

The Power of Venture Philanthropy to Remake Urban Education—A Perfect Mix of  
Disinvestment, Wealth Accumulation, and Economic Crisis

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Over the past 15 years, an entrepreneurial brand of corporate foundation, known as “venture philanthropy,” has become a leading force in U.S. education. Led by the Bill and Melinda Gates Foundation, the Eli and Edythe Broad Foundation, and the Walton Family Foundation, a few billionaires are using their enormous wealth to steer public education toward markets and economic competitiveness. Using the aggressive strategies of venture capitalism, they invest in a range of experiments and leverage them to shape local and national policy. They also insinuate themselves directly in education policy making bodies and bankroll fabricated “reform” groups to lobby for anti-union legislation and charter school expansion. By funding a web of educational research and advocacy, market initiatives, and leadership and teaching pipelines that emphasize business strategies, venture philanthropies drive national education policy and neoliberal ideologies about schooling (Hassel & Way, 2005; Roelofs, 2007; Saltman, 2010; Scott, 2009).

In this chapter, I focus on the web of urban disinvestment and capital accumulation, neoliberal governance, and economic crisis, that has facilitated the expanded influence of venture philanthropy and opened up public education as a vehicle for capital accumulation.<sup>1</sup> I argue that venture philanthropists take advantage of the disinvestment in urban schools and the fiscal crisis of the state to insert themselves into education policy and governance, operating essentially as part of the “shadow state.” Their power is rooted in the enormous wealth they amassed through the neoliberal restructuring of the global economy and the technology and real estate booms of the last two decades. It is this dialectic of disinvestment and concentrated wealth that is at the heart of the venture philanthropy project. I further argue that, in a version of “disaster capitalism,” corporate philanthropies are taking advantage of an economic crisis precipitated by the deregulated capitalism they benefited from, to accelerate education markets, choice, and union busting. In particular they are exploiting the fiscal crises of urban and state governments, to leverage their neoliberal agendas. Chicago is an instructive case.

### **Bringing venture capitalism to urban education**

Historically, corporate philanthropy played a significant role in shaping U.S. education to serve capital accumulation, social control, and white supremacy. Following the Civil War, foundations launched by “robber barons” deployed their newly acquired

fortunes to shape a colonial Black education system in the South that was central to the development of racially stratified labor markets in the USA (Anderson, 1988; Watkins, 2001). At the turn of the 20<sup>th</sup> century, corporate foundations supported eugenics and sterilization and intelligence testing for control and order in the liberal corporate state (Karier, 1972; Winfield, 2007). Progressive Era industrialists, bankers, and land speculators (e.g., steel magnate Andrew Carnegie; Leland Stanford, governor of California who made his fortune speculating on land for railroad construction; Johns Hopkins, owner of the Baltimore & Ohio Railroad; and John Rockefeller, head of Standard Oil) spearheaded the development of major U.S. universities. Their purpose was to strategically use higher education and, specifically, the social sciences to shape social policy favourable to developing capitalism and social control (Guilhot, 2007; Karrier, 1972). The relative fiscal stability of schools during the post-World War II period minimized the influence of foundations which primarily funded school-based projects, provided "seed money" for educational programs, and supplemented state funding (Jehl & Payzant, 1992).

However, in the face of falling profits in the 1980s and declining U.S. economy, corporate foundations refocused on comprehensive education reform, funding think tanks that called for restructuring public education for economic competitiveness and efficiency (Berliner & Biddle, 1997). This led to a focus on data-driven accountability, privatization, and the application of business strategies to schooling. At the forefront has been a handful of venture philanthropists with enormous resources acquired through the dot com and real estate booms and expansion of global markets (Lipman, 2011). In the first decade of the 21<sup>st</sup> century, as traditional donors such as the Carnegie and Rockefeller Foundations began scaling back grants to K-12 education, their influence was dwarfed by the supremacy of the Gates, Walton, and Broad Foundations (Foundation Center, 2006). Gates, the largest of the big three, with assets six times larger than the Ford Foundation, the next largest foundation in the United State, dominates (Barkan 2012).

