

THE Nation.

Published on *The Nation* (<http://www.thenation.com>)

How Online Learning Companies Bought America's Schools

Lee Fang | November 16, 2011

This article was reported in partnership with The Investigative Fund at The Nation Institute.

If the national movement to “reform” public education through vouchers, charters and privatization has a laboratory, it is Florida. It was one of the first states to undertake a program of “virtual schools”—charters operated online, with teachers instructing students over the Internet—as well as one of the first to use vouchers to channel taxpayer money to charter schools run by for-profits.

But as recently as last year, the radical change envisioned by school reformers still seemed far off, even there. With some of the movement’s cherished ideas on the table, Florida Republicans, once known for championing extreme education laws, seemed to recoil from the fight. SB 2262, a bill to allow the creation of private virtual charters, vastly expanding the Florida Virtual School program, languished and died in committee. Charlie Crist, then the Republican governor, vetoed a bill to eliminate teacher tenure. The move, seen as a political offering to the teachers unions, disheartened privatization reform advocates. At one point, the GOP’s budget proposal even suggested a cut for state aid going to virtual school programs.

Lamenting this series of defeats, Patricia Levesque, a top adviser to former Governor Jeb Bush, spoke to fellow reformers at a retreat in October 2010. Levesque noted that reform efforts had failed because the opposition had time to organize. Next year, Levesque advised, reformers should “spread” the unions thin “by playing offense” with decoy legislation. Levesque said she planned to sponsor a series of statewide reforms, like allowing taxpayer dollars to go to religious schools by overturning the so-called Blaine Amendment, “even if it doesn’t pass...to keep them busy on that front.” She also advised paycheck protection, a unionbusting scheme, as well as a state-provided insurance program to encourage teachers to leave the union and a transparency law to force teachers unions to show additional information to the public. Needling the labor unions with all these bills, Levesque said, allows certain charter bills to fly “under the radar.”

If Levesque’s blunt advice sounds like that of a veteran lobbyist, that’s because she is one. Levesque runs a Tallahassee-based firm called Meridian Strategies LLC, which lobbies on behalf of a number of education-technology companies. She is a leader of a coalition of government officials, academics and virtual school sector companies pushing new education laws that could benefit them.

But Levesque wasn't delivering her hardball advice to her lobbying clients. She was giving it to a group of education philanthropists at a conference sponsored by notable charities like the Bill and Melinda Gates Foundation and the Michael and Susan Dell Foundation. Indeed, Levesque serves at the helm of two education charities, the Foundation for Excellence in Education, a national organization, and the Foundation for Florida's Future, a state-specific nonprofit, both of which are chaired by Jeb Bush. A press release from her national group says that it fights to "advance policies that will create a high quality digital learning environment."

Despite the clear conflict of interest between her lobbying clients and her philanthropic goals, Levesque and her team have led a quiet but astonishing national transformation. Lobbyists like Levesque have made 2011 the year of virtual education reform, at last achieving sweeping legislative success [1] by combining the financial firepower of their corporate clients with the seeming legitimacy of privatization-minded school-reform think tanks and foundations. Thanks to this synergistic pairing, policies designed to boost the bottom lines of education-technology companies are cast as mere attempts to improve education through technological enhancements, prompting little public debate or opposition. In addition to Florida, twelve states have expanded virtual school programs or online course requirements this year. This legislative juggernaut has coincided with a gold rush of investors clamoring to get a piece of the K-12 education market. It's big business, and getting bigger: One study estimated that revenues from the K-12 online learning industry will grow by 43 percent between 2010 and 2015, with revenues reaching \$24.4 billion.

In Florida, only fourteen months after Crist handed a major victory to teachers unions, a new governor, Rick Scott, signed a radical bill that could have the effect of replacing hundreds of teachers with computer avatars. Scott, a favorite of the Tea Party, appointed Levesque as one of his education advisers. His education law expanded the Florida Virtual School to grades K-5, authorized the spending of public funds on new for-profit virtual schools and created a requirement that all high school students take at least one online course before graduation.

