

PRIVATIZATION, POLITICS, AND URBAN SERVICES: THE POLITICAL BEHAVIOR OF CHARTER SCHOOLS

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ABSTRACT: *In this article we re-examine the dualist theory of public and private sector providers of public services. While this theory holds that private sector providers exhibit a behavior substantively different from those of the public sector, i.e., they respond to external pressures with market-oriented behavior instead of political behavior, we argue that these actors actually can and often do respond in a political manner. Furthermore, we argue that a political response is as likely to be exhibited by for-profit providers, who should be the most free-market oriented, as nonprofit organizations. We provide evidence for our proposition drawn from our study of the behavior of charter schools, market-based providers of public education, and charter school advocates in the District of Columbia and find that when faced with numerous challenges, charters responded by lobbying government for assistance instead of competing in the market place. We conclude that the line of demarcation between the behavior of public and private sector providers is actually quite blurred and when faced with similar problems in the delivery of public services, both forms of providers will respond in a similar manner.*

One of the most significant developments in recent theory and research on public policy has been the elaboration of a broad theory of privatization that incorporates empirical claims into a normative case for increased reliance on market forces as a means of

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achieving public ends (Donahue, 1989; Feigenbaum, Henig, & Hamnett, 1998; Henig, 1989; Kettl, 1993). Notions that seemed provocative but quaint when first introduced by Milton Friedman (1962) four decades ago now occupy center stage. This development has dramatically changed the terms of the debate. In a wide variety of forms, private sector providers have gained, or are lining up to gain, a foothold in the provision of critical public services. These trends include contracting out routine municipal services such as sanitation or snow removal, involving for-profit and nonprofit organizations in the implementation of welfare reform, shifting from public housing to housing vouchers, incorporating private investment in shoring up Social Security, or relying on competition and parental choice to catalyze systemic educational change. No longer can policy analysts or politicians treat as accepted the premise that the collective good depends upon direct involvement of government. And while the debate over privatization often rages most openly at the national level, it is in America's large cities that concrete proposals seem most often to flourish and take root (Goldsmith, 1997).

Most thinking on these issues is founded on the belief that public and private actors operate in two relatively distinct arenas and orient their strategic behavior around separate frames of reference and opportunity structures (Chubb & Moe, 1990; Coulson, 1999; Friedman, 1962; Friedman & Friedman, 1980; Lieberman, 1993). Private actors operate within market systems, respond to signals from consumers about how to maximize profits, and are largely regulated by the discipline of intra-market competition. Public actors, on the other hand, operate within governmental institutions and pursue political goals (including maximizing power, protecting bureaucratic privilege, and attaining purposeful goals) in an elaborate framework of rules and regulations. Implicit in this distinction is what Rein (1989) labels the dualist perspective, which assumes "that the government is different from the rest of the world and that a sharp demarcation between government and the rest of society can be systematically drawn" (p. 50). In other words, government responds to one distinct set of norms, problems, and incentives, the private sector to another. Yet the relationship between public and private is much more complex than this dichotomy assumes. Theorists interested in urban governance have long recognized the inevitable intermingling of private interests and public power (Stone, 1989), but the implications of that insight have barely penetrated either public discourse or academic theorizing about contemporary privatization.

In this article we articulate the foundations of a new perspective on the behavior of private sector providers of public services. Our framing differs from the dualist perspective in several senses. First, building on the work of others, we articulate potentially important distinctions within the private sector between market-oriented actors whose behavior approximates that predicted by economic theories and a voluntary civil society sector whose mission-orientation and legal nonprofit status make it sensitive to a different array of incentives. Second, rather than clearly separate these distinct arenas of behavior, we conceptualize government, market, and the voluntary nonprofit sectors as overlapping and with porous boundaries. Third, rather than a simple choice between government versus market, we argue that instituting privatization regimes involves choices along four continuous and somewhat autonomous dimensions (financing, delivery, responsibility, and equity). Fourth, rather than representing a set of fixed institutional parameters, we conceptualize each dimension within these arenas as potentially contestable and malleable.

This broad conceptualization leads us to challenge models that view privatization initiatives as shifting key decisions from political actors to market actors. Rather than providers being either market-oriented or politically oriented, we see service providers as

hybrid actors who may pursue their interests not only by responding to market signals, but also by engaging in political behavior designed to elicit government support or change the broad rules of the game in ways that provide them systematic advantages.

After developing this general framework in more detail, we use it to explain the behavior of charter schools in the District of Columbia. Although charter schools frequently are cast in terms of market theories, they actually straddle the division line between public and private and are one of the clearest manifestations of the ways in which market-oriented policy initiatives are blurring the boundaries between government and markets. Proponents claim that competition between charters and conventional public schools, as well as among the charters themselves, places pressure on all schools to improve educational quality by reacting to market signals, such as the preferences parents. While passionately held, this expectation has not yet been empirically demonstrated. We argue that market adjustments represent only one of several avenues through which charter schools might seek to improve their competitive position, and that especially in the formative stages of privatization regimes, political action provides a viable and possibly more effective alternative. This has implications for the way privatization regimes are likely to develop and take root.

MARKETS AND POLITICS AS OVERLAPPING VENUES

The dualist perspective portrays markets and governments as distinct institutional arenas, each with its own defining characteristics. Among these characteristics are differences in products, incentives, norms, problem definitions, and dominant actors. Figure 1 presents a simplified version of the dualist model and the distinctions it presents as inherent in the orientation of governments and markets.

