

Encouraging Education Entrepreneurship

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STATE POLICY IDEAS FOR SUPPORTING THE CREATION OF INNOVATIVE K-12 LEARNING MODELS AND SCHOOLING ALTERNATIVES

A STATE POLICY NETWORK RESOURCE

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EXECUTIVE SUMMARY

American education has changed dramatically over the past two years. Parents have been re-empowered to take control of their children's education and demand learning options beyond an assigned district school, while education entrepreneurs have responded to this parental demand by building new K-12 education models and schooling alternatives. This demand and entrepreneurship preceded the COVID-19 pandemic, but both have surged since 2020.

In early 2022, State Policy Network sponsored a series of focus groups and related discussions with more than two dozen K-12 education entrepreneurs across the United States to learn about their startup and expansion challenges and explore opportunities for practical policy reforms that could make it easier for education entrepreneurs to have the impact they desired. From these discussions emerged seven policy ideas that states can pursue to improve the opportunities for both education entrepreneurs and families hungry for more schooling options.

Entrepreneurs confront challenges in all sectors, but it became clear from these focus groups and interviews that education entrepreneurs often encounter more obstacles than others. The strict K-12 regulatory environment in most states can create significant barriers to entry and growth. Committed to generating education solutions, these education entrepreneurs are pushing ahead despite these hurdles. They are launching microschoools, turning "pandemic pods" into vibrant learning centers, introducing co-learning spaces, redefining homeschooling, leveraging charter school networks, and creating high-quality virtual and hybrid schools. They are doing all of this without much, if any, state-level policy support for education entrepreneurship and, in some cases, despite deliberate efforts to thwart such enterprises.

School choice policies may help to catalyze education entrepreneurship, but they are not the only policy solutions. There is now a significant opportunity to enact state-level policies that support education entrepreneurship and encourage the emergence of more innovative K-12 learning models.

Policymakers who are eager to expand education options for families and promote education innovation have typically focused on enacting state-level school choice policies that enable K–12 education tax dollars to be directed to students to use toward various education options. Since 2020, support for such policies has grown substantially, with polling figures suggesting that nearly three-quarters of American taxpayers are now in favor of school choice.¹ 2021 was declared to be the “year of school choice,” as states introduced or expanded school choice policies. These policies are inextricably linked to education entrepreneurship, triggering the creation of new private schools, charter schools, virtual schools, microschools, learning pods, and similar learning models.

According to Denisha Merriweather, founder of the Black Minds Matter website that provides the first and only national directory of black-owned schools: “Most of their schools are operable because of school choice programs. They wouldn’t be in existence if there hadn’t been a charter school law passed, a private school scholarship program passed.”²

Merriweather has seen significant growth in the creation and expansion of private education options in states with robust school choice policies. There is also empirical evidence confirming that the introduction of school choice policies leads to the creation of more private schools.³

There is little doubt that school choice policies are a crucial lever for supporting education entrepreneurship and should continue to be championed, but there are other ways to jumpstart the growth of more education options for more families. This guide offers seven additional state policy recommendations, based on insights from SPN’s 2022 focus group series with education entrepreneurs, to make it easier for these entrepreneurs to create new K–12 learning models and schooling alternatives and to spur education innovation:

1. Reduce early childhood care licensing requirements for emerging learning models
2. Expand exemptions to child care licensing regulations
3. Create “innovation tracks” for alternative licensing
4. Ease zoning restrictions
5. Expand homeschooling freedoms
6. Make it easier to start a private school
7. Loosen compulsory school attendance laws

1 “New Poll: Overwhelming Support for School Choice,” American Federation for Children, February 28, 2022, <https://www.federationforchildren.org/new-poll-72-support-for-school-choice/>.

2 Kerry McDonald, “How Black Education Entrepreneurs—and School Choice—Are Helping Kids,” Foundation for Economic Education, May 20, 2022, <https://fee.org/articles/how-black-education-entrepreneurs-and-school-choice-are-helping-kids/>.

