231	- 19 percent	- 17 percent
Elementary school teachers	205	154	- 25 percent	- 20 percent
Middle school teachers	80	77	- 4 percent	- 13 percent

Source: Personnel reports from Baltimore City Public Schools compiled by the American Federation of Teachers

Little Change in CTBS Scores Over Three Years - Comprehensive Test of Basic Skills (CTBS) scores for Tesseract, comparison and Baltimore City schools were at levels similar to the pre-EAI year, but with the difference that CTBS scores were relatively flat for the comparison and Baltimore City schools, but, for the Tesseract schools, scores had dipped sharply in the first year, and then risen over the next two years to about their pre-EAI level. This finding was corroborated by a study by the United States General Accounting Office issued in April 1996 and titled *Private Management of Public Schools: Early Experiences in Four School Districts.*[1]

Although the UMBC evaluation was designed to contrast the EAI-managed schools with a matched group of control schools, as it turned out, it was the performance of the Tesseract schools in relation to their historic level that was the most telling, with their performance in relation to either the comparison schools or to all Baltimore schools of secondary interest, as follows:

Three-Year Change in Mean NCE Scores on the CTBS

Grades 1 through 5, 1991-92 to 1994-95

Students enrolled by February 1 of the testing year and not Level IV special education and not "1" score

1994-95 scores represented 80 percent of Tesseract and Baltimore and 75 percent of comparison students

	Tesseract schools			Comparison Schools			Baltimore Schools		
	'91-'92	'94-'95	Change	'91-'92	'94-'95	Change	'91-'92	'94-'95	Change
Reading	41	40	- 1	39	39	0	43	44	+ 1
Mathematics	44	45	+ 1	41	42	+ 1	46	48	+ 2

Source: UMBC Evaluation of the Tesseract Program in Baltimore City, 1995, based on BCPS Pupil Information File and CTBS file for Baltimore City

Some Gains in EAI's Second and Third Year - Although at the end of the third EAI-year, CTBS scores in Tesseract schools were at their pre-EAI level, there had been a loss at the end of EAI's first year, and gains during the second and third year that contrasted with score changes at the comparison schools and Baltimore schools, as follows:

Two-Year Change in Mean NCE Scores on the CTBS

Grades 1 through 5, 1992-93 to 1994-95

Students enrolled by February 1 of the testing year and not Level IV special education and not "1" score

	Tesseract Schools			Comparison Schools			Baltimore Schools		
	'92-'93	'94-'95	Change	'92-'93	'94-'95	Change	'92-'93	'94-'95	Change
Reading	39	40	+ 2	40	39	- 1	44	44	0
Mathematics	39	45	+ 6	40	42	+ 2	46	48	+ 2

Source: UMBC Evaluation of the Tesseract Program in Baltimore City, 1995, based on BCPS Pupil Information File and CTBS file for Baltimore City

Little Difference in Program Effect for Continuously-Enrolled Students - However, there was not the expected difference in scores for "non-mobile" students experiencing the full Tesseract program from the scores of students transferring into a school. There was the same difference of one NCE point in the Tesseract, comparison and Baltimore schools between all tested students and tested students who had been continuously enrolled in a school since September 1 of the preceding school year (e.g., attendance for a full grade 1 and grade 2, or a full grade 4 and grade 5), as follows:

Mean NCE Scores on the Comprehensive Test of Basic Skills
for All Tested Students in Grades 2 through 5*
and for Tested Students in Grades 2 through 5 Continuously Enrolled for Two Years**
1994-95

*All Tested Students were those enrolled by February 1 of the testing year and not Level IV special education and not "1" score
**Tested Two Year Students were those enrolled by September 1 of the preceding school year and meeting other conditions
Enrollment was total number of students enrolled in June of testing year

	Tesseract Schools All Tested = 80% enrolled Two-year Tested = 51% enrolled			Comparison Schools Tested All = 75% enrolled Tested Two-year = 51% enrolled			Baltimore Schools Tested All = 80% enrolled Tested Two-year = 51% enrolled		
	All	Two-year	Difference	All	Two-year	Difference	All	Two-year	Difference
Reading	40	41	+1	38	39	+1	43	44	+1
Mathematics	43	44	+1	40	41	+1	47	48	+1

Source: Baltimore City Pupil Information File and CTBS File for Baltimore City

Generally Low Results for MSPAP but Incremental Improvement - The potential for continued comparison of CTBS scores for students in Tesseract schools ended abruptly; Maryland did not mandate CTBS testing in 1995-96, and Baltimore did not administer the CTBS. The Maryland School Performance Assessment Program (MSPAP) became the "test of record." From its inception, Baltimore City students have performed well below Maryland students on Maryland's School Performance Assessment Program, and improvement for Tesseract, Baltimore and comparison students has been less than the improvement for Maryland students, as follows:

Maryland School Performance Assessment Results for Grade 3 and Grade 5
as Percentage of Students Scoring at Least "Satisfactory"
for Tesseract, Comparison, Baltimore and Maryland Schools
1992-93 to 1995-96

