



7. Teacher-Ownership as Entrepreneurship in Public Education

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Abstract. Teacher ownership is a form of entrepreneurship with considerable potential to change the practices and performance of the K-12 institution. The idea is not now a part of the discussion: everywhere the ‘given’ has been that if you want to be a teacher you have to be an employee. Policy discussion assumes the employer/employee, boss/worker model. The discussion need not be confined in this way. The emergence of a teacher partnership in Minnesota, now running 11 schools, suggests it is entirely conceivable that the work in schools could be organized in ways that offer an ownership opportunity to the teachers. As owners, free to control their practice and accountable for learning, teachers might in their own interest make changes and improvements in the learning activity that it has proved impossible to secure from employees through management. At the moment the opportunities for all forms of entrepreneurship, and thus for entrepreneurship to improve learning, are constrained by the structure of the institution. The traditional arrangement - districts organized as bureaus; teachers employees – could hardly be more hostile; offering few if any openings through which entrepreneurs can be admitted. Entrepreneurship can have no effect on K-12 unless the institution is first opened – by ‘policy entrepreneurship’ – to arrangements other than the bureau model ... to contract arrangements of one kind or another. This can be done only by changing state law. It may prove easier to open the institution to professional teacher partnerships than to the widespread use of investor-owned commercial firms.

Keywords: teacher partnerships, teacher ownership, EdVisions.

1. Introduction

The all-too common assumption is not necessarily correct: that entrepreneurship will, perhaps must, take the form of an investor-owned, for-profit corporation. There are nonprofit organizations that display quite aggressive entrepreneurial behavior: People in both states may think quickly of Minnesota Public Radio, now expanding into southern California. And there are entrepreneurial agencies of government. A Minnesotan, again, might think of Minnesota Education Computing Consortium, which began early to make and sell instructional software to schools and which evolved in time into a private business organization.

This paper discusses yet another kind of organization, curiously unmentioned so far in the discussion about entrepreneurship in education. This is the partnership, or cooperative, as it might be used by teachers to carry on their professional work in public education.

2. The Policy Setting for Entrepreneurship and Innovation

‘Entrepreneurship’ cannot have any effect on education without a prior rearrangement of the institution that opens the way for entrepreneurs to appear. This will be clear from a real case involving a group of math teachers in Minnesota in the mid-1980s.

Bill Linder-Scholer, then the public-affairs officer for Cray Research, had made a small grant to a group of public-school math teachers in the Twin Cities metropolitan area to develop their plan for a small professional practice. The teachers were sure they knew what districts needed: a program to ensure that all 8th-grade students had a firm grasp of fundamentals before proceeding into 9th-grade algebra. In June, after the school year ended, they took their plan to a few superintendents. The superintendents agreed about the need. They said they would be interested on three conditions. First: That it would improve student learning. “We guarantee it”, the teachers said. Second: That the cost would be reasonable. “We guarantee it,” the teachers said. Third: That no one will get upset. The teachers closed their folders and left. Next year they were back in their regular classrooms. Everybody knew that of course someone would get upset.

2.1. The Absence of Incentives: No ‘Reasons’ and No Opportunities

There was no concept of contracting in the traditional district arrangement. Teachers were – are – employees. It would require a major effort to change so basic an arrangement; might involve a change in the master agreement between district and the union. That would be hard; would create tension; might cause a strike, even. Existing arrangements were comfortable for the adults in the organization. And no compelling need required the superintendent to take the risk of the math teachers’ new program, to challenge the existing arrangement, even if the teachers’ program would improve student learning. In Minnesota at that time the state did not require that students learned. The state was in the ‘opportunity’ business. It provided schools; required them to offer a minimum set of courses. Students were required to attend. They attended where they lived. Where they lived there was one organization offering public education, to whose schools they were assigned. Whether the students learned was up to them. You could tell the state did not care whether they learned, because it did not check ... did not test ... to see if they learned. The district organization got its revenue from the taxpayers, local and state, on the basis of student enrollment. Nothing important to the material success of the organization and the adults in it – not their revenues, not their salaries, not their pensions – in any significant way depended on whether the students learned. So the failure of students to learn provided no compelling reason to change

arrangements in the district. The superintendent's primary concern about "whether someone would get upset" was therefore quite rational.

