

# DELIVERY MATTERS

Cyber Charter Schools and  
K-12 Education in Alberta

Jill Clements and Diana Gibson





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## About Parkland Institute

Parkland Institute is an Alberta research network that examines public policy issues. Based in the Faculty of Arts at the University of Alberta, it includes members from most of Alberta's academic institutions as well as other organizations involved in public policy research. Parkland Institute was founded in 1996 and its mandate is to:

- conduct research on economic, social, cultural, and political issues facing Albertans and Canadians.
- publish research and provide informed comment on current policy issues to the media and the public.
- sponsor conferences and public forums on issues facing Albertans.
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# Executive Summary

Alberta's future rests on its ability to cultivate an engaged, skilled, and creative citizenry by providing high-quality instruction to young Albertans. The province has a tradition of excellent public education. Today, technology and innovation offer new opportunities to build on this strength.

But not all novel approaches amount to progress. This report analyses the cyber charter school, a method of delivering K-12 curriculum that is gaining ground in the United States. In the cyber charter school, students and teachers interact via electronic media (email, telephone, audio/video conferencing) with only occasional face-to-face sessions. Much of the workload is expected to be self-directed, and formal instruction generally takes place online. Private commercial entities in the US are investing substantial resources in promoting for-profit cyber charter schools.

This report is part of Parkland Institute's 'Delivery Matters' series, which documents the higher costs, lower quality of services, and diminished accountability associated with the private, for-profit delivery of public services such as healthcare, education and public infrastructure maintenance. The data presented in this series has made clear that when the provincial government outsources, Albertans pay more and get less transparency and control.

In recent times, Canada's education sector has experienced significant increases in private delivery. The proportion of children in private schools in Canada grew by 20 per cent between 1995 and 2005. Alberta's 2013 budget decreased funding for public schools while increasing financial support for private schools. Albertans may soon be obliged to make decisions about whether the cyber charter school is to have a place in the province's education system.

This report analyses the US experience with the for-profit cyber charter school. It documents how corporate interests, in cooperation with their political allies, have driven the cyber charter school movement in an effort to further privatize the US public school system. Inside of a decade, virtual schooling in the US has grown from a new idea to a mode of education impacting almost one in every 50 students.

While technologically-enhanced means of delivering curriculum can have positive outcomes for some students, there is reason to be concerned that administrators are turning to cyber charter schools not as a means of pedagogical innovation but in an effort to deal with budgetary constraints.

Delivering off-the-shelf, bulk-purchased online education with tutors accessed largely online has a completely different cost profile than does traditional education, with brick-and-mortar schools and in-class instruction. As a result, public funding for K-12 students that is diverted to for-profit cyber charter schools serves to enrich private interests. K12 Inc., a major corporate player in US K-12 education, amassed profits of \$140 million in 2007 alone, the majority of which was from cyber charter schools contracts. Apple, Dell, and Google are among the large corporations looking for their piece of the pie – and distorting public education policy as they engage in lobbying and political contributions intended to ensure their own profitability.

While research on student outcomes remains preliminary, cyber charter schools have a patchy record, including significant risk of poorer education outcomes and very high rates of withdrawal. They also fail to address what the public school system has long taught as the skills of citizenship — how to get along with others, how to reason and deliberate, how to tolerate differences. From this perspective, cyber charter schools risk leaving large gaps in the education of young people.

The US experience with cyber charter schools makes clear that the private delivery of public education is a risky path. There is little evidence to demonstrate that corporate interests add value in training the compassionate, skilled, and technically savvy citizens of the future. Instead, the cyber charter schools model encourages profiteering and mismanagement at public expense and at significant risk to students.

In years to come, Alberta likely will be under increased pressure to privatize education and cut costs, as will cash-strapped school boards. The case will be made in education, as it has been in health care, that it does not matter who delivers the service as long as it is publicly funded. However, this report makes clear that delivery matters. As demonstrated by the publications in Parkland Institute's 'Delivery Matters' series, the privatization of public services has negative effects on both cost and quality. It is not in the best interest of students or the public at large to divert public funds into corporate coffers in support of a questionable learning model. Ultimately, it is in the public interest to continue to harness technological advances, build on evidence-based teaching innovations, and provide a variety of high-quality and pedagogically sound learning options within the public school system.

# 1. Introduction

When you think about school, what images come to mind? Perhaps you think of children jostling their way through halls to shed their winter jackets and retrieve books from shared lockers - a public school that is the heart of the local community, where the playground is also the community soccer field and where families picnic in summer. A place where teachers and parents meet to discuss challenges and build student confidence. A place where a residency by a hip hop artist means students of all grades come together to perform for the community. A place where students work in unison to clean the neighbourhood on Earth Day and collect bottle tabs to fundraise for the local homeless foundation in winter.

Now picture this instead: online curriculum being sold by large international companies to families who pay to join a private, for-profit, Internet-based charter school. Monday morning at 10am, a solitary child at a single home computer logs into an off-the-shelf web-based program and begins her day at 'school'. There may be some interactivity with other students and a teacher, but the child spends the majority of time 'clicking through' a set of standardized, interactive activities on the Internet. Is this the way of the future for modern, tech savvy students and cash strapped education systems? Or does it amount to an impoverishment of childhoods, educational systems, and communities?



