

SCHOOLS FOR SALE

LESSON ON PRIVATIZING SCHOOLS

© Nebraska Council on Economic Education, Lincoln, NE

INTRODUCTION

Across the country, some school districts are turning to private, for-profit corporations to run their schools. This role playing activity allows students to apply economic reasoning as they explore the costs and benefits of "for profit" schools. In their roles as school board members, community leaders, and others, students will decide whether to turn over the management of a high school to a private, for-profit company.

CONCEPTS

Public Goods
Incentives
Private Goods
Economic Efficiency
Costs

OBJECTIVES

Students will be able to:

1. Differentiate between public and private goods.
2. Analyze and evaluate various and positions on a public issue.
3. Establish decision-making criteria.
4. Develop a public policy based on a formal decision making model.

STANDARDS

National Standard Number: 16

There is an economic role, such as provide for national defense, address environment concerns, protect property rights, and make market more competitive, for government in a market economy whenever the benefits of a government policy outweigh its costs.

TIME REQUIRED

One or two class periods

MATERIALS (see Activities below)

PROCEDURE

1. Introduce the topic of private management of schools by having students read Activity 1, the newspaper article. The article reports on Kumquat Falls High School which has been managed by a for-profit company.
2. Lead a brief discussion of the basic issues by asking the students to explain who currently runs Kumquat Falls High, and describe some of the controversies that are included in the article.
3. Point out the reference at the end of the article to a similar decision pending in the Stephens County school district. Tell the students that in a role play situation they will decide the future of Stephens County High School.
4. Assign students to roles. You need an odd number of school board members, and two or three students can represent the other roles depending on the number of students in class.
5. Give each student a copy of Activity 2, the Role Descriptions of assigned characters. Allow students time to read the role descriptions. Students who share roles can meet to discuss the information. After reading the material, each student must decide which of two options that character would prefer:
 1. Keep the present administration
 2. Employ EMS Inc.

Allow students to complete the first half of Activity 3 after reading their characters' descriptions.

6. Meet together as a large group following the Board Agenda: Project Visual 1. Serve as a parliamentarian, stepping in to maintain order, to ensure that all opinions are voiced, and to provide everyone a chance to influence the outcome of the vote.
7. Fill out the decision making grid on Visual 2. Have students provide the criteria for evaluating the two choices.
8. Adjourn the meeting and allow the board to vote. The board members should use the decision grid in their deliberations.

CLOSURE

Announce the results of the vote; have board members explain their reasoning and have students who played other characters express their reactions to the board's decision. If time doesn't allow for discussion at the end of the first day, assign the remainder of Activity 3 as homework to be completed for discussion on the next day.

During the discussion of the result of the board vote, be sure to introduce the following issues into the discussion:

- A. What individual concerns were expressed?
- B. How were these individual concerns reflected in the final board decision
- C. Ask reporters to describe what happened during the simulated school board meeting.

EXTENSIONS

1. Have students look in the newspaper for similar collective decisions being made in their community. Students could bring these articles to class to be discussed or the best ones could be evaluated using the decision making model outlined in the lesson.
2. Have students attend a community meeting. Ask them to prepare written reports of the meeting, or use a decision making grid to identify and evaluate the choices discussed in that meeting.

ACTIVITY 1

Parents and Board Clash over Chalkboard Management

Kumquat Falls (API) In a heated school board meeting here Tuesday night, opponents and supporters squared off over whether to continue to allow a private, for-profit company to run Kumquat Falls High School. The company, Chalkboard Management Inc., has run Kumquat Falls High School for three years.

Although Chalkboard Management has yet to earn a profit from running the school, the company president, David Ross, believes those profits "are just around the corner."

"We are making cost saving moves that should eventually allow us to meet all of our fixed and variable costs," he said.

Those cost saving moves were just what ignited the controversy. A group of parents addressed the board Tuesday night, complaining that the cost saving measures were ruining programs that had once been important parts of the school.

"My son can't play football this year because the company has discontinued the football program," said City Councilman Hector Gomez.

