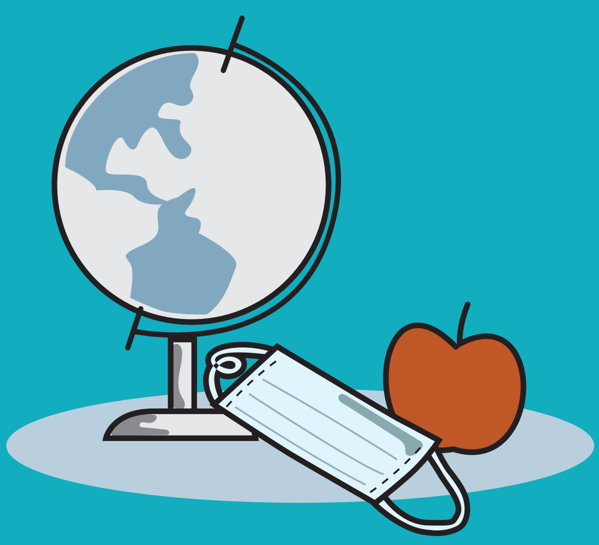
SCHOOL DISRUPTED

PART 2

The durability and persistence of COVID-19-driven shifts in the K-12 ecosystem

July 2021



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In late 2020, Tyton Partners, with support from the Walton Family Foundation, launched a three-part research initiative to learn more about the impact of the COVID-19 pandemic on the K-12 ecosystem and resulting shifts in parents' decision-making regarding their children's education. Through our research, conducted between November 2020 and July 2021, we are examining the scale and scope of alternative school types, such as learning pods, microschools and homeschooling; their sustainability beyond COVID-19; and the impact of school shifts on parent perceptions of these school types and on parent expectations of education quality.

The first part of this research, conducted between December 2020 and January 2021, revealed parents were assuming greater agency for their children's education. Traditional models of K-12 education, such as public and private schools, saw marked decreases in enrollment while homeschooling numbers soared and other alternative school types gained traction. In addition, a relatively new model, supplemental learning pods – where children participate in a small group learning experience in addition to their core school – emerged. All this change likely exacerbated the gap in educational equity, as higher-income families switched to alternative models at higher rates and reported more positive perceptions of their child's learning experience during COVID-19.

This paper focuses on the second part of our study, which takes a deeper look at the drivers and barriers parents experienced when making educational decisions for their children, as well as how their experiences will continue to shape the way they approach their children's education after the pandemic subsides.

In the third part of our research, we will explore in more detail the emergence of supplemental learning pods. We will share the roles these pods played for families during COVID-19, the expectations parents have for them moving forward and what participation might look like in the future.

Acknowledgements

The findings and conclusions in this report are those of Tyton Partners and do not necessarily reflect positions or policies of the Walton Family Foundation. We are particularly grateful for the leadership and support from the Foundation's K-12 program officer Michele Leardo.

We are grateful to our graphic designer, Tara Pastina of Honeycomb Collaborative, and our writer and editor Lisa Wolfe. Both were patient and understanding partners who were critical to driving the execution of this publication.

Finally, we would also like to thank the parents who contributed to the more than 5,500 responses we collected over our first two surveys and the school founders, executives and thought leaders we interviewed during this process. As we continue to move beyond the disruptions brought on by the COVID-19 pandemic, we are excited to explore the ways the shifts parents made in their children's education will bring about sustainable positive change in the K-12 ecosystem.

About Tyton Partners

Tyton Partners is the leading provider of strategy consulting and investment banking services to the education sector and leverages its deep transactional and advisory experience to support a range of clients, including companies, foundations, institutions and investors.

For more information, visit www.tytonpartners.com.

Authors:

Adam Newman, Partner
Tanya Rosbash, Director
Andrea Zurita, Principal

Contributors:

Michael Chiaro, Senior Associate
Salil Kelkar, Senior Associate
Levi Roussell, Analyst

Research methodology, including demographics and response rates, are available in the Appendices on page 25. If you have any questions on the publication or would like to further discuss any K-12 topics, please contact Adam Newman at anewman@tytonpartners.com.