## Delivery matters

As part of Parkland Institute's 'Delivery Matters' series, this report explores the implications of greater corporate involvement in the education sector, specifically in the area of elearning provision for K-12 students. The 'Delivery Matters' series has documented the higher costs, lower quality of services, and diminished accountability associated with the private, for-profit delivery of public services such as healthcare and public infrastructure maintenance. The series has made clear that when the provincial government outsources, Albertans pay more and get less knowledge and control. In recent times, Canada's education sector has experienced significant increases in private delivery. Considering this, it is important to undertake further examination of the consequences for education costs and quality.

The rapid growth of K-12 online schooling – and the growing involvement of corporate interests – raises serious questions of cost, quality, and accountability that require the attention of policymakers and the public.

## The role of new technologies

As it stands, the K-12 education system in Canada is one of the best in the world. It is globally recognized for its ability to consistently deliver on student outcomes. Canadian students regularly place highly in international rankings gathered by the OECD's Programme for International Student Assessment (PISA) when it comes to reading, mathematical, and scientific literacy.<sup>1</sup>

Innovation is a feature of high-quality education. New concepts and new approaches have the power to transform the learning experience for students with a diversity of needs and interests. Currently, new technologies are opening the door to alternatives in the delivery of education. In a radical re-thinking of what it means to go to school, there is a growing movement toward online learning – also known as virtual learning, or digitally mediated learning environments, or cyber schooling. Attending school via the Internet and not in a classroom setting is not new – students have been accessing 'distance education' for years. Charter schools are not new either: separate public and private schools operating alongside the main school system already exist in Alberta. What is different, however, is the rise in popularity of K-12 online education (also known as cyber-schools) and the policy model



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<sup>1</sup> Statistics Canada, "Measuring Up: Canadian Results of the OECD PISA Study. The Performance of Canada's Youth in Reading, Mathematics and Science 2009 First Results for Canadians Aged 15," 2009. Retrieved from <http://www.statcan.gc.ca/pub/81-590-x/81-590-x2010001-eng.pdf>.

The American experience with the meteoric rise of for-profit cyber charter schools tells a tale of formidable lobbying, soaring profits, questionable student outcomes, and increasing controversy – one that Canadians can learn from.

that allows private, for-profit entities to operate online K-12 schools using government financing: the ‘private, for-profit cyber charter school.’

## Corporate involvement

While new technologies present fantastic opportunities for new forms of learning in public classrooms and through public online education, they also create tantalizing opportunities for private business and investment. This is happening at a time when education systems are facing resource challenges due to budget cuts, making promises of lower costs appealing to school boards.

There can be little question that the traditional public school system needs to continually evolve and innovate. Nor is it debatable that there is a role in the classroom for technology and online learning. However, the rapid growth of K-12 online schooling – and the growing involvement of corporate interests – raises serious questions of cost, quality, and accountability that require the attention of policymakers and the public.

This report will focus on the area of K-12 education, and specifically, on the trend toward greater private delivery through for-profit cyber schools and cyber-charter schools. Though it has yet to launch in Canada, this form of private education delivery has been increasing fast in the United States.

Private delivery of education is growing across North America. The proportion of children in private schools in Canada grew by 20 per cent over the decade between 1995 and 2005, and hit 40 per cent in Ontario. Alberta provides public funds to private schools at 70% of the public school per student rate. Alberta’s 2013 budget decreased funding for public schools while increasing the public budget for private schools. Canada already has public charter schools, and public online education. Alberta was the first province in the country to provide a legal framework for the operation of public charter schools. Movements for ‘choice’ and budget pressures make private, for-profit cyber charter schools a very possible next step.<sup>2</sup>

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<sup>2</sup> Choice is a term often used by advocates of private delivery. Its use presumes that private delivery expands the choice of service provider. Given that privatization often is accompanied by increased cost, or associated with reductions in public delivery options, it can in fact mean less choice for individuals with limited budgets. The seemingly neutral term ‘choice’ is often used as a euphemism for corporatization that favours certain narrow class and race interests. For a more involved discussion, see: *School Privatization & Choice: A Sociopolitical Analysis* by Glenn Elert. E-World © 1992-2008.

The American experience with the meteoric rise of for-profit cyber charter schools tells a tale of formidable lobbying, soaring profits, questionable student outcomes, and increasing controversy – one that Canadians can learn from. This report will use those experiences to illustrate the potential implications for the quality and costs of K-12 education in Alberta if the for-profit cyber charter schools model is embraced.

## 2. UNPACKING THE FOR-PROFIT CYBER CHARTER SCHOOL

The private, for-profit cyber charter school delivery model is made up of a number of different components, each of which is bound up in significant controversy. These components need to be broken down in order to properly assess the implications of this model. These include: charter schools, online delivery of K-12 education or cyber schooling, and private for-profit delivery.

### The charter school

A charter school is a public school that functions semi-autonomously. Its charter is a document that declares the school's special purpose and rules of operation. Charter schools in Alberta are expected to provide a different educational environment beyond the services provided by the existing school board. Charter schools are distinct from independent private schools, which have more curricular flexibility and are usually not funded by public dollars. Yet they are similar to private schools in that their operations include little involvement by the public that funds them.

In 1994, Bill 19 made Alberta the first province in Canada to expand schooling options beyond the public school system.<sup>3</sup> It remains the only province to do so. This change was part of the Klein administration's larger school reform agenda that included funding cuts, the amalgamation of school boards, the centralization of funding, charter school legislation, expanded provincial testing, and mandatory school councils. The buzzwords were efficiency, accountability, and choice — language that aligns with corporate rhetoric, not core education values, and clearly indicated a change of direction for the province.<sup>4</sup> As of 2012, there were roughly 8,000 K-12 students enrolled in 13 Alberta charter schools.<sup>5</sup> For a more detailed explanation of charter schools, see the appendix.