3 Crystal Zhan, “School Choice Programs and Location Choices of Private Schools,” *Economic Inquiry* Vol. 56, No. 3, July 2018, <https://onlinelibrary.wiley.com/doi/10.1111/ecin.12560>.

These policy recommendations could be particularly worthwhile to pursue in states where there may be broad resistance to the introduction or expansion of various school choice policies, including implementing Education Savings Accounts, tax-credit scholarship programs, or voucher programs; introducing charter school legislation; or lifting charter school caps. Encouraging entrepreneurship, facilitating the growth of small businesses, and prompting innovation can have broad appeal, even if there is opposition to school choice policies.

Triggering supply-side growth of private education enterprises through policies designed to support K-12 education entrepreneurship is a key focus of this guide. These seven policy recommendations are discussed at length, but first let's take a closer look at some of the creative learning models education entrepreneurs have built and consider how these models fit into the larger resurgence of American entrepreneurship since 2020.

Chris Turner couldn't find an educational setting for his five-year-old son that met his expectations. The Georgia dad applied to a nearby charter school, but his son didn't get a spot in the kindergarten lottery and the waitlist was long. Nearby private schools were also not appealing. Homeschooling had always interested him, but he wanted something more consistent and collaborative.

› **The Recent Rise of Education Entrepreneurship: What's Driving Americans to Create More Alternatives?**

A technology entrepreneur who sold his startup in 2017, Turner decided to build what he couldn't find. He designed Moonrise, a membership-based, drop-off co-learning space for children ages five to 15 that is open all day, seven days a week, all year long. Located in Decatur, Georgia, Moonrise encourages self-directed exploration and discovery, with makerspace resources, ample learning tools, technology, arts and crafts supplies, and helpful adult facilitators. Similar to a gym membership model, families pay a monthly fee of \$250, allowing access to Moonrise any time as space allows. The logistics are simplified with the help of a mobile application-enabled software platform that monitors capacity.

Turner was set to launch Moonrise in 2020, but the COVID-19 pandemic delayed those plans until the fall of 2021. His current facility can accommodate up to 60 children, whom Moonrise refers to as "Risers," but hundreds more can sign up given the flexible membership model. Children can come to Moonrise any time between 9:00 a.m. and 9:00 p.m. Some children use the learning space for after-school or weekend enrichment, but Turner sees Moonrise as having the potential to be a full-time schooling alternative for many families.

"Homeschooling looks awesome, and I can see the appeal of it," Turner told this guide's author in an interview for Forbes last year, "but parents still need a place to send their kids during the day."⁴ He sees Moonrise as blending the flexibility and personalization of homeschooling within a creative, collaborative community space that is accessible to more families.

4 Kerry McDonald, "Back-to-School Alternatives Are Sprouting as Families Opt Out of District Schools," Forbes.com, September 8, 2021, <https://www.forbes.com/sites/kerrymcdonald/2021/09/08/back-to-school-alternatives-are-sprouting-as-families-opt-out-of-district-schools/?sh=3ff5235b1d12>.



Chris Turner couldn't find an educational setting for his five-year-old son that met his expectations. The nearby charter school was impossible to get into, private schools weren't a good match, and homeschooling wasn't as collaborative or consistent as his family needed. Chris's solution? Build the education alternative he couldn't find.

Turner is planning to expand Moonrise to other cities and states, but he is avoiding those with strict regulations and barriers to entry for education entrepreneurship. For example, he's confident that Moonrise would be immediately oversubscribed in certain large, urban areas, but he's choosing not to launch there because of regulatory burdens that could restrict how his co-learning centers operate. He is eyeing states with lower regulations and greater support for education entrepreneurship, leaving families in high-regulation states without access to a desirable new learning model. The opportunity cost of regulation is high.

