SCHOOLS FOR SALE:
COMMERCIALISM
IN THE EDUCATIONAL SYSTEM

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Educators predict that it will not be until 2013 or later when school districts see a return to pre-recession funding levels. In the meantime, districts across the country are cutting back where they can-- eliminating jobs, cutting back on arts programs, even reducing the school week to four days. Many school districts continue to face tremendous financial pressures, and are turning to corporate sponsorship as an alternative revenue stream. From advertisements on school buses, to hall passes stamped with corporate logos, the educational environment has become increasingly commercial, prompting some critics to warn that the advertising has gone too far.

Even Congress is concerned, commissioning a study by the Government Accountability Office to discover the extent of commercialism in the educational system. The GAO classified four categories of commercial activities in school—product sales, market research, direct advertising, and indirect advertising. The report found that a majority of states have enacted laws and proposed legislation that affect commercial activities in schools.

Most of the laws target the sale of soft drinks and snack food. In fact, so-called pouring rights, or agreements for exclusive sales of soft drinks, have been the most publicized and ultimately the most regulated practice of product sales in schools. With the child obesity rate at 16.9 percent, many states have taken action. For example, New York bans the sale of candy and soda until the last lunch period, and is considering a bill which would outright ban the sale of junk food from vending machines. The Obama administration is also weighing in. In 2010, the president signed the child nutrition law, designed to enlarge the school lunch program and give the federal government more authority to set standards for food sold in vending machines and elsewhere on school grounds. New nutritional guidelines on what can be sold in vending machines are expected to be released later this year. No details of the guidelines have been
disclosed, but they are expected to be similar to those for the government’s school lunch program.\(^{11}\)

Aside from soft drinks and snack foods, there are other methods by which schools are involved in product sales. Most surveyed by the GAO engage in cash and credit rebate programs.\(^{12}\) The school or district may collect a given store’s receipts and in return receive a percentage to apply towards school equipment or supplies.\(^{13}\) Internet shopping follows the same model. For instance, OneCause features merchants from Weight Watchers to Sprint, which offer rebates to schools ranging from one to six percent of the purchase price.\(^{14}\)

As to market research, the Protection of Pupil Rights Amendment has addressed concerns about the release of student data. Under PPRA, schools receiving federal funding are required districts to implement policies on the collection, disclosure, or use of student data for marketing and selling purposes.\(^{15}\) According to the GAO, two-thirds of the districts in the nation were either developing or had developed policies addressing the new provisions on the use of student data for commercial purposes.\(^{16}\) However, the GAO reports that many districts do not appear to understand the new requirements and has called upon the Department of Education to assist state school board associations to develop models and policies.\(^{17}\) Further the GAO warns that some web filtering systems used in schools allow the software company to measure and analyze how children use the Internet by tracking which web sites they visit and how long they stay there.\(^{18}\) While the information is aggregated, it does help businesses develop advertising plans that target particular audiences.\(^{19}\)

While there appears to be a nationwide effort to regulate food product sales and the distribution of student information for marketing purposes, the same cannot be said for other
commercial activities, particularly advertising. According to the GAO report, only four states have some type of statute or regulation prohibiting advertising on school buses or grounds.\textsuperscript{20} Because of limited control at the state level, local school districts have created a patchwork of rules (or lack thereof) regarding commercial activities in schools. According to one survey, the country’s largest school districts, New York and Los Angeles, have no commercial advertising.\textsuperscript{21} However, five of the country’s top ten districts either use commercial advertising or were considering it.\textsuperscript{22}

One method of direct advertising in schools is the use of exclusive agreements, giving corporations the exclusive right to sell and promote their goods or services in the school district. For instance, in Ohio, the Atrium Medical Center provides sports medicine and athletic training services to local schools.\textsuperscript{23} From this relationship, Atrium receives enhanced visibility in the local community.\textsuperscript{24} Schools are also entering into agreements selling naming rights to auditoriums, football fields, and art studios. New Trier high school, located in a wealthy suburb on Chicago’s north shore, is considering allowing naming rights as a method of raising much needed revenue for future building projects.\textsuperscript{25} School administrators recently hinted at the cost that might be involved, stating that if someone donates half of the $1.2 million needed to replace the school’s football field they could have naming rights.\textsuperscript{26}