The institution was closed, generally, to entrepreneurs. It needed change. And there were new methods and technologies that might have brought improvement. There were entrepreneurs – individuals and organizations – who would like to have had a chance to show what they could do. And they did try. They sat patiently in the waiting room (figuratively), their 'black boxes' on their knees, waiting for the door to open so they could show the people inside all the good things the black box could do. But the door did not open. There were markets of private buyers available to them. John Golle and Frank Holmes were selling training to the securities industry before forming Education Alternatives, Inc.. But the prize was the public market. The Edison Project, when it appeared, did not spend a long time thinking about marketing private school to private families. Investors had also begun looking for vendors they could finance. Early in the '80s Jeff Lapidus was going around the country looking for an opportunity to get in. The family had recently sold a business. He thought education had to be an opportunity: a third-of-a-trillion-dollar-a-year business; a business the customers were required by law to use; a business which did not have to charge its customers anything; a business in which there was universal third-party reimbursement, from tax sources, and in which you had an exclusive on the territory; in an industry full of badly-managed and technology-lagging organizations, in which payers and users and employees were all dissatisfied. He was told: There is no way in. It was hard to believe. How could there be all these needs and yet no opportunities, no market? But it was important to appreciate that distinction between a need and a market. It is not a good idea, in business, to mistake a need for a market. An industry cannot be sustained indefinitely by investors. There have to be buyers.

2.2. Chartering Has Provided an 'Opening' for Entrepreneurs

In the 1990s states began to enact laws that created a new sector within public education; that made it possible for some body other than the local district to start and operate a public school, and that in some cases made it possible for some body other than the local board to authorize such a school. With these laws the states were withdrawing the districts' traditional 'exclusive' to offer public education in the community. Even where they were sponsored by the local board these 'chartered' schools were outside the district framework; usually set up as non-profit corporation either under the state's existing law or under an equivalent provision of the chartering law. The schools could hire staff in the normal way. But they could also buy service; could contract for both 'instructional' and administrative services. In Michigan and Arizona, where the laws provided for non-district sponsors, the charters could be issued

to commercial operators directly. The effect of this institutional innovation was to create a market for the services of entrepreneurs, a market in which the buyer was not a political body. As Michael Sandler noted in “The Emerging Education Industry” a paper reviewing its “first decade”: “The charter movement provided an important stimulus to market growth by creating a more favorable environment in which schools could contract with private providers. Prior to charter school legislation most state law did not prohibit contracting, but school boards typically did not want to face the inevitable grievances from local teachers’ unions which would entail costly litigation.” (Sandler 2002), Quickly entrepreneurs began to move to the charter sector. Some initially did not; preferring to try for whole-district adoptions by boards of education rather than to get adoptions of their learning model school-by-school; preferring in effect to try to pick apples not by the apple but by the tree. Some of these, such as New American Schools, have now rethought this early decision.¹ Today about 10 per cent of the schools in the chartered sector are run by firms in ‘the education industry’. Thomas Toch, writing a book about Edison Schools, says the company would not exist today had it not been for the chartering laws.² These now exist in almost every large state, enacted with strikingly bipartisan support and in virtually all cases against the opposition of the major associations in the K-12 institution.

This new sector of public education has begun to function as a “research and development” sector within K-12. The district sector is in the business of doing more or doing less, but not doing-different. The chartered sector contains incentives for schools to do-different. An incentive is a reason combined with an opportunity. It is not enough, if you want to cause things to happen, simply to give people a reason: Give people reasons but no opportunities and nothing results but frustration. Give people opportunities but no reasons to use them and nothing happens either. The chartered sector provides both. It provides an opportunity for schools to be created ... so, an opportunity for innovation ... and, because the schools are on an at-risk contract with their sponsor for fiscal and student performance, provides also a reason for them to be different. The laws give sponsors – even districts – incentives to seek out entrepreneurs, and give entrepreneurs incentives to seek out sponsors.

The chartered sector is, as Alan Odden has pointed out, this country’s principal experiment with school-based decision-making.³ Boards of

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1. In its review of New American Schools RAND concluded: “Externally developed educational reform interventions cannot be ‘break the mold’ and still be marketable and implementable in current district and school contexts”. See *Facing the Challenges of Whole-school Reform: New American Schools after a Decade*. RAND, 2000.
 2. Conversation with the author, 2000.
 3. See *Financing Schools for High Performance: Strategies for Improving the Use of Educational Resources*, Allan Odden and Carolyn Busch, Jossey-Bass, 1998.

education are often urged to delegate authority to the school, and boards often affirm they do delegate, but in the district sector this is usually more rhetoric than reality. For the chartered school, by contrast, on contract to its sponsor, there is a real delegation of meaningful authority. The school is responsible for its budget, for assembling its teachers, for managing its own facilities and support services and, most important, for selecting its learning program. This combination of accountability and autonomy means it has a need for, and can be a real market for, quality services. Some of the schools staff up, rather than 'buy'. Some that buy a learning design select a known and traditional programs of learning; do not want to be innovative. But some are in the market for innovative programs, and buy such programs when these are offered. Sylvan Learning (to take one example) is a vendor of learning services – as, to Appleton WI where Thomas Scullen, the superintendent, set up a charter 'virtual' school to enroll homeschoolers using the Calvert Home Study curriculum provided by Sylvan. Arizona Benefit Systems is a vendor just of 'back office' services; leaves the learning program to those who run the school.