Turner was one of more than two dozen K-12 education entrepreneurs who participated in a series of focus groups and related discussions that SPN sponsored in the spring of 2022 to gain a better understanding of these startups and their expansion challenges, and identify possible policy opportunities. These entrepreneurs were in various stages of launching or growing new learning models, from idea-stage development to national scalability. They included both for-profit and nonprofit enterprises and were over-represented by emerging learning models and schooling alternatives, such as microschools, learning pods, hybrid schools, homeschool-based learning organizations, online platforms, and co-learning spaces.

› **The Rebound of American Entrepreneurship**

These learning models are sprouting across the country, as parents and educators develop new, decentralized education options to replace old, one-size-fits-all ones. Some were spreading before the education disruptions of 2020, fueled by technology, school choice policies, and an overall desire among many parents for expanded learning options; but the past two years accelerated this process. Prompted by prolonged school closures and the switch to remote learning, many parents saw firsthand what their children were, or were not, learning in their local schools. Faced with school reopening uncertainties,

parents became motivated to explore other education options for their children, including considering homeschooling, launching “pandemic pods,” switching to charter schools, or selecting private schools that were more likely to reopen for full-time, in-person learning.

Data show that public school enrollment dropped dramatically in the 2020–2021 school year, with particularly steep declines in areas with lengthy school closures and strict COVID-19 policies. That decline continued in the 2021–2022 academic year for much of the country, despite several schools reopening for full-time, in-person learning.⁵ The number of homeschooled children doubled in the 2020–2021 academic year, leading to a record high rate of more than 11 percent of all US school children being homeschooled, according to the US Census Bureau. Black homeschoolers had a five-fold increase in homeschooling rates that year and were over-represented in the homeschooling population compared to their representation in the overall K–12 public school population.⁶ The homeschooling rate dipped only slightly in the 2021–2022 academic year, remaining far above pre-pandemic levels, according to an Associated Press analysis of data provided by 18 US states.⁷

In addition to prompting a rise in the number of homeschooled students, the past two years of education disruption led to more families choosing private schools and Catholic schools.⁸ Charter schools also saw significant enrollment gains.⁹

Education entrepreneurs spotted the growing parent demand for new and different education models. Some of these enterprising parents and educators turned their pandemic pods into full-fledged microschoools, or small, multi-age learning communities that typically involve a hired teacher(s) or facilitator(s) and can occur in private homes or local commercial spaces. Others saw demand for their virtual learning platforms or existing microschoool networks increase. Still others, like Turner, created entirely new categories of education innovation.

These new education entrepreneurs are part of the recent resurgence in American entrepreneurship after years of decline. According to the US Census Bureau, new business owners applied for more than five million Employer Identification Numbers (EINs) in 2021, the most in more than a decade of record-keeping. New business starts were up 24 percent in 2020 over the previous year, and up 23 percent in 2021 compared to 2020.¹⁰

5 Lauren Camera, “Enrollment Declines Haunt School Districts that Stayed Remote Longer, Enforced Masking,” US News & World Report, April 27, 2022, <https://www.usnews.com/news/education-news/articles/2022-04-27/enrollment-declines-haunt-school-districts-that-stayed-remote-longer-enforced-masking>.

6 Casey Eggleston and Jason Fields, “Census Bureau’s Household Pulse Survey Shows Significant Increase in Homeschooling Rates in Fall 2020,” United States Census Bureau, March 22, 2021, <https://www.census.gov/library/stories/2021/03/homeschooling-on-the-rise-during-covid-19-pandemic.html>.

7 Carolyn Thompson, “Homeschooling Surge Continues Despite Schools Reopening,” Associated Press, April 14, 2022, <https://apnews.com/article/covid-business-health-buffalo-education-d37f4f1d12e57b72e5ddf67d4f897d9a>.

8 Neal McCluskey, “Survey: Private Schools Appear to See Rising Enrollment, This Year and Last,” Cato At Liberty blog, October 28, 2001, <https://www.cato.org/blog/survey-private-schools-appear-see-rising-enrollment-year-last>.

