

By Andrew Trotter

Separate attempts by two major school systems to cash in on the World Wide Web are breaking new ground in raising money while rekindling criticisms about commercialism in education.

In Denver, education officials recently signed a deal with KickStart.com that will pay the district a penny every time someone visits special Web "portal" sites for school information. Add in a fee whenever someone uses a preferred search engine or

buys a product from an online school system mall, and the 70,000-student district could bring in as much as \$1 million a year that would be put back into its online services.

The New York City school board, meanwhile, has approved in concept a proposal to create its own Internet service and Web portal that would reap sponsorship fees and commissions from corporate affiliates. Proponents estimate that the profits could reach \$100 million annually, enough to

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ACROSS THE NATION

Critics Point to Commercialism in Schools' Online Plans

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pay for laptop computers to be given or sold at a discount to every 8th grader in the 1.1 million-student system.

Leaders of both school systems say they are securing for schools the same kinds of revenues that are fueling the growth of commercial online portals, such as Yahoo! Portals are sites that are designed to be a jumping-off point for going on the Web, typically offering users news, search tools, and online shopping, while generating money in the form of advertising fees and sales commissions.

"We're building a technology business that will generate revenue that will pay for 21st-century tools," said Irving S. Hamer, a member of the New York board of education who was on the task force that drafted the district's plan.

Some national observers say that approach makes sense. "It's smart to look at the medium for which you need new funding streams and use it as source for some of the revenue," said Cheryl S. Williams, the director of the National School Boards Association's Institute for the Transfer of Technology to Education.

But both plans have critics, who fear that the shadow of commercial influences over public education is lengthening.

"I know school districts are having budget problems," said Vicki P. Rafel, the vice president for legislation for the Chicago-based National PTA. "But in many districts, this may be seen as making money off their students."

Taking Control

Until now, the main way for districts to make money from commercial Web sites has been by receiving a commission from online sales associated with their schools.

Through online "malls" such as schoolpop.com, for example, parents or other customers can designate a school to receive a portion of the money they spend. Companies such as ASD.com and Family Education Network run variations of that model by setting up Web sites for schools with information and educational resources, in addition to online-shopping opportunities.

While a growing number of districts have signed up for such sites, some of those districts have been frustrated by how little money they have received from them. (See *Education Week*, Dec 15, 1999.)

"Districts have always given away a lot more than they've gotten," said Arnold F. Fege, the president of Public Advocacy for Kids, a nonprofit consulting group in Annandale, Va.

But district administrators in Denver and New York believe they can do better.

"Companies wanted to add us

to their Web site," said Craig A. Cook, the chief operating officer of the Denver public schools. "I said [no], you'll come and build our schools' Web sites," he said.

In March, the Denver school board unanimously approved a contract with KickStart.com, a small company in nearby Greenwood Village, Colo., that sets up portals and online malls. KickStart is currently creating custom Web portals for district departments, for individual schools, and for school clubs and teams. Parents and others outside the schools can visit the portals when they are launched beginning this spring.

The portals will not replace the system's official Web sites, but will be an alternative way for anyone to access online Internet-search tools and school information.

Whenever users visit one of the new portals, they will see an array of school information, from lunch menus to announcements to homework assignments, as well as district-approved advertisements and links to the online "DFS Mall," Mr. Cook said.

And here's the revenue part: Simply by the user's visit to any of the portals, the school or the district will be paid a 1-cent fee, which is half the revenue KickStart collects from its advertisers. And whenever a user searches for information using the portal's preferred search engine—Snap—the schools will earn a penny and a half. Denver is believed to be the first district to enter such a revenue arrangement.

Users who purchase merchandise at the DFS Mall, which will include both national and local merchants recruited by KickStart, can direct the merchant's commission on the sale to an individual club, school, or the school system. The company will manage the portal sites, ad sales, and recordkeeping.

At the option of individual schools, Kickstart will also create an additional set of penny-generating portals for classroom use—without the shopping options—that can be the "default" starting point for school computers.

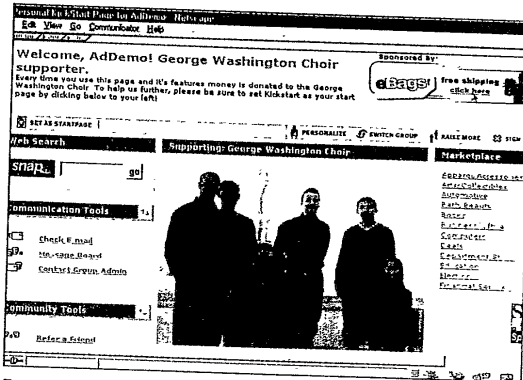
If the district's expectations are realized, the pennies will add up to between several hundred thousand dollars and \$1 million per year, Mr. Cook predicted. "Kids do thousands of Internet activities a day," he noted.

Mr. Cook and KickStart officials said the contract marks a new level of parity between a district and a commercial Web company.

"The partnership is equitable," Hughes Bakewell, KickStart's president and chief executive officer, said. "When we win, you win, and when you win, we win."

Company officials said they were offering the same deal to other districts, both large and small.

Mr. Cook acknowledged, though, that Denver will reap an extra benefit that other districts won't: The contract gave the



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Denver schools' foundation the right to buy stock options if the privately held company goes public. "We're the first major school district to do this; that's a revenue opportunity that not anybody else is going to get," he said.

Paying for Laptops?

New York's proposal is even more ambitious. On April 19, the central school board unanimously endorsed a plan to form a board-owned company that would offer a Web portal and free Internet service citywide. The board's final decision will be made after it considers a detailed business plan due Nov. 13.

Companies would pay fees to become sponsors of the portal rather than advertising on the site directly. They could also buy licenses to use a board of education logo in their advertising. In addition, whenever subscribers to the service used it to visit the sponsors' online shopping sites—such as an online bookstore—the district would receive commissions on their purchases.

While other districts have already taken on the responsibility of providing Internet service, most are in rural areas where online access is expensive. (See *Education Week*, April 12, 2000.)

The New York City schools would enter this business arena for a different reason: to capitalize on the market value of its vast community, estimated at more than 4 million students, family members, and school employees.

If all of them signed up for the board of education's service, it would be the nation's second-largest, behind America Online, and a conduit for hundreds of millions of dollars in online purchases, said task force member Andrew C. Rasiej. He is the president of Making Opportunities for Upgrading Schools & Education, a nonprofit volunteer group that assists the city's schools in acquiring technology.

The resulting revenues could pay for—in full or in part—85,000 laptop computers or Internet devices and e-mail accounts that

tivity office, an entrepreneurial unit that has struck exclusive deals for the district with several companies, including Pepsi-Cola Co. and US West Inc. Likewise, the deal with Kickstart would prevent the district from making similar arrangements with other portal companies.

Ms. Rafel of the National PTA said there was a risk that the district's academic program might be affected. "We're concerned about the potential for using class time in less than educational ways," she said.

As one example of a potentially troublesome area the Kickstart portals' preferred search engine, Snap, owned by NBC Internet Inc., accepts fees from companies to have their Web sites listed first on keyword searches, Mr. Cook acknowledged. But users will be able to choose from other search engines at the portals, he said.

Both city districts say their plans differ from school deals with Channel One or ZapMe!, which have given schools free televisions and computers, respectively, in return for requiring students to watch programming that contains advertising.

"We will prefer that you use our portals," but it is not a requirement, Mr. Cook said. "We're an educational environment in a world where the operative word is 'choice.'"