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PRIVATIZATION AND CYBER CHARTER SCHOOLS

A Thesis

Presented to

The Faculty of the Graduate Division of  
Social and Cultural Foundations in Education

DePaul University

In Partial Fulfillment of the  
Requirements for the Degree of  
Master of Arts

By

Tammy Meyn-Rogeness

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DePaul University

Chicago, IL

## Abstract

## PRIVATIZATION AND CYBER CHARTER SCHOOLS

Tammy Meyn-Rogeness

Until recently the resources available to students have been limited to the boundaries of their school district. Due to technological advances in web-based curriculum, more and more students are opting to enroll in virtual schools. Virtual school models vary, but the most controversial type is the cyber charter school managed by for-profit companies. Supporters of cyber charter schools maintain that the schools are an efficient method for educating children who do not wish to be a part of the mainstream public school system. Critics see cyber charter schools as the newest trend in privatizing education. Education management organizations use federal, state, and local monies to provide online education services. This fact is evidence that education policy and the market are increasingly becoming intertwined. This thesis seeks to analyze this trend in education. Particular attention is given to education policies that opened the door to private firms entry into virtual education. The paper uses K12 Inc., one of the largest for-profit firms in the virtual charter school market, to illuminate some of the tensions surrounding education privatization. Research, conducted through documentary analysis, reveals the powerful connections K12 Inc. has with politicians and the many benefits those connections have awarded them. The risks involved with the sustained and continued growth of cyber charter schools, run by for-profit companies, deserves a critical and thoughtful analysis.

### **Acknowledgments**

I would like to first thank my advisors, Dr. Amira Proweller and Dr. Ronald Chennault, for agreeing to give me the opportunity to finish this work despite an extended absence from DePaul and a long distance mentoring relationship. I am truly grateful for their patience and guidance throughout the writing process.

I would also like to thank my children. This project has been one of my most challenging personal responsibilities and although they don't know it, my children inspired me to finish. I hope that as they tackle their own challenges in life they can draw upon the strength inside themselves to achieve their goals.

In the words of Confucius:

“It does not matter how slowly you go as long as you do not stop.”

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## **Introduction and Overview**

The purpose of this thesis is to trace the emergence of the publicly funded online charter schools phenomenon as part of the larger movement to privatize education. Once considered radical ideas, free market principles of competition and privatization are now accepted forms of education reform (Apple, 2001; Burch, 2009). No Child Left Behind is widely considered to be a driving force behind these sweeping transformations in public education. The legislation formally introduced market principles into education and its passage has spurred the growth of a particular kind of online charter school, one managed by a for-profit organization. The number of cyber charter schools managed by for-profit entities has increased dramatically since 2003-2004, but they represent just one of the many types of virtual schooling.

### **Types of Online Programs**

Virtual education encompasses a variety of schooling programs. There are state run schools, schools sanctioned and funded by a state government as an independent entity. State level virtual schools are usually intended to provide supplemental courses to students already attending a brick and mortar school. Some cyber schools are managed by colleges and universities, designed to provide high school students with college-level virtual courses. There are virtual schools run by a consortium of regional education agencies where multiple states in a region form a consortium to share virtual courses among members. Virtual school consortia pool the costs of designing a shared curriculum and instruction across many schools. Local school districts and local schools have created their own virtual schools to serve their alternative education population. Local districts and schools design supplemental virtual courses for AP students, homebound and home school population, as well as GED and credit recovery programs.

To date, supplemental virtual programs enroll the greatest percentage of students engaged in online learning (Clark, 2001; Glass, 2009; Smith, Clark, & Blomeyer, 2005; Tucker, 2007).

Finally, there are state-chartered virtual schools, or cyber charter schools. Like all other charter schools, generally four types of entities can authorize cyber charter schools: (a) local school boards, (b) state boards of education, (c) state universities, and (d) community colleges (Ellis, 2008; Bogden, 2003). State education agencies usually grant the charter and provide funding but the schools are often privately operated. These schools are the most contentious type of virtual schools and have been the center of numerous lawsuits around the country. Teachers' unions generally oppose cyber charters. The Wisconsin Education Association Council, the state's largest teachers' union, filed lawsuits against two virtual schools in the state. The union claimed the use of public funds to support home-based schools with non-licensed parents acting as educators violated the law requiring all public school teachers to have a valid license. The lawsuit also cited concerns with school funding and accountability (Tucker, 2007; WEAC, 2007). Similar lawsuits have been filed in Pennsylvania, Minnesota, and Ohio.

Cyber charter schools are computer / internet based schools that students attend on a full-time basis. Unlike a supplemental virtual program, students in a full-time cyber charter program are enrolled in the online school only (Tucker, 2007; Watson, Gemin, & Ryan, 2008). Students may have a choice to follow one or multiple curricula programs that have typically been created by a private provider (McCluskey, 2002). The actual percentage of online curriculum may vary between 20 to 80 percent, depending upon the school and the grade level. Students enrolled in cyber charter schools are provided with a computer, Internet connection, and all the necessary textbooks and supplies to complete their schooling at home. Teachers and students are separated from one another; therefore, the instruction is mediated (Berge & Clark, 2005; Tucker, 2007).

Students are provided some formal instruction via electronic media, such as audio/video conferencing, but are required to complete the majority of their school work in a self paced environment (Smith, Clark, & Blomeyer, 2005). Additionally, student-teacher contact is expected to be maintained via email or telephone (Ellis, 2008). Virtual schools frequently offer programs beyond computer-based instruction, such as field trips with teachers and other cyber charter students, and various extra-curricular programs like virtual clubs (Tucker, 2007).

Like their brick and mortar cousins, cyber charter schools have principals, teachers, an administrative office, attendance procedures, report cards, state standardized tests, and faculty meetings. As public schools, they are required to accept special education and ESL students and provide them with an education pursuant to federal and state regulations. All students must be provided with an opportunity to access online content as well as receive the full benefits of online education. This means that potential students should have access to computer equipment, high-speed Internet, and course modifications that will maximize learning for students with different abilities. In contrast to traditional brick and mortar schools, the amount of time a student may spend on each lesson is not restricted in a cyber charter school environment. While the curriculum might be self-paced, parents are expected to monitor their child's progress (Greenway & Vanourek, 2006). Many schools refer to the parent as the "learning coach" and expect parents to assume the position of teacher to a much greater degree than they might in a regular brick and mortar charter school.

### **For Profit Firms**

Private commercial entities have shown great interest in the virtual education market. Many cyber charter schools contract with an EMO, or education management organization, to provide curriculum, administrative services, and materials (Tucker, 2007; Burch, 2009). In their



annual profile of for-profit EMO's, authors Molnar, Miron, and Urschel document the prevalence of EMOs in the virtual school market. Of the 56 virtual schools in operation in 2008-2009, 50 were managed by just two large EMOs. (A large EMO is defined as a company managing 10 or more schools.) The two dominant players in the field were, and continue to be, Connections Academy and K12 Inc. In 2007-2008, K12 operated 24 schools with a total student enrollment of 37,543 (Molnar, Miron, & Urschel, 2009). The company showed a 42% increase in student enrollment the next year, enrolling 56,000 students (Watson, 2009). K12's revenue in 2004 was \$71.4 million and by 2007 revenue had nearly doubled to \$140 million (Burch, 2009). The closest competitor of K12 is Connections Academy and in 2008-2009 it operated 13 cyber charter schools (Molnar, Miron, & Urschel, 2009). Cyber charter schools, such as the ones operated by K12 and Connections Academy, are representative of the new relationships between commercial interests and government agencies being forged from the privatization of our public schools.

The paper consists of four sections, which together will present an overall snapshot of cyber charter schools' links to the broader trend of privatizing education. The first section, the literature review, is a discussion of the ideologies that form the framework for privatization of education as well as an overview of the arguments presented by critical studies of education. The latter portion of the literature review details the growth of virtual schooling including the increasing number of for-profit cyber charters, followed up with an examination of the arguments for and against cyber schools.

