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UNDERSTANDING**CHARTER SCHOOLS**

3 Are for-profit charter schools a good idea?

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The Government intends to pilot “Partnership Schools” (*Kura Hourua*) from 2014. Partnership Schools will receive public funds on a per-pupil basis, as with regular state schools, but will have more independence in terms of, say, curriculum, operating hours, employment and leadership structure. The initiative’s primary objective is to ameliorate New Zealand’s persistent problem with educational underachievement.¹

In terms of management, Partnership Schools may be run either not-for-profit or for-profit. One debate about the initiative in New Zealand, as overseas, is the proposed role of for-profit operators: should they be allowed to manage schools at all?² There seems to be a general lack of clarity about what shape a for-profit Partnership School will assume. There are fears that we will see an industrial McDonald’s or IKEA-type chain of schools concerned only with profit.³ This conception leads to other objections, including the idea that for-profit operators will offer a cheap, low-quality education that maximises profits and does not deliver sufficient educational benefits, and the idea that they will draw profit from children at taxpayers’ expense. These critiques seem to proceed from the assumption: public, good; private, bad.

The purpose of this Research Note is to engage with such concerns and evaluate their soundness. We have done so with recourse to evidence from schools run for-profit overseas, particularly in the United States (US) and Sweden, and examine whether certain objections have explanatory, and not just rhetorical, force. From this analysis, it became evident that the educational success of for-profit operators—and the Partnership School programme in general—will hinge on creating the right regulatory and incentive structure.⁴ The structure must ensure both freedom and accountability, and we close with several recommendations that may balance both.⁵

One point of clarification and introduction before we advance: we should indeed be wary of market norms, as Harvard political philosopher Michael Sandal points out, that threaten societal norms and values we hold as

important.⁶ For instance, we may believe that the introduction of for-profit operators will reduce education to an impersonal transaction between producer and consumer, one that churns out “products” with no heed to diversity and individual gifts. It need not be so; we hope that this is not the case. Rather, in evaluating for-profit models, we consider a particular form of public-private collaboration that represents why the very concept of for-profit schools should not be rejected out of hand—the “public-private Partnership School.”⁷ This is a model that combines local organisations or groups of teachers/parents, for instance, with a private concern. Ideally, as is the case in many states in the US that permit for-profit charter schools, a local organisation or group will be the “sponsor” that holds the contract with the Crown. It then contracts in a private partner, such as a company or businessperson. Where the private party takes care of management, the public party is concerned with teaching and pastoral matters.

Research Findings Concerning For-Profit Operators

There is a limited but emerging literature on for-profit charter schools. Within this, unfortunately, only a small proportion of studies investigate the negative or positive impacts of for-profit charter schools vis-à-vis not-for-profit charter schools and/or regular state schools.⁸ What research exists largely emerges from Sweden and the US, and tracks either the impacts of the presence of all charter schools on all schools, or changes in standardised test scores at all charter schools—indiscriminate of management model—relative to those at state schools.⁹ As we have said elsewhere: “achievement at standardised tests is not the only outcome that is important to educational outcomes, but it is a significant and measurable one.”¹⁰

The evidence is mixed overall. Yet, despite certain methodological limitations, a number of studies suggest that the for-profit model may promote educational achievement in disadvantaged areas, and may do so after a certain period of time and under certain conditions.

Research Findings Concerning For-Profit Schools in Sweden

The Swedish Government introduced a voucher reform in 1992 that gave parents the opportunity to “spend” their voucher on the school of their choice on a first-come, first-served basis. Educational companies were permitted to open new, private but publicly-funded “free schools” alongside regular state schools.¹¹ According to 2009 figures, private companies operate approximately two-thirds of free schools (1,114 of 1,671).¹² In a 2011 statistical report, the Swedish National Agency for Education noted that free schools educate approximately 12 percent of all pupils in compulsory school (up to grade nine) and approximately 24 percent of pupils in high school.¹³ There is no stereotypical free school. Rather, there is considerable variation among Sweden’s 284 municipalities, each of which authorises schools and disburses public funds.

Pertinent research in Sweden has largely focused on the impact of the presence of free schools. That is, the academic impacts of increased competition among municipal schools, not-for-profit and for-profit charter schools. These impacts are measured by variations in standardised tests. Theory maintains that enhanced competition should encourage providers to improve educational quality so that they may retain pupils, while also lowering costs to a sustainable level—therefore higher academic performance with utmost operational efficiency. Concerning for-profits, in particular, because profits are at stake, operators will strive for quality and deliver achievement gains.¹⁴ In general, studies show positive impacts from the presence of free schools (of which, remember, approximately two-thirds are run for-profit).

The most comprehensive project to look at the effects of free schools on pupil achievement is that of Anders Böhlmark and Mikael Lindahl (2012). They plotted the grades of the entire Swedish population that was born between 1972 and 1993 and that completed compulsory school (at ninth grade) from 1988 to 2009. The study showed that after a period of 10 years, among other positive impacts, a 10 percent increase in free school pupils was associated with a 1.7 percent increase in achievement at the end of ninth grade.¹⁵ This increase was observed not only in free schools, but also in municipal schools.

Earlier Swedish studies report mixed or inconclusive results.¹⁶ Economist Asa Ählin (2003) analysed data

concerning approximately 8,500 pupils across 34 municipalities born in 1982 and who attended school from the third through to the ninth grade, starting in 1991/2. She found that enhanced competition had statistically significant positive impacts on pupils' achievement in mathematics, though none in Swedish and English.¹⁷ Anders Björkland and others (2005) used virtually the same sample as Ählin. They found that pupils gained 0.5 percent on Swedish and English test results "in response to an increase" in the share of free school pupils by one standard deviation (1.2 percent); they found there was no impact, or possibly even a negative one, on mathematics scores.¹⁸ Also in 2005, Mikael Sandström and Fredrik Bergström analysed essentially the same sample, once more, and found positive impacts were associated with the presence of free schools, particularly in terms of public school grades and performance in mathematics standardised testing.¹⁹ These studies are, to a greater or lesser degree, subject to methodological critique and do not differentiate between the performance of not-for-profit and for-profit free schools.²⁰ By comparison, Böhlmark and Lindahl's research is the most robust, and it shows that given 10 years—the period taken by free schools to reach a critical mass within the Swedish education system—free schools can enhance educational achievement.

One further study, directly relevant to this review, compared the for-profit model to the not-for-profit. We should note, though, that there are again issues with the research methodology, including deficient control for individuals' previous educational achievement given that the researcher, Gabriel Sahlgren, uses school-level data. He argued that this, nonetheless, could bias against free schools, while selection bias could favour the results registered at not-for-profit schools against those at schools run for-profit. This is because "parents of children in non-profit schools tend to be prepared to put more effort into their children's education."²¹ With this caveat, Sahlgren's 2010 study found that not-for-profits performed marginally best overall, while for-profits outperformed municipal schools.²² Sahlgren did posit that for-profits offered greater positive impacts than not-for-profits among pupils of low socio-economic status—as measured by parents' education—by raising the mean Grade Point Average (GPA) by 11.64 points. Not-for-profits, in contrast, raised the GPA by 4.4 points, which is not statistically significant (and which shows that not-for-profits were uneven in their impacts).²³ The study took into account all Swedish schools with at least 15 ninth grade pupils between the years of 2005 and 2009, a total of 725,195 pupils.