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Introduction

More than a year ago, the COVID-19 pandemic disrupted every part of families' lives from school and work to health and safety. Part one of our three-part series: *School Disrupted: The Impact of COVID-19 on Parent Agency and the K-12 Ecosystem*, published in May 2021, outlined the impact these unanticipated changes had on parents as they navigated life under lockdown and the sudden shift to remote learning in 2020.

As we look at our lives now, we realize what a difference a little more than a year makes. As of April 2021, the CDC reported nearly 80 percent of teachers, school staff and childcare workers received at least one shot of a COVID-19 vaccine;[1] in May the FDA approved the Pfizer vaccine for children as young as 12; and experts are predicting even younger children will be eligible to be vaccinated by the end of 2021. Plans for 100 percent return to in-classroom learning for the 2021-2022 school year are in high gear with the country's three largest districts, Chicago,[2] Los Angeles[3] and New York City,[4] announcing their schools will fully reopen in the fall. Mask mandates are lifting, the economy is ramping up and families are striving to enjoy a "normal" summer of picnics, vacations and pool time.

Over the past year's switch to remote learning, many parents became more active in shaping their child's educational experience, in some cases shifting them from traditional public and private schools to alternative school types, such as learning pods, microschools and homeschooling, as well as investing more of their own resources in education. However, even with the return to in-person education in the fall, the challenges won't end; they'll evolve. Based on a recent *Education Week* survey of educators, tens of thousands of students are so far behind after the 2020-2021 school year they may have to repeat a grade.[5] In addition, federal data shows a nationwide surge of mental health concerns among children and teens due to a combination of the public health crisis, social isolation and economic recession.[6]

In the second part of our study, which includes a survey of more than 2,500 parents fielded in March 2021, we continue to examine parents' decisions to switch or supplement their child's school, their motivations for making changes, their satisfaction with their choices and their expectations for the future. We also explore the durability of alternative school types by examining what may be fueling, as well as limiting, their growth and expansion.

1 https://www.cdc.gov/media/releases/2021/s0406-teachers-staff-vaccine.html

2 https://chicago.chalkbeat.org/2021/5/26/22455407/its-official-chicago-schools-will-fully-reopen-next-fall-with-mandatory-attendance-for-most

3 https://www.latimes.com/california/story/2021-05-24/post-covid-lausd-fully-reopen-schools-in-the-fall

4 https://www.nytimes.com/2021/05/24/nyregion/nyc-schools-reopening-remote-learning.html

5 https://www.edweek.org/leadership/tens-of-thousands-of-students-may-have-to-repeat-a-grade-should-they/2021/05

6 https://www.cdc.gov/mmwr/volumes/69/wr/mm6945a3.htm

Research highlights: increasing awareness and higher levels of parent satisfaction with alternative school types

As parents continue to creatively navigate the challenges brought on by the COVID-19 pandemic, many continue to actively shape their child's educational experience. Their responses lead us to believe alternative school types[7] are likely to continue to be a part of the K-12 ecosystem for the 2021-2022 school year, albeit at plateauing levels. Key highlights from our survey include:

- Since the beginning of the pandemic, an estimated 17.5 percent of children switched schools at least once – 75 percent higher than historical averages – with most of the switching (15 percent) happening in fall 2020.

- Supplemental learning pods – a model in which children participate in a small group learning experience in addition to their core school – emerged as a significant component of the landscape during the past year.[8] The number of parents using supplemental learning pods during spring 2021 is estimated at 13 percent (up from 12 percent in the fall) and is expected to increase to 15 percent for the 2021-22 school year.

- Parent satisfaction with alternative school types increased since the start of the pandemic and was higher than the satisfaction of parents whose children were enrolled in both district and charter public schools. Parents whose children participate in a supplemental learning pod, irrespective of their child's core school, express the highest overall satisfaction with their child's educational experience among all surveyed.

- Rising awareness of alternative school types contributed to the transformation and growth of an ecosystem of providers to support parents as they join or set up learning pods or microschools. However, regulatory, political, operational, perceptual and fiscal barriers continue to make scale challenging for these (mostly) emerging providers.