It is at the moment hard to see all this: Most of what passes for research on the chartered schools asks questions that are simply descriptive: about the location of the school, its size, the number and nature of its students and teachers, etc. ... or tries to evaluate student performance "in chartered schools" – a kind of evaluation that has little real meaning; that is essentially a part of the political debate. A chartered school is not a kind of school, not a learning program or pedagogy. It is an empty institutional structure, as a building is an empty physical structure. No student learns anything from an empty structure. In both cases, what students learn depends on what is put into that structure: the learning program, the people, the 'culture'. There has been too little good work done to describe what the schools in this new sector are as schools, and to identify which of these characteristics then make a difference to student motivation and student performance.

3. The Appearance of the Teacher Professional Partnership

In 1994, sponsored by their local district, a group of teachers and others set up an unusual chartered school in a small city in south-central Minnesota: a 7-12 secondary, essentially ungraded, with no courses and no classes and, most interestingly, no employees. The board of the nonprofit that is legally the Minnesota New Country School has – manages – only contracts. There is a contract with the district for some transportation and extracurriculars, one with a caterer for lunch, another with a building-owner for space. The school's largest contract – for the learning program and the operation of it – is with EdVisions. This is an organization formed by the teachers. Legally it is a Chapter 308A under Minnesota law; a (workers') cooperative. Generically it

is a small professional partnership. Through the partnership the teachers select their colleagues, decide the methods and materials, make the work-assignments, evaluate performance and decide their own compensation.

3.1. The School with No Courses, No Classes and No Employees

For several years the Minnesota New Country School operated out of storefronts on Main Street in LeSueur. In 1998 it moved into a new building built for it by a community development group in Henderson, six miles north/downriver. The partnership also began to grow. It took on three elementary schools. And it began to open new secondary schools. Some are in southern Minnesota; one is in Duluth; several are in the Twin Cities metropolitan area. When school opened in fall 2002 EdVisions had 11 schools. The schools vary but in some virtually all the work is project-based. Students, with their teacher-advisers and their parents, shape their interests into projects structured to connect them with the areas of knowledge set out in the state graduation requirements. Some are individual projects; some are group projects. There is a computer work station for every student: The large open room looks like a newspaper city room or, as one consultant said, “like a messy Kinko’s”. The computers, on the internet all day long, are the students’ access to the world of information available on the web.

Within the partnership the tradeoffs between adult interests and student interests appear to be made with integrity. If the cooperative underpays its member-teachers it will not have teachers; so will not have schools. If it shorts its students it will not have students; so will not have schools. The practice is to include students in decisions about who comes in to teach. “The kids are going to decide in 15 minutes whether to eat you alive or to let you live,” says Dee Thomas, the lead teacher at New Country. “We need to have people the students will work with.”⁴ Students choose their advisers. Over time an adviser not-chosen may be asked to leave, and some teachers have been dropped. As with students, this model is not for everyone. Patterns of expenditure are quite different from those in district schools. Staffing requirements are lower, so individual advisers make more than they would as instructors in district schools in this part of the state. During the salary review some teachers get raises; some may not. The model is still evolving: It has been a learning process. Until 2002, as additional schools were created, the partnership – the cooperative, EdVisions – simply expanded. This made the EdVisions responsible for decisions actually made site-by-site. So EdVisions has tried to create smaller partnerships for these school-level decisions, with EdVisions becoming a service organization for the school sites; a ‘co-op of co-ops’.

4. The remark occurs often in her presentation to visitors to New Country School.

The New Country/EdVisions model is closely watched. [Both have websites: <www.mncs.k12.mn.us> and <www.edvisions.coop>.] The Henderson school gets a lot of visitors, from around the country and from other countries. One visitor, in April 2000, was Tom Vander Ark, head of the education program for the Bill & Melinda Gates Foundation. The foundation quickly made an investment of \$4.5 million in the replication of this model and another, later, to take the model national.