"I've never seen it like this in ten years," remarked Ron Packard, CEO of virtual education powerhouse K12 Inc., on a conference call in February. "It's almost like someone flipped a switch overnight and so many states now are considering either allowing us to open private virtual schools" or lifting the cap on the number of students who can use vouchers to attend K12 Inc.'s schools. Listening to a K12 Inc. investor call, one could mistake it for a presidential campaign strategy session, as excited analysts read down a list of states and predict future victories.

Good for Business; Kids Not So Much

While most education reform advocates cloak their goals in the rhetoric of "putting children first," the conceit was less evident at a conference in Scottsdale, Arizona, earlier this year.

Standing at the lectern of Arizona State University's SkySong conference center in April, investment banker Michael Moe exuded confidence as he kicked off his second annual confab of education startup companies and venture capitalists. A press packet cited reports that rapid changes in education could unlock "immense potential for entrepreneurs." "This education issue," Moe declared, "there's not a bigger problem or bigger opportunity in my estimation."

Moe has worked for almost fifteen years at converting the K-12 education system into a cash cow for Wall

Street. A veteran of Lehman Brothers and Merrill Lynch, he now leads an investment group that specializes in raising money for businesses looking to tap into more than \$1 trillion in taxpayer money spent annually on primary education. His consortium of wealth management and consulting firms, called Global Silicon Valley Partners, helped K12 Inc. go public and has advised a number of other education companies in finding capital.

Moe's conference marked a watershed moment in school privatization. His first "Education Innovation Summit," held last year, attracted about 370 people and fifty-five presenting companies. This year, his conference hosted more than 560 people and 100 companies, and featured luminaries like former DC Mayor Adrian Fenty and former New York City schools chancellor Joel Klein, now an education executive at News Corporation, a recent high-powered entrant into the for-profit education field. Klein is just one of many former school officials to cash out. Fenty now consults for Rosetta Stone, a language company seeking to expand into the growing K-12 market.

As Moe ticked through the various reasons education is the next big "undercapitalized" sector of the economy, like healthcare in the 1990s, he also read through a list of notable venture investment firms that recently completed deals relating to the education-technology sector, including Sequoia and Benchmark Capital. Kleiner Perkins, a major venture capital firm and one of the first to back Amazon.com and Google, is now investing in education technology, Moe noted.

The press release for Moe's education summit promised attendees a chance to meet a set of experts who have "cracked the code" in overcoming "systemic resistance to change." Fenty, still recovering from his loss in the DC Democratic primary, urged attendees to stand up to the teachers union "bully." Jonathan Hage, CEO of Charter Schools USA, likened the conflict to war, according to a summary posted on the conference website. "There's an air game," said Hage, "but there's also a ground game going on." "Investors are going to have to support" candidates and "push back against the pushback." Carlos Watson, a former cable news host now working as an investment banker for Goldman Sachs specializing in for-profit education, guided a conversation dedicated simply to the politics of reform.

Sponsors of the event ranged from various education reform groups funded by hedge-fund managers, like the nonprofit Education Reform Now, to ABS Capital, a private equity firm with a stake in education-technology companies like Teachscape. At smaller breakout sessions, education enterprises made their pitches to potential investors.

Another sponsor, a group called School Choice Week, was launched last year as a public relations gimmick to take advantage of the opportunity for rapid education reforms. Although it is billed as a network of students and parents, School Choice Week is one of the many corporate-funded tactics to press virtual school reforms. The first School Choice Week campaign push earlier this year featured highly produced press packets, sample letters to the editor, a sign in Times Square and rallies for virtual and charter schools organized with help from the Koch brothers' Americans for Prosperity. The blitz got positive press coverage, providing "grassroots" cover for newly elected politicians who made school privatization their first priority.

A combination of factors has made this year what Moe calls an "inflection point" in the march toward public school privatization. For one thing, recession-induced fiscal crises and austerity have pressured states to cut spending. In some cases, as in Florida, where educating students at the Florida Virtual School costs nearly \$2,500 less than at traditional schools, such reform has been sold as a budget fix. At the same time, the privatization push has gone hand in hand with the ratcheting up of attacks on teachers unions by

partisan groups, like Karl Rove's American Crossroads and Americans for Prosperity, seeking to weaken the union-backed Democrats in the 2012 election. All of this has set the stage for education industry lobbyists to achieve an unprecedented expansion in for-profit elementary through high school education.