Research Findings Concerning For-Profit Schools in the United States

In the United States, according to 2011 figures, for-profit schools comprise approximately 35 percent of all charter schools.²⁴ They assume various forms. Education Management Organizations (EMO) may run individual or multiple schools, regionally or nationally.²⁵ The EMO movement gathered momentum in the early 1990s as a vehicle for innovation and competition. It grew slowly at first, then rapidly in the late 1990s, though growth has plateaued in the 2000s.²⁶ In the school year 2010-2011, according to one report, there were 99 EMOs in 33 states.²⁷ Only a handful of states allow private operators to hold charters directly, while most states allow a public-private charter school. Executive authority devolves to EMOs in return for measurable results.²⁸

As for the research, while some studies found evidence of positive impacts among for-profits, others indicated no differential performance between for-profits and not-for-profits, and yet others showed not-for-profits outperforming for-profits. One body of research tracked the "Philadelphia intervention." In 2002, at the prompting of the state of Pennsylvania, the School District of Philadelphia transferred 30 underperforming district schools to for-profit management and 16 to not-for-profit management. This policy change created the opportunity for a natural experiment to evaluate the impact of for-profit operators relative to their not-for-profit and state school counterparts. On the basis of individual achievement in mathematics and reading in three standardised tests over the period 2001 to 2008, Paul Peterson and Matthew Chingos compared the 46 schools under new management with 71 schools that remained under public control and which performed below the district median.²⁹ They found that for-profit charter schools outperformed both not-for-profit and regular state schools.³⁰ The impact was minimal in the first year, but was significant from the second year

onwards, especially in mathematics where, according to one of their observational models (the fixed-effects model), the effect size was, on average, 25 percent of a standard deviation per year (or 60 percent of a year's learning) relative to if the school had remained public. The other two models factored in a larger set of pupils, and also showed positive impacts, albeit slighter; each returned 12 percent of a standard deviation per year, or 29 percent of a year's learning.³¹

Martha Mac Iver and Doug Mac Iver (2007) and Brian Gill and others (2007) also studied the Philadelphia intervention. They both, however, conflated for-profit and not-for-profit charter schools and found that their results were comparable to those of underperforming district schools.³² As Peterson and Chingos distinguished between the two management models, there is a chance that these three studies are complementary, though this is not certain.³³

Other studies from around the US have found little to no positive impacts of for-profit management. In Florida, education researcher Tim Sass (2006) worked with an initial sample of over a million pupils from grades three through ten who took a standardised test in mathematics and English, and of whom over 28,000 attended a charter school (either for-profit or not-for-profit) for at least one year. The data set spanned the 1999/2000 to 2002/3 school years. Sass found that charter schools in general were on a par with state schools in mathematics and had promoted a higher level of reading among pupils by the fifth year of their operation. However, he could not discard the contention that there was no difference between charter management models. That is, he found no difference. In Michigan, Cynthia Hill and David Welsch (2009) conducted a four-year panel study (2001/2-2004/5), and found that smaller for-profits were less likely than larger ones to deliver results in the highest assessment brackets (Levels 1 and 2), though the impact was small and any relationships unclear. Not-for-profits did slightly better, but ownership, Hill and Welsch concluded, made virtually no difference.³⁴ Similar to the Florida and Michigan studies, Kerry King's (2007) research in Arizona offered "no guarantee" that a for-profit charter school was likely to improve student achievement beyond that of its not-for-profit counterpart, though she found "some evidence" that for-profits were associated with higher test scores.³⁵

Summary

Although the evidence is mixed, the findings of Peterson and Chingos suggest, as does that of Sahlgren in Sweden, that for-profits may have positive impacts among educationally disadvantaged pupils. Their work, in addition to that of Sass, also indicates that mature and well-supported for-profits may enjoy an advantage. In all, nonetheless, we do need more high-quality studies to evaluate the impacts of schools run for-profit.

Objections to the Introduction of For-Profit Operators

Two prevalent concerns about the introduction of for-profit school operators are that they will cut costs and deliver a low-quality education, and that they will earn profits from public money. In response, given a well-devised regulatory and incentive structure, we posit that operators will favour delivery that raises quality—as measured by educational achievement—and may catalyse innovation and scalability. Quite apart from the profit motive, moreover, compassion among for-profit operators is not an improbable ideal, and the collaboration of public and private actors may provide additional benefits that are not necessarily furnished by one party alone.

Quality Education with Lower Costs?

The idea that for-profits will cut costs to protect their bottom line labours under possible misconceptions about the model.³⁶ Certainly, operators will seek efficiency—the least amount of inputs to deliver a given level of output—and it remains for the Crown to ensure that the output is a quality education. This will require, firstly, public funding (assured in the Partnership School model), and, secondly, a set of accountability

mechanisms, which seem to be provided for in the Education Amendment Bill 2012. Witness the performance indicators, probably to be further stipulated in contracts, in section 158D.³⁷ With this in mind, then, operators will attempt to lower costs, but not likely in a way that short-changes children, because they will have to meet educational objectives set out in their licences. They will need to meet the expectations of the Crown and parents if they want to remain open. Put another way, schools subject to market disciplines will likely not survive if they perform poorly. Two illustrations of imagined cost-cutting behaviour are the employment of sub-par teachers, and/or the lowering of teacher salaries paid to competent staff. However, because operators will have to satisfy parents and reach performance targets, they will probably not be able to skimp on one of the most important factors in pupil achievement—teachers. Low-quality or under-paid teachers will not get the job done.³⁸

Otherwise, in pursuit of efficiency, for-profit operators may enjoy an advantage over their not-for-profit counterparts through two mechanisms: innovation and scaling. In particular, because there is a profit motive that returns “surplus” funds to shareholders, for-profits may have greater impetus to innovate and scale the model in comparison to their not-for-profit counterparts.³⁹ Not only so, for-profit operators will also generally have greater recourse to financial resources, and may therefore better afford the risk of new ideas. Failure costs, after all; innovation—departing from the “tried and true”—is a risky move. In other words, while not-for-profits may also innovate and exploit economies of scale, the attraction of doing so may be slighter and the risk too great.⁴⁰ Thus, the spirit of volunteerism may have limited capacity and finite idealism to innovate and scale models.⁴¹

Apart from operational efficiency, another rationale for innovation is obvious: because the New Zealand education system is failing students at the bottom end, *new* approaches should be explored, approaches that are creative and which promote achievement.⁴² Space is created for innovation by decentralisation, deregulation, greater freedom on both the demand and supply sides, and competition.⁴³ This is as true for not-for-profit Partnership Schools as for for-profits, yet, as noted, the latter may have additional incentives and therefore provide further variety that aligns with the needs of different children and improve educational outcomes.⁴⁴