The second section explains how the passage of No Child Left Behind helped to spur the growth of for-profit cyber schools. The movement of high level government employees into the private sector has given corporations an advantage as they try to influence public policy. K12

Inc's connection to federal and state lawmakers is featured as a way to show the extent of the blurring of public and private roles in market-based education. The close political ties the private sector has with state and federal government is just one component of privatization.

The third section considers another aspect of privatization, funding for cyber charter schools. Funding of cyber charters is intertwined with political decision making. The business sector has established trade organizations and hired lobbying groups to protect their interests. A close eye is kept on legislation that may impact future profits and companies are willing to spend huge sums of money to defend their interests. Once funding at the state level is secured, a whole new set of dilemmas arise, as most states have not devised an equitable system for cyber charter school funding.

The fourth and final section will consider the changing role of teachers employed in for-profit managed cyber charter schools as a larger function of education within the context of neoliberal ideology. The deskilling of teachers is a characteristic of the neoliberal philosophy to produce future workers. Teacher autonomy has withered. It has been replaced by a more rigid and scripted worker-type position. Regulation of curriculum and at-will employment contracts further restricts autonomy in privatized school environments.

While student participation in all forms of virtual schooling has exploded, the body of literature on the subject is limited. Federal, philanthropic, and private funding is used to produce briefs examining state policies, practices, enrollment growth, and online accessibility. A few academic organizations, such as The Education and the Public Interest Center (EPIC), The Education Policy Research Unit (EPRU), and the Commercialism in Education Research Unit (CERU), track commercialism in public schools. These organizations are interested in virtual charter schools that are operated by for-profit firms. The majority of their published reports focus

on policy recommendations or on documenting the growth rates of privately managed cyber schools. In general, very little research considers virtual education's relationship to neoliberal policies such as market-based education.

This project is unique because it takes a critical look at cyber charter schools. Moving past the descriptive data, such as rate of private cyber school growth and per pupil funding, the paper links for-profit cyber charter schools to broader neoliberal trends in education. This thesis offers a glimpse of what Patricia Burch calls the "invisible influence" large corporations have on local policy through their close ties to powerful politicians. It focuses on the policies and practices of one company, K12 Inc, to illustrate the broader trend of public to private management of education.

## Methodology

The aim of this thesis is to trace the emergence of cyber charter schools as they are situated within the privatization movement. To do this, an analytical methodology, primarily document examination, was utilized. Documentary analysis of records can prove to be a tremendously beneficial approach to making sense of data. A common way of proceeding with document analysis is to use a ‘problem-oriented approach’. In this approach, the researcher investigates what has already been studied about the subject and then explores relevant primary sources as the focus of the study becomes clearer (Duffy, 2008, p. 122). To date, research on virtual education is sparse and with few exceptions, the literature does not connect cyber charter schools with the larger trend to privatize education.

Data gathering occurred almost exclusively from sources found on the Internet. Government policy records and white papers written were found on The Department of Education website. University departments publish and release annual reports on virtual school trends. Company websites, local newspapers, and magazines provided data on relevant stories as they unfolded.

Government policy records were useful primary sources of information for documenting the extent federal policy is supportive of privatization. Government documents referenced from online searches included the 2001 No Child Left Behind legislation and federally sponsored reports such as, “Evaluating Online Learning: Challenges and Strategies for Success” and “Helping Practitioners Meet the Goals of No Child Left Behind”. These sources provided information on the government’s backing of online education. In my analysis of these policy

documents, particular attention was paid to legislative mandates, sanctions, and guidelines as they pertained to the privatization of school services.

Due to the relative newness of the research topic, the paper relies heavily on scholarly journals, policy institutes, and research studies to compile data. Advocates of online education, like the International Association for K-12 Online Learning, publish annual reports on virtual education. These reports tend to be descriptive survey data, excellent for tracking the growth of the different types of virtual school models and reviewing current state policies. “Keeping Pace with k-12 Online Learning”, is produced by the non-profit organization, International Association for K-12 Online Learning, representing the interests of practitioners, providers, and students involved in online learning. The Center for Education Reform also publishes current statistics on the number of cyber charter schools in operation across the country. The data gathered from these sources helped document the rapid growth of cyber charter schools as well as provide important information on firms involved in this new market.

Organizations such as The Consortium for Policy Research in Education (CPRE) and The Education Policy Research Unit (EPRU) were invaluable assets. To gain a comprehensive understanding of the cyber charter schools, particular reliance was placed upon the work of scholars at the Education Policy Research Unit. The EPRU conducts original research as well as provides analysis of existing research and policy documents on topics such as school choice and privatization. These organizations were major sources of information on EMOs’ business models and continued growth.

Other important sources of information on K12 Inc. came from the company’s website, the 2007 prospectus offered when K12 became a publically traded entity, and news articles published by local newspapers and national magazines. The Idaho State Senator Gary

Schroeder's blog bestowed valuable information on events involving K12 Inc and its Idaho Virtual Academy. This combined data produced a more comprehensive picture of K12's trend in the industry.

Document analysis as an effective form of research is limited by the researcher's choice of data. For the purpose of this paper, careful attention was paid to make certain only reputable sources were cited. A variety of sources were consulted to check for consistency in the data in order to increase the validity of the research.

## Literature Review

Virtual charter schools are attracting national interest as a major focus in the on-going debate over school choice reform, and particularly in the struggle against the continued privatization of public schools. Virtual charters managed by for-profit EMOs are one variant in the sea of school choice reforms. Born from the charter school movement, virtual charters run by for-profit companies, are a very particular kind of school, their creation made almost entirely possible by the political shift rightward of American government.

Historically, the responsibility of educating our nation's children has fallen upon the government but the perception that education should be a public pursuit has given way to a belief that the private sector can provide a better education to students than the public. Transferring traditionally government provided services, like utilities, prisons, schools, and welfare services, to the private sector is part of the neoliberalism movement. Neoliberalism claims the private sector can do everything the government can do but more efficiently through the creation of competition. From this perspective, competition leads to better quality services at a lower cost to consumers. While neoliberalism wants to reduce government intervention it differs from other ideologies in that it expects the state to protect market freedom, free trade, and protection of private property. Once thought of as a radical idea, neoliberalism is now an accepted form of governmental reform (Apple, 2001; Burch, 2009; Robertson, 2008).

Privatizing government services is an important characteristic of neoliberalism in the United States. Neoliberal policies directed towards education have transformed public schooling, giving rise to a new way of thinking about and discussing education. Today, many legislators, school boards, and parents view education in a business- like model. The language we now use

to discuss schools: consumers, accountability, efficiency, standardized tests, and competition attests to the neoliberal success in transforming schools into private enterprises (Cookson & Berger, 2002; Burch, 2009). The change is part of a greater ideological shift in the perceived purpose of government.

### **Privatization of Education**

Accountability, competition, and privatization framed the Federal legislation No Child Left Behind act. It encouraged private involvement in public education. Its passage allowed for educational management organizations to step into public schools and provide new services to school districts. School districts have a long history of contracting out for certain services, such as janitorial, food services, and testing. However, the privatization of education gained more of a foothold in the 1990s, with the creation of EMOs. Instead of contracting for nonessential services, schools and districts could hire EMOs to manage every aspect of school operations, a sort of comprehensive managerial arrangement between schools and businesses (Burch, 2009).

NCLB linked education to the market in other explicit ways. Schools falling below prescribed testing targets more than 3 years must offer after school tutoring programs to students. Supplemental educational services (SES) are provided to students at no cost and are made available by the district, faith based organizations, private companies, or community based organizations. NCLB encourages privatization by mandating school districts to allow for at least 20% of SES to be provided by outside organizations. Continued school failure could result in school closure and take over by for-profit firms (Robertson, 2008; Burch, 2009).

Market theory proposes for-profit schools will streamline bureaucracies, retain and reward highly qualified teachers and administrators, and raise student achievement. Because profits are on the line, schools are more innovative and responsive to parent concerns (Levin,



2001; Merrifield, 2005). Furthermore, for-profit schools will operate more efficiently, needing fewer funds than their traditional counterparts. In a 2002 interview on education, Milton Friedman expressed his belief in the efficiency of for-profit charter schools, saying, “If you set up a charter school...which can run itself efficiently, especially if it’s taken over by a for-profit enterprise, it can provide the same schooling, or better schooling, for a good deal less money” (Kane, 2002).