Corporations are also entering the schoolroom by appropriation of space agreements, whereby schools receive money in exchange for selling advertising space. The ads are placed on lockers, billboards, hallways, rooftops, on textbooks, or school buses. Most states allow such advertising in school facilities, including California. There, the state’s deficit has ballooned to $16 billion\textsuperscript{27}, and Governor Jerry Brown warns deeper school funding cuts are on the way unless voters approve increased sales and income taxes.\textsuperscript{28} A recent attempt to introduce advertising on
school buses failed, but cash strapped school districts have no prohibitions against placing ads in their hallways. San Juan Unified School District in the Sacramento area is one such district. With $36 million in budget cuts and the layoffs of 238 teachers looming, the district turned to corporate sponsorships to fill the gap. San Juan recently partnered with Education Funding Partners, which will serve as a middleman to find Fortune-500 corporate sponsors who will bring in an estimated $500,000 to $1 million per year in revenue by placing advertisements in school halls. San Juan high school Principal Steve Hunt sees no problem with the ads, “As long as they’re discreet and promote the educational system as a whole, I don’t see anything wrong with it.”

But researchers disagree. Their analysis suggests that marketing and advertising to children harms them, by negatively influencing self-esteem, body image, peer relations, and general well-being. Consumer culture displaces the development of other interests that may be more functional. While proponents of commercial activities in schools argue that the commercial messaging is obvious and children are both accustomed to such advertising and sophisticated enough to understand that messages are intended to persuade them, research suggests otherwise. Most children under the age of eight do not understand the persuasive nature of advertising. Older, more cognitively developed children may understand that advertising is designed to persuade them and still not respond to it critically. One reason is that the advertising can become embedded in context. A 2004 report by the American Psychological Association concluded that research on advertising to youth "raises serious concerns about potential harms to students when commercialism invades the schoolhouse."

There are educational harms as well. When educators implicitly endorse advertisers’ messages by allowing them to reach students in schools, they abdicate their responsibility to
provide educative experiences and help students develop critical thinking. According to John Dewey, promoting critical thinking is the essence of an “educative” experience. Mis-educative experiences are those that arrest or distort the growth of future experience. When for-profit corporations are involved in schools, the heart of the relationship is mis-educative because when push comes to shove, corporations will honor their commitment to shareholders’ profit. While corporate activity in schools is usually portrayed as socially responsible action, it almost always involves an attempt to influence students to buy, either immediately or in the future.

A visit to the Alloy Marketing website reveals the motive behind corporations wanting to get a foothold in the schoolhouse door. The company promotes itself as capturing “...the attention of today's youth and young adults, creating conversations that create pop culture movements.” Alloy happens to own Channel One News, an in-school TV network launched in 1990 and used in about twelve thousand, or thirty-eight percent, of all middle and high schools in the United States. Typically, Channel One contracts require schools to show its news program on ninety percent of all school days, in eighty percent of all classrooms. In return, the school receives a satellite dish installed by Channel One, internal wiring for transmission through the school, and a nineteen-inch television for each classroom. Because the twelve minute daily broadcasts include two minutes of advertising, Channel One has long been criticized for bringing commercialism into the classroom. A study published in 2006 in Pediatrics found that on average, students remember more ads from the broadcasts than news stories.

In addition to the broadcasts, Channel One operates a website which caters to both students and teachers. Advertisements promoting a for-profit online university specializing in philosophy and the upcoming Spiderman movie appeared on the home page. Channel One recently teamed up with Promethean, an interactive education corporation, to launch an
interactive version of its news broadcasts which will include whiteboards and learner response systems. The companies also announced they planned to launch an interactive news service for elementary school children, from grades three to five.

Legal challenges to commercialism in schools have focused on Channel One. In *State v. Whittle Communications*, the North Carolina Supreme Court considered whether the North Carolina State Board of Education had the power to prohibit schools from contracting for Channel One services. The court held the materials were supplementary and therefore under the control of local school boards. The court refused to make a determination of whether the contracts violated public policy, noting that the legislature had expressly given local boards the power to enter into contracts for materials with commercial advertising.

In *Dawson v. East Side Union High School District*, a California court of appeals held that commercial activities “are not illegal as a matter of law.” The action was brought by the state’s superintendent of public instruction and parents, who sought an injunction to stop a school district from contracting with Channel One. The court held that a school district may expose students to a non-educational curriculum element as long as it is only incidental to educational material. Absent a clear abuse of discretion, courts will not overturn local school boards’ decisions. The court also ruled that the program must be voluntary, with students being allowed to opt out.