No one can tell yet whether, as owners, other teachers in other partnerships would also set up their school/program on the project-based model.⁵ There is no reason why they would need to: Ownership could be combined with other learning models. On the other hand, there are clear reasons why they might. Students like the way project-based learning individualizes and personalizes their work. More-motivated students work more seriously. As the students take more responsibility for their own learning the staffing requirements change, as the teacher's role changes from specialist to generalist. So therefore do the school's expenditures. This shift in expenditures itself has major implications. The New Country model shows that it is possible to have a small high school (120 students in the six grades 7-12) that is both educationally and economically viable. This 'discovery' – from this innovative school in which the learning program is designed and owned by teachers – is enormously important everywhere for small communities with declining enrollments; told at the moment that their only choices are to raise taxes to maintain the course-and-class model or to close and consolidate.

4. The Idea of Teacher Ownership is Generalizable

The ownership model – in use, of course, in most professional fields – is probably usable and workable in education as well. Like lawyers, doctors, accountants, architects, consultants, and others, teachers could have – and probably should have – an option to work for themselves, alone or as partners with others in single- or multi-specialty groups. The traditional arrangement in K-12, in which teachers work as employees for administrators, is not essential ... almost certainly is only historic. The original model has simply persisted, unchanged.

The ownership idea had briefly appeared in policy discussion in Minnesota in the 1980s; then was laid aside. It revived about 2000 as EdVisions' success became apparent. A project headed by Edward J. Dirkswager undertook to

5. In the case of New Country School the decision to form the school came first. The idea of ownership appeared later. Arguably, however, the teachers felt like owners from the beginning since Minnesota law provided for a school to be proposed by teachers and for teachers to form a majority of the board of the school.

think through the what, the why and the how of teacher-ownership, working with a task force of persons from education, from the cooperative movement and from the professions organized on a partnership basis. Its book, *Teachers As Owners*, was published by Scarecrow Press in June 2002.⁶

There is no ‘right’ model; no ‘one best way’. Clearly ‘ownership’ could take a different form than it has in New Country/EdVisions. It is important for everyone in the discussion to understand that at almost every point there are multiple options.

- Teachers’ professional organizations could use any of the several forms of organization provided by the laws of the states: partnerships, cooperatives (as with EdVisions), limited-liability companies, etc. A special statute could be created just for teacher partnerships.
- EdVisions operates whole, discrete schools. A partnership could also work at a scale either larger or smaller than a whole school. Teachers might form a partnership to run a department of a school: A partnership might provide, say, the science department of a big suburban high school. Or a partnership might form to operate a program serving multiple schools districtwide, or multiple districts. In Minneapolis, for example, the teachers at the elementary Montessori sites might form a partnership and contract with the board of education for the work they now do as employees.
- EdVisions’ teachers handle both the learning program and the administrative responsibilities for their schools. It would be possible, equally, for the teachers in the partnership to handle only the learning program of the school, leaving the board of the school to hire administrators to run the ‘support services’. Or the partnership might contract to handle both the learning program and the administration but – in the manner of many law firms and physician clinics – employ itself the administrative and clerical personnel.
- Partnerships could serve a variety of ‘clients’. EdVisions serves mainly secondary students in the charter sector of K-12. A partnership could contract directly with a district, to serve either an elementary or a secondary school. With its tax credit in 1997 Minnesota created a public but user-directed market for educational

6. See *Teachers As Owners: A Key to Revitalizing Public Education*, edited by Edward J. Dirkswager, Scarecrow Press, 2002.

services. The tax credit cannot be used for schoolwork leading to a diploma but can be used for supplementary work: summer school, language programs, tutoring, etc. This market could be served by teacher partnerships. Partnerships could also serve the markets for learning outside the K-12 years. They might help educate adults; perhaps employees in the corporate training market. They could train teachers, especially in the methods of project-based learning. There is really no limit on the types of clients that could be served.

In June 2003 Public Agenda, an opinion-survey organization based in New York, published its finding about what teachers think of their job, their life, and their unions. The survey contained one question touching on ownership: “How interested would you be in working at a charter school that was run and managed by teachers themselves?”

The question hardly conveys the essence of the partnership idea, and asked teachers to affirm a willingness to move into the chartered sector as a condition of having the opportunity to ‘run the school’. Still, the results were quite stunning:

Fifty-eight per cent of all teachers would be somewhat or very interested in having that arrangement (36 per cent not-interested). Sixty-five per cent of those with less than five years experience were interested (25 per cent not). And fifty per cent of ‘veterans’, with more than 20 years experience, said they would be interested.⁷

5. Ownership Has Significant Implications for the ‘Improvement’ Agenda

This non-traditional arrangement, with its very different set of incentives for teachers, represents a ‘driver’ for change and is therefore potentially a major strategy for policy. Policy ought not to be about designing end-state ‘ideal’ schools. Policy ought to be about finding ways to cause the people in K-12 to change and improve ... about giving educators and others reasons and opportunities to design new and better schools/schooling themselves: on their own initiative, in their own interest and from their own resources. For policy leadership the idea, strategically, is always to look for “the one thing that leads on to everything else” ... to “Start with the change that creates the most pressure for other constructive changes”, as Richard Murnane and Frank Levy put it. (Murnane and Levy 2000) Teacher ownership in a charter context is such a “place to start”.

