



Cashing In On Kids

**THE SECOND ANNUAL REPORT
ON TRENDS IN SCHOOLHOUSE COMMERCIALISM**

YEARS 1997-98 – 1998-99*

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“Cashing In on Kids” is available on the CACE web site at: <http://www.uwm.edu/Dept/CACE/>

Introduction

On September 23, 1998, John Bushey, the executive director of school leadership for Colorado Springs School District 11, sent a memo to district principals. Normally, a memo from a school administrator's office outlining expectations for the coming year would not merit press attention. John Bushey's memo, however, attracted the attention of the *Denver Post*,¹ *Harper's Magazine*,² the *Washington Post*,³ and the *New York Times*.⁴ Mr. Bushey, who oversees Colorado Springs' exclusive contract with Coca-Cola, is the district's self-proclaimed "Coke Dude." In his memo Mr. Bushey pointed out that District 11 students needed to consume 70,000 cases of Coke products if the district was to receive the full financial benefit of its exclusive sales agreement with the company. In order to better promote the consumption of Coke products, Mr. Bushey offered school principals tips such as: "Allow students to purchase and consume vended products throughout the day," and, "Locate machines where they are accessible to the students all day." He also offered to provide their schools with additional electrical outlets if necessary and enclosed a list of Coke products and a calendar of promotional events intended to help advertise them.

Mr. Bushey's zeal may in part be explained by his tardy realization that the district's exclusive agreement with Coke counted only vending machine sales toward the system's annual quota; Coca-Cola products sold at cafeteria fountains wouldn't count. In March 1999, Mr. Bushey told the *Washington Post* that the district might not meet its contractual goals. In May he told the *New York Times*, "Quite honestly, they were smarter than us."

Not all school districts and administrators share Colorado Springs' devotion to exclusive agreements. Middleton and Swansea, Mass., have, for example, turned down contracts with soft drink bottlers.⁵ Pat Ratesic, principal of Penn-Trafford High School in eastern Pennsylvania, told the *Pittsburgh Post-Gazette*, "I think we're going to try and hold off on those kinds of things as long as we can, as long as the budget allows." However, he added, "Down the road, who knows? Everything seems to be going commercial nowadays. Money talks, I guess."⁶

The Growth of Schoolhouse Commercialism in the Nineties

The Colorado Springs contract with Coke is representative of one of the fastest growing areas of schoolhouse commercialism: exclusive contracts between school districts and

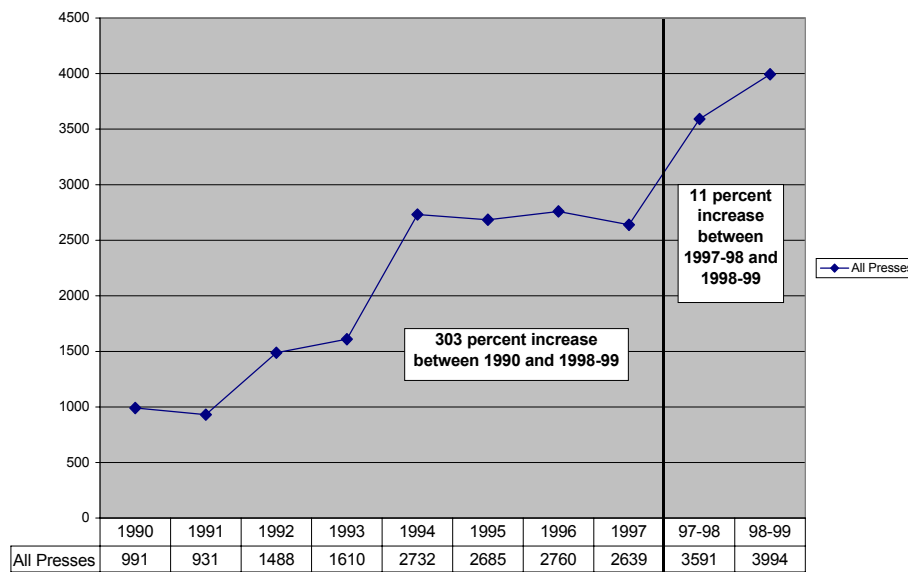
soft drink bottlers. According to the Center for Commercial-Free Public Education, there were 46 such exclusive agreements in April 1998, found in 16 states. By July 1999, there were 150 agreements with school districts in 29 states. The increase in exclusive contracts is part of an overall increase in commercial activities in schools and classrooms.

- Between 1990 and 1999 the number of press citations related to schoolhouse commercialism increased 303 percent.
- Between 1997-98 and 1998-99 the increase was 11 percent.

What Makes Schools So Attractive to Advertisers?

Schools are attractive venues for marketing activities for several reasons. The United States and much of the rest of the industrial world are saturated with advertisements. By some

Figure 1: Combined Total Citations, All Types of Commercializing Activity, By Year



estimates, the average American views a full hour of commercials a day.⁷ In attempting to reach children with advertising messages, advertisers must overcome advertising “clutter” to make their messages stand out. Another major problem for advertisers is that children, particularly teenagers, represent a notoriously fragmented and thus difficult to reach market. For example, television ads may be a good way to reach the over-50 crowd — they watch an average of 5.5 hours of television a day. In contrast, children between the ages of 12-18, according to the “Teen Fact Book” put out by Channel One, watch television only 3.1 hours per day.⁸ Advertising in schools can help solve the difficulties presented by clutter and fragmentation. Schools are

one of advertising's last frontiers. Apart from places of worship, schools are perhaps the most uncluttered ad environment in our society. And, since children are required to attend, school-based ad campaigns play to a captive audience.

The drive to reach children is fueled by the prospect of an enormous financial payoff. Although estimates of the size of the children's market vary, everyone agrees it is huge. By some estimates, elementary-age children influence almost \$15 billion in annual spending.⁹ America's approximately 31 million teens spent \$144 billion in 1998.¹⁰ James U. McNeal, author of *Kids As Consumers: A Handbook of Marketing to Children*, says each year children in the United States spend \$24 billion of their own money and directly or indirectly influence \$488 billion worth of purchases.¹¹

According to the Channel One study "A Day in the Life of a Teen's Appetite," cited in the *Chicago Sun-Times*, "Teens are veritable eating machines, generating more than 36 billion eating and drinking occasions each year." This represents a rate of consumption that, according to the report, translates into \$90 billion in direct and indirect sales including \$5.2 billion on after-school snacks, \$12.7 billion in fast food restaurants, \$1.8 billion at convenience and food stores and \$1 billion on vending machines. "The whole vending thing is absolutely huge," commented Tim Nichols, Channel One's

executive vice president for research.¹² In the words of James Twitchell, author of *ADCULT USA*, for advertisers, when it comes to schools, "It doesn't get any better. These people have not bought cars. They have not chosen the kind of toothpaste they will use. This audience is Valhalla. It's the pot of gold at the end of the rainbow."¹³ It is small wonder that commercializing activities in schools are proliferating so rapidly.

If the advertisers are in it for the money, so are many schools. One of earliest "Corporate Partnership" programs in the country was launched by Colorado Springs District 11 in 1993 to raise money for musical instruments, computers, and staff training. In 1996-97, the program, coordinated by DD Marketing of Pueblo, Colo., raised \$140,000 for the district by selling advertising space on the side of school buses and in school

Type of Commercializing Activity	1990		1998-99		Percent Increase 1990 to 1998-99
	Number of Citations	Rank	Number of Citations	Rank	
Sponsorship of Programs and Activities	461	1	1614	1	250%
Exclusive Agreements	19	6	336	4	1668%
Incentive Programs	96	3	176	5	83%
Appropriation of Space	33	5	122	6	270%
Sponsored Educational Materials	8	7	85	7	963%
Electronic Marketing	327	2	674	3	106%
Privatization	47	4	987	2	2000%

hallways to 29 companies. Asked whether Colorado Springs had gone too far, June Million, director of public information at the National Association of Elementary School Principals commented, "I think it's going too far. But it's difficult for me to point a finger at schools and say that it's wrong because they don't have the budgets."¹⁴ Christine Smith, director of community partnerships and enterprise activity for the Denver Public Schools was more blunt, "I got tired of begging for money all the time."¹⁵

The justification schools use for entering into marketing relationships with corporations is financial need, however, the monetary reward is often very modest. The *San Antonio Express-News* reports that school districts in the San Antonio area that had permitted advertising on their school buses did not realize the revenue they had anticipated.¹⁶ Even \$140,000 in advertising revenue isn't very much. In a district the size of Colorado Springs 11 (32,000 students),¹⁷ it represents approximately \$4.35 per student, hardly enough to make a dent in the \$4.8 million District 11 announced it had to trim from its budget in March of 1999.¹⁸

The Spread of Schoolhouse Commercialism Outside of the United States

American-style schoolhouse marketing is spreading to the rest of the world. German schools now feature ads from companies such as Coca-Cola, Columbia TriStar, L'Oreal and others. Spread Blue Media Group, which holds the largest market share in German in-school advertising, is going after the \$20 billion in purchasing power that it estimates German students have.¹⁹ Austria made it easier to advertise in schools two years ago and the Netherlands has allowed schoolhouse advertising for eight years, according to the *Christian Science Monitor*.²⁰

