

# EDUCATION WEEK

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## Ed. Companies Exert Public-Policy Influence

**Some observers are alarmed at what they see as increasingly aggressive moves by companies**

By **Michelle R. Davis**

The online education provider **K12 Inc.**—a publicly traded company with \$708 million in revenue in 2012—had 39 lobbyists around the country on the payroll last year to work for state and local policies that would help expand the use of virtual learning.

**Pearson Education**—an offshoot of the publishing giant Pearson—has spent more than \$6 million over the past decade lobbying at the federal level.

And the charter school operator **White Hat Management** and its employees contributed more than \$2 million in campaign support between 2004 and 2012 to mostly Republican politicians in Ohio, where the company, which runs 33 schools in three states, is the largest for-profit charter operator and has been under fire for poor performance.

Those examples, and many others, suggest the influence education companies are trying to exert on policymaking and legislation.

Some education observers are alarmed at what they see as increasingly aggressive moves by companies to make money from the K-12 system; others say the expanding role of for-profit ventures is just a natural evolution of the interplay between the private and public sectors in efforts to improve schools.

Gene V. Glass, a senior researcher for the National Education Policy Center at the University of Colorado at Boulder, said he is seeing the fingerprints of education companies on public policy in ways that "would curl your hair."

"The corporations just woke up a few years ago to the billions and billions of dollars that exist in public education, and they just decided to go for it," he said. "The incredible thing is how easy it is."

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When Public Mission Meets

Jeff Kwitowski sees it differently.

A spokesman for K12 Inc., he said the Herndon, Va.-based company hires lobbyists because it doesn't have the in-house staff necessary to navigate the many state laws affecting virtual education and to press for changes the company believes will improve online education. He said the company's lobbying and advocacy efforts "are all part of the ongoing discourse on policy related to digital learning networks, not just about the company and the school partners we have."

### Attracting Attention

Still, the influence of for-profit companies in education is attracting increasing attention.

One example is a [recent investigation by In the Public Interest](#), a Washington-based resource center that tracks privatization of public services. It unearthed emails the organization said reveal that companies worked through the nonprofit Foundation for Excellence in Education, a Tallahassee, Fla.-based advocacy group, to help get lawmakers to set new policies and pass education laws friendly to the companies' business interests in states such as Florida, Louisiana, Maine, and New Mexico.

The emails between the companies and the foundation, which was established by former Florida Gov. Jeb Bush, show the group promoting online education policies and model bills and making connections to policymakers for its financial supporters, which include such companies as Amplify, Charter Schools USA, K12 Inc., McGraw-Hill Education, Microsoft, and Pearson Education.

For example, In the Public Interest found emails showing that in Florida, the foundation helped write legislation to increase the use of the Florida Comprehensive Assessment Test, or FCAT, a \$250 million contract Pearson Education holds.

Pearson Education officials declined to comment for this article.

Various news outlets, including *Education Week*, have also highlighted the role of the Washington-based American Legislative Exchange Council, which promotes private tax-credit scholarships and virtual education, and which often connects its corporate supporters to state lawmakers.

Mickey Revenaugh, a co-founder and an executive vice president of sales and marketing for Baltimore-based Connections Academy, a division of Connections Education, a virtual education company now owned by Pearson, was at one time the chairwoman of ALEC's education task force. Connections Education officials declined to comment.

Though these types of activities—lobbying lawmakers, crafting model legislation, and forming behind-the-scenes connections—are not new in education or other policy sectors, expanding markets and increasing revenue have spurred companies to become more savvy, said Donald Cohen, the chairman of In the Public Interest. And it appears that businesses are enlisting nonprofit organizations and foundations as a way to avoid overt lobbying for a share of public education dollars, he added.

### Private Opportunity

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"A big chunk of what they're doing is opening up market share," he said of for-profit companies.

Policymakers, he pointed out, are particularly receptive to initiatives involving education technology, online schooling, and digital offerings because such efforts are part of an emerging area for education. But precisely because the initiatives are cutting-edge, lawmakers may not have deep knowledge on these topics.

"It's the allure of new ideas," Mr. Cohen said. "Elected officials want to make progress; they want to do things."

And the market is certainly growing: A report last year by the National Education Policy Center about for-profit education management companies, which run brick-and-mortar charter schools, cyber charter schools, or both, found that **since 1995-96, their ranks increased from five to 99**, and that the number of schools such companies operate increased from six to 758. (The NEPC is financed by grants from such funders as the National Education Association and the Ford Foundation.)