9 Linda Jacobson, “As the Pandemic Set In, Charter Schools Saw Their Highest Enrollment Growth Since 2015, 42-State Analysis Shows,” The 74, September 22, 2021, <https://www.the74million.org/as-the-pandemic-set-in-charter-schools-saw-their-highest-enrollment-growth-since-2015-42-state-analysis-shows/>.

10 “America’s Entrepreneurial Boom Continued Apace in 2021,” *The Economist*, January 13, 2022, <https://www.economist.com/graphic-detail/2022/01/13/americas-entrepreneurial-boom-continued-apace-in-2021>.

Recent data from the Kauffman Foundation confirm the rise in entrepreneurship over the past two years, pointing out that entrepreneurship has been particularly robust among certain demographic groups. For instance, Latinos launched more new businesses in 2021 than any other racial or ethnic group, and immigrants were more entrepreneurial last year than native-born Americans.¹¹

Education entrepreneurs such as Lorianne Bolotin were among these new business owners in 2021. Bolotin, an immigrant physician who was born and raised in the Dominican Republic, pulled her child out of public school in New Jersey during the pandemic response. She had always been curious about homeschooling but didn't take the leap until she became frustrated by school closures and ongoing COVID-19 protocols. She created an informal learning pod with other like-minded families during the 2020–2021 academic year. Some of those families returned to public school the following year, but Bolotin found she liked homeschooling and gravitated toward a different education model. She decided to turn her learning pod into an established microschool and launched Independence Day Academy in leased commercial space in fall 2021. Families flocked to the multi-age, family-centered, Waldorf-inspired program that operates as a private membership association (PMA) for registered homeschooling families who can drop off their children up to five days a week.

Motivated by the idea of granting parents more control over their children's learning, Bolotin and her husband, Jack, decided to create a network of microschools and learning centers similar to Independence Day Academy under an umbrella organization, Metsada, that would provide structural and administrative support. Jenny Markus, a former charter school teacher and current self-directed education advocate, learned about Bolotin's work and decided to launch her small learning center, Coney Island Clubhouse, in Brooklyn, New York, as part of the Metsada network. Markus had found that New York's homeschooling regulations discouraged collaborative learning and the creation of self-directed learning centers. Teaming up with Metsada provided her with the opportunity to create the kind of child-centered educational community she desired.

Despite regulatory hurdles and startup challenges, education entrepreneurs such as Turner, Bolotin, and Markus are pushing ahead to introduce and expand new K–12 learning models to replace outdated ones. But it shouldn't be so hard for them to do so. State-level policy reforms geared at reducing regulations and encouraging small business startups could propel the newfound national momentum for entrepreneurship to even greater heights, opening up more learning possibilities.

The flurry of education entrepreneurship over the past two years has also revealed many of the distinct challenges facing entrepreneurs who are eager to activate these new learning models and make them available in new markets. Many of these challenges were expressed during SPN's education entrepreneurship focus groups. From these discussions, several themes emerged that could direct state think tanks and policymakers toward solutions that promote and support education entrepreneurship and innovation, thereby expanding K–12 learning options for more families regardless of a state's school choice policies. These themes can be categorized into seven general policy recommendations.

11 Robert Fairlie, "National Report on Early-Stage Entrepreneurship in the United States: 2021," Ewing Marion Kauffman Foundation, March 2022, <https://indicators.kauffman.org/wp-content/uploads/sites/2/2022/03/2021-Early-State-Entrepreneurship-National-Report.pdf>.