The (*London*)*Financial Times* reported that a firm called Imagination for School Media Marketing planned to pay 300 secondary schools 5,000 pounds a year (approximately \$7,900 US) to put up advertising posters in school hallways, gyms, and dining halls.²¹ The Campbell's Labels for Education program, launched in 1973 in the U.S.,²² introduced plans spread to Canada during the 1998-99 school year. To help launch the program in Canada, Campbell's sponsored "Campbell's Race to the Finish Line Contest." The Canadian school that submitted the most labels won a "digital multimedia production suite" or a "schoolyard palace." Beaverlodge Elementary School of Winnipeg, Manitoba, won the contest, turning in 27,999 labels — almost 100 labels per student,²³ a lot of soup by anyone's standard. Also in Canada, Youth News Network (YNN), a daily 12 ½-minute current events program with commercials that was

modeled on Channel One, plans to debut in a few dozen schools in the fall of 1999.²⁴

Primedia, Channel One's corporate parent, announced a Latin American development program in 1998.²⁵ One of the most extreme examples of school commercialism was reported by *The Daily News* of New Plymouth, New Zealand. According to its June 18, 1999, story, an Auckland school planned to sell naming rights to each of its six classrooms for \$3,000 per year. For \$15,000 a sponsor could buy the rights to the school's name, and all sponsors would be guaranteed product exclusivity and advertising rights at school events and in school publications.²⁶

Opposition to Schoolhouse Commercialism

In a September 1997 *Marketing Tools* article, Matthew Klein warned advertisers that as far as school-based marketing programs go, "When a community feels a company has overstepped its bounds ... no one is immune from the backlash." He went on to cite several examples: the backlash Campbell's experienced for sponsoring a phony science lesson designed to demonstrate that Campbell's Prego brand spaghetti sauce was thicker than its competitor's; the ban on sponsored textbook covers in a Staten Island school because of a father's outrage when his daughter came home with a temporary tattoo featuring a Calvin Klein logo; the reexamination of all Seattle school district advertising as a result of efforts by the district administration to solicit paid advertising for its middle and high schools.²⁷

Mr. Klein's concerns may be well founded. Although the trend toward increased commercialism in the schools shows no signs of abating, there are indications that concern about commercializing schools is growing. According to Anne Bryant, executive director of the National School Boards Association, "This [commercialism] has become a very important topic of conversation in many schools, and we're concerned about it. The number of kids under 18 years old and their purchasing power is astronomical. Companies are going directly after that target market any way they can."²⁸

In 1998, for example, the Berkley, Calif., school board voted to ban advertisements in schools.²⁹ Des Plaines, Ill., School District 62 decided against using Channel One and announced plans to implement advertising and sponsorship guidelines modeled after those proposed by the National Parent Teachers Association.³⁰ Wisconsin State Representative Marlin Schneider proposed a total ban on advertising in schools in 1997.³¹ Faced with strong opposition from educators as well as corporations, Schneider then proposed a less expansive bill that would have barred schools from signing exclusive agreements with soft drink

bottlers.³² Although neither version of the 1997 bill was adopted, in 1999 Schneider introduced new legislation that would prohibit school boards from entering into exclusive advertising contracts or contracts for telecommunications goods or services that require students to be exposed to advertising.³³

In 1999, California State Assemblywoman Kerry Mazzoni introduced two bills on the topic of commercialism in schools. Assembly Bill 116, which was signed into law in early September, bans in textbooks any “materials, including illustrations, that provide unnecessary exposure to a commercial brand name, product, or corporate or company logo.” Mazzoni’s second bill (AB 117) would have prohibited school districts from entering into exclusive contracts with beverage companies or with ad-bearing electronic services such as Channel One. AB 117 encountered a great deal of industry opposition and was ultimately modified so as to require only that the contract be debated and entered into at a noticed public hearing. The bill passed in its revised form in September.³⁴

At the federal level, legislation was introduced in the House and Senate to prohibit companies from using a legal loophole to distribute soft drinks and other non-nutritive snacks during school lunch periods.³⁵

Concern about commercialism is not limited to the U.S. In May, *Marketing Week* reported that because of the explosion of marketing activity in British schools, Great Britain’s Department of Education and the National Consumer Council were meeting to discuss the issue of advertising and corporate sponsorship.³⁶ Quebec Education Minister Francois Legault has prohibited school boards in the province from signing contracts to broadcast Youth News Network — a 12 ½-minute current events television program that contains commercials. According to Legault, the program would constitute “without a shadow of doubt commercial solicitation that is contrary to the mission of the school.”³⁷ These actions, and the Norwegian and Swedish bans on all advertising to children under the age of 12, in or out of school, indicate what is possible given the political will.³⁸

Some of the most intense opposition to school commercialism in the U.S. has focused on Channel One. Channel One was concerned enough about public hostility to hire a prominent lobbying firm, Preston, Gates, Ellis & Rouvelas Meeds to represent it. Nevertheless, opposition to Channel One has grown strong enough that the Senate Committee on Health, Education, Labor, and Pensions held a hearing about the program on May 20, 1999. Shortly before the Senate hearing, the company hired Ralph Reed, former executive director of the Christian Coalition, to lobby on its behalf.³⁹ And it launched a direct mail

campaign to promote itself as encouraging sexual abstinence and discouraging drug use. One mailing stated, "In the aftermath of senseless tragedies like Littleton, Colorado, there has never been a time when children needed more to be taught the values of faith and family. That's why Channel One is bringing hope and common-sense into thousands of schools ... with a daily television program that tells teens to turn their backs on drugs, reject violence, and abstain from sex before marriage."⁴⁰

No doubt the choice of tactics was dictated in part by the fact that one of the principal opponents of Channel One is conservative Senator Richard Shelby of Alabama. As part of an unusual conservative-liberal coalition, Shelby, with the support of conservative organizations such as the Eagle Forum, Focus on the Family, and the American Family Association, joined hands with Alabama businessman James Metrock and his Channel One watchdog organization Obligation, Ralph Nader and his organization Commercial Alert, and academics and media critics such as Mark Crispin Miller of New York University and Roy Fox of the University of Missouri. At the Senate hearing, Senator Shelby, Ralph Nader, and Phyllis Schlafly took turns criticizing Channel One.⁴¹ Conservatives tended to attack Channel One for the cultural content of its programming and its advertising. Liberals tended to attack the program for promoting materialistic values, undermining the curriculum, and exploiting public resources for private gain. To further add to Channel One's woes, on June 16, 1999, the Southern Baptist Convention adopted an anti-Channel One resolution that called for, among other things, school administrators and community leaders to work for the removal of Channel One from local schools, and a requirement for written parental consent before a student may be shown the program. The resolution stated that the conferees find "the advertising and commercial use of Channel One unfortunate and an erroneous educational strategy."⁴²

Whether the legislative initiatives over the last two years in Wisconsin and California are the start of a trend toward the regulation of commercializing activities in schools remains to be seen.

Marketing and advertising are not the only commercializing activities that stir considerable opposition. For-profit public schools continue to be very controversial as well. For example, the November 1998 San Francisco school board elections were widely seen as a referendum on allowing the Edison Project to enter the district; anti-Edison candidates swept the election, creating a majority on the board that is unlikely to approve any for-profit school management contract. In May 1999, in Philadelphia, school district officials met an Edison proposal with a public

relations campaign that emphasized recent public school students' improvements on standardized tests. Also in May, the Pueblo, Colo., school board voted to reject an Edison Project proposal. One Pueblo board member, Dennis Flores, pointed out that Edison had a poor record in Colorado, citing the example of Roosevelt-Edison school in Colorado Springs. "If I had seen a huge difference at Roosevelt, I would have voted for Edison. We have schools in a similar situation here that have shown greater improvement. And I was stunned that only about 10 citizens showed up in favor of Edison, which said to me they have no deep support in the community."⁴³

The Edison Project is not alone in its difficulties. For example, an independent study of what went wrong in the much-publicized contract between the Wilkinsburg, Pa., school district and what is now Beacon Education Management was released in May by the OMG Center for Collaborative Learning in Philadelphia. The report concluded that the contract to manage Turner Elementary, Pennsylvania's first privately managed public school, was an academic failure that produced numerous labor and administrative disputes that kept the district in turmoil.⁴⁴ The Sunray charter schools run by Tesseract, formerly Education Alternatives Inc., have met with a large number of parent complaints, according to the *Arizona Republic*. A sampling of complaints reported in the *Republic* included "children who need special education services are not receiving them; a lack of computers in classrooms when computers were promised in school literature; curricula that do not match the Arizona Board of Education's mandated academic standards; and a lack of a formal systemwide discipline policy."⁴⁵

