
TABLE OF CONTENTS

Foreword	1
Executive Summary	3
Introduction	5
History	7
Funding	7
Early Work	8
The Weld/Cellucci Administration Connection	9
Pioneering Privatization	10
<i>Pacheco Law Slows Privatization</i>	11
Pioneering Healthcare	12
<i>Legislative Concerns</i>	13
Pioneering Education	15
<i>Charter School Network</i>	18
<i>Selling Charter Schools</i>	19
<i>Boston Renaissance</i>	20
<i>Charter School Realities</i>	22
Conclusions	23
End Notes	25

FOREWORD

Ideas are powerful. The relentless, well-funded, and well-connected efforts of the Pioneer Institute to “change the direction of the wind” politically in Massachusetts are well documented in this provocative report by Paul Dunphy with Mark Umi Perkins.

It is very difficult even for those actively involved in Massachusetts politics to understand why a historically liberal state has elected Republican governors and adopted many right-wing policies. The work of the Pioneer Institute in shaping the discussion provides some of the explanation.

Dunphy and Perkins document many examples of policy initiatives begun and reinforced by this think tank. Pioneer has provided the intellectual framework and studies that give respectability and credence to the ideas of privatization and “doing less with less.”

But ideas alone do not have the power to persuade. Dunphy and Perkins make it clear that Pioneer’s board members, staff, and supporters held powerful positions in the Weld/Cellucci/Swift Administrations, often in revolving-door arrangements with Pioneer and with corporations that benefited from administrative decisions they and their colleagues made.

Being in positions of state power gave these advocates many advantages, because governors, their staffs, and their appointees can shape discourse by their daily rhetoric as well as by their actions. They provide not only intellectual leadership, but also make legislative proposals that shape the debate and sometimes propose, pass budgets, veto items from legislative budgets, and make major administrative decisions.

A striking example of Pioneer Institute influence over state policy implementation is the case of charter schools. Once charter school legislation was passed, the Board of Education, dominated by Pioneer allies, had broad discretion over how to implement it and how many, and which, charters to grant. They seemed particularly to favor large schools, many of which are run by the same few for-profit companies. Pioneer allies, in their state administrative roles, could make decisions that had an enormous effect on the fortunes of their future employers or ventures.

For example, before leaving the governor’s staff to start Advantage Schools, Steve Wilson wrote the regulations defining “average per pupil expenditure,” which determine how much charter school tuition is deducted from local school budgets. He decided to average in all costs, including those for students in high-cost programs like vocational education, special education, and bilingual education. No charter schools offer vocational education or bilingual education, and they have few high-cost special education students. This formula disadvantages district schools and advantages charter schools.

It is unclear why the state’s media has been so uncritical of Pioneer’s studies and information, but it may largely be because of a relatively under-funded counterforce in the form of progressive think tanks and political operatives. For whatever reason, it is amazing that the *Boston Globe*, for example, accepts without question Pioneer’s claims that charter school students are lower-income than those in “sending” districts. This claim is based on the notoriously unreliable method of phone surveys. It is contradicted by information in Pioneer’s own publications, based on Department of

Education data on subsidized school lunches—data that is gathered with legally enforceable penalties.

The success of some Pioneer ideas and proposals can also be explained by the support of wealthy individuals and corporate funders. This report spells out the sources of some of that financing.

Some Pioneer ideas have attracted far less political support, probably because they had no support from financially powerful backers. For example, Pioneer has produced a number of well-researched studies arguing against public financing of convention centers and sports arenas as wasteful. These have been intellectually convincing—but have not inspired the kind of fundraising success or the political support that charter schools have. Perhaps the corporate community, believing that convention centers and stadiums are in its interest, has been unwilling to support Pioneer in this case.

Privatizing the Common Wealth provokes many questions, and suggests many new lines of thought. For example, to what extent is the Institute's agenda driven by ideas, and to what extent by its funders' interests or self-interests? Were the Republican governors' elections a result or a cause of Pioneer's success? In the face of Republican victories in gubernatorial races, why has the Massachusetts Democratic Party retained control of the State Legislature? Why has that Legislature adopted so many of the Republican education policies promoted by the Pioneer Institute? (The Pacheco bill, well-documented here, is the best example of resistance to Pioneer's privatization proposals.) How deeply have Pioneer's ideas penetrated public opinion, or is their influence primarily felt among the media and political elite? How does their work reinforce, or how is it reinforced by, national media and philosophical trends toward valuing the market above all as the determinant of social goods?

Ironically, because this report so convincingly documents the Pioneer Institute's crucial role in moving political and policy debate in Massachusetts to the right during the past thirteen years, the Institute might well use it in its own fundraising activities. It should also be used to demonstrate the need for funding countervailing forces. The only state-level think tank with even a remotely similar breadth in Massachusetts is TEAM, the Tax Equity Alliance of Massachusetts, which has a narrower focus and a far smaller budget. Public policy in the Commonwealth would benefit greatly from a more balanced and spirited contest of ideas and information that is less tilted to the right.

Patricia Jehlen
State Representative
Somerville, MA.

EXECUTIVE SUMMARY

The Pioneer Institute for Public Policy Research was founded in 1988 to change the direction of public policy in Massachusetts by influencing opinion-shapers, policy-makers, and the public. Modeled on the conservative Manhattan Institute and Britain's Institute of Economic Affairs, Pioneer has played a significant role in influencing policy-making over three successive Republican Administrations in Massachusetts, since the election of William Weld as governor in 1990. Its primary focus has been the wide-ranging privatization of government services.

The door to political influence was opened for Pioneer by the Administrations of three consecutive libertarian or moderate Republican governors in Massachusetts (a traditionally Democratic state). Pioneer staff or board members were appointed to crucial positions in the Administrations of William Weld, Paul Cellucci, and Jane Swift, enabling them to implement the ideas they and Pioneer associates had incubated over the years. In addition to political support, Pioneer's ideas have also received substantial financial backing, as reflected in its budget of approximately \$2 million for 2001. This support has been vitally important in helping Pioneer create a hospitable climate within which its ideas can not only be conceived but also received. Pioneer has also benefited from media coverage that overwhelmingly has been either favorable or uncritical. It has also achieved acceptance through its Better Government Competition held annually. The 11 year-old competition, sponsored by Pioneer's Center for Restructuring Government, invites the public to participate in the policy process by submitting policy proposals.

The Pioneer Institute: Privatizing the Common Wealth provides a critical analysis of Pioneer's policy prescriptions, as well as an explanation of its success. It is the result of a three-year investigation of Pioneer's efforts, particularly examining the issues of mental health care and public education. Pioneer has had enormous influence over these issues since its founding in 1988. The report details the extent of Pioneer's influence:

- While Pioneer has promoted programs that involve fee-for-service arrangements (only users pay for services received), it has generally backed deregulation and the government financing of private provision of services. "Helping Government Do Less with Less" is the underlying rationale of Pioneer's push for privatization. Most of the winning proposals in its Better Government Competition have proposed relaxed government regulations or encouraged "partnerships" with the private sector. Pioneer's efforts to redefine the state's role in the provision of mental health care and public education were driven by this emphasis on loosening regulations and boosting the private sector.
- In 1991, following Pioneer's critique of the state's programs for the mentally ill, Governor Weld appointed a commission to devise a plan for the "consolidation and closure" of state institutions serving the mentally ill and mentally retarded. The commission's report essentially mirrored Pioneer's. Former Pioneer executive director Charles Baker, Weld's undersecretary for health and human services at the time, then led the implementation of the

commission's recommendations to shut down a number of hospitals, shifting patients to private facilities.

The Massachusetts Legislature's Sub-committee on Privatization reported in a study that, as a result of the Administration's "rush to close state facilities," patients were "becoming homeless, incarcerated, or shifted to inappropriate settings." Moreover, the House Post and Audit Oversight Bureau found that the Weld Administration's claims of having saved more than \$273 million over 3 years were "unsupported and unjustifiable." And the labor union AFSCME found that between 2,000-3,000 union jobs were eliminated as a result of the closures.

- Pioneer is one of the principal advocates of school vouchers, charter schools, and standardized testing. In 1991, it published a report by Abigail Thernstrom of the Manhattan Institute, titled *School Choice in Massachusetts* that proposed a pilot voucher program in one of the state's urban systems. Later in the 1990s, William Edgerly (a Pioneer board member) and Steven Wilson (former Pioneer codirector) were instrumental in the creation of CEO's for Fundamental Change in Education, a high-powered lobbying group that has worked to influence policy makers on starting and increasing the number of charter schools in the state. Edgerly and Wilson also founded Advantage Schools, one of the few for-profit education management companies that run many of the charter schools in Massachusetts.

The Auditor of the Commonwealth of Massachusetts found that as more charter schools opened, the costs to taxpayers actually increased 10 fold, representing one of the fastest growing expenses for the state. While public schools are supported by a combination of state and local funding, private charter schools in Massachusetts are funded through money deducted from a public school district's state education aid. This formula was created by Steven Wilson and approved by Charles Baker, who by that time was William Weld's secretary of administration and finance. However, unlike public schools, charter schools are exempt from serving severely disabled children, and they often do not offer more expensive bilingual and vocational programs. The average cost per student under Wilson's formula often exceeds what public schools spend on their regular students.

The Pioneer Institute is an example of a growing number of rightist think tanks and policy institutes across the United States that exert influence on policy making at the state and local levels. The political and financial support they receive is key to their success. At the Pioneer Institute, that support has come from successive Republican Administrations and the financial backing of a number of conservative foundations, individuals, and corporations.

An examination of the policies advocated by the Pioneer Institute, and often implemented by those associated with Pioneer, illustrates that those most harmed by privatization schemes are those who are economically and socially disadvantaged. Under privatization programs, the private sector is not obligated to serve all sections of society, further aggravating the growing gap in services between the rich and the poor.

Despite Pioneer's promotion of privatization schemes, viable and successful privatization initiatives in Massachusetts have been rare. This should alert us that the rhetoric of private sector efficiency is very often merely that. What savings have been achieved by the state have largely been the result of undercutting union wages, transferring costs onto other payers, and reducing service provision. Sound legislation results from cooperation among the community, labor, and the government, not from irresponsible privatization schemes. The establishment of progressive policy institutes and think tanks in Massachusetts and in other states is critically important to provide a practical and ethical counterweight to rightist organizations such as the Pioneer Institute.

THE PIONEER INSTITUTE

PRIVATIZING THE COMMON WEALTH

By Paul Dunphy with Mark Umi Perkins

INTRODUCTION

For the last two decades, two political developments have brought revolutionary changes to state-level politics. The first is the devolution of power and money from the federal government to the states. This process began with President Jimmy Carter’s “block grants” to the states, but was accelerated by President Ronald Reagan’s advocacy of “states’ rights.” The second is the commitment on the part of the political Right to the development of state-level, policy-oriented think tanks, designed to pull state policy in a conservative direction. In 2002, nearly every state in the United States has at least one such think tank. These think tanks or policy institutes are largely funded by a small number of conservative individuals and foundations, including the Scaife Family Foundation, the John M. Olin Foundation, the Lynde and Harry Bradley Foundation, the Thomas Roe Foundation, and the Carthage Foundation.¹

While the influence of national level, right-wing think tanks and policy centers, such as the Heritage Foundation and the Cato Institute, is widely known, state-level think tanks are less well known and often receive little attention in the media. They have made it possible for the Right to dramatically increase its effectiveness at the local level. By saturating local media with policy proposals and by organizing and participating in academic forums, these groups shape the environment in which state-level policy is made.²

Unfortunately, liberal or left policy think tanks are far fewer and less well funded.³ Thus the Right is generating most of the new and innovative ideas that then become policy initiatives in many states. Jean Stefancic and Richard Delgado argue that a polity is served best by an equal infusion of ideas from the Left and the Right, and that the extraordinarily well-funded, well-organized, and disciplined network of right-wing think tanks creates a severely unbalanced contest of ideas.⁴ This thesis applies equally to the policy situation in Massachusetts, where a right-wing think tank known as the Pioneer Institute for Public Policy

Research provides ready-to-implement proposals as well as more general guidelines for policy formation, with few such proposals coming from centrist groups, and fewer still initiated by liberal organizations.

Massachusetts’s Pioneer Institute has been a member of the State Policy Network (SPN), an umbrella organization for libertarian/free-market oriented state-level policy institutes. While no longer officially a member of SPN, its agenda is nearly identical to other SPN members, who advocate “free market solutions to public policy, with an emphasis on individual rights and responsibility.”⁵

The existence of high profile, influential right-wing think tanks in traditionally conservative states is not surprising. It is harder to explain their influence in what have been regarded generally, and perhaps erroneously, as liberal states. In describing such influence in Oregon, David Callahan, the director of research at Demos: A Network of Ideas and Action, has said that, contrary to the popular image of Oregon as a liberal bastion, conservatives have actually been able to secure a foothold since their capture of the State Legislature in 1994.⁶ This, he argues, is in large measure due to the vast resources channeled by right-wing philanthropists to effect favorable political and policy changes.⁷ But it is also worth looking at the results of conservative ballot initiatives, such as Oregon’s anti-gay Measure 9, which was defeated in the state’s two major cities, yet won across rural areas.⁸

Despite similar political differences in the New England region—both between and within states—Massachusetts is undoubtedly one of the most liberal and solidly Democratic states in the country. Yet the Pioneer Institute exerts influence in government policy-making at both the local and state levels. This has in large measure to do with the Administrations

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of Republican Governors William Weld, Paul Cellucci and Acting Governor Jane Swift.⁹ So, we must first ask how a state so solidly Democratic as Massachusetts, came to have a succession of Republican governors?

Massachusetts is not an exception to the nationwide trend of the political center's move to the right, in part a backlash against the successes (even if limited)

(even if limited) of progressive policy initiatives in the areas of racial and gender equality, economic justice, and gay and lesbian rights. The state's recent Democratic political leaders (apart from Senator Edward Kennedy) have been from the party's moderate and centrist wing. Presidential candidates, such as former Governor Michael Dukakis and former Senator Paul Tsongas (like former President Bill Clinton, former Vice-President Al Gore, and Senator Joe Lieberman (D-CN)), are associated with the "New Democrat" Democratic Leadership Council (DLC), which moved the party rightward in response to these trends.

Further, Governors Weld and

Cellucci are moderate Republicans, who reached out to Democratic voters with libertarian platforms that emphasized free-market economic principles, while supporting gay rights and a prochoice position on abortion. With these positions, they distinguished themselves from the social intolerance associated with the Republican Party's right wing.