- A majority of parents (74 percent) who enrolled their child in a learning pod or microschool as a core school expect to continue into the 2021-22 academic year. In addition, 86 percent of those who enrolled their child in a supplemental learning pod anticipate continuing to do so next year.

- Beyond school choices, the COVID-19 pandemic impacted parents' overall attitudes and expectations about their children's educational experiences. Nearly 80 percent of parents expect to be more active in shaping their child's education in the future. More than 70 percent say they will have greater expectations for the quality of education their child receives, driven by an increased emphasis on social-emotional health and individualized instructional support.

- COVID-19 unfortunately may have exacerbated educational inequity already present in the system. The disparity in parents' satisfaction with their child's educational experience widened across income groups this year, particularly between higher- and middle-income families.

7 "Alternative school types" refers to options outside of traditional public or private schools, such as learning pods, microschools and homeschooling.

8 Parents turned to these models for a variety of reasons, including accessing childcare, providing their child with social interaction, helping their child navigate their school's remote learning and accelerating and directing their child's learning.

COVID-19's impact on school switching and satisfaction

By our March 2021 survey, U.S. families were beginning to see a light at the end of the tunnel when it came to the pandemic and remote learning. However, throughout the spring some parents continued to switch schools, building on significant momentum from fall 2020 and highlighting that many of the challenges brought by the pandemic continued into the spring and summer of 2021.

Parents who turned to alternative school types report higher levels of satisfaction with their children's education than those with children in district and charter public schools. These relatively higher levels of satisfaction suggest COVID-19-driven shifts could have a lasting impact on the K-12 ecosystem, as parents reveal increased awareness and improved perceptions of alternative school types as well as a greater willingness to consider them as an option for their children. Alternative school types may present parents with viable options outside of the public system and at lower price-points than the average private school.