A 2012 report from Monroe, Wash.-based Ambient Insight Research predicted the **North American e-learning market** would grow to \$27.2 billion by 2016, up from \$21.9 billion in 2011.

Many companies seeking K-12 business have deep pockets. In addition to spending \$6 million in federal lobbying since 2001, Pearson and its employees donated more than \$249,000 to presidential and congressional candidates, as reported by the Washington-based Center for Responsive Politics, which tracks federal campaign spending.

At the state level, K12 Inc. and its employees donated more than \$1 million to state candidates, political parties, and ballot-measure committees from 2004 to 2012, according to the National Institute on Money in State Politics, based in Helena, Mont. That's separate from K12's lobbyist spending, which is not tracked by the institute.

Connections Education had 99 lobbyists on the payroll from 2002 to 2011, according to the institute.

It shouldn't be a surprise that business interests are lobbying and donating money to politicians, said Dick Carpenter, an associate professor of educational leadership at the University of Colorado at Colorado Springs.

"They're going to want to protect their investment by influencing the process," he said. "Public policies create incentives, and companies, like people, respond to incentives."

### **New Levels of Involvement**

Ronald R. Cowell, the president of the Education Policy and Leadership Center, based in Harrisburg, Pa., said there have always been businesses trying to sway policies in their favor. For years, schools have contracted out for services such as transportation, test creation, and meals. And school employees' unions have been trying to influence elections and legislation for decades.

"There's nothing new about the idea of private companies' being involved in education," Mr. Cowell said. "What is relatively new is the degree to which private companies are involved with public-policy issues."

Mr. Cowell has had a close vantage point as that trend unfolds: A former Pennsylvania state lawmaker, he has seen the number of charter schools and their management companies grow rapidly in the state ever

since a 1997 law opened the marketplace to such schools.

But the road has been rocky, and brick-and-mortar charter schools and their cyber-charter-school counterparts have often been seen through a critical lens. A 2011 study by Stanford University, for example, [examined Pennsylvania cyber charter schools](#) and found poor performance compared with that of regular public schools and brick-and-mortar charter schools.

In 2012, the state had 157 brick-and-mortar charter schools and 16 cyber charters, according to a report released in March by state Rep. James R. Roebuck, a Democrat, who chairs the education committee of the Pennsylvania House of Representatives.

That means charter school companies have substantial interests to protect in the state.

K12 Inc., for example, which operates two cyber charters in Pennsylvania, including the largest in the state, had six lobbyists there last year and established a small political action committee, the K12 Pennsylvania PAC. The company also helps fund supportive parent groups that lobby at the state Capitol.

Mr. Kwitowski said the company is particularly pleased with that support. Teachers' unions and groups representing school boards, for example, have always had a place at the state policy table, but it is unusual to see parents in education committee hearings, he said.

"We are very proud to help give parents and teachers involved in these schools a voice," he said.

K12 is one of the biggest financial supporters of the parents' group Pennsylvania Families for Public Cyber Schools, said Jenny Bradmon, the executive director of that organization. Last year, close to 2,500 parents from the group spent a day at the state Capitol highlighting the benefits of cyber schools, she said.

Also in Pennsylvania, the owner of the for-profit Chester, Pa.-based CSMI, which runs the state's Chester Community Charter School, donated \$325,714 to the successful gubernatorial campaign of Tom Corbett in 2009 and 2010, according to the National Institute on Money in State Politics. That was more than any other individual donor to the campaign. In 2011, Gov. Corbett, a Republican who took office that year, visited the school and called it a model for the state.

Charter schools in Pennsylvania and elsewhere in the country are under serious scrutiny, however, from state lawmakers who see them as often lacking in financial and academic accountability. Mr. Roebuck recently introduced legislation to overhaul Pennsylvania's charter school laws and strengthen oversight.

In January, the state's secretary of education, Ronald Tomalis, rejected all eight of the applications for new cyber charters for the 2013-14 school year, citing problems with curriculum, finance, and operations.

Though Mr. Tomalis, who served as a senior official in the U.S. Department of Education under President George W. Bush, said such companies should be scrutinized, he doesn't fault them for advocating on their own behalf.

"Their appearance at state legislatures mirrors the appearance of these initiatives, because these initiatives

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weren't around 10 years ago," he pointed out. "The question is, like anything else, are these new sectors that provide quality and opportunities?"

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