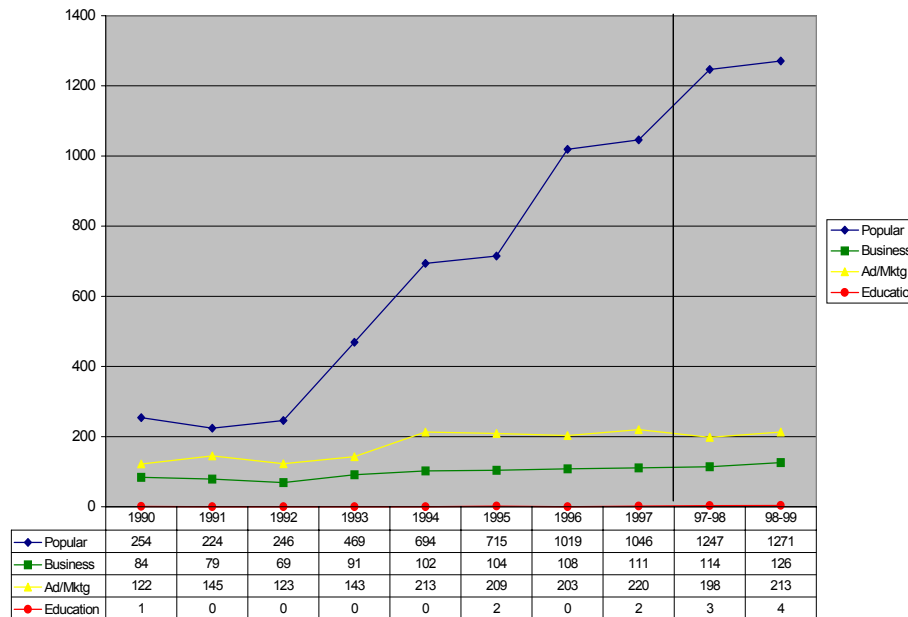
Seven Areas of Schoolhouse Commercialism: How They Grew 1997-98 to 1998-99

Sponsorship of Programs and Activities continued to be the largest category of commercializing activity in schools (See Graph 1). Perhaps the most well publicized example of corporate sponsorship during the past two years was the notorious "Coke in Education Day" at Greenbrier High School in Evans, Ga. Greenbrier senior Mike Cameron made international news when he was suspended for wearing a Pepsi T-shirt during a photo-op arranged to promote Coke.⁴⁶ Other sponsorship activities ranged from efforts to arrange corporate benefactors for school technology programs in New York;⁴⁷ to a Johnson County, N. C., deal to provide school bus drivers with cell phones in exchange for publicity;⁴⁸ to a national contest to produce the most creative

sculpture out of Rice Krispie Treats.⁴⁹ Other examples include: auto manufacturer Subaru sponsored in-school presentations on science by local museum staff, as long as the school agreed to distribute flyers advertising the sponsor's cars to students during the presentation;⁵⁰ Astoria Federal Savings Bank in New York sponsored an "art attack against graffiti" art contest for schoolchildren;⁵¹ and AutoDesk, one of the world's largest software companies, sponsored a robotics design competition in which students use AutoDesk products to create a robot that solves an assigned problem.⁵²

Exclusive Agreements citations were up 21% between 1997-98 and 1998-99 (See Graph 2). Virtually all of the citations in this year's Exclusive Agreements category describe deals between soft drink bottlers and schools. In previous years, database search results included news stories about exclusive contracts between schools and athletic wear companies such as Nike and Reebok, but no articles about this type of contract were found in the years studied for the present report. Rick Kamel, public relations director for J.W. Messner, Inc., may have explained one of the reasons why: "It's pretty obvious that the whole trend in tennis shoe sponsorship is becoming saturated to a point where the impact is diminished."⁵³ The Miami school board

Graph 1: Sponsored Programs and Activities



provided one of the few non-soft drink citations. The *Miami Herald* reports that the board has signed an exclusive agreement with Community Blood Centers of South Florida that provides scholarship money in amounts determined by the volume of blood students donate. School board member Manty Sabates Morse

objected, saying, "Our kids' blood is money for this company."⁵⁴ His was the minority opinion.

Schools and school districts all over the country have signed exclusive agreements with soft drink bottlers. According to the *Providence Journal-Bulletin*, Pepsi alone reports signing close to 1,000 agreements with school districts and individual schools.⁵⁵ In the past few years, third-party brokers such as DD Marketing, of Pueblo, Colo., have begun to aggressively promote districtwide exclusive contracts — for a fee that is usually between 25-35 percent of the final contract's value.⁵⁶ Dan DeRose, who runs DD Marketing, claims to have obtained or be in the process of negotiating 63 contracts nationwide.⁵⁷

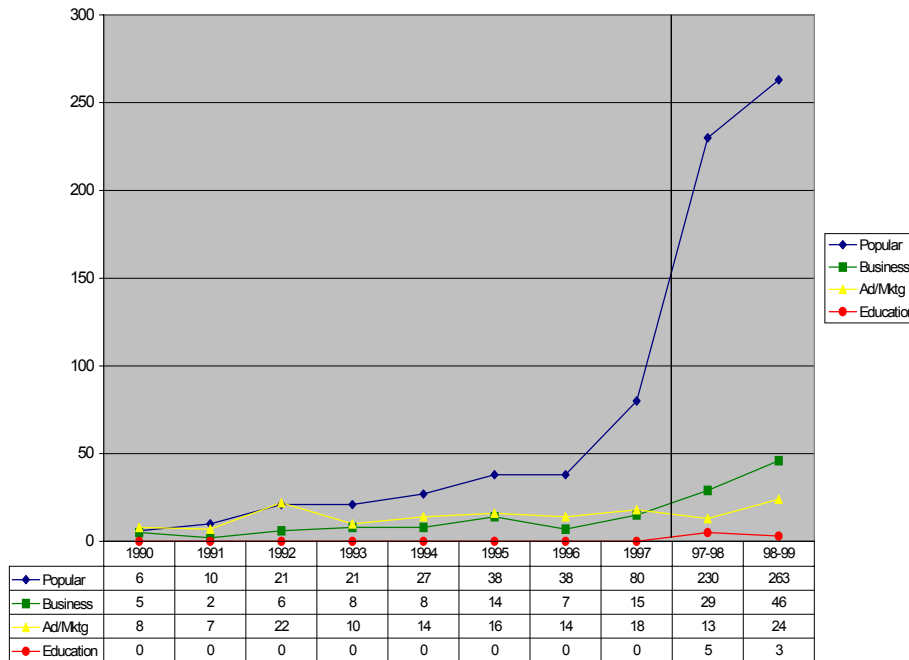
As the number of exclusive agreements has multiplied so have concerns about them. Small bottlers and drink vendors are concerned that they will be driven out of business by the trend toward exclusive contracts. For example, a local dairy that may rely on juice sales to maintain its profitability will be prohibited from selling its juice products in schools in its area if the district signs an exclusive agreement with a soft drink bottler. An article headlined "Keep the bottlers out of your school; Vendors are opposing bottlers' contracts with schools," in the September 1998 issue of *Automatic Merchandiser* described vendors as nutrition authorities who were in a prime position to "join a growing crusade against commercialism in public schools." The article went on to advise: "Vendors should contact their local school boards to make sure they recognize that their primary responsibility is the well-being of their students. Secondly, they should be apprised of the excellent product choices that 'third-party vendors' can offer."⁵⁸ George Kalil, the Beverage Industry's 1998 Executive of the Year, summed up the position of some bottlers in the November 1998 issue of *Beverage Industry*: "There are people who have signed national contracts who know they would prefer to do business with one of the other two companies, but the dollar rules. We need a happy medium. I think we've gone overboard on these contracts, these exclusive agreements. In the long run it could hurt the industry. It could hurt the consumer!"⁵⁹

One of the most often expressed concerns is the negative health impact of consuming large amounts of soft drinks. The *Washington Post* reports that, according to the Beverage Marketing Corporation, annual consumption per capita of soda has increased from 22.4 gallons in 1970 to 56.1 gallons in 1998.⁶⁰ The Center for Science in the Public Interest found that a quarter of the teenage boys who drink soda drink more than two 12-ounce cans per day and five percent drink more than 5 cans. Girls, although they drink about a third less than boys, face potentially more serious health consequences. With soda pushing milk out of

their diets, an increasing number of girls may be candidates for osteoporosis.⁶¹ With childhood obesity rates soaring (up 100% in twenty years), William Dietz, director of the division of nutrition at the U.S. Centers for Disease Control and Prevention (CDC) suggests that, “If the schools must have vending machines, they should concentrate on healthy choices like bottled water.”⁶² Richard Troiano, a National Cancer Institute senior scientist, says the data on soda consumption suggest that there may be link between childhood obesity and soda consumption. According to Troiano, overweight kids tended to take in more calories from soda than kids who were not overweight.⁶³

The United States Department of Agriculture (USDA) classifies soft drinks as a “food of minimal nutritional value” and prohibits their sale during lunch periods. In 1995 the USDA issued model regulations aimed at elementary schools that would bar

Graph 2: Exclusive Agreements



soft drinks (and other non-nutritive foods) from school grounds entirely from the start of classes until the end of the lunch period. Secondary schools, the agency pointed out, have the authority to completely ban the sale of foods of minimal nutritional value. Guidelines similar to those proposed by the USDA have been adopted in Kentucky and Florida.⁶⁴

Rather than promoting healthy choices, it appears that exclusive agreements put pressure on school districts to increase the number of soft drink vending machines in schools in order to increase sales. Daniel Michaud, business administrator for the