Jean Hardisty, who has extensively researched and written on the U.S. Right, points out that libertarianism itself is ideologically broad enough to have both a left and a right wing.¹⁰ The positions taken by the American Civil Liberties Union, for example, tend to reflect leftist libertarianism, while the Cato Institute, and many of the Right's state-level think tanks pursue right-wing libertarianism.¹¹ Moreover, libertarians historically have recruited some supporters from liberal and progressive ranks, including the ranks of the New Left.¹²

Libertarians' differences with traditional liberals and progressives are most notably in matters of economic justice and interpretations of the nature of the State. In these cases, rightist libertarians valorize the "invisible hand" of the free market system, claiming that the best regulator of the econo-

my is an unfettered market. For this reason, rightist libertarians support a capitalist economic system with few, if any, constraints, and a minimalist State that maintains law and order and guarantees civil liberties. Government programs that seek to redistribute wealth or extend economic opportunity are unwelcome interventions, as are government policies that restrict individual rights and freedoms.

In Massachusetts, Governors Weld and Cellucci and Acting Governor Jane Swift, like many libertarians, have supported women's rights, gay rights, and are prochoice on the issue of abortion.¹³ These ideological overlaps with liberals on social issues, along with a national backlash against liberal economic policies, largely explain the favorable reception of libertarian ideas and politicians in a "liberal" state such as Massachusetts. It was this mix of socially liberal and fiscally conservative agendas and policies that brought together a White middle class coalition of conservative businessmen, professionals, and lesbians and gays to support William Weld for governor in Massachusetts in 1990.¹⁴

Many of the Pioneer Institute's positions strongly indicate a libertarian ideology: especially its promotion of privatization, deregulation, and fee-for-service arrangements regarding public goods.¹⁵ Fee-for-service is a libertarian solution to the problem of government service provision when privatization is not politically feasible. In fee-for-service schemes, only those who use public services pay for them. In the early 1990s, Pioneer began pushing for an increase in the cost of public transportation in Boston, ultimately complaining that, "taxpayers—regardless of whether they took a single MBTA ride—subsidized the T."¹⁶ Public services, which are seen by liberals as a public good, are not considered a public good by libertarians, including many Pioneer authors.

Libertarians often take seemingly paradoxical positions on social and economic issues. While critical of government provision of public services (evident in its support for privatization), the Pioneer Institute has also criticized nepotism and waste in government spending. Pioneer has conducted a long-running public relations battle with the city of Boston against the construction of a new convention center, contending that there is not enough demand for a new facility to justify a projected \$800 million taxpayer outlay.¹⁷ It has also been sharply critical of state legislative leaders for, in its view, creating hundreds of patronage jobs in the state court system at a cost, the Institute maintains, of \$48.3 million between 1998 and 2001.¹⁸

By focusing on academic research and well-placed media work, the Institute set its sights on creating a critical mass of favorable opinion among policy makers regarding certain issues. Peters' other major change was to take a long-term approach. He saw Pioneer's mission as "a 50-year job."

But despite the fact that Pioneer's former executive director James Peyser spoke at the Massachusetts Libertarian Party convention, there is no clear relationship between the Pioneer Institute and the Libertarian Party. Pioneer is a member of FreeMarket.net, a market-oriented website run by the libertarian Henry Hazlitt Foundation. FreeMarket.net is described on its website as "the libertarian portal," and a click on this description takes you to libertarian.org which is a site claiming to present "an overview of the libertarian philosophy and the libertarian movement."

HISTORY

The Pioneer Institute was created in 1988 from the remnants of the Shamie Foundation. Ray Shamie, Boston businessman and past Republican senatorial candidate, created an organization devoted to "ferreting out the waste, fraud and abuse"¹⁹ of the Democrat-dominated state government. When Shamie left the foundation in 1988 to lead the Republican State Committee, former oil executive Lovett "Pete" Peters was asked to take over its leadership. Peters agreed to do so only if the foundation could be "overhauled from top to bottom."²⁰ Peters renamed the foundation the Pioneer Institute, and refocused its agenda, following the lead of Britain's Institute of Economic Affairs (IEA), which was influential in shaping the conservative ideas reflected in Prime Minister Margaret Thatcher's administration. Shamie later founded another state-level think tank based at Boston's Suffolk University called the Beacon Hill Institute, which is a member of the rightist State Policy Network. He also sat on Pioneer's Board of Directors.

In restructuring the Pioneer Institute, Peters drew inspiration from the conservative Manhattan Institute, home of anti-affirmative action crusader (and Massachusetts Board of Education member) Abigail Thernstrom. He felt that focusing exclusively on electoral politics and politicians was limiting because "politicians are people who put their fingers up and see which way the wind is blowing."²¹ He wanted to change the direction of the wind.²² By this he meant influencing the intellectual climate of Massachusetts, particularly regarding public policy. By focusing on academic research and well-placed media work, the Institute set its sights on creating a critical mass of favorable opinion among policy makers regarding certain issues. Peters' other major change was to take a long-term approach. He saw Pioneer's mission as "a 50-year job."²³ This gradu-

alist and long-term strategy has shaped all of Pioneer's work.

While it appears that Pioneer's founding was independent, though influenced by other national-level think tanks (the Manhattan Institute in this country and the IEA in Britain), its timing coincides with the founding of many other state-level think tanks in the United States. Eighteen State Policy Network member organizations were launched between 1984 and 1989. Fifteen additional member organizations appeared between 1990 and 1995. Pioneer was one of five member organizations founded in 1988.

FUNDING

In the first major fundraising campaign for the Pioneer Institute, "Pete" Peters and his Pioneer colleague Charles Baker, Jr., tapped their business connections. Baker, the son of Pioneer board member Charles Baker, had formerly worked as director of corporate communications for the Massachusetts High Technology Council.²⁴ The two were able to raise \$168,000 to run the organization for the first year, but Peters was disappointed with the low level of corporate support.²⁵ Pioneer's budget grew tremendously after that first year, from \$200,000 in 1989, to \$700,000 in 1993, to \$2 million by 2001, with 49 percent of its 2001 revenues coming from foundations, 46 percent from individuals, and 5 percent from corporations.²⁶ Over the course of two years, 2000 and 2001, Pioneer took in more than \$1.25 million from a single private source, the estate of Ray Shamie.²⁷

Foundation grants also included \$4000 from the George E. Coleman Foundation and \$1000 from the Roe Foundation in 1997, and \$50,000 from the David H. Koch Charitable Foundation in 1995.²⁸ David Koch sits on the boards of two libertarian organizations: the Los Angeles-based Reason Foundation and the Washington, D.C.-based Cato Institute. His foundation funds medical and educational institutions that advance free market principles and include opportunities for "at-risk" youth. Other conservative foundations that frequently donate to right-wing causes and are Pioneer funders

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include the J. M. Foundation and the Smith Richardson Foundation.²⁹

Many Boston-area banks and insurance companies donate to Pioneer, including State Street Bank where Pioneer board member William Edgerly is a former chairman and CEO.³⁰ Some of these companies have a stated interest in education, a special focus of Pioneer's work. John Hancock Advisors, for instance, claims it "has a history of supporting the Boston Public Schools,"³¹ and Liberty Mutual

Insurance lists education and economic development among its funding priorities.³² The Cambridge Trust Company, another contributor, has links on its website to various educational sites.³³ Another donor is the Acushnet Foundation that also contributed to the National Council on Economic Education, which designs K-12 curricula on economic issues.³⁴

Other supporters include the Fairfax, Virginia-based Atlas Economic Research Foundation, which assists groups like Pioneer that "advance a vision of a society of free and responsible individuals, based upon private property rights, limited government under the rule of law and the market order."³⁵ A significant contributor has been the Walton Family Fund, underwritten by revenue from Wal-Mart. The Fund donated \$50,000 to Pioneer in 1999, and \$174,600 in 1998.³⁶ While it is clear that contributors have various motives for giving to Pioneer,

there is a shared interest in opposing government regulation.³⁷

EARLY WORK

Pioneer's first publication was a 1988 report on health insurance coverage in Massachusetts.³⁸ At the press conference at which the report was released, one of the authors remarked that there were no uninsured children under 14 in Massachusetts.³⁹ This claim was based on an erroneous statistic, and was contradicted by the contents of the report itself.⁴⁰ The Pioneer staff was embarrassed by this error, which set the Institute back at

the outset. It is not clear how much control over content Pioneer exercises in terms of the reports it publishes, since the authors are often outside invitees. What is clear, however, is that there is complete control over the selection of authors of reports and of "white papers," and Pioneer usually selects participants who adhere to its positions very closely, at least in the area they are asked to discuss. Nevertheless, there is some evidence that once the authors are chosen, Pioneer does not have total control over their findings.

Another early Pioneer report was a critique of the ET (Education and Training) Program, a Dukakis Administration initiative that paid for job training for welfare recipients in order to decrease the welfare rolls.⁴¹ It argued that the decrease in the Aid to Families with Dependent Children (AFDC) caseload was primarily due to shifts in federal spending priorities rather than the ET Program. This report, the first of many to attack government programs, seemed to repair Pioneer's damaged reputation, and the *Boston Globe* called the Institute a "think tank with a reputation for careful work."⁴² The *Boston Globe* and, to a larger extent, the *Boston Herald* would become, on the whole, media allies in promoting Pioneer's agenda.

In 1991 Pioneer began its Better Government Competition, which rewarded proposals to streamline and reduce the cost of government. Both Pioneer's Better Government Competition and its Pioneer Network,⁴³ an online forum, have allowed it to introduce proposals—such as the privatization of Logan Airport—that are more radical than are feasible in the current political environment.⁴⁴ The suggestion to privatize Logan is particularly ironic in light of the breakdown in airport security on September 11, 2001, and the consequent widespread call for federalizing airport security nationally. Because the ideas developed in these forums come from "outsiders" rather than from Pioneer staff, the Institute can disassociate itself from those ideas if necessary—but the power of selecting winners remains in the hands of Pioneer staff and board members.

In 1992 Pioneer released a major report, *By Choice or by Chance? Tracking the Values in Massachusetts Public Spending*, by Harvard economist Herman B. Leonard.⁴⁵ This report caught considerable media attention, including a lengthy article in the *Boston Globe*, under the splashy but, given the thrust of the report, misleading headline, "Why was Massachusetts the Nation's Biggest Spender?"⁴⁶ Leonard's report sought to compare public spending

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in Massachusetts with spending decisions in other states and establish public priorities or “value choices” underlying state budget decisions in Massachusetts. Leonard found that Massachusetts valued public spending “on elementary and secondary education about as much as the average state, and higher education less than almost any other state;” and that it placed a relatively low priority on highway spending and places a very high value on human services—“much more than almost any other state.”⁴⁷

Soft-pedaling any specific criticism of these choices, Leonard asked only “... are these the values you want? ... If they are not, then in what direction would you propose the state move”⁴⁸ He left it to the state “political leadership” to shape future discussion, as if the political leadership was not already dominating the discussion.

A few months after the publication of Leonard’s work, Pioneer joined the growing debate over public education in Massachusetts with the release of *Reinventing the Schools, A Radical Plan for Boston* by the Institute’s then codirector Steven F. Wilson. Wilson leaned heavily on the ideas of John Chubb and Terry Moe, authors of *Politics, Markets, and America’s Schools*,⁴⁹ as well as writings by Pioneer colleagues such as Abigail Thernstrom. In 1991, Thernstrom had written a treatise for Pioneer, *School Choice in Massachusetts*, in which she proposed a pilot voucher program in one of the state’s urban systems.⁵⁰ Wilson restated the assertion, much in vogue in conservative circles, that America’s schools are failing and the way to save them was by breaking “the public school monopoly” and encouraging “unfettered competition.”⁵¹

Wilson’s report enjoyed a serendipitous confluence of time and place. It appeared in Boston in the second year of the Administration of Gov. William Weld, a Republican with a flair for setting off in new policy directions, even while the financial or social implications were poorly understood. Charter schools were not discussed in the report. The concept was yet to be widely known. However, Wilson’s strong support for “choice” and “school entrepreneurship” and his defense of for-profit schools planted the seed of support for charter schools within the Weld Administration.⁵²

THE WELD/CELLUCCI ADMINISTRATION CONNECTION

In its early years, as the Pioneer Institute was finding its organizational niche in Massachusetts and

beginning to develop political clout, it received an enormous boost from William Weld’s 1990 election as Massachusetts governor. The support of Weld and his successor, then-Lieutenant Governor Paul Cellucci, and, in turn, Cellucci’s successor Acting Governor Jane Swift, propelled the once obscure think tank into a central role in policy formation and implementation in Massachusetts, particularly in the areas of privatization and education.

Pioneer staff members, including Steven Wilson, Charles Baker, Jr., and James Peyser, were appointed to key positions in the Weld Administration, and later in the Cellucci and Swift Administrations. Appointments to the Board of Education, the Department of Education, and the executive branch itself, allowed Pioneer staff to implement the policy prescriptions they had developed while at Pioneer. For instance, Wilson left the codirectorship of Pioneer in 1993 to become director of strategic planning for the Weld Administration, where he served for three years before founding a for-profit charter school company. As a strategic planner he claimed to have secured “passage of the state’s charter school legislation” and “led the fight against anti-privatization legislation.”⁵³

Meanwhile, James Peyser, another former executive director, was named undersecretary of education in charge of charter schools in 1995, where he interpreted and applied the very regulations Wilson and others helped craft. In late 1995, he left the Administration to return to Pioneer. In 1996 he was named to the Board of Education, and became chairman in 1999, while remaining executive director of Pioneer. In 2001, he left Pioneer to become chief education adviser to Acting Gov. Jane Swift, and continued to serve as chairman of the Board of Education. Charles Baker, Jr., yet another former Pioneer executive director, held positions in the Weld and Cellucci Administrations, as secretary of health and human services and secretary of administration and finance.

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Others affiliated with Pioneer served in various advisory capacities, particularly in education.⁵⁴ Appointments such as these were instrumental in enabling the Pioneer Institute to gain political influence and implement its conservative agenda, as a model for other right-wing state-level think tanks across the country.

PIONEERING PRIVATIZATION

According to the Economic Policy Institute, privatization refers to “the shift from publicly to privately produced goods and services.”⁵⁵ Various policies are used to achieve this outcome. The first is the outright cessation of public programs; the second is the sale of public assets; the third is government financing of private sector service provision; and the fourth is the deregulation and liberalization of activities previously conducted by the government.

Obviously, there are large differences in outcomes depending on these different types of privatization. For example, the latter two types generally do not decrease the need to collect taxes and are, therefore, considered less severe. Pioneer has advocated programs that reduce the need to collect taxes, such as fee-for-service arrangements in which only users pay for services. For the most part, however, Pioneer advocates the third and fourth types of privatization—government financing of private provision of services, and deregulation.

