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OCTOBER 17, 2005

IDEAS -- BOOKS

## Online Extra: Education: "A Train Wreck Is Coming"

Edison Schools CEO Chris Whittle talks about the crisis American elementary schools face in meeting the goals of No Child Left Behind

During the four years Edison Schools was a public company (1999-2003), CEO Chris Whittle seemed to always be in the media spotlight. But he has kept a much lower profile since taking Edison private in late 2003. Nevertheless, Edison is still by far the largest company in the business of managing public schools. It now runs 157 schools with 70,000 students, in addition to serving some 200,000 other students in after-school, before-school, and summer-school programs. Whittle recently sat down in his office on New York's Fifth Avenue with *BusinessWeek* Boston Bureau Chief William C. Symonds to discuss his new book, *Crash Course*, as well as how Edison is doing. Following are edited excerpts from their conversation: **When Edison failed to make it as a public company, many people concluded that you simply couldn't make money running public schools. Were they right?**

When we went private, we were losing a lot. But now we are quite nicely profitable by the measure of EBITDA [earnings before interest, taxes, depreciation, and amortization]. In terms of net income, we are barely profitable. But we are in the black. **How did you turn things around?**

We pulled out of some money-losing contracts. Second, we learned from our mistakes, so that the new business we took on was of a better quality. Third, we started to slow our growth rate. So while we are not public anymore, we are the strongest we have ever been financially. **How big is Edison today?**

In our core business of managing schools, we have 157 sites and 70,000 students. The bulk of our revenue comes from the managed schools. The other part of our business is called extended learning. It includes before-school, after-school, summer-school, and tutoring programs. And we do this at another 900 sites. [Adding it up], we operate in roughly 1,000 schools and serve 270,000 students. **When you were public, your critics -- including the teachers' unions -- raised questions about what impact you were having on student achievement. How are you doing on this today?**

They [the unions] always said that Edison's results were mixed. In fact, that says nothing. The results of every school district in America are mixed, meaning they have winners and losers. So we are not perfect. But if you take [public schools] that are comparable to ours, what you will see is that our gain rates [on achievement tests] are higher than theirs. **How are you measuring up under the standards of No Child Left Behind?**

No Child says that by 2014, you have to be at 100% [meaning all children must be proficient in reading and math]. The average school we are given [to manage] starts at about 25% proficient -- so that means we have a 75-point gap to close. **Edison gets the worst schools to manage?**

Always. **How are you doing in such schools?**

In Philadelphia, for instance, we are close to achieving what is required. So the fact that we're there is a net plus. Edison is not the enemy of public schools. **What's your feeling about No Child Left Behind?**

In general, I'm a fan. It's making a difference. In fact, I think it has turbocharged academic achievement by focusing people on standards and not letting them hide behind averages. **Will we be able to achieve No Child's ultimate goal -- to make every school child in America proficient in reading and math by 2014?**

I think a train wreck is coming within two to three years. It wouldn't surprise me if you see 30% to 40% of U.S. schools -- 15 million students -- fail to make adequate yearly progress. **No Child also requires that every child in America have a teacher who is truly qualified. Yet today we have a shortage of 250,000 math and science teachers. What would it take to solve this problem?**

There's not a person I've met in schooling -- and I've been at this for 15 years -- who ever said that teachers are paid enough to have the kind of folks we want in the classroom. That doesn't mean we don't have a lot of terrific teachers. But I put many of those in the missionary category. They are either in a position to make an economic sacrifice or they've chosen to make an economic sacrifice. The problem is, I don't think we can get 3 million people a year to do that. **What's the answer?**

My book proposes we double average teacher pay in the U.S. and for our best teachers triple it. That would take us to \$90,000 on average and up to \$130,000 a year for our best teachers. That would allow teachers to compete with lawyers and doctors. **Won't that require a huge tax increase?**

It would take \$138 billion of additional tax revenues if we just doubled teacher pay and changed nothing else. That is utter fantasy. We're just kidding ourselves if we think any legislature will pass that. **So how would you pay for higher teacher salaries?**

There are two ways to get there. One is to double class size, which I don't support. The other is to cut the number of classes in half, which I do support. If you had half as many classes, you could have half as many teachers and pay them twice as much. **How could you possibly cut the number of classes in half?**

A typical school day is around six hours long and has six classes. I would keep the school day at six hours, but have students in class only three hours a day. The other three hours you're on your own. Now this is in middle and high school. It does not apply to the early elementary grades. **Is that realistic?**

We already have two big examples that say it can work. One is the freshman year of college. They are in class only 11 hours a week, vs. 30 hours a week in high school. The other big example is that we have a million students who are being homeschooled right now. **What would you do in the elementary grades?**

I would start phasing independent study in as early as second grade. So the teacher might say, "There is a 45-minute period today where you will be on your own." Second-graders might just spend this time reading. **You're also advocating that principals be paid up to \$200,000 a year, compared to an average \$80,000 now. How did you come up with that figure?**

We looked at what the manager of a Wal-Mart () store is making. We determined that they are making about \$200,000. Are we as a nation saying that a principal isn't running something more important than a big-box retailer? **You put a lot of emphasis on improving our elementary schools. How would you do that?**

What is critical is a 100% guarantee culture. What I mean by this is that by third grade, 99.9% of the children will be reading. Right now, we have a 70% culture. But even that doesn't state it as well as it should. In some schools, we have a 99% culture, and in other schools [only 10% of the students are reading well]. **What is Edison's future?**

We've been around for 15 years. So clearly we have staying power. We are clearly the category leader. And our best intellectual capital is every mistake we've made. We've seen just about everything you can see. This book was my effort to see what we can learn from this. **If you're doing so well, do you have any plans to go public again?**

Not anytime soon. If you look at our history, we've had about 11 years as a private company, and about 4 years as a public company. [Public schooling] is a very political space to operate in. And there is no question in my mind that it is better to be a private company.

*EDITED BY Patricia O'Connell*

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