What distinguishes venture philanthropists is their entrepreneurial strategies. They seek to shape social agendas through strategic investments in cutting-edge, market-oriented projects and institutional experiments. Like venture capitalists, they seek out innovative projects and expect returns on their investments. Their market orientation is reflected in their language: grants are "investments," programs are "ventures," practices are "data-driven," and impact is achieved by leveraging models and "scaling up" to school districts, states, and nationally (Scott, 2009, p. 115). They aggressively seek out educational grantees (rather than waiting for grant applications), invest in and use their access to media, public officials, and think tanks to advocate for educational policies and programs (Cody, 2011). In this way, these foundations have become "central and active drivers of policy making, research, and advocacy" (Scott p.108), steering education reform toward choice, charter schools, and private management in under-funded urban districts. Like venture capitalists, they take risks in the hope that they will pay off in path-breaking innovations and monitor their investments by tracking measurable results. Although their spending is minuscule in comparison with the national education budget, they leverage their funding with cutting edge experiments and advocacy campaigns. An indication of their influence is that during the Bush administration, policy makers ranked Bill Gates as the most influential educational policymaker, ahead of then-U.S. Secretary of Education, Margaret Spellings (Swanson & Barlage cited in Scott, 2009).

In the past few years, venture philanthropies have shifted major resources and staff into research and advocacy. For example, at the national level, the Walton Foundation is spending almost as much on policy and advocacy (\$60 million), including Michelle Rhee's StudentsFirst, as it is on creating charter schools (\$71 million) (Russo, 2012). They fund "Astroturf" groups (groups promoted as grassroots and autonomous but actually fronts for corporate agendas) such as Stand for Children, which lobbies state legislatures to expand charter schools, weaken teacher unions, and mandate performance based pay for teachers. Stand for Children received \$5.2 million from Gates from 2003-2011 (Barkan, 2012; Hess, 2012). Jonah Edelman, CEO of Stand for Children, declared, "We've learned the hard way that if you want to have the clout needed to change policies for kids, you have to help politicians get elected. It's about money, money, money" (Banchemo, 2010). Pursuing this strategy, they have succeeded in pushing legislation in state after state to mandate charter school expansion, performance based pay for teachers, and restrictions on teacher unions.

### **Wealth concentration and the neoliberal shift in urban governance**

The disproportionate influence of venture philanthropy is rooted in the vast fortunes amassed by a small number of investors and venture capitalists over the past three decades. Like the primitive accumulation of capital through colonialism, the riches of the robber barons and industrialists of the 19<sup>th</sup> and early 20<sup>th</sup> centuries, and the global pillage by U.S. and European imperialist powers throughout much of the 20<sup>th</sup> century, neoliberal restructuring of the global economy has further concentrated the world's wealth. In fact, today's wealth inequalities are historically unprecedented. In 2006, the richest 2 per cent of the world's adults owned more than half of global household wealth, while the bottom half owned barely 1 per cent (Davies et al, 2008). Bill Gates, the Walton family, and Warren Buffet (who gave \$31 billion in Berkshire Hathaway stock to the Gates Foundation in 2006) possess more wealth than that of 43 countries *combined*<sup>ii</sup> (Watkins, 2010). As Ken Saltman (2010) points out, citing Slavoj Zizek, "to give the capitalist must first *take*" (emphasis original) (p.2). As in previous eras, the fortunes and power of these billionaires were amassed through violence, exploitation, and dispossession/theft of people, land, resources, and public assets (not to mention genocide). To put it bluntly, a new generation of robber barons have acquired unfathomable fortunes through outsourcing production, driving down wages, opening up the world as a free market, global real estate investments, the boom in technology, and rampant speculation in a dizzying array of arcane financial instruments. Their wealth accumulation was lubricated by government policies and tax subsidies: free trade agreements, cuts in corporate taxes, deregulation of banking and finance, relaxed labor and safety regulations, privatization of public goods, and government financed research, such as the technology research that benefited Gates' Microsoft (Saltman, 2010)

It is this dialectic of "accumulation by dispossession" (Harvey, 2003) that positioned a few of the world's richest billionaires to influence policy through the power of their foundations. (Think, for example, of the exploitation of Chinese workers by Gates' Microsoft, or the low-wage labor at Walmart--owned by Walton--the world's biggest employer, or the loss of affordable housing and working class neighborhoods due to speculative activities of real estate investors such as Eli Broad, of the Broad Foundation). In turn, they use their wealth to dominate the very classes of people they

have exploited and dispossessed. Venture philanthropists and hedge fund managers turned education “reformers” (e.g., founders of the privatizing Democrats for Education Reform and operators of charter schools in New York) use their wealth to set public policy and benefit from public education funds.