Indirect advertising represents another form of in-school commercialism. Corporate sponsored educational materials (SEMS) are the most prevalent. Usually, corporations supply schools with educational materials covering a wide variety of topics. In some cases, the materials may be directly related to the corporation’s product. Sometimes, the materials express a message that the company wants to send to students regarding the industry or itself.
Corporate sponsored contests and incentives programs are a popular type of indirect advertising. For instance, Pizza Hut offers a program called Book It, which rewards students with coupons for pizzas once they reach a reading goal. The program offers schools teaching materials and recommended reading goals for educators to follow.

One of the most egregious forms of commercialism in education is what is known as textbook branding. This method of advertising is similar to product placement in movies. For example, a 1999 edition of a McGraw-Hill math book was sprinkled with references to Nike, Taco Bell, and Sony play stations. According to the publisher, the product references were placed in the book to make it more relevant to sixth graders, and that there were no commercial arrangements to use particular brands.

Commercialism in schools appears to be on the rise. One sign of that is the increase in the number of educational advertising agencies. Similar to agents who broker licensing agreements for professional athletes, these middlemen specialize in selling corporations advertising space in schools. Most of the agencies do not charge for their services, but rather take a commission on the revenue. The commissions range from twenty to fifty percent. For instance, Education Funding Partners focuses on large public school districts and aims to connect them with national brands. The company blatantly solicits corporations to become school sponsors with this promise: “You can leverage EFP district contracts to penetrate the K-12 marketplace with your new and existing campaigns targeting students and parents.” The company states its goal is to bring $100 million in unrestricted cash to major public school districts by 2015. If EFP meets its goal, with a commission level of twenty percent, it will bring in $20 million in revenue for itself.
Agencies that specialize in selling corporations advertising space in schools present further problems in terms of oversight and accountability. The introduction of an additional, private entity to broker deals with advertisers presents further opportunities for harmful and excessive commercial advertising. While outsourcing the work of finding corporate dollars is attractive to school districts, the relationship between the district and the agent is in itself another example of commercial entry in the educational process. Since these agencies are relatively new, it remains to be seen if they can even raise the revenues they promise.

While schoolhouse commercialism may be a boon for business, there is evidence that schools themselves do not see much of the profit. According to a 2006 Commercialism in Education Research Unit Report, 73.4% of schools that participated in advertising activities with food corporations in 2003-2004 did not actually receive any income from those activities. Some arrangements may seem more profitable, as when Channel One provides electronic equipment in exchange for the right to expose students to advertisements. However, an analysis of the costs to schools of showing Channel One demonstrates that hidden financial costs inherent in exchanging class time for equipment can easily outweigh the financial benefits.

Some studies indicate that earnings generated by commercial activities are minimal when compared to total budgets and budget shortfalls. For instance, Orange County Public Schools is the eleventh largest school district in the country, with 179,000 students and an operating budget of $1.5 billion. The Florida district, which includes the city of Orlando, has an in-house advertising program that includes online advertising, athletic sponsors and stadium advertising, stadium naming rights, media licensing, and apparel licensing. Corporate sponsors include Pizza Hut, the U.S. Army, AT&T, Buffalo Wild Wings, Panera, and others. The advertising program has raised $500,000 over two years, which amounts of .02% of the operating budget.
Similarly Cypress-Fairbanks Independent School District is the third largest in Texas with an enrollment of 110,000 students. The district has commercial advertising arrangements that include advertising on electronic scoreboards in stadiums, school publications, and on the exterior of school buses. Those programs raised $181,770, which amounts of .03% of the districts $673.5 million dollar budget.

In financial terms, the benefits of commercialism are modest for schools, but enormous for corporations. A print advertisement for Channel One shows a close-up view of an attentive student and boasts, “We have the UNDIVIDED ATTENTION of millions of teenagers for 12 minutes a day [THAT MIGHT BE A WORLD RECORD].” The advertisement goes on the state that its eight million daily teen viewers are tuned in “to the world and to you.” Steep Creek Media, a Texas-based agency that sells advertising on school buses, stadiums, and websites asserts on its home page that one bus ad can generate between 30,000 and 70,000 impressions per day for a total of one million impressions per month. The company calls the advertising opportunities a “TRUE WIN WIN” situation for advertisers and schools but it may be that the real winners are the corporations, not students.