From Idaho to Indiana to Florida, recently passed laws will radically reshape the face of education in America, shifting the responsibility of teaching generations of Americans to online education businesses, many of which have poor or nonexistent track records. The rush to privatize education will also turn tens of thousands of students into guinea pigs in a national experiment in virtual learning—a relatively new idea that allows for-profit companies to administer public schools completely online, with no brick-and-mortar classrooms or traditional teachers.

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Like many “education entrepreneurs,” Moe remains a player in the education reform movement, pushing policies that have the potential to benefit his clients. In addition to advising prominent politicians like Senator John McCain, Moe is a board member of the Center for Education Reform, a pro-privatization think tank that issues policy papers and ads to influence the debate. Earlier this year, the group dropped \$70,000 on an ad campaign in Pennsylvania comparing those who oppose a new measure to expand vouchers to segregationist Alabama Governor George Wallace, who blocked African-American children from entering white schools.

Moe isn't the only member of the Center for Education Reform with a profound conflict of interest. CER president Jeanne Allen doubles as the head of TAC Public Affairs, a government relations firm that has represented several top education for-profits. Allen, whose clients have included Kaplan Education and Charter Schools USA, served as transition adviser to Pennsylvania Governor Tom Corbett on education reform.

Corbett, a Republican who rode the Tea Party election wave in 2010, supports a major voucher expansion that is working its way through the state legislature. The expansion would be a windfall for companies like K12 Inc., which currently operates one Pennsylvania school under the limited charter law on the books. According to disclosures reported in *Business Week*, Pennsylvania's Agora Cyber Charter School—K12 Inc.'s online school, which allows students to take all their courses at home using a computer—generated \$31.6 million for K12 Inc. in the past academic year.

Thirteen other states have enacted laws to expand or initiate so-called school choice programs this year. Indiana Governor Mitch Daniels has pushed the hardest, enacting a law that removes the cap on the number of charter schools in his state, authorizes all universities to register charters and expands an existing voucher program in the state for students to attend private and charter schools (in some cases managed by for-profit companies). Critics note that Daniels's law allows public money to flow to religious institutions as well. Twenty-seven other states, in addition to Pennsylvania, have voucher expansion laws pending. And states like Florida are embracing tech-friendly education reform to require that students take online courses to graduate. In Idaho this November, the state board of education approved a controversial plan to require at least two online courses for graduation.

“We think that's so important because every student, regardless of what they do after high school, they'll be learning online,” said Tom Vander Ark, a prominent online education advocate, on a recently distributed video urging the adoption of online course requirements. Vander Ark, a former executive director of education at the influential Bill and Melinda Gates Foundation, now lobbies all over the country

for the online course requirement. Like Moe, he keeps one foot in the philanthropic world and another in business. He sits on the board of advisors of Democrats for Education Reform and is partner to an education-tech venture capital company, Learn Capital. Learn Capital counts AdvancePath Academics, which offers online coursework for students at risk of dropping out, as part of its investment portfolio. When Vander Ark touts online course requirements, it is difficult to discern whether he is selling a product that could benefit his investments or genuinely believes in the virtue of the idea.

To be sure, some online programs have potential and are necessary in areas where traditional resources aren't available. For instance, online AP classes serve rural communities without access to qualified teachers, and there are promising efforts to create programs that adapt to the needs of students with special learning requirements. But by and large, there is no evidence that these technological innovations merit the public resources flowing their way. Indeed, many such programs appear to be failing the students they serve.