Neoliberal urban policy laid the groundwork. Cuts in federal funding to cities in the 1980s, created an opening for private interests to influence public policy and to profit from public institutions. As city governments turned to real estate and tourism, as key sources of revenue (Hackworth 2007), they partnered with corporate actors, including foundations, to restructure public institutions, e.g., public housing and schools, in line with the market. Venture philanthropies were particularly well-positioned to leverage their wealth to strategically shape urban social policy in areas such as health, education, and the environment. They funded neoliberal experiments and used them to leverage policies that shifted public funds to private interests. The examples in education are numerous: charter school operations, the testing industry and its offshoots, school district spending on technology, subcontracting and outsourcing tutoring and other supplemental education services, national standards keyed to the text book industry, and more. As early as the late 1990s, business publications were describing education as a potential \$600 billion dollar investment opportunity. In May 2010, JPMorgan Chase & Co., a global financial-services company, announced a \$325 million investment in charter school expansion (JPMorgan, 2010). Specific sectors are major beneficiaries. For example, Bill Gates, CEO of Microsoft Computing, promotes prioritizing science, engineering, technology, and math education. But like the robber barons that preceded them, their broader goal is to shift policy in the interest of capitalism as a whole, in this case by relentlessly neoliberalizing the public sphere and gearing education to global economic competition. Through their focus on urban education, they also help shape urban policy in neoliberal directions (Lipman, 2011).

The role of venture philanthropy in setting education agendas is part of the neoliberal shift from government to “governance.” Neoliberal governance regimes employ business practices and metrics (cost benefit analysis, outputs, performance indicators) to restructure public institutions for efficiency and effectiveness, (Clarke & Newman, 1987). They set up public private partnerships with non-state actors and unelected corporate bodies to set policy and run public institutions. For example, Philadelphia public schools joined up with the Philadelphia’s Center City District (a business improvement district whose board of directors includes major corporate, banking and investment firms) to restructure schools to serve redevelopment of the Center City area, and the Commercial Club of Chicago (an organizations of the most powerful corporate and financial leaders in the city) has shaped education policy through its framework and implementation of Renaissance 2010 (a plan to close public schools and expand charter schools). In the culture of the “new public management” it is “normal” for the state to draw on the management skills of the private sector to run public schools. For example, CEOs now lead many urban school districts, and the state contracts with corporate consultants, such as Mass Insight and A. T. Kearney who designed Philadelphia’s and Chicago’s district restructuring respectively. These unaccountable bodies redesign public education along neoliberal lines.

Mitchell (2001), Wolch (1990) and others argue that the shift from government to governance is materialized through the “shadow state.” Wolch describes the “shadow

state” as an assemblage of voluntary organizations that operate in the interstices between state and society. In the neoliberal context, these non-state organizations take over provision of social services, thus absolving the state of responsibility for social welfare functions, yet they have no accountability to the public. Cristen Jenkins and I<sup>iii</sup> (2011) argue that corporate philanthropy and the private education providers they fund and promote, e.g., charter schools and school turnaround operators, are part of the shadow state. By providing educational services guided by ideologies of business management and markets they discursively and practically redefine the meaning of education and the nature of teaching. Their push for economic competitiveness, choice, charter schools, and the relentless focus on test scores, backed up by elected officials of all stripes, has remade urban education. Some public schools in Chicago now have “marketing directors” and those not thoroughly stripped of resources strive to sell their schools through souped-up websites. Twenty-one of the nation's 75 largest districts now have superintendents or other top leaders trained by the Broad Foundation’s corporate training academy for top education leaders (Samuels, 2011).