Little evidence exists to validate the premise that for-profit schools are run with greater efficiency. So far, Milton Friedman’s prediction of fiscal savings hasn’t materialized and the emergence of cyber charters run by for-profit companies has not resulted in the need for fewer funding dollars. In fact, virtual education providers insist per pupil cost is similar to brick and mortar schools and lobby for like funding (Glass, 2009).

Data on student achievement is sparse. A few studies on student achievement in for-profit schools versus student achievement in not for-profit schools have been conducted with varied results. A study conducted by Sass (2006) determined no difference in student test performance between nonprofit and for-profit management companies. Miron and Nelson concluded students in for-profit schools scored slightly worse than those enrolled in nonprofit schools; however, their analysis did not include controls or account for statistical significance (Hill & Welsh, 2007). Other research suggests students enrolled in cyber charter schools managed by for profit companies generally had the same performance scores as their counterparts in a traditional public school (Blomeyer, 2005).

Together management and market wrestle control of schools from the public and into the hands of “responsive” and “entrepreneurial” “senior managers in schools” (Ball, 1994, pg 55). The assumption that public problems can be solved with private business management

techniques has in part lead to the management of students, teachers, and schools through high stakes standardized testing. The passage of No Child Left Behind incorporated choice, accountability, and privatization in Federal education policy like no other legislation before it. School funding was linked to testing outcomes, some school services were decentralized while others were centralized, and institutions were set to compete with each other for fewer funds (Burch, 2009; Ellis, 2008; Spring, 2005).

### **Critical Studies of Education**

Notwithstanding the increasing political acceptance of privatizing education, there are many that oppose applying free market principles to education policy. The fear that corporate profit, not student success, will drive the bottom line is one argument in the debate surrounding the for-profit model of schooling (Hill & Welsch, 2007; Levin, 2001). Critical researchers look beyond the data and policy considerations and examine the big picture. The underlying logic of policies and their implications on social justice are at the forefront of their writings (Burch, 2009). Critical researchers are worried about how privatization of schools is linked to a broader desire to change Americans' opinions on the role of participants and practices in education.

Applying market principles to education turns education into a commodity. Michael Apple speaks to the danger of no longer seeing education as a public exploit taken on for the sustainability of a democratic society made up of critical thinkers and problem solvers. The shift is part of a larger attempt to change our common sense and see the world as a place where everything is for sale. Education is seen as a necessary function for competing in the world market. The public good is replaced by the importance of private gain when even the notion of democracy is refashioned in economic terms (Apple, 2001).

The ideological shift can be detrimental to schools and communities. Roles are redefined; “parents become consumers and students become human capital with their education calculated in rate of return.” (Burch, 2009, p. 12) Teachers’ primary objective is to raise test scores. In this environment, only things that can be measured have value.

Critical studies of education express skepticism for the neoliberal claim that school choice will actually result in a more equitable public education system. Many contend school choice programs actually increase segregation through a selection process whereby lower-scoring or special needs students are counseled out of enrolling (Burch, 2009; Chi, 2008; Apple, 2001). They argue corporate claims of expanding opportunities to low income communities is not a replacement for equity and equality. Nor do expanded opportunities address the underlying social and cultural inequalities. Finally, another element of critical studies is to examine the hidden nature of privatization. The largely invisible activities of private firms are considered scholars such as Patricia Burch. The implications of public monies supporting for-profit companies should be part of the greater discussion on who wins, who loses, and what cost to democracy (Burch, 2009).

The first part of this section described the ideologies of neoliberalism and how its policies have changed education. Clearly, the trend in America has shifted towards privatizing education and education related services. While school districts have always relied on the private sector for some services, it was never to the extent we see today. Critical theorists argue introducing free market principles into education is part of a broader economic trend to reduce government’s influence in our daily lives.

The latter portion of this section will present an introductory glance at the creation and controversies surrounding virtual charter schools. A discussion of the exponential growth of

virtual schooling will lead into a look at one of the primary players in the virtual charter school market, K12 Inc. The focus of this section will be on the intersection of market ideology with education policy.

### **Growth of Virtual Schooling**

Inside of a decade, virtual schooling has grown from a novel idea to a mode of education impacting almost one in every 50 students in the US (Glass, 2009). In their study on the growth of online learning, Smith, Clark, & Blomeyer (2005) wrote that 40,000 to 50,000 K-12 students were enrolled in an online course in 2000-01. By the 2002-03 school year, approximately 300,000 public school students were participating in a K-12 online course and just two years later the numbers had ballooned to over 500,000. The Sloan Consortium conducted a two year follow up survey with school district administrators in an attempt to chart the growth of virtual schooling. The study revealed that in 2007 more than 1,000,000 K-12 students were involved in some form of virtual schooling (Glass, 2009).

The number of cyber schools has also grown exponentially in the same time period. In 1998, the Internet and charter schools merged to create the first cyber charter school, SusQ-Cyber Charter School in Pennsylvania. In 2001, only two cyber schools were in operation, both in Pennsylvania. Just one year later, 30 virtual schools were in operation in twelve states across the country (McCluskey, 2002). Cyber charter schools were truly new and unique and their popularity grew quickly. Carpenter and Finn (2006) reported 70 cyber schools in operation by 2002-03. Today, the Center for Educational Reform has 219 virtual schools listed in its 2010 National Charter School Directory; it is important to note this figure includes both supplemental and full time virtual school models.

A much smaller, but important, category of virtual education is the for-profit EMO cyber charter school model. Schools run by for-profit EMOs have increased in number as well; thirteen were in operation in 2003-2004 with the number rising to 50 in 2008-2009 (Miron & Urschel, 2009). Student enrollment in EMO-operated virtual schools account for 20.4% of all students in EMO managed schools, both traditional and virtual schools. There is little question that the cyber charter school model has flourished.

### **Proponents**

Many supporters declare cyber charter schools to be the future of all schooling. Virtual schooling is framed as both a public and private benefit. Proponents tout flexible at home schooling generates exciting possibilities for at-risk students who do not thrive in the traditional model of public schooling, such as students with behavioral disorders, young mothers, those that are employed, or even incarcerated (Bogden, 2003; Watson, 2007). A report written by the North American Council for Online Learning states online education helps address the nation's nearly 30% dropout rate by appealing to these non-traditional students. The same report emphasizes the advantages online education can provide to the private sector. According to the report, online education "can facilitate mastery of essential 21<sup>st</sup> century skills by stressing self-directed learning, time management, and personal responsibility along with technology literacy in a context of problem solving and global awareness" (Watson, 2007, p. 3). The private sector is the beneficiary of students graduating with a "mastery of essential 21<sup>st</sup> century skills", as students are more prepared to join the work force. While advocates frame the benefits of cyber charters in both social and economic terms, the concerns of critics are numerous.

### **Opposition**

As cyber charters came online, legislators were ill-equipped to deal with the issues they raised. Funding became a contentious issue when student enrollment was no longer restricted by district boundaries. School districts and teachers unions sued over questions like: how much does it cost to educate each child in a cyber charter school and how much of the district's money should go towards that education (McCluskey, 2002).

Cyber charter schools also stirred up controversy with homeschool parents by blurring the boundary between home and school. Many previously homeschooled children chose to enroll in cyber charter schools, causing many district administrators to complain these students further strained the district's already tight budgets (Bodgen, 2003). Homeschool organizations, like the Home Schooling Legal Defense Association and Home Education Magazine, rallied against cyber charter schools arguing they threatened to redefine homeschooling by undermining basic homeschooling freedoms. They reminded parents if they enroll their child in one of these schools they are signing away much of their right to direct their child's education and submitting to compulsory attendance laws and standardized testing. Homeschool organizations worried lawmakers and the general public would confuse the meaning of homeschooling, the parental choice to educate one's children in a manner that is consistent with personal beliefs, with the act of public schooling in the home (Kaseman, 2002; HSLDA, 2010).

