

Educational

Industrial

Complex

Mapping the networks and alliances that shape the corporatization of K-12 education in the United States.

What is the Educational Industrial Complex (EIC)?

The term Educational Industrial Complex (EIC) was first used by Anthony Picciano in 1994. According to A. Picciano and Joel Spring (2013), the EIC revolves around three major components-ideology, profit, and technology. The EIC is made up of multiple networks and alliances of agencies, organizations, foundations, media companies, educational technology providers, for-profit educational providers, venture philanthropies, and think tanks. These networks and alliances interact with each other to push for market-based initiatives.

The three biggest players in “education reform” in K-12 schools mostly directed to low-income students and families are the **Bill and Melinda Gates Foundation** (Microsoft), the **Eli and Edythe Board Foundation** (finance, real estate, and insurance) and the **Walton Family Foundation** (Walmart).

Education reform means promoting market based initiatives that undermine public education. These market-based initiatives promote competition, privatization, high-stakes testing and anti-teachers unions. Public charter schools and for-profit schools are advocated.

Why are Hedge Fund Managers, Bankers, and Real Estate Backing Charter Schools?

The Communal Relief Tax Relief Act, a little-known law passed in 2000 under Bill Clinton’s presidency. This act provides banks and equity funds who invest in charter schools and other projects in “underserved” communities with a generous tax credit of up to 39% that would help to offset their expenditure in such projects. This law provided tax incentives for businesses, banks, equity funds and the real estate industry, which allowed them to double the money they have invested in just seven years.

Today, the race to invest in charter schools as investment continues. Hedge Fund managers met at the Harvard Club in NYC on March 10, 2015 for an all-day symposium called "*Bonds and Blackboards: Investing in Charter Schools*", sponsored by *Gates Foundation and the Walton Family Foundation*.

Charter Schools: the Safe and Stable Investment Choice

In 2012 on CNBC David Brain, **the head of a large real-estate investment company** called Entertainment Properties Trust, **talks about how profitable charter school investment is:**

“Well I think it’s a very stable business, very recession-resistant. It’s a very high-demand product”