A recent study of virtual schools in Pennsylvania conducted by the Center for Research on Education Outcomes at Stanford University revealed that students in online schools performed significantly worse than their traditional counterparts. Another study, from the University of Colorado in December 2010, found that only 30 percent of virtual schools run by for-profit organizations met the minimum progress standards outlined by No Child Left Behind, compared with 54.9 percent of brick-and-mortar schools. For White Hat Management, the politically connected Ohio for-profit operating both traditional and virtual charter schools, the success rate under NCLB was a mere 2 percent, while for schools run by K12 Inc., it was 25 percent. A major review by the Education Department found that policy reforms embracing online courses "lack scientific evidence" of their effectiveness.

"Why are our legislators rushing to jump off the cliff of cyber charter schools when the best available evidence produced by independent analysts show that such schools will be unsuccessful?" asked Ed Fuller, an education researcher at Pennsylvania State University, on his blog.

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 a public relations and lobbying campaign by industry, particularly tech companies. Because of their campaign spending, education-tech interests are major players in elections. In 2010, K12 Inc. spent lavishly in key races across the country, including a last-minute donation of \$25,000 to Idahoans for Choice in Education, a political action committee supporting Tom Luna, a self-styled Tea Party school superintendent running for re-election. Since 2004, K12 Inc. alone has spent nearly \$500,000 in state-level direct campaign contributions, according to the National Institute on Money in State Politics. David Brennan, Chairman of White Hat Management, became the second-biggest Ohio GOP donor, with more than \$4.2 million in contributions in the past decade.

The Alliance for School Choice, a national education reform group, set up PACs in several states to elect state lawmakers. According to Wisconsin Democracy Campaign, American Federation for Children spent \$500,000 in media in the lead-up to Wisconsin's recall elections. AFC shares leaders, donors, and a street address with ASC. Bill Oberndorf, one of the main donors to the group, had been associated with Voyager Learning, an online education company, for years. A few months ago, Cambium Learning, the parent company of Voyager, paid Oberndorf's investment firm \$4.9 million to buy back Oberndorf's stock. Cambium currently offers a fleet of supplemental education tools for school districts. With the recent acquisition of Class.com, a smaller online learning business, the company announced its entry into the virtual charter school and online course market.

Allies of the Right

Lobbyists for virtual school companies have also embedded themselves in the conservative infrastructure. The International Association for Online Learning (iNACOL), the trade association for EdisonLearning, Connections Academy, K12 Inc., American Virtual Academy, Apex Learning and other leading virtual education companies, is a case in point. A former Bush appointee at the Education Department, iNACOL president Susan Patrick traverses right-leaning think tanks spreading the gospel of virtual schools. In the past year, she has addressed the Atlas Economic Research Foundation, a group dedicated to setting up laissez-faire nonprofits all over the world, as well as the American Enterprise Institute in Washington.

Two pivotal conservative organizations have helped Patrick in her campaigns for virtual schools: the American Legislative Exchange Council and the State Policy Network. SPN nurtures and establishes state-based policy and communication nonprofits with a right-wing bent. ALEC, the thirty-eight-year-old conservative nonprofit, similarly coordinates a fifty-state strategy for right-wing policy. Special task forces composed of corporate lobbyists and state lawmakers write “template” legislation [see John Nichols, “ALEC Exposed,” August 1/8]. Since 2005, ALEC has offered a template law called “The Virtual Public Schools Act” to introduce online education. Mickey Revenaugh, an executive at virtual-school powerhouse Connections Learning, co-chairs the education policy-writing department of ALEC.

At SPN’s annual conference in Cleveland last year, held two months before the midterm elections, the think tank network adopted a new push for education reform, specifically embracing online technology and expanding vouchers. Patrick opened the event and led a session about virtual schools with Anthony Kim, president of the virtual-school business Education Elements.

SPN has faced accusations before that it is little more than a coin-operated front for corporations. For instance, SPN and its affiliates receive money from polluters, including infamous petrochemical giant Koch Industries, allegedly in exchange for aggressive promotion of climate denial theories. But SPN’s conference had less to do with policy than with tactics. Kyle Olson, a Republican operative infamous in Michigan and other states for his confrontational attacks on unionized teachers, gave a presentation on labor reform in K-12 education. Stanford Swim, heir to a Utah-based investment fortune and head of a traditional-values foundation, ran a workshop at the conference on creating viral videos to advance the cause. He said policy papers wouldn’t work. Tell your scholars, “Sorry, this isn’t a white paper,” Swim advised. “You gotta go there,” he continued, “and it’s because that’s where the audience is.” “If it’s vulgar, so what?” he added.