As far as the research is concerned, in any case, innovation is a slippery term and difficult to measure. There are qualitative studies that isolate examples, especially novel organisational and marketing approaches, in North America and the UK, as well as in New Zealand.⁴⁵ While there is less evidence of innovation in the classroom, charter schools in general are often at the cutting edge of innovation and, as one researcher writes, they embody “showrooms” for different educational practices.⁴⁶

Concerning scalability, for-profit operators will likely have more potential than their not-for-profit counterparts to expand beyond a single school, and may therefore take advantage of economies of scale (with corollary efficiency gains).⁴⁷ The benefit of scalability is that pupils may receive, given an incentive structure that balances freedom and accountability, a high-quality education for less money—one at less cost to the taxpayer. The excess money may then be reinvested in the school.⁴⁸ Of course, as a recent study from the Center for Research on Education Outcomes (CREDO) at Stanford University suggests, scalability does not guarantee quality—whether among not-for-profit or for-profit schools—which is why it is important to structure the reform with due consideration. Quality must precede efforts to scale.⁴⁹ As for the numbers, some researchers in the US observe that scalability is present in districts with a student population increasing to approximately 2,000 to 4,000.⁵⁰ It seems the Education Management Organizations (EMOs) that run several schools, share facilities and have a coherent, consistent vision perform better than those that do not have these characteristics.⁵¹

Are For-Profit Partnership Schools an Abuse of Public Money?

Objections to the use of public money often rest on the assumption that for-profits exist only to make a profit.⁵² Yet, in principle, a profit can only be drawn after giving parents what they want. And if the Crown establishes

a regulatory framework that ensures accountability in return for Partnership Schools' considerable freedom, operators will derive profit from delivering a quality education and satisfying both the Crown and parents.

Not only so, because operators will not be able to “cherry-pick” pupils in order to meet their contractual obligations, due to the provision of a lottery for enrolment, for-profits will have to invest in order to see improved educational outcomes among under-achievers (the targeted demographic).⁵³ This may result in a lower profit margin. If so, private commitment to a for-profit Partnership School may invoke two not mutually exclusive animating principles: compassion and enlightened self-interest.⁵⁴ Compassion lends moral authority to an enterprise and can galvanise support; enlightened self-interest will respond to incentives and sustain the enterprise in the face of (possible) deflated idealism and the inherent difficulties of raising educational achievement. So, while the not-for-profit sector offers the former exclusively, for-profits supply the latter in addition, even if the profit margin is not prodigious.

Another, linked, objection holds that public money should not be a means for private parties to turn a profit, especially when children are involved.⁵⁵ This is a largely in-principle objection, to which there are at least two responses. Firstly, because for-profits will likely focus on greater efficiency and may invest their own (private) money, public money may go further and free up capital for investment in other areas of the individual school, including professional development for teachers, technology and/or research and development, or in the education sector more generally.⁵⁶ This coordination of public and private money should work to the advantage of children.

Secondly, public-private partnerships and for-profits exist already in the education sector. Hobsonville Point Primary School—the first school to be built under a public-private partnership—has recently opened its doors. In this instance, the Crown contracted in Learning Infrastructure Partners to design, build and oversee maintenance of the school.⁵⁷ There has been little controversy over the initiative and the payment of public money to private contractors (in return for a service) that it entails. Not only so, Early Childhood Education Centres may be operated either not-for-profit or for-profit, and there is no difference in the level of government funding between the models.⁵⁸

It is also important to consider that the New Zealand Government, or a government agency, will retain an important measure of control over the Partnership Schools project. All sponsors in possession of a contract with the Crown, whether not-for-profit or for-profit, will be accountable for monies invested in their enterprises. The oversight agency, which is entrusted with disbursement, will maintain control of cash flows; in the event of a contractual breach, for whatever reason, there may be sanctions or the charter rescinded.⁵⁹

“Collaborative Endeavour” and the Public-Private Partnership School

Apart from the potential efficiency gains of for-profit operators and the impact of the presence of charter schools, there is reason to suggest that one particular model of for-profit school, public-private Partnership Schools, will offer an arrangement that empowers both public and private entities to collaborate against educational disadvantage. In this, each entity may benefit and complement the other.

Within the individual school, on the one hand, private investment may be most critical in situations where capital costs and infrastructure purchases are perhaps prohibitive to not-for-profits.⁶⁰ The private investor will shoulder the risk, and its funds may give opportunities to those associations or teachers who have hitherto lacked means.⁶¹ These groups may also lack experience and the expertise required of a start-up, including the drafting and implementation of a business plan, as well as other requirements of a charter application.⁶² There is, furthermore, the danger of deflated idealism over time, as has been reported in Sweden. The profit motive may have a galvanising effect.⁶³ On the other hand, for-profit operators may not have the historical and cultural understanding of parents, teachers, boards of trustees and school administrators, and would do well to respect the characteristics of a given community. The Partnership Schools Kura Hourua Working Group has, after all, stressed the importance of community involvement and support among prospective operators. For example, the “Indications of Interest” form published by

the Working Group invites operators to describe the nature of their relationships with the communities in which they propose to open a Partnership School.⁶⁴ In all, venture capital, professional expertise and local knowledge may prove a beneficial alliance, and this is where the public-private Partnership School has appeal.

Inter-school collaboration is another concept that may promote the achievement of pupils. The Partnership Schools programme is concerned with *all* schools benefiting, and especially the lowest-achieving pupils.⁶⁵ If for-profit operators were to set up in local communities, they would ideally complement existing schools and embed in the culture and norms of that area. All schools, therefore, regardless of management structure, contribute to the general flourishing of a specific area, though each will do so in a fashion unique to itself that respects the culture of which it is a part. This is easier stated than realised, though. Studies in Sweden, Michigan and Wisconsin present competition as often the dominant strategy over time, while cooperation is viewed as the more “vulnerable” strategy.⁶⁶ But of course education should not be a zero-sum game where some schools benefit to the detriment of others. Perhaps there is a solution to the issue observed in the US where existing institutions and entrenched educational interests close ranks and array against new options.⁶⁷ This problem is all too evident on our own shores as well.⁶⁸ One way of encouraging cooperation is to ensure that there is ongoing dialogue and agreement among local schools.⁶⁹ This need not undermine the comparative advantage that for-profits will seek, though it will require a balance and a commitment to the collective good, which may be sought in a rigorous application process. In short, collaboration among schools will preserve New Zealand’s social fabric, and is likely critical to the long-term viability of the Partnership Schools project.⁷⁰

Conclusions and Recommendations

The overseas evidence affords no clear picture. Where some researchers find positive impacts of the for-profit model, others identify negative impacts. Sometimes positive and negative impacts are found in one study; for-profits in a discrete area may promote achievement in mathematics but lower reading capacity, for instance. Despite this, there are some grounds to suggest that the for-profit model may help ease educational disadvantage. Success appears more probable in schools that have experience, operate in areas of historic educational underachievement, and enjoy the support of government or municipal structures.