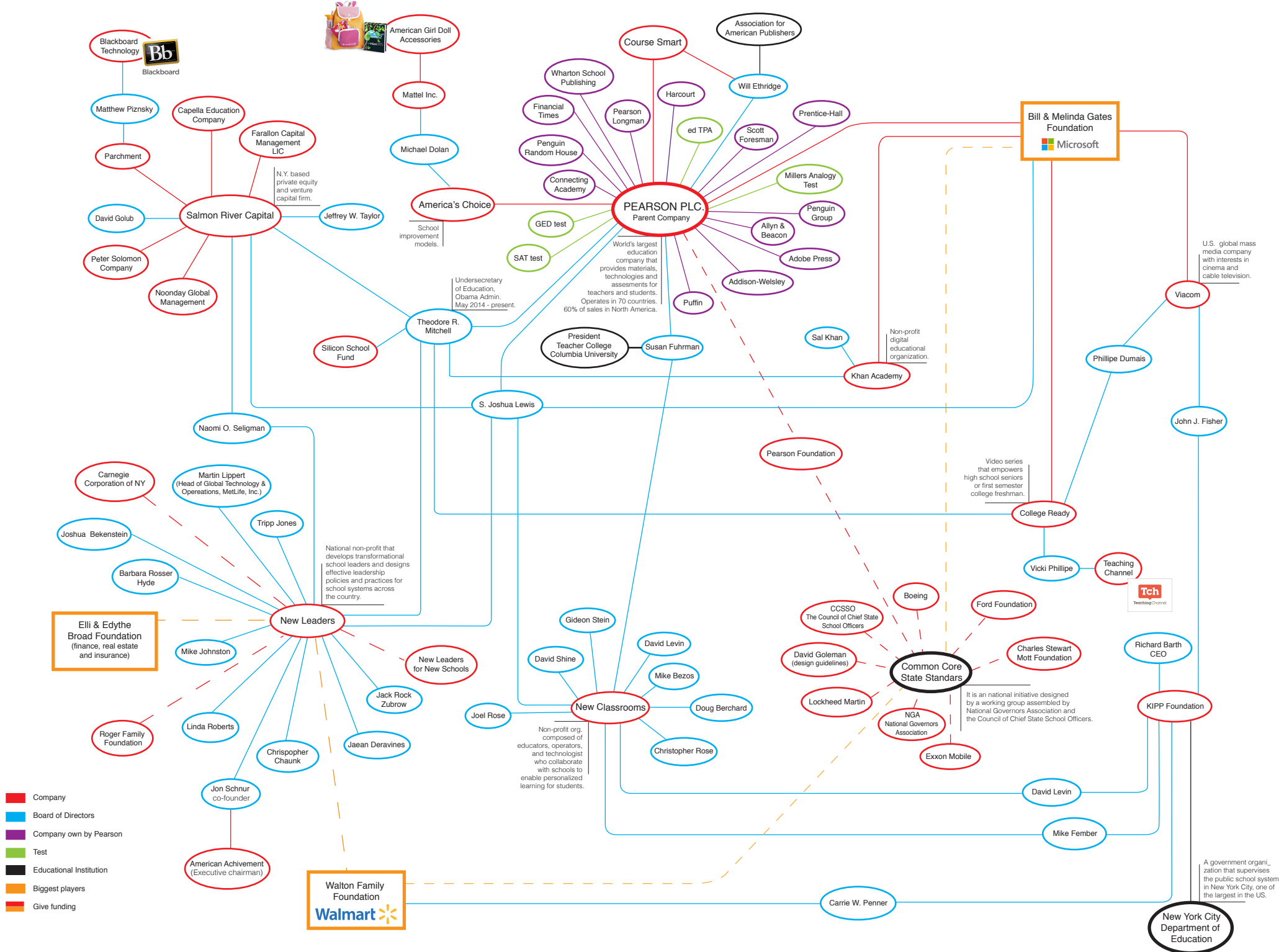
When he was asked about the most profitable sector in the real estate market he said:

*“Well, probably the charter school business. We said it’s our highest growth and most appealing sector right now of the portfolio. It’s the most high in demand, it’s the most recession-resistant. And a great opportunity set with 500 schools starting every year. It’s a two and a half billion dollar opportunity set in rough measure annually.”*¹

Invest in a Charter School and Buy your Green Card

A new federal program called EB-5 allows wealthy foreigners to purchase immigration visa for themselves and their families if they invest at least half a million dollars (\$500,000) in our charter schools.²

US Educational Industrial Complex - Snapshot



Information on Each Pearson Connection

Addison-Wesley

Publish textbooks and computer literature that includes eBooks and video for the IT workers (developers, programmers, managers, system administrators).

Adobe Press

Publishes books for visual communicators and official site for training material for Adobe software.

Allyn and Bacon

Leading publisher for higher education in the areas of education, humanities, and social sciences.

America's Choice

A company that features standards-based instructional materials, coaching, and professional development for teachers and catch-up programs for struggling students in order to improve schools.

Benjamin Cummings

Publisher in all fields of science for higher education.

Capella Education Company

A leader in online education and the parent company of Capella University, an accredited online university.

CCSSO = The Council of Chief State School Officers

A national nonpartisan nonprofit organization of public officials who head departments of elementary and secondary education in the all 50 states in the United States, the Department of Defense Education Activity, and the 5 U.S. extra-state jurisdictions. CCSSO provides leadership advocacy and technical assistance on major educational initiatives.

College Ready

A six-part video series that empowers high school seniors or first semester college freshman with a clear direction for starting college right and completing college.

Common Core State Standards

A national educational initiative developed by a working group assembled by National Governors Association and the Council of Chief State School Officers in 2008-2009 for K-12 students in all subject areas.

Connections Academy

A Baltimore-based division of Connections Education, LLC., offers online school for students in grades K-12.

CourseSmart

World's largest digital course material provider.

edTPA

All pre-service teachers in all subjects need to take this test in order to get certified to teach in schools.