The logic behind this type of privatization is that private companies in competition with one another will provide services at a lower cost to taxpayers. In *Private Contracting in Human Services*, author Robert Melia, an advisory board member of Pioneer’s Center

for Restructuring Government, makes the distinction clear. He states “Privatization [occurs when government] ceases service provision and allows market forces to determine the quality and quantity of services to be delivered.”⁵⁶ According to Melia, the type of privatization occurring in Massachusetts is better termed “private contracting.”⁵⁷ A potential problem that opponents cite with this type of privatization is that infrastructure costs borne by government are

often not calculated into the privatized side of the comparison.⁵⁸ This makes the privatized option appear less expensive, although the discrepancy is merely the result of costs that the government incurred in the past, or has provided as a public good. Some studies that favor privatization have grossly distorted or manipulated statistics to make it appear less expensive.⁵⁹

Another problematic feature of privatization is the private sector’s lack of experience in many public-sector activities. Private firms have never performed many activities traditionally undertaken by government. As a result, few private firms are actually qualified to bid on some contracts requiring them to perform public-sector work.

A third issue raised by privatization opponents is that often when private firms are able to provide services at a lower cost, it is because a nonunion workforce allows them to pay lower wages. Often the lower salaries are the primary, or even the sole cause of the lower private sector cost. For example, Massachusetts’s “Pacheco Law” dramatically slowed privatization initiatives merely by requiring comparable wages and subjecting initiatives to a review by the state auditor.

Nevertheless, even many privatization opponents agree that under certain circumstances privatization can be a cost-effective method of service provision. Massachusetts State Senator Marc Pacheco asserts that privatization initiatives must involve labor and community groups in the planning process, pay comparable wages, and include only firms with experience in the type of service provision required.⁶⁰ It appears that Pioneer and its allies do not advocate this inclusive model of privatization. Rather, at Pioneer, privatization is alternately an ideological position and a way of opening business opportunities for colleagues and others. An example of the latter is Steven Wilson and Pioneer board member William Edgerly’s foray into the business of charter school management. The creation of their for-profit management company, Advantage Schools, came hard on the heels of Wilson’s drafting of the charter school law and Edgerly’s lobbying efforts for the creation of these schools.

Despite Pioneer’s lack of a major study on the issue itself, privatization has been a primary theme of its public policy work. Even before Abigail Thernstrom’s and Steven Wilson’s reports in 1991 and 1992, both indicating a shift in Pioneer’s focus to education, the Institute’s policy work on issues such as health care and welfare reform advocated

In 1997, the Shamie Center for Restructuring Government was created to continue the work of privatizing government functions, while the bulk of the Institute’s work concentrated on education reform, where privatization also played a central role. An early newsletter heralded the opening of the Center with the headline “New Center Aims to Help Government Do Less with Less.”

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The competition, Pioneer's signature event, began in the spring of 1991 as an attempt to stimulate new ideas in the area of privatization and government efficiency. It was meant to allow "ordinary citizens" to submit proposals, attract attention, and win a cash prize (first \$5000, later \$10,000) to help with the implementation of plans. "Ordinary citizens" came to include Attorney General and later Democratic gubernatorial nominee Scott Harshbarger (tort reform), and Massachusetts District Court Judge Daniel B. Winslow (streamlining the court system).⁶² Massachusetts Board of Education member and Worcester Municipal Research Bureau Director Roberta Schaeffer was first a judge and later a winner of the competition. Most winning entries involved creating incentives for innovation through public-private partnerships or the relaxation of government regulations. One runner-up entry in 1998 was a proposal that sought to establish a prison labor program in which prisoners would manufacture a line of denim clothing. Deductions from prisoners' wages would defray the cost of incarceration, compensate victims' families, help support prisoners' own families, and fund the proposer's violence prevention programs.⁶³

The Pacheco Law Slows Privatization

In 1993, State Senator Marc Pacheco introduced a bill that became known as the Pacheco Law.⁶⁴ It imposed restrictions on privatization including: comparable wages between public and private sectors; a floor on wages for workers; a ceiling on reimbursement of management salaries; and a review by the state auditor, who could reject proposals for several reasons, including the judgment that they were "not in the interest of the commonwealth."⁶⁵ Under the Pacheco Law, worker's wages have to match the lesser of either the minimum of the government pay scale or the average private sector wage for an equivalent position.⁶⁶ Pioneer objected to all these requirements, especially another that stipulated that gov-

ernment workers be compared with private sector workers as if they were working at "the most efficient level," rather than at their actual level of efficiency.⁶⁷ One of Pioneer's opinion columns, placed in the *Boston Herald* and titled "Power corrupts, absolute power corrupts absolutely," complained about a Massachusetts Supreme Judicial Court ruling that upheld the state auditor's review.⁶⁸ Pioneer's objection was that it was an unreasonable restriction that put too much power in the hands of the auditor. The Pacheco Law has slowed privatization efforts in Massachusetts to a crawl. Compared to 36 successful privatization proposals before the Pacheco Law, only 7 proposals have been approved since its passage.⁶⁹

Senator Pacheco describes his Law as a "guardrail" for privatization rather than a roadblock.⁷⁰ He contends that the Law merely puts the terms of privatization initiatives in writing and sheds light on the issue. Governor William Weld had used privatization as a major plank in his 1990 political platform and, in Pacheco's view, the Weld Administration pursued privatization as an ideology rather than a tactic to trim the budget.⁷¹ According to Pacheco, savings on projects were not being shown, and the Law was a response to that.⁷² He adds that Governor Weld and the Pioneer Institute blamed Massachusetts' policy for stifling privatization, while ignoring federal antitrust provisions regulating price discrimination that should be factored into privatization costs.⁷³ Pacheco himself does not oppose privatization, but rather advocates the involvement of labor and community groups in privatization initiatives.⁷⁴ In his own district of Taunton, the senator implemented a plan to privatize the local wastewater treatment plant for a projected 20 year saving of \$60 million.⁷⁵ This plan involved both labor and community groups. Senator Pacheco also supports the concept of charter schools, but opposes the way they have been implemented in Massachusetts. Pioneer's efforts, however, continued apace even though the Pacheco Law slowed down privatization in the state.

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PIONEERING HEALTH CARE

In 1991, Charles Baker left Pioneer to take a cabinet level post with the Weld Administration as assistant secretary of the Executive Office of Health and Human Services (HHS). The state was facing a budget crisis and was struggling to support its extensive network of health care institutions serving the mentally ill and the poor. Baker soon made his presence in the Administration felt by lending his voice to

the call for closing a number of these public hospitals and transferring patients to the private sector.

Almost 30 years before, in 1963, the State Legislature had undertaken a study of mental health services that ultimately recommended providing more treatment in community-based settings rather than large hospitals and residential schools. De-institutionalization was further encouraged by a series of lawsuits in the 1970s challenging the quality of the state's institutional care. The suits led to so-called "consent decrees" in which the state agreed to upgrade its hospitals; while at the same time accelerating the process of moving patients to residential programs.⁷⁷

By 1984, the state had closed four of its largest mental health facilities and reduced the patient population at its ten remaining institutions by more than seventy-

five percent, compared to 1955 numbers.⁷⁸ De-institutionalization and the state's severe economic downturn in the late 1980s both set the stage for Pioneer's privatizing philosophy to take hold in this area.⁷⁹ Baker, who had followed the federal government's closing of military bases with interest, set out to shut down more state hospitals and privatize services at the remaining facilities as a cost-cutting measure.⁸⁰ According to a state legislative leader at the time, such an initiative would also further another of Pioneer's aims: weakening organized labor.⁸¹ According to officials of the largest union representing workers in public health care institutions, between 2,000 and 3,000 union jobs were eliminated through closing hospitals and privatizing services.⁸²

The Weld Administration's plan to close hospitals grew in part out of a 1991 Pioneer report that

critiqued the state's programs for the mentally retarded.⁸³ On the heels of the Pioneer study, Gov. Weld appointed an 18-member commission to formulate a plan for "the consolidation and closure" of institutions serving the mentally retarded, the mentally ill, and the chronically ill.⁸⁴ The commission's 100-page report, issued in June 1991, recommended shutting three public health hospitals, four schools for the retarded, and four state mental health institutions.⁸⁵ Instead of replacing them with smaller, up-to-date public facilities, the commission (much like the Pioneer report) called for transferring patients to privately-run residential programs, general hospitals, and nursing homes. The commission's report asserted that the state would not only save \$60 million annually in the cost of care, but it would be spared \$143 million in capital improvements needed to bring its hospitals up to federal standards.⁸⁶

As under-secretary of HHS, Baker (who became secretary in November 1992) was the Administration's key player in shaping the recommendations. "Charlie was the privatization guru," recalled one member of the commission, "The report was truly representative of what he wanted. He was convinced that the private sector could deliver better services more cheaply."⁸⁷ Given the deteriorating condition of the state's facilities (many of which dated to the mid-19th century) and the declining quality of care due to budget cuts, the status quo had few defenders. Changing economic times had given the private sector a fresh political perspective. It saw a financial opportunity in privatization.⁸⁸ Even the powerful real estate lobby and the private hospital association—that in the past had opposed shifting direct responsibility for the indigent and the mentally ill away from the state—took up the Administration's position. Hospitals were facing fewer admissions and shorter patient stays as managed care protocols took hold. The closing of public institutions would mean more business for the private sector.⁸⁹ A slumping economy also produced a slow down in the housing market. Rents dropped while vacancy rates rose. As a result, many landlords were eager to sign agreements with human service agencies to provide housing for residential care.

Support for the Administration's dramatic shift of patients from institutions to the community was not universal. Families of many patients were anxious about the continuity of care as people were moved from state hospitals,⁹⁰ and unions were concerned about losing jobs. The American Federation of State, County, and Municipal Employees (AFSCME), which represents hundreds of workers at

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the state's public hospitals, turned Pioneer's claim of favoring competition on its head. The union's human services coordinator argued that closing state facilities would reduce competition, not increase it. "With private health care costs spiraling out of control, it is counterproductive to turn to that system as our only option," the coordinator wrote in the special commission's final report. In a privatized system, the safety net would be riddled with holes large enough for the "the poor, the uninsured, and the chronically ill" to fall through.⁹¹

Looking back, at least one member of the commission noted that whatever Baker's stated beliefs, the full range of recommendations contained in the report were never realized. The quality of life for many former patients was definitely improved through de-institutionalization. However, others never fully benefited because the Weld Administration failed to provide the resources to meet its stated goals.⁹² Quality care in community-based programs proved far more expensive than the Administration's projections. Patients were caught in a double bind of shutting hospitals and cutting costs. One legislative study summed up the consequences with this stark assessment: "In the Administration's rush to close state facilities, clients are becoming homeless, incarcerated, or shifted to inappropriate settings."⁹³

Legislative Concerns

Indeed, a number of legislative studies reached the troubling conclusion that the Weld/Pioneer agenda was not only creating a less responsive system but also a more expensive one than the state-run programs it was intended to replace. In the mid-1990s, the Legislature's House Post Audit and Oversight Bureau issued several reports on privatization, including a scathing look at pharmacies at state-run health care institutions.

In late 1991, HHS was eager to turn state hospital pharmacies over to private business. Accordingly, the state began contracting with a for-profit firm to purchase and dispense medications. The transition was inspired by a winning entry in Pioneer's "Better Government Competition."⁹⁴

In its publication *Invitation to Change*, highlighting the various winners of the 1991 competition, Pioneer had claimed that the transition to privately-run pharmacies would mean improved service and substantial savings—more than \$800,000 a year in the state's mental retardation facilities alone.⁹⁵ In addition, a memo from the Department of

Procurement and Government Services claimed that changes in pharmacy operations at all of the state's health care facilities would yield savings of at least \$3 million a year.⁹⁶

The Post Audit Bureau report, however, found a markedly different picture, in which the Weld Administration was putting profit ahead of public good. The bureau found that in at least two instances the Administration had canceled pharmaceutical contracts and shifted business to a new vendor whose services proved to be more expensive. "The drug contracts," the report noted, "were ineptly handled, if not manipulated ... and have lead to higher costs."⁹⁷ In sharp contrast to the Administration's predictions, pharmacy costs continued to rise even while the patient census at state facilities was going down.⁹⁸

Even the person who first suggested the changes in pharmacy operation, the author of the winning entry in Pioneer's Better Government Contest, was dismayed by how poorly HHS had implemented his idea. Dennis P. Brown, a worker at a facility serving the mentally retarded, conveyed his concerns to Baker who acknowledged their validity but never moved to address them. As the Post Audit Bureau report put it, "No negative commentary, not even Mr. Brown's, resulted in any remedial action."⁹⁹

A year after its report on pharmacy privatization, the Legislature's Post Audit and Oversight Bureau published detailed findings on another aspect of privatization: direct patient care. The Bureau conducted an inquiry into a privately run psychiatric facility, the Charles River Hospital-West, and its \$7 million-a-year state contract to treat patients transferred from public mental health facilities that had been closed or downsized.