The distinction between governments and markets has never been crisp and clean (as represented in the modest overlap in Figure 1), but recent phenomena reveal a growing crossover from the government arena into the market. The most overt example of this overlap has been the emergence of privatization as a powerful force reconfiguring the public sector through efforts that broadly expand the use of market forces to pursue social goals. In Western Europe and in much of the developing world, privatization typically refers to the sale of state-owned enterprises. In the US, the term has been used to encompass a much wider range of activities, including the contracting of publicly funded service delivery, the imposition of user fees for public services, the provision of publicly funded vouchers to enable individuals to purchase essential goods or services in the private sector, and deregulation. According to Kettl (1993), “every major policy initiative launched by the federal government since World War II—including Medicare and Medicaid, environmental cleanup and restoration, antipoverty programs and job training, interstate highways and sewage treatment plants—has been managed through public-private partnerships” (p. 4).

What has driven this privatization movement is the belief that the discipline of market competition and the innovation of the entrepreneur are more effective and efficient means of delivering public services than the traditional public arena typically can muster. But this belief can manifest either as a pragmatic attempt to use market forces to make government more efficient in pursuing its traditional agenda or as a more ideological rationale for broadly and permanently redefining the role and responsibilities of government (Feigenbaum, et al., 1998). Private organizations, both for-profit and nonprofit, are

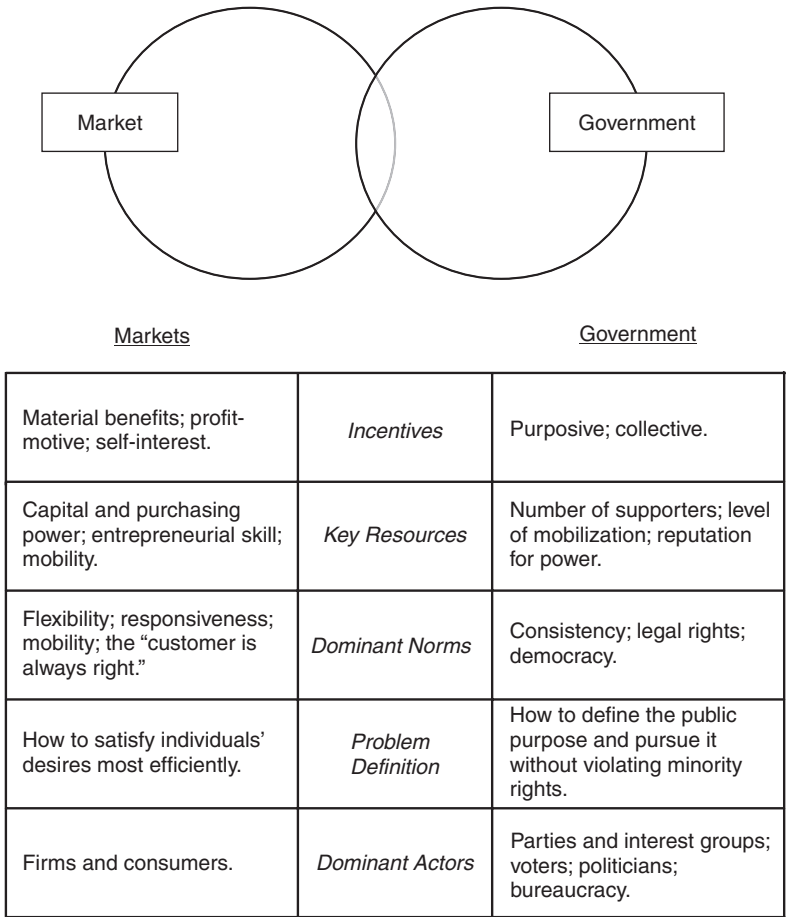


FIGURE 1

Dualistic Niche Model

moving deeper into the traditional turf of the public sector so that the responsibility for providing many services is becoming a function of both arenas. Although some analysts are taking seriously the need to grapple with this more complex institutional setting in which boundaries are blurred and fluid (Hood & Schuppert, 1988; Salamon, 1997), at a theoretical level the dualist model continues to hold that the incentive structures guiding the behavior of service providers in each arena is distinctly different, encouraging a discourse that pits government versus markets. This framing often supports the more extreme view of markets as not just a tool to be selectively employed but a process that is almost always more effective and normatively superior to public sector provision (Friedman & Friedman, 1980; Osborne & Gaebler, 1992).

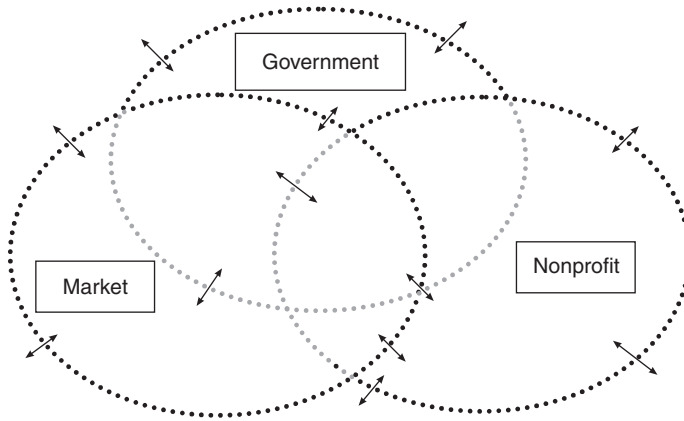
Continuing expansion of the number and types of nonprofit organizations providing public services has blurred the distinctions of the dualist model even further, not only by making it important to consider a third sector but also by presenting in more stark terms (than with for-profit organizations) the extent to which the sectors overlap. As Boris (1999) explains nonprofits represent a kind of hybrid actor "separate from, but deeply interactive with, both the market and the state" (p. 3). The dominant paradigm for many

years portrayed nonprofits and government as competitors. “According to this argument, the growth of government weakens private, nonprofit institutions, displacing nonprofit functions and ‘crowding out’ private charitable contributions. Societies therefore have to choose between pinning their faith on government and relying instead on private voluntary responses” (Salamon, 1999, p. 331). Yet more recent development has shown that government and nonprofit organizations have tended to grow in tandem, nonprofits often providing an extension of services complementing those provided by government (Salamon, 1997; Smith & Lipsky, 1993).