### Online cyber schooling

The cyber component of cyber charter schools brings in the issue of technology and online delivery. It involves online or virtual schooling. Cyber schooling is not unique to private charter schools and is an important piece of the public education system as well. Across Canada, 4.2% of the K-12 population is using distance learning online.<sup>6</sup>

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<sup>3</sup> Alberta Education, Charter Schools Handbook, Government of Alberta (January, 2011): 1. Retrieved from [http://education.alberta.ca/media/434258/charter\\_hndbk.pdf](http://education.alberta.ca/media/434258/charter_hndbk.pdf).

<sup>4</sup> Alison Taylor, *The Politics of Educational Reform in Alberta* (University of Toronto Press: 2001).

<sup>5</sup> Emily Mertz, *Global News*, September 7, 2012. Retrieved from <http://www.globaltv Edmonton.com/Pages/Story.aspx?id=6442710765>. This compares to about 416,000 attending other public schools; 24,000 enrolled in private schools; 14,000 in Catholic/separate schools; 6,000 in francophone schools; and about 7,000 who are home schooled.

<sup>6</sup> Michael Barbour, *State of the Nation: K-12 Online Learning in Canada* (International Association for K-12 Online Learning), November 2010. Retrieved from [http://www.inacol.org/cms/wp-content/uploads/2012/11/iNACOL\\_CanadaStudy\\_2010.pdf](http://www.inacol.org/cms/wp-content/uploads/2012/11/iNACOL_CanadaStudy_2010.pdf)

The use of technology for enhancing education is not unique to distance or online learning. Though the data on internet connectivity in schools is limited, it is clear that schools across the country are increasingly integrating online learning – both in and out of the classroom setting. For example, between 2008 and 2010, the Alberta government spent \$18.5M annually on the integration of technology in Alberta’s public classrooms. Teachers are becoming increasingly savvy, employing Smart Boards, educational apps, and social media to further engage students as well as their parents.<sup>7</sup>

## What is a cyber charter school?

Cyber charter schools have unobtrusively become a prominent part of the charter school movement, which has set off a maelstrom of debate and controversy.



Students in a full-time cyber charter program are enrolled in online school only.<sup>8</sup> Though online charter schools have not yet arrived in Alberta, the model is growing in other jurisdictions. Non-classroom-based schools, previously the domain of a small number of ‘niche’ homeschoolers, have begun to expand and increasingly challenge traditional definitions of public schooling.<sup>9</sup> In the online charter school model, students and teachers interact via electronic media (email, telephone, audio/video conferencing) with only occasional face-to-face sessions. Much of the workload is expected to be self-directed, and formal instruction, when it occurs, generally takes place online.

Similar to traditional public schools, cyber charter schools have principals, teachers, and administrators, and meet the region’s jurisdictional curriculum requirements. However, they have greater flexibility in their day-to-day operations. Also, because much of the work carried out by students is self-paced in cyber charter schools, parents/guardians play a more substantial role in the teaching environment than they would in a conventional model. They become what are known as ‘learning coaches,’ effectively functioning as teachers.

<sup>7</sup> Kerianne Sproule, “Big Idea: Using Technology as an Educational Aid (Or Not),” Avenue Calgary, January 17, 2013. Retrieved from <http://www.avenuecalgary.com/blogs/big-idea-using-technology-as-an-educational-aid-or-not>.

<sup>8</sup> Bill Tucker, “Laboratories of Reform: Virtual High Schools and Innovations in Public Education,” Education Sector Reports, 2007. Found in Tammy Meyn-Rogeness, “Privatization and Cyber Charter Schools,” College of Education, Paper 6 (2010): 6.

<sup>9</sup> L.A. Huerta, C. D’Entremont, and M.F. Gonzalez, “Cyber and Home School Charter Schools: Adopting Policy to New Forms of Public Schooling,” Peabody Journal of Education, 81(1) (2006): 104. Retrieved from [http://projects.ori.org/edfprojects/Classroom\\_Supertech/HuertaEtAl\\_CyberHomeSch.pdf](http://projects.ori.org/edfprojects/Classroom_Supertech/HuertaEtAl_CyberHomeSch.pdf).

The arrival of cyber charter schools in the US arises from the emergence of school choice advocacy alongside the widespread adoption of technology.<sup>10</sup> Cyber charter schools have unobtrusively become a prominent part of the charter school movement, which has set off a maelstrom of debate and controversy.<sup>11</sup>

## Privatization and corporatization

The final component of the private cyber charter school model is the private for-profit element and the resulting corporatization. The push for greater choice, pressure to ‘reform’ the public education sector, and the positioning of technology as a driver of educational innovation has created strategic opportunities for ‘education entrepreneurs’. Private commercial entities have shown great interest in the virtual education market and have nurtured a tightly woven relationship with political leaders and government bodies in their drive to derive profit and strengthen the positioning of cyber schools in the US and beyond.<sup>12</sup> Businesses are increasingly tapping into a formidable coalition of private groups and public officials promoting non-traditional forms of education.<sup>13</sup>

Although some states and local districts in the US run their own online schools (similar to the current situation in Alberta), many hire for-profit corporations such as K12 Inc. of Herndon, Va., and Connections Academy in Baltimore, a unit of education services and technology company Pearson PLC. Generally, most states prohibit for-profit education, so public districts or non-profit charter schools use a legal loophole to contract out with management companies for the provision of certain services. Essentially, the school receives money from the state (per child rate) and in turn pays the management firm to run all of the day-to-day operations of delivering education.<sup>14</sup> Businesses hoping to corner the virtual-education market include charter school operators or management firms, online-curriculum providers, and tech firms like Apple, Dell, Google, Intel, and Microsoft. These education entrepreneurs “use education as a source of government-financed business, much as military contractors have capitalized on Pentagon spending.”<sup>15</sup>