Venture philanthropy finds fertile soil in the ideologies and practices of neoliberal urban governance. As Jenkins and I argue (Lipman, 2011), the reliance of city governments on public private-partnerships, their focus on global competitiveness and capital accumulation, their business-oriented governance models, and the race and class inequalities that threaten urban social stability put cities at the center of foundation strategies. Corporate foundations both promote and utilize this environment to influence public policy nationally. Venture philanthropy insinuates neoliberal practices and discourses into the micro-workings of social institutions and the life of the city by establishing the legitimacy of corporate actors to promote public initiatives and thus take over state functions. Their influence extends beyond the life of any political administration. As Mitchell (2001) points out, neoliberalism is “economically and socially entrenched in the minds of citizens and the capillaries of society to the point where, even with a change of government, the practices and ideology remain” (p.166).

### **Urban disinvestment and philanthropy’s disaster capitalism**

Working class African American (and more recently, Latino) areas of U.S. cities have experienced nearly a half century of disinvestment and destabilization and now displacement. In the dual city of the 21st century, glittering corporate skyscrapers, gated communities, and luxury zones for the rich contrast with disinvested and heavily policed low-income communities of color. Chicago is a prime example. African American and latino neighborhoods that were disinvested of public and commercial infrastructure, including public housing, now sprout high-profile gentrification complexes while the city government funnels tax dollars to subsidize real estate developers. At the same time, other, primarily African American neighborhoods, are zones of extreme poverty, monuments to disinvestment and public neglect with no full service grocery store or bank and few public resources. Parts of Chicago’s South and West Sides are dotted with overgrown vacant lots, still-present scars of disinvestment that followed African American rebellions in the 1960s. Those displaced by gentrification are pushed to the outskirts of the city and beyond by de facto racial segregation in housing and inflated housing and rental markets.

The city's education policies are constitutive of its economic, racial, and spatial dichotomies with disastrous consequences for low-income students of color and their communities. Chicago Public Schools (CPS) has a two-tier school system of selective enrollment and specialty schools for affluent and gentrifying areas while neighborhood schools in low income African American and Latino communities have been starved of resources and programs, destabilized by a revolving door of district mandates, and pathologized by a racialized discourse of failure (Lipman, 2004; 2011). These schools have experienced systematic disinvestment and destabilization by a revolving door of district mandates and leaders. A U.S. Department of Education analysis of 2008-09 school-level expenditures found that over 40 percent of Chicago high-poverty schools received less than their fair share of state and local funding, leaving the students in these schools with fewer resources than students in low-poverty schools (West, 2011). Tim Cawley, Chief Administrative officer of CPS, announced that the school district did not intend to invest in schools that would be closed in the next 10 years anyway (Ahmed-Ullah, 2011).

It is in and through this landscape produced in the nexus of capitalism, white supremacy, and urban policy that billionaire philanthropists find opportunities to shape public education. They have found fertile ground in Chicago, a city that exemplifies neoliberal governance and that has systematically starved neighborhood schools in low-income African American and Latino neighborhoods of resources and destabilized them with a revolving door of district directives (Gutierrez & Lipman, 2012). Some schools have been on probation since 1996, subjected to one failed district program after another and stigmatized by racialized discourses of pathology. In 2011, only 25% of CPS neighborhood elementary schools had teachers for both art and music; 40 schools had neither and most schools were forced to choose between the two; many schools lacked necessary learning materials; 160 schools did not have libraries (there are about 650 schools in total), and there is a woeful lack of social workers, nurses, school psychologists. The lack of resources is disproportionately felt by schools in low-income communities of color (Chicago Teachers Union, 2012). In a form of disaster capitalism, these schools have been softened up for closing, privatization, and turnaround.