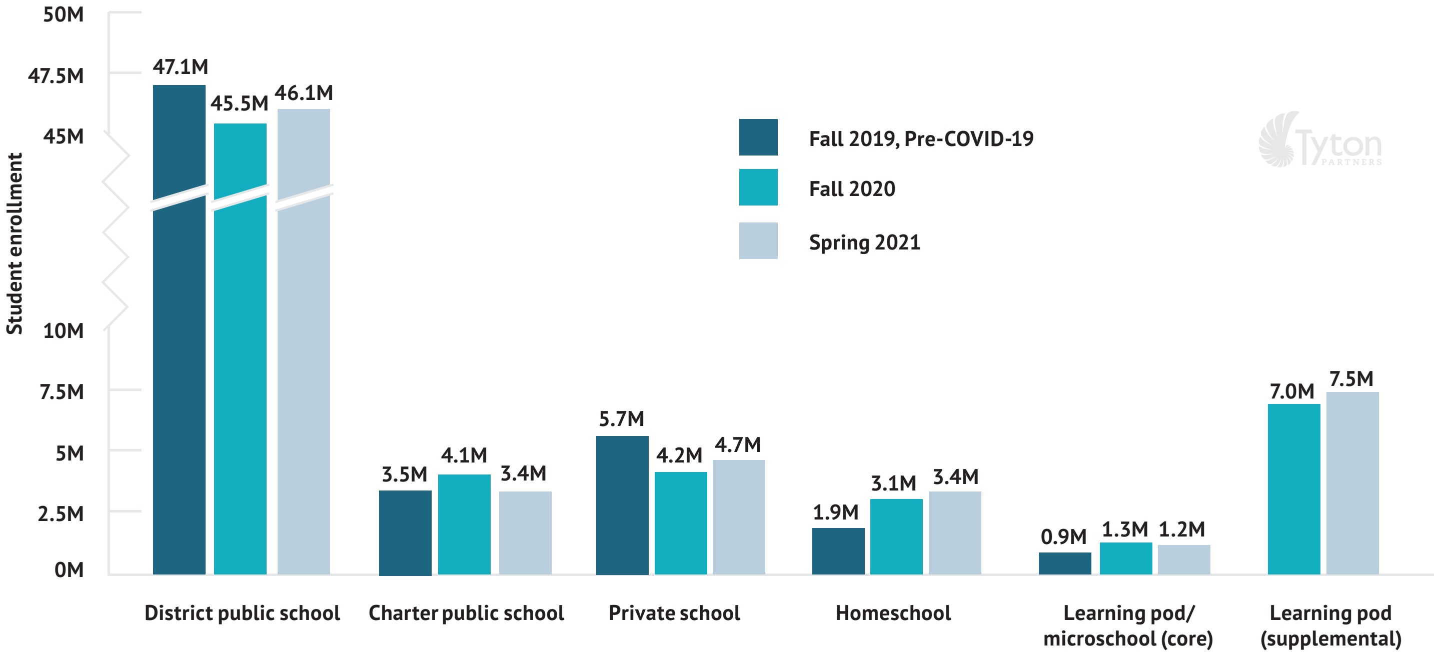
Switching continues into the spring

As the pandemic continued and traditional schools took various approaches to reopening, parents continued to shift their children's schools into the spring of 2021 – though at much lower rates than in the fall of 2020. The first part of our research in fall 2020 revealed an estimated 15 percent of parents had changed schools for the 2020-2021 school year. Our most recent survey reveals five (5) percent of parents switched between fall 2020 and spring 2021. Of those, half switched for the first time in spring 2021 and half had already changed schools in the fall and were switching for a second time. Combined, this puts the year on track to see 75 percent more switching than during a typical school year,[9] further emphasizing the impact of the COVID-19 crisis on education.

As illustrated in the chart on page 8, in spring 2021, public and private schools saw a moderate reversal of last fall's enrollment declines, although enrollments were still below pre-pandemic levels. Learning pods and microschools saw a small decline in enrollment in spring 2021, while homeschooling continued its significant growth from the fall. In the spring, the number of parents using a supplemental learning pod in addition to their child's core school expanded slightly.

9 According to 2018 research on student mobility from the Milwaukee Journal Sentinel, year-to-year school turnover or switching is about 10 percent, although not all states report data.

Estimated enrollment by school type, across time periods



n = 2,258-3,003

Learning format main motivator for school switching

This spring, parents continued to identify school closures and learning delivery formats, such as remote or hybrid, as their main drivers for switching schools – 40 percent of parents shifted schools in search of a different learning format for their child. Of those, 24 percent report they switched because their child's school was no longer offering in-person classes; 18 percent were looking for virtual learning; 18 percent were seeking an in-person format; and 11 percent wanted hybrid learning. Another twenty-one (21) percent say they shifted because their child was not doing well in school, while 18 percent say they were unhappy with their previous school.[10]

The relationship between the lack of in-person learning opportunities available and school switching indicates a positive correlation. Parents in urban areas had the lowest access to in-person schools as of February 2021 and experienced the highest rate of switching.[11]

School switching rate vs. share of in-person education offered, by locale, spring 2021

Urban n = 93, Suburban n = 129, Rural n = 51

Respondents were asked in which locale they lived, and if they had switched schools between fall 2019 and spring 2021. This data was contrasted to NAEP rates of in-person education offered by locale.

Data on in-person education reflects percentage of fourth- and eight-grade students without in-person instructional mode, based on data from the National Center for Education Statistics (NCES) 2021 NAEP School Survey in February 2021.

10 Answers for this question were non-exclusive. Parents could pick up to three reasons that motivated the change

11 https://www.pewresearch.org/social-trends/2018/05/22/demographic-and-economic-trends-in-urban-suburban-and-rural-communities/

While 40 percent of parents switched seeking their preferred learning format, preferences varied. Those seeking in-person learning primarily did so because it was better suited to their child's needs, their home was too disruptive, or they felt it would better support their child's social-emotional health. On the other hand, parents looking for virtual learning were motivated by the safety they believe it provided during COVID-19, its flexibility and the visibility into their child's learning it afforded them.