Otherwise, objections to the for-profit management of Partnership Schools may not hold water. Given the right regulatory and incentive structure (which we address below), if operators wish to develop sustainable schools, they will not cut costs and deliver a low-quality education, but rather strive to lower costs and increase quality. Educational entrepreneurs contracted and paid taxpayer money should provide a quality service because they will have to satisfy parents, and will be audited and held to account for their academic performance. In saying this, the in-principle objection to public money paid to private entities—or that levelled at the confluence of children and commerce—should not be discarded out of hand. However, the idea that any private sector involvement in school management could only be self-interested is simplistic and naive. According to the rationale for the initiative, for-profit Partnership Schools will provide for under-achievers who struggle with education. Operators may require, therefore, compassion alongside enlightened self-interest.

For-profit Partnership Schools may also provide benefits that are not necessarily available to not-for-profit Partnership Schools. They will, for example, have greater incentives to enhance efficiency through innovation and scalability. Their enterprises may also be viewed as “collaborative endeavours”, insofar as operators may cleave to local groups and tap into unique local knowledge that is not available to perceived third-party “interlopers.” In so doing, each party may complement the other’s strengths and contributions. Lastly, cooperation among schools is an important consideration and may ensure the integration of for-profit schools, and the success of the Partnership Schools programme in general.

In sum, for-profit Partnership Schools will not be a silver bullet for the problem of educational

underachievement, but they offer alternatives that may help under-performing pupils. Government, local and private actors meet with balanced interests in the public-private Partnership School, each to seek the benefit of children. This model could encourage creativity, community building and long-term co-operative development.

Recommendations

The key to the delivery of an efficient, high-quality education will be the creation of a well-conceived regulatory and incentive structure. The big trade-off of the Partnership School model is that between freedom and accountability. Both are critical, and a balance will afford the greatest benefits to children, parents, operators and other stakeholders. Here, we posit several recommendations toward the establishment of this structure. The following are general ideas that may require further investigation.

Firstly, adequate transparency and accountability measures will ensure that sponsors do not cut corners and will favour the participation of those genuinely interested in ameliorating educational disadvantage.⁷¹ However, it is far from clear yet what requirements made of operators will be legislated and what will be merely regulated. We make no assumptions. Therefore:

1. To allay “public consternation about privatisation,” the Government should promote transparency.⁷² The Education Amendment Bill sets out, in section 158D, the contractual requisites for Partnership Schools.⁷³ Still, the Bill may not go far enough. *The tendering, processing and disbursement of charters should be as open as possible* in order to allow insight into the allocation of taxpayers’ money.⁷⁴ Openness may involve timely publication of application requirements, including timelines, and the publication of the results of the process, including any special regulatory conditions that may pertain to individual operators.
2. In terms of contractual conditions, *operators may be obliged to commit a specified level of capital to the enterprise*, agreed upon by the Crown and the sponsor, in addition to meeting the temporal fixed-term requirement at section 158D (2). This will depend on the nature of each contract, and the service provided by the operator. A private party contracted in to manage a school, by way of illustration, should not be obligated to invest merely for the sake of it.
3. *It may be necessary to include a stipulation that requires (ongoing) due diligence performed on the prospective operator.* The foregoing requirements (1. to 3.) will ensure a level of commitment.⁷⁵ They will make certain that only the most robust applicants will gain licences.⁷⁶
4. Beyond the application process, *the guidelines for Partnership Schools and performance indicators should be available for public perusal.* Such information must be clear, and may include reporting timelines for performance standards, what deviation below the required level of achievement will or will not be tolerated, and what volume or gravity of complaints is or is not acceptable.⁷⁷ This will be critical so parents have, at least, access to information upon which they may base their decisions.⁷⁸
5. *To furnish accountability, furthermore, the Ombudsman Act and the Official Information Act should apply to Partnership Schools.* The Amendment Bill, as it stands, exempts Partnership Schools from the provisions of the Ombudsman Act 1975 and the Official Information Act 1982.⁷⁹ Operators must be held to account for their performance, and specifically for their performance in alleviating educational disadvantage. As per section 158L of the Amendment Bill, the Secretary of Education has a remit to hold Partnership Schools accountable. This is insufficient. Where taxpayer money is invested in private ventures—including public-private partnerships—information should not be proprietary, but rather subject to public scrutiny. There is one caveat here, however. The Ombudsman will have to be careful in the satisfaction of information requests under the Official Information Act, so that operators will not be buried under their weight and be, as a result, distracted from the primary duty of education.

Other possibilities, secondly, to promote operators' flexibility and bolster public support may include:

1. *Latitude for private operators to decide on which ownership model is best.* One type may allow teachers to purchase shares. They will therefore have an added incentive to deliver a quality education that satisfies parents and achieves benchmarks. This provision would obscure moral hazard, where stakeholders have little to no downside to risk-taking.
2. *The sponsoring of co-operative mechanisms among schools in order to facilitate fruitful collaboration.* Two examples may be forums for learning and free and frank exchange, and/or a formalised arbitration process in the event of disputes.⁸⁰

In closing, such measures, which hold accountability and freedom in balance, should create an environment that offers the Partnership School model, including for-profit operators, the best opportunity to succeed. The touchstone of success, of course, will be enhanced educational achievement among pupils who have historically underperformed.