The "failure" of neighborhood schools in low-income students of color, reified by the metrics of standardized tests and discursively constructed as pathological, is the warrant to close them and hand them over to turn around operators and charter school companies or convert them to selective schools in areas being gentrified (for full discussion see Lipman, 2011). This strategy was first proposed by the Commercial Club of Chicago and rolled out by Chicago's Mayor Daley in 2004 as the Renaissance 2010 Plan, backed by local and national corporate foundations. From 2004 to 2011 the Gates and Walton Foundations each gave \$2 million or more to the Renaissance Schools Fund, set up by the Commercial Club to fund and oversee Renaissance 2010 (Renaissance Schools Fund, 2011). Gates has invested \$90 million in Renaissance 2010 overall. Although 2010 has come and gone, the strategy has expanded in Chicago and nationally. Bruce Rauner, a venture capitalist who regularly advises Chicago's Mayor Emanuel, advocates a "multiyear revolution" to expand charter schools, evaluate teachers by student test scores, and end teacher tenure (Coen, Heinzmann & Chase, 2012). Chicago is also in the running for a chunk of the Gates' Foundation's \$40 million competitive Charter Compact grants to expand charter schools nationally by leveraging charter

initiatives in select cities. To get the funds Chicago committed to expand charter schools (100 new schools in the next 5 years -- 60 charter, the rest turnaround and contract schools), close “low-performing” public schools, give charter schools the same funds as public schools, and provide them easier access to school facilities. The Walton Foundation has also donated over \$3 million to charter school operators in Chicago (Walton, 2012).

Venture philanthropies have made Chicago a laboratory and model to leverage their agenda. For example, in 2001, Gates co-opted the small schools movement in Chicago to “bring it to scale” (Klonsky & Klonsky, 2008). Renaissance 2010 clones play out in cities across the US. In 2006, Gates gave Chicago Public Schools \$21 million to test out its high school redesign for global economic competitiveness (Gates, 2006). When this idea did not produce the desired results, Gates dropped it in favor of expanding charter and turnaround schools and imposing performance pay on teachers. In 2001, the Broad Foundation leveraged a public private partnership with CPS and the Chicago Public Education Fund to provide \$1.2 million to train school leaders through New Leaders for New Schools (Eli Broad, 2001). This was followed by support for University of Illinois, Chicago Urban Education Leadership program and support for performance-based pay and a performance management system. Both former CPS CEO Jean-Claude Brizard and current CEO Barbara Bird-Bennett were trained at the Broad Superintendents Academy.

Gates also funds the Academy for Urban School Leadership (AUSL), a turnaround operator that now runs 25 Chicago Public schools. The U.S. Department of Education under Obama/Duncan made turnarounds a key school improvement strategy and named AUSL a national model. Each turnaround school gets at least \$2million in additional funds from the school district, in addition to major building renovations. By funding AUSL at over \$10 million, Gates helped create showcase schools that legitimate turning public schools over to outside operators. AUSL uses its additional resources to hire National Board Certified teachers and additional staff (up to three teachers per classroom) and has \$500, 000 to \$750,000 in additional funds for professional development, planning, and new program implementation. The CPS-AUSL-Gates partnership creates a hyper-resourced model against which disinvested public neighborhood schools are compared. Far from the competitive market touted by Ren2010 and corporate philanthropies, AUSL represents a high-level manipulation of school funding and interventions by corporate actors to generate school “improvement.”

These interventions have not improved education for the vast majority of students and they have been disastrous for the communities affected. CPS closes schools that are anchors in their communities, further destabilizing low-income communities of color. Students are transferred out of their neighborhoods to schools no better than the ones closed, disrupting their education, destabilizing receiving schools, and leading to spikes in violence. Some African American and Latino communities have almost no neighborhood public schools left. Those that remain are under-resourced and subjected to a steady churn of leaders, policies, and programs.

### **Feasting on disaster—exploiting the economic crisis**

The devastation of hurricane Katrina and the forced exodus of much of New Orleans’ working class Black population was a golden opportunity for venture

philanthropists, in league with neoliberal think tanks, policy makers, and charter school operators, to reconstruct the city's school system on neoliberal principles (Buras, 2010; Saltman, 2007). The conjuncture of the 2008 economic crisis, the election of Barack Obama, and his appointment of Arne Duncan, CEO of Chicago Public Schools, as U.S. Secretary of Education aligned the stars in favor of venture philanthropy. As the economic crisis led to revenue shortfalls and budget deficits in state and local governments, philanthropies were able to step in and leverage both their money and influence to broadly shape national, state and local policy to lubricate their market driven strategy.