Edison, N. J., public schools, told the *Washington Post* that prior to signing an exclusive contract with Coke few Edison schools had vending machines. After signing the contract, most district high schools had four machines, middle schools had three, and elementary schools one.⁶⁵ As Kelly Mullen, a student at a Rhode Island high school with an exclusive contract, commented, "There's really nothing else to drink."⁶⁶ That's exactly the way the bottlers that seek exclusive agreements want it. Christine Smith, director of community partnerships and enterprise activity for the Denver Public Schools, put it to the *Denver Business Journal* this way: "Exclusivity made the difference. The question was, 'How much is it worth to get rid of the competition?' The answer was, 'Quite a lot.'"⁶⁷

It is unlikely the trend toward exclusive agreements with bottlers will abate in the near future. According to G. David Van Houten, Jr., Coca-Cola Enterprises senior vice president and president of Coca-Cola Enterprises Central North American Group: "Schools — the education channel, youthful consumers — are important to everyone, and it has recently become a high-stakes game for that very reason. How much is that [school] business worth? I doubt we'll ever be able to answer that question fully. But we're going to continue to be very aggressive and proactive in getting our share of the school business."⁶⁸

Incentive Programs have been a staple in corporate marketing efforts in the schools for years. Campbell's Soup's Labels for Education program, for example, was launched in 1973 and now reaches 50 million school children.⁶⁹ Pizza Hut's Book It! reading incentive program launched in 1984 is in 53 thousand schools.⁷⁰ Between 1997-98 and 1998-99 the number of citations related to incentive programs increased 15% (see Graph 3). The growth is probably due to increased promotion of the Labels for Education program to help increase lagging soup sales,⁷¹ the expansion of the Book It! program from five to six months,⁷² and the heavy promotion of General Mills' Box Tops for Education program since its national launch in the fall of 1996.⁷³ Programs such as Apples for the Students,⁷⁴ which allows food store customers to turn cash register receipts into credit toward computer equipment, and AT&T's Learning Points⁷⁵ program also remain popular.

Incentive programs might best be considered a type of "cause-related" marketing. By purchasing a product or service customers can promote a worthy cause. In the case of the Pizza Hut Book It! program, school children who meet their reading goals are rewarded with Pizza Hut products. The idea is to associate Pizza Hut pizza with a desirable social goal, literacy,

Appropriation of Space (excluding electronic media) citations increased 9% between 1997-98 and 1998-99, as advertisers continued to find ways to put their messages in front of children in school and to use schools to help promote products and services to parents (see Graph 4). One of the most controversial events associated with this category was the inclusion of brand name products in McGraw-Hill's new middle school math textbook. A *Fresno Bee* editorial quoted from the book, "The best-selling packaged cookie in the world is the Oreo cookie. The diameter of an Oreo cookie is 1.75 inches. Express the diameter of an Oreo cookie as a fraction in the simplest form," and asked, "Is this an advertisement for Nabisco, or a math problem?"⁷⁹ Good question. Other math problems in the book featured Nike shoes, Mars candies, and McDonald's fast food. Although McGraw-Hill did not receive compensation for these product placements, the idea of ads in textbooks touched a raw nerve and led to the passage of legislation in California that bans commercial references and logos in school textbooks.

Other appropriation of space activities were less controversial but not less questionable. A Los Angeles company, Planet Report, provides schools with posters promoting products. Company founder Jeff Lederman told the *Los Angeles Times*, "Teachers get something they can use and a marketing purpose is served."⁸⁰ What the teachers got appeared to be of questionable educational value. According to the *Times* article, "Last week's current events quiz at Moreno Valley elementary school asked students to name actor Eddie Murphy's new movie. To promote 'Dr. Dolittle,' an upcoming film starring Murphy, 20th Century Fox has turned to the classroom."

Cover Concepts was founded in 1989 on a simple premise: schools would use free book covers even if they contained ads.⁸¹ The idea worked and Cover Concepts' covers were eventually distributed to 43,000 schools nationwide.⁸² Along the way, the company developed a massive school database of considerable value to marketers; it includes for each school the number of students by grade, number of students by ethnicity, and median income.⁸³ Purchased by Primedia in 1997, Cover Concepts is now the one of the country's largest in-school marketing companies.⁸⁴ The company launched a sampling program, "Seventeenpak," in partnership with another Primedia company, *Seventeen* magazine, in the fall of 1998. The goal of the program was to put product samples from Kimberly-Clark, Playtex, Hershey, and S.C. Johnson & Son in the hands of about one million schoolgirls.⁸⁵

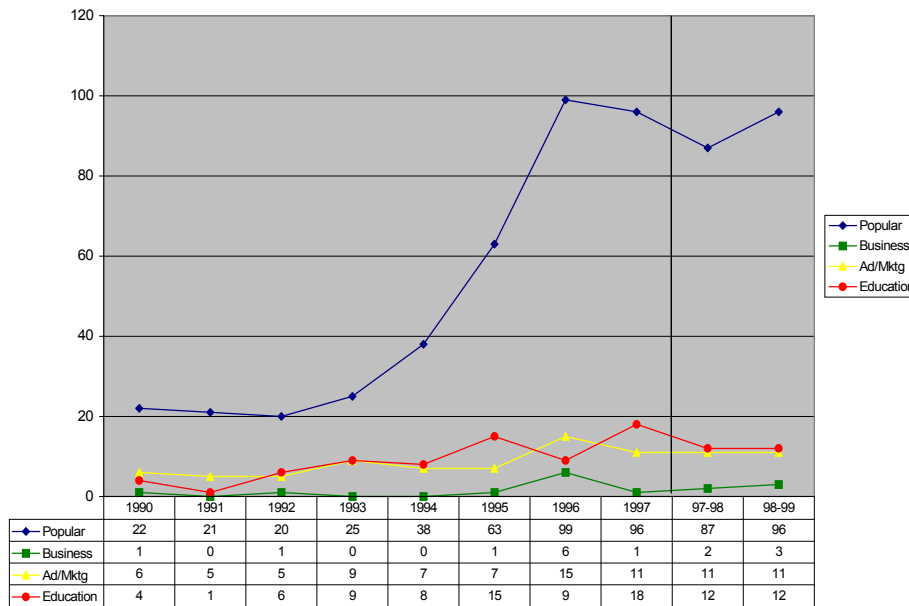
School Marketing Partners provides school menus with ads. The goal is to have children bring them home so every time a

family member looks at the school menu stuck on the refrigerator door, he or she will see the ads of menu sponsors. The program reaches 4 million students in more than 8,000 schools.⁸⁶

Despite widespread concern about the “billboarding of America’s schools,” *Advertising Age* reported that the school board of Grapevine-Colleyville School District in Texas decided that opening the district to advertisers had two advantages: “1) community businesses get positive exposure, and 2) a managed advertising program safeguards student exposure to ads.”⁸⁷ Banning ads from schools altogether does not appear to have been discussed by the school board.

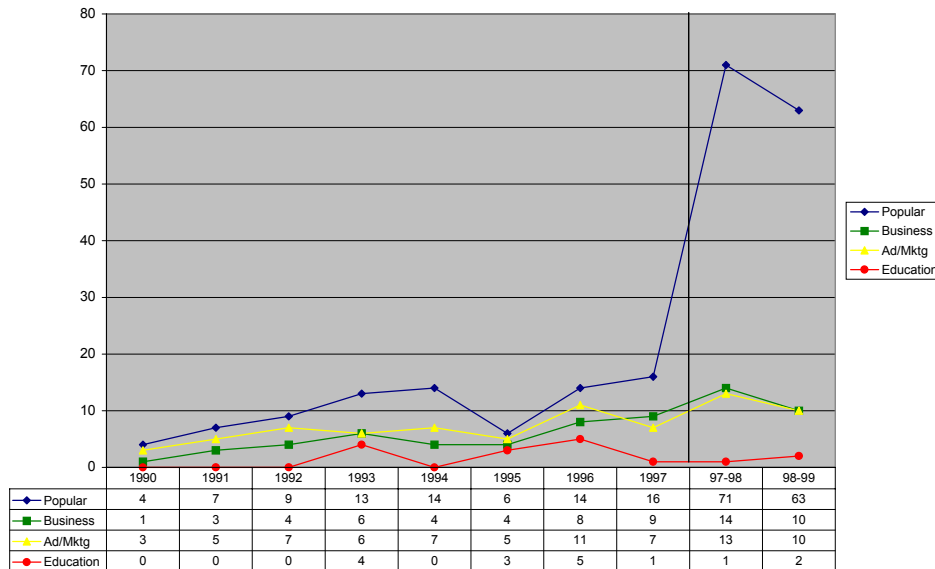
In a *USA Today* op-ed essay entitled “Remember when public spaces didn’t carry brand names?” Eric Liu argued against the advertising trend. Public spaces such as schools matter,

Graph 4: Appropriation of Space



according to Liu, because “they are the emblems, the physical embodiments, of a community’s spirit and soul. A public space belongs to all who share in the life of a community. And it belongs to them in common, regardless of their differences in social station or political clout. Indeed, its very purpose is to preserve a realm where a person’s worth or dignity doesn’t depend on market valuations. ... When a shared public space, such as a park or a schoolhouse, becomes just another marketing opportunity for just another sponsor, something precious is undermined: the idea that we are equal as citizens even though we may be unequal as consumers.”⁸⁸