Despite the controversies, cyber charter schools have grown rapidly. K12 Inc. saw a 42% increase in student enrollment from the 2007-2008 to 2008-2009 school years. This dramatic growth in student enrollment is in line with The Sloan Consortium's study showing 47% increase in students taking online courses over the same time period (Watson, 2009). The growth of the cyber charter schools model is representative of the rise in free market policies in education.

### **Politics and For-Profit Public Schooling**

NCLB was a standards-based reform enacted to improve student achievement. The act called for states to develop annual standardized assessments designed to measure the mastery of basic skills in grades 3-8. A set of consequences was put into place for districts and schools that consistently do not make adequate yearly progress towards the state's proficiency goals. Schools that do not achieve sufficient yearly progress are targeted for assistance, then corrective action, and finally restructuring. Drastic measures like school closures and a complete replacement of staff are potential consequences for schools with continuously unacceptable ratings (NCLB, 2001).

As part of its legislation, NCLB instructed poor performing Title One schools to provide students with supplemental tutoring services (SES) free of charge, and opened the door to for-profit education companies providing services to public school students (NCLB, 2001). After two years, poor performing schools must give parents the choice of transferring their child to nonfailing schools and after three years of an unacceptable school rating, schools must make after-school program vouchers available to students. In fact, the legislation mandates schools with unacceptable ratings for three years must offer low-income families Title 1 funds to obtain supplemental education services. Supplemental education services may be provided by an approved private, public, or even faith-based organization (NCLB, 2001). Other instances where school districts may contract the services of for-profit corporations: "reading and literacy partnerships can be established between school districts and for-profit companies"... "to create and expand community technology centers"... "to improve science and mathematics curriculum and instruction" (Spring, 2005, p. 59). Additionally, school districts can use federal funds to

contract with for-profit companies in order to provide advanced placement and limited English courses to students and professional development programs for teachers (Spring, 2005, p. 59).

The original passage of No Child Left Behind also authorized a variety of school choice options. It allowed for more charter schools to open by providing “financial assistance for the planning, program design, and initial implementation of charter schools” (NCLB, 2001). While the original act did not address virtual schooling as a school choice option, it did call for the creation of a National Education Technology Plan. The Plan was meant to motivate the technology- driven transformation of our schools so they may better meet the needs of our students, parents, teachers, and administrators in the information age. The National Education Technology Plan recommended the encouragement of e-learning options to meet the requirements of No Child Left Behind and asked states to explore creative ways to fund e-learning opportunities (US DoE, 2004).

The future of cyber charter schools was brightened even further in 2004, when the US Department of Education specifically named virtual schools as an acceptable and legal form of choices offered to students wishing to transfer because their school was in the second year or more of needing improvement. The report, “How Can Virtual Schools Be a Vibrant Part of Meeting The Choice Provisions of The No Child Left Behind Act?”, advised schools that the option to transfer to a virtual school was a viable choice for students if the district needed to create additional capacity or if it did not have any eligible schools within the local education agency which to transfer students (NCLB, 2004). The DoE report went on to say, “The Department views virtual education as a powerful technology innovation expanding opportunities for ‘learning any time, any place’ in support of the No Child Left Behind Act” (Hassel & Terrell, 2004). In addition, the Department of Education created The Education



Through Technology Program (Ed Tech). Ed Tech seeks to “improve student achievement through the use of technology in elementary and secondary schools” and supports public-private partnerships as well as provides grants to states (US Department of Education, 2001). The department stipulates the state educational agencies (SEA) that receive funds must use a formula for fund distribution that includes allocating money competitively to local entities. The local entity may include institutions of higher learning, for-profit business, public or private nonprofits, or local education agencies. Originally, the program provision called for 50% of the available grants funds to go to competitive awards, but in the fiscal year 2006, Congress included language that overrode the stipulation to allow for SEAs to reserve up to 100% of the available funds for competitive awards to local entities (US Department of Education, 2001).

NCLB encouraged the growth of charter schools and allowed for their management by a private company. Education management organizations are paid to provide the school’s curriculum and run its daily operations. The company earns a profit based on the fees it charges the public school district. The employment of EMOs is not new; however, charter schools in particular rely heavily upon their services. Some charter schools contract out services for nearly every school operation. By 2008-2009, 94 percent of the schools managed by for-profit EMOs were charter schools, including virtual charters (Miron & Urschel, 2009). K12, Inc. is one of the largest EMOs in the cyber charter school market. Ron Packard, CEO of K12 Inc., explained, in a 2009 interview, that by law K12 must partner with a not-for-profit school when opening cyber charter schools. The school receives money from the state and in turn pays K12 to run its daily operations. So a student technically enrolls in a not-for-profit charter school but receives all of his or her education materials and technology support from K12 Inc. (Mittra, 2009).

### **The Revolving Door**

Patricia Burch writes, “The firms gaining prominence under the new privatization are drawing on political networks, new technologies, and capital investments to become major suppliers to school systems for a vast array of educational services” (2009, 1). Private EMOs employ lobbyists and vigorously lobby state legislators. Many of the lobbyists were once government officials responsible for crafting the No Child Left Behind legislation. Pro-school choice advocates get further support by think tank reports that support their position. These organizations wield a large amount of influence over politicians and policy (Chi, 2008; Glass, 2009). Most are generously funded. Think tanks have grown more influential; often their works are cited in news media (Chi, 2008; Spring, 2005). The Thomas B. Fordham Foundation is a conservative think tank and advocates for school choice reform. Gregg Vanourek was Vice President for Programs at the Foundation before leaving to become one of the founding team members of K12 Inc. The fluid movement of influential individuals between non-profit think tanks, government positions, and private firms is one important way private management of education continues to be strengthened.

Being one of the largest players in the cyber school market, K12 Inc. has come under fire many times for its close political ties. Consider Idaho Virtual Academy (IDVA), an interesting case that put K12 in the spotlight and caused many to question its political motives. Idaho law would not allow a corporation to sponsor a charter school so Butte County School District agreed to charter IDVA in April of 2002. The superintendent of the school district at the time was Janet Aikele; she was also a member of the State House of Representatives. Aikele ran for reelection but lost her seat in the primary election. Just three months later, Aikele went to work for K12 as the Director of the Academy she had just helped to charter (Russell, 2004; Gartner, 2004). K12

hired Aikele before she had completed her term in office and while the state's contract with K12 was still being negotiated. For her part, Janet Aikele denied doing anything wrong (Gartner, 2004).

In 2004, Idaho State Senator, Gary Schroeder alleged a pro- K12 political action group conducted misleading and distorting “polls” in order to suppress votes for him in an upcoming election (Molnar, 2004, pg.59). Schroeder charged K12, Inc. with using its political might to influence an election against him because he had opened an investigation against the company and its school, Idaho Virtual Academy (Molnar, 2004). IDVA had announced it needed 1.6 million dollars from the state or it would close down and 1800 school children on their roll would lose their school. Schroeder wanted enough financial information to “cost out” IDVA's operations and determine how much money it needed to operate. IDVA did not provide the Senator with enough information to perform a cost out analysis, but the requested funding was ultimately provided to the school. At the time, K12 Inc. was a privately held company. Private firms are not expected to have the same level of transparency as public companies; yet, K12 was accepting public funds to operate a public school and did not have to report all of its finances to the State. These types of discrepancies left Senator Schroeder questioning the charter's relationship with its EMO, K12 Inc. He wondered if IDVA was “a public school that had contracted for services, or... a corporate school that was organized by the corporation, is owned by the corporation, but funded by tax dollars” (Schroeder, 2004).