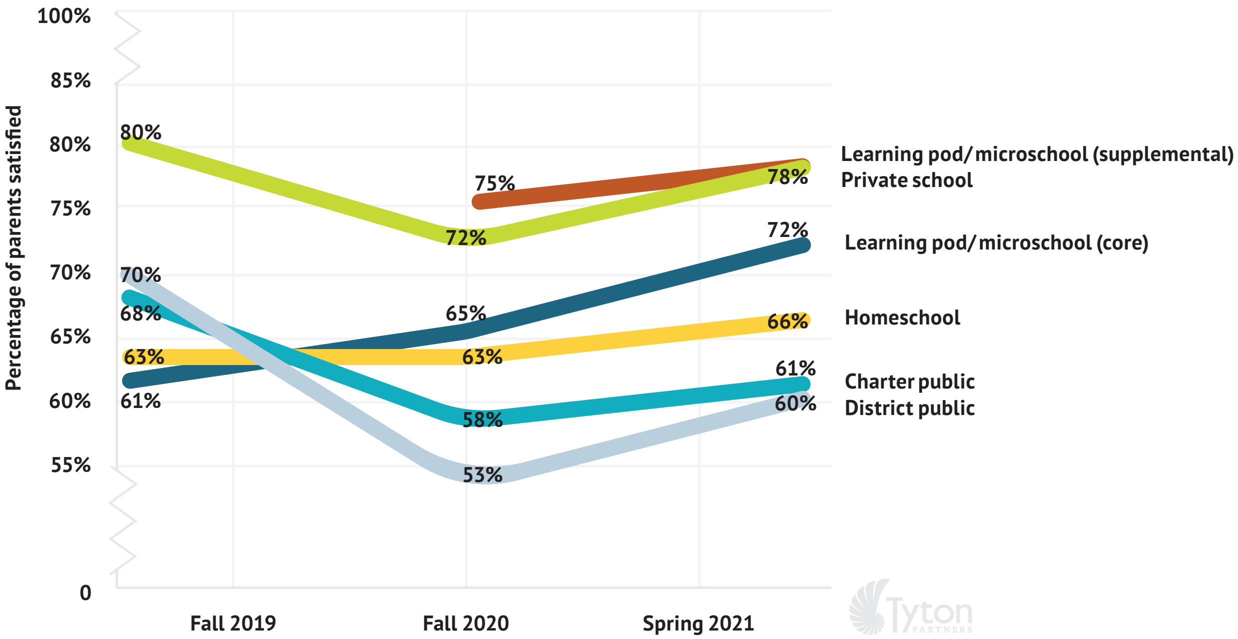
Parent satisfaction with alternative models on the rise

Parents who enrolled their child in alternative school types reported higher levels of satisfaction than those using district and charter public schools, though still lower than those with children in private schools. Multiple factors may be driving these differences. For example, conversations with school founders, executives and thought leaders highlighted ways in which the structure and governance of alternative school types allow them to be more flexible than public schools in meeting students' needs and to adapt more quickly to rapidly changing circumstances. Their size – typically fewer than 20 students in the entire learning pod or microschool – also facilitates delivering in-person learning more safely during a pandemic. In addition, learning pods and microschools offer a lower student-instructor ratio than most public schools, resulting in more individualized learning. All these factors are true for homeschooling as well.

Prior to COVID-19, in fall 2019, 61 percent of parents who used a learning pod or microschool as their child's core school reported they were satisfied with their children's education. As more parents participated in these school types during the pandemic, the level of satisfaction increased to 65 percent in fall 2020, continuing to grow to 72 percent in spring 2021. For homeschooling, the starting point was 63 percent, climbing to 66 percent as of spring 2021, in contrast with public schools where satisfaction started at 70 percent, dropping to a low of 53 percent in fall 2020 and recovering to only 60 percent this past spring.

Overall, parents using supplemental learning pods, regardless of their child's core school type, are most satisfied with their child's experience. In fact, 75 percent of parents using supplemental learning pods reported they were satisfied or highly satisfied in fall of 2020, increasing to 78 percent in spring 2021.

Parent satisfaction, by school type and time period



District public n = 1,169-1,172
Homeschool n = 184-185
Charter public n = 127-128
Learning pod/microschool (core) n = 91-92
Private school n = 578-579
Learning pod/microschool (supplemental) n = 454-455

Parents were asked about satisfaction with child's educational experience across time frames using a five-point Likert scale (very dissatisfied to very satisfied). Scores shown are the percentage of parents satisfied or very satisfied.