Graph 5: Sponsored Educational Materials



Sponsored Educational Materials is the only category of schoolhouse commercialism that registered a decline (14%) in citations between 1997-98 and 1998-99 (see Graph 5). It is difficult to know how to interpret this finding because, between 1996 and 1997-98, citations increased 161% and the number of citations has trended upward unevenly since 1990. It is possible that the bad publicity associated with science lessons built around spaghetti sauce or fruit snacks, math lessons involving potato chips, or social studies curricula on the history of a candy bar, have caused the producers of these materials to keep a low profile. However, there is still plenty of sponsored material to be found. For example, the Life and Health Insurance Foundation has a high school education program;⁸⁹ Merrill Lynch offers “Money Matters in the Millennium,” a “financial literacy” curriculum, and Young Entrepreneur Kits to teach students how to start their own business;⁹⁰ and the Archery Manufacturers and Merchants Organization offers middle schools a kit called “Archery Alley.”⁹¹ Lifetime Learning Systems

developed the “Quality Comes In Writing” program for the BIC pen company to promote “strong writing skills” in fourth to sixth graders,⁹² and MasterCard International wanted to help students learn money management skills.⁹³

The efforts by credit card companies to teach “money management skills” illustrate the contradiction of having self-interested corporations take on the role of protecting children from their own advertising campaigns. In 1999 the Consumer Federation of America released a study documenting the severe

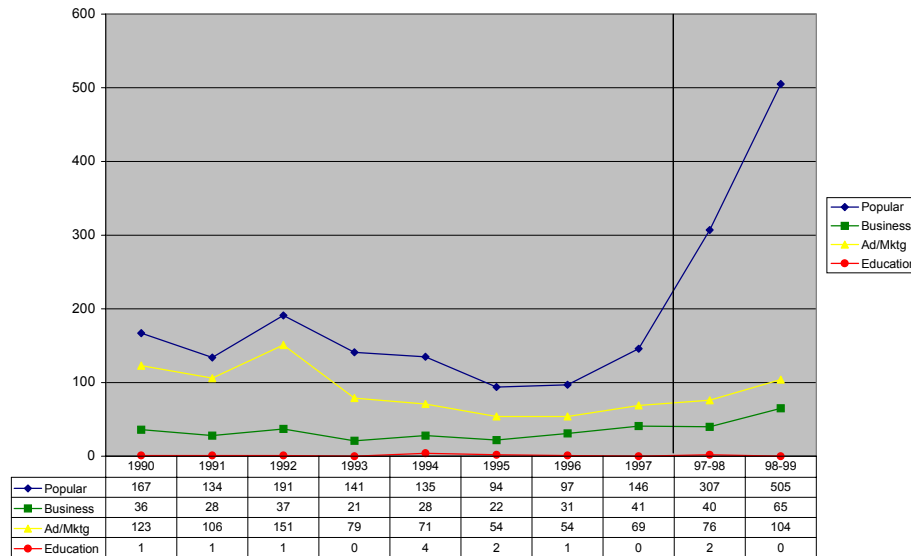
pressure credit card debt is putting on students and criticizing the marketing efforts of credit card companies aimed at college-age youths. Also this year, the American Association of University Women report "Gaining a Foothold" suggested that credit card debt presented an obstacle to pursuing or continuing a college education. It is at least possible that the most effective method of promoting good money management skills among young adults would be for credit card companies to stop the seductive advertising campaigns aimed at college-age youths they currently fund.

Electronic Marketing citations increased 59% between 1997-98 and 1998-99, making it the fastest growing category of schoolhouse commercialism (See Graph 6). This category includes marketers such as Star Broadcasting, which provides music programming with commercials beamed into school hallways and cafeterias.⁹⁴ However, the growth of this category is linked to the drive to install computers in schools and wire them to the Internet, and by the connections being established between Internet marketing and other forms of electronic marketing. Electronic marketing, more than any other category of commercialism, directly links the opportunity for school improvement and reform to the schools' willingness to participate in commercializing activities.

Electronic marketing in schools was pioneered by Channel One, a 12-minute current events program for middle and high school students that contains two minutes of commercials. Launched by Whittle Communications in 1990, the program has been controversial since its inception because of the requirement that participating schools guarantee that about ninety percent of their students will be watching the program — and its commercials — about ninety percent of all school days. This feature provides Channel One with a captive audience that is very attractive to advertisers and generated considerable opposition for its impact on the school day. For example, in some schools, class periods are shortened in order to accommodate the Channel One broadcast.⁹⁵

In 1994, Channel One was purchased by media conglomerate Primedia, which also owns Cover Concepts, *Seventeen* magazine, *Weekly Reader*, *Teen Beat* magazine, Lifetime Learning Systems, and the World Almanac reference series. Since purchasing Channel One, Primedia has added a companion web site to supplement the program.⁹⁶ In April 1999, Channel One, which claims that 12,000 schools serving more than 8 million students participate in the program,⁹⁷ agreed to provide America

Graph 6: Electronic Marketing



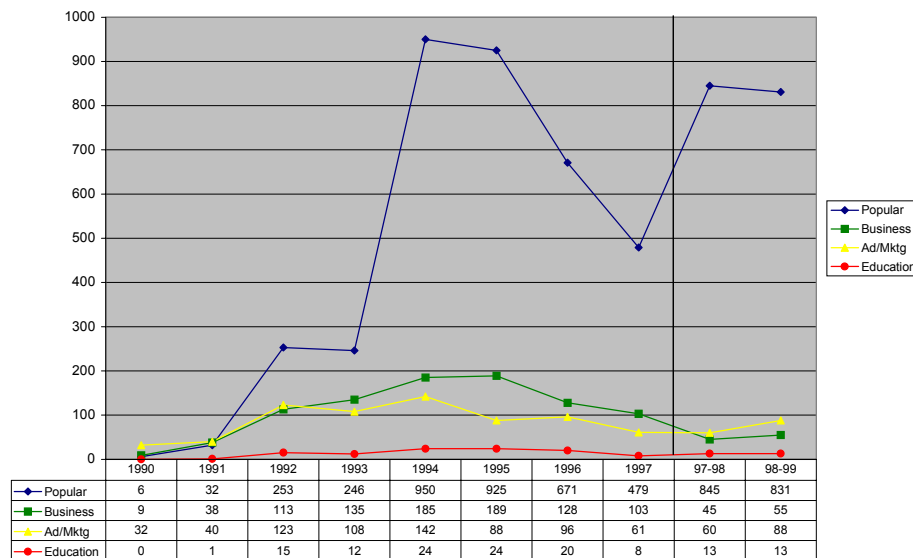
On Line (AOL) members with access to both Channel One's television and web site content through AOL's Teen Channel.⁹⁸

In 1999, a Canadian firm, Athena Educational Partners, announced that Youth News Network (YNN), a 12 ½-minute program similar to Channel One, would be

introduced in Canadian schools.⁹⁹ YNN, which provides schools with TV monitors, a TV production studio, and a computer lab, has aroused the same sort of fierce opposition that greeted the introduction of Channel One. The company dismissed criticism from the Canadian Teachers Federation and the Roman Catholic bishops conference as coming from "special interest groups." However, teachers and clerics were not the only ones voicing opposition to YNN. Students at Meadowvale school in Mississauga, Ontario, one of the schools slated to introduce the program, formed a group called SAY NO (Students Against Youth News Network Organization) that plans walk outs if the program is implemented in the fall. One student accused school officials of "whoring the school."¹⁰⁰ Meanwhile, parents and other community members formed People Against Commercial Television in Schools (PACTS) to oppose adoption of the program.¹⁰¹

The ZapMe! Corporation, launched in 1998, is attempting to profit from the push to connect schools to the Internet. ZapMe! provides participating schools with a computer lab, software, and access to a "Netspace" of selected web sites. In return ZapMe! gets a guarantee that each computer in the lab will be in use at least four hours a day, access to the lab during after-school hours

Graph 7: Privatization



for ZapMe! and its corporate partners, and the right to place ads on its web portal. It also collects money from corporations that want to put their materials on ZapMe!'s Netspace, collects and sells aggregated student data, organizes promotions targeting students, and makes its school computer labs available to corporate partner Sylvan Learning Systems to offer its for-profit classes.¹⁰² Although ZapMe! has generated its share of controversy, an October 19, 1998, *Adweek* story proclaimed, "As Internet access and computer skills become more crucial for students, trading them for ad space doesn't seem as alarming as it did when Chris Whittle introduced his Channel One service in 1989."¹⁰³ Only time will tell if *Adweek* has gotten it right.

Privatization is an unusual category. Unlike firms that direct marketing efforts at schools and classrooms, for-profit education companies attempt to turn the schools themselves in a commercial enterprise. Privatization generated the second highest number of citations (after Sponsorship of Programs and Activities). The number of citations in this category increased 2% between 1997-98 and 1998-99 (see Graph 7). Privatization-related citations peaked in 1994 (probably as the result of the publicity given the financial difficulties of the two leading companies at the time, the Edison Project and Education Alternatives, Inc.) and then declined through 1997. Since 1997, the number of citations related to privatization has increased each year.