➤ **Recommendation #1: Reduce Early Childhood Care Licensing Requirements for Emerging Learning Models**

“We won’t even think about going to Colorado,” one entrepreneur indicated during a focus group conversation. According to this individual, the regulatory environment for emerging learning models in that state is so restrictive that it is off-limits to this entrepreneur’s fast-growing network of schooling alternatives, despite interest among Colorado families in new educational options. Other states were ruled out for similar reasons. Strict state-level K–12 education regulation has a stifling effect on entrepreneurship and innovation, often preventing new learning models from being created, as well as leading education entrepreneurs to avoid expanding into those states.

This entrepreneur’s aversion to Colorado is particularly noteworthy given that the Cato Institute’s Entrepreneur Regulatory Barriers Index, which rates states on the basis of various barriers to new business starts, recently ranked Colorado among the states with the fewest regulatory hurdles for entrepreneurs.¹² This provides additional confirmation that education entrepreneurs often confront more barriers to entry and greater regulatory obstacles than entrepreneurs in other sectors—including other highly regulated sectors.

Reducing or eliminating state-level education-related regulatory barriers can help to energize and attract education entrepreneurs. These barriers can be trimmed by separating school-age learning programs from the early child care licensing requirements with which many new educational models are forced to comply, even when they don’t serve young children.

“Child care regulation is probably the biggest challenge and the one that keeps me up at night the most,” said one education entrepreneur during a focus group conversation. His creative learning program is for school-age children, yet he needed to go through his state’s department of early childhood care and education in order to operate his center. Even though his state is comparatively friendly toward emerging learning models, the child care regulations that he confronts constrain his growth and adaptability.

Many emerging learning models are not conventional schools, nor are they child care facilities. They often don’t fit neatly into any pre-existing regulatory boxes. In the case of states like Colorado, existing regulations that specify certain mandates, such as student-teacher ratios aimed at protecting younger children, should not apply to learning programs serving older children.

Basic regulations focused around health and safety should be sufficient to ensure learners’ well-being in school-age educational programming, while avoiding overly prescriptive regulations that limit how learning can and should look.

¹² Chris Edwards, “Entrepreneurs and Regulations: Removing State and Local Barriers to New Businesses,” Cato Institute Policy Analysis No. 916, May 5, 2021, <https://www.cato.org/policy-analysis/entrepreneurs-regulations-removing-state-local-barriers-new-businesses>.

➤ Recommendation #2: Expand Exemptions to Child Care Licensing Regulations

If reducing or eliminating state-level child care licensing regulations for emerging learning models is not feasible, then the next best policy action would be to expand exemptions to existing child care licensing requirements.

Most states have criteria that enable various learning providers to be exempt from child care licensing. Examples often include exemptions for extracurricular programs that meet sporadically throughout the week for short periods of time, such as children’s dance, gymnastics, or martial arts classes. Other exemptions may be granted to summer camp and vacation camp programs, but not to similar programs that operate during the academic year. Some exemptions require affiliation with a national organization, such as Boys and Girls Clubs of America, while excluding smaller, more local learning organizations that may provide similar services. These existing exemptions can unfairly discourage innovative K–12 programming by startup education enterprises, while benefiting larger, more established, and more conventional education models.

Expanding exemptions to existing child care licensing regulations can enable more creative learning models to sprout. These expanded exemptions should be broad enough to include an array of new learning models, including those that have yet to be imagined. For example, if a state currently allows exemptions for summer and vacation camp organizations that often must meet particular Board of Health requirements, organizations offering comparable programming during the academic year should also be able to easily receive exemptions.

Similarly, if a gymnastics academy or dance studio can be exempt from child care licensing regulations for afterschool activities—again, while complying with local Board of Health directives—then that organization should also be able to host a variety of learning programs throughout the school day under the same exemption.

Expanding child care licensing exemption possibilities can enable more experimental K–12 learning models to materialize and mature.

➤ Recommendation #3: Create “Innovation Tracks” for Alternative Licensing

One major concern that education entrepreneurs expressed during SPN’s focus group conversations is the often capricious nature of exemptions. That is, an education entrepreneur may receive an exemption to state-level child care licensing regulations but remain worried that at any time, for any reason, the state could revoke that exemption.