Similarly, the dominant paradigm for many years portrayed nonprofits and business as complementary. According to this view, nonprofits emerged as a vehicle for addressing social needs that markets could not meet because the potential for profit was too small (because low-income consumers lacked spending power; because the market arrangements undervalued significant positive externalities; because non-excludability generated a free-rider problem, etc.). But shifts in the funding environment (including cutbacks in federal support, many foundations’ reticence about funding nonprofits’ core operating expenses, and shifts toward donor-designation policies that make traditional funding sources like the United Way less reliable) are forcing nonprofits to explore revenue sources that put them into head-to-head competition with for-profit companies (Cordes, Henig, Twombly, & Saunders, 1999). Similarly, as state and local governments have expanded their reliance on contracting out, for-profit firms are seeing the growing potential to make money in two areas they previously had been willing to cede to the nonprofit sector: education and human services.

A new literature is emerging that considers how these changes alter the structure of incentives confronting urban service delivery organizations and the way those changing incentives in turn may alter organizational behavior (Weisbrod, 1988). But there are some important gaps. As Kapur and Weisbrod (1999) note, “while there is extensive empirical work comparing behavior of nonprofit and for-profit institutions [e.g., in such areas as health care and day care provision], the comparison of governmental and private nonprofit institutions has received little attention” (p. 2). Indeed, most analyses implicitly still hold to the dualist framework and model the behavior of private sector organizations providing public services as if they are driven solely by pure market forces. In almost every case, the behavior of urban service delivery organizations has been conceptualized as a dependent variable, with customers, in the tradition of economics, considered to be rational actors responding to incentives, and with the source of these incentives largely exogenous to the model.

Rather than a dualistic niche model that envisions governments and markets as distinct realms characterized by different actors, incentives, and norms, we present a three-sector model that presupposes substantial overlap and permeable boundaries (see Figure 2). Rather than being fixed, we suppose that the relative size and capacity of each sector is mutable and malleable. The model assumes that in specific policy realms and in societies writ large the boundaries between government and market and the voluntary sector constitute structural parameters that are well-embedded but subject to deliberate as well as unintended change. Instead of merely supposing that private providers change to meet the demands of their environment (as the market model proclaims), this model recognizes the possibility of two other potential forms of behavior. These alternative behaviors are associated more with the political realm through which providers may change the structure of their environment: *venue-shopping* (service providing organizations attempt to shift responsibility for a particular decision from one realm to another one in which they anticipate a tactical advantage), and *systemic politics* (organizations may seek to use the



- Nonprofit organizations constitute a third sector, marked by mission-orientation.
- The boundaries among public sector, markets, and the voluntary/nonprofit sector are blurry and overlapping responsibility is common and frequently long-term.
- While some organizations specialize in one arena or another, others may be hybrids with flexibility to tactically emphasize one mode of behavior over another.
- Venue shopping involves efforts by interested actors to shift particular decision making responsibilities from one sector to another.
- Systemic politics involves broad efforts to alter the relative size and capacity of each sector.

FIGURE 2

Permeable and Malleable Boundaries: The Politics of Venue Selection and Systemic Shifts

policy process to shape the incentives of their environment to expand or solidify the gains they have made).

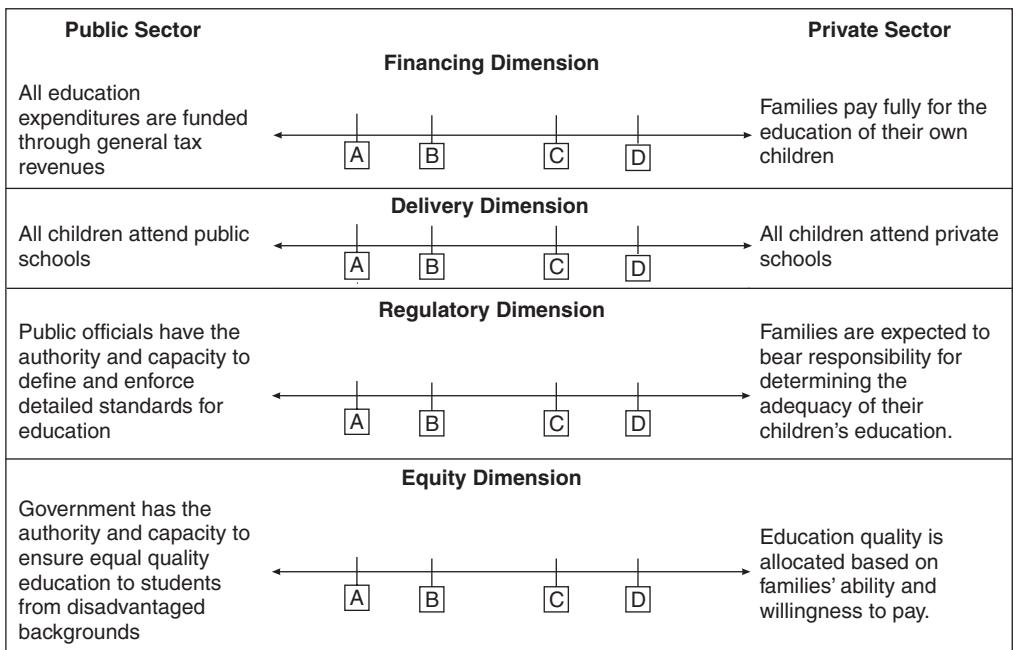
LIMITATIONS OF THE DUALIST MODEL: CHARTER SCHOOLS AS AN ILLUMINATING CASE

Market Theory and Charter Schools

Charter schools are deliberately designed to straddle the line that traditionally distinguishes public schools from private. They are officially public schools, but the charter concept envisions them to be largely independent of government regulation in their management. While the laws governing charter schools differ from state to state, sometimes substantially, some attributes have emerged as general characteristics. Charter schools receive public funding on a per-student basis, are often responsible for achieving educational outcomes defined by their government chartering entity, and are subject to at least nominal public oversight. They typically are barred from charging tuition over the public per-pupil allocation, but are free to pursue other forms of supplementary support from donors, foundations, or corporate sponsors. While they must observe certain baseline regulations, such as prohibitions on discrimination and the provision of safe

environments, charter schools are exempt from many of the rules and regulations that bind regular public schools to specific standards and procedures.