With the pre-school and post-secondary markets booming, there is no question that the prospect of converting K-12 public education into a profit-generating market has attracted the attention of Wall Street. Merrill Lynch & Co., for example, predicted that private companies could be running 10 percent of all public schools in 10 years. According to Merrill Lynch, "The education industry represents, in our opinion, the final frontier in private participation in public programs."¹⁰⁴ There is no doubt that

the number of schools run by for-profit firms is increasing. As of 1998-99, it was estimated that 100 public schools were being run by for-profit firms.¹⁰⁵ However, whether these firms are likely to be profitable anytime soon is an open question.

The Edison Project, which claims to manage 51 schools,¹⁰⁶ more schools than any other company, has yet to make a profit, and from company statements it is unclear at what point it will be profitable. In the summer of 1997, Edison's chief operating officer, John C. Reid, told *Marketing Management* that the company's break-even point was "somewhere in the neighborhood of 50 to 100 schools."¹⁰⁷ In May 1998, Chris Whittle, founder and president of the Edison Project, told *Education Week* that the company should reach "static state profitability" in the next year.¹⁰⁸ In October 1998, Richard O'Neill, a vice president of contract development at Edison, told *Education Week*, "Hopefully, we will be at break-even next year at 75 schools, with a small profit after that. We will only get to scale when we have 350 schools."¹⁰⁹ The *Atlanta Constitution* reported in November 1998 that, according to Edison's then-general counsel, Chris Cerf, the firm had not made a dime but expects to break even when it has 75 schools.¹¹⁰ Blanche Fraser, Edison's midwest representative told the Springfield, Ill., *State Journal-Register* in March 1999 that Edison will need 100 schools to be profitable.¹¹¹ A month later John Chubb, Edison's executive vice president for curriculum and assessment, acknowledging that the company was not profitable despite \$162 million in investments, told *The Washington Post* that once the company gets past 100 schools and reduces its central administration and research costs it would be profitable.¹¹² How far beyond 100 schools? According to Kathy Hamel, Edison's vice president of western development, the company needed to have 200 schools to realize the economies of scale necessary to turn a profit.¹¹³ Even if it ever is profitable, the company's goals don't seem designed to ignite investor enthusiasm. According to Blanche Fraser, out of every dollar it earns Edison plans to spend 88 cents on its schools, 5 cents on overhead, 2 cents for corporate taxes, and give 5 cents to its investors.¹¹⁴ Those who familiar with school budgets will recognize that the 5 percent Edison overhead is about what large school districts spend on central administration. However, the fact that school districts do not have to pay investors or taxes would appear to make them more efficient.

One temporary financial advantage that Edison and other for-profit firms have is the exuberant backing of philanthropists and foundations interested in promoting privatization. Donald Fisher, founder of the Gap clothing store chain, pledged \$25

million to help Edison run charter schools in California.¹¹⁵ Edison received \$400,000 from the Boettcher Foundation to help set up a charter school in metropolitan Denver.¹¹⁶ John Walton, of the Wal-Mart Waltons, invested heavily in Education Alternatives, Inc. (now Tesseract Group).¹¹⁷

The charter school movement has also been a boon to for-profit school companies. Because charter schools operate outside of the normal legislative and regulatory structure that governs the operation of public schools, there is considerably more latitude in how charter operators spend the money they receive from the state. This is a big advantage for for-profit firms. Other benefits are likely to be on the way. For example, in 1998 Colorado authorized charter schools to issue tax-exempt bonds.¹¹⁸ For-profits, except for Edison (which also manages public “partnership” schools) and Tesseract and SABIS (which also run private schools), focus on running charter schools. However, 5 out of 36 states prohibit charters being run by for-profit entities.¹¹⁹ Currently for-profit firms operate an estimated 10%¹²⁰ of the nation’s estimated 1,684 charter schools.¹²¹

The firms included in this year’s data base search are: Advantage Schools, Beacon Education Management (formerly Alternative Public Schools), Tesseract Group (formerly Education Alternatives, Inc.), Edison Project, Excel Education Centers, Helicon Associates, the Leona Group, Mosaica Education, National Heritage Academies, SABIS, and Charter Schools USA.

Except for the Edison Project, none of the companies covered in this report managed more than eight schools during the period studied.

Conclusion

Commercial activities now shape the structure of the school day, influence the content of the school curriculum, and may determine whether children will have access to a variety of technologies. The evidence presented in this report suggests that commercializing activities in schools increased 11 percent between 1997-98 and 1998-99. (See Graph 8, at end of report.) This increase continues a decade long trend. For the period 1990-1998-99 the number of citations relating to commercial activities in schools increased 303 percent.

The number of commercialism citations has occasionally decreased from one year to the next (e.g. 1994 – 1995). However, these decreases have occurred within an overall upward trend. Also, although all categories of commercial activity have shown large increases since 1990 there is still considerable difference in the number of citations between categories. (See Tables 1, in the introductory section, and 2).

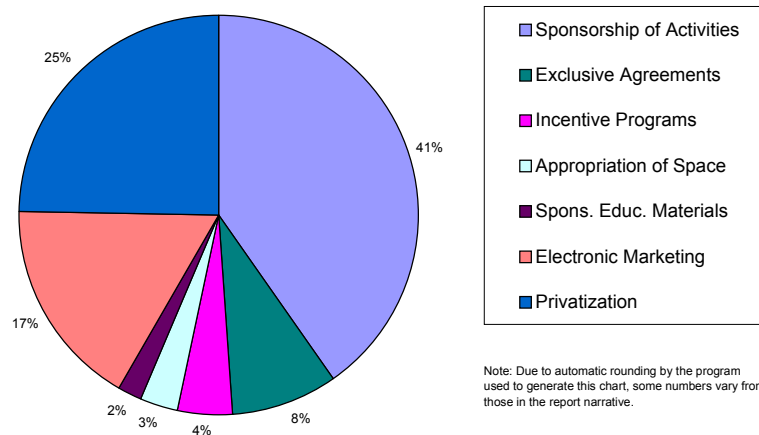
Type of Commercializing Activity	1990 to 1994		1995 to 1998-99		Percent Increase Between Periods
	Number of Citations	Rank	Number of Citations	Rank	
Sponsorship of Programs and Activities	3059	1	6915	1	126%
Exclusive Agreements	175	6	853	4	387%
Incentive Programs	314	4	601	5	91%
Appropriation of Space	188	5	575	6	206%
Sponsored Educational Materials	97	7	273	7	181%
Electronic Marketing	1455	3	1710	3	18%
Privatization	2464	2	4742	2	92%

Figure 2 (at end of report) provides a snapshot of the relative size of the seven commercializing categories for 1998-99. However, this picture may, in some respects, be misleading. Sponsored Educational Materials, the smallest category (2% of total citations) showed a decline in the number of citations between 1997-98 and 1998-99. It is hard to interpret both the relatively small numbers of citations in this category and the one-year decline in citations. It is possible that the amount of bad publicity generated by some of the more blatant efforts to put a curriculum veneer on advertising and marketing content have caused producers of such materials shy away from press notice. If this were the case, the relatively small number of citations and the one-year decline in the number of citations would not accurately reflect the pervasiveness and impact of sponsored materials.

Sponsorship of Programs and Activities remains the largest category of commercializing activity; however, Privatization, Electronic Marketing, Exclusive Agreements, and Incentive Programs may represent the cutting edge of commercial penetration of the schools. The number of citations in the Privatization and Electronic Marketing categories have been skewed by the controversies surrounding for-profit management firms and the Channel One program in the early and mid-nineties. It is likely that over the next five years it will be possible to gain a much clearer picture of how significant these forms of commercial activity are likely to be overall. The Exclusive Agreements category currently consists virtually entirely of citations associated with exclusive agreements between school districts and soft drink bottlers. It is impossible to know if this category is likely to continue its rapid growth. Many articles on the topic suggest that there may be a growing backlash against these sorts of agreements.

Incentive programs such as the Pizza Hut BookIt! reading incentive program have continued to grow in number and

Figure 2: Percentage of Total Citations (3994), by Commercializing Activity, 1998-99



sophistication and they seem to be widely accepted. Moreover, there are indications that these programs are now clearly viewed by corporations such as Campbell's Soup as an effective means of promoting product sales.