The growth in supplemental learning pods over the past year, coupled with strong parent satisfaction, raises interesting questions about their future. What is driving overall satisfaction among parents who use them? What drives their perceptions of the effectiveness of supplemental learning pods? What were they primarily seeking when they turned to supplemental learning pods during COVID-19 and how will they continue to provide this experience for their child in the wake of the pandemic and beyond? These are among the questions we are currently exploring in our current parent survey.

Parent satisfaction highlights widening educational equity gaps

Throughout the pandemic, inequities in educational access and quality deepened as in many other areas of society,[12] such as housing,[13] employment[14] and food insecurity.[15] Survey data regarding parents' satisfaction with their child's educational experience over the course of the pandemic raises concerns about this gap. Satisfaction for lower-income parents pre-COVID-19 was and continues to be significantly lower than their middle- and higher-income counterparts, while middle-income parents have experienced the slowest return to pre-pandemic satisfaction levels.

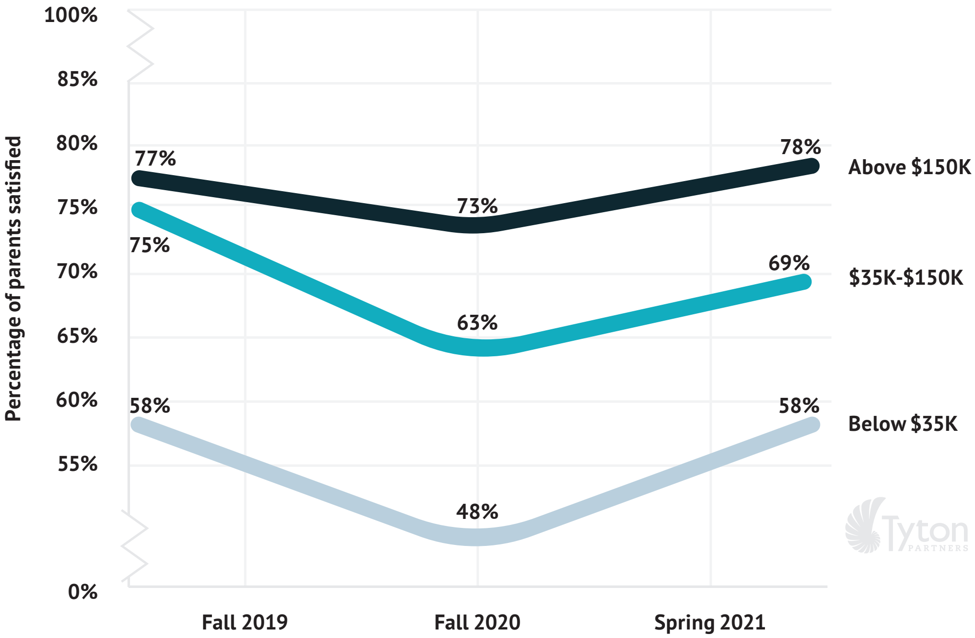
12 https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and

13 One in five renters living with children are not caught up on rent: Center on Budget and Policy Priorities analysis of data on housing from the U.S. Census Bureau's House Pulse Survey, conducted June 9-21, 2021

14 In May 2021, some 29.7 million, including 7.0 million children, lived in a family where at least one adult did not have paid work in the last week because of unemployment or the pandemic: Center on Budget and Policy Priorities analysis.

15 One in eight adults with children in their household lacked sufficient food in the last seven days: Center on Budget and Policy Priorities analysis of data from a U.S. Census Bureau House Pulse Survey, conducted June 9-21, 2021.

Parent satisfaction, by family income and time period



Below $35K n = 580-585 $35K-$150K n = 1,526-1,530 Above $150K n = 397-398

Parents were asked about satisfaction with child's educational experience across time frames using a five-point Likert scale (very dissatisfied to very satisfied). Scores shown are the percentage of parents satisfied or very satisfied.