As with the pharmacies, the Weld Administration had claimed that shifting patient care to private hospitals would save money. The length of patient stays would be reduced and the state could bill the federal Medicaid program or private insurance plans for many services. State mental hospitals because, of their age and condition, were ineligible

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for third-party reimbursement.¹⁰⁰

What the Bureau found was a company in financial disarray, offering patient care that was uneven at best.¹⁰¹ Patient stays tended to be shorter than in publicly run facilities but the rate of recidivism was considerably higher. A number of patients were being repeatedly discharged and re-admitted.¹⁰² The Bureau also found that the HHS had overstated, in some cases by almost 100 percent, the federal and private insurance reimbursement that would be available to state-contracted psychiatric units.¹⁰³ The cost of privately run services was so much higher than the cost of state-run hospitals, that even with the reimbursements some rates exceeded those at a nearby state hospital by about \$30 a day.¹⁰⁴

Further, the Bureau discovered that the private sector was hiding cost overruns behind shoddy accounting practices. Charles River Hospital and its parent company, Community Care Systems, Inc., failed to pay almost \$2 million in state and federal payroll taxes, and wrote hundreds of thousands of dollars worth of bad checks to its employees. The Bureau also found a disturbing “series of close relationships” between Charles River’s consultants and the state Department of Mental Health (DMH), the branch of Baker’s HHS responsible for overseeing the hospital’s finances and patient care. A principle officer in the consulting firm hired by DMH to prepare a budget for the hospital’s psychiatric unit had previously been a vice president of the hospital’s parent company.¹⁰⁵ Meanwhile, the Bureau found that the hospital was “unable to provide certain basic safety services for most patients.”¹⁰⁶

The expansion of community-based facilities is an example of privatization advocates’ tendency to claim savings and then spend those savings to expand a private system, which otherwise could not cope with the demand placed on it. It is a diversion of resources from the public to the private sector for what appear to be ideological reasons, since no real cost savings is shown. In defense of its initiatives, the Weld Administration and Pioneer claimed that transferring public services to private contractors had saved the state more than \$273 million in less than three years. However, the chief of the Post Audit and Oversight Bureau dismissed those claims as “unsupported and unjustifiable.”¹⁰⁷

The pace of the Weld Administration’s privatization drive slowed markedly with the enactment of the 1993 Pacheco Law. Much of Pioneer’s emphasis shifted to education and the promotion of charter schools. In November of 1994, Charles Baker left his post as secretary of health and human services to

become Weld’s secretary of administration and finance, often referred to as the second most powerful position in the Administration. Five years later, in 1999, he moved to the private sector to become CEO of Harvard Pilgrim Health Care, the state’s largest health maintenance organization. Baker assumed this position as the insurance carrier was posting a \$226 million loss for the year, and was in danger of becoming insolvent.¹⁰⁸

In January 2000, the state’s highest court approved an arrangement that put Harvard Pilgrim under state receivership, giving the company protection from creditors and the state’s insurance commissioner oversight of its finances. Over the next five months, Baker undertook a number of cost cutting initiatives (including closing Harvard Pilgrim’s money losing operations in Rhode Island, leaving thousands of subscribers scrambling for coverage) and was credited with lifting the company out of its crippling debt.¹⁰⁹ By May of 2000, though still struggling, the HMO was able to satisfy the Massachusetts Supreme Judicial Court that it had gained enough stability to be free of the receivership.¹¹⁰

Despite its weak financial position, Harvard Pilgrim still managed to contribute more than half a million dollars to an insurance industry campaign in 2000 against a state ballot question on universal health care.¹¹¹ Harvard Pilgrim, and three other HMOs, also sought and received an extension from the state on filing corporate disclosure data until after the November 2000 election. Among the information the health insurers wanted to keep from voters was how much Baker and his fellow CEOs were earning.¹¹²

A month after Harvard Pilgrim was released from receivership Pioneer published a report, *An Economic History of Health Care in Massachusetts 1990-2000* that made the surprising assertion—given Pioneer’s free market ideology—that public oversight of HMOs was inadequate. The author, Dr. Jerome H. Grossman, went so far as to call for a more “rigorous system of financial oversight” built on “proper coordination among the attorney general’s office, Division of Insurance, and other state authorities.”¹¹³ Here was a Pioneer-sanctioned analysis acknowledging the failure of the “free market” and advocating increased regulation in a competitive industry.

Meanwhile, Charles Baker had expanded his policy interests beyond health care. In early 1999, he was named to the Massachusetts Board of Education. Joining the Board, which oversees the

state's entire public school system, he took a seat beside another former executive director of Pioneer, James A. Peyser.

PIONEERING EDUCATION

Since the early 1990s Pioneer has been among the leading advocates in Massachusetts for school vouchers, charter schools, and standardized testing. Associates of the Institute have also assumed a leading role in the opposition to bilingual education.

Through a constant output of books, lectures, and op-ed pieces, Pioneer has played a major role popularizing the clever phrase "school choice." The slogan is used to promote vouchers and charter schools and implies that "choice" is a uniformly positive dynamic, rather than a funding arrangement that penalizes the vast majority of children and families who support public schools and choose to attend them.¹¹⁴

Pioneer began its campaign for school vouchers in 1991, with the publication of Abigail Thernstrom's *School Choice in Massachusetts*, in which the author argued for a pilot voucher program financed with private funds.¹¹⁵ A gradualist, foot-in-the-door approach has been the hallmark of Pioneer's voucher strategy ever since. In a 1996 talk at the Boston Economic Club, Pioneer's then executive director James Peyser outlined a plan in which "vouchers would be introduced in a limited fashion, at first" but would expand to a "universal voucher system."¹¹⁶

In the six years since Peyser's talk, Pioneer has championed vouchers in a number of forums and publications and through its public support for overturning a provision of the Massachusetts Constitution prohibiting public funds for private and religious schools. "Toppling the anti-aid amendment . . . would not automatically make vouchers a reality in Massachusetts" but it would eliminate "the biggest obstacle," Peyser wrote in a May 2000 op-ed piece in the *Boston Herald*.¹¹⁷

Despite its efforts Pioneer has failed to move its voucher initiative through the Massachusetts State Legislature, where opposition has remained strong to taxpayer subsidies for religious schools. In the summer of 2002, the Institute and its affiliates were hoping that the U.S. Supreme Court would rule favorably on a voucher case from Cleveland, thus opening the door to its voucher policies in Massachusetts.¹¹⁸

In 1996 Pioneer published *Bilingual Education in Massachusetts: The Emperor Has No Clothes*.¹¹⁹ Written by authors with no direct experience in ele-

mentary or secondary education, nor in teaching bilingual classes, the book recommended that the existing mandate to provide bilingual programs be eliminated and school districts be allowed to simply provide "a structured immersion program" targeted to children with limited English proficiency.¹²⁰ In a critique of the book, bilingual education advocates asserted that it was based on "misleading statistics, unsupported conclusions and embarrassing errors of fact."¹²¹

Although Pioneer has not taken an official position on bilingual education, a number of its associates actively support an anti-bilingual ballot question facing Massachusetts voters in November 2002. Massachusetts was the first state in the country to establish comprehensive bilingual education programs more than 25 years ago, leading to a dramatic increase in high school graduation rates among immigrant children. Bilingual programs seek to teach children core academic subjects in their native language while they gain fluency in English. Almost 65 percent of Massachusetts bilingual students move to regular classrooms within three years.¹²² Most of those who remain longer are children with learning disabilities.

Wealthy California businessman, Ron Unz, who led a similar campaign in California, and has spoken at Pioneer on bilingual education issues, heavily supports the Massachusetts anti-bilingual education ballot initiative. Titled, "An Act relative to the Teaching of English in Public Schools," the initiative seeks to replace existing bilingual education programs with special English-only classes generally for one school year.¹²³ Under this proposal the classes could contain students who vary in age and language background. In addition to concerns about the educational soundness of the proposal, opponents have strongly criticized a provision opening teachers, administrators, and elected officials to punitive lawsuits should they refuse to implement the law. This could mean being sued for even occasionally instructing children in their native language. If found liable, an educator could be required to pay damages and legal fees to a child's parents or guardian and be

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barred from employment in any public school district for five years. Any court-awarded damages would have to come from a defendant's own pocket because the proposed law specifically prohibits payments from any "public or private third party" such as a municipality, insurance company, or union. Under this initiative, parents or guardians would retain the right to sue until a child is 18, perhaps years after completing their language acquisition program.¹²⁴

Major figures associated with Pioneer were quick to contribute to the Unz initiative. In the first

Pioneer's general education agenda has been carried forward by a broad group of affiliates and interconnected foundations that control a deep reserve of dollars. Three years before the opening of the first charter schools in Massachusetts, William Ederly, retired banker and Pioneer board member, saw the value of a pressure group that would make Pioneer's case to state legislators.

few months of the campaign, Raymond Stata, the CEO of a signal processing equipment manufacturer, and a major contributor to Pioneer board member William Ederly's charter school lobbying group, Partnership for Better Schools, contributed \$50,000. Lovett "Pete" Peters, chair of Pioneer's board of directors contributed \$10,000, while board members Thomas P. McDermott and Lawrence Coolidge, husband of board member Nancy Myers Coolidge, each put in \$5,000.¹²⁵ In a symbolic show of support for the initiative, a number of other Pioneer affiliates were among the petition's first signatories.¹²⁶ These included Christine Roselle, co-author of the Pioneer-published *Bilingual Education in Massachusetts*, Stephen Thernstrom, husband of Abigail Thernstrom (a member of Pioneer's board of academic advisors), and Thomas P. McDermott and his wife, Maria McDermott. Roselle joined Ron Unz in launching the campaign at a Massachusetts State House press conference in the fall of 2001.

Pioneer's general education agenda has been carried forward by a broad group of affiliates and interconnected foundations that control a deep reserve of dollars. Three years before the opening of the first charter schools in Massachusetts, William Ederly, retired banker and Pioneer board member, saw the value of a pressure group that would make Pioneer's case to state legislators. Building on the list of wealthy Pioneer contributors, Ederly, assisted by Steven Wilson (then Pioneer's codirector), made phone calls, sent letters, and made personal contact with bankers, industrialists, developers and other

affluent, influential figures across the state, asking them to sign on to a loose-knit lobbying effort.¹²⁷ Well-represented in the group are partners or high ranking officers in blue chip firms such as Raytheon, Data General, Genzyme, Arthur D. Little, the Cabot Industrial Trust, and the Massachusetts High Technology Council.

The group, called CEO's for Fundamental Change in Education, does not indulge in garish advertisement campaigns or support glad-handing lobbyists. It simply uses the quiet, persuasive power of big money. Members get a call or a note from William Ederly advising them that it's time to phone their state senators and representatives and ask where they stand on pending charter school legislation. Or members may pass along a favorable charter school study or report, often one generated by the Pioneer Institute itself, to legislators.

CEO's for Fundamental Change in Education was particularly effective in 1997, when it helped persuade key legislative leaders to double the number of charter schools in the state from 25 to 50.¹²⁸ And, again in 2000, CEO's and other pressure groups succeeded in boosting the number to 120. As part of the 2000 charter school campaign, CEO's published a handsomely designed booklet, *Every School a Winner*, praising charter schools and the funding mechanism that supports them.¹²⁹ The booklet, paradoxically, describes charter schools as embodying both increased autonomy and increased accountability.¹³⁰ In one section, the author praises the contributions of for-profit companies, writing that "Education management companies deliver an effective education efficiently by providing their services to national networks of schools ..." ¹³¹ And that "This enables them to make substantial investment in innovation because the investments are spread over a number of schools. Further efficiency is gained by volume purchasing of textbooks, busing services and other school needs."¹³²

For-profit companies, the booklet notes, run 10 of the 37 Commonwealth charter schools in Massachusetts.¹³³ Significantly, those 10 schools, operated by 4 firms—Advantage, Beacon Education Management, Edison, and SABIS Educational Systems—enroll more than half of the 12,500 children attending the state's charter schools.¹³⁴ Because of the higher tuition rates in the districts where they are located, those company-run schools take in more than half of all the public money allocated to the charter schools.¹³⁵

Every School A Winner's celebration of corporate economies of scale is somewhat ironic, because

another section of the report is titled “Charter Public Schools Are Grassroots Innovation Systems.” Other jarring ironies characterize the booklet—notably the facts omitted and the details included. Although seemingly a thoroughly researched piece, *Every School a Winner* curiously neglects to mention in its praise of for-profit education companies that a Pioneer board member (William Edgerly) and a former Pioneer codirector (Steven Wilson) had themselves founded one of the companies mentioned, Advantage Schools, and stood to financially benefit from favorable regulations, generous tuition reimbursement and growth opportunities. The booklet also fails to mention that Advantage and two other charter schools had underwritten a substantial portion of Edgerly’s lobbying efforts.¹³⁶

Not content with the quiet influence of CEO’s for Fundamental Change, Edgerly organized and arranged funding for other lobbying groups, which would not work behind the scenes but quite publicly. In 1998, Edgerly established the Partnership for Better Schools and set as its first goal the passage of legislation to more than double the number of charter schools in Massachusetts.¹³⁷

Like Edgerly’s other efforts, this too was graced with a touch of irony. For the “partnership” was little more than three for-profit companies—Edgerly’s Advantage Schools, SABIS, Inc., and Edison Schools—collaborating to secure their agenda from the state Legislature.¹³⁸ The nucleus of the group’s board of directors is Edgerly, Christopher Cerf, a well-connected Washington lawyer and Edison’s chief operating officer, and Michael Glickman, a consultant for SABIS and former principal of a SABIS school in Springfield, Massachusetts, which was cited by the state’s Inspector General for profiteering at public expense.¹³⁹ Together the three for-profits bankrolled the first year’s lobbying effort with a total of \$120,000.¹⁴⁰

The Partnership website presents an altruistic organization intent only on bettering the lives of children. “The organization,” reads a welcoming message, “is comprised of parents, educators, community leaders, business leaders, and other concerned individuals who share a commitment to improving public education.”¹⁴¹ Visitors to the site are encouraged to sign up for a free membership and urged to write their legislators and local newspaper supporting the creation of more charter schools. The website even posts sample letters suggesting writers include such phrases as “The charter school movement is vital to the effectiveness” of the state’s education reform and “Charter schools offer...

choice, autonomy and accountability.”¹⁴² Nowhere does it mention profitability.

While the Partnership for Better Schools was cultivating a grassroots image, most of the money poured in by the for-profits was going to pay a high-priced lobbying firm, Cassidy Associates, to lobby in the Massachusetts State House.¹⁴³ Edgerly was also instrumental in starting yet another lobbying effort called Action for Children’s Education, composed largely of charter school parents. He channeled a total of \$50,000 to the group in 1998 and 1999, through a tax-exempt organization he and his wife set up with the State Street Bank in the early 1990s, the Foundation for Partnerships Trust (FPT).¹⁴⁴

As an advocate for charter schools and other Pioneer-supported education initiatives, Edgerly may be the best known of the Institute’s board members. Many business, and civic groups, and the state’s Department of Education have recognized his activism in support of a controversial standardized testing program for public school children. Edgerly has been lionized by the *Boston Globe* as a man with a sense of public mission. However, for all his activism, access to money, and behind-the-scenes power brokering, another member of Pioneer’s board may exceed Edgerly’s impact on the charter school movement.

Nancy Myers Coolidge joined the board of directors of Pioneer in the late 1990s. Her work—and that of her husband Lawrence Coolidge—on behalf of charter schools began a few years earlier. In 1997, the Coolidges established an advocacy organization with the inclusive-sounding name of Citizens United for Charter Schools.¹⁴⁵ With somewhat more than \$100,000, the bulk of which was donated by the Coolidges and three other affluent citizens, the organization hired a director to lobby the State House and the media, and made substantial contributions to several charter schools.¹⁴⁶

Meanwhile, Lawrence Coolidge was providing the charter initiative a quieter but equally direct form of assistance. Coolidge is a partner in the Boston investment house of Loring, Wolcott & Coolidge, which provides personal financial services and estate planning to wealthy Bostonians. The firm claims to be managing more than five billion dollars in assets.¹⁴⁷ Its minimum client account is \$1 million.¹⁴⁸ As it happens, Coolidge and his partner, Peter B. Loring, are two of three members of the board of trustees for a sizeable foundation called the George H. & Jane A. Mifflin Memorial Fund. Through his position as lead trustee, Coolidge has helped steer hundreds of thousands of dollars in Mifflin money to

the Pioneer Institute, and to a majority of the charter schools in the state.¹⁴⁹

In 1999, Pioneer began the Massachusetts Charter School Development Initiative, which was intended to help eight urban charter schools hire professional fund-raisers and tap into private money to build a competitive edge over public schools. In launching the initiative, Pioneer turned to the Mifflin Memorial Fund, which granted almost \$400,000, ten times more than it gave to any other group that year, and perhaps the largest gift in its history.¹⁵⁰ The money has enabled

In 1999, Pioneer began the Massachusetts Charter School Development Initiative, which was intended to help eight urban charter schools hire professional fund-raisers and tap into private money to build a competitive edge over public schools. In launching the initiative, Pioneer turned to the Mifflin Memorial Fund, which granted almost \$400,000, ten times more than it gave to any other group that year, and perhaps the largest gift in its history.

the eight schools not only to bring development directors on board, but also to create long-term fundraising strategies that few public schools have the time or the resources to undertake.

