

# Austin Beutner—Wall Street’s Superintendent of Education in Los Angeles

By Alan Gilman  
7 January 2019

Less than a year ago, on May 1, 2018, the Los Angeles Board of education selected Austin Beutner, a former investment banker, as the superintendent of the Los Angeles Unified School District (LAUSD). Beutner’s appointment was made shortly after the most expensive school board election in US history in which millions were spent to elect candidates favorable to the billionaire-led school privatization movement.

LAUSD is the nation’s second largest school district with more than 600,000 students and whose 33,000 teachers are expected to strike on January 10.

Beutner began his career as a financial analyst for Smith Barney, a wealth management firm. At the age of 29 he became the youngest partner at the Blackstone Group, one of the largest private equity firms in the world.

At the age of 33, in the aftermath of the dissolution of the Soviet Union, he was selected by President Bill Clinton to lead a US State Department team in Russia on behalf of Wall Street to assist in monetizing many of the public assets stolen by the future Russian oligarchs.

In 1996, after his success in plundering Russian assets on behalf of Wall Street investors, Beutner co-founded with former Deputy Secretary of the Treasury, Roger Altman, Evercore Partners, an investment banking advisory firm. When Evercore went public in 2006, the initial public offering reportedly made Beutner more than \$100 million.

Around this time, Beutner became a Los Angeles resident and with his large bankroll became a magnet for local politicians.

In 2010, he was appointed by Democratic Mayor Antonio Villaraigosa to be First Deputy Mayor of Los Angeles with oversight over twelve city agencies and 17,000 city employees.

As Deputy Mayor Beutner focused on making the city more “business-friendly,” dispensing with many “unnecessary” permits and regulations.

In this role, not only did he earn the gratitude of local businesses but the local trade union bureaucracy as well.

“When I first heard of his appointment and that he had this Wall Street background and a lot of money, I was skeptical,” said Maria Elena Durazo, head of the Los Angeles AFL-CIO. She came to change her mind however. “I’m so used to hearing why something can’t be done or why it’s going to take so long. With Beutner it’s the opposite. He just gets it done.”

In 2013 with Villaraigosa’s term expiring, Beutner launched a campaign to run for Mayor but dropped out of the race a year later after attracting only two percent of likely voters.

Later in 2013, Beutner and former US Secretary of Commerce and Democratic operative Mickey Kantor co-chaired the “2020 Los Angeles Commission” to study and report on the financial problems impacting Los Angeles, particularly its chronic budget deficits and underfunded pension liabilities.

The report issued by this Commission emphasized the “failure” of the public education system and the need to assert more autocratic control. “Bold steps need to be taken, starting with a hard look at where accountability lies for our public education system. Our current approach is not acceptable—a part-time, elected school board (elected by less than 20% of adults in our community) overseeing a \$7+ billion enterprise does not make sense.”

The report implicitly suggested that the LAUSD might fare better under mayoral control, an effort that former Mayor Antonio Villaraigosa tried, and failed to achieve. Characterizing LA Unified’s current

governance structure as “prone to crisis, turnover and inconsistency,” the report notes that other cities have made more assertive efforts to control their public-school systems.

Also in 2013, Beutner joined with billionaire Eli Broad in an unsuccessful attempt to purchase the *Los Angeles Times*. In 2014, however, he was successful in becoming publisher and CEO of the *Los Angeles Times*, but was fired in September 2015. Before his takeover, the Times posted the teacher-rating scores of 6,000 LA teachers based on student test results. Rigoberto Ruelas, a fifth-grade teacher at Miramonte Elementary in South LA, committed suicide after his family said he became depressed over the “less effective” rating posted on the newspaper’s web site.

Within two weeks of Beutner’s firing the *Los Angeles Times* published a leaked June 2015 report from the Eli Broad Foundation, detailing Broad’s plan to transform half of Los Angeles schools to charter schools.

Beutner’s ultimate selection as superintendent of LAUSD was the product of a well-orchestrated campaign by Broad and other charter school advocates to take over the Los Angeles School Board.

The 2017 school board election became the most expensive (\$15 million) in the country, with much of the money coming from outside of California, and resulted in the election of a pro-charter majority who then selected Beutner as the new Superintendent in 2018.

In that election, nearly \$10 million was spent by pro-charter groups. Of that \$10 million, \$5.14 million was spent by a group known as Parent Teacher Alliance. Another \$2.8 million was spent by the Charter Schools Association Advocates (CCSA).

The CCSA transferred \$4.53 million to the Parent Teacher Alliance group before the election and also soon after receiving a \$7 million contribution from Netflix CEO Reed Hastings. In other words, it is highly probable that the new school board and, in turn, Beutner himself, were installed with the wealth of a single individual.

Beutner, who is now 58, has no background in education, or in administering a school or school district. He is, as is apparent, a world renown financier, who has had a very lucrative career extracting huge profits for himself and his investors by privatizing public assets and slashing the wages and benefits of

workers.

It is these credentials that Beutner is expected to utilize, with the acquiescence of the unions, to force teachers and students to accept conditions mandated by drastically underfunded budgets. The austerity demands have been imposed for decades by California’s Democratic governors and Democratic-controlled state legislatures, all of whom were and continue to be elected with the endorsement and support of the unions.

Beutner is wasting no time in ruthlessly attempting to suppress the emerging opposition of Los Angeles teachers. He most recently announced the hiring of hundreds of strike-breaking substitutes in the event of strike along with attempting to obtain an injunction preventing special education teachers from striking along with their colleagues on Thursday. The latter was struck down by a federal judge over the weekend.

Los Angeles and California teachers should be warned. Beutner and a whole host of figures will accept no obstacles in their drive to privatize the district and cut teachers wages and benefits. The United Teachers of Los Angeles, UTLA, has no intention to organize a serious fight back against Beutner and his allies in the political establishment. In fact, the UTLA has centered its platform entirely around the election of Democratic Party candidates and various ballot measures that will do nothing to better fund public education.

The only way forward for Los Angeles Teachers is to form their own rank and file committees with teachers around the state and around the country independently of the unions and the two parties of big business. There is enormous sentiment in favor of Los Angeles teachers both within the city and internationally. That sentiment can only find effective political expression by mobilizing the working class against the both corporate controlled parties and the capitalist system they defend.

We urge teachers to contact the *World Socialist Web Site* as soon as possible to assist in this crucial effort.

To contact the WSW and the  
Socialist Equality Party visit:

<http://www.wsws.org>