In the US, the cyber charter school playing field is busy, expanding, and dominated by two powerful corporate players: K12 Inc. and Connections Academy. K12 is the nation’s largest for-profit operator of online schools. K12’s 59 full-time schools enrol more than 100,000 students in 29 states. K12’s revenue in 2004 was \$71.4 million and by 2007 it had nearly doubled to \$140 million. The vast majority of the company’s \$522 million in 2011 revenues came from “turnkey” management contracts with those virtual public charter schools.<sup>16</sup> Student enrolment in cyber charter schools jumped nearly 40% in 2009/2010. This is already big business, and it is quickly getting bigger.

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<sup>10</sup> June Ahn, “Policy, Technology, and Practice in Cyber Charter Schools: Framing the Issues,” *Teachers College Record* 113(1) (2011): 1. Retrieved from <http://nmef.wikispaces.com/file/view/Cyber%20Schools/144675495/Cyber%20Schools>.

<sup>11</sup> Huerta, D’Entremont and Gonzalez, “Cyber and Home School Charter Schools: Adopting Policy to New Forms of Public Schooling,” 104.

<sup>12</sup> Tammy Meyn-Rogeness, “Privatization and Cyber Charter Schools,” *College of Education, Paper 6* (2010): 9.

<sup>13</sup> Stephanie Saul, “Profits and Questions at Online Charter Schools,” *New York Times*, December 12, 2011. Retrieved from <http://query.nytimes.com/gst/fullpage.html?res=990DE1DB143BF930A25751C1A9679D8B63>.

<sup>14</sup> Stephanie Banchemo and Stephanie Simon, “My Teacher is an App,” *Washington Street Journal*, November 12, 2011. Retrieved from <http://online.wsj.com/article/SB10001424052970204358004577030600066250144.html>.

<sup>15</sup> Stephanie, “Profits and Questions at Online Charter Schools.”

<sup>16</sup> Benjamin Herold, “Ex-workers Claim Cyber Charter Operator Manipulated Enrollment Figures,” *Newsworks*, January 22, 2013. Retrieved from <http://thenotebook.org/blog/135532/ex-workers-claim-operator-cyber-charters-played-games-enrollment-figures>.

Revenues from the K-12 online learning industry are expected “to grow by 43% between 2010 and 2015, with revenues reaching \$24.4 billion.”<sup>17</sup>

The model employed by K12 and its competitors has proven resilient to detractors. According to Samuel E. Abrams, a research associate at the National Center for the Study of Privatization in Education at Teachers College, Columbia University, the model has not generated push-back from taxpayers and policymakers because it represents a much more subtle form of educational privatization than whole-school management by external providers: local school boards, for example, buy services from cyber school companies, but they do not turn over school buildings or surrender much administrative control.<sup>18</sup>

### 3. FOR-PROFIT CYBER CHARTER SCHOOLS: PANACEA OR PERIL?

Recently, charter advocacy centers, research clearinghouses, and education associations, particularly in the US, have begun to weigh in on issues related to for-profit cyber charter schools.<sup>19</sup> Some of these organizations’ key concerns are identified below. They amount to a cautionary tale for Canadians interested in similar initiatives.

#### Lobbying and corporate interests

In the last couple of years, a series of investigative reports in outlets such as *The New York Times*, *The Nation*, *Mother Jones*, *The Wall Street Journal*, and *The Washington Post* have documented the sky-rocketing profits and the unsettling connections between the political and corporate realms in the cyber charter school debates. According to the US College of Education, private education businesses and pro-school choice advocates employ professional lobbyists and vigorously lobby state legislators. They get further support from right wing think-tanks, and as a result, wield a large amount of influence over politicians and policy.<sup>20</sup>

Led predominantly by the Republican party, and in particular Jeb Bush, support for the virtual school boom comes from a tight-knit group of charter school operators, online-curriculum providers, and tech firms like Apple, Dell, Google, Intel, and Microsoft. Connections Academy’s executive vice president for sales and marketing also serves as the private chair for the

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<sup>17</sup> Lee Fang, “How Online Learning Companies Bought America’s Schools,” *The Nation*, November 16, 2011.

<sup>18</sup> Robin L. Flanigan, “Publicly Traded Ed. Companies Are Rare,” *Education Week*, February 21, 2012. Retrieved from: [http://www.edweek.org/ew/articles/2012/02/22/21pubtrade\\_ep.h31.html](http://www.edweek.org/ew/articles/2012/02/22/21pubtrade_ep.h31.html).

<sup>19</sup> Huerta, D’Entremont and Gonzalez, “Cyber and Home School Charter Schools: Adopting Policy to New Forms of Public Schooling,” 106.

<sup>20</sup> Meyn-Rogeness, “Privatization and Cyber Charter Schools,” 25.