Although Americans are accustomed to living in a world filled with advertising, school-based commercial activity is a matter of public concern. Because of the recession and resultant cuts in school funding, many districts are latching onto whatever revenue they can find. But researchers are concerned, “There doesn’t seem to be a real handle on the part of the school districts for what they are getting into,” said Faith Boninger, a researcher with the National Education Policy Center at the University of Colorado at Boulder, who studies how advertising in schools affects students. According to Ms. Bonner, many districts jump into agreements without understanding the psychological and educational costs to students. Unlike the very
visible problem of obesity caused by junk food, the psychological harm of advertising in schools is not as obvious. While local school boards, states, and the federal government have stepped in to restrict commercial activities involving food and nutrition, efforts to regulate direct advertising appear to be going in the opposite direction. Most states continue to allow direct advertising in schools. Nine states currently allow advertising on school buses, and eleven more, plus the District of Columbia, are considering it this year.\textsuperscript{85} Maine is the only state with a law prohibiting junk food marketing in schools, but according to a recent report, eighty-five percent of that state’s schools visited were noncompliant, and most were wholly unaware of the law.\textsuperscript{86}

If schools are to be learning environments that encourage students to develop fully as individuals and thoughtful citizens, then policy makers, educators, and advocates must work to carefully examine whether and to what extent commercial activities and advertising in schools should be allowed. Researchers recommend a flexible response, designed to allow state legislatures and local school districts craft policies best suited to local conditions.\textsuperscript{87} Three types of policy tools are recommended: 1) mandates, 2) balancing tests and regulatory requirements to minimize harm, and 3) process based reform.\textsuperscript{88} Mandates would limit conditions that allow for an activity, partially ban an activity, or could completely prohibit an activity.\textsuperscript{89} Balancing tests and regulatory requirements would oblige school officials to balance benefits of commercial activities against the identified harms to students and the school’s mission.\textsuperscript{90} Process-based policy would require constituencies or stakeholders to be involved in the decision-making regarding commercial activities.\textsuperscript{91} This might include school board members, teachers, students, parents.\textsuperscript{92}

Alex Molnar, a professor who studies the issue for the Commercialism in Education Research Unit at Arizona State University, predicts that schools will be completely integrated
into the marketing platforms of corporations, unless parents decide to stop them.\textsuperscript{93} Psychologist Susan Linn, author of "Consuming Kids: Protecting Our Children from the Onslaught of Marketing & Advertising" warns that the revenue is not “free money. It’s buying advertising. The school is selling advertising. They are selling the hearts and minds of children.”\textsuperscript{94}

It will take the combined efforts of parents, educators, and lawmakers to close the schoolhouse door to big business and maintain a commercial free or at least, a commercially reduced, learning environment. While school funding remains a problem, the solution is not to allow corporations access to our children’s minds and their classrooms. School officials must take a critical look at the actual benefits versus the burdens of allowing commercial activity in our educational system. An integrated approach to oversight must be implemented in order to stop the encroachment and allow our classrooms to be a true place for the pursuit of critical thinking.

2 *Id.*


5 *Id.*

6 *Id.*


11 *Id.*


13 *Id.*


17 *Id.*

18 *Id.*
19 Id.

20 Id.


22 Id.


24 Id.


26 Id.


28 Id.


32 Corporate Sponsors Could Raise Millions for Schools, supra note 29.


34 Id.

35 Molnar, supra note 22, at 4.
36 Id.

37 Id.


39 Id.


41 Id.

42 Id.

43 Id.


46 Id.

47 Id.

48 Id.

49 Id.


52 Id.


54 Id. at 560.

55 Id. at 561.

57 Id. at 1014.

58 Id. at 1046.

59 Id.


61 Id.

62 Id.

63 Id.


66 Id.


68 Id.

69 PUBLIC CITIZEN, supra note 20, at 17.

70 Molnar, supra note 22, at 6.

71 Id.

72 PUBLIC CITIZEN, supra note 20, at 13.

73 Id.

74 Id.

75 Id.

76 Id.

77 Id.
78 Id.

79 Palmer & Sofio, supra note 59, at 66.

80 Id.


82 Id.


84 Id.


86 Id.

87 Molnar, supra note 22.

88 Molnar, supra note 22.

89 Id.

90 Id.

91 Id.

92 Id.

93 Stephanie Dunnewind, Junk Food aside, Commercialism in the Public Schools Continues to Grow, Seattle Times (Sept. 24, 2005), http://community.seattletimes.nwsource.com/archive/?date=20050924&slug=schoolcom24.

94 Id.