Since the conference, SPN’s state affiliates have taken a lead role in pushing virtual schools. Several of its state-based affiliates, like the Buckeye Institute in Ohio, set up websites claiming that unions—the only real opposition to ending collective bargaining and the expansion of charter school reforms—led to overpaid teachers and budget deficits. In Wisconsin, the MacIver Institute’s “news crew” laid the groundwork for Governor Walker’s assault on collective bargaining by creating news reports denouncing protesters and promoting the governor. In March, while busting the teachers unions in his state, Walker lifted the cap on virtual schools and removed the program’s income requirements.

State Representative Robin Vos, the Wisconsin state chair for ALEC, sponsored the bill codifying Walker’s radical expansion of online, for-profit schools. Vos’s bill not only lifts the cap but also makes new, for-profit virtual charters easier to establish. As the Center for Media and Democracy, a Madison-based liberal watchdog, notes, the bill closely resembles legislative templates put forward by ALEC.

Although SPN's unique contribution to the debate has been clever web videos and online smear sites, the group's affiliates have also continued the traditional approach of policy papers. In Washington State, the Freedom Foundation published "Online Learning 101: A Guide to Virtual Public Education in Washington"; Nebraska's Platte Institute released "The Vital Need for Virtual Schools in Nebraska"; and the Sutherland Institute, a Utah-based SPN affiliate, equipped lawmakers with a guide called "Thinking Outside the Building: Online Education." SPN think tanks in Maine, Maryland and other states have pressed virtual school reforms. Patrick visited SPN state groups and gave pep talks about how to sell the issue to lawmakers.

Meanwhile, ALEC has continued to slip laws written by education-tech lobbyists onto the books. In Tennessee, Republican State Representative Harry Brooks didn't even bother changing the name of ALEC's Virtual Public Schools Act before introducing it as his own legislation. Asked by the Knoxville *News Sentinel's* Tom Humphrey where he got the idea for the bill, Brooks readily admitted that a K12 Inc. lobbyist helped him draft it. Governor Bill Haslam signed Brooks's bill into law in May. The statute allows parents to apply nearly every dollar the state typically spends per pupil, almost \$6,000 in most areas, to virtual charter schools, as long as they are authorized by the state.

SPN's fall 2010 conference featured the man perhaps happiest with the explosion in virtual education: Jeb Bush. "I have a confession to make," he said with grin. "I am a real policy geek, and this is like the epicenter of geekdom." Bush shared his experiences initiating some of the nation's first for-profit and virtual charter school reforms as the governor of Florida, acknowledging his policy ideas came from some in the room. (The local SPN affiliate in Tallahassee is the James Madison Institute.)

Bush: Man Behind the Virtual Curtain

Jeb Bush campaigned vigorously in 2010 to expand such reforms, with tremendous success. About a month after the election, he unveiled his road map for implementing a far-reaching ten-point agenda for virtual schools and online coursework. Former West Virginia Governor Bob Wise, a Democrat, has barnstormed the country to encourage lawmakers to adopt Bush's plan, which calls for the permanent financing of education-technology reforms, among other changes. In one promotional video, Wise says it is "not only about the content" of the online courses but the "process" of students becoming acquainted with learning on the Internet.

The key pillar of Bush's plan is to make sure virtual education isn't just a new option for taxpayer money but a requirement. And several states, like Florida, have already adopted online course requirements. As Idaho Republicans faced a public referendum on their online course requirement rule last summer, Bush arrived in the state to show his support. "Implemented right, you're going to see rising student achievement," said Bush, praising Idaho Governor Butch Otter and school superintendent Tom Luna, who was elected with campaign donations from the online-education industry. Bush also claimed that making high school students take online classes would "put Idaho on the map" as a "digital revolution takes hold." Bush was in Michigan in June to testify for Governor Rick Snyder's suite of education reform ideas, which include uncapped expansion of virtual schools, and he was back in the state in July to continue to press for reforms.