7. *Stand by Me: What Teachers Really Think about Unions, Merit Pay and Other Professional Matters*. Public Agenda, New York, June 2003.

The effort to improve public education is stuck at the moment on a number of points having to do with teachers and teaching. Some useful progress might begin if the assumption of employment were pulled out and the questions were then re-thought on the assumption that teachers were, instead, owners.

How to get teachers into professional roles – Albert Shanker’s effort in the late 1980s following the *Nation at Risk* report – to make the improvement of education the improvement of teaching and of the professional status of teachers – did not succeed. Teachers continued as essentially civil servants employed by and directed by administrators. In some respects collective bargaining may have helped lock teachers into this civil-service-employee status: The unions have won their members most everything on their economic agenda but boards of education have been able to protect the area of ‘professional issues’ as ‘management rights’. Boards are not about to turn over the control of the learning activity to teachers with no visible accountability for performance; and within the traditional framework of employment the unions’ only answer – “Trust us” – has not been good enough.⁸

The dynamics of this discussion change dramatically when teachers as a group accept a performance contract to organize and run a learning program. Within the framework of such an agreement the teacher-group gets full control of the professional issues ... of how the job is to be done. The teachers control the admission to their group; sets the standards of practice; select the methods and materials; make the work assignments; run the program for the improvement of professional practice; assess the quality of practice and decide the rewards for practice within their group ... decide their own compensation. This is virtually everything the unions have been trying to get for their members through legislation or through bargaining and without notable success. It may be possible to get teachers to professional status faster through ownership than through bargaining.

How to change teacher practice and improve student learning – Teachers in a partnership are given a lump of money, given full authority to arrange the learning program, required to show that the students learn, and allowed to keep for use in their program or as personal income what they do not need to spend. [This is in the ‘pure’ partnership. For a variation see the discussion about Milwaukee, below.] This gives them an incentive – a reason combined with an opportunity – to look for different and better ways to arrange schooling; gives them an incentive to be entrepreneurial. Once in this position they may move quickly to introduce practices that reduce costs and improve student learning. If a long conversation with math teachers one evening in the mid-‘80s is any guide, they would get students working independently as fast as they could go. They would get kids helping other kids. They would use community resources.

8. See *Teaching the New Basic Skills*, Richard J. Murnane and Frank Levy, The Free Press, 1996, page 224.

They would get parents involved, at the home end. They would differentiate the staffing; sharing duties. And they would greatly expand the use of new learning technology.⁹ Most important, perhaps, teachers might shift to project-based learning. They would make the students responsible for their own learning. They would begin with what students want to know; connecting the projects then to state standards about what students need to know. In EdVisions' experience students respond positively to this: They work hard, they are interested, and discipline problems virtually disappear. EdVisions' schools do not teach to the test, but "passing the test" turns out not to be a problem.

How to enlarge the supply of quality teachers – K-12 is having a major problem in holding teachers, and to some degree in attracting top-quality teachers. Most of the solutions proposed for this problem look toward recruitment, education and 'professional development'. As with the shortage of administrators the idea is to get better people for the job. But such an effort is unlikely to succeed without an effort also to create a better job for the people; to make teaching a more successful and therefore more rewarding occupation. Teachers may be much more attracted to a model in which students are interested and problems of discipline and control are reduced. Professional groups of teachers could run math and/or science programs in large high schools, on contract either to the district or (if site-managed) to a school; perhaps in time serving several schools and/or districts. Applied at the department level the 'partnership' model may be especially helpful in relieving the shortage of teachers in key specialty areas.