ENDNOTES

- 1 New Zealand Model of Charter School Working Group, "Terms of Reference," (Wellington: 2012), 1, <http://nzmcscs.education.govt.nz/> (accessed 7 June 12); Partnership Schools Working Group, "Frequently Asked Questions," (2012), <http://partnershipschoools.education.govt.nz/FAQs> (accessed 8 August 2012). On the extent of the problem, see, for example: Ministry of Education, "Annual Report 2012," (Wellington, 2012), 26. See also: M. Telford and S. May, "PISA 2009. Our 21st Century Learners at Age 15," (Wellington: Ministry of Education, 2010), 14, 26, 36. See also: J Langley, "Radical Change Needed in Schools," *New Zealand Herald*, 28 November 2012, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10850373 (accessed 28 November 2012).
- 2 This is so elsewhere. In the United States, see, for instance: A Hernandez, "Focus on For-Profits in K-12 Education Misses the Real Divide," *Private Enterprise in American Education*, Special Report 7 (Washington: American Enterprise Institute, November 2012), http://www.aei.org/files/2012/11/21/focus-on-forprofits-in-k12-education-misses-the-real-divide_10431658_3841.pdf (accessed 3 December 2012). On the debate in the UK, in general, see: R. Allen and S Burgess, "The Future of Competition and Accountability in Education," (London: 2020 Public Services Trust, September 2010), <http://www.2020publicservicetrust.org/publications/it%20em.asp?d=3229> (accessed 9 November 2012); R. Allen, "Replicating Swedish 'free school' reforms in England," *Research in Public Policy (CMPO Bulletin)*, 10 (Summer 2010), 4-7, <http://www.bristol.ac.uk/cmppo/publications/allen10.pdf> (accessed 25 July 2012); A. Laird and J. Wilson, "Social Enterprise Schools. A Profit-Sharing Model for the State-Funded School System," (London: Policy Exchange, 2012), <http://www.policyexchange.org.uk/images/publications/social%20enterprise%20schools%20-%20feb%2012.pdf> (accessed 25 February 2012); D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," (London: Policy Exchange, 2009), <http://www.policyexchange.org.uk/publications/category/item/a-guide-to-school-choice-reforms> (accessed 14 June 2012); R. Muir, "Not For Profit. The Role of the Private Sector in England," (London: Institute for Public Policy Research, 2012), <http://www.ippr.org/publication/55/9492/not-for-profit-the-role-of-the-private-sector-in-englands-schools> (accessed 13 August 2012); G.H. Sahlgren, "Schooling For Money: Swedish Education Reform and the Role of the Profit Motive," *IEA Discussion Paper*, 33 (London: The Institute of Economic Affairs, December 2010), http://www.iea.org.uk/sites/default/files/publications/files/Schooling%20for%20money%20-%20web%20version_o.pdf (accessed 17 October 2012); J. Croft, "Profit-Making Free Schools. Unlocking the Potential of England's Proprietary Schools Sector," (London: Adam Smith Research Trust, 2010), <http://www.adamsmith.org/research/reports/profit-making-free-schools-unlocking-the-potential-of-englands-proprietary> (accessed 23 October 2012); J.B. Stanfield (ed.), "The Profit Motive in Education: Continuing the Revolution," (London: The Institute of Economic Affairs, 2012), <http://www.iea.org.uk/publications/research/the-profit-motive-in-education-continuing-the-revolution> (accessed 23 October 2012).
- 3 A slideshow (undated) produced by the New Zealand Post Primary Teachers' Association (PPTA) is one example of such opposition: http://www.ppta.org.nz/index.php/resources/publications/doc_download/1422-charter-schools-pop-quiz-pps (accessed 29 November 2012). See also the lead webpage of the PPTA's treatment of charter schools: <http://www.ppta.org.nz/index.php/issues-in-education/charter-schools/2119-no-charter-schools-nz> (accessed 29 November 2012).
- 4 See, in general, on school choice and the importance of the incentive structure: F.M. Hess, "Does School Choice 'Work'?", *National Affairs* 5, (Fall 2010), 49ff, <http://www.nationalaffairs.com/publications/detail/does-school-choice-work> (accessed 3 December 2012).
- 5 Though, there seem to have been no expressions of interest from for-profit operators: R. Stock, "The Business Side of Charter Schools," *Stuff.co.nz*, 25 November 2012, <http://www.stuff.co.nz/national/education/7994188/The-business-side-of-charter-schools> (accessed 25 November 2012).
- 6 M. Sandal, *What Money Can't Buy. The Moral Limits of Markets* (New York: Farrar, Straus and Giroux, 2012). See also: M. Stears, *Everyday Democracy: Taking Centre-Left Politics beyond State and Market* (London: IPPR, 2011), 11ff, http://www.ippr.org/images/media/files/publication/2011/09/everyday-democracy-110922_7993.pdf (accessed 9 November 2012).
- 7 The following discussion of "public-private partnerships" deals exclusively with Partnership Schools (unless otherwise stated), and not with other forms of public-private partnerships that already exist in the New Zealand education system—for example, the contracting-in of the Alternative Education programme. See: N. LaRocque, *Contracting for the Delivery of Education Services. A Typology and International Examples* (Wellington: Education Forum, 2006), 18-19.
- 8 D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 45.