“I don’t like the fact that I don’t fit in a box because that makes me nervous. I could be kicked out at any time,” said one education entrepreneur, whose original K–12 hybrid learning model doesn’t fit well into existing state-level exemption categories.

An exemption may help to reduce state licensing burdens and enable an entrepreneur to bypass certain regulations, but it also creates uncertainty. An exemption frees an entrepreneur from being licensed, but may also burden the entrepreneur whose organization is not recognized in any way by the state and whose exemption could be withdrawn without explanation. Exemptions indicate what an education organization is not, more than what it is.

Some entrepreneurs who are venturing into states with limited licensing requirements or regulations, and thus no need to apply for an exemption, express similar concerns. While they appreciate fewer regulatory hurdles, they say that an optional pathway for alternative licensing of innovative K-12 learning models could provide more certainty and credibility. Interestingly, the education entrepreneurs who expressed the most support of alternative licensing options tended to be slightly more established and already scaling their models, whereas fledgling startups were more reticent to any licensing.

These optional K-12 “innovation tracks” for alternative licensing should be broad enough so as not to define what a particular learning model should look like or confine programs to certain regulatory requirements, such as student-teacher ratios or playground mulch thickness, that may be irrelevant to alternative school-age programming. These tracks should be specific enough, however, to signal that alternative learning models have met basic standards, such as health and safety requirements and background checks for educators and staff members.

Over the past two years, some states have proposed making it easier for microschools and learning pods to emerge without burdensome regulations. Georgia and West Virginia led the way in passing such legislation using SPN’s model legislation. These policies are a step in the right direction in terms of acknowledging emerging educational prototypes, but a more flexible, alternative licensing track could encourage the growth and expansion of new K-12 educational possibilities.

Broader legislative efforts designed to create pathways for education innovation beyond what is currently recognized or popular would encourage educational models that have yet to be devised.

› **Recommendation #4: Ease Zoning Restrictions**

“One of the main things I was running into was zoning restrictions,” said one focus group education entrepreneur who runs an in-person and online homeschool program in the Washington, DC, and Virginia area. “I would not be able to open what I envisioned in anything zoned residential. It had to be zoned for commercial use. It’s such a hassle that rules out otherwise great options, and to get an exception on zoning requires a really long process and there’s no guarantee. That was a really big challenge,” recalled the entrepreneur.

Focus group entrepreneurs continually brought up local zoning issues as a major challenge to launching or growing their education startups. This is a particular obstacle for education providers because commercially zoned real estate often lacks outdoor space for children’s play and is frequently located on busy main streets or in business parks that may not be ideal for children’s learning and development.

Additionally, local zoning ordinances in many areas discourage or prohibit home-based businesses, especially education startups. Small learning pods or microschools may begin in a private home and then transition into a larger educational space as the popularity of a certain program grows. Easing local zoning laws can help home-based educational startups to experiment and iterate with small groups of learners and teachers before expanding into more formal locations.

Zoning ordinances in the vast majority of US states reflect outdated restrictions imposed since the 1920s. States should use the Institute for Justice’s “Home-Based Business and Occupation Act” 2020

model legislation to remove barriers for education entrepreneurs who would benefit from launching a home-based business, while encouraging greater flexibility in residential zoning options for innovative educational startups.¹³

› Recommendation #5: Expand Homeschooling Freedoms

“New York State has some of the strictest homeschooling laws in the country,” said one focus group entrepreneur and homeschooling parent. While homeschooling has been on a deregulatory trend nationwide over the past decade, regulations in some states remain overly stringent. This can limit alternative learning resources, discourage families from considering homeschooling, and prevent creative educational models from emerging.

“There aren’t very many options for homeschooling families because it’s so hard to form a learning center. Under homeschooling laws, groups of students can’t just easily get together and hire a teacher,” the New York City entrepreneur added.