How to speed the introduction of learning technology – Within existing arrangements it is hard to get new information technology into the schools; hard to get it used to its potential; hard to keep it up to date. Teachers' unions work in negotiations primarily to increase salaries, which reduces the money available for the usually add-on costs of computers, software and internet connections. Where the computer hardware and software is introduced the teachers are often uncomfortable with it; uncomfortable feeling they know less about it than do the students. Teachers may also see it as reducing their (traditional) function in 'instruction'; in plain words, costing jobs. Putting computers in schools with conventional teacher-instruction is, Lewis Perelman says, "like putting afterburners on horses: They are not compatible technologies".¹⁰

When the teachers are owners the different incentives may produce a different result. Teachers will then have a strong incentive – again, a reason

9. Author's conversation with teachers in the Rosemount-Apple Valley district in Minnesota, 1986.

10. See *School's Out: Hyperlearning, the New Technology and the End of Education*, Lewis J. Perelman, William Morrow and Company, Inc. 1992. Chapter 1 begins with the transition to the automobile from the "horseless carriage".

and an opportunity – to make the changes in their practice that computers and the web imply, and will be in a position to benefit directly from whatever the new technology can do both to improve student learning (on which their own success now will depend) and to reduce the cost of school-operation. Where work and ownership are combined new technology gets taken up rapidly: Think about American agriculture after 1870. Farmers quickly picked up the new machinery, the new seeds, the new cropping-practices. Incomes rose and prices declined. If teachers were owners they might behave like farmers.

How to contain costs and maintain program – In the district sector we assume the process of bargaining between the board of education and the union will work effectively to balance appropriately the competing demands for program and class-size, on the one hand, and for teacher-compensation on the other. Unhappily this bargaining process for the ‘balancing of interests’ does not work as well in practice as it does in theory. In the negotiations the union pushes to get more for its members. The board and superintendent, who in theory represent the public and student interest, in fact simply resist, trying mainly to avoid a strike. Knowing they cannot win a strike they know it is pointless to resist demands that may cause a strike. In this unequal contest students lose. The districts end up overspending the legislative allocation of new revenue; then ... complaining that the Legislature “has not given us enough” ... cut program and raise class size and as quickly as possible return to the voters or to the Legislature for money to “restore the cuts”. To the extent revenue-increases lag behind, program – and staff – must be reduced. This hurts the whole enterprise, including the teachers who are laid off.

Where teachers are owners – in a school, in a department or in a district-wide program – the trade-off between compensation and program ... between adult interests and student interests ... is internalized within a single group. The history in EdVisions is that the tradeoff is made with integrity.¹¹

5.1. A Variation That Lets Teachers Remain in District Employment Has Potential in the Cities

When introduced into Wisconsin it became clear quickly that the ownership idea did not fit. Under Wisconsin law schools are chartered mainly by districts,

11. At the 1999 annual meeting of New Country School and its sponsoring district two members of the district board asked Brian Swenson, chair of the board of the school, how it was possible to contain costs and to end the year in the black.. The district at that point still had not settled its contract with the union. “I don’t have anything to do with it,” Swenson said. “The teachers are not our employees”. Members of EdVisions tried to explain. Finally one said: “We had to ask ourselves how we could tell the kids they were not going to get an upgrade in their software next year because we wanted to take out more in salary for ourselves”.

the schools are ‘instrumentalities’ of the district and teachers, if they wish to remain in the state retirement program (as most do) must remain employees of the district. This became an issue for a group of teachers in Milwaukee who wanted to start an elementary school and who wanted to form as a cooperative. One of the teachers took this to her father, who had for 25 years worked as an official for the American Federation of State County and Municipal Employees. He talked about it with a friend who had worked in labor law. Their solution was to split the teachers’ life, keeping ‘the economic side’ with district employment, the master contract and union membership and forming the cooperative as a vehicle just for the teachers’ professional life.

This worked. The I.D.E.A.L. charter school completed its first year in June 2002 with 198 students in four rooms at the end of the second floor of a Milwaukee middle school. Milwaukee makes a big delegation of program autonomy to its chartered schools. The teachers collectively hold the charter. The teachers continue as district employees. They are paid the contract rate for teachers but they can decide how many teachers of what type to have; so can reallocate expenditures. There is a memorandum of understanding with the Milwaukee Teachers Education Association, the bargaining agent for the district’s teachers, waiving certain provisions of the master contract. The union cooperates: These teachers are, after all, its members. And the board of education is happy. The teachers are protected, and end up with full control of ‘professional issues’.