This hybrid status of charter schools exposes the failure of the dualist model to account for organizations that are simultaneously exposed and responsive to market- and government-induced norms and incentives, but the case of charter schools also highlights a further limitation. While the dualist perspective treats the distinction between government and market as dichotomous and one-dimensional, situating charter schools in the space between public and private reveals that area to encompass multiple dimensions better conceptualized as continua than sharp alternatives. Figure 3 presents a schematic representation of where charter schools fit in the multidimensional space between a purely public and purely private educational system. In Figure 3, we suggest that the distinction between government and market-based provision of education can be seen as incorporating least four dimensions: financing, delivery, regulation, and equity. Each dimension is anchored by market-oriented individualistic preferences and processes at one end and collective values associated with public institutions at the other. In a hypothetical pure public system, according to this representation, all students would be educated in publicly funded and operated schools with curriculum and standards defined through collective institutions and enforced by public officials, and would be oriented around the collective value of ensuring equal educational opportunity regardless of individual characteristics and ability to pay. Position A on each dimension in Figure 3 represents the approximate position of the



- A = Traditional public school system with small (10–15%) private school component
- B = Progressive and Publicly Accountable Charter School Regime
- C = Market-Based Charter School Regime
- D = Universal Voucher System; fixed voucher; parental add-ons permitted

FIGURE 3

Situating Charter Schools Along the Public/Private Continuum

contemporary US educational system while Position D represents the approximate position of a hypothetical universal voucher system in which most students attend private schools that accept public vouchers as partial payment toward tuition and that operate in a relatively unregulated manner. As suggested, charter schools occupy a middle ground, but whether a policy regime will resemble a more public system characterized by position B or the more market-based system represented by position C will depend upon specifics of legislation and its implementation—specifics that may vary from state to state or district to district. Although the dimensions are related, movement along one does not necessarily dictate complementary movement along another, e.g., a state or district can couple a move toward greater reliance on private providers with a compensatory increase in regulatory oversight. Significantly, these represent policy decisions that are subject to influence through lobbying and other traditional channels for asserting political power.

Taken together, Figures 2 and 3 suggest that partially privatized service delivery regimes create a much more complex, fluid, and malleable environment than the dualistic model can accommodate. In particular, it suggests that service delivery organizations have a range of options for pursuing their interests that incorporate politics as well as market behaviors. Although proponents of charter schools emphasize their hybrid status (responding to market signals yet publicly accountable), the models they promote for predicting types of behavior rely almost exclusively on demand and supply-side assumptions about actors, not political ones. If a charter school fails to attract or retain students, the market model predicts certain responses: altering the product, increasing advertising, and/or lowering production costs.

With movement between arenas possible, charter schools are presented with incentives to behave as political actors (tactically shifting venues and pursuing systemic changes in the financing, delivery, regulatory, and equity elements of the policy regime) instead of, or in addition to, whatever market-oriented adjustments they undertake. When we look at how charter schools behave in practice (as distinct from how they are expected to behave in market models), we should expect them under some conditions to engage in political action to alter the policy regime rather than simply adapting to consumer demand.

A Political Perspective

What can we expect if charter schools behave as political as well as market actors? It is hardly a new concept that private organizations and institutions sometimes act politically to obtain favorable governmental action (or inaction) (Salisbury, 1984; Schlozman & Tierney, 1986). Applying insights into the behavior of political interest groups to the case of charter schools leads to some expectations quite different from those generated by market models. Faced with insufficient revenues or heavy competition, charter schools and their supporters might respond by seeking to shift the venue of decision-making from markets to government. By moving into the political arena, the charter schools' ability to exercise power and influence through lobbying, elections, and protest may very well play a bigger role in determining their fate than does their capacity to satisfy consumer demand and may create the demand for opportunities to articulate competing visions in government.

For example, rather than alter the curriculum to make it more attractive to potential customers, charters-as-interest-groups might lobby behind the scenes to increase the per-pupil allocation to which they are entitled. Rather than adopt technology in the classroom to enable them to reduce labor costs, interest-group charters might mobilize

a constituency to demand a public subsidy of their capital expenditures. Rather than institute innovative research and evaluation techniques to monitor and enhance academic performance, interest-group charters might work to overturn existing requirements that hold them accountable for bringing about promised improvements in performance and standardized test scores. Rather than join existing private schools as an additional competitive spur to the traditional public sector, interest-group charters might ally with existing public school interests to pressure chartering authorities to become increasingly cautious about granting new charters. In other words, charter schools might use their political muscle to create regulatory barriers to new competitors, just as theories of “captured agencies” and “iron triangles” would predict (Bernstein, 1955; Lowi, 1969; McCool, 1990; but see Salisbury, Heinz, Laumann, & Nelson, 1992 for a full discussion).