Education Task Force at the American Legislative Exchange Council (ALEC). ALEC is a powerful organization — funded by US libertarian oil billionaire brothers David and Charles Koch — that helps connect conservative lawmakers and corporations, and has had a major role in shaping policy, particularly at the state level.<sup>21</sup>

An exposé in *The Nation* detailed the complex union between lobbyists, their corporate clients, and the political arena to advance online education. This includes campaign contributions, and making education tech companies significant players in elections. K12 Inc. alone, for example, spent nearly \$500,000 in state-level direct-campaign contributions in 2011.<sup>22</sup> The frenzy to privatize America's K-12 education system, under the banner of high-tech progress and cost-saving efficiency, speaks to the stunning success of these initiatives. 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.<sup>23</sup>

*Mother Jones* unpacked the web of cyber school ownership, revealing, for example, that News Corp. — owned by Rupert Murdoch, alongside News of the World and Fox — paid \$360 million to buy Wireless Generation, a Brooklyn-based education technology company that provides software, assessment tools, and data services. At the time of purchase, Murdoch was quoted as saying “When it comes to K through 12 education, we see a \$500 billion sector in the US alone that is waiting desperately to be transformed by big breakthroughs that extend the reach of great teaching.”<sup>24</sup>

<sup>21</sup> Abby Rappaport, “Education on the Cheap: Investors are Increasingly Queasy about Putting Money into For-Profit Learning,” *The American Prospect*, February 28, 2012. Retrieved from <http://prospect.org/article/education-cheap>.

<sup>22</sup> Fang, “How Online Learning Companies Bought America’s Schools.”

<sup>23</sup> Gene Glass, “The Realities of K-12 Virtual Education,” *Boulder and Tempe: Education and the Public Interest Centre & Education Policy Research Unit* (April, 2009). Retrieved from <http://epicpolicy.org/publication/realities-K-12-virtual-education>.

<sup>24</sup> Stephanie Mencimer, “Fox in the Schoolhouse: Rupert Murdoch Wants to Teach Your Kids!” *Mother Jones*, September 2011.

Alberta is not immune to such corporate influence-building. A survey about technology in education called Speak Up 2010 is a great example. This survey was organized by a US organization called Project Tomorrow and is financed by six tech firms, all with deep links to companies involved in the online education sector.<sup>25</sup> The Alberta Teachers' Association raised red flags that teachers were being asked to participate in a US data-gathering exercise that primarily benefited corporations, rather than students and the broad goals of education.<sup>26</sup>

## Pedagogy

From a pedagogical perspective, cyber schools – charter or otherwise – have the potential to introduce new ways of delivering education. Students may learn at their own pace and outside of the constraints of traditional school hours. Parents with the time and energy may act as their child's coach or learning assistant in an effort to be more hands on. Students in rural environments or with special needs may have access to learning opportunities that did not previously exist. Cyber charters may be able to offer an educational quality comparable to that of traditional schools, but also reach under-served populations that need a more flexible educational option.<sup>27</sup>

Advocates of the private cyber charter school model argue that it offers alternatives for families with challenges related to the public school system. It is argued that it would be a solution for students with previous issues, such as low achievement or for those in need of additional challenges, or that it might be helpful in relation to considerations such as bullying or health concerns. It may also be seen to offer greater flexibility for those with special scheduling needs, whether due to employment or extracurricular activities. Finally, as Huerta et al. noted, a significant portion of families who would normally homeschool their children may find cyber charters an appealing education option.<sup>28</sup>

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<sup>25</sup> Corporate sponsor brands are identified throughout the Speak Up 2010 survey.

<sup>26</sup> Janet Steffenhagen, "Alberta Teachers Join B.C.'s with Concerns about U.S. Education Survey," *Vancouver Sun*, January 18, 2011. Retrieved from <http://blogs.vancouversun.com/2011/01/18/alberta-teachers-join-b-c-s-with-concerns-about-u-s-education-survey/>.

<sup>27</sup> June Ahn, "Policy, Technology, and Practice in Cyber Charter Schools: Framing the Issues," 1.

<sup>28</sup> *Ibid*, 7.

<sup>29</sup> Stephanie Mencimer, "Jeb Bush's Cyber Attack on Public Schools," *Mother Jones*, Nov/Dec 2011. Retrieved from: <http://www.motherjones.com/politics/2011/10/jeb-bush-digital-learning-public-schools>.

Interestingly, each of these is quite a controversial claim. The public school system provides ample examples of how creative solutions, including integrated online education as appropriate, can be developed to address each of these challenges.

Critics raise the concern that budget cuts rather than education outcomes are driving the push for online learning. A 2011 article by *Mother Jones* cites the example of Florida, where budget cuts made it difficult for schools to meet class-size rules. Unable to hire more teachers, some schools in the Miami-Dade district required students to take online classes at school, with only an aide to keep tabs on them.<sup>29</sup>

Teachers and their unions across the US have expressed deep concern about the rise of cyber charter schools.

As it stands, in many virtual schools, students rarely hear from their teachers. Teachers and their unions across the US have expressed deep concern about the rise of cyber charter schools, fearing that education will be reduced to ‘facilitating students’ online work’.

Another critique of the model focuses on the online aspect, which involves limited interaction.<sup>30</sup> Technology will never fully replace the need for human relationships in learning. Further, relationships are central to citizenship education. Traditional public schools teach people the skills of citizenship — how to get along with others, how to reason and deliberate, how to tolerate differences.<sup>31</sup> By removing these character-building, values-driven opportunities, we may lose the collective ideal that defines public education and leave large gaps in the education of young people.