One effect of the passage of NCLB was to create incentives for government employees to leave the public sector for more lucrative employment in the private sector. As the above example shows, officials with expertise in education policy leave their posts for work in for-profit firms. Their knowledge of government policy and loopholes gives corporations an edge in

promoting their financial interests. Documenting the movement of powerful governmental officials to the private sector illustrates the intense draw towards privatization that NCLB has created (Burch, 2009). K12, Inc. has many board members, most of which have close ties to the political Right, and have the connections to lobby for regulations that would benefit the company. Helping to found K12 was one-time US Secretary of Education, William Bennett. Bennett was the face of K12, Inc until 2005. K12, Inc. originally received \$20 million in seed money from Constellation Ventures and another \$10 million from Knowledge Universe. Knowledge Universe is owned by Michael Milken, the former junk- bond king who went to prison. K12, Inc. is still majority owned by Knowledge Universe (Molnar, 2004; Bracey, 2004).

Ron Packard is the founder and chief executive of K12, but the company has 11 vice presidents. Among them is Charles Zogby, a onetime aide to Tom Ridge when he was governor of Pennsylvania. Zogby was appointed Pennsylvania's Secretary of Education by Governor Ridge when Eugene Hickok left the post to become President George W. Bush's Under Secretary of Education (Bracey, 2004). Zogby was a strong supporter of school vouchers, charters, for-profit educational management companies, and cyber schools (Bracey, 2004; Huerta & Gonzalez, 2004). Zogby is remembered in Philadelphia as the man who in 2001 developed a school takeover plan to turn over the district's 45 schools to the for-profit Edison Schools Inc. Ultimately, Edison did not take control of all 45 schools, but the state did manage to replace the Philadelphia School Board with a 5 person appointed School Reform Commission. During his tenure, Zogby helped to hire the three governor appointed School Reform Commissioners (Socular, 2005). Zogby left his position in 2003 and was recruited by K12.

In 2005, Philadelphia's science teachers were surprised to learn they would be teaching science from K12's curriculum materials. They were surprised because in the two years previous

they had not reviewed any of the company's materials in their quest to adopt a new science curriculum for the city's school children. Associate Superintendent of Curriculum and Instruction Cecilla Cannon cited a cost savings of \$700,000 as well as the technology base of the curriculum as the chief factor in selecting K12's materials (Johnson, 2005; Simmons, 2005). Many administrators and district teachers found the decision curious, and some questioned whether School District CEO Paul Vallas' friendship with William Bennett was a factor in K12's award of the contract. In 2005, William Bennett declared on his radio show, if "you wanted to reduce crime...if that were your sole purpose, you could abort every black baby in the country, and your crime rate would go down." After Bennett's remarks, throngs of parents and community members called for Philadelphia's severing of all ties with K12. The School Reform Commission voted and the three votes needed to save K12's contract were provided by the three appointees Charles Zogby interviewed (Socolar, 2005).

The political ties between K12 and state and federal legislators were once again called into question in an in-depth *Education Week* article, written by David Hoff and Michelle Davis in 2004. The article revealed that the U.S. Department of Education awarded K12 \$4.1 million from a federal grant program designated to help Arkansas children attending low-performing schools expand their school choice options. The funds were used to set up Arkansas Virtual School. K12, Inc. received \$4,000 to \$5,000 per student enrolled in their program. Authors, Hoff and Davis, reported that as of March 2003, 60% of all students enrolled in the online academy were previously home-schooled. The authors questioned the federal grant for a program that was clearly not helping a majority of public school students in low-performing schools (Hoff & Davis, 2004). It was also reported that while K12 was awarded the grant, it did not receive the US Department of Education's highest review of all grant applicants. This was one year prior to

William Bennett's resignation from K12 and an anonymous DOE employee reported that "anything with Bennett's name on it was going to be funded" (Glass, 2009). A Federal investigation into the matter was conducted after the *Education Week* article was published. The Government Accountability Office issued a report in 2006 outlining the ways in which the US Department of Education ignored its own rules in order to award grants to K12 and six other entities. The report then recommended reforming the Department of Education's grant making process (GAO, 2006).

Privatization will nurture competition and competition will foster efficient schools with high student achievement; so goes the argument put forth by supporters of the privatization model of schooling. However, a company's close affiliation with government officials can arguably stifle competition. School boards, state legislators, and the federal government can minimize the impact close relationships may have with clear laws. This has not occurred in all states. Cyber charter schools have gone online in 19 states, but state statutes legalizing nonclassroom-based charters exist only in 10 of the 19 states currently operating virtual schools (CER, 2008). The absence of a clear statute has allowed for some charter school operators to conclude cyber schools are legal until legislation says otherwise (Huerta & Gonzalez, 2004). Vague language regarding nonclassroom-based charter schools creates loop holes for the opening of new schools as well as makes measures to hold the schools accountable more difficult (Ellis, 2008, p. 144).

### **Cyber Charter School Funding**

One of the biggest obstacles to the sustained growth of online cyber charter schools is the challenge state policy makers have in devising an equitable funding system. Controversy surrounding funding for cyber charters is centered on two issues. The first is the fact that school funds follow a student to the cyber charter. Often the funds leave the student's home district and flow to the online district, resulting in a drop in funding for the home district. School districts have actually refused to pay the designated per pupil funding to cyber schools. This most notably occurred in Pennsylvania when in 2000, 105 school districts refused to pay tuition payments for students enrolled at Western Pennsylvania Cyber Charter School (WPCCS). The school districts refused to fund an out-of-district school they had not approved and could not monitor. While the school district was expected to fund the education of their previously enrolled student, they did not have a voice in how the cyber charter spent the money. The Pennsylvania Department of Education eventually withheld more than \$850,000 in state aid from over 60 school districts in order to pay the tuition owed the WPCCS. In another instance, 200 school districts refused to pay money to the state's largest cyber charter, TEACH-Einstein Charter Academy, on grounds the school failed to provide services and instruction to its students (Huerta, d'Entremont, & Gonzalez, 2006).

The second issue is the draw online schools have on homeschooled children. Cyber charter schools have attracted large numbers of home schoolers in part because state and local oversight of online schools is minimal and parents still manage the teaching and learning process (Huerta, d'Entremont, & Gonzalez, 2006). When a previously homeschooled child enrolls in the online school, the state suddenly must pay the cost of educating the student (Watson, 2007). The Western Pennsylvania Cyber Charter School more than doubled its student enrollment in less

than two months by enrolling home schooled children. This new infusion of students into the public school system strained the budgets of school districts asked to cover the cost of their tuition (Huerta, d'Entremont, & Gonzalez, 2006). States have chosen to address this problem differently. In Pennsylvania, a Temporary Financial Assistance Funding was made available to school districts suddenly finding themselves responsible for funding students newly enrolled in public schools. When Arizona passed legislation approving 14 new cyber schools, legislators enacted a pilot program that prohibited homeschooled students from enrolling in the new cyber schools. The intent was to allow for the slow growth of cyber schools and gradually include homeschool students into the system (Huerta, d'Entremont, & Gonzalez, 2006). A closer look at the situation is warranted.

Most cyber charter schools draw their operating funds directly from public school coffers. Funding is usually based on state public education funding formulas and set at a lower level than the typical school district rate (Watson & Ryan, 2007). At a time when most school districts are struggling with budget issues, why would any district agree to charter a virtual school? When a student is accepted into any one of the state's cyber charter schools, the school notifies the student's resident school district. The district the student resides in must reimburse the district with the cyber school an agreed upon percent of the district cost to educate students (Ellis, 2008, p. 144). Enrollment numbers in full-time, multi-district online schools can be considerable, making the large sums of money that flow between school districts and cyber charter schools a key issue (Hadderman 2002; Belfield & Levin, 2005). During the 2005-2006 school year, more than seven thousand students attended cyber charter schools in the state of Pennsylvania. At a per pupil cost approaching six thousand dollars each, nearly forty-two million



dollars was taken directly out of the operating budgets of Pennsylvania school districts to pay for cyber charter schools (Ellis, 2008, p. 144).