These examples also highlight a distinction in the types of political behavior in which charter schools may engage, gaining tactical advantage or initiating systemic restructuring. Tactical behavior takes as a given the broader institutional rules of the game defining public and private education and utilizes political clout to gain relative advantage within those structures. However, it also assumes that schools may, to varying degrees, seek a politically structured (regulated) environment, as opposed to the market, in which to pursue educational goals if it is in their best interests. This view is grounded in Schattschneider’s (1960) contention that any interest failing to achieve its goals in one decision-making venue will try to shift decision-making into a new venue with a more sympathetic environment. A charter school unable to attract enough students to provide funding for a building in an unregulated market may seek to gain influence with political leaders to have a publicly owned facility provided to them.

In contrast, efforts at systemic reform are intended to alter the broad financing, taxing, and regulatory framework to provide a substantial and relatively permanent advantage to charter schools *vis-à-vis* their competitors in the public or private realms. In other words, rather than shift from one arena to another as the tactical decision to venue shop presumes, charter schools may choose to use politics to more permanently alter the institutionalized parameters that define the policy regime within which they operate. A coalition of charter schools that aggressively lobbied to eliminate the provision prohibiting them from charging families tuition above the government’s per-pupil allocation would be engaging in systemic politics.

So far we have suggested ways in which charter schools might choose to act politically, but we have offered no evidence in support of our contentions. Such evidence would not only erode the foundations of the dualist model, but would also force us to consider shifting the frame of the school reform debate from pure markets to markets enveloped by politics. If this conception finds empirical support, then by acting politically charter schools and their allies may change the broad shape of the American education system in ways quite different from those currently anticipated in the market-based model.

CHARTER SCHOOLS IN THE DISTRICT OF COLUMBIA

By September 1999, the District of Columbia had 27 schools operating on 33 campuses and was serving nearly 7,000 students. With charters constituting approximately 17% of all public school buildings and serving just less than 10% of the public school population, DC is perhaps the most charterized jurisdiction in the country. While not typical, the District offers an excellent opportunity to gain insight into the kinds of political dynamics likely develop where charter schools and their supporters gain enough of a toe-hold to assert themselves as a political force.

Background and Description

The charter school story in the District of Columbia began with an overtly political act. Having already instituted a Financial Responsibility and Management Assistance Authority (more popularly known as the Control Board) that took over many functions from local authorities, the US Congress catapulted the District into the forefront of the national experiment with charter schools with passage of the *District of Columbia School Reform Act of 1995*. That legislation reflected the general impatience of many in Congress with the District's poor record of school reform, as well as the more specific impatience of some congressional Republicans with their inability to muster enough political support to turn the District into a showcase experiment with school vouchers.

Although Congress mandated that all charters in DC formally incorporate as nonprofit entities, the existing schools vary significantly in the extent to which they are oriented toward the for-profit rather than the nonprofit sector. Three of the schools in operation during the 1998–1999 school year had strong ties to for-profit corporations based outside the District. The Edison Schools Corporation, for example, partnered with a local nonprofit organization helping to make Friendship-Edison the largest charter school in the District. With two campuses in 1998–1999 and a third that opened in 1999–2000, Friendship-Edison serves about 2,000 students.

Yet even some charters without direct partnership arrangements with for-profit firms may have orientations inclining them towards conventional market behavior. For example, several existed as private schools before being converted to charter status and may have carried with them the mind-set, norms, and practices they developed in the market arena. There is also evidence from other locales that nonprofit charters sometimes engage in extensive contracting arrangements with for-profit enterprises. While those arrangements formally place the nonprofit charter in control of setting the organization's policies, familiar principal-agent issues might leave the for-profit firms in a position to exercise considerable discretion in reshaping those policies at the implementation stage (Mintrom & Vergari, 1998).

Most DC charter schools, however, do not fit this conventional mold of profit-seeking corporations. Many have deep-rooted ties to nonprofit service-providing organizations that traditionally rely on government grants or philanthropy, rather than paying customers, to meet their funding needs. Others are more direct descendants of community- and advocacy-based groups that are more familiar with the tools of political mobilization than the tools of marketing. As a result we might expect to find them at different locations along our dimensions distinguishing public from private and find a different inclination towards political action.

Coalition-Building and Lobbying

Many charter schools in the District of Columbia have undertaken both individual and collective efforts to restructure the legal and regulatory regime in order to make the rules of the game more favorable to their survival and growth. Such efforts are a form of strategic political behavior, both tactical and systemic, rather than an economic adjustment to consumer demand.

It is widely recognized that rational actors sharing common interests do not necessarily coalesce into a collective force because each individual actor has an incentive to sit back and let others do the work (Olson, 1965). In DC, the challenge of overriding the free-rider problem has been eased, if not erased, by the establishment of several nonprofit

organizations that have as their primary purpose helping charter schools form and survive. These institutions serve as catalysts for collective endeavors by absorbing many of the costs of mounting a political response to perceived pressures in the existing system. The two principal organizations serving as collective action nodes are the Public Charter School Resource Center (PCSRC) and Friends of Choice in Urban Schools (FOCUS). Of these, FOCUS has adopted the most explicitly political agenda and we will concentrate here on its activities.

FOCUS unambiguously defines itself as an advocacy group and lobbies several levels of government. Much of its attention early on focused on Congress (the source of the District's charter legislation) despite recent signs that responsibility for educational policy is being shifted back toward local decision-makers. Although FOCUS is clearly shifting its lobbying efforts to concentrate more on the mayor, city council, and Control Board, it continues to promote its reputedly close ties to some Republican members of Congress, particularly those on the House Appropriations subcommittee. FOCUS played a role in shaping the original federal legislation that established the District's charter schools. During the summer of 1999, FOCUS was actively engaged in drafting amendments, many of which found their way into the fiscal year 2000 appropriations legislation for the District. FOCUS has benefited from the services of prominent Washington advocates such as the Patton Boggs and Wilmer, Cutler & Pickering lobbying powerhouses.