Another focus group entrepreneur launched a home-based, homeschool co-op in her Queens, New York, apartment. During the pandemic response, the co-op doubled in size as more families sought different learning options. This entrepreneur innovated to keep the co-op going safely and successfully by switching to an all-outside model in 2020–2021, including placing pop-up tents in local city parks where the co-op met daily. New York homeschooling laws limit the number of hours groups of homeschoolers can gather together for shared instruction, so this co-op had to restrict its learning time despite parent interest in more instructional hours.

There are other ways some states discourage groups of parents from forming a homeschooling co-op or learning pod. “In Maryland, you’re not allowed to have groups of families, who are not blood-related, gathering together if money is being exchanged,” said one focus group entrepreneur who has built an online platform to enable homeschoolers to identify and register for homeschooling activities and classes in their local area. These restrictions became even more codified during the pandemic response when some states explicitly prohibited learning pods from allowing any money to be exchanged between parents. States such as Georgia and West Virginia have tried to remedy these issues with learning pod legislation, but expanding homeschooling freedoms at the state level can offer additional flexibility.

Since the rise of the modern American homeschooling movement in the late 1960s and early 1970s, homeschooling has been an incubator for education innovation. As the homeschooling population grew and diversified since the turn of the millennium, hybrid schools have allowed homeschoolers to learn in a brick-and-mortar building a couple of days a week, while working through their curriculum at home on the remaining days. Self-directed learning centers and homeschool resource centers have sprouted across the country over the past two decades, enabling registered homeschoolers to take classes part time or full time, depending on a family’s needs and interests. These new schooling alternatives, which often cost a small fraction of the tuition of existing private school options in the same area, make homeschooling more accessible to more families, especially single-parent households and those with two working parents.

¹³ Home-Based Business and Occupation Act, Institute for Justice, August 16, 2020, <https://ij.org/legislation/home-based-business-and-occupation-act/>.

The significant increase in homeschooling rates over the past two years demonstrates that parents are eager for schooling alternatives, particularly those that involve low-cost, collaborative group instruction. Easing homeschooling regulations will enable more education entrepreneurs to launch and expand schooling alternatives for homeschoolers, and encourage more families to choose this highly customizable and increasingly desirable education option.

› Recommendation #6: Make It Easier to Start a Private School

Most focus group entrepreneurs said they were particularly interested in alternative learning models that would operate as homeschool collaboratives, microschools, hybrid schools, or learning pods, but some had recently launched private nonsectarian schools. Others launched private virtual schools, which had fewer barriers to entry than brick-and-mortar schools and in-person programs. Several entrepreneurs indicated that they might consider operating as a private school if it was easier to launch one in their state and if it would not limit their ability to innovate on curriculum and instruction.

There is wide variability on state-level policies for starting and operating private schools. Some states, such as Arizona, make it particularly easy to launch a private school, with no licensing, accreditation, registration, certification, or approval requirements, while many other states create regulatory hurdles for education entrepreneurs looking to start a school. Some states, such as Massachusetts, require prospective private school founders to get permission from the local school committee in the city or town where the school intends to operate, while other states, such as Alabama, require that teachers working in nonsectarian private schools be certified by the state superintendent.¹⁴

Making it easier for education entrepreneurs to create and expand a private school by removing or reducing regulatory hurdles could trigger a proliferation of schooling options.

› Recommendation #7: Loosen Compulsory School Attendance Laws

The primary levers of state regulation of education, including public schools, private schools, and homeschooling, are compulsory school attendance laws. These laws date back to the 19th century in most states, and have been expanded to mandate schooling attendance beginning at ever earlier ages and extending into late adolescence. Compulsory attendance laws dictate how many hours of instruction students must receive, as well as content areas to be covered, and typically carve out exemptions, including for homeschoolers.