In her interviews with school administrators, Patricia Burch found increasing revenue by competing with neighboring school districts part of the sales pitch for-profit firms deliver to prospective school districts (2009). However, state auditors in Kansas discovered virtual schools and school districts working together to manipulate state funding. Auditors questioned one school district's practice of "giving" virtual students to another school district to be counted for funding purposes. The virtual school then charged the district a fee for educating those students. The auditors noted neither district seemed to benefit financially from this transaction but questioned the legality of such practices. In particular, auditors were concerned that "allowing districts to decide where virtual students are counted creates the risk that districts could manipulate State funding and assessment results." (Watson & Ryan, 2007)

### **Different Funding Models**

State policy makers are challenged to find the most appropriate funding formulas for cyber charter schools. This fact is reflected in the widely varying funding methods across the states (Cavalluzzo, 2005; Watson & Ryan, 2007). Some states have chosen to determine funding based upon single "snap-shot" days, where the census data on that day determines the charter school's funding for the year (Watson & Ryan, 2007). Public school per pupil funding varies from district to district depending on the wealth of the school district, but some state policies ignore this fact and pay cyber schools a set per pupil fee regardless of the district the student originates (Watson & Ryan, 2007). Policymakers justify this policy on account that cyber charter schools are not "brick and mortar" schools and do not amass the same operating fees that a traditional public school would. California funds cyber schools in yet another way. The State

pays cyber charter schools on a sliding scale fee based on instructional costs (Ellis, 2008).

Finally, some state legislators have chosen to fund their virtual schools with separate legislative appropriations. This funding formula circumvents the trouble of requiring local school districts to pay the tuition for virtual school enrollees.

By and large, the per-pupil funding for cyber charters ranges from half to 75% of the conventional per pupil expenditure of a brick and mortar school (Glass, 2009). Annual spending ranges from \$650 to \$7200 per student (Borja, 2005; Glass, 2009). The author of a report entitled, *A National Primer on K-12 Online Learning*, published by the North American Council for Online Learning (NACOL), writes the cost of online courses is nearly equal to the cost of traditional brick and mortar classes. The report cites an Ohio legislature study that found online schools spent \$5382 per student, compared to \$7452 for students in brick and mortar charter schools (Watson, 2007, p. 7).

Advocates of public schools argue that the payments cyber charter schools receive per newly enrolled student are independent of the school's operating costs (Watson & Ryan, 2006). Supporters of cyber schools claim that while cyber charter schools do not have the same costs as a traditional public school, their operating costs are substantial. Costs include, office maintenance, Internet connections, instructional materials, costs related to programming and technical support (Sternberg, 2006). It should be noted, however, that as student enrollment increases, the cost of the online program actually decreases. The previously named NACOL report cites the Southern Regional Education Board's (SREB) figures: a one semester program serving 1,000 students would cost \$1,500,000 while a larger program serving 10,000 students would cost \$6,000,000 (Watson, 2007, p. 7). A cyber school's costs per pupil drop as enrollment figures increase; the same cannot be said of a brick and mortar school. Despite this fact, for-

profit firms do not support decreasing funding as the program becomes established or grows in student enrollment. In California, virtual school providers are prohibited from earning a profit with state funds and yearly audits are conducted (Borja, 2005).

According to K12's 2007 prospectus, the company's revenues are dependent on per pupil funding remaining near constant. "If those funding levels are materially reduced, new restrictions adopted or payments delayed, our business, financial condition, results of operations and cash flows could be adversely affected" (K12, 2007, p. 16). This statement offers telling insight into the firm's never-ending concern for the bottom line and why it sees lobbying as critical to its agenda.

"Education is rapidly becoming a \$1 trillion industry, representing 10% of America's GDP and second in size only to the health care industry." (Burch, 2009, p. 43) The lobbying of state and federal governments directly impacts the amount of revenue available to for-profit entities. A firm is willing to pay out millions of dollars in advertising and lobbying when the return on their investment promises to be tenfold. For example, the NewSchools Venture Fund, a California company, happily paid \$4 million dollars to get an initiative on the ballot to increase the charter school cap to voters. In describing the company's successful bid to influence public policy, Doer, the founder of NewSchools Venture Fund, stated, " If you think about it from a return standpoint, over a ten year period, we will have 1,000 new charter schools in the state of California which will each receive an average of \$3 million in state funding a year. So that's a \$3 billion annum return on a \$4 million investment campaign..." (Burch, 2009, 50) The Education Industry Association, a trade association composed primarily of supplemental service providers, closely monitors legislation that might adversely impact their members and actively lobbies against them.

K12 Inc's 2007 company prospectus clearly outlines the stakes involved in keeping funding levels high. The company states their revenues are dependent upon funding amounts remaining "near the existing levels at the same time we execute service agreements with the virtual public schools we serve." (K12 Inc., 2007, p. 11). Further along in the prospectus, K12 acknowledges the funding issue is vital to the company's future, "In fiscal year 2007, approximately 90% of our revenues were derived from virtual public schools operating under a charter" (p. 18). This example exemplifies the manner in which private firms are dependent upon legislative policies that are sympathetic to their industry.

Analysts have suggested many remedies for funding discrepancies. One solution would be to have per pupil funding be uniform across the state. Payments would be determined by actual per pupil costs plus fees to cover overhead costs (Ellis, 2008, p. 146). Online curriculum providers could be treated in the same manner as a textbook supplier in the brick and mortar. Using this system, the online curriculum provider would compete for funds within the school system rather than against it (Ellis, 2008). Another solution, pay cyber schools upon student completion of courses rather than enrollment into the school. Other analysts claim cyber charter schools are in demand by parents and students; therefore, it would behoove school districts to incorporate more cyber schooling into their curriculum and have direct oversight of the program. The International Association for K-12 Online Learning (iNACOL) advocates for a sustainable funding model where the funding "follows" the student. In this model, when a student decides to enroll in a virtual class, the state diverts funding for that student's class to the virtual school as long as the class is completed successfully (Ash, 2009).

The market principles of competition and efficiency have been introduced into the funding process. Private firms are intent on lobbying for attractive public policies that continue

to embrace market reforms in education. There is little concern for the effects the trend towards neoliberalism may have on communities. In today's tough economic times, local legislators grapple with budget shortfalls that have had real impacts on the level of public services communities offer to their residents. Some school districts in competition with multi-district online schools feel pressured to stem the loss of funding and students by creating their own online programs (Watson, 2009). Market dynamics and policy reform are impacting local developments.

### **Teachers' Work in Cyber Charters**

Neoliberal policies aim to commodify education by making it more cost efficient, support the view of teachers as workers rather than professionals, and use standardized tests to measure performance (Tabb, 2001; Apple, 2001). Teachers are often thought of as low level technicians in need of close monitoring and a scripted curriculum. Standardized achievement tests not only monitor student achievement, but also the teacher's value. Merit pay or performance based pay, is growing increasingly more common and is often used as a reward for higher achievement scores. Teachers are trained to follow directions but not to think and exercise their best judgment in the classroom (Zeichner, 2008, p. 126). Michael Apple borrows the term, "regulated autonomy", to describe the policing of teachers' teaching methods and content and notes the deskilling of teachers is part of the neoliberal vision for schools to produce future workers (2001, p. 51).

For-profit EMOs, especially those that operate on a national level, must create a brand identity. Just like a customer can walk into a McDonald's anywhere in the US and expect the same product; parents and student expect a uniform curriculum (Levin, 2001). Teachers employed in for-profit cyber charter schools may lose the ability to deviate from the set curricula and they may find the renewal of their contracts linked to how well they follow the company model. Quite often, teachers employed in a virtual charter school have signed an at-will contract. These types of contracts are viewed by some as part of the attack on the autonomy of teachers as well as an effective cost cutting method. At-will contracts do not offer the teacher any sort of protection from being released from their job at any time, for any reason. Researchers have found that teachers who have signed at-will contracts expressed concern over "their right to raise

complaints and resolve problems, job security, and levels of pay” (Robertson, 2008, p. 20). Consequently, they are less likely to voice their apprehension about school policy.

In order to maintain uniformity between virtual campuses, the role of teachers is often scripted and limited. Courses are delivered via a “software package” that is rarely created by the teacher (Watson, 2007, p. 10). Teachers review and grade assignments, assist when students and parents are having difficulties on particular assignments, and conduct a few live lessons each week (Burch, 2009, p. 92). Many online programs also have requirements regulating teacher-student communication. Guidelines are set for the response time for teachers to reply to emails and the frequency of online office hours (Watson, 2007).