In August, at ALEC's annual conference in New Orleans, the education task force officially adopted Bush's ten elements agenda. Mickey Revenaugh, the virtual school executive overseeing the committee, presided over the vote endorsing the measure. But when does Bush's advocacy, typically reported in the

press as the work of a former governor with education experience advising the new crop of Republicans, cross the threshold into corporate lobbying?

The nonprofit behind this digital push, Bush's Foundation for Excellence in Education, is funded by online learning companies: K12 Inc., Pearson (which recently bought Connections Education), Apex Learning (a for-profit online education company launched by Microsoft co-founder Paul Allen), Microsoft and McGraw-Hill Education among others. The advisory board for Bush's ten digital elements agenda reads like a Who's Who of education-technology executives, reformers, bureaucrats and lobbyists, including Michael Stanton, senior vice president for corporate affairs at Blackboard; Karen Cator, director of technology for the Education Department; Jaime Casap, a Google executive in charge of business development for the company's K-12 division; Shafeen Charania, who until recently served as marketing director of Microsoft's education products department; and Bob Moore, a Dell executive in charge of "facilitating growth" of the computer company's K-12 education practice.

Like other digital reform advocates, the Bush nonprofit is also supported by Microsoft founder Bill Gates's foundation. The fact that a nonprofit that receives funding from both the Gates Foundation and Microsoft pressures states to adopt for-profit education reforms may raise red flags with some in the philanthropy community, as Microsoft, too, has moved into the education field. The company has tapped into the K-12 privatization expansion by supplying a range of products, from traditional Windows programs to servers and online coursework platforms. It also contracts with Florida Virtual School to provide cloud computer solutions. Similarly, Dell is seeking new opportunities in the K-12 market for its range of desktop products, while the Michael and Susan Dell Foundation, the charitable nonprofit founded by Dell's CEO, promotes neoliberal education reforms.

Through Bush, education-technology companies have found a shortcut to encourage states to adopt e-learning reforms. Take his yearly National Summit on Education Reform, sponsored by the Foundation for Excellence in Education.

At the most recent summit, held in San Francisco in mid-October, a group of more than 200 state legislators and state education department officials huddled in a ballroom over education-technology strategy. Rich Crandall, a state senator from Arizona, said to hearty applause that he had developed a local think tank to support the virtual school reforms he helped usher into law. Toward the end of the discussion, Vander Ark, acting as an emcee, walked around the room acknowledging lawmakers who had recently passed pro-education tech laws this year. He handed the microphone to Kelli Stargel, a state representative from Florida, who stood up and boasted of creating "virtual charter schools, so we can have innovation in our state."

Throughout the day, lawmakers mingled with education-technology lobbyists from leading firms, like Apex Learning and K12 Inc. Some of the distance learning reforms were taught in breakout sessions, like one called "Don't Let a Financial Crisis Go to Waste," an hourlong event that encouraged lawmakers to use virtual schools as a budget-cutting measure. Mandy Clark, a staffer with Bush's foundation, walked around handing out business cards, offering to e-mail sample legislation to legislators.

The lobbying was evident to anyone there. But for some of those present, Bush didn't go far enough. David Byer, a senior manager with Apple in charge of developing education business for the company, groaned and leaned over to another attendee sitting at the edge of the room after a lunch session. "You have this many people together, why can't you say, 'Here are the ten elements, here are some sample bills'?" said Byer to David Stevenson, who nodded in agreement. Stevenson is a vice president of News

Corporation's education subsidiary, Wireless Generation, an education-technology firm that specializes in assessment tools. It was just a year ago that News Corp. announced its intention to enter the for-profit K-12 education industry, which Rupert Murdoch called "a \$500 billion sector in the US alone that is waiting desperately to be transformed."

As attendees stood up to leave the hall, the phalanx of lobbyists surrounding the room converged, buttonholing legislators and school officials. On a floor above the main hall, an expo center had been set up, with companies like McGraw-Hill, Connections Academy, K12 Inc., proud sponsors of the event, providing information on how to work with politicians to make education technology a reality.