Bankrolling the development initiative has been only part of the Mifflin Fund's generosity. Beginning in 1998, Mifflin has made grants to more than 21 individual charter schools, dispensing grants totaling well over \$1.6 million.¹⁵¹ Coolidge's largesse has enabled these schools to spend as much as \$1,000 more per student than the local public schools.¹⁵² Among the most fortunate recipients has been the Neighborhood House Charter School in Boston, founded by Kristen McCormack, a member of the board of directors of both Nancy and Lawrence Coolidge's Citizens United and Edgerly's Partnership for Better Schools.¹⁵³

The Community Day Charter School in Lawrence has also been a notable beneficiary of the Fund.¹⁵⁴ The school's executive

director, Sheila Balboni, is a member of the board of Edgerly's Partnership for Better Schools,¹⁵⁵ as well as the president of the Massachusetts Charter School Association for 2002. South Boston Harbor Academy Charter School has also done well, netting grants of about \$100,000 between 1998-2001.¹⁵⁶ The school's founder and principal, Brett M. Peiser, worked as a research assistant at the Pioneer Institute and, in 1997, co-authored a book, published by Pioneer, that promotes inter-district school choice and the dynamics of the "free market."¹⁵⁷

The Charter School Network

Though vast in assets and impressive in their accomplishments, the corporations and foundations supporting Pioneer's agenda are remarkably small and incestuously linked. Far from being grassroots, the charter school movement in Massachusetts is dominated by a handful of people. Huge sums of money move through a revolving door between the public and private sectors, simultaneously advancing several of Pioneer's priorities. These connections merit some attention.

The Massachusetts Charter School Office, a section of the Department of Education, is, itself, a case study in ideological inbreeding. Ostensibly responsible for overseeing charter schools to ensure the soundness of their academic and financial operations, the Office has functioned more as cheerleader than regulator. Scott Hamilton, who replaced James Peyser as the Office's director in 1996, arrived in Massachusetts from the rightist Hudson Institute, where he worked with Chester Finn, Jr., a former education official in the first Bush administration and a leading national figure in promoting charter schools.¹⁵⁸ When Hamilton left his post in Massachusetts, he joined a conservative foundation in San Francisco bankrolled by profits from the clothing chains Old Navy and The Gap, promoting charter schools in California.¹⁵⁹ Edward Kirby, one of Hamilton's assistants at the Massachusetts Charter School Office now directs a wing of the Walton Family Fund, where he oversees generous grants to start and sustain charter schools,¹⁶⁰ and also serves with James Peyser on Pioneer's Charter School Resource Advisory Board.¹⁶¹ The Walton Family Fund, funded by profits from the Wal-Mart chain, is among the country's biggest foundations, with assets of well over half a billion dollars.¹⁶² Another of Hamilton's co-workers at the Charter School Office left to become director of government relations at SABIS Education Management, a firm that at the time operated three of the largest charter schools in Massachusetts.¹⁶³ To complete the circle, Hamilton's replacement at the Department of Education, as undersecretary in charge of charter schools, arrived fresh from the Hudson Institute, and, in 2001, Rebecca Wolf, a staffer from Pioneer's Charter School Resource Center, moved to the Massachusetts Charter School Office to become director of accountability.

The close relationship between several Pioneer causes and its major contributors also bears noting. As stated above, in 1998 the Walton Fund poured

almost \$175,000 into the Pioneer Institute, while giving \$100,000 to a charter school in Malden run by Steven Wilson and William Edgerly's company, Advantage Schools.¹⁶⁴ The fund gave \$100,000 to a charter school in Plymouth run by Beacon Education Management and \$142,500 to the South Boston Harbor Charter School, run by former Pioneer Institute staffer Brett Peiser.¹⁶⁵ In the same year, Walton poured hundreds of thousands more into individual charter schools and several state-level charter school resource centers around the country.¹⁶⁶ It also gave a boost to the Hudson Institute with a \$25,000 gift.¹⁶⁷

William Edgerly's Foundation for Partnerships Trust (FPT) has not only donated generously to charter school advocacy groups and contributed thousands directly to Pioneer, but also has poured \$50,000 a year into promoting the state's Massachusetts Comprehensive Assessment System (MCAS) test.¹⁶⁸ The exam has been widely criticized by many parents and teachers who believe that standardized tests are too narrow a gauge to accurately measure students' overall ability, particularly those students with learning disabilities or a limited command of English; and hence the MCAS should not be used to determine graduation from one class to the next or high school graduation. Edgerly's FPT has funded the widely publicized "Edgerly Awards" — \$10,000 gifts made each year to 5 principals whose schools show substantial improvement on their test scores.¹⁶⁹ A study by the National Center for Fair and Open Testing asserted that the Edgerly Awards were "based on largely meaningless single-year score gains." The study showed that of the five schools receiving awards in 1998, four posted lower scores the following year with the percentage of students scoring at higher levels dropping while the percentage of students scoring lower (including "failing") rose.¹⁷⁰ Dollars from the FPT also flow to groups across the country, such as the Evergreen Freedom Foundation and the National Right to Work Legal Defense Fund, that push privatization and opposition to organized labor.¹⁷¹

John Davis is another charter school activist with connections to several Pioneer projects. He has been a member of Pioneer's charter school resource center advisory committee and the advisory board of CEO's for Fundamental Change in Education, sits on the board of a charter school and, perhaps most significantly, controls the heavily endowed George and Irene Davis Foundation. In 1998 and 1999, the foundation gave Pioneer a total of \$75,000.¹⁷²

Like Edgerly's Foundation for Partnerships Trust

and the Mifflin Memorial Fund, the Davis Foundation has poured thousands into the political and public relations effort to promote the MCAS test in the state's public schools. Both the Davis Foundation and Mifflin Memorial Fund have donated generously to an organization called Mass Insight Education and Research Institute that has led the lavishly funded MCAS promotion campaign.¹⁷³ Though politically and educationally controversial, MCAS is a critical piece of Pioneer's charter school initiative.

Selling Charter Schools

In news articles, op-ed pieces, and its own handouts, Pioneer has taken every opportunity to favorably contrast charter school MCAS scores with those of public schools.¹⁷⁴ "The Facts about Charter School Performance," a 2000 Pioneer publication, boasted that 10 charter schools had "outperformed the district" schools on MCAS.¹⁷⁵ While essentially a cynical document exploiting children's struggles on a flawed exam, the "fact sheet" also manipulates the numbers.¹⁷⁶ Pioneer's assertions are in stark contrast to data compiled by the state Department of Education showing that 17 of the 22 charter schools it studied had "failed to meet" the Department's own expectations for improvement.¹⁷⁷ Scores at 8 of the schools actually went down from their 1998 levels.¹⁷⁸ In a comparison of charter and public school MCAS

scores published by the Department of Education in 2001, 21 charters posted similar or lower scores than public schools, while only 9 posted higher scores. Of these 30 schools, 26 enrolled fewer low-income students and 25 enrolled fewer special needs students than the neighboring public school district.¹⁷⁹

Despite the fact that many charter schools have fared poorly, MCAS scores have been used against the public school system. A proposal by Beacon Education Management to open a charter school in southeastern Massachusetts in 2003 was representative of an overall anti-public school strategy. As a news article explained, "Organizers of the Northern

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Bristol County Regional Charter School say ... low MCAS scores point to the need for higher standards ... and justify parental interest in public school alternatives.”¹⁸⁰

Standardized test scores are custom-made for marketing because rankings, however arrived at, make compelling ad copy. Pioneer’s founder, Lovett C. Peters, was among the public school critics quick to grasp the promotional potential of MCAS.

Like Edgerly’s Foundation for Partnerships Trust and the Mifflin Memorial Fund, the Davis Foundation has poured thousands into the political and public relations effort to promote the MCAS test in the state’s public schools. Both the Davis Foundation and Mifflin Memorial Fund have donated generously to an organization called Mass Insight Education and Research Institute that has led the lavishly funded MCAS promotion campaign. Though politically and educationally controversial, MCAS is a critical piece of Pioneer’s charter school initiative.

Retired from the oil giant Conoco, and affluent enough to donate hundreds of thousands of dollars to Pioneer, Peters launched something of a public school acquisition effort in 2000 through what he called the Save a School Foundation.¹⁸¹ Using Department of Education data, Pioneer staff identified the Massachusetts schools with the lowest MCAS scores.¹⁸² Not surprisingly, most of them were in the poorest sections of the state’s most depressed cities, places such as Lawrence, Lowell and New Bedford, as well as parts of Boston and Springfield. Peters made a pitch to local officials for his foundation to take over a school and, with approval from the state Board of Education, convert it to a charter school for at least five years. In return the foundation would either raise the school’s MCAS scores or give the district \$1 million.¹⁸³

A reading of the fine print showed that the agreement left Save A School Foundation plenty of wiggle room. Test scores did not have to improve steadily. Nor did they have to be higher in the fifth year than the first year. Peters’ criteria for declaring success, and for keeping his \$1 million, was simply that the school score above the district average in any one of the five years.¹⁸⁴ Educationally, the proposal had little to offer. Raising MCAS scores for one year in one school would be no great accomplishment. Further, few serious educators would equate a bump in scores with improved learning. On the contrary, narrowly focusing on a single test tends to undermine inquiry and force teachers to concentrate only on material likely to be tested.

Peters’ proposal seemed much more about public relations than education. It was a dramatic new way to promote charter schools to a remarkably compliant media. The proposal had all the ingredients of a television drama with a painfully simple plot: Test scores would either go up or down. Public schools would either be winners or losers. Spicing the story was Peters’ wager—there was \$1 million on the line.

Even Pioneer’s communications staff, which had been working with the press for years, was pleased by the gushing reactions. The *Boston Globe* played the story at the top of its front page under the headline: “Foundation offers to improve schools—or pay millions.” The *Boston Herald* enthusiastically weighed in with an editorial “Exciting challenge for new charters,” applauding Peters and his foundation for helping “parents and community groups form charter schools.” As evidence of the superiority of charter schools, the *Boston Herald* cited a discredited Pioneer study claiming that charter school students earn higher MCAS scores than their public school counterparts.¹⁸⁶

For-profit charter school companies kept a low profile while Peters and Pioneer made their initial pitch, but a SABIS consultant, Michael Glickman (who was also a director of William Edgerly’s Partnership for Better Schools), soon joined Peters in his meetings with officials in the targeted communities. SABIS was so eager to land a school that it offered to put up half the million-dollar stake if it were hired as the school’s management company.¹⁸⁷

One of the biggest impediments to starting a charter school is finding a site. One charter school opened in a motel. Others have started in old stores or factories. Under Peters’ plan the site problem would be immediately solved because SABIS, or any other company, would be permitted to take over an existing school.¹⁸⁸ Even if it lost the bet, the company would nevertheless emerge as a financial winner, through management fees and other charges.

Despite a plug from the state’s Commission of Education, telling reporters that Peters’ offer “might be the catalyst to cause significant improvement,”¹⁸⁹ public school officials reacted coolly. Six months after launch, the foundation had yet to acquire a single site.

Boston Renaissance

In August 1995, Gov. William Weld, one year into his second term in office, chose the Pioneer Institute’s headquarters for a policy talk, setting

forth his Administration's priorities in the years ahead. The audience was much like Weld himself: White, male, and affluent. There were no welfare recipients or Medicaid beneficiaries, few public transit riders or public school parents, few people who depended on social security for retirement or public parks for recreation. In the surroundings of economic privilege, Weld's message had an appealing ring. His intention as governor, he said, was to cut government and promote the private sector.

"Government should do only what the private sector cannot do, and we have ample evidence that the private sector does almost everything better," he told the gathering. "I'm not arguing that government ought to do more with less: I'm saying government ought to do less with less."¹⁹⁰ Integral to Weld's strategy of ensuring that government would do "less with less" was a policy of putting valuable public assets at the disposal of private companies.

In the months before Weld's talk, his then-director of strategic planning and former Pioneer codirector, Steven Wilson, spent considerable time aiding the private sector with a nagging charter school problem. A group of parents and politically connected activists were working to start Boston Renaissance, a charter school that would become the largest in the country.¹⁹¹ At the same time, the private education management company Edison Schools Inc. was eager to open a school in Boston, where it could garner the attention of one of the country's major media markets.¹⁹² Former Senator Paul Tsongas, a centrist Democrat, helped bring the two together by suggesting to a group of Boston Renaissance parents that they explore the idea of retaining Edison to run their school.¹⁹³ The difficulty was finding a location in the city's downtown, where space was tight and rents were soaring.¹⁹⁴

Despite these challenges, just a few weeks after Weld's Pioneer talk the school opened in a freshly remodeled 14-story building just a few blocks from the city's famous Public Gardens. Best of all, Boston Renaissance had a 10-year lease, paying a first-year rent of a \$1 a square foot and rising to a maximum of \$6 a square foot, when commercial property in Boston was easily commanding \$30 a square foot.¹⁹⁵ Further, though the school, prior to opening, had no income and no collateral of any substance, it had obtained a \$12.2 million loan at favorable terms to renovate its new home.¹⁹⁶ Was this turn of events simply Edison's good fortune, an example confirming Weld's assertion that "the private sector does almost everything better," or was it another example of exploiting the public sector to advance the private?