Venue-Shopping

FOCUS's early orientation toward Congress can be understood as an example of venue-shopping. Baumgartner and Jones (1993) suggest that the American federal system constitutes a network of separate but linked venues, or decision-making arenas, where policy decisions are made. These different levels of government have distinct characteristics that make them more or less receptive to specific policy ideas and sources of pressure. But because the boundaries between venues are not fixed or impermeable, political entrepreneurs, particularly those engaged in systemic political change, can engage in active venue-shopping, seeking to steer decision-making into the arena in which they believe they enjoy the greatest strategic advantages. While it takes time, resources, and credibility to develop access into each of these venues (Hansen, 1991), success provides each organized interest with a greater selection of arenas in which it may choose to pursue its policy goals.

Congress presented a favorable venue for FOCUS to pursue the expansion of charters and school choice. This is partly because Congress has the ultimate authority to dictate the conditions under which District programs operate and because it can feed or starve the nascent charter movement through its control over appropriations. Congress is also an attractive venue because FOCUS, along with the charter school movement in general, has greater access through national Republican channels than it has in the local DC political arena where it is regarded warily as something of an outsider.

Yet despite the appeal of the federal venue, FOCUS has also chosen to develop and maintain a local government presence and gain some credibility as a local political actor. This is, to some extent, a tactical necessity. Even when Congress acts with a heavy hand toward the District, it typically limits itself to setting broad directions and relies on local decision-makers to work out details and oversee implementation. Congressional Republicans' fundamental mistrust of former DC Mayor Marion Barry led to the installation of some of their own agents in the local government (most notably in the Financial Control Board), but more recently influential House members have signaled an interest in

returning more decision-making authority to locally elected leaders. Therefore, any local interest group that places all its political eggs in Congress's basket would be at risk to lose its gains as that shift takes place. Of course, DC's status *vis-à-vis* Congress is unique, but the dynamics of federalism and venue-shopping are not substantially different in this case from those other localities confront as they deal with the federal government and their states.

FOCUS has tackled the challenge of building a local political presence by establishing and working through the DC Public Charter School Coalition. This coalition includes all the existing charter schools as well as many of those expected to open in the near future. Because several of these schools enjoy long-established roots in the local nonprofit and educational community, the Coalition gives FOCUS a vehicle for local action that is more indigenous to the District and less likely to be regarded suspiciously by local politicians. Probably in recognition of the local political culture, which includes a strong ideological commitment to public institutions as a vehicle for upward mobility among black Americans and support for the District's right to self-governance, FOCUS avoids characterizing charters in the language of market conservatism. Although some of the organization's founders seem skeptical that large urban bureaucracies like the DC public school system could ever be truly reformed, FOCUS takes care to tone down any notion of completely separating charter schools from their connections to local government institutions. Rather, FOCUS portrays charters as a complement to, or extension of, the public schools when working through the Coalition. As a consequence of practicing tactical politics, FOCUS and the Coalition have been able to develop ties with members of the city council and make use of the connections several coalition members enjoy with local officials and the bureaucracy. This increasing willingness to tap into local politics not only reflects a realization that Congress may largely remove itself from taking a direct hand in the District's educational system, but also responds to the needs of the Coalition membership, many of whom are proponents of home rule and deeply resent the imposition of the Control Board.

Changing the Rules of the Game

FOCUS's efforts in helping DC charters obtain facilities illustrate how both tactical and systemic politics (and not simply market forces) determine the shape of the charter movement's market arena as well as its likely consequences. FOCUS frequently lends its weight to lobbying efforts by individual schools seeking some near-term school-specific benefit such as more timely payments or a more favorable interpretation of eligibility for additional funding under particular grant programs. Politics, in these instances, represents tactical maneuvering for advantage within the framework of the existing rules of the game. But much of FOCUS's political agenda is aimed at bigger stakes. By altering the laws, funding policies, and regulatory framework, FOCUS has sought to redefine the broader policy regime in ways that may systematically alter the balance between public and private responsibility.

For example, the group has worked at all levels of government to structure the rules and operating procedures in ways that make it easier for charter schools to lease or purchase buildings than would be the case in an unconstrained market environment. This approach has had at least four components: 1) gaining favored status for charter schools for getting access to publicly owned properties, especially closed or under-utilized school buildings; 2) obtaining special below-market rental or purchase terms for public properties; 3) getting regular public sector funding to meet the capital needs of charter schools; and

4) using governmental authority to increase charter schools' access to private sources of capital funds.

The experiences of charter schools in other states led advocates to recognize from the beginning that obtaining facilities could be an Achilles heel for the charter movement. Therefore, at Focus's urging, the original federal legislation stipulated that DC officials were to give charter school petitioners preference when they bid for the purchase or lease of a school site. Arguing that the District has deliberately dragged its feet in responding to the mandate, FOCUS has been active in keeping pressure on local authorities to implement this policy. The group has also lobbied aggressively at both the congressional and local levels to provide charter schools greater access to unused and under-utilized properties and has even floated the idea of charters sharing space with traditional public schools. Nonetheless, FOCUS perceives the Control Board as less helpful to the charter schools than had been expected. As a result, it has begun to put some effort into getting both Congress and the city council to reassign authority for the disposition of public buildings to offices more likely to be responsive to charter schools. During the summer of 1999, FOCUS and the Charter School Coalition debated whether to use their access in Congress and the Council to move the responsibility back to the mayor's office, which, under Anthony Williams, they expected to be more responsive.

FOCUS and the Charter School Coalition also have played a role in getting DC charter schools a financial allotment specifically targeted for facilities. This is unusual, for in all but a handful of states, charter schools are provided with public funds for operating expenses only. Working at the national level, FOCUS urged Congress to include a paragraph in the charter legislation directing the mayor and city council to take facilities costs into consideration. In 1997, with encouragement from the Charter School Coalition, the City Council established a formula that, if fully funded, would provide DC charter schools with more than \$1,000 per student to meet capital needs.