Virtual charters, run by for-profits, advertise the adaptability of their product to fit the needs of each individual student; while the reality may be the opposite. Students who are having difficulty mastering the set curriculum may remain invisible for a greater length of time than students in the brick and mortar class due to the teacher’s greater work load. Furthermore, when a teacher identifies a struggling student, it may not always be possible to modify the curriculum to fit the student’s learning style. In her book, Patricia Burch writes about an interview with a teacher who felt frustrated with Einstein Academy’s policy that students did not have to attend live teaching sessions. Corporate executives worried mandating live sessions would turn off homeschoolers, but teachers expressed concern over their inability to help struggling students who did not attend live study halls (p. 89). The loss of control over curriculum clearly put the teacher at odds with company policy. An obvious division exists between the market culture’s drive towards efficiency and pleasing the customer and the learning needs of struggling students. The result is an ethical dilemma not easily resolved.

The loss of local control may not just be limited to a teacher's contact with students or curriculum decisions; teachers may actually lose the ability to grade student work. A pilot program designed by K12 called for the outsourcing of students' essays to India for grading. After a student submitted an essay, a teacher could decide whether or not to grade the essay or send it to the grading service, located in India. If sent out, a reviewer would read the paper, make comments, and then send the paper back to the teacher. The teacher would decide whether or not to pass the reviewer's comments along to students. The program was discontinued when accusations of violations of student privacy surfaced (Trotter, 2008).

Jeffrey Kwitowski, a spokesperson for K12, insisted the essay review program was implemented as a time saving, not cost saving, measure for teachers (Trotter, 2008). The argument could be made that cost-saving measures were indeed at the heart of the company's outsourcing policy. AZVA has a student-teacher ratio of about 50 to 1. If students were required to send in even one essay a month, teachers would spend a considerable amount of time each month grading papers, on top of their other duties. The company could hire more teachers to reduce the work load or outsource the work to cheaper Indian labor.

Education management organizations also have the potential to impact the school's professional community. In their small comparative case study of EMO managed charter schools, Buckley and Hicks determined the practice of EMOs can have a significant impact on the professional community at a charter school (Buckley & Hicks; 2003). Their findings suggest "EMOs have the potential to significantly impact the professional community both through programs and structures they create and the informal relationships that provide the opportunity for company personnel to be both supporters and constructive critics of school efforts" (Buckley & Hicks; 2003; pg. 5). In their case study, Company A, a large national company that manages



schools in many states, developed a “highly specified model for school design that included the educational program and organizational structure” (pg. 15). Researchers found teachers at a school run by Company A had more professional development opportunities than teachers at schools run by different EMOs; however, professional development was tightly linked to the continued improvement of the company model.

The opportunity to receive professional development is actually higher in schools managed by EMO’s, although the professional development is likely to be centered on uniformity in instructional practices (Levin, 2001). Company A, although never named, has similarities to K12 Inc’s professional development trainings. New teachers receive 12 weeks of training on K12’s online presentation system, Elluminate Live! At a new teacher training conference, teachers spent an hour rehearsing the initial phone calls online teachers must make with parents. Another session trained teachers on monitoring student pacing as they worked through the curriculum (Trotter, 2008). Training on proper phone etiquette and the monitoring of student pacing pushes the practice of teaching away from an intellectual activity and exemplifies the commodified model of education.

The level and extent of teacher involvement in virtual schools has a direct impact upon the cost and effectiveness of online education (Glass, 2009). Labor theory suggests a school run by a for-profit EMO will choose the bottom line over all else. In his paper, “Thoughts on For-Profit Schools”, Henry Levin argues the business of education is up to 80% labor intensive. “This means that the main cost-cutting opportunities lay in cutting personnel costs by either using cheaper personnel or fewer of them” (2001, pg. 8). The previously mentioned outsourcing attempt at K12 exemplifies Levin’s position. Additionally, in an attempt to show positive financial growth for profit, some EMO’s have used business strategies that can negatively impact

the teacher workforce, like a high teacher to student ratio. Cyber schools tend to employ fewer teachers than a traditional brick and mortar school and on occasion, some schools have used paraprofessionals to do the same job customarily assigned to a licensed teacher or hired teachers on a part time basis in order to avoid paying for benefits. This is exactly what happened in Colorado during the 2003-2006 school years. The Colorado Auditor's Report for 2006 found Lester Arnold Online High had 1 teacher responsible for all high school subject areas for the school's 15 students. During the same audit, it was discovered that Hope Online Learning Academy had no less than 3 and no more than 4 highly qualified teachers for the 1,500 pupils enrolled in the school's K-12 program. The extra workload can lead to faster burnout, which in turn may leave a school with a greater percentage of less experienced teachers (Blomeyer & Dawson, 2005, p. 68).

### **Managerialism**

School practices have been realigned to increase competition and effectiveness. The driving force behind the realignment is managerialism (Gewirtz, 2002). Managerial ideologies have come to define the relationship between the state and professionals. It is charged with "bringing out the cultural transformation that shifts professional identities in order to make them more responsive to client demand and external judgment." (Apple, 2001, p. 84) Alongside the importation of business models into education is a set of policies that strictly regulates educational professionals through the focus on test outcomes, performance measures, and productivity. Stephen Ball argues the focus on external supervision is supported by the state, for it is a more subtle form of control over teachers. Incentives, individual accountability based on test outcomes, and self-monitoring produce teachers who are less likely to resist school policies (Ball, 1994; pg. 54). "Resistance in this context threatens the survival of the institution. It sets the

dissenters against the interests of colleagues rather than against policies” (Ball, 1994; pg. 54). The following excerpt from a U.S. Department of Education white paper, entitled “Evaluating Online Learning: Challenges and Strategies for Success,” brings to light the government’s approval and encouragement of a more subtle form of control.

The paper, part of the “Innovations in Education” series, was written as a guide for program leaders and evaluators. The introduction notes the evaluations described in the study “illustrate strong assessment practices and robust findings, and they are models for demonstrating how program leaders and evaluators can handle the challenges of evaluating online learning” (U.S. Department of Ed, 2008). The authors begin with a discussion of the differences between and functions of formative versus summative evaluations. The authors admit either method of evaluation “can be perceived by practitioners as threatening.” Their suggestion is to make practitioners (i.e., teachers), partners in the process. Evaluators should make clear their intentions are to collect data to that will be used to strengthen the program or give credible data to stakeholders or funders (U.S. Department of Ed, 2008). The Department of Education’s report was written for school leaders, not policy makers. If the intended audience adopts the evaluation and data collection methods highlighted supported by the DoE, then “regulated autonomy” of teachers is achieved without having to write new legislation. The appearance of less political interference is achieved; hence, a more subtle form of control is realized.

K12’s school evaluation process is the first to be featured in the report. The description of the evaluation process shows how the company can tighten control over the curriculum and teachers. The school’s director, Mary Gifford, is quoted, “from the second you open your school,” there is an expectation [on the part of K12 Inc.] that you will collect data, analyze them,

and use them to make decisions. "K12 Inc. has established best practices for academic achievement. They take great pride in being a data-driven company."

According to the report, K12 Inc. completes a quality assurance audit on Arizona Virtual Academy (AZVA) approximately every other year. Following the audit's recommendations, AZVA devises a plan to address each recommendation. After one such audit in 2005, AZVA created a monthly survey for teachers to rate professional development effectiveness, training and technology needs, as well as the perceived needs of the parents. K12 Inc. also requires the school to have a School Improvement Plan (SIP), much like a campus improvement plan, in place. The plan has two components, a self evaluation and a Student Academic Improvement Plan (SAIP) that focuses on improving student achievement. The AZVA staff reviews the plans regularly and tracks the progress made towards realizing the goals. The principal of the virtual charter school explained, "Evaluation is built into everybody's role and responsibility." The audit recommendations are taken very seriously and the entire staff is expected to help implement school changes based on them (U.S. Department of Ed, 2008). Using the AZVA evaluation model, it is clear that control of staff is achieved through constant assessment.