Steven Wilson knew the answer. He had been a central player in putting the deal together. To quote his resume, he worked "closely with local founders and Edison management, arranged for the lease of a surplus state building, and identified \$12 million in build-out financing from a quasi-public agency for improvements...."¹⁹⁷ In looking for a school site, Wilson and other charter school activists had eventually settled on a property owned by the University of Massachusetts. The university had vacated the building a couple of years earlier, as part of a consolidation of programs and services at its new campus in South Boston. Through their political connections, the school's founders were able to obtain the attractive lease from the Division of Capital Asset Management and Maintenance, the public agency that oversees state property.¹⁹⁸

Before the building could serve as an elementary school, it needed extensive renovations, which were projected to cost more than \$10 million. Charters for schools in Massachusetts are granted for five years before they are up for renewal. Wilson and Edison's management team knew the school could not repay a multi-million dollar loan in five years. They also knew that no conventional lender would risk millions on a school that could, at least theoretically, lose its charter and go out of business. Wilson turned to the Massachusetts Development Finance Agency (MDFA), a quasi-public lender whose board members included several Weld appointees, and helped broker a \$12.2 million loan.¹⁹⁹ In 1999, the MDFA issued another \$20 million in bonds on behalf of the school as part of a restructuring plan that allowed Boston Renaissance, which still had no assets beyond its furniture and school supplies, to pay off the previous bond sale and buy the building at a very attractive price.²⁰⁰

Transferring public property to a private corporation, in this case the Boston Renaissance School,

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required an act of the Legislature. Charles Baker's Executive Office of Administration and Finance proved helpful, drafting the necessary bill and guiding it through the State House and Senate.²⁰¹ By one estimate, the building was worth \$12 to \$15 million in 1995 before its renovation. Boston Renaissance acquired the property at the close of 1999 for less than \$8 million.²⁰² Its supporters, including an editorial writer at the *Boston Globe* whose children attended the school for a time, asserted that Boston

As the charter school “movement” grows, it is forcing public school systems to face a new reality of “less with less.” In six years, as more charter schools have opened, the costs have increased almost 10 fold and represent one of the state’s fastest growing expenses, a financial reality Pioneer has not accurately addressed.

Renaissance was, as one *Globe* editorial phrased it, “among the triumphs of the Education Reform Act of 1993.”²⁰³ What is troubling about its history is not so much its educational offerings, although scholars have questioned Edison's curriculum and teaching methods, but the hypocrisy of the Weld Administration's claim to champion competition while eagerly exploiting the public sector to subsidize a profit-making company.

In using the public sector to subsidize Boston Renaissance, the Weld Administration may have saved Edison from collapse. The company had been struggling, accumulating debt and showing little promise of reversing its fortunes until Boston Renaissance opened in 1995. Even though its

losses have continued, Edison gained a flagship school it could show off to potential investors from across the country.

The opening of Boston Renaissance lifted Steven Wilson's fortunes as well. He left the Weld Administration in 1996 to found Advantage Schools, his own for-profit charter school company. In an unusual arrangement, the trustees of Boston Renaissance hired Wilson as an “interim manager” to work with Edison.²⁰⁴ There were no other bidders for the contract, which paid \$6,500 a month, at a time when Wilson's company was struggling with cash flow.²⁰⁵ After leaving state government in 1997, William Weld also remained close to Edison. He joined a New York-based capital formation group that was quickly moving into education ventures.²⁰⁶ In 2000, he was named to Edison's board of directors.

Charter School Realities

As the charter school “movement” grows, it is forcing public school systems to face a new reality of “less with less.” In six years, as more charter schools have opened, the costs have increased almost 10 fold and represent one of the state's fastest growing expenses, a financial reality Pioneer has not accurately addressed.²⁰⁷ When local and state charter expenses are combined, the average taxpayer outlay (because of reimbursements and higher municipal costs) for a student in charter school is almost 50 percent higher than the average cost per student in public school.²⁰⁸ Proponents of “less with less” have protected the public image of charter schools by not revealing the costly consequences of their philosophy. Instead of less they have burdened taxpayers with a huge new expense, while simultaneously taking money away from public schools.

Public and charter schools are both taxpayer-funded but the money is allocated from different sources. Public schools are underwritten by a mix of state and local dollars. Charter schools are funded entirely with money deducted from a public school district's state education aid, under a formula crafted by former Pioneer codirector Steven Wilson and approved by the former executive director of Pioneer, Charles Baker, Jr., in his role as William Weld's secretary of administration and finance.²⁰⁹

Under the formula charter schools receive the “average cost per student” in the public school district where the charter student lives. On the surface the arrangement sounds equitable, but a closer analysis shows it to be favorably skewed toward charter schools because the schools do not enroll the same cross section of students served in the public system.

Arriving at an average cost means dividing the number of students in a public school district into the district's total education expenditure, including facilities costs, bilingual and vocational programs, sports and other extra curricular activities, and special education costs which can run to tens of thousands of dollars for one child. Many charter schools only serve elementary students whose programs are less costly than those for high school students. Compared to local public schools, few, if any, charter schools serve the same percentage of bilingual or vocational students.²¹⁰ Charter schools are exempt by regulation (a regulation crafted by another former Pioneer executive director, James Peyser) from serving severely disabled children.²¹¹ Consequently, the “average cost per student” received as tuition by a

charter school is often far higher than what the neighboring public school spends on its “regular” or “average” students.²¹²

Unfortunately there is little savings to the public school system when a few children from many different grades transfer to a charter school. The fixed costs of the public system remain largely unchanged. The loss of state funds forces the public system to either cut programs and staff or seek additional funding from the community, usually through a property tax increase. This choice between higher taxes or fewer educational services creates a vicious cycle of demand, in which every cutback in the public system—each increase in class size or program eliminated—makes charter schools, which are generously funded and free to limit enrollment, seem more attractive. And, Pioneer has been adept at fostering and exploiting that attraction. For the thousands of Massachusetts children who like their public schools and want to remain in them, for the thousands of children with disabilities who depend on the public system, and for everyone who believes in the value of inclusive institutions, the consequences of the Pioneer Institute’s agenda are dire indeed.

CONCLUSIONS

Despite the complexity of much of the Pioneer Institute’s policy work, their primary emphasis is simple—government should focus on outcomes and should be accountable for those outcomes. Focusing on accountability means that providers should be allowed to fail and be replaced. Combined with the assumption of all free-market advocates that the private sector is inherently more efficient, accountability in this view necessarily leads to private provision of services formerly provided by government.

However, the reality in Massachusetts conflicts with theory. The effort of Pioneer affiliates such as James Peyser, chairman of the state Board of Education, to protect charter schools from competition and shield them from meaningful accountability, illustrates free-market advocates’ reluctance to stick to their ideological agenda when a political goal is involved.

When Pioneer policy initiatives focus on outcomes, questions of process tend to be overlooked. The Institute regularly advocates letting providers dictate the means of providing services, as long as they get the job done and the cost is as low as possible. Advocating “manager’s prerogative,” Pioneer usually opposes unions, such as the Massachusetts

Teachers Association, which are the watchdogs of “process.” In other cases of the market’s failure to improve government services, such as charter schools’ lackluster MCAS results, Pioneer has used spin control and misleading analysis to explain the failure. The lack of an alternative source of analysis has compounded the problem.

Massachusetts’ experience with Pioneer’s privatization agenda yields a number of lessons. First, the libertarian agenda does not provide a comprehensive model for provision of services traditionally provided by government. Though there is room for some government service privatization without loss of efficiency and equity, this is the exception rather than the rule. One rule of thumb for assessing the benefits of privatization should always be that it provides a positive impact on economically disadvantaged sections of the population. Only the government, not the private sector, is obligated to serve and protect the entire society.

Second, the scarcity of viable privatization initiatives should cause policy-makers nation-wide to be skeptical of privatization rhetoric and of the near-consensus idea that the private sector is necessarily more efficient. In Massachusetts, it has been difficult to show savings that are not based on undercutting government and union wages, transferring costs onto other payers, such as the federal government, or decreasing service provision—all of which have multiple adverse impacts. None of these methods of cost cutting are examples of legitimate savings based on “innovation,” “flexibility,” or other rhetorical catchwords.

A third lesson is that sound legislation formed through cooperation between community groups, labor, and the government, such as the Pacheco Law, can provide a check on unsound privatization initiatives driven by libertarian free-market rhetoric, while allowing valid initiatives to be implemented.

And finally, the Pioneer Institute experience illustrates how unions and liberal politicians have been put on the defensive in, arguably, the most liberal state in the country. This shows how effective a policy institute can be in shaping the political-

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economic climate in a state, even if the institute is relatively small. In the case of Massachusetts, the Pioneer Institute's effectiveness might be greatly diminished if it were not operating in a vacuum. In order to create a more productive and less skewed policy dialog in Massachusetts, liberal and progressive policy institutes must provide proposals to counter the rightist proposals generated by the Pioneer Institute. Further, liberal and progressive groups should be proactive in promoting new measures—and strengthening existing ones—that seek to achieve social and economic justice, rather than exclusively reacting to rightist initiatives.

As we said at the outset, rightist think tanks and policy institutes have wielded significant clout in various states across the country. The Pioneer Institute is an example of the influence they wield and the effect they have on state level public policy. The political support Pioneer has received from the state's conservative governors and political leaders, and the financial backing of corporations and conservative foundations has in no small measure enabled it to achieve this level of influence and effectiveness, even in a liberal state such as Massachusetts. Other rightist think tanks in the two overlapping networks that span the country operate in even more hospitable territory.

While there are a number of similar progressive and liberal institutes at the state level, there are simply not enough.²¹³ And those that do exist are not adequately funded.²¹⁴ The liberal State Fiscal Analysis Initiative (SFAI), with 22 member organizations, receives less than \$3 million a year from its 4 major funders.²¹⁵ The Western States Center, which

serves 8 western states, has only 5 senior staff members.²¹⁶ Compare this with one right-wing think tank, such as the Claremont Institute, which showed revenue of over \$7 million for 1998 alone, and spent over \$2 million on its programs.²¹⁷

Despite such overwhelming odds, institutes such as the Oregon Center for Public Policy and the Center for Public Policy Priorities in Austin, Texas, are engaged in researching and formulating progressive policy options.²¹⁸ Alongside such institutes, there are statewide or regional coalitions of progressive and liberal groups that are engaged in providing resources and training to activists fending off numerous right-wing attacks on racial, economic, and gender justice. The Colorado Progressive Coalition, the South West Organizing Project, Northeast Action, the Highlander Center for Research and Education, and the Southern Catalyst Network are just a few stellar examples of such groups. National level institutes such as the Applied Research Center (ARC), the Institute for Policy Studies, and the Economic Policy Institute are in the forefront of analyzing government policies from a progressive lens and providing progressive alternatives, as are networks such as the SFAI and the Economic Analysis and Research Network. The ARC's Transnational Racial Justice Initiative program recently released a scathing report on the United States' compliance with the International Convention on the Elimination of All Forms of Racial Discrimination focusing on, among others, some of the very issues dealt with by this report—health care and education policy.²¹⁹ However, as always, much more needs to be done to increase the political effectiveness of liberal and progressive public policy institutes, including increasing financial support, better sharing of information and experience, more networking across issues, improved public and media education, and long term coalition-building across lines of race, class, gender, sexuality, and age. Until this work is done, the public policy debate at the state level will continue to be dominated by the voices and positions of the political Right.

And finally, the Pioneer Institute experience illustrates how unions and liberal politicians have been put on the defensive in, arguably, the most liberal state in the country. This shows how effective a policy institute can be in shaping the political-economic climate in a state, even if the institute is relatively small. In the case of Massachusetts, the Pioneer Institute's effectiveness might be greatly diminished if it were not operating in a vacuum. In order to create a more productive and less skewed policy dialog in Massachusetts, liberal and progressive policy institutes must provide proposals to counter the rightist proposals generated by the Pioneer Institute.