Patterns of Political Contact at the School Level

To this point our evidence that charter schools are behaving as political actors to alter their environment has been qualitative and largely centered on the activities of one organization. To provide a broader basis for our claims about the behavior of charter schools generally in the District, we present evidence regarding the political activity of the individual charter schools. To better inform the analysis we explore whether schools chartered by the locally elected board of education are more likely to utilize political strategies than those chartered by the congressionally created chartering authority whose members are appointed and whether there are differences in the level of political contact for local versus outsider charter schools. The data in Figures 4 and 5 are drawn from 60 interviews we conducted with the founders, staff, and parents at 17 of the 18 original charter schools in the 1998–1999 academic year. Our questions centered on the level of contact each respondent had with local and federal political actors, the media, and the supporting interest groups. Respondents were asked to rate the level of contact as *frequently*, *occasionally*, or *very rarely or not at all*. Responses were coded 1 for minimal to no contact, 2 for occasional contact, and 3 for frequent contact. To produce Figures 4 and 5, responses were grouped by the schools the respondents were associated with and an average school contact score was calculated. Figure 4 breaks down the frequencies based on whether the school was chartered by the appointed Public Charter School Board or the elected Board of Education. Figure 5 distinguishes between the bulk of the schools, which have local founders

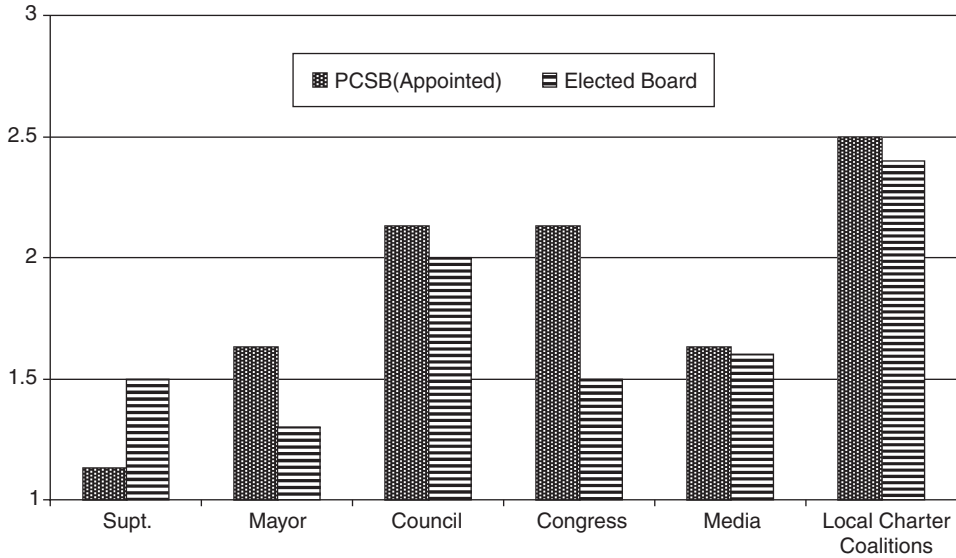


FIGURE 4
Frequency of Contact with Political Decision-Makers by Chartering Board

and strong local roots, and schools with parent or partner organizations that are national or regional in scope.

A few points are worth emphasizing from this data, regardless of their type. First, the overall pattern reinforces our claim that charter schools pursue their goals through political as well as market activities, and do so at several levels of government. Many schools engaged in direct lobbying of federal and local officials as well as collective action with local interest groups. Every school answered that it had frequent contact with at least one of the six relevant actors, and not a single one answered that it was only “rarely” in contact with all of them. However, advocacy through these organized interests was more common than schools lobbying alone. Moreover, at the local level, charter schools reported much greater contact with the city council, which among other things retains an important role in funding the schools, than with the mayor or the superintendent of the DC Public School system.

There are some interesting differences among the types of charter schools as well. Those chartered by the appointed board appear to be oriented toward somewhat different political venues than those chartered by the locally elected Board of Education. Perhaps not surprisingly, because the appointed Public Charter School Board (PCSB) was created by Congress and is selected by the mayor from a list provided by the U.S. Department of Education, PCSB schools are more likely than the Board of Education schools to lobby through the mayor and Congress. Perhaps more surprisingly, given the impression that PCSB is the more professional and less political of the two chartering entities, PCSB schools are somewhat more active in political venues overall than those chartered by the locally elected board of education. Similarly, it is probably not surprising to find that charter schools with local roots are more likely to report contacts with the superintendent and the City Council, and that the schools with non-local partners are more likely to look to Congress. Yet the generally high political activity by the few outsider groups, including contacts with the mayor and Council, might have been less easy to predict. Perhaps