Immediately upon his appointment, Duncan made it clear that he planned to make the Chicago model (an exemplar of the venture philanthropy neoliberal strategy) the national policy. His first official act was to fly to Detroit to tell the city's mayor and Michigan governor that the federal government could provide millions of dollars for the city's struggling school system... if Detroit would follow the Chicago example. Duncan made it plain that mayoral control of the school district, closing failing schools, expanding charters, and tying teacher evaluations to student test scores were the terms on which the federal government would look kindly on Detroit. The state-appointed Chief Financial Officer of the Detroit Public Schools followed up with a proposal to close 44 schools as part of an "academic plan" to expand a market of charter schools, introduce mandatory "no social promotion" policies, evaluate teachers based on student performance, and put the mayor in charge of the schools – all without consulting Detroit's elected school board. Duncan began with Detroit, one of the most economically devastated cities in the USA, and went on to pressure mayors and governors around the country.

Venture philanthropists were quick to seize the economic crisis as an opportunity. Bill Gates told the National Conference of State Legislators in July 2009, "Difficult times can spark great reforms" (gatesfoundation.org). He encouraged them to use stimulus funds to leverage standards, data systems, and competitive teacher evaluations. And the Broad Foundation, commenting on the election of Obama and his appointment of Arne Duncan, said: "With an agenda that echoes our decade of investments—charter schools, performance pay for teachers, accountability, expanded learning time, and national standards—the Obama administration is poised to cultivate and bring to fruition the seeds we and other reformers have planted" (Broad Foundation 2009/10 Report quoted in Barkan, 2011). Duncan did not disappoint. He appointed Gates and Broad staffers to top positions in the U.S. Department of Education. "Within weeks, Duncan had integrated the DOE into the network of revolving-door job placement that includes the staffs of Gates, Broad, and all the think tanks, advocacy groups, school management organizations, training programs, and school districts that they fund" (Barkan, p.54).

They drafted the guidelines for Race to the Top, setting an agenda that states signed on to in the hope of getting federal funds at a time when they had declining revenues due to the economic crisis. To ensure that states would restructure in line with its agenda, the Gates Foundation gave planning grants to help them write their proposals. Many of the venture philanthropies favorite reforms were written into the act: common core standards, charter and turnaround schools, closing failing schools, data driven instruction. Duncan, who oversaw the implementation of Renaissance 2010 in Chicago, made the Gates' *Turnaround Challenge* (a toolkit for school turnarounds) the U.S.

government guide on how-to turnaround schools – one of the Race to the Top priorities. Duncan called it “the bible” for school restructuring” (quoted in Barkan, p. 53). Competition for the U.S. government’s \$4.3 billion stimulus funds for education (Race to the Top) requires applicant states to abolish limits on charter schools, legislate teacher and principal evaluations based in part on student test scores, and fully implement statewide data-collection systems. Citing the need for “bold change” to improve economic competitiveness and narrow achievement gaps, Milwaukee’s Mayor and the state governor, in a joint statement, called for mayoral control of Milwaukee public schools. They noted that mayoral control is essential to receive federal economic stimulus funds and other federal funding (Barrett/Doyle deposition, 2009).

Foundations also exploit the fiscal crisis of city governments to leverage their charter school agenda. In November 2009, Gates provided collateral to help secure \$300 million in tax-exempt bonds to expand public charter schools in Houston (gatesfoundation.org). The Gates Charter Compact, like Race to the Top, is a competition for funds that requires cities to enact policy that lubricates charter school expansion. Philanthropic dollars look especially attractive as city governments face budget deficits, even as they refuse to enact more progressive revenue streams that tax corporate and financial wealth.

In this sense, the fiscal crisis is actually fictional—the money is there but the state lacks the political will to tax the “one percent” who hold it. However city governments discursively exploit this fiction, in alliance with corporate foundations, to accelerate education markets and further dismantle public schools. Detroit’s budget deficit and loss of student population was the rationale advanced by corporate foundations and city government to close and consolidate over half the city’s public schools for “efficiency,” replacing many with charter and selective enrollment schools. In another instance of the “shadow state,” powerful venture philanthropies, particularly Broad, linked up with regional corporate foundations and business organizations to reshape land policy, neighborhood redevelopment, and public education with no public accountability (Pedroni, 2011). This coalition put forward plans to “right size” the school district by closing scores of neighborhood schools and comprehensively restructure it along market lines.