- 9 A. Laird and J. Wilson, "Social Enterprise Schools," 7; R. Muir, "Not For Profit," 11; C.D. Hill and D.M. Welsch, "For-Profit Versus Not-For-Profit Charter Schools: an Examination of Michigan Student Test Scores," *Education Economics* 17, no. 2 (2009), 148. For example, the Adequate Yearly Progress (AYP) ratings in the US for 2010-11 show that 48.2 percent of for-profit Education Management Organisations (EMOs) met the threshold of achievement (or 51.4 percent for "brick-and-mortar" for-profit schools—as opposed to virtual schools—met the AYP). The EMO figure presents the aggregate AYP of small EMOs (62.5 percent)—3 or fewer schools under management—medium EMOs (58.1 percent)—4 to 9 schools under management—and large EMOs (43.1 percent)—10 or more schools under management. However, this data does not control for important independent variables, such as student or family background, including prior achievement, and reveals nothing about "value-added" over time. It does not presume to and offers little explanatory force in comparing the for-profit model to the not-for-profit charter or district school: G. Miron, J. Urschel, M.A. Yat Aguilar, B. Dailey, "Profiles of For-Profit and Nonprofit Education Management Organizations: Thirteenth Annual Report, 2010-2011," (Boulder, CO: National Education Policy Center, 2011), <http://nepc.colorado.edu/publication/EMO-profiles-10-11> (accessed 17 October 2012).
- 10 S. Thomas, "What Impacts Can Charter Schools Have on Regular State Schools," Understanding Charter Schools, Research Note 2 (Auckland: Maxim Institute, November 2012), 2, http://www.maxim.org.nz/Policy_and_Research/Second_Research_Note_on_Charter_Schools_.aspx (accessed 3 December 2012).
- 11 S. Waslander, C. Parker and M. van der Weide, "Markets in Education: An Analytical Review of Empirical Research on Market Mechanisms in Education," *OECD Education Working Papers*, 52 (OECD Publishing: 2010), 59, [http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=EDU/WKP\(2010\)15&docLanguage=En](http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=EDU/WKP(2010)15&docLanguage=En) (accessed 18 October 2012).
- 12 Cited in D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 24; A. Laird and J. Wilson, "Social Enterprise Schools," 7; S. Waslander et al., "Markets in Education," 59.
- 13 Swedish National Agency for Education (Skolverket), "Facts and Figures 2011" (Stockholm: National Agency for Education, 2012), 20, 36, http://www.skolverket.se/om-skolverket/in_english/2.1144/facts-and-figures-1.12071 (accessed 30 November 2012).
- 14 In general, see: J.E. Chubb and T.M. Moe, *Politics, Markets and America's Schools* (Washington D.C.: Brookings Institution, 1990); M. Friedman, "The Role of Government in Education," (1955), <https://webpace.utexas.edu/hcleaver/www/FriedmanRoleofGovtEducation1955.htm> (accessed 24 October 2012). In particular, see: C.D. Hill and D.M. Welsch, "For-Profit Versus Not-For-Profit Charter Schools," 147; T.R. Sass, "Charter Schools and Student Achievement in Florida," *Education Finance and Policy* (2006), 111; K.A. King, "Charter Schools in Arizona: Does Being a For-Profit Institution Make a Difference?," *Journal of Economic Issues* XLI, no. 3 (September 2007), 738. Opponents include: B. Levin, *Reforming Education. From Origins to Outcomes* (London: Routledge, 2001); J.L. Hochschild and N.B. Scovronick, *The American Dream and the Public Schools* (Oxford: Oxford University Press, 2003).
- 15 A. Böhlmark and M. Lindahl, "Independent Schools and Long-Run Educational Outcomes – Evidence From Sweden's Large Scale Voucher Reform," *CESIFO Working Paper*, no. 3866 (June 2012), <http://www.cesifo-group.de/portal/pls/portal/docs/1/1217194.PDF> (accessed 27 August 2012). This research uses much of, and adds to, their previous work: A. Böhlmark and M. Lindahl, "Does School Privatization Improve Educational Performance? Evidence from Sweden's Voucher Reform," IZA DP, no. 3691 (Bonn: Forschungsinstitut zur Zukunft der Arbeit, 2008), <http://ftp.iza.org/dp3691.pdf> (accessed 21 October 2012); A. Böhlmark and M. Lindahl, "The Impact of School Choice on Student Achievement, Segregation and Costs: Swedish Evidence," IZA DP, no. 2786 (Bonn: Forschungsinstitut zur Zukunft der Arbeit, 2007), <http://www.nek.uu.se/StaffPages/Publ/P993.pdf> (accessed 21 October 2012).
- 16 Another study, which finds significant positive impacts, is only accessible in Swedish: S. Tegle, "Påverkar förekomst av friskolor betygen i grundskolan? – En statistisk analys av samtliga elever i årskurs 9 år 2006," (Stockholm: Svenskt Näringsliv, 2010), cited in G.H. Sahlgren, "Schooling For Money: Swedish Education Reform and the Role of the Profit Motive," 8.
- 17 Å. Ahlin, "Does School Competition Matter? Effects of a Large-Scale School Choice Reform on Student Performance," (Uppsala: Department of Economics, 2003), 3, 6-7, 12ff, <http://www.diva-portal.org/smash/get/diva2:129247/FULLTEXT01> (accessed 27 June 2012).
- 18 A. Björklund, M.A. Clark, P.-A. Edin, P. Fredriksson and A.B. Krueger, "The Market Comes to Education in Sweden: An Evaluation of Sweden's Surprising School Reforms," (New York: Russell Sage Foundation, 2005), 112ff, 115-117, <http://www.bportugal.pt/en-us/estudios-economicos/conferencias/documents/2005labourmarket/krueger.pdf> (accessed 27 June 2012).
- 19 M. Sandström and F. Bergström, "School Vouchers in Practice: Competition Will Not Hurt You," *Journal of Public Economics* 89, (2005), 369ff.
- 20 D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 25ff.
- 21 G. Sahlgren, "Schooling for Money: Swedish Education Reform and the Role of the Profit Motive," 16.
- 22 G. Sahlgren, "Schooling for Money: Swedish Education Reform and the Role of the Profit Motive."
- 23 Not statistically significant (where $p=0.55$): G. Sahlgren, "Schooling for Money: Swedish Education Reform and the Role of the Profit Motive," 19.
- 24 G. Miron et al., "Profiles of For-Profit and Nonprofit Education Management Organizations: Thirteenth Annual Report, 2010-2011," i.
- 25 There are a raft of different definitions of "EMOs." The term "EMO" used here designates only for-profit charter school operators; Charter Management Organisations (CMOs) operate not-for-profit schools.
- 26 G. Miron et al., "Profiles of For-Profit and Nonprofit Education Management Organizations: Thirteenth Annual Report, 2010-2011," i; D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 40. Sweden and the US share this "S-model" of EMO growth over the last 20 years.
- 27 G. Miron et al., "Profiles of For-Profit and Nonprofit Education Management Organizations: Thirteenth Annual Report, 2010-2011," i-ii.
- 28 D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 41.
- 29 P.E. Peterson and M.M. Chingos, "Impact of For-Profit and Nonprofit Management on Student Achievement: The Philadelphia Intervention, 2002-2008," *Program on Education Policy and Governance Working Papers Series*, 2 (Cambridge, MA: Kennedy School of Government, Harvard University, 2009), 2, http://www.hks.harvard.edu/pepg/PDF/Papers/PEPG09-02_Peterson_Chingos.pdf (accessed 26 February 2012).
- 30 R. Muir ("Not For Profit," 14) argues that this is perhaps due to the experience of for-profit providers relative to their not-for-profit counterparts. But this is precisely what for-profits offer: experience and often scalability (see below, p. 10ff).
- 31 P.E. Peterson and M.M. Chingos, "Impact of For-Profit and Nonprofit Management on Student Achievement: The Philadelphia Intervention, 2002-2008," 3.