## Student outcomes

Data on student achievement is limited. There have been only a few small studies that focus on achievement in cyber charter schools. These tend to focus on the differences in the delivery technology, rather than the differences in approaches to teaching and delivery. The limited research on student achievement in cyber charters shows mixed outcomes when the cyber schools are compared with classroom-based school programs.<sup>32</sup>

With 18,700 of the state’s 61,770 charter school students enrolled in online schools, Pennsylvania is a prime location for researching and tracking student outcomes. An examination of the proficiency of charter school students between 2003-04 and 2007-08 shows that in limited urban areas of Pennsylvania, charter schools appear to be outperforming traditional public school.<sup>33</sup> However, a broader study in 2009 by the Center for Research on Education Outcomes (CREDO) at Stanford University found the opposite. Though virtual-school students started out with higher test scores than their counterparts in regular charters, they ended up with learning gains that were “significantly worse” than the traditional charters and public schools. The CREDO research manager concluded, “What we can say right now is that whatever they’re doing in Pennsylvania is definitely not working and should not be replicated.”<sup>34</sup> A 2009 study by the Pennsylvania School Boards Association’s Education Research and Policy Centre found that cyber charter schools in Pennsylvania appear to be significantly underperforming both traditional public schools and their ‘brick and mortar’ charter school peers.<sup>35</sup>

Proponents of cyber charter schooling argue that cyber charter schools in particular take on more challenging, poor-performing students. The CREDO study addresses this by focusing on student improvement rather than test scores. However, the CREDO study indicates that the Pennsylvania cyber charter schools actually started out with students with higher test scores, not

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<sup>30</sup> Samuel E. Abrams, “Technology in Moderation,” *Teachers College Record*, November 4, 2011. Retrieved from: [www.tcrecord.org/content.asp?contentid=16584](http://www.tcrecord.org/content.asp?contentid=16584).

<sup>31</sup> Banchero and Simon, “My Teacher is an App.”

<sup>32</sup> Cathy Cavanaugh, “Effectiveness of Cyber Charter Schools: A Review of Research on Learnings,” *TechTrends* (53)4, July/August 2009, 1.

<sup>33</sup> Pennsylvania School Boards Association, Education Research and Policy Centre, “Pennsylvania Charter Schools: A Look at School and Student Performance (2003-04 through 2008-09),” October 2009.

<sup>34</sup> Mencimer, “Jeb Bush’s Cyber Attack on Public Schools.”

<sup>35</sup> Pennsylvania School Boards Association, Education Research and Policy Centre, “Pennsylvania Charter Schools: A look at school and student performance (2003-04 through 2008-09).”



Cyber charter schools have a patchy record, including evidence of poorer educational outcomes.

lower. This is not unique to that state. More generally, cyber charter school student populations seemed initially to be comprised of higher numbers of economically disadvantaged students, but in recent years, those percentages have declined to be relatively in line with the state average.

Public school educators have been studying the potential implications of increased screen time and have been taking a careful and studied approach in their incorporation of new technologies in the classroom. They are conscious of the delicate balance between technology and interactive teaching needed to optimize comprehensive learning. Alberta's 'Inspiring Education' Steering Committee Report states that the "top-performing schools recognize that the only way to improve outcomes is to improve instruction: learning occurs when students and teachers interact, and thus to improve learning implies improving the quality of that interaction. They have understood which interactions are effective in achieving this—coaching classroom practice, moving teacher training to the classroom, developing stronger school leaders, and enabling teachers to learn from each other—and have found ways to deliver these interventions throughout their school system."<sup>36</sup>

Assessing student performance is challenging when comparing cyber charter schools to the traditional public school system. To date, the limited scholarly endeavours that exist demonstrate that cyber charter schools have a patchy record and include significant risk of poorer education outcomes.

## Funding and costs

Delivering off-the-shelf, bulk-purchased online education with tutors accessed online rather than face-to-face has a completely different cost profile than traditional education, with schools to build and maintain, as well as teachers, instructional materials, support staff, and administration to pay for. Also, the educators in cyber charter schools are often paid less than their public school colleagues. Regular student funding formulas open the door to an exorbitant profit margin for cyber charter schools.

A study by the Auditor General in Pennsylvania concluded that charter and cyber charter schools are being funded at very high levels relative to their actual costs incurred in educating students.<sup>37</sup> This explains the explosion in the number of these schools and the high stakes game of lobbying and public relations. In the US, funding formulas have generally enabled enormous profits to be banked by a few small but powerful corporations and their CEOs. This has prompted calls for states such as Pennsylvania to look seriously at reform.<sup>38</sup>

As the private companies make money, the public schools are losing. The student fees follow the student to the private school, resulting in a decrease in already-stretched district funding.

<sup>36</sup> Alberta Education, "Inspiring Education Steering Committee Report," Government of Alberta, 27.

<sup>37</sup> Pennsylvania Department of the Auditor General, "Press Release: Auditor General Jack Wagner Says Fixing PA's Charter School Formula Could Save \$365 Million a Year in Taxpayer Money," June 20, 2012. Retrieved from <http://www.auditorgen.state.pa.us/departement/press/wagnersaysfixing-pa%E2%80%99scharterschoolformula.html>.

<sup>38</sup> Op. cit.

... most Canadians would find it a bitter pill to swallow to think that their hard-earned tax dollars were being used on advertising or lobbying rather than learning.



It's a messy business trying to compare per student costs between the traditional public school system and the cyber charters in the US. Much depends on state-level legislation (or lack thereof) and sometimes also on the relative wealth of the district. However, while many virtual schools skimp on teacher pay, and have lower cost profiles on educational services, they spend considerable sums on something public schools don't: advertising.

Using taxpayer dollars to pay for advertising on radio, television, and billboards is the norm for private cyber charter schools. A recent Wisconsin audit discovered that one school, IQ Academy Wisconsin, dropped \$424,700 on ads to drum up more business during the 2007-08 school year.<sup>39</sup> Lobbying by cyber charter schools, as described above in some detail, also carries significant costs.