End Notes

- ¹ See Frederick Clarkson, "Takin' It to the States: The Rise of Conservative State-Level Think Tanks," *The Public Eye*, vol. 13, nos. 2/3 (Summer/Fall 1999), pp. 1-13, 5. See also, National Committee for Responsive Philanthropy, *Special Report, Burgeoning Conservative Think Tanks* (Washington, DC: National Committee for Responsive Philanthropy, 1991), Sally Covington, *Moving a Public Policy Agenda: The Strategic Philanthropy of Conservative Foundations* (Washington, DC: National Committee for Responsive Philanthropy, July 1997), and David Callahan, *\$1 Billion for Ideas: Conservative Think Tanks in the 1990s* (Washington, DC: National Committee for Responsive Philanthropy, March 1999).
- ² Clarkson, op. cit.
- ³ See David Callahan, "Clash in the States: Can progressive non-profits match their conservative rivals?" *The American Prospect*, vol. 12, no. 11 (June 18, 2001), pp. 28-30.
- ⁴ Jean Stefancic and Richard Delgado, *No Mercy: How Conservative Think Tanks and Foundations changed America's Social Agenda*, (Philadelphia: Temple University Press, 1996), p. 3.
- ⁵ Clarkson, op. cit., p. 3.
- ⁶ Callahan, "Clash," p. 28.
- ⁷ Ibid.
- ⁸ See Arlene Stein, *The Stranger Next Door: The Story of a Small Community's Battle over Sex, Faith, and Civil Rights* (Boston: Beacon Press, 2001), p. 2.
- ⁹ William Weld was elected governor in 1990 and re-elected in 1994. He resigned in 1997 when President Clinton nominated him as ambassador to Mexico (he was never confirmed by the Senate), and Lieutenant Gov. Paul Cellucci became acting governor. Cellucci won election as governor in 1998 and resigned in 2001, when he was named ambassador to Canada. With Cellucci's resignation, Lieutenant Gov. Jane Swift became acting governor.
- ¹⁰ Jean Hardisty, *Mobilizing Resentment: Conservative Resurgence from the John Birch Society to the Promise Keepers* (Boston: Beacon Press, 1999), p. 164.
- ¹¹ Ibid.
- ¹² See Sara Diamond, *Roads to Dominion: Right-Wing Movements and Political Power in the United States* (New York: Guilford Press, 1995), pp. 123-124.
- ¹³ Although Swift had opposed gay marriage, she at the same time had selected openly gay legislator Patrick Guerriero to be her running mate for the 2002 elections. Swift withdrew from the race in March 2002. Guerriero followed suit.
- ¹⁴ Further, Weld ran against John Silber, who while a registered Democrat, alienated many progressives and liberals with his opposition to organized labor, bilingual education, and gay rights.
- ¹⁵ Pioneer rejects labels such as conservative. Pete Peters noted that he did not like conservative because it implied supporting the status quo. He claimed that they were radical. Steve Wilson said that he never considered himself to be conservative. Pioneer has reached out to Republicans and Democrats for its board, and Peter Nessen, a Democratic former board member asserted that the label conservative is applied to Pioneer because of its close association with the Weld Administration. Pete Peters claimed that "we wanted to be non-partisan.... After all, the Weld administration is an anomaly in Massachusetts politics. One day, we're going to have a Democratic governor, and we hope to be able to offer him ideas." Esther Scott, "Going Against the Grain: A 'Conservative' Think Tank in Massachusetts," John F. Kennedy School of Government Case Program, 1998, p. 21.
- ¹⁶ Charles D. Chieppo, "MBTA fare hike is fair deal," *Boston Herald*, July 6, 2000. See <http://www.pioneerinstitute.org/research/opeds/mbtafare.cfm> Chieppo is director, Shamie Center for Restructuring Government at Pioneer.
- ¹⁷ See Charles D. Chieppo, "Convention center facts vs. fictions," *Boston Herald*, July 23, 2001, p. 23.
- ¹⁸ See Frank Phillips, "Court staffing faulted," *Boston Globe*, December 2, 2001, p. A1.
- ¹⁹ Scott, "Going Against," op. cit., p. 2.
- ²⁰ Ibid., p. 3.
- ²¹ Ibid., p. 2.
- ²² Ibid.
- ²³ Ibid., p. 5.
- ²⁴ Pioneer's first three employees were Peters, Virginia Straus, who was in the Dukakis Administration, and Charles Baker, Jr. Charles Baker, Jr., the son of Northeastern University professor Charles Baker, was a Weld Administration appointee. Both Bakers serve on the board of Pioneer. Charles Baker, Jr., was also executive director of Pioneer. He also held several appointed positions in two Republican Administrations before taking on the leadership of Harvard Pilgrim Healthcare (Massachusetts's largest health maintenance organization) in 1999.
- ²⁵ Scott, "Going Against," p. 4.
- ²⁶ Pioneer Institute, *Annual Report 2001* (Boston: Pioneer Institute for Public Policy Research, 2001), pp. 14-15.
- ²⁷ Ibid., p. 14.
- ²⁸ Derk Arend Wilcox, ed., *The Right Guide: A Guide to Conservative, Free-Market, and Right-of-Center Organizations* (Ann Arbor: Economics America, Inc. 1999), p. 277.
- ²⁹ See Pioneer Donor Roster for January 1988-December 1990
- ³⁰ See http://www.statestreet.com/annual/obrowser/additional_information/executive.htm
- ³¹ See <http://www.jhancock.com>
- ³² See <http://www.libertymutual.com/about/corporate.html>
- ³³ See http://www.cambridgetrust.com/index_helpful.html
- ³⁴ See <http://www.nationalcouncil.org>
- ³⁵ See <http://www.atlasusa.org>
- ³⁶ See Walton Family Foundation, 1998 and 1999 Federal Tax Return, Attachment to Form 990.
- ³⁷ John C. Rennie, Personal interview, November 18, 2000. Rennie was one of the architects of the state's Education Reform Act of 1993, and, before his death in 2001, was the long-time president of the Massachusetts Business Alliance for Education, an industry group committed to strengthening public schools. He repeatedly noted that Pioneer's attack on public schools and promotion of charter schools was motivated, in part, by a desire to "bash the unions," particularly the Massachusetts Teachers Association. Pioneer's hostility to organized labor is also evident in many of its conference proceedings and publications, such as Steven F. Wilson's *Reinventing the Schools: A Radical Plan for Boston*, (Boston: Pioneer Institute for Public Policy Research, 1992), pp. 132-143. Pioneer's participation in the Right's attack on unions is also spelled out in an analysis of the State Policy Network, to which Pioneer has belonged, in *The Real Story Behind Paycheck Protection*, (Washington, D.C.: National Education Association, 1998). Wal-Mart's hostility to organized labor is the subject of a number of research projects by the United Food and Commercial Workers. See <http://www.walmartwatch.com>. Bill Quinn notes that Wal-Mart is "a company that is anti-union to the core." See Bill Quinn, *How Wal-Mart is Destroying America* (Berkeley: 10 Speed Press, 2000), p. 49.
- ³⁸ See the rather ironically titled, Attiat F. Ott and Wayne B. Gray, *The Massachusetts Health Plan: The Right Prescription?* (Boston:

- Pioneer Institute for Public Policy Research, 1988).
- ³⁹ Scott, "Going Against," p. 7.
- ⁴⁰ Ibid.
- ⁴¹ June O'Neill, *Work and Welfare in Massachusetts: An Evaluation of the ET Program* (Boston: Pioneer Institute for Public Policy Research, 1990).
- ⁴² <http://www.pioneerinstitute.org/about/history>
- ⁴³ <http://www.pioneernet.org/>
- ⁴⁴ Robert W. Poole, Jr., "Privatizing Logan Airport," in Jeremiah Cole and Virginia Straus, eds., *Invitation to Change* (Boston: Pioneer Institute for Public Policy Research, 1991), pp. 7-14.
- ⁴⁵ See Herman S. Leonard, *By Choice or By Chance? Tracking the Values in Massachusetts Public Spending* (Boston: Pioneer Institute for Public Policy Research, 1992).
- ⁴⁶ "Why was Massachusetts the Nation's Biggest Spender? State places a high value on human services, and in the 1980s paid a price for it," *Boston Globe*, April 19, 1992, p. A18.
- ⁴⁷ Leonard, *By Choice*, op. cit., p. 92.
- ⁴⁸ Ibid., p. 95.
- ⁴⁹ John E. Chubb and Terry M. Moe, *Politics, Markets, and America's Schools* (Washington, DC: Brookings Institution, 1990).
- ⁵⁰ Abigail Thernstrom, *School Choice in Massachusetts* (Boston: Pioneer Institute for Public Policy Research, 1991).
- ⁵¹ Wilson, *Reinventing the Schools*, op. cit., pp. 32-33.
- ⁵² Ibid., pp. 116-122.
- ⁵³ Steven F. Wilson, *Curriculum Vitae*, 1996.
- ⁵⁴ For a detailed look at Pioneer affiliates' far-reaching influence on education policy in Massachusetts see, "Privatization of Education in Massachusetts," at <http://www.masslaborparty.org>.
- ⁵⁵ Paul Starr, *The Limits of Privatization* (Washington: Economic Policy Institute, 1987), p.1.
- ⁵⁶ Robert Melia, *Private Contracting in Human Services* (Boston: Pioneer Institute for Public Policy Research, 1997). See also, <http://www.pioneerinstitute.org/research/whitepapers/wp03.cfm>
- ⁵⁷ Melia was vice-president of the Government Operations Group — at Maximus, a for-profit welfare management company that was fined \$480,000 for misuse of TANF funds. He later became vice-president of Policy Studies Inc.
- ⁵⁸ Starr, *Limits*, op. cit., p. 4
- ⁵⁹ Elliott D. Sclar, K. H. Schaeffer, and Robert Brandwein, *The Emperor's New Clothes: Transit Privatization and Public Policy* (Washington: Economic Policy Institute, 1989), p. 16.
- ⁶⁰ Senator Marc Pacheco, Personal interview, November 9, 1999.
- ⁶¹ *Center for Restructuring Government Newsletter*, vol. 1, no. 1 (March 1997), p. 1.
- ⁶² *Center for Restructuring Government Newsletter*, vol. 3, no. 2 (June 1998), p. 1.
- ⁶³ Ibid., p. 3. The 1998 winner was Judge Daniel Winslow's commentary on streamlining the state's court system. This included recommendations to "fast-track" certain civil procedures and shift the pay scale for support staff from a seniority-based system to one based on "performance."
- ⁶⁴ The Pacheco Law was officially called An Act Providing for the Delivery of State Services in a Fiscally Responsible Manner and came into effect in December 1993.
- ⁶⁵ Shawni Littlehale, "Massachusetts Law Stops Competitive Contracting in its Tracks," *Center for Restructuring Government Newsletter*, vol. 1, no. 2 (August 1997), p. 1.
- ⁶⁶ Ibid.
- ⁶⁷ Ibid.
- ⁶⁸ Charles D. Chieppo, "SJC Makes Pacheco Law Bulletproof," *Boston Herald*, February 28, 2000. See also, <http://www.pioneerinstitute.org/research/opeds/bulletproof.cfm>
- ⁶⁹ Littlehale, "Massachusetts Law," op. cit.
- ⁷⁰ Pacheco, interview, op. cit.
- ⁷¹ Ibid.
- ⁷² Ibid.
- ⁷³ Ibid.
- ⁷⁴ Ibid.
- ⁷⁵ Ibid.
- ⁷⁶ Ibid.
- ⁷⁷ Fred Altaffer, Mary Remar, et al., *Changing Roles of Institutional Treatment in Massachusetts, 1970-1981: Implications for Staffing Policies* (Boston: Massachusetts Department of Public Health, 1987), p. 13.
- ⁷⁸ Carole C. Upshur, Paul Benson, et al., "Closing State Mental Health Hospitals in Massachusetts," *International Journal of Law and Psychiatry*, vol. 20, no. 2 (1997), pp. 199-217, 201.
- ⁷⁹ Ibid.
- ⁸⁰ Carole C. Upshur, Personal interview, December 2001. Upshur, a professor at the University of Massachusetts' Medical School, was a member of the governor's Special Commission on the Consolidation of Health and Human Services Institutional Facilities.
- ⁸¹ William P. Nagle, Jr., Personal interview, September 14, 2001. Nagle served in the Massachusetts Legislature from 1972-2000. During the early 1990s he chaired the House Post Audit and Oversight Committee, which investigated a number of privatization initiatives.
- ⁸² Linda Corcoran, Personal interview, February 5, 2002. Corcoran is on the staff of the American Federation of State, County, and Municipal Employees, Council 93, based in Boston.
- ⁸³ Edward Moscovitch, *Mental Retardation Programs: How Does Massachusetts Compare?* (Boston: Pioneer Institute for Public Policy Research, 1991), pp. 85-89. Moscovitch argued that the state should contest the consent decrees of the 1970s and move patients out of state facilities more quickly and encourage privately-run residential programs rather than state-run facilities with union workers because they were less expensive.
- ⁸⁴ *Actions for Quality Care* (Boston: Governor's Special Commission on the Consolidation of Health and Human Services Institutional Facilities, Executive Office of Human Services, 1991), p. vi.
- ⁸⁵ Ibid., p. ix.
- ⁸⁶ Ibid., pp. vii-ix.
- ⁸⁷ Upshur, Personal interview, op. cit.
- ⁸⁸ Upshur, Benson, et al., *Closing State Mental Hospitals in Massachusetts*, op. cit., p. 201.
- ⁸⁹ Ibid., p. 202.
- ⁹⁰ Richard Sherman, Personal interview, December 5, 2001. Sherman is the director of public policy for the Massachusetts chapter of the National Association of Social Workers.
- ⁹¹ Laura Spencer, "Minority Report," *Actions for Quality Care*, op. cit., p. 98.
- ⁹² Upshur, Personal interview, op. cit.
- ⁹³ *Special Report from the Subcommittee on Privatization: Private Profit at Taxpayer Expense?* (Boston: Massachusetts House Post Audit and Oversight Bureau, 1993), p. 3.

- ⁹⁴ *Pharmacy Privatization and Consolidation in the Executive Office of Health and Human Services* (Boston: Massachusetts House Post Audit and Oversight Bureau, 1993), p. 12.
- ⁹⁵ *Invitation to Change*, op. cit., p. 5.
- ⁹⁶ *Pharmacy Privatization and Consolidation*, op. cit., p. 72.
- ⁹⁷ *Ibid.*, p. 5.
- ⁹⁸ *Ibid.*, p. 74.
- ⁹⁹ *Ibid.*, p. 15.
- ¹⁰⁰ *Charles River Hospital-West, Interim Report* (Boston: Massachusetts House Post Audit and Oversight Bureau, 1994), pp. 8-9.
- ¹⁰¹ *Ibid.*, p. 9.
- ¹⁰² *Ibid.*
- ¹⁰³ *Ibid.*, p. 10.
- ¹⁰⁴ *Ibid.*
- ¹⁰⁵ *Ibid.*, p. 11.
- ¹⁰⁶ *Ibid.*, p. 6.
- ¹⁰⁷ Don Aucoin, "State Researchers Question the Depth of Privatization Savings," *Boston Globe*, December 7, 1993, p. B47.
- ¹⁰⁸ Frank Phillips, "HMO Bailout Near despite Legality Fight," *Boston Globe*, December 7, 1999, p. A1.
- ¹⁰⁹ Richard A. Knox and Liz Kowalczyk, "Accounting Maneuvers moved Plan ahead," *Boston Globe*, March 3, 2000, p. A13.
- ¹¹⁰ Liz Kowalczyk, "Judge releases Harvard HMO from State Receivership," *Boston Globe*, May 25, 2000, p. B1.
- ¹¹¹ Frank Phillips, "Fighting off Question5, HMOs delay salary data," *Boston Globe*, October 26, 2000, p. A1.
- ¹¹² *Ibid.*, p. B11.
- ¹¹³ Jerome H. Grossman, *An Economic History of Health Care in Massachusetts 1990-2000* (Boston: Pioneer Institute for Public Policy Research, 2000), p. 40. In addition to his writing and advocacy on health care issues, Grossman has been active in promoting charter schools. Along with Pioneer board member Nancy Myers Coolidge and her husband Lawrence Coolidge, he was one of the founders and major contributors to the pressure group, Citizens United for Charter Schools. See Citizens United for Charter Schools, Federal Tax Form 990, Return of Private Foundation, 1998, 1999.
- ¹¹⁴ Under the current funding and regulatory structure, voters in Massachusetts cities and towns have no say over the creation or cost of charter schools. Tuition for charter school students (and presumably for voucher students) is simply deducted from a school district's state education aid.
- ¹¹⁵ Thernstrom, *School Choice*, op. cit., pp. 103-104.
- ¹¹⁶ This was later published by James A. Peyser, "Changing the Monopoly Structure of Public Education," *Dialogue No. 12* (Boston: Pioneer Institute for Public Policy Research, March 1996), pp. 1-7.
- ¹¹⁷ James A. Peyser, "For Vouchers, a rising tide of support," *Boston Herald*, May 8, 2000, p. 27
- ¹¹⁸ Cornelius Chapman, "Cleveland's kids can vouch for vouchers," *Boston Herald*, January 28, 2002, p. 19. Chapman is an advisor to Pioneer's Shamie Center for Restructuring Government.
- ¹¹⁹ Christine H. Rossell and Keith Baker, *Bilingual Education in Massachusetts: The Emperor Has No Clothes* (Boston: Pioneer Institute for Public Policy Research, 1996).
- ¹²⁰ *Ibid.*, p. 201.
- ¹²¹ Massachusetts Association for Bilingual Education, *The Emperor's Unraveling Cloak: A Response to the Pioneer Institute's Bilingual Education in Massachusetts: The Emperor Has No Clothes* (Bradford: Massachusetts Association for Bilingual Education, 1996), pp. 1-15, 1.
- ¹²² Office of Bilingual Education and Language Services, Boston Public Schools, "Average Length of Time Enrolled in Bilingual Education by Language Group," December 13, 2001.
- ¹²³ See the Office of Attorney General, "An initiative petition information sheet re: An Act relative to the Teaching of English in Public Schools," AG Petition No. 01-11, Boston, July 31, 2001.
- ¹²⁴ *Ibid.*, Section 6 (b).
- ¹²⁵ See the "Campaign Finance Report," Ballot Question Committee, Office of Campaign and Finance, Boston, January 25, 2002.
- ¹²⁶ See "An initiative petition information sheet re: An Act relative to the Teaching of English in Public Schools," op. cit.
- ¹²⁷ Wilson, *Curriculum Vitae*, 1996, op. cit.
- ¹²⁸ William S. Edgerly, Telephone interview, March 10, 1999, in which he described how CEO's for Fundamental Change in Education "worked very hard, along with others, and was successful in getting the cap raised."
- ¹²⁹ CEO's for Fundamental Change in Education, *Every School a Winner* (Boston, 1999).
- ¹³⁰ *Ibid.*, p. 16. Charter school proponents often claim that while the schools are exempt from many of the mandates and expectations placed on public schools they are more accountable than public schools to parents, and the state board of education that can revoke or not renew a school's charter. In practice, genuine accountability in Massachusetts has been very limited because many of the people within the state's Department of Education charged with overseeing charter schools are political appointees chosen for their active support of the initiative, as this report makes clear.
- ¹³¹ *Ibid.*, p. 17.
- ¹³² *Ibid.*
- ¹³³ *Ibid.*, p. 19.
- ¹³⁴ *Ibid.*
- ¹³⁵ See Auditor of the Commonwealth of Massachusetts, "Report on the Activities of the Department of Education's Administration of the Charter School Program," No. 2000-4070-3 (Boston: Auditor of the Commonwealth of Massachusetts, October 22, 2001), p. 38.
- ¹³⁶ Financial support of for-profit charter school companies for Edgerly's lobbying efforts is shown on the Partnership for Better Schools, Federal Tax Form 990, Return of Private Foundation, 1998, 2000.
- ¹³⁷ See the Partnership for Better Schools website, <http://www.better-schools.org>
- ¹³⁸ Partnership for Better Schools, Federal Tax Form 990, 1998, 1999, 2000 op cit. In 2000, a fourth for-profit, Beacon Education Management, joined the partnership with a \$15,000 contribution.
- ¹³⁹ Information on the Partnership for Better Schools board of directors was compiled from the organization's Articles of Incorporation filed with the Office of the Massachusetts Secretary of State, Corporations Division, April 6, 1998, as well as the website of Edison Schools, Inc. See <http://www.Edisonschools.com>
- ¹⁴⁰ See the Partnership for Better Schools Federal Tax Form 990, 1998, op. cit.
- ¹⁴¹ See the Partnership for Better Schools website, <http://www.better-schools.org>
- ¹⁴² *Ibid.*