- 32 M.A. Mac Iver and D.J. Mac Iver, "Privatizing Education in Philadelphia: Are Educational Management Organizations Improving Student Achievement?," (Baltimore: John Hopkins University, 2006), 18, http://ncspe.org/publications_files/OP141.pdf (accessed 23 October 2012); B.P. Gill, R.W. Zimmer, J. Christman and S. Blanc, "State Takeover, School Restructuring, Private Management and Student Achievement in Philadelphia," (Santa Monica, CA: The RAND Corporation, 2007), 34, <http://www.rand.org/pubs/monographs/MG533.html> (accessed 27 June 2012).
- 33 P.E. Peterson and M.M. Chingos, "Impact of For-Profit and Nonprofit Management on Student Achievement: The Philadelphia Intervention, 2002-2008," 37, n. 20; S. Waslander et al., "Markets in Education," 60-1. On Peterson's earlier study, "School Reform in Philadelphia: A Comparison of Student Achievement at Privately Managed Schools with Student Achievement in Other District Schools," (Cambridge, MA: Kennedy School of Government, Harvard University, 2007), and B. Gill et al., 2007, see: D.C. Briggs, "Review of 'State Takeover, School Restructuring, Private Management, and Student Achievement in Philadelphia' by Brian Gill, Ron Zimmer, Jolley Christman and Suzanne Blanc and 'School Reform in Philadelphia: A Comparison of Student Achievement at Privately-Managed Schools with Student Achievement in Other District Schools' by Paul Peterson," *Education Policy Studies Laboratory* (2007), http://epsl.asu.edu/epru/epru_2007_thinktankreview.htm (accessed 6 November 2012). Briggs finds that if the results do not concur, the findings of Gill et al. are more robust than those of Peterson given that the data is "better and more comprehensive" (12). Peterson, nonetheless, returns with Chingos and two further years of data—those ending in 2007 and 2008: "Impact of For-Profit and Nonprofit Management on Student Achievement: The Philadelphia Intervention, 2002-2008," 2.
- 34 C.D. Hill and D.M. Welsh, "For-Profit Versus Not-For-Profit Charter Schools," 164. In Michigan, G. Miron and C. Nelson, *What's Public about Private Schools?* (Thousand Oaks, CA: Corwin Press, 2002), used a relative-gains analysis to compare charter school pass rates on standardised tests with those of local district schools. Their conclusion was that not-for-profits did better than for-profit schools, though they neglected controls and an evaluation of statistical significance.
- 35 K.A. King, "Charter Schools in Arizona: Does Being a For-Profit Institution Make a Difference?," 730, 744.
- 36 Two examples of the "lower costs, lower quality" critique are: One News, "Charter schools 'motivated by profit' – education expert," 3 August 2012, <http://tvnz.co.nz/national-news/charter-schools-motivated-profit-education-expert-5004944> (accessed 29 November 2012); and, R. Stock, "The Business Side of Charter Schools." The Education Policy Response Group at Massey University restricts itself to disparaging remarks about "big business" interests in Sweden and the prospect of such in New Zealand: Education Policy Response Group (EPRG), "Charter Schools for New Zealand," (April 2012), 28ff, 86. http://img.scoop.co.nz/media/pdfs/1204/EPRG_Charter_Schools_for_New_Zealand_report.pdf (accessed 23 October 2012).
- 37 The Education Amendment Bill 2012 is at: http://legislation.govt.nz/bill/government/2012/0077/latest/DLM4807509.html?search=y_act%40bill_2012__ac%40bc%40acur%40ani%40aase%40bcu_r_ac%40bn%40rn_25_a&p=2 (accessed 15 November 2012). Accountability provisions include sections 158D ("Partnership school contracts"), 158F ("Sponsor's duties"), 158J ("Annual financial statements of partnership schools kura hourua"), and 158L ("Intervention in partnership school kura hourua by Secretary").
- 38 Cf. G. Miron, "Educational Management Organizations," (undated), 485-6, http://a100.educationalpolicy.pbworks.com/f/Miron_EMO_Chpt27.pdf (accessed 26 October 2012). There may also be benefits to teachers. In Sweden, for instance, both state and free school first-year teachers earn an extra two percent per year in competitive areas in comparison to less competitive areas. Teachers in free schools also polled greater job satisfaction than their municipal counterparts in 2009. Cited in G.H. Sahlgren, "Schooling For Money: Swedish Education Reform and the Role of the Profit Motive," 11-12. This result post-dates Fredrickson (2008), cited in S. Wiborg, "Swedish Free Schools: Do they Work?," 16, who finds that teachers in free schools are less qualified and less experienced than their counterparts in municipal schools, work in worse conditions and retain less freedom, being beholden to their employer.
- 39 P. Emilsson, "The Profit Motive in Education," in J.B. Stanfield (ed.), "The Profit Motive in Education: Continuing the Revolution," 82.
- 40 D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 56; A. Laird and J. Wilson, "Social Enterprise Schools," 5; K.A. King, "Charter Schools in Arizona: Does Being a For-Profit Institution Make a Difference?," 736, 737; G. Miron, "Educational Management Organizations," 487; G.H. Sahlgren, "Schooling For Money: Swedish Education Reform and the Role of the Profit Motive," 21-2; T. Young, "Setting Up a Free School," in J.B. Stanfield (ed.), "The Profit Motive in Education: Continuing the Revolution," 70; P. Emilsson, "The Profit Motive in Education," in J.B. Stanfield (ed.), "The Profit Motive in Education: Continuing the Revolution," 83.
- 41 G.H. Sahlgren, "Schooling For Money: Swedish Education Reform and the Role of the Profit Motive," 21, describes the idealism of not-for-profits as "scarce and local." T. Young, "Setting Up a Free School," 62ff.
- 42 In the UK: R. Muir, "Not For Profit," 10. The flipside to this is that parents may want a 'traditional' education for their children, and therefore undermine innovation: S. Waslander et al., "Markets in Education," 52. In the US, primary and secondary education is "one of the least innovative sectors" in the economy, despite receiving \$596 billion per annum in public money: A. Hernandez, "Focus on For-Profits in K-12 Education Misses the Real Divide," 5.
- 43 C. Lubienski, "Do Quasi-Markets Foster Innovation in Education? A Comparative Perspective," *Education Working Papers*, 25 (Paris: OECD, 2009), 8ff, esp. 10-11.
- 44 True for not-for-profit Partnership Schools as for for-profits: G. Miron, "Educational Management Organizations," 477.
- 45 C. Lubienski, "Do Quasi-Markets Foster Innovation in Education?," 18, 21ff. Or, see Lubienski's earlier work: C. Lubienski, "Public Schools in Marketized Environments: Shifting Incentives and Unintended Consequences of Competition-Based Educational Reforms," *American Journal of Education* 111, no. 4 (2005), 464-86. In New Zealand, see: E.B. Fiske and H.F. Ladd, *When Schools Compete: A Cautionary Tale* (Washington, DC: Brookings Institution Press, 2000).
- 46 Less evidence of innovation in the classroom: E.B. Fiske and H.F. Ladd, *When Schools Compete: A Cautionary Tale*, 249; C. Lubienski, "Do Quasi-Markets Foster Innovation in Education?," 27, 36 (quotation, 36).
- 47 S. Waslander et al., "Markets in Education," 7. Though Not-for-profits also seem to derive benefits from scalability. In England, there is an argument to suggest multi-academy groups perform better academically than solitary academies: D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 12, 18, 56. See also: S. Park, "Academies Evaluation – 5th Annual Report," (Nottingham: Department for Children, Schools and Families, November 2008), 106ff, <http://www.edupa.uva.es/schemesofwork/academies/pdf/Academies5thAnnualReport-45798.pdf> (accessed 17 October 2012).
- 48 G.C. Hentschke, S. Oschman and L. Snell, "Education Management Organizations: Growing a For-Profit Education Industry with Choice, Competition, and Innovation," *Policy Brief*, 21 (Reason Public Policy Institute, 2001), 5, <http://reason.org/files/86f373eefe12bf11ff614e1305ff3362.pdf> (accessed 15 October