Where public funds are involved, legislators are accountable to their constituents and most Canadians would find it a bitter pill to swallow to think that their hard-earned tax dollars were being used on advertising or lobbying rather than learning. Witness the 2012 controversy surrounding Athabasca University and its lobbying expenditures to influence the provincial government.<sup>40</sup>

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<sup>39</sup> Mencimer, "Jeb Bush's Cyber Attack on Public Schools."

<sup>40</sup> Jennie Russell, "Athabasca University Spent \$125K to Lobby Province," CBC News, March 6, 2013. Retrieved from <http://www.cbc.ca/news/canada/edmonton/story/2013/03/05/edmonton-athabasca-university-lobbying.html>.

## Student 'churn'

With cyber charter school funding dependent on per student transfers from the district, the drive to boost profit margins demands nothing short of enrolment 'zeal'. Advertising and lobbying take on new meaning in an effort to influence school choices and source new business – a standard practice in

The cyber charter school sector seems to be a magnet for both big corporate investment and fraud.

the for-profit world. Recruitment drives and campaigns are rolled out across the US with pitches that include supplying computers and subsidized internet connections, as well as staff who are “paid bonuses based on the number of students they sign up.”<sup>41</sup>

Unfortunately, this aggressive recruitment campaigning can result in signing up students who are not necessarily a good fit with the cyber school self-directed independent learning concept. This results in what is known as ‘the churn’ or the continual cycle of enrolment and withdrawal (see text box).

### Churn rate: K12 Inc. in Pennsylvania

K12’s revenues vary according to the enrolment of the schools it manages. In Pennsylvania this amount is just over \$11,000 per student, making Pennsylvania one of the most lucrative states for cyber charter schools. At the beginning of the 2010-11 school year, the K12-managed Agora Cyber Charter enrolled 5,353 students. By the end of that year, the school’s enrolment had increased to 6,475. The overall increase masked a high ‘churn rate.’ Almost 2,400 students withdrew from Agora during the school year, but were replaced by newly recruited students. Almost 2,700 students dropped out of Agora during the 2009-10 school year.<sup>42</sup>

A review of K12 management contracts revealed that the company may still benefit from students who leave by charging upfront fees for supplies. Increasingly, state audits are identifying these transactions and actually ordering management firms to reimburse the state. As part of a recent state level legal action against K12 Inc., dozens of former employees claim that the company used dubious and sometimes fraudulent tactics to mask astronomical rates of student turnover, by manipulating enrolment, attendance, and performance data to maximize tax-subsidized, per-pupil funding.<sup>43</sup> In another example of suspicious activity, traditional public school officials believe that there are cases when students who have never required special services are being labelled as special needs students by cyber schools because of the additional revenue that follows a student identified as requiring special education accommodation.<sup>44</sup> The cyber charter school sector seems to be a magnet for both big corporate investment as well as fraud: Between 2005 and 2011, the US Department of Education opened 53 investigations into charter school fraud, resulting in 21 indictments and 17 convictions. Twenty-seven investigations are pending.<sup>45</sup>

<sup>41</sup> Stephanie Saul, “Profits and Questions at Online Charter Schools.”

<sup>42</sup> Benjamin Herold, “Ex-workers Claim Cyber Charter Operator Manipulated Enrollment Figures.”

<sup>43</sup> Ibid.

<sup>44</sup> John Finnerty, “Schools May Get Windfall: Cyber Reform Measure Would Redirect Funding to Local Districts,” Tribune-Democrat, March 7, 2013. Retrieved from <http://tribune-democrat.com/local/x564673046/Schools-may-get-windfall-Cyber-reform-measure-would-redirect-funding-to-local-districts>.

<sup>45</sup> Stephanie Mencimer, “Schools for Scoundrels,” Mother Jones, Nov/Dec 2011. Retrieved from <http://www.motherjones.com/politics/2011/10/charter-school-fraud>.



## Innovation

Public schools have been incorporating new technologies and pedagogies at an accelerating rate.

Catchwords like choice, flexibility, and innovation are mantras of the cyber charter school movement.<sup>46</sup> The introduction of charter schools in Alberta was done under the auspices of spurring innovation in order to improve education as whole. The rhetoric surrounding the charter schools is that competition can incent innovation.

For advocates of the public school system, embracing technology is not new. However, having the sustained funding to continually enhance and learn from the introduction and utilization of student-centered, adaptive, and customized technologies is challenging in an environment of perpetual belt-tightening. Even in the private sector, competitive markets tend to homogenize over time, innovation and variation decrease, and eventually choices fade away.<sup>47</sup>

As has been documented already, innovation and innovative partnerships in education are not new, nor are they the sole purview of the private sector. Public schools have been incorporating new technologies and pedagogies at an accelerating rate. Even the large textbook companies such as Pearson, Houghton Mifflin Harcourt, and Nelson, as well as software companies like Microsoft and Dell, have been selling into the education system for many years. Working collaboratively with innovators – teachers and private sector entrepreneurs – can provide positive results for students, as long as it is driven by what is best for the students.

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<sup>46</sup> Stephanie Saul, "Profits and Questions at Online Charter Schools."

<sup>47</sup> Kathleen Ellis, "Cyber Charter Schools: Evolution, Issues, and Opportunities Funding and Local Oversight," *Educational Horizons* (86), 149.

## 4. LESSONS FOR ALBERTA

Private cyber schooling is not about technology, or choice, or affordability — it is about profit.