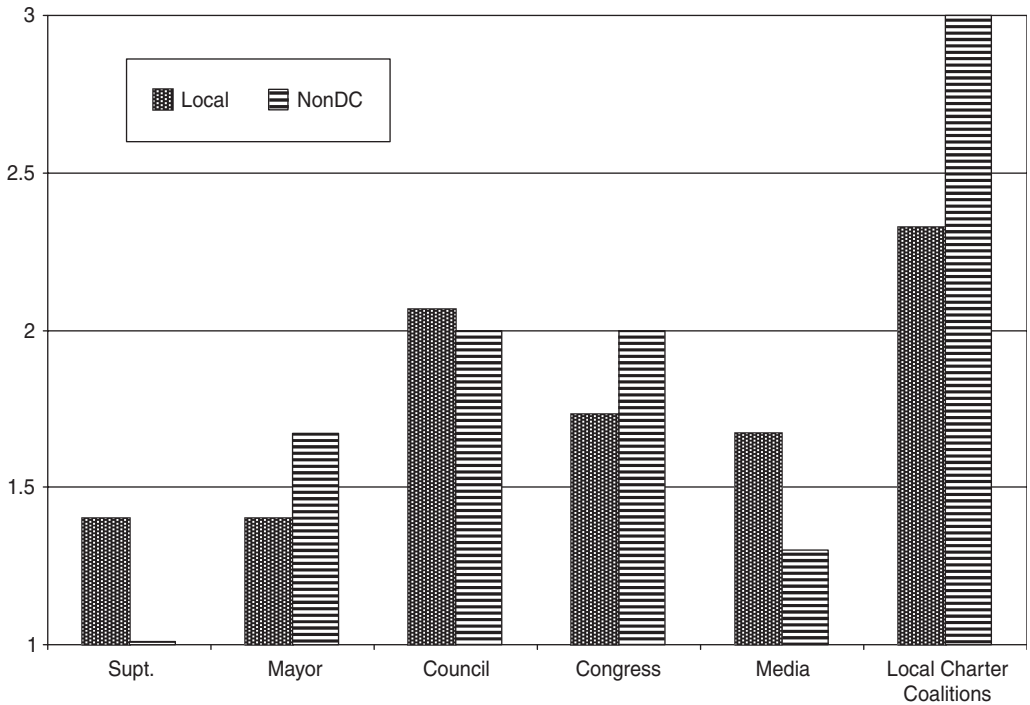


FIGURE 5

Frequency of Contact with Political Decision-Makers by Local versus Outside DC

lacking confidence in their local political clout, these schools show a stronger inclination to channel some of their activities building coalitions with other charter schools, taking advantage of the contacts and political capital that schools with deeper local ties might enjoy.

CONCLUSIONS

The appeal of the dualist theory and the market metaphor is strong. They provide simple and compelling frameworks for regarding the behavior of private and public service providers and expect policy initiatives premised on such models to continue to influence thinking and research on urban policy. However, the evidence we have provided here on the behavior of charter schools and their proponents in the District of Columbia indicates that the seemingly clear-cut distinctions that are central in dualist model are in practice very murky and perhaps simply inaccurate. As we have seen, DC charter schools that, according to the market model, should have spent their time and resources changing their services to reflect the needs and desires of consumers did not rely on those behaviors alone. In addition to market responses to supply and demand signals, they engaged in political collective action to advance a public policy agenda to reshape the market environment at multiple levels of government. The very act of making strategic lobbying decisions regarding the appropriate venue for this political action, as well as the basic decision to engage in it in the first place, raise the question whether charter schools have decided that their best shot at a viable future may come from changing this environment,

not changing themselves. In spite of the market metaphor within which charter schools are most frequently analyzed, it appears that their viability may depend less on their ability to win over individual education-consumers through the quality of their product than on their ability to play the game of interest politics in multiple public sector venues.

It is possible that some of the recourse to political maneuvering we have observed is particular to the period we have studied. As noted earlier, the institutional fluidity that characterizes newly established policy domains might provide interests with a greater need and incentive to engage in collective action designed to alter the legal, financial, and regulatory features of the evolving regime. The possibility that active political behavior is especially characteristic of the early stages gains additional credibility from the fact that early entrants in the charter school arena can encounter a pent-up demand that sharply reduces the pressure on them to engage in traditional market activities such as advertising, market research, or generating new products. In DC, as appears to be the case in many other jurisdictions, initial demand for alternatives to the traditional public system is so great that few of the charters to date have had to work hard to fill their seats. Rather than aggressively beating the bushes for students, many charters have deliberately kept a low profile to avoid being overwhelmed by more applicants than they possibly could handle. Most significantly, unlike firms in a more pure form of market enterprise, charter schools cannot convert excess demand into higher prices or greater selectivity. They are required by law to accept the public per-pupil allotment as full payment and to make admission by lottery if there are more applicants than spaces. In this environment, the charters' best hope to improve their financial bottom line is to pursue more generous governmental funding provisions or reduce mandated costs. Turning to politics rather than markets in the pursuit of their interests, in other words, may be simply a consequence of rational behavior on the part of charter schools and their proponents. It is possible that, as the broad institutional parameters settle into place and the number of competitive suppliers increases, charter schools will gradually refocus their attention on the kinds of behavior that market models emphasize. Yet it is the outcome of the early political interplay that is likely to produce the institutional legacy that will frame the charter school market for years to come.

To political scientists, who are accustomed to thinking about interests competing for advantage in political arenas, our finding that charter schools do so as well may seem unsurprising. As noted earlier, however, the dominant paradigm shaping the discussion of charters, school choice, and education reform has emphasized micro-level economic adaptations by school-firms competing within an established institutional framework (Chubb & Moe, 1990; Henig, 1995; Mintrom, 2000; Schneider, Teske, & Marschall, 2000; Witte, 2000). Rethinking that emphasis along the lines suggested here leads to some very different policy implications. In particular, the conventional argument in favor of market-based reforms, such as charter schools, offers competitive markets as an alternative to majoritarian decision-making processes and bureaucratic implementation regimes that are characterized as unwieldy, unresponsive, inefficient, and aggressively resistant to reform. For those who have been frustrated by the difficulties of improving traditional public systems of education, the prospect of bypassing that challenge is appealing. Our analysis suggests, however, that recourse to market approaches does not eliminate the exercise of politics and power. Neither, then, does it obviate the need for well-designed and well-functioning governmental institutions through which competing visions can be articulated and authoritative decisions be made and carried through. Market-oriented strategies may very well have a role to play in improving the societal capacity to meet collective needs, but good markets need good government if this is to be the case.

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