

U.S.

Online School Enriches Affiliated Companies if Not Its Students

By MOTOKO RICH MAY 18, 2016

COLUMBUS, Ohio — The Electronic Classroom of Tomorrow, an online charter school based here, graduated 2,371 students last spring. At the commencement ceremony, a student speaker triumphantly told her classmates that the group was “the single-largest graduating high school class in the nation.”

What she did not say was this: Despite the huge number of graduates — this year, the school is on track to graduate 2,300 — more students drop out of the Electronic Classroom or fail to finish high school within four years than at any other school in the country, according to federal data. For every 100 students who graduate on time, 80 do not.

Even as the national on-time graduation rate has hit a record high of 82 percent, publicly funded online schools like the Electronic Classroom have become the new dropout factories.

These schools take on students with unorthodox needs — like serious medical problems or experiences with bullying — that traditional districts may find difficult to meet. But with no physical classrooms and high pupil-to-teacher ratios, they cannot provide support in person.

“If you’re disconnected or struggling or you haven’t done well in school before, it’s going to be tough to succeed in this environment,” said Robert Balfanz, the director of the Everyone Graduates Center, a nonprofit research and advocacy group in Baltimore.

Virtual schools have experienced explosive growth nationwide in recent years, financed mostly by state money. But according to a report released on Tuesday by America’s Promise Alliance, a consortium of education advocacy groups, the average graduation rate at online schools is 40 percent.

Few states have as many students in e-schools as Ohio. Online charter schools here are educating one out of every 26 high school students, yet their graduation rates are worse than those in the state’s most impoverished cities, including Cleveland and Youngstown.

With 17,000 pupils, most in high school, the Electronic Classroom is the largest online school in the state. Students and teachers work from home on computers, communicating by email or on the school’s web platform at distances that can be hundreds of miles apart.

In 2014, the school’s graduation rate did not even reach 39 percent. Because of this poor record, as well as concerns about student performance on standardized tests, the school is now under “corrective action” by a state regulator, which is determining its next steps.

But while some students may not have found success at the school, the Electronic Classroom has richly rewarded private companies affiliated with its founder, William Lager, a software executive.

When students enroll in the Electronic Classroom or in other online charters, a proportion of the state money allotted for each pupil is redirected from traditional school districts to the cyberschools. At the Electronic Classroom, which Mr. Lager founded in 2000, the money has been used to help enrich for-profit companies that he leads. Those companies provide

school services, including instructional materials and public relations.

For example, in the 2014 fiscal year, the last year for which federal tax filings were available, 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.

Critics say the companies associated with Mr. Lager have not delivered much value. “I don’t begrudge people making money if they really can build a better mousetrap,” said Stephen Dyer, a former Ohio state legislator and the education policy fellow at Innovation Ohio, a Columbus think tank that is sharply critical of online charter schools.

“It’s clear that Mr. Lager has not done a service over all to kids, and certainly not appreciably better than even the most struggling school districts in the state,” Mr. Dyer added. “But he’s becoming incredibly wealthy doing a very mediocre job for kids.”

Mr. Lager declined requests for an interview. In an emailed statement on Tuesday, he did not respond to questions about his affiliated companies but said the Electronic Classroom’s graduation rate did not accurately measure the school’s performance.

In the statement, he said many students arrived at the school already off-track and have trouble making up the course credits in time to graduate.

“Holding a school accountable for such students is like charging a relief pitcher with a loss when they enter a game three runs behind and wiping out the record of the starting pitcher,” his statement said.

The statement added that the school “should be judged based on an accountability system that successfully controls for the academic effects of demographic factors such as poverty, special needs and mobility.”

In an interview, Rick Teeters, the superintendent of the Electronic Classroom,

said many of the students were older than was typical for their grade, while others faced serious life challenges, including pregnancy or poverty.

Mr. Lager is correct in noting that the student body at the Electronic Classroom is highly mobile; last year more than half the school's students enrolled for less than the full school year. And of those who dropped out of high school, half were forced to withdraw after being reported truant.