Patricia Levesque, a Bush staffer speaking at the summit and the former governor's right hand when it comes to education reform, does not draw a direct salary from Bush's nonprofit despite the fact that she is listed as its executive director, and tax disclosures show that she spends about fifty hours a week at the organization. Instead, her lobbying firm, Meridian Strategies, supplies her income. The Foundation for Florida's Future, another Bush nonprofit, contracts with Meridian, as do online technology companies like IQ-ity Innovation, which paid her up to \$20,000 for lobbying services at the beginning of this year. The unorthodox arrangement allows donors to Bush's group to avoid registering actual lobbyists while using operatives like Levesque to influence legislators and governors on education technology.

Levesque's contract with IQ-ity raises questions about Bush's foundation work. As *Mother Jones* recently reported, the founder of IQ-ity, William Lager, also founded an education company with a poor track record. Lager's other education firm, Electronic Classroom of Tomorrow, is the largest provider of virtual schools in Ohio. ECOT schools have consistently underperformed; though the company serves more than 10,000 children, its graduation rate has never broken 40 percent. The company was fined for billing the state to serve more than 2,000 students in one month, when only seven children logged on during the same time period. Nevertheless, after Levesque spent at least two years as a registered lobbyist for Lager's firm, Bush traveled to Ohio to give the commencement speech for ECOT. "ECOT proves a glimpse into what's possible," Bush said with pride, "by harnessing the power of technology."

* * *

Levesque is no ordinary lobbyist. She is credited with encouraging the type of bare-knuckle politics now common in the wider education-reform movement. In an audio file obtained by *The Nation*, she and infamous anti-union consultant Richard Berman outlined a strategy in October 2010 for sweeping the nation with education reforms. The two spoke at the Philanthropy Roundtable, a get-together of major right-wing foundations. Lori Fey, a representative of the Michael Dell Foundation, moderated the panel discussion.

Rather than "intellectualize ourselves into the [education reform] debate...is there a way that we can get into it at an emotional level?" Berman asked. "Emotions will stay with people longer than concepts." He then answered his own question: "We need to hit on fear and anger. Because fear and anger stays with people longer. And how you get the fear and anger is by reframing the problem." Berman's glossy ads, which have run in Washington, DC, and New Jersey, portray teachers unions as schoolyard bullies. One spot even seems to compare teachers to child abusers. Although Berman does not reveal his donors, he made clear in his talk that the foundations in the room were supporting his campaign.

Levesque ended the strategy discussion with a larger strategic question. She pointed to the example of Facebook founder Mark Zuckerberg donating \$100 million to Newark schools. She then asked the crowd

to imagine instead raising \$100 million for political races where we “could sway a couple of seats to have more education reform.” “Just shifting a little bit of your focus,” she added, noting that new politicians could have a greater impact.

Levesque’s ask has become reality. According to author Steven Brill, ex-DC school chancellor Michelle Rhee’s new group, StudentsFirst, raised \$100 million within a few months of Levesque’s remarks. Rhee’s donors include Rupert Murdoch, philanthropist Eli Broad and Home Depot founder Ken Langone. Rhee’s group has pledged to spend more than \$1 billion to bring for-profit schools, including virtual education, to the entire country by electing reform-friendly candidates and hiring top-notch state lobbyists.

A day before he opened his education reform conference to the media recently, Bush hosted another education meeting. This event, a private affair in the Palace Hotel, was a reconvening of investors and strategists to plan the next leg of the privatization campaign. Michael Moe, Susan Patrick, Tom Vander Ark and other major players were invited. I waited outside the event, trying to get what information I could. I asked Mayor Fenty how I could get in. “Just crash in, come on in,” he laughed, adding, “so what company are you with?” When he learned that I was a reporter, he shook his head. “Oh, nah, you’re not welcome, then.”

An invitation had billed the exclusive gathering as a chance for “philanthropists and venture capitalists” to figure out how to “leverage each other’s strengths”—a concise way to describe how for-profit virtual school companies are using philanthropy as a Trojan horse.

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