The American experience with cyber charter schools makes clear that the private delivery of public education is a risky path. There is little evidence to demonstrate that corporate interests add value in building compassionate, skilled, and technically savvy citizens of the future. Instead, the current system encourages profiteering and mismanagement at public expense.<sup>48</sup> The evidence indicates that private cyber schooling is not about technology, or choice, or affordability — it is about profit. According to Tony Bates, a prominent academic and consultant in the use of online technologies in education, private for-profit cyber charter schools are about using online learning as a back door through which to access state subsidies for privatized K-12 education. He says, "...it is also a peculiarly American way of taking a good development and completely ruining it."<sup>49</sup>

In years to come, Alberta likely will be under increased pressures to privatize education and cut costs, as will cash-strapped school boards. Every year we witness the endless debate between teacher-unions and the Fraser Institute as a result of the Institute's 'school ratings' publication. Lost in the debate are the goals of universally accessible, publicly funded education, such as preparing children for citizenship, cultivating a skilled work force, and developing critical-thinking skills. The Fraser Institute is clear about the purpose of the report card: to "establish one of the conditions necessary for a free market in education; namely the availability to consumers, in this case parents, of reliable information on the comparative value of services provided by competing suppliers, in this case schools."<sup>50</sup>

In education, money matters. The idea that existing public school systems can best be improved by diverting money from them is counterintuitive. School systems need to maximize the utility of the funds available: diverting public school money from servicing the majority of the public school population is not in the system's — or its students' — best interest. It is in the public interest to harness technological advances, build on evidence-based teaching innovations, and provide a variety of learning options within the traditional public school system.

Cyber schools and technology have the power to serve 'niche' populations in our communities. If embedded within the public school system, the opportunity for shared learning, as well as a continued emphasis on developing democratic principles and values, can be enhanced and protected.

Beyond the rhetoric, the evidence indicates that the push for online education and the continued expansion of cyber charter schools in the US is closely

<sup>48</sup> Ellis, "Cyber Charter Schools: Evolution, Issues, and Opportunities Funding and Local Oversight," 147.

<sup>49</sup> MaRS Market Insights Report, "K-12 Education: Opportunities and Strategies for Ontario Entrepreneurs" October, 2011, p.25.

<sup>50</sup> Donald Gutstein, "War on Public School Rages," *The Georgia Strait*, April 28, 2010. Retrieved from <http://www.straight.com/news/war-public-schools-rages>.

aligned with conservative efforts to diminish the traditional, publicly funded and delivered school system, and bolster the role of corporations in the provision of education. Alberta is not very different. Wildrose leader Danielle Smith completed an internship with the Fraser Institute during her twenties that “imbued her with a passion for Ayn Rand and charter schools,”<sup>51</sup> and both the Canada West Foundation and the Fraser Institute (funded by the Koch brothers<sup>52</sup>) are vocal supporters of charter schools, the school choice movement, and greater privatization of the education system.

Keeping kids at the forefront of our decision-making is the principle Alberta and Canada should embrace in withstanding the unfettered corporate incursions suffered by American school districts.

## Further reading

International Association for K-12 Online Learning  
<http://www.inacol.org/>

The Consortium for Policy Research in Education (CPRE)  
<http://www.cpre.org/>

The Education Policy Research Unit (EPRU)  
<http://nepc.colorado.edu/>

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<sup>51</sup> Jen Gerson, “Wild Card: Danielle Smith has Poised Herself as a Politician with Principle. But Can she Govern?” *The Walrus*, March 2012. Retrieved from [http://thewalrus.ca/wild-card/?ref=2012.03-profile-wild-card&page=.](http://thewalrus.ca/wild-card/?ref=2012.03-profile-wild-card&page=)

<sup>52</sup> Jenny Uechi, “U.S. Republican Koch Oil billionaires Help Fund the Fraser Institute. Why the Fraser Institute?” *Vancouver Observer*, April 28, 2012. Retrieved from [http://www.vancouverobserver.com/politics/2012/04/28/us-republican-koch-oil-billionaires-help-fund-fraser-institute-why-fraser.](http://www.vancouverobserver.com/politics/2012/04/28/us-republican-koch-oil-billionaires-help-fund-fraser-institute-why-fraser)

## Appendix

In Alberta, charter schools are autonomous, non-profit public schools that offer specialized programmes distinct in some manner from those programmes available elsewhere.

For many advocates, charter schools are perceived to provide greater choice by offering a particular focus or specialty, such as an emphasis on music or arts or sciences. Supporters like the Canada West Foundation and the Fraser Institute argue that more choice creates competition and should, in turn, incent all schools to innovate and improve.<sup>53</sup>

Opponents feel charter schools chip away at the core values of publicly delivered and funded education. The Alberta Teachers' Association (ATA), for example, believes that education should be responsible to society through government, in part through publicly elected school boards. Alberta's public charter schools do not operate under publicly elected school boards and thus, in the ATA's eyes, are based on a deeply flawed governance model.<sup>54</sup> Critics of charter schools argue that with adequate, stable funding, the public education system would be better positioned to achieve the positive characteristics attributed to charter schools, such as innovation, smaller class sizes and better learning conditions.

There is a cap of 15 charter schools in Alberta at any given time. As of March 2013, there were 13 in operation.

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<sup>53</sup> Shawna Ritchie, *Innovation in Action: An Examination of Charter Schools in Alberta*, Canada West Foundation, 2010.

<sup>54</sup> Alberta Teacher's Association, *Going to School in Alberta* (January, 2008), 2.







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