Students enrolled before February 1 of the assessment year and not Level IV special education or non-English proficient

Grade 3	Tesseract	Comparison	Baltimore	Maryland
1995-96	9.8 %	10.5 %	11.9 %	37.5 %
1994-95	13.1 %	11.5 %	14.9 %	39.6 %
1993-94	8.1 %	7.8 %	12.7 %	33.5 %
1992-93	8.3 %	7.3 %	13.3 %	31.2 %
Grade 5				
1995-96	12.6 %	7.7 %	15.0 %	42.8 %
1994-95	9.0 %	6.8 %	13.1 %	38.4 %
1993-94	6.5 %	4.8 %	12.0 %	35.3 %
1992-93	7.9 %	7.8 %	10.7 %	32.1 %

Source: Maryland School Performance Report for Baltimore City Public Schools, 1993, 1994, 1995

Tesseract "Progress" Evident in Change Index and in Reconstitution-Eligibility - The Maryland State Department of Education quantifies school improvement as a Change Index,

the comparison of current-year MSPAP results with the average of the two previous years. The Change Index roughly expresses percentage of improvement toward "satisfactory."

Maryland School Performance Assessment Program Change Index
for Tesseract, Comparison, Baltimore and Maryland Schools
1993 to 1995 and 1994 to 1996

	Tesseract	Comparison	Baltimore	Maryland
1994 to 1996	+ 2.6	+ 1.8	- 0.2	+ 4.2
1993 to 1995	+ 4.5	+ 3.2	+ 3.2	+ 15.3

The Change Index also identifies schools which are not meeting performance standards and thus eligible for reconstitution. To date, 50 schools in Maryland, including 48 in Baltimore City, have named for eligible for reconstitution. One Tesseract school and four comparison schools have been named as reconstitution-eligible, which, combined with the slightly greater rate of improvement for the EAI-managed elementary schools reflected in the Change Index, suggests that there has been slightly greater improvements in student achievement in the EAI-managed schools than in the comparison schools or Baltimore City schools.

Thus, EAI's reduced staffing model did not result in reduced achievement over four years. However, EAI's expectations that its use of a computerized integrated learning system would substantially increase achievement was not realized. EAI spokespersons charge that students did not experience the amount of computer time that would have resulted in substantial test score gain. The number of computers provided was considerably short of the number needed to more manageably meet EAI's time-on-computer goals, and teachers found it difficult to see that every student had a daily session at one of the four classroom computers.

Financial Aspects of EAI Management - In July 1992, after more than a year of exploration and negotiations at high levels within the mayor's and superintendent's offices, but without a formal search process, Baltimore signed a five-year professional services agreement with EAI for the "delivery and administration of educational, financial and non-instructional services" to nine Baltimore schools. The agreement provided for a first-year total payment based on the number of students and Baltimore's average cost per student that year; central support services were set at 12.7 percent of the total contract amount, and unspent funds accrued to EAI as profit. In subsequent school years, the parties were to "meet and agree on an equitable total amount," and second-year and third-year payments were also based on the average cost per student, but the central support services costs were lowered to 7.5 percent.

Baltimore computations of per-pupil cost for the purpose of the EAI agreement divided the total school system spending, which included the federal "restricted funds," by the school system's total number of students, obscuring the requirement that an additional $1400 be spent on each elementary student identified as eligible for Chapter I services. EAI did not receive Chapter I funds as additional monies, but as part of the mix in the basic per-pupil funding level. Similarly, the per-pupil cost computation included all special education monies, including costs of educating students eligible for Intensity V special education services, including those in out-of-state placements. Thus most EAI-managed schools were funded at a higher level than corresponding Baltimore City schools. At the same time, the 7.5 percent set-aside for central support costs was probably an underestimate of a fair share of Baltimore City's actual non-school based costs, although there has been no agreement in published materials about the appropriate assessment level for non-school-based costs.

By the third year, a tenth school had come under EAI management, and two large schools had been added as "consulting contracts." The difference between a management contract and a consulting contract was not clear, except that the consulting contracts would involve lesser responsibility for the instructional program, even though EAI was to receive the average per-pupil level for the consulting contract schools.

In negotiating an agreement for EAI's fourth year, Baltimore City endeavored to substantially reduce the funding level through an undisclosed combination of decreasing the per-pupil reimbursement, increasing the set-aside for central support costs, and changing the reimbursement basis for the consulting contracts. Baltimore's final offer for a fourth-year contract was $37 million rather than the $44 million that EAI expected, a cut of 19 percent. EAI chose not to accept a decrease in funding level of that magnitude, the agreement was terminated in December 1995, and EAI withdrew from schools on March 4, 1996.

An overview of the cost of EAI services to Baltimore has been clouded by the difficulty of fairly allocating non-school-based spending, also called central support costs, to schools. The following table was based on the General Accounting Office report's data for spending in EAI's second year compared with the pre-EAI year. Estimated costs of EAI management, the Baltimore City charges for central support services, and the EAI administrative overhead and profit were computed from enrollment (full-time pupil equivalent) for the original nine Tesseract schools and the Baltimore City average per-pupil costs, and are not exact.