- 2012).
- 49 Center for Research on Educational Outcomes (CREDO), "Charter School Growth and Replication. Executive Summary," (Stanford: CREDO, 2013), 7-8, 10, <http://credo.stanford.edu/pdfs/CGAR%20Growth%20Executive%20Summary.pdf> (accessed 5 February 2013).
 - 50 Beyond 6,000 pupils, however, diseconomies of scale may ensue: M. Andrews, W. Duncombe and J. Yinger, "Revisiting Economies of Size in American Education: Are We Any Closer to a Consensus?" *Economics of Education Review*, 21 (2002), 255; C.D. Hill and D.M. Welsh, "For-Profit Versus Not-For-Profit Charter Schools," 149-50. *Contra* B. Levin, *Reforming Education*.
 - 51 S. Waslander et al., "Markets in Education," 61. Examples include the best functioning Edison schools: B.P. Gill, J.A. Marsh and L.S. Hamilton, "Assistance and Accountability in Externally Managed Schools: The Case of Edison Schools, Inc.," *Peabody Journal of Education*, 83 (2008), 452.
 - 52 See, for example: EPRG, "Charter Schools for New Zealand," iii; One News, "Charter schools 'motivated by profit' – education expert." In the US, otherwise: G. Miron, "Educational Management Organizations," 488. Also: K.A. King, "Charter Schools in Arizona: Does Being a For-Profit Institution Make a Difference?," 737.
 - 53 Will not be able to "cherry-pick": Education Amendment Bill 2012, section 158M; on the potential differential costs of education between, say, children from impoverished or affluent backgrounds, see: C.M. Hoxby, "School Choice: The Three Essential Elements and Several Policy Options," (Wellington: Education Forum, 2006), 24ff.
 - 54 Cf. in development economics: P. Collier, "Beyond the Role of Victim. The Ethical Basis for International Concern about Africa," 2006, <http://users.ox.ac.uk/~econpco/research/pdfs/EthicalBasis-for-IntConcern.pdf> (accessed 7/11/12).
 - 55 For instance: One News, "Charter Schools Worry Principals Assoc. Union," 23 February 2013, <http://tvnz.co.nz/national-news/charter-schools-worry-principals-assoc-union-5350542> (accessed 25 February 2013); R. Stock, "The Business Side of Charter Schools." Or, elsewhere, only elected representatives and/or public servants should have discretion over taxpayers' contributions: G.C. Hentschke et al., "Education Management Organizations," 2; G. Miron, "Educational Management Organizations," 477. In response, we may posit that there are analogues that are rarely disputed. For example, recipients of Working For Families spend these funds at the local supermarket chain.
 - 56 S. Waslander et al., "Markets in Education," 59.
 - 57 Hekia Parata, Press Release, "New Primary School Opens in Hobsonville Point," 4 February 2013. <http://beehive.govt.nz/release/new-primary-school-opens-hobsonville-point> (accessed 5 February 2013). See also: Ministry of Education, "Public private partnerships (PPP) for new school property," <http://www.minedu.govt.nz/NZEducation/EducationPolicies/Schools/PropertyToolBox/StateSchools/Funding/SchoolPropertyPPP.aspx> (accessed 5 February 2013). The Project Agreement for Hobsonville Point Schools, signed April 2012, is at: http://www.minedu.govt.nz/~media/MinEdu/Files/EducaitonSectors/PrimarySecondary/PropertyToolbox/NewsAndEvents/PPP/ProjectAgreementHobsonvillePointSchools_April2012.pdf (accessed 5 February 2013).
 - 58 On the funding schedule, see: <http://www.lead.ece.govt.nz/ManagementInformation/Funding/FundingHandbook.aspx> (accessed 25 February 2013).
 - 59 Education Amendment Bill 2012, sections 158D (3) (g)-(h), and 158L. Otherwise, in general, see: G.C. Hentschke et al., "Education Management Organizations," 2.
 - 60 It is pertinent to note here that there is "effectively no correlation between grant funding and charter network performance": A.J. Coulson, "The Other Lottery. Are Philanthropists Backing the Best Charter Schools," *Policy Analysis*, 677 (June 6 2011), 1, 11.
 - 61 On risk, see: S. Waslander et al., "Markets in Education," 59; G.C. Hentschke et al., "Education Management Organizations," 1; T. Young, "Setting Up a Free School," 66-7, 71.
 - 62 G.C. Hentschke et al., "Education Management Organizations," 4; T. Young, "Setting Up a Free School," 62-6.
 - 63 J. Croft, "Profit-Making Free Schools. Unlocking the Potential of England's Proprietorial Schools Sector," 55.
 - 64 Partnership Schools Kura Hourua Working Group, "Indications of Interest," <http://partnershipschoools.education.govt.nz/> (accessed 5 January 2013).
 - 65 For a review of the research on such impacts, see: S. Thomas, "What Impacts Can Charter Schools Have on Regular State Schools."
 - 66 S. Waslander et al., "Markets in Education," 47-8. Also, there have been reports of wrangles between district school boards and EMOs in the US: D.M. Carpenter II and K. Kafer, "Charter School Replication in Colorado," Report prepared for the Colorado Department of Education, 7 November 2011, 9ff, http://www.cde.state.co.us/cdechart/download/replication_study.nov2011.pdf (accessed 22 October 2012).
 - 67 In general, see: A. Hernandez, "Focus on For-Profits in K-12 Education Misses the Real Divide."
 - 68 See, for example: R. Duff, "Manipulative Charter Schools Are Too Good to Be True," *New Zealand Herald*, 13 November 2012, http://www.nzherald.co.nz/opinion/news/article.cfm?c_id=466&objectid=10846938 (accessed 13 November 2012); R. Duff, "Educational Equity Key to Success," *New Zealand Herald*, 30 November 2012, http://www.nzherald.co.nz/opinion/news/article.cfm?c_id=466&objectid=10850846 (accessed 3 December 2012). Cf., in general: Education Policy Response Group, "Charter Schools for New Zealand."
 - 69 S. Waslander et al., "Markets in Education," 47ff. For a review of collaborative mechanisms in the US, in general, see: S. Thomas, "What Impacts Can Charter Schools Have on Regular State Schools," 6-7. One problem in Sweden is that there is no incentive or compulsion to exchange information: S. Wiborg, "Swedish Free Schools: Do they Work?," 16.
 - 70 G.C. Hentschke et al., "Education Management Organizations," 7-8.
 - 71 There are inevitably trade-offs. These are perhaps most clear in three directions: overly stringent regulation may constrain scalability and stifle innovation, while the disclosure of sensitive information may undermine comparative advantage.
 - 72 G.C. Hentschke et al., "Education Management Organizations," 11.
 - 73 Education Amendment Bill 2012, section 158D.
 - 74 G.C. Hentschke et al., "Education Management Organizations," 9.
 - 75 They will also protect against private parties in search of a quick profit—however slight this risk may be. Such behaviour has been alleged in Sweden: D. Meyland-Smith and N. Evans, "A Guide to School Choice Reforms," 56-7, 58.
 - 76 See, on the importance of a robust application process: CREDO, "Charter School Growth and Replication. Executive Summary," 8.
 - 77 G.C. Hentschke et al., "Education Management Organizations," 10-11. The Bill does, at least, provide for Partnership School reporting to parents regarding their children's progress and "any barriers to progress" (section 158F (e) (ii) and (iii)). This is a minimum requirement.
 - 78 On the importance of information for any choice programme, in general, see: J. Tooley, "Choice and Diversity in Education: A Defence," *Oxford Review of Education* 23, 1 (1997), 103-14 (especially, 107).
 - 79 Education Amendment Bill 2012, section 158X.
 - 80 Cf. S. Thomas, "What Impacts Can Charter Schools Have on Regular State Schools?" 6-7.