"Only forty boys were out for football, but with coaches, equipment, facilities, transportation and insurance it costs over \$1000 per player to field a team," replied Ross. "We are offering boys intramural volleyball to take the place of football, at a much lower cost per player."

"Let the boys pay their own \$1000 if they want to play," said Kathleen O'Brien, a retired banker, and leader of group of citizens who support Chalkboard Management. "It's too expensive and it doesn't include enough kids."

"But we all enjoyed going to the games," said Latesha Welby, Student Senate President. "It was fun to do, and the success of the team gave us all a sense of community pride."

Maria Red Cloud complained of large class sizes. "My daughter is in an advanced calculus class with forty-one students. Is this right?"

"We have a special situation here, Ms. Red Cloud," said Ross. "We have forty-one students who have qualified for this class, and we can't turn them away. But it is difficult to find qualified calculus teachers who will work at the base salary we are offering, or who will only work part-time. Besides, the number of students who are staying in school has increased over the last three years. Students are not dropping out like they used to since we started offering the \$500 graduation bonus to seniors. With more students staying in school, there are going to be more students in all the classrooms."

At the end of the meeting, twenty requests to transfer out of Kumquat Falls were submitted to the board. More than half came from boys who wanted to play football at other schools.

The board then went into closed session to discuss a possible tax increase for next year.

Chalkboard Management Inc. is not associated with the company bidding to run the high school in Stephens County. That company, Educational Management Systems Inc., will be meeting with the Stephens County Board of Education and interested citizens tonight.

ACTIVITY 2

ROLE DESCRIPTIONS

The following roles need to be assigned. The paragraphs describe some of the factors that influence and motivate the character that the student will portray in the role play. The student's goal is to influence the outcome (the board vote). The newspaper reporter role is optional, depending on class size.

President of Educational Management Systems Inc.

You propose to run the high school on a budget of \$2.5 million, \$5000 for each of the high school's 500 students. Your profit will come from any savings you can make from that \$2.5 million. You also want a bonus incentive of \$10,000 for every point that student test score averages rise over last year's average. What is your incentive to run the school? What is the incentive to keep students from dropping out? What is the incentive for you to help students do better in school?

Teachers

You are concerned that some teachers could lose their jobs as EMS, Inc. cuts costs. You are worried that teachers will have to teach the way EMS, Inc. tells them to. The teachers you represent are also concerned about class size; EMS Inc. might put 40 students in a room to cut costs. What other concerns might teachers have?

Board members

School board elections are ten months away. You have promised the voters in your district three things. You want to keep property taxes at the same level as last year. You want to continue to offer the same educational and extra curricular activities. You want to reduce the drop out rate while also increasing student test scores. What are your interests in this decision?

Parents Group 1

You are parents of a hearing impaired child. Your child is doing very well in school but needs special sign language interpreter services that far exceed the average of \$5000/student. What are your concerns and interests in this decision?

Parents Group 2

Your child is very good with computers. The school district promised to buy new computers each of the last two years, but has not done so because of lack of funds. What are your concerns and interests in this decision?

Parent Group 3

Your child is a gifted athlete. Colleges have already sent scholarship information even though she is only a sophomore. What are your concerns and interests?

Members of the Community

The property taxes on your homes and businesses help pay for the high school budget. You also employ some of the students from the high school in your businesses. What special concerns do you have in this decision?

Newspaper Reporter

Your job is summarize the discussion at the board meeting. Try to be objective and don't take sides as you listen and take notes. Be prepared to describe what happened at the school board meeting and how the board made its decision.

ACTIVITY 3

STUDENT WRITING ASSIGNMENT

Name _____

Role assigned _____

1. Describe some of the opinions your character might have about hiring a company to manage the high school. Does your character favor hiring EMS Inc.? Why or why not?

2. Describe how your character might react to the results of the school board decision.

VISUAL 1

School Board Agenda

Meeting is called to order.

Item 1.

Presentation by Mr. David Ross, president of Educational Management Systems, Inc.(EMS, Inc.) of his proposal to take over operation of the school.

Item 2

Public discussion of the EMS, Inc. proposal.

Item 3

Board votes on the EMS, Inc. proposal. Announces the results of the board vote.