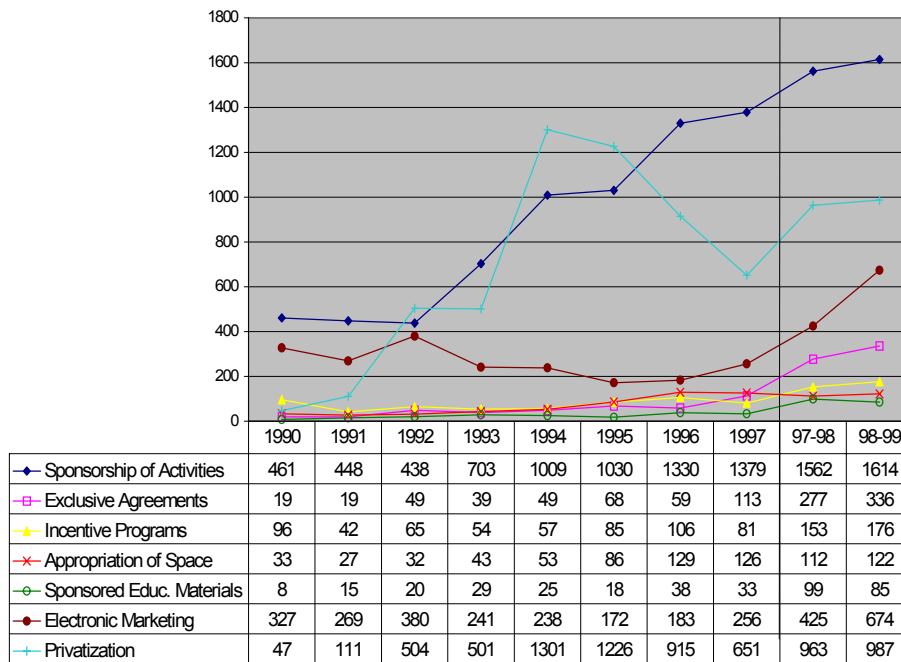
A review of Graphs 1-7 indicates that, as expected, the largest numbers of citations are drawn from the popular press. The education press continues to largely ignore the topic of schoolhouse commercialism. Only in the category of Appropriation of Space did the education press have more citations than the marketing and the business presses. The business and marketing presses seem to cover schoolhouse commercialism with about equal interest. The marketing press reports more citations in the areas of Sponsored Programs and Activities, Incentive Programs, Appropriation of Space, Electronic Marketing, and Privatization. The business press showed more interest in Exclusive Agreements. The business and marketing presses reported the same number of citations for Sponsored Educational Materials.

It appears from a number of citations that there is an emerging trend for marketers to attempt to bundle together advertising and marketing programs in schools across a variety of media and thus gain a dominant position in the schoolhouse market. A leader in this trend is Primedia, which owns Cover Concepts, *Seventeen* magazine, and Channel One, among other media properties that have an advertising impact on schools and classrooms. Seventeen and Cover Concepts have, for example, launched a coordinated product sampling campaign aimed at adolescent girls.¹²² And Channel One has signed on as content provider for America On Line's teen web site.¹²³

The effort to more fully integrate the schoolhouse into corporate marketing plans by securing control over as many school-based advertising media as possible may well be the trend

to watch over the next decade. If so, we can expect schools to serve as launch pads for marketing campaigns that resemble high profile movie releases complete with multiple tie-ins for a variety of products and services aimed at children and

Graph 8: Overall Trend, By Commercializing Activity, All Presses, 1990 to 1998-99



their families.

APPENDIX

Cashing In on Kids

Sources, Search Strategies, Search Terms, and Data Tables

SOURCES

Popular Press Citations: To compile this data, the Lexis-Nexis “News” Library “All News” File was used. According to the Lexis-Nexis Directory of Online Services, the “News” Library contains a wide selection of “newspapers, magazines, journals, newsletters, wire services and broadcast transcripts.”

Business Press Citations: To obtain the business press citations, the Lexis-Nexis “Business and Finance” Library “All News” File was used. The Business and Finance Library contains a wide variety of sources that provide business and finance news including business journals and investments and merger acquisition news sources. (Lexis-Nexis Directory of Online Services)

Advertising/Marketing Press Citations: The Lexis-Nexis “Market” Library “All News” File was used to compile this data. This library includes “an extensive variety of publications covering advertising, marketing, market research, public relations, sales and selling, promotions, consumer attitudes and behaviors, demographics, product announcements and reviews.” (Lexis-Nexis Directory of Online Services).

Education Press Citations: To compile this data, the H.W. Wilson Education Index was used. Education Index, according to the vendor description on the company’s web site, “indexes 349 English-language periodicals, yearbooks, and selected monographic series. It covers all levels of education. Feature articles are indexed, as are important editorials and letters to the editor, interviews, reviews of educational films, software reviews, critiques of theses, charts and graphs without text, and book reviews.” (www.hwwilson.com/educat.html)

SEARCH STRATEGIES

In the development of the search terms used in this report, a number of different words and phrases were tested for their value in identifying relevant citations. The terms used to retrieve the citations described in this report are groups of words broad enough to include the various permutations of an idea (such as in Graph 2, “exclusive sale*” or “exclusive deal*” or “exclusive agreement*,” etc.) but narrow enough not to pull up irrelevant citations.

An example of the evolution of one set of search terms, those for Sponsored Educational Materials (Graph 5), will illustrate the process. At first, the following set was used:
sponsored lesson or sponsored material* or sponsored curricul*
or sponsored teaching aid

After reviewing the initial citations, the list was expanded to include a few other common variations of the terms, such as adding an asterisk to “sponsored lesson*” (the asterisk indicating that any variation on the word ending should be counted, i.e., “lesson” or “lessons”) and adding the phrase “sponsored education* material*.” It was also noted that Education Index has a subject heading for “sponsored teaching aids,” but not “sponsored teaching aid,” so an asterisk was added to that phrase, to get “aid” and “aids,” thereby increasing the number of relevant citations found.

The names of some of the major producers of sponsored educational materials, such as Scholastic and Lifetime Learning Systems, were searched on. However, depending on how the search was phrased, their inclusion either led to a greater number of irrelevant citations (such as mentions of Scholastic’s other products), or to a restriction of citations to only those that featured mentions of both sponsored educational materials *and* one of the companies’ names. For this reason it was decided not to include the company names in the searches.

Because the arena of schoolhouse commercialism is rapidly expanding, many additions to the search terms used in the first CACE trends report (published in 1998) were considered for the present report. Those additions that were considered include recently founded companies involved in one of the seven areas of schoolhouse commercialism, updated names for existing companies, new marketing programs aimed at schools, and additional categories of activity. Where the search terms for an area of activity have changed, the nature of and reasons for each change are noted below.

SEARCH TERMS

In the first annual report on schoolhouse commercializing trends, the calendar year (1 January through 31 December) was used. In an attempt to better reflect the school year, the annual report will now follow a 1 July through 30 June year to allow for the data in the report to be as current as possible at the start of the school year. During this transitional year from one method to the other, CACE searched on a two-year period (1 July 1997 through 30 June 1999). The two-year period was further broken down into two 12-month periods (1 July 1997-30 June 1998 and 1 July 1998-30 June 1999, “a” and “b” periods respectively), creating two comparable time periods.

All the relevant citations found during this two-year period have been presented in the graphs and data tables, including those from the duplicated six-month period of 1 July 1997 through 31 December 1997. It was decided that the redundancy this group of citations represents was necessary to provide the reader with a set of comparable time periods between the two most recent years. In addition, in most presentations of data in this report the redundancy is not significant because the comparisons drawn are between the years 1990 and 1998-99. Table 2 (“Total Citations in the Five-Year Periods 1990 to 1994 and 1995 to 1998-99, and Rank, by Type of Commercializing Activity”) is the only presentation affected by the possible duplication of citations. Even after removing half of the total citations for 1997-98 and then recalculating both the percentage change and rank, the results are similar. All rankings remain unchanged, and the percentage increases between the two five-year periods remain similar.

Search 1: Sponsored Activities

This search exactly copied the terms of the previous trends report's Search 1, with the exception of the date restrictions.

Search 1a: ((corporate sponsor*) or (school business relationship) or (sponsor* school activit* or sponsor* school program* or sponsor* school event*) or (School Properties Inc) and (primary or elementary or grammar or intermediate or junior or middle or secondary or high w/1 school*)) and date(AFT 6/30/97 and BEF 7/1/98)

and

Search 1b: ((corporate sponsor*) or (school business relationship) or (sponsor* school activit* or sponsor* school program* or sponsor* school event*) or (School Properties Inc) and (primary or elementary or grammar or intermediate or junior or middle or secondary or high w/1 school*)) and date(AFT 6/30/98 and BEF 7/1/99)

Search 2: Exclusive Agreements

This search exactly copied the terms of the previous trends report's Search 2, with the exception of the date restrictions.

Search 2a: (DD Marketing or exclusive sale* or exclusive contract* or exclusive deal* or exclusive agreement* or exclusive partner* or exclusive pour* right) and (primary or elementary or grammar or middle or secondary or intermediate or junior or high w/1 school*) and date(AFT 6/30/97 and BEF 7/1/98)

and

Search 2b: (DD Marketing or exclusive sale* or exclusive contract* or exclusive deal* or exclusive agreement* or exclusive partner* or exclusive pour* right) and (primary or elementary or grammar or middle or secondary or intermediate or junior or high w/1 school*) and date(AFT 6/30/98 and BEF 7/1/99)

Search 3: Incentive Programs

This search added to the previous year's terms General Mills' new incentive program called Box Tops for Education. The program began in the 1996-1997 school year.

Search 3a: ((Apples for the Students) or (Pizza Hut and Book It!) or (Campbell's Labels for Education) or (Box Tops for Education) or (grocery or supermarket or food store or cash register receipt and redeem*) and (primary or elementary or grammar or junior or secondary or intermediate or high w/1 school)) and date(AFT 6/30/97 and BEF 7/1/98)

and

Search 3b: ((Apples for the Students) or (Pizza Hut and Book It!) or (Campbell's Labels for Education) or (Box Tops for Education) or (grocery or supermarket or food store or cash register receipt and redeem*) and (primary or elementary or grammar or junior or secondary or intermediate or high w/1 school)) and date(AFT 6/30/98 and BEF 7/1/99)

Search 4: Appropriation of Space

This search exactly copied the terms of the previous trends report's Search 4, with the exception of the date restrictions.