6. Those Interested in Entrepreneurship Might Usefully Encourage Teacher Ownership

As presently organized the commercial education industry is having a hard time getting established in K-12 public education. Most of its members today are “for-profit” firms. And the resistance to “for-profits” is intense. The charter sector has provided a market; the nonprofit school serving as a kind of ‘cartilage’ separating the political sponsor from the for-profit vendor. But even in this sector the opposition is tough. And where the firms are trying to secure contracts directly with districts the going is tougher still; painful, like trying to connect bone-to-bone directly. In truth, the ‘education industry’ is more successful outside K-12; especially in higher education and in private markets such as corporate training. It is attracted to K-12 because of its size. But its strategy is traditional; unimaginative. It accepts the single-district model of organization, and the ‘technology’ of teachers-talking; students-listening-and-reciting. It tries – as Sandler’s paper for the Education Industry Leadership Board makes clear – to sell materials and services that ‘supplement’ this traditional classroom: testing programs, textbook-equivalents, reference

materials, professional development and various aids both for students and for teachers. (Sandler 2002)

Efforts continue, nevertheless, to win contracts with districts to operate schools. A recent effort has been to get the state to intervene in big-city situations ... not to run the district or to give it to the mayor to run, but to install a new state-created board and new managers that will contract the running of schools to others – including commercial firms. This has been tough going, too, as recent developments in Pennsylvania make clear. Teacher unions are reported investing about \$50 million in the effort to block contracting, on the argument that ‘for-profit’ is bad for the public; an argument the media usually pass on at face value.

Aware of the skepticism it faces with the public as well as the hostility it faces with the unions, the industry seems to be pinning its hopes now on the new electronics: If the public can be persuaded to like this new technology and if the industry can get itself associated in the public mind with the technology then perhaps the public can be persuaded to like the industry.

Taking existing arrangements as given, the industry is marketing the technology to district administrators, confident that if they would just take the time to understand the ‘black box’ they would surely want to buy it. This is problematic. As presently organized K-12 is not very interested in introducing productive new technologies if to do so would create stress in its schools and among its teachers. Districts sometimes buy the technology (or accept it when it is given) but do not require that the teachers use it. Teachers do not always want to use it; or know how to use it. Like other workers when new machinery is introduced, they may resist; ‘go Luddite’.

As we saw above, the new technology might be taken up much faster if the decision were in the hands of teachers acting in their own interest. It is revealing to ask – say, those math teachers – what they would do if they were a group, were free to redesign and run their own program, were required to demonstrate student learning, but were given the per-pupil amount and were free to keep for use in the program or as personal income what they did not need to spend.¹² They might ask themselves: What could we do that would improve student learning that would not require us to spend money we could otherwise keep? ‘Technology’ would be part of their answer. This is quite unlike the proposition with which teachers are faced when told by the superintendent: Here’s a new machine. Learn it and use it. No, you will not be paid more.

Not surprisingly, that effort to this point has not been very successful. The newsletters covering “the education industry” are filled mainly with stories about companies getting venture capital and buying each other up; not with stories about companies getting contracts. The companies might better be

12. Cf page 12.

marketing to teacher-groups, which would have an incentive to pick up technologies that could make their work easier, more successful and more rewarding. Strategically, therefore, those interested in expanding entrepreneurship and increasing its impact on education should be working now to rearrange K-12 so it is teachers rather than administrators who have the opportunity and the reasons to make the decisions about the acquisition of learning technology. At the moment those in the industry and/or interested in entrepreneurship do not see this. "I haven't got time to talk to the teachers," an executive of Control Data said when this was suggested to him in the '80s.¹³ They need to be helped to see this.

6.1. The Teacher-Partnership Vs. the Corporation

The difficulties and limitations of entrepreneurship in the corporate, for-profit model have been well described in another paper for this symposium (Levin 2002). To date, argues Henry Levin, the 'education management organization' has not become profitable; has not been able to generate economies of scale as the various companies attempt to establish a national 'brand' of school. In addition, the political and ideological opposition has been intense, slowing growth and adding further to cost. Levin also says the EMOs have produced neither innovative school designs nor exemplary educational results.

The contrast with the EdVisions cooperative is merely suggestive. This is one partnership, running 11 schools. Still: Its growth rate has been impressive. Its economics are sound. (New Country School has received letters from the state saying its balances are getting too high.) Its project-based learning represents a radical shift away from traditional 'methods'. Its use of internet technology is exemplary. The break with the traditional 'employment' arrangement ... the shift to a contract with a teacher-cooperative ... creates an entirely new form of governance. All these together would seem to qualify the EdVisions model as innovative: as exactly the rapid and radical change in traditional arrangements that advocates hope would result from an entrepreneurial effort to change school and schooling.

The effect of an innovative school on the educational system more generally is a different question. New schools do not change existing schools. Existing schools are changed by the districts that own and run them. And the districts are extremely resistant: not very interested in change and not really able to make more than incremental changes in their methods and their practices. This resistance is a problem the states will need to deal with directly,

13. Author's conversation with William Ridley, at the time also a member of the Minnesota State Board of Education.

at some point. It is unlikely to be overcome by the introduction of exemplary models of school.