Meanwhile, the gap in satisfaction between higher- and middle-income families has widened dramatically since the onset of COVID-19. Interviews with parents and community organizations suggest a contributing factor to this widening gap is that middle-income families typically do not have access to the same educational resources as higher-income families. They also do not necessarily have access to the social support programs often provided to lower-income families. This disparity is reflective of other distressing trends middle-income families are experiencing outside of education. According to a 2020 Brookings report, over the past 15 years the United States has experienced a “middle class squeeze”; income loss tripled for the middle class from four (4) to 12 percent, upward mobility declined (43 to 35 percent) and downward mobility more than doubled from five (5) to 11 percent.[16]

While parents at all income levels sought to ensure their children’s academic growth, social-emotional health and safety were nurtured during COVID-19 school closures, significant barriers limited the number of parents who could use learning pods or microschools, including awareness, cost and access to programs. If the majority of parents using alternative school types continues to be higher income post-pandemic, then educational inequities will likely grow. Education leaders and policymakers will need to consider ways to level the playing field when it comes to providing all families – regardless of income level – access to the school type that best meets their child’s needs.

16 https://www.brookings.edu/research/squeezing-the-middle-class/

The future of K-12 alternative school types

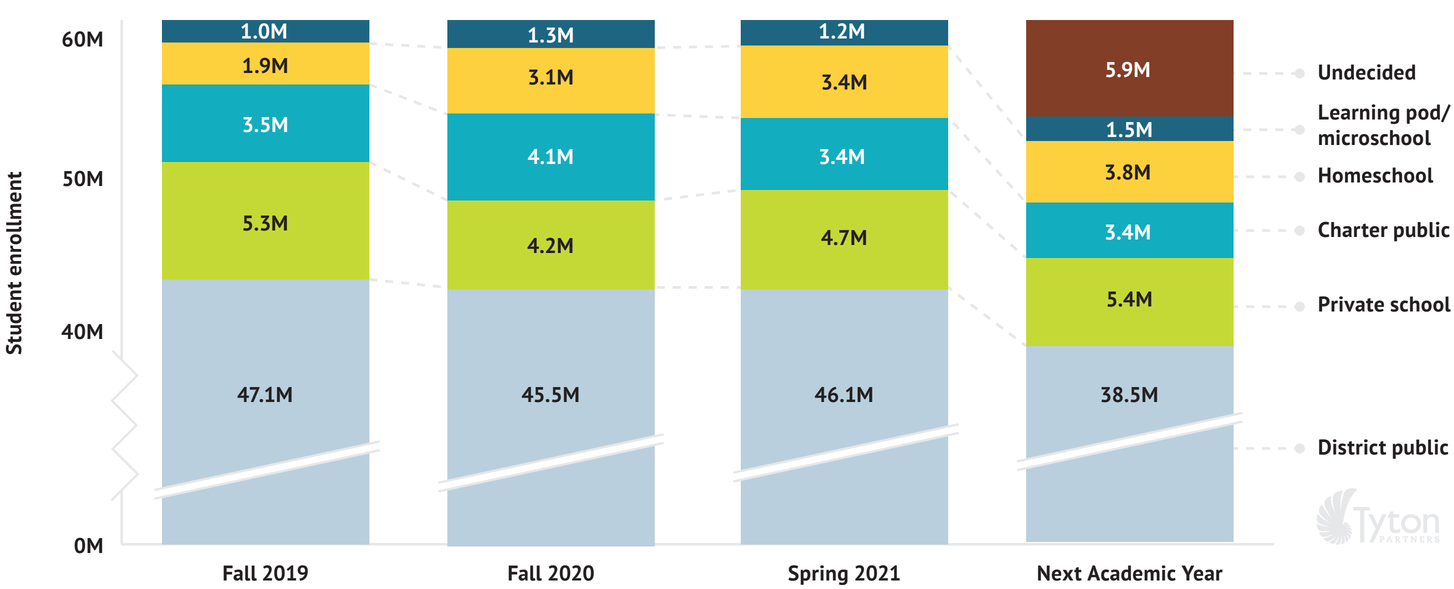
We anticipate alternative school types will persist post-COVID-19, reflecting a broader set of options for parents seeking the best educational experience for their children.