Enrollment and Spending on "Teaching" in Nine Tesseract Schools
1991-92 and 1993-94 (EAI's second year)
"Teaching" is defined as regular instruction and special education;
BCPS central support services, EAI administrative overhead and EAI profit are excluded from school-based spending

	1991-92	1993-94	Change
Enrollment (full-time pupil equivalent)	4638	4688	0 percent
Spending on "teaching"	$16.3 million	$15.5 million	- 5 percent
Total school-based spending	$20.4 million	$20.6 million	+ 1 percent
Baltimore City average per-pupil cost	$5,412	$5,817	+ 7 percent
Estimated cost of EAI management		$27.3 million	
Estimated BCPS central support services @ 7.5%		$2.1 million	
Estimated EAI administrative overhead and profit		$4.6 million	

Source: Financial statements from Baltimore City Public Schools (1992-92) and data from the Arthur Anderson audit of the EAI program (1992-93 and 1993-94) compiled by the U.S. General Accounting Office; Enrollment and average per-pupil costs from Maryland School Performance Reports for Baltimore City Public Schools.

In EAI's second year, enrollment and total school-based spending in the EAI-managed schools were essentially unchanged from the pre-EAI level, but spending for "teaching," including the costs of the interns, declined by five percent, even as the salary level for teachers had risen. By cutting "teaching" costs, "school enhancements," including computer leases and a high level of school custodial services, were possible within a school-based spending level similar to the pre-EAI level. From the displayed data, it can be computed that the reimbursement formula would have netted EAI 11 percent in the pre-EAI year at the 1991-92 per-pupil cost; with the increase in per-pupil cost in 1993-94, EAI netted an estimated 17 percent in its second year.

Conclusions from the Baltimore City Experience - The decision to become involved with a for-profit company did not arise from a considered decision by the Baltimore City School Commissioners (the school system's board of education) to investigate a range of ways to improve student achievement in a system with 79 percent of

elementary students eligible for free or reduced price meals and CTBS scores in elementary schools at the 41st percentile, but rather from the mayor's interest in looking at alternatives to "business as usual", and, if necessary, going "outside the system." This was not unprecedented; in 1989, Baltimore's mayor had brought IBM and its Writing To Read program into 38 schools under a two-year contract with payment level tied to school improvement. In 1991 and 1992, the mayor and influential behind-the-scenes city leaders pushed the bright example of EAI and its work in managing a Miami school onto the then-new school superintendent's agenda. Although soon to turn hostile, the Baltimore Teachers Union and the parent American Federation of Teachers had been impressed by EAI's Miami record, and encouraged Baltimore's initial negotiations with EAI. Baltimore City signed a contract with EAI in July 1992, and EAI took over management of the nine Tesseract schools in August 1992.

In retrospect, the lessons from the EAI experience in program implementation parallel those presented in the RAND Corporation's 1996 report titled *Lessons from New American Schools Development Corporation's Demonstration Phase*.[2] Like NASDC, EAI's focus was on whole-school design for full transformation of its schools, but, unlike the NASDC design teams, EAI did not compete with others on the basis of program design, and EAI did not have a planning year to fully develop its design and its implementation strategies and to build corporate capability. Similarly, the lessons from Baltimore's experience in seeking out and negotiating for outside-the-system management services parallel the recommendations of the 1995 National School Boards Association publication, *Guidelines for Contracting with Private Providers for Educational Services*,[3] including the desirability of open selection of a contractor, specificity of the monitoring process, provision for evaluation, and measurable performance standards.

There is, however, no comparable distilled wisdom on the issue of for-profit companies and teacher unions. EAI's Baltimore tenure was complicated by on-going union hostility at local and national levels, ostensibly because its paraprofessional members were transferred from Tesseract schools to other city schools as interns were placed in classrooms, but more likely because of union anticipation that management by a for-profit company would eventually lead to cutting costs through cutting teaching positions, as, indeed, happened. Interestingly, the Baltimore supporting services union made no more than token opposition to the replacement of school system maintenance personnel with for-profit company personnel.

EAI's opportunity to demonstrate an excellent urban education program was cut short, largely over the money issue, but also because there had not been the improvement in test scores which would have made a compelling case for EAI's continuation despite the higher cost. Given a clear picture of costs and results, the public might pay more for schools yielding better results, but not for the same results.

[1]United States General Accounting Office, *Private Management of Public Schools; Early Experiences in Four School Districts*. Government Printing Office, Washington, DC, 1996.

[2]Bodilly, Susan, et. al., *Lessons from the New American Schools Development Corporation's Demonstration Phase*, RAND Institute on Education and Training, Santa Monica, CA, 1996.

[3]McLaughlin, John M., *Guidelines for Contracting with Private Providers for Educational Services*. National School Boards Association, Alexandria, VA, 1995.

The 1996 UMBC Review of the Tesseract Program in Baltimore City can be ordered from Dr. Williams, UMBC Center for Educational Research, 1000 Hilltop Circle, Baltimore 21250.

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February 21, 1997

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