One important characteristic of neoliberal education reform is the increased dependence on assessments to monitor performance and efficiency. School policies have been altered to increase competition, and the view of educators as professionals has devolved over time. Managerial ideologies have helped to bring about a fundamental change in the notion of professional educator. The management culture is rooted firmly in the Arizona Virtual Academy. As the example illustrates, the evaluation process at the school is on-going. Routines are modified based on achievement of externally mandated goals. Both the director's role and the teachers' roles have shifted; clearly becoming part of the managerial paradigm. As Gifford

pointed out, everyone is expected to regularly participate in the evaluation of school programs and staff. Individual teacher autonomy at the school is limited to the goals determined by external evaluators; K12, parents, and the state of Arizona. The likelihood of a teacher resisting the process is low, for evaluation is presented as collaborative and for the good of the school. The Department of Education included the evaluation process of Arizona Virtual Academy in its report to illustrate making the most of externally initiated evaluations and using every data collection activity as an opportunity to learn something valuable about the educational program (U.S. Department of Ed, 2008).

Clearly, the report shows a preference for data that is easily collected through performance measures, like attendance records, parent surveys, test scores. The message is schools can be neatly broken down into quantifiable bits of data, examined, and then perfected. The messiness of reality- the students' socio-economic backgrounds, the relationship between parents and teachers, political dynamics - is not as easily dissected and examined, so it is ignored. Moreover, any mention of the ethical dilemmas rooted in the struggle between financial interests and educational concerns, is absent from the DoE report.

Technology will never fully replace the need for human interaction in the learning process. Teachers in virtual schools, just like in traditional schools, work long hours and must reach out to students to make personal connections. Teachers try to build community by helping struggling students succeed and celebrating the academic successes of others. These activities are needed despite the curriculum and technology platform the firm provides. They cannot be quantified or measured through standardized tests. More needs to be understood about teachers' work in virtual schools.

## Summary and Conclusion

Public education has always been a place of struggle. What should be taught in the classroom and the purpose of schooling itself has been and continues to be contested. While opposing groups struggle over what should be taught in schools, it is the most powerful political forces that shape public school policy and ideology. Over the decades, the vision to bring the market forces to bear on our classrooms has prevailed. The cornerstone of the argument for privatization is that market driven reforms will inherently be more efficient when schools compete for money and students. Cyber charter schools run by for-profit corporations represent the latest convergence of market theory and education policy. The passage of No Child Left Behind ensured the explosive growth of cyber schools by encouraging and even mandating school districts to contract with private firms.

The major players in the K-12 educational contracting business have formed interest groups to protect and further their industry. Groups such as the Education Industry Association and the International Association for K-12 Online Education are powerful, well connected, and have successfully lobbied for policies that protect their interests. They are firmly grounded in the market model of education reform and are aggressively fighting for the companies they represent to have the right to use public funds in a way they see fit. The fluid movement of experts from the government sector to the private provides the industry with highly qualified personnel to navigate complex legislative policies. School districts, teachers, parents, and students do not have nearly the same funds large corporations and lobbying groups have, increasing the possibility of their needs being inadequately represented in future policy making decisions.

Teachers in a virtual charter school may find their role being recast. They are expected to monitor attendance and make phone calls, with less time spent in direct contact with students. Professional development opportunities also reflect the shift in teacher expertise. While EMOs place a great deal of emphasis on training, the training is often geared towards the development of lower level skills. Often, teachers are rewarded or sanctioned for their success in implementing the curriculum and achieving good test scores.

While it is clear that for-profit firms, such as K12 Inc, influence policy-making, the extent of their influence is unknown. Proponents of privatization claim the for-profit firm can bring innovation to the design and delivery of public education. By their inclusion into the field, corporations can make education more efficient and responsive to the needs of students. It is important to note that the impact companies have on school districts is multi-directional. The State also has influence on corporations entering into the education market. Corporations incorporate many traditional school practices in their quest to be seen as legitimate education providers. Professional development days, worksheets, after-school tutoring: these are all examples of for-profit companies mimicking school district practices. Some writers, such as Patricia Burch and Henry Levin, wonder if a company can be considered innovative if it continues to replicate traditional educational practices (2009). Can virtual schooling provide a fundamentally different approach to schooling? The question has yet to be answered.

Firms are promoting online schools as a means to increase high quality educational opportunities to at risk and rural populations. Proponents of bringing market forces to education claim for-profit firms will increase the level of transparency in schools. In fact, the opposite is true; at least with virtual school models. In general, anyone can visit a public brick and mortar school. With little restrictions, one can see the activities students are engaged in. Interested

parties can gather state and district data on particular schools to see test scores, amounts spent on school programs, and so forth. Whereas, in virtual schools only those with passwords can log into the school and look at the curriculum. If one is not a student, then they would have to go to the district or company for permission to see what the students are learning. This extra layer of bureaucracy actually causes virtual schools to be less transparent than brick and mortars and inhibits determination of efficiency and effectiveness.

There is a real need for more transparency to determine what companies are doing to promote the educational opportunities of the disadvantaged youth they market their services to. Market theory claims for-profit schools will raise student achievement by streamlining bureaucracies. Yet, by their very nature, for-profit firms involved in education must always have their eye on the bottom line in order to stay in business. It is necessary to consider how the drive for profit impacts the students enrolled in virtual schools. The research has shown that if left unregulated, private companies will sacrifice reasonable student to teacher ratios for the bottom line. There is real concern for actual degree of personalized instruction a program can provide students in need if class sizes are large or corporate policy discourages live interaction between teacher and student. Large educational management corporations must retain a sense of continuity across their schools. While some leeway must be given to account for different state policies, companies must have some degree of standard operating procedures. The level of individualized instruction is questionable as it is in direct opposition to a company's maintaining of brand identity and their need for profitability.

It is unclear just how much influence for-profit companies have in political policy making; therefore, the implications of their influence is unknown. Legislators can help to address this issue by barring public officials from leaving their posts to take positions in private firms, at



least for a certain period of time. This would help to eliminate the sense of impropriety that occurs when government employees secure contracts with private firms and then resign their position to begin working in the same firm. Policies should be put in place restricting large class sizes that often exceed a ratio of 1 teacher for every 50 students. There should be some mechanism in place to ensure virtual schools are not counseling difficult students out of their programs. The need to maintain profitability and adequate yearly progress could increase pressure on virtual programs to narrow their enrollment to students that can boost test scores and succeed in a virtual setting. Mechanisms should be put into place to ensure students with special needs are receiving necessary services in a timely manner. An agency responsible for accrediting virtual schools would go a long way in providing parents with the reassurance that a minimum level of standards have been meant in the design and implementation of a virtual curriculum (Glass, 2009).

Funding of virtual schools needs further consideration. A prescription for funding should be fair to both school district and charter school. Privately held companies ought to be held to some level of transparency when they accept public monies to manage a school. States, such as California and Colorado, conduct yearly audits of their virtual programs. This practice helps the state determine the actual cost of virtual education. Yearly audits can benefit both the for-profit firm and the school districts by providing the state with an accurate accounting of cost. Comprehensive records of withdrawals should be kept to determine the percentage of students staying in the program and where they go when they transfer. Development of effective legislative policies is needed to ensure for-profit firms will design programs that serve the public interest and not just their interest.

The future of education will most certainly include virtual charter schools, and educational management organizations will continue operating schools. It is unrealistic to assume otherwise. Time would be better spent understanding how to build partnerships with for-profit firms and construct high quality learning programs while still expanding access. For all its problems, virtual schools managed by for-profit firms have, in some small way, opened the door for transforming education. For instance, students who face physical or emotional harm by attending a brick and mortar school can now learn in the safety of their own home. The same can be said of students with emotional or mental problems that prevent them from benefiting from a traditional model of schooling. For-profit firms have a vested interest in working with state and federal governments. With oversight and cooperation, governments, school districts, corporations, and parents can create curriculum that does more than provide a basic education and keeps the drive for profit in check. Together, they can help bolster the reputation of virtual schooling, drawing more families to this new form of education.

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