7. Implications for Teaching and Research about Entrepreneurship

An academic institution that broadened its concept of entrepreneurship enough to include the professional partnership might usefully broaden its teaching about partnerships beyond the field of education. Nurses, some years ago, moved to professional status; able to take primary responsibility for certain types of patient care. It might be useful in designing a course to look at the academic preparation of what are now called ‘nurse-practitioners’ and at the kind of education these professionals receive.¹⁴ It might be useful to study the way nurse-practitioners organize and work, in (solo and group) practice. It might be useful to examine, similarly, groups of professionals in law, consulting, engineering and architecture. In Philadelphia workers’ cooperatives have been formed to run child day care centers.¹⁵ It is possible that in the early years – when there are so few partnerships of teachers in practice – the experience from these other fields will be essential for a successful effort to train teachers for this new and different pattern of practice. There will be some interesting question to think through: whether, for example, this teaching about partnerships occurs in the school of education or in the school of business, or in some joint program between the two.

There are significant implications also for the schools of public policy and management. Gradually, in major universities, these have been coming into the area earlier reserved to the departments of education policy and administration in the schools of education. Entrepreneurship and radically changed arrangements for teachers now raise questions the schools of public affairs will want to take up themselves; including questions about how to generate the changes in the policy framework needed for entrepreneurship in the school sector.

There will also be a need to educate public bodies to ‘buy right’. The interest in entrepreneurship has probably focused on the entrepreneurs; on the (prospective) vendors. But there must also be willing and capable buyers if entrepreneurs are to find a market. Far too little attention has been given to the buyer side. It is hard to find a school of public management – or, for that matter, a school of business management – that teaches how to buy-smart;

14. In her course for nurse-practitioners at the College of St. Catherine in Saint Paul MN Dodie Russell has used a text titled *The Nurse Entrepreneur*. See “Nurse Practitioners and Teacher Practitioners”, Public Services Redesign Project, July 1984, available from the author.

15. See “ChildSpace: A Nonprofit + Workers’ Cooperative”, Public Services Redesign Project, July 1993.

teaches the theory, the strategy and the practices of contracting. This is a serious gap in the academic program for entrepreneurship, that needs to be filled quickly.

7.1. Opportunities for Research and Consulting

Research will be essential for any successful teaching about partnerships, since – again – so many of the cases in the early years will have to be found outside education. In addition to the experience in what Thomas DeLong at Harvard Business School calls “professional service organizations” it might be useful to look at the ‘leased department’ as this practice has appeared in large retail organizations. This would provide a look at the buyer side: at the decisions by owners of retail stores not to own but to bring into the store, on lease, selected departments owned and run by others.¹⁶ It would be interesting also to look at teachers who now run, and successfully, businesses on the side: during the school year or during the summer.¹⁷ The research and the teaching together will also provide a basis for outreach, service and consulting – showing others how to set up and run partnerships in education, and showing districts and their boards how to buy. The consulting, of course, further enriches the research and teaching.

8. Conclusion

Entrepreneurship’ is not synonymous with ‘the education industry’; with investor-owned, ‘for-profit’ and corporate. If ‘entrepreneurship’ means starting-things, trying things, doing-different we do need to recognize that other kinds of organizations can do this too. Nonprofits can; some ‘bureaus’ do. It depends on having the system-incentives properly designed and structured to encourage this behavior. Now we see examples of significant entrepreneurship and innovation emerging in professional partnerships owned by teachers, under new arrangements that give teachers an opportunity to benefit from the productivity-gains that result from improvements they introduce. This is a conceivable arrangement. It is worth serious consideration by teachers. And surely also by boards of education and state policy leadership,

16. See “Owned vs. Leased Departments and Some Implications for Schools”, Public Services Redesign Project, April 1988.

17. Bob Rose owned and ran a college-scarf business while president of the Minneapolis Federation of Teachers; Robert Astrup owned and ran a group of Nautilus Clubs before becoming president of the Minnesota Education Association. “Take a look at teacher ownership of summer camps”, Myron Lieberman suggests. (Letter to the author.)

which lack a strategy for introducing change and improvement and have no real idea how they can change teacher practice.

Presentations on the idea were scheduled for November 2003 in Washington D.C. for the annual meeting of the National Board of Professional Teaching Standards, with Teach For America and with the U.S. Department of Education. It was also discussed with Teachers Union Reform Network in Seattle in February 2003.

At the moment there is mainly the idea. But it is always good not to speak disrespectfully of small beginnings.

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