

Thousands of students stranded as Ohio cyber charter school suddenly shuts down

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One of the largest K-12 cyber charter schools in the US, Electronic Classroom of Tomorrow (ECOT), suddenly shut down last Friday, January 19, leaving up to 12,000 Ohio students stranded in the middle of the school year. Of these young people, 2,100 are reportedly seniors set to graduate, but who must now find a school which accepts their credits.

ECOT was a wildly profitable online-only school. It was operated by William Lager, a software developer best known for his tight connections with state power brokers and lavish political contributions. He is a crony of Ohio's Republican Governor John Kasich and a darling of US Secretary of Education Betsy DeVos and school privatization advocate Jeb Bush, the former governor of Florida and brother of George W. Bush.

The abrupt closure left thousands of young people and their parents scrambling for a new school just days before the January 22 deadline for the new semester. Students and their parents learned about the closure, not from ECOT staff members, but from television and newspapers. The majority of ECOT students, about 72 percent, are lower income and include a large number with disabilities.

"If this is really about the kids, they will not close the school in the middle of the school year," Anna Aquino angrily said to the *Columbus Dispatch*. Aquino's two children have disabilities and are ECOT students. Many former students signed a petition demanding legal action against the shutdown, explaining they attended ECOT due to problems like autism, bullying, extreme allergies and other disabilities.

The immediate trigger was the loss of the charter school's oversight sponsor, the Educational Service Center of Lake Erie West, which said that ECOT was running out of money. Last summer the state ordered the school to begin paying back almost \$4 million per month in school funds, which ECOT claimed it was unable to do.

The repayment schedule arose from a series of state audits which demonstrated that ECOT had falsely reported thousands of students as full time who did not meet the minimum participation requirement. A student had to miss 30 days of logging in (five hours a day is necessary to meet the yearly requirement), in order to be marked "truant" by ECOT, according to testimony by ECOT chief truancy officer Patrick Tinger.

As a result of these fictional attendance numbers, the e-school received overpayments, according to state officials, amounting to a whopping \$80 million for the last two years alone.

The state audit for 2015-16, for example, showed the school had billed for 15,322 full-time students, but only 41 percent of those were documented. This was not a clerical error: as early as the period between 2001 and 2005, state audits showed overbilling every year.

The 2001 audit found that the school had no policy for processing enrollment or withdrawal and had received \$1.9 million for students with no documented hours of instruction. Ninety-nine students were "enrolled" despite being younger than 5. Nevertheless, with ample protection from state politicians, ECOT and Lager continued to reap millions of dollars of profit from ECOT and its associated businesses.

ECOT lobbyist Neil Clark deflected all criticism by, as is often typical, blaming parents. He told the *Columbus Dispatch* that Ohio law does not require ECOT's students to log in a certain number of days. He said ECOT is required only to make 920 hours of "learning opportunities" available to students, with no requirement that students must participate.

"In a new world, when you're talking about e-schools, you can't look at it where everybody has to be in their chair," Clark said, according to the newspaper account. "It's up to parents to ensure that students participate", he concluded.

The barebones quality of an ECOT diploma was underscored by an analysis of state data performed by *Education Week*. It showed that the average ECOT student logged into the educational software for 227 hours for the entire year. ECOT has sued to throw out the audits.

More than \$1 billion of state taxpayer money was funneled into this operation over 18 years. Lager kept the "wheels greased" by donating more than \$1.2 million to Ohio legislators (just since 2000) according to the campaign contribution watchdog followthemoney.org.

Recipients of Lager's generosity included State Auditor Dave Yost, Attorney General Mike DeWine, Secretary of State Jon Husted, speakers of the House, presidents of the Senate and heads of powerful legislative committees. The campaign contribution website shows nearly 60 individuals receiving more than \$10,000 from Lager.

According to an in-depth report in *Mother Jones*, "Figures in the administration of Gov. John Kasich also helped to direct millions of dollars in government contracts to another Lager company, which had donated \$153,649 to the Republican Governors Association to help Kasich get elected, according to ProgressOhio,

a watchdog group. That company, IQ Innovations, was tapped to build an e-learning platform, accessible to K-12 schools across the state, but ultimately it was unable to deliver.