Also, according to state data, 19 percent of the students have disabilities, higher than the state average.

But the proportion of students who come from low-income families — just under 72 percent — is lower than in Cleveland, Columbus and Dayton. Close to three-quarters of the school's students are white.

In a self-published book in 2002, "The Kids That ECOT Taught," Mr. Lager wrote that "the dropout rate is the most critical issue facing our public education system but it is only the first of many problems that can be solved by e-learning."

Through the Electronic Classroom, he wrote, he planned to make public education more efficient and effective.

He added, "No business could suffer results that any school in Columbus Public delivers and not be driven out of business."

Peggy Lehner, a Republican state senator who sponsored a charter school reform bill that passed the legislature last fall, said the problem was the school, not the students.

"When you take on a difficult student, you're basically saying, 'We feel that our model can help this child be successful,' " she said. "And if you can't help them be successful, at some point you have to say your model isn't working, and if your model is not working, perhaps public dollars shouldn't be going to pay for it."

Some of those public dollars are being paid to IQ Innovations and Altair Learning Management, companies associated with Mr. Lager. Altair has had a contract with the school since 2000, a school spokesman, Neil Clark, said. According to federal filings, it received \$4.2 million in 2014. Mr. Lager is the company's chief executive.

Mr. Clark said Altair provided "a variety of services," including a program of instruction, strategic planning, public relations, financial reporting and budgeting.

In filings with the Ohio secretary of state, Mr. Lager is listed as a registered agent for IQ Innovations; in campaign finance records, he was listed as the company's chief executive as recently as 2015. IQ Innovations received \$18.7 million from the school in 2014.

Mr. Clark said IQ Innovations had provided the school with grading software and digital curriculum materials since 2008.

He said that neither Altair nor IQ Innovations was required to go through a competitive bidding process.

At the school's headquarters, in a former mall set at the back of a parking lot here, attendance clerks sit in a windowless room, tracking how often students log in to the network. Those who do not log in for 30 days are reported as truant.

Guidance counselors carry caseloads of up to 500 students each, and the schoolwide pupil-teacher ratio is 30 to one.

For some students, the Electronic Classroom can provide a release valve from the pressures or frustrations of a traditional school. Several students assembled by the school to talk to a reporter said they had experienced bullying or boredom before enrolling.

"Without the bullying, I was able to focus," said Sydney DeBerry, 20, who

left a private school to enroll in the Electronic Classroom, which she graduated from in 2014. “That was a big distraction, not only to my work but to my individuality.”

Students who made it to graduation said self-motivation was crucial. “Contrary to popular opinion, you cannot just log on once a week and get by and still pass your classes,” said Dianna Norwood, 19, who graduated last year and is now a student at Ohio State University.

But other students complained that the school could make it difficult to succeed.

Alliyah Graham, 19, said she had sought out the Electronic Classroom during her junior year because she felt isolated as one of a few African-American girls at a mostly white public school in a Cincinnati suburb.

It took three weeks for the Electronic Classroom to enter her in its system, she said. Then it assigned her to classes she had already passed at her previous school. When she ran into technical problems, she said, “I really just had to wing it.”

Ms. Graham, who hopes to pursue a career in medicine, has also been disappointed by the quality of assignments. She showed a reporter a digital work sheet for a senior English class, in which students were asked to read a passage and then fill in boxes, circles and trapezoids, noting the “main idea,” a “picture/drawing,” or “questions you have.”

“I feel like I did this kind of work in middle school,” Ms. Graham said.

When she turns in assignments, she said, feedback from teachers is minimal. “Good job!” they write. “Keep going!”

She hopes to graduate this spring.

Her cousin, Makyla Woods, 19, moved to Cincinnati from Georgia last

year, as a senior, to live with her father. Since Ms. Graham was already enrolled in the Electronic Classroom, Ms. Woods decided to give it a try.

But she soon moved out from her father's apartment, took a job at McDonald's and stopped doing assignments. "I just got lazy doing work on the computer," she said.

Kitty Bennett contributed research.

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