Search 4a: CAPS(Cover Concepts or School Marketing Partners) or (advertis* and (primary or elementary or grammar or junior or secondary or intermediate w/1 school*)) and date(AFT 6/30/97 and BEF 7/1/98)

and

Search 4b: CAPS(Cover Concepts or School Marketing Partners) or (advertis* and (primary or elementary or grammar or junior or secondary or intermediate w/1 school*)) and date(AFT 6/30/98 and BEF 7/1/99)

Search 5: Sponsored Educational Materials

This search exactly copied the terms of the previous trends report's Search 5, with the exception of the date restrictions.

Search 5a: sponsor* education* material* or sponsor* teaching aid or corporate sponsor* material* or sponsor* curricul* or education kit* and (school* or classroom*) and date(AFT 6/30/97 and BEF 7/1/98)

and

Search 5b: sponsor* education* material* or sponsor* teaching aid or corporate sponsor* material* or sponsor* curricul* or education kit* and (school* or classroom*) and date(AFT 6/30/98 and BEF 7/1/99)

Search 6: Electronic Marketing

This search included two significant newcomers to the electronic marketing category, namely ZapMe! Corporation and Youth News Network, a Canadian Channel One-like program also known as YNN. ZapMe!'s pilot program in selected schools began in April 1997. Youth News Network tested its programming in schools in the 1998-99 school year, after several years of unsuccessful attempts to enter the market.

Search 6a: CAPS(Channel One) or (Star Broadcasting) or (Family Education Network) or (ZapMe) or (YNN) or (Youth News Network) and (primary or grammar or elementary or intermediate or junior or secondary or high w/1 school*) and date(AFT 6/30/97 and BEF 7/1/98)

and

Search 6b: CAPS(Channel One) or (Star Broadcasting) or (Family Education Network) or (ZapMe) or (Youth News Network) or (YNN) and (primary or grammar or elementary or intermediate or junior or secondary or high w/1 school*) and date(AFT 6/30/98 and BEF 7/1/99)

Search 7: Privatization

This search expanded on the previous report's Search 7 to include the names of for-profit education management companies managing 5 or more public schools in the United States. Most of these companies did not exist before 1997. The list was drawn from CACE's year-round monitoring of news stories on education management companies and is complete to the best of the CACE staff's knowledge in June 1999. One company, Mosaica Education, was included in the search because although it was

operating only two schools in June 1999, it had received approval for five more to be opened in fall 1999 and was actively, and visibly, marketing its services in four states and soliciting venture capital.

In addition, two of the four companies whose names were used as search terms in the earlier report had changed their names during the eight-year period studied, so both names for each company were searched on. Alternative Public Schools changed its name to Beacon Education Management in September 1997. Education Alternatives, Inc. changed its name on 1 January 1998 to Tesseract. In 1998-99, however, the transition to the new names was complete, so in the “b” searches only the new names were included.

It also became necessary to add some exclusions to the terms because of several high-profile news stories that produced long lists of irrelevant citations. The terms were narrowed in the following ways: “Edison Project” brought in stories about Commonwealth Edison’s projects (thus, “and not energy”) and a highly publicized murder of an Edison Project employee (thus, “and not Costello,” the employee’s last name being Costello); “Tesseract” brought in stories about a human resources software company called Tesseract Corp. (thus, “and not software and not human resources”) and a widely promoted book-turned-into-movie called Tesseract by Alex Garland (thus, “and not Garland”).

Search 7a: CAPS(Alternative Public Schools Inc or Beacon Education Management or (Tesseract and not Garland and not software and not human resources) or Education Alternatives Inc or (Edison Project and not energy and not Costello) or Advantage Schools or Excel Education Centers or Helicon Associates or Leona Group or Mosaica Education or National Heritage Academies or SABIS or Charter Schools USA) and date (AFT 6/30/97 and BEF 7/1/98)

and

Search 7b: CAPS(Beacon Education Management or (Tesseract and not Garland and not software and not human resources) or (Edison Project and not energy) or Advantage Schools or Excel Education Centers or Helicon Associates or Leona Group or Mosaica Education or National Heritage Academies or SABIS or Charter Schools USA) and date (AFT 6/30/98 and BEF 7/1/99)

To search the H.W. Wilson Education Index, the following terms were used. The terms vary somewhat from those used in the other three presses because Education Index searches on a set standard Library of Congress of subject headings. In addition, due to the fact that the database is already limited to articles on the topic of education, the use of limiters such as “educational” or “school” is often not necessary.

Furthermore, the Education Index only permits searches with calendar-year date restrictions. To determine which articles were published in each school year, the citations were sorted manually into the 1 July 1997 – 30 June 1998 (“a”) and 1 July 1998 – 30 June 1999 (“b”) time periods.

Search 1: Sponsored Activities

((((School Properties Inc) or (corporate sponsored)) not (college* or universit*)) or (corporate sponsorship)) and (py=199x)

Search 2: Exclusive Agreements

((sneaker* or Reebok or Nike or Adidas or athletic wear or athletic apparel or sports wear or sports apparel) and school*) not (college* or universit*)) and (py=199x)

and

(Coca Cola Company) or (PepsiCo Inc) or (business and sports) or (beverage industry) and not (college* or universit*) and (py=199x)

Search 3: Incentive Programs

((Apples for the Students) or (Pizza Hut and Book It!) or (Campbell’s Labels for Education) or (Box Tops for Education) or (grocery or supermarket or food store or cash register receipt and redeem*) and (primary or elementary or grammar or junior or secondary or intermediate or high w/1 school)) and (py=199x)

Search 4: Appropriation of Space

((((Cover Concepts) or (School Marketing Partners) or advertis* and school*) and not (Channel One)) and (py=199x)

and

propaganda and school* and (py=199x)

Search 5: Sponsored Educational Materials

((sponsored education* material* or sponsored teaching aid*) or (sponsored lesson* or sponsored curricul*)) and (py=199x)

Search 6: Electronic Marketing

((Channel One or YNN or Youth News Network or Family Education Network or ZapMe or Star Broadcasting)) and ((primary or elementary or grammar or intermediate or secondary or junior or high) and school*) and (py=199x)

Search 7: Privatization

((Alternative Public Schools Inc) or (Beacon Education Management) or Tesseract or (Education Alternatives Inc) or (Edison Project)) or ((Advantage Schools) or (Excel Education Centers) or (Helicon Associates) or (Leona Group) or (Mosaica Education) or (National Heritage Academies) or SABIS or (Charter Schools USA))) and (py=199x)

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- ¹ Cara DeGette, "To Ensure Revenue, Coke Is It; Schools Urged to Boost Sales," *Denver Post*, 22 November 1998, B-01.
- ² John Bushey, "District 11's Coke Problem," *Harper's*, February 1999.
- ³ Marc Kaufman, "Pop Culture: Health Advocates Sound Alarm as Schools Strike Deals with Coke and Pepsi," *Washington Post*, 23 March 1999, Z12.
- ⁴ Constance L. Hays, "Today's Lesson: Soda Rights; Consultant Helps Schools Sell Themselves to Vendors," *New York Times*, 21 May 1999, C1.
- ⁵ Richard Salit and Celeste Tarricone, "Soda Wars: Coke, Pepsi Pay Big for Sole Rights to Sell Soft Drinks in Schools," *Providence (R.I.) Journal-Bulletin*, 14 March 1999, 1A.
- ⁶ Roger Stuart and Diana Block, "Advertising in Education," *Pittsburgh Post-Gazette*, 14 April 1999, E1.
- ⁷ Center for Science in the Public Interest, "Get the Message? Growing Up in a Commercial Culture," in *Living in a Material World: Lessons on Commercialism, Consumption, and Environment*.
- ⁸ Dina Bunn, "Teen Spenders Wield Great Power," *Rocky Mountain News*, 15 November 1998, 4G.
- ⁹ Erika Rasmusson, "Courting the Classroom: Advertising in Schools," *Sales & Marketing Management*, September 1997, 20.
- ¹⁰ Renee Wijnen, "Cataloger, Co-op Program Vie for Slice of Teen Market," *DM News*, 14 September 1998.
- ¹¹ Kent Steinriede, "Sponsorship Scorecard 1999," *Beverage Industry*, January 1999, 8.
- ¹² Leslie Baldacci, "Study Reveals Surprises About Teen Eating Habits," *Sun-Times*, 7 October 1998, 1.
- ¹³ Dan Carden, "Schools Find Soft Drink Cash Refreshing," *The (Bloomington, Ill.) Pantagraph*, 19 July 1998, A3.
- ¹⁴ Erika Rasmusson, "Courting the Classroom: Advertising in Schools," *Sales & Marketing Management*, September 1997, 20.
- ¹⁵ Pete Lewis, "Corporate Sponsors Help with Financing; Funding for Denver, Colorado Public Schools," *Denver Business Journal*, 20 November 1998, 6B.
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