“Kasich spoke at ECOT’s 2011 commencement. ‘You will have had no other speaker more committed to the ECOT idea than Governor Kasich,’ Lager told the crowd that day. ‘With his help, we see nothing but clear sailing.’”

As ECOT met with state officials in early 2017 explaining its lack of money, it was pouring more than \$122,000 into Republican campaign coffers, including a generous sum to Andrew Brenner, chairman of the Ohio House Education Committee. At the same time, the school was purchasing political commercials attacking the Ohio Department of Education in a “strategic communications” campaign against “negative portrayals” of the school.

For his part, Lager purchased a \$3.7 million home in Key West, Florida, a lakeside retreat, and a \$1 million property in Upper Arlington, Ohio, an elite suburb of Columbus.

The profit-taking by ECOT and similar charter schools not only harms the children whose education is neglected, it is a significant drain on the public resources that would otherwise flow to local public schools. When students enroll in an e-school or other charter, their per-student funding is deducted from the local public school’s income.

The combination of the growth of the charter industry and years of federal and state and local budget cuts has made severe inroads into Ohio’s public education system, especially for costly special education. As a school of last resort, ECOT has both contributed to and profited from the resulting inadequate services for children with disabilities, teenage parents and other challenged children at local public schools.

Perhaps the most severe indictment of ECOT is its graduation rate—just 40 percent, together with the fact that it produced more dropouts than any other school in the nation. In fact, *one out of every six* dropouts in Ohio is an ECOT student, according to a report by the National Education Association.

In keeping with a common policy in the edu-business world, William Lager organized a series of companies that supplied services to ECOT, the largest of which were IQ Innovations and Altair. These entities ended up with about 20 percent of the government funding that went to ECOT, according to an investigation by the *New York Times*. “In the 2014 fiscal year, the school paid the companies associated with Mr. Lager nearly \$23 million, or about one-fifth of the nearly \$115 million in government funds it took in,” reported the *Times*.

Lager’s operation was not unique. Ohio has 23 full-time online charter schools, most of which have similar lax policies and dire outcomes—and, no doubt, lucrative business models.

A study in February 2017 by New York University and the RAND Corporation showed: “Students in Ohio e-schools are losing anywhere between 75 days and a full school year of learning compared to their peers in traditional public schools and brick-and-mortar charter schools.” Last year, the Ohio Education Department completed attendance audits of 13 e-schools in the state, nine of which over-reported their enrollment.

In 2014, an unprecedented 17 charter schools in Columbus were

shut down in the wake of the exposure of deplorable and unsafe buildings, lack of nutrition for schoolchildren, and overall poor educational standards.

Since its inception in 1997, the charter industry in Ohio has operated with little state oversight and vast profits. It is notoriously referred to as the “wild, wild West” of charter organization. The pioneer in this model for looting public education was David Brennan, who established White Hat Management, presently the largest charter chain in the state. White Hat lobbyists played a significant role in the drafting of the state’s charter laws, and Brennan—like Lager—has a long record of significant contributions to Governor Kasich and the state legislature.

The “wild West” of Ohio charters essentially became federal policy under Barack Obama’s school “reform.” In 2008, in his campaign swing through Ohio, then-Senator Barack Obama spoke in Dayton promising to double funding for charter schools. His “Race to the Top” program used the promise of federal dollars to demand more charter schools, more cyber learning and additional standardized testing throughout the US. At the same time, federal Title I funds for impoverished schools were cut, as well as special education grants.

According to an *Education Week* study in 2016, virtual charter schools now collectively receive more than \$1 billion in taxpayer money each year. These lucrative entities systematically work at buying legislative influence and protection. One of the two national e-school behemoths, Connections Education, spent \$1.3 million of its public education dollars on lobbying in 27 states during 2016, according to the report.

The concerted drive to privatize education, supported by both Republicans and Democrats, has created an increasingly class-divided system. Ohio Supreme Court rulings have repeatedly described Ohio’s school funding system as unconstitutional because of gross inequities between districts. Since the 2008 crash, the inequality has worsened along with expanding business tax cuts, pushing the burden of school funding onto homeowners, whose share of school funding rose from 46 percent of the total in 1991 to 70 percent by 2014.

Trump’s tax legislation, capping state and local tax deductions for individuals, will inevitably produce a far greater class divide. Municipalities will be further drained of financial resources while wealthy parents are handed additional tools to opt out of public education altogether.



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