These laws are increasingly outdated, reflecting markers of an industrial past that are mismatched to the realities of the 21st century. They prioritize conventional school attendance and a set number of hours of instruction in a traditional classroom with a traditional teacher, when today's learning spaces, like today's workplaces, are more likely to embrace hybrid schedules, digital platforms, collaborative instruction, mastery-based learning, and a network of global educators.

¹⁴ US Department of Education, State Regulation of Private and Home Schools, <https://www2.ed.gov/about/inits/ed/non-public-education/regulation-map/index.html>.

Lawmakers in states such as Arizona and Utah have previously proposed ending compulsory schooling laws, or loosening their impact by expanding the number of exemptions and allowable school absences. In late 2021, Tom McMillin, a Michigan state board of education member and former state representative, called for ending compulsory schooling laws after a tragic school shooting in that state shone a spotlight on the worsening youth mental health crisis. “Parents should be able to get their kid out for a week, a month, a year. And open all kinds of alternative options of which parents can avail themselves,” he explained.¹⁵

Loosening state compulsory school attendance laws by broadening exemption pathways, such as what West Virginia recently accomplished for microschoools and learning pods, would reduce the state’s role in defining and authorizing what learning looks like, and enable education entrepreneurship and innovation to flourish.

› Additional Considerations

One of the top concerns echoed consistently during all of the education entrepreneur focus groups was the desire for more support in general business management and startup operations. “As teachers and parents, we are not CEOs of businesses,” said one California-based education entrepreneur. She added, “I think that there is an important piece on the business end that might be lacking for long-term success.”

State policy think tanks could be valuable partners in helping aspiring education entrepreneurs to access available resources on business formation, contracts, insurance, pricing, and overall operational strategies. They could create informative resource guides and curate relevant links on their websites for aspiring education entrepreneurs in their states, and they could offer webinars and workshops to help these entrepreneurs get the information and support they need to launch and grow successful education organizations.

Additionally, about half of the education entrepreneurs who participated in the SPN focus groups said that they would not want their organizations to participate in a school choice program due to concerns over reduced autonomy and possible regulation. At the same time, most indicated that a main challenge was affordability for their customers, and several of them were trying to focus on private funding options, such as grants, donations, and sliding tuition scales. More state-level outreach to education entrepreneurs and prospective education entrepreneurs regarding school choice policies could help address and alleviate these concerns. Likewise, emerging education solutions could scale faster with investment from private grant programs, such as SPN’s Ed-Prize grant opportunity and LaunchPad program, both of which seek to identify and empower local leaders and organizations working on innovative solutions to today’s pressing education needs within communities.

¹⁵ Kerry McDonald, “Compulsory Schooling Laws Under Scrutiny in Michigan Following Deadly Tragedy,” Foundation for Economic Education, December 3, 2021, <https://fee.org/articles/compulsory-schooling-laws-under-scrutiny-in-michigan-following-deadly-tragedy/>.

CONCLUSION

The education momentum over the past two years toward innovative K–12 learning models and schooling alternatives creates a prime opportunity for state policymakers to support education entrepreneurship. Traditionally, efforts to encourage education innovation and entrepreneurship have focused on implementing state-level school choice policies that enable education funding to follow students to whatever learning setting or experiences they choose. These efforts have gained significant traction over the past two years and should continue to be championed, but there are other state-level policies that can bolster education entrepreneurship and prompt more creative learning models—particularly in states that may be resistant to enacting or expanding school choice policies.

With the seven policy recommendations outlined in this guide, states can reach beyond school choice and activate entrepreneurial endeavors that meet an equally crucial need for families: giving them more education options to choose from in the first place. In addition to these policy recommendations, there are abundant opportunities for state-level think tanks to support aspiring education entrepreneurs with informational resources and programming.

Now is an exciting time to be an education entrepreneur, envisioning and building new ways of learning and teaching. Policymakers can help these entrepreneurs bring their ideas to communities by removing regulatory barriers to entry and easing state-level restrictions that often prevent educational prototypes from emerging and spreading.