Financial Times

United Kingdom based daily newspaper with special emphasis on economics and business internationally.

GED Testing Service

Joint venture between the American Council of Education (ACE) and Pearson that provides programs to help learners take the GED test successfully. The GED test is one way of getting a high school diploma.

Houghton Mifflin Harcourt

Major publisher of textbooks, reference books, fiction and nonfiction, educational software, and videos.

Khan Academy

Non-profit digital educational organization that provides free world class education for students all over the world.

KIPP (Knowledge is Power Program)

A national network of public charter schools whose mission is to help students from educationally underserved communities develop the knowledge, skills, character and habits needed to succeed in college and in the world.

KIPP Foundation

To expand the KIPP network of public charter schools by recruiting and training school leaders to open and operate KIPP Schools.

Mattel Inc.

An American toy manufacturing company that makes the American Girl Doll and her accessories. One accessory is the American Girl doll backpack with miniature Pearson textbook on math that is common core aligned. Another accessory is the science lab set with a Pearson science textbook that is common core aligned.

Millers Analogy Test

A standardized test used primarily for graduate school admissions in the USA.

NGA= National Governors Association

Bi-partisan organization of all governors in the United States who support the notion of federalism and speak collectively on national policy. Through this organization governors address best practices of governance and develop solutions to improve state government.

New Classrooms (Innovative Partners for Learning)

Non-profit organization composed of educators and technologists who collaborate with schools to enable personalized learning for students.

New Leaders

National non-profit that develops transformational school leaders and designs effective leadership policies and practices for school systems across the country. Founded by a team of social entrepreneurs.

New York City Department of Education (NYCDOE)

A government organization that supervises the public school system in New York City, one of the largest in the United States.

Noonday Global Management

Manages discretionary capital for institutional investors and high net worth individuals through its relationship with Farallon Capital Management.

Parchment

A management company for education credentials.

Pearson Longman

Publishing company used mainly as an imprint by Pearson's Schools business. The Longman brand is also used for the Longman Schools in China and the Longman Dictionary.

Pearson PLC

World's largest education company that provides educational materials, technologies, and assessments for teachers and students of all ages. It operates in 70 countries, and 60% of their sales are in North America.

Pearson Scott Foresman

Publishing elementary school educational materials in all subject areas. Their instructional programs and resources support elementary teachers with all aspects of their teaching (curriculum, digital media, assessment and professional development).

Penguin Group

Trade book publisher, part of Penguin Random House. Owned by Pearson PLC, which also publishes both adult and children's fiction and nonfiction books.

Prentice-Hall

Major educational publisher of print and digital content for the grades 6–12 and higher education.

Puffin Books

Publisher of high-end trade books and children's books.

Salmon River Capital

N.Y. based private equity and venture capital firm that focuses on digital businesses in education, financial services and other sectors.

SAT Test

Standardized test used by undergraduate colleges and university admissions in the United States.

Silicon Schools Fund

A venture-philanthropy foundation. It provides seed money for new learning schools that use innovative education models and technology to personalize learning.

Teaching Channel

A multi-platform service that provides professional development for K-12 teachers on the internet and TV. It creates a community of educators who share ideas and best teaching practices.

Viacom

U.S. global mass media company with interests in cinema and cable television.

Footnotes

1. Rawls, K. (2013) Who is profiting from charters? The big bucks behind charters school secrecy, financial scandal and corruption. Alternet, retrieved on April 17th 2015 from <http://www.alternet.org/education/who-profiting-charters-big-bucks-behind-charter-school-secrecy-financial-scandal-and>

2. Simon, S. (2012). The new U.S. visa rush: Build a charter school, and get a green card. Reuters. Retrieved on April 17, 2015 from <http://www.reuters.com/article/2012/10/12/us-usa-education-charter-visas-idUSBRE89B07K20121012>

3. Picciano, A & Spring, J. (2013). The Great American Education-Industrial Complex: Ideology, Technology, and Profit. New York and UK: Routledge.

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