- ¹⁴³ Edgerly, Telephone interview, March 10, 1999, op. cit. Also verified with documentation from the Office of Massachusetts Secretary of State, Division of Public Records.
- ¹⁴⁴ See the Foundations for Partnerships Trust, Federal Tax Form 990, Return of Private Foundation 1998, 1999.
- ¹⁴⁵ See the Citizens United for Charter Schools, Federal Tax Form 990, Return of Private Foundation 1998, 1999, op. cit.
- ¹⁴⁶ Ibid.
- ¹⁴⁷ Loring, Wolcott & Coolidge, *The Firm and its Services*, undated brochure.
- ¹⁴⁸ Ibid.
- ¹⁴⁹ See the George H. & Jane A. Mifflin Memorial Fund, Federal Tax Form 990, Return of Private Foundation 1998, 1999, 2000, 2001. Additional background information provided by Mifflin Memorial Fund trustee, John G. Brooks, Telephone interview, December 5, 2000.
- ¹⁵⁰ See the Mifflin Memorial Fund, Federal Tax Form 990, op. cit.
- ¹⁵¹ Ibid.
- ¹⁵² See Michael Rothman, *The Massachusetts Charter School Initiative* (Boston: Department of Education, 2001), See pp. 92-239. In profiles of more than 30 charter schools Rothman documents the average per pupil tuition received by the charter school from the local school district and compares it with the amount the charter school actually spent per student. In almost every case, per pupil expenditure was considerably higher because of grants from foundations such as the Mifflin Memorial Fund. Grants enabled City on a Hill Charter School, for example, to spend \$2,500 more per student than the average expenditure for children in the Boston Public Schools.
- ¹⁵³ See the Mifflin Memorial Fund, Federal Tax Form 990, op. cit., and see also Citizens United for Charter Schools, Federal Tax Form 990, 1998, 1999, and Partnership for Better Schools, Federal Tax Form 990, 2000, op. cit.
- ¹⁵⁴ See the Mifflin Memorial Fund, Federal Tax Form 990, op. cit.
- ¹⁵⁵ See the Partnership for Better Schools Articles of Incorporation, op. cit.
- ¹⁵⁶ See the Mifflin Memorial Fund, Federal Tax Form 990, op. cit.
- ¹⁵⁷ See David J. Armor and Brett M. Peiser, *Competition in Education: A Case Study of Interdistrict Choice* (Boston: Pioneer Institute for Public Policy Research, 1997).
- ¹⁵⁸ Chester Finn, Brunno Mano, and George Vanourek, *Charter Schools in Action* (Princeton: Princeton University Press, 2000), p. 130.
- ¹⁵⁹ After leaving his post as the head of the Charter School Division of the Massachusetts Department of Education, Scott W. Hamilton served as managing director of the San Francisco-based Fisher Foundation created by Donald Fisher, chairman of the companies that run The Gap, Old Navy, and Banana Republic. The Fisher Foundation, now called D2F2, has poured more than \$12.5 million into California charter schools managed by the for-profit Edison Schools, Inc. See, Tali Woodward, "Fisher nonprofit nets millions from Edison Inc. stock deal," *San Francisco Bay Guardian*, 23 August, 2000, p. 1. Hamilton has since left D2F2 to join the Pisces Foundation also based in San Francisco.
- ¹⁶⁰ Edward Kirby left the Massachusetts Department of Education's Charter School Division to handle charter school promotion grants for the Walton Family Foundation. In interviews, participants in Pioneer's workshops to guide would-be charter school founders through the organization and application process confirmed that Kirby offered Walton Family Foundation grants to support organizing and startup efforts.
- ¹⁶¹ See Pioneer Institute, *Annual Report 2001*, op. cit., p. 15.
- ¹⁶² The Walton Family Foundation's 1998 Federal Tax Form 990 lists the fair market value of the foundation's assets at \$547,887,222.
- ¹⁶³ Jose Afonso left the Massachusetts Department of Education's Charter School Division to join SABIS Educational Systems, Inc., where he serves as the government affairs director. See Scott Greenberger, "Cerasoli Criticizes Charter Schools, Faults Budget Control by Firms that run them," *Boston Globe*, May 20, 2001, p. B1. According to Department of Education figures, SABIS's charter schools in Somerville, Foxboro, and Springfield enroll 2,539 students, a larger enrollment than any other for-profit company operating in the state. In 2002 SABIS runs only two schools, as Somerville did not renew the company's contract.
- ¹⁶⁴ See the Walton Family Foundation, Federal Tax Form 990, 1998 and 1999.
- ¹⁶⁵ Ibid.
- ¹⁶⁶ Ibid.
- ¹⁶⁷ Ibid.
- ¹⁶⁸ See the Foundations for Partnerships Trust, Federal Tax Form 990, 1998 and 1999.
- ¹⁶⁹ Ibid.
- ¹⁷⁰ See "Test Scores Unreliable Means of Assessing School Quality," (Cambridge, MA: Center for Fair and Open Testing, undated).
- ¹⁷¹ See the Foundations for Partnerships Trust, Federal Tax Form 990, 1998 and 1999. See also the Evergreen Freedom Foundation website at <http://www.EFFWA.org> and the National Right to Work Legal Defense Fund website at <http://www.nrtw.org>
- ¹⁷² See the George and Irene Davis Foundation, Federal Tax Form 990, Return of Private Foundation, 1998 and 1999.
- ¹⁷³ Ibid. Also, Mass Insight spent more than \$930,000 in 2000 on its MCAS public relations campaign through the media and through a barrage of promotional materials distributed at public schools. See Mass Insight Education and Research Institute, Federal Tax Form 990, 2000.
- ¹⁷⁴ See for instance, Kathryn Cifollillo and Charles D. Chieppo, "Early Grades Good for Charters," *Boston Herald*, June 5, 2000, p. 23.
- ¹⁷⁵ The fact sheet was published by Pioneer's Massachusetts Charter School Resource Center.
- ¹⁷⁶ For example the "fact sheet" claims that the Seven Hills Edison Charter School in Worcester "gained a combined 26 points in 8th grade English and Math." But when the state Department of Education compared the school's average scaled scores in 1999 and 2000 against 1998, it found the school's performance had actually decreased by 1 point. Also, the "fact sheet" makes no mention of independent research showing that Massachusetts charter schools serve a smaller percentage of low income students than surrounding public schools, and that MCAS scores consistently reflect household incomes, with higher incomes equating higher scores.
- ¹⁷⁷ "School Performance Ratings by District," Massachusetts Department of Education, July 25, 2001.
- ¹⁷⁸ Ibid.
- ¹⁷⁹ See Rothman, *Massachusetts Charter School Initiative*, op. cit.
- ¹⁸⁰ "Charter Proposed in Bristol County," *Brockton Enterprise*, January 6, 2001, p. 1.
- ¹⁸¹ "Foundation Offers to Improve Schools—or Pay Millions," *Boston Globe*, August 25, 2000, p. A1.
- ¹⁸² Ibid.

- ¹⁸³ "Reformers Bet Plan can Raise City School Test Scores," *Boston Herald*, August 25, 2000, p. 1.
- ¹⁸⁴ "Foundation Offers," op. cit.
- ¹⁸⁵ "Exciting Challenge for New Charters," *Boston Herald*, August 25, 2000, p. 30.
- ¹⁸⁶ Ibid.
- ¹⁸⁷ "Schools: Thanks a Million, But No," *Boston Globe*, September 29, 2000, p. B1.
- ¹⁸⁸ Ibid.
- ¹⁸⁹ Ibid.
- ¹⁹⁰ "Weld Pledges State Government that Does 'Less with Less,'" *Boston Globe*, August 4, 1995, p. 22.
- ¹⁹¹ Robert Gaudet, Telephone interview, April 8, 2000. Gaudet was one of the school's founders.
- ¹⁹² Ibid.
- ¹⁹³ Ibid.
- ¹⁹⁴ "Office Space in Boston at Premium," *Boston Globe*, May 26, 1997, p. 8.
- ¹⁹⁵ David I. Rubin, "State Support for Edison Project Raises Troubling Questions," *Boston Globe*, April 2, 1995, p. 12. See also, Doris Sue Wong, "Charter School gets old building, Weld gives low lease, \$12 million to fix it up," *Boston Globe*, March 3, 1995, p. 21.
- ¹⁹⁶ "State Support for Edison," op. cit.
- ¹⁹⁷ Wilson, *Curriculum Vitae*, 1996, op. cit.
- ¹⁹⁸ "State Support," op. cit.
- ¹⁹⁹ Robert Gaudet, Telephone interview, April 6, 2000.
- ²⁰⁰ See the Suffolk County Registry of Deeds, Book 24545, p. 333, December 1999.
- ²⁰¹ See Chapter 185 of the Acts of 1997, signed by Acting Governor Paul Cellucci, November 26, 1997.
- ²⁰² See the Suffolk County Registry of Deeds, Book 24545, p. 315, December 1999. See also, Robert Cerasoli, Inspector General, Commonwealth of Massachusetts, letter dated November 5, 1997, to Commissioner Lark Palermo, Division of Capital Planning and Operations, "Three Appraisals of 250 Stuart Street, Boston, MA."
- ²⁰³ "Extra Credit for the Renaissance," *Boston Globe*, February 13, 1997, p. A18.
- ²⁰⁴ "Charter Schools Eyed for Ethics Law Violation," *Boston Herald*, May 22, 1997, p. 10.
- ²⁰⁵ Ibid.
- ²⁰⁶ After resigning as governor, Weld joined the New York office of the law firm McDermott, Will & Emory, later moving to one of its clients, Leeds Private Equity Fund. Leeds Private Equity Fund is now Leeds, Weld & Co. Principal partner Jeffrey T. Leeds has been a major investor in Edison Schools, Inc.
- ²⁰⁷ See Auditor of the Commonwealth of Massachusetts, "Report on the Activities of the Department of Education's Administration of the Charter Schools Program," op. cit., p. 6. Although Pioneer has published dozens of articles, reports, opinion pieces, and four editions of its Massachusetts Charter Schools Handbook, the institute has never addressed the overall cost of charter schools to state and local taxpayers.
- ²⁰⁸ This figure is derived by dividing the total tax burden, in state and local dollars, created by charter schools (obtained from Tony D'Aiello of the office of the Auditor of the Commonwealth of Massachusetts) by the number of children enrolled in charter schools for the fiscal year 2000 (obtained from the Department of Education's Charter School Office). The resulting figure was then compared with the average per pupil expenditure in public schools (obtained from the Department of Education).
- ²⁰⁹ See "Technical Advisory: Definition of 'Average Cost per Student,'" from Secretary of Administration & Finance Charles Baker to Secretary of Education Piedad Robertson, December 8, 1994.
- ²¹⁰ Paul Dunphy, "Does Privatization Undermine Education Reform," *Education Connection*, Winter 2000, pp. 22-23.
- ²¹¹ See "Technical Advisory: Special Education," from James Peyser, undersecretary of education to charter school and school superintendents, Massachusetts Department of Education, July 25, 1995.
- ²¹² Dunphy, "Does Privatization Undermine Education Reform," op. cit., p. 23.
- ²¹³ Recently, the Open Society Institute's Program on Governance and Public Policy came out with a report on the state of progressive think tanks in the United States. See David Dyssegaard Kallick, *Progressive Think Tanks: What Exists, What's Missing?* (New York: Open Society Institute, 2001).
- ²¹⁴ Callahan, "Clash in the States," op. cit.
- ²¹⁵ Ibid., p. 29.
- ²¹⁶ Ibid., p. 30.
- ²¹⁷ Wilcox, ed., *The Right Guide*, op. cit., p. 106.
- ²¹⁸ Callahan, "Clash in the States," op. cit., p. 29.
- ²¹⁹ Transnational Racial Justice Initiative, *The Persistence of White Privilege and Institutional Racism in US Policy* (Oakland: Applied Research Center, March 2001).

NOTES