Citing budget deficits and the inefficiency of “excess seats,” in the fall of 2012, Chicago’s mayor Emanuel and his CEO of schools also called for “right sizing” CPS by closing over 100 “under-enrolled” neighborhood schools. However, as they have already closed 105 schools (all but two serving African American and Latino students) since 2001, they have expanded charter schools to 98. And, CPS has committed to opening 60 more charters in the next 5 years under the Gates Compact. This is even though evidence suggests school closings have not saved the district money (Karp, 2012). Like Detroit, the neoliberal state in Chicago, in alliance with corporate bodies and philanthropies, deploys the discourse of fiscal crisis to impose neoliberal policies – with all their devastating consequences—on African American and Latino students and communities.

### **Conclusion**

In short, what is unfolding in urban school districts in the U.S. is a perfect mix of disinvestment, wealth accumulation, economic crisis, and the power to remake public education. This is a deeply colonial project. A handful of billionaires, whose wealth was

acquired through the dispossession and extreme exploitation of working class and poor people in the US and globally (Harvey, 2005), are using that wealth to shape the education of low-income students of color. For Gates, Broad, Walton, and other neoliberal corporate foundations, the overarching goal is to restructure U.S. education to serve economic competitiveness and capital accumulation. They are ideologically committed to market based strategies and business methods toward that goal.

The influence of venture philanthropies rests on their vast wealth and entrepreneurial strategies. They can fund cutting edge initiatives and deploy their economic and political resources to leverage and publicize their projects and agendas. They have influence with and are intertwined with policy makers at the highest levels of government. The groundwork for philanthropic influence was laid by disinvestment in urban public schools, cuts in federal funding to cities, and local neoliberal education reforms in the 1990s. Public private partnerships provide a way for billionaire funders to play a pivotal role in public policy. They deploy their economic and political resources to initiate experiments, take them to scale, and leverage them and their influence with the media and public officials to shape education agendas.

As part of the shadow state, corporate philanthropists are self-appointed political actors, who, by dint of their super-wealth, operate in the space between the state and society to engineer public policy, without public discussion or control. In reshaping urban education they also help reshape the city, affecting the lives of millions of primarily low-income working class people of color. The education policies they instigate determine who has access to public goods, particularly public schools. They dictate governance processes, such as mayoral control of school districts and the authority of public private partnerships such as the Renaissance Schools Fund in Chicago. Their role in closing public schools contributes to destabilizing working class communities, particularly communities of color. And their insistence on performance based pay for teachers further undermines public sector unions, a strategic force, if mobilized, against neoliberal urban policy and class and race inequality, as witnessed by the recent Chicago teachers strike.

The influence of corporate philanthropy is an extreme case of the conquest of the public by the private and another aspect of the neoliberal erosion of democracy. It is a profound irony (and outrage) that some of the most powerful transnational capitalists in the world who accumulated an unfathomable store of wealth through the freewheeling deregulated capitalism of the past twenty-five years have chosen to steer the educational experiences and futures of millions of working class youth of color whose immiseration is bound up in the exploitative relations that produced enormous transfers of wealth upward. The power of their money and influence at the top is pitted against growing mobilizations of parents and teachers, and, in Chicago, a revitalized teachers union that is fighting for a rich, equitable public education for all students.

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<sup>i</sup> This chapter builds on Chapter 5 of the New Political Economy of Urban Education (Lipman, 2011) and the contributions of Cristen Jenkins.

<sup>ii</sup> The countries are Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verdi, Central African Republic, Chad, Comoros, Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Laos, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritius, Mozambique, Myanmar (Burma), Nepal, Niger, Rwanda, Samoa, Sierra Leone, Soloman Islands, Sudan, Tanzania, Tuvalu, Uganda, Yemen, and Zimbabwe.

<sup>iii</sup> In Chapter 5 of the New Political Economy of Urban Education.