



Profit and education aren't mutually exclusive

Let's stop demonizing for-profit schools and start asking what successful for-profits can teach us about improving K-12 education.

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July 20, 2016 3:50 pm | *U.S. News & World Report*

Are for-profit charter schools a friend or foe of K-12 education in the United States? The question has taken on a sense of urgency within the past year as public commentary about them has largely been comprised of horror stories, including a case of false attendance reporting by Ohio Virtual Academy last May and, last week, a case of academic negligence by California Virtual Academies and Virginia-based K12, Inc. (Though California Attorney General and U.S. Senate candidate Kamala Harris' public account of that case has been forcefully disputed in *The Wall Street Journal*.) These cases have encouraged criticisms of for-profit charter schools and calls to close down the entire for-profit sector.

Of vital importance to this call is the notion that for-profit schools harbor a motive that makes them incapable of educating children – namely, a profit motive. Adults who aim to make money cannot have children's best interests at heart because they will look for opportunities to cut costs in an effort to pay shareholders rather than direct all available funds toward children's education. The conflict of interest created by this profit motive renders for-profit schools incompatible with public education.

This is nonsense. Education is not the only sector that provides public goods. Indeed, there are many public goods handled by private companies: hospitals,

prisons and transportation systems operated by for-profit providers ensure public health, public safety and public transportation. In none of those cases does profit motive necessarily dispose the company to abdicate its mission of serving the public. In these cases, companies' ability to provide the best product possible is aligned with their ability to make money and pay their shareholders. Far from giving up their social missions to seek profit, they need to serve the public both to accomplish that mission and gain profit. Without mission, no profit. The mission is and must be primary.

The circumstances in the education sector do not nullify this logic. If an education company has a mission to provide excellent schooling for students, then it either fulfills its mission or it doesn't. If it does, then it is a worthy contractor and its charter should be renewed; if it does not, then its charter should be revoked. The for-profit K-12 charter sector can't be dismissed wholesale through the fallacious "profit motive" argument.

Facts on the ground bear out that for-profit education providers are capable of performing admirably. Charter Schools USA, a for-profit founded in 1997 that operates 70 schools across seven states and serves 60,000 students, had one of its Florida schools named in The Washington Post's 100 Most Challenging Schools. SABIS International Charter School, a for-profit charter high school opened in 1995 in Springfield, Massachusetts, has received a Silver Medal in the U.S. News rankings for the last eight years. And BASIS.ed operates two out of the top five high schools in the country, according to U.S. News.

But both supporters and critics of for-profit charter schools can toss examples back and forth to support their arguments. There are good and bad actors in every sector, and there are successful and failing schools in every sector. The goal of any person of good will engaged in molding the future of American public education should be to figure out the factors and best practices used by schools that are successful regardless of tax status and type. Those who pigeonhole for-profit charter schools because of a misconception about profit motive, as well as those who defend failing schools simply because of the fact that they are public, are failing students who need adults to have a frank, serious conversation about every mechanism for success at their disposal.

To that end, figuring out whether for-profits are friend or foe depends on figuring out what mechanisms they offer that nonprofit charters and traditional

public schools do not. Mickey Muldoon, in his 2013 essay “The Costs and Benefits of Nonprofit and For-Profit Status,” explains that for-profit status often means “investment money is easier to raise, growth and organizational agility are more natural, and there is more flexibility to attract top talent.” There are no doubt circumstances that render for-profit status less desirable from an entrepreneur’s perspective than nonprofit status – for example, easy access to philanthropic funding and political pressure that puts for-profits in low esteem in the eyes of the public – but the entrepreneurs Muldoon spoke with (and who represent a variety of political positions across the spectrum) ultimately recommended that educational entrepreneurs should consider for-profit status when starting out.

In many industries, successful companies tend to fly quietly underneath the radar while news of bad actors gets loudly proclaimed. But the story isn’t as simple as that in education, and dismissal of the benefits for-profit companies might bring to a troubled education landscape risks short-changing students. Not all for-profits use their unique capabilities for good, but not all of them use them for ill, either. Bad actors that hurt kids should have no place in the conversation or the educational landscape, but good actors and success stories should. Perhaps we shouldn’t be asking if for-profits are all friends or all foes; instead, we should ask, what do the successful for-profits have to teach us about improving K-12 education?

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