Nationwide homeschool enrollment is expected to grow to 3.8 million in 2021-2022, representing a 12 percent increase over spring 2021. Enrollment growth for those using learning pods as their core school is expected to experience an increase of 50 percent compared to prior to the pandemic. The number of parents using supplemental learning pods has also grown during the pandemic, although at a moderate rate, and is now estimated at 13 percent (up from 12 percent in the fall) and is expected to increase to 15 percent for the 2021-22 school year.

Learning pod and microschool use will persist next school year; 74 percent of parents enrolling their child in that school type in spring of 2021 say they will keep their child in that environment. Parents report the main reasons are their child prefers it and learns well in that school environment. This suggests there is an appetite among some parents for more child-centric learning environments. However, we anticipate the overall enrollment growth in alternative school types spurred by COVID-19 will slow significantly next year.

As of spring 2021, nearly 6 million parents had not decided what school type their child would attend for the 2021-22 academic year. At the time of our survey, mask mandates had not begun to be lifted and vaccines were not available for children ages 12-15. While one would assume these developments will result in a downward trend in the number of undecided parents, only nine (9) percent of undecided parents say their child's vaccination status is a leading factor informing their decision for next year. Conversely, the main consideration for undecided parents is their child's preference (30 percent), although one in five do not know which, if any, factors will help them decide on next year's plan. Parents who have decided about

Estimated enrollment distribution and expectations for next academic year



Fall 2019 - Spring 2021 n = 2,671

Next Academic Year n = 337

next school year say they were primarily influenced by changes in the spread/severity of COVID-19 (47 percent) and confidence in their school's plans for reopening (30 percent).

The significant portion of parents who are undecided is important. It is of note that 73 percent of undecided parents have children who are enrolled in public schools. Whether most of them stay in public school or try other options, their decisions will have a significant impact on enrollment distribution for the 2021-2022 academic year. If these parents end up sending their students to public schools, the enrollment landscape post COVID-19 will look similar to before the pandemic. However, if some fraction does not choose public school, the growth in alternative school types could be higher than predicted. Concerns about how public schools will respond to the challenges students face coming out of the pandemic or shifting views about what kind of education is best for their children may be determining factors in this decision.

Alternatives as a collective can shape the future of K-12 education models

Collectively alternative school types reflect a footprint similar in size to the charter school movement, which serves 6.5 percent of all public-school students.[17] However, it is unlikely any of these alternative school types will independently become as large and mainstream as charter schools without significant shifts in barriers to access.

While individually these alternatives might not change the K-12 ecosystem, as a whole, they have started to alter parents' perspectives on the school models and learning opportunities available for their children. Interviewed school founders, executives and thought leaders highlighted that prior to COVID-19 parents had limited awareness any school options existed outside of the traditional public and private school systems, and there were limited resources to educate and help them explore alternative models. Similarly, pre-COVID-19 homeschooling was seen as niche and a more drastic departure from convention. Our interviews reveal shifting perceptions of homeschooling as a potential good fit for a broad set of families. At the same time, more commercial providers emerged to offer homeschooling parents tools and resources to support the shift to that model. Broader availability of alternative school types may also increase pressure on traditional school systems to meet new and evolving child needs and pave the way for broader changes to the overall K-12 ecosystem.

Barriers limiting growth

While alternative school types may offer appealing options to some parents and children, there are also significant impediments to their growth. We explored and highlighted both demand- and supply-side factors limiting adoption. Perception (i.e., lack of trust in long-term academic outcomes) and investments required (i.e., cost of setting up and/or sending a child to one of these schools) are the primary factors holding parents back from pursuing alternative models more broadly. On the supply-side, conversations with numerous school founders and organizational executives indicate a lack of investment capital, pushback from established education entities and limited business acumen are constraining the improvement, evolution and scaling of the emerging ecosystem of

17 https://data.publiccharters.org/digest/charter-school-data-digest/how-many-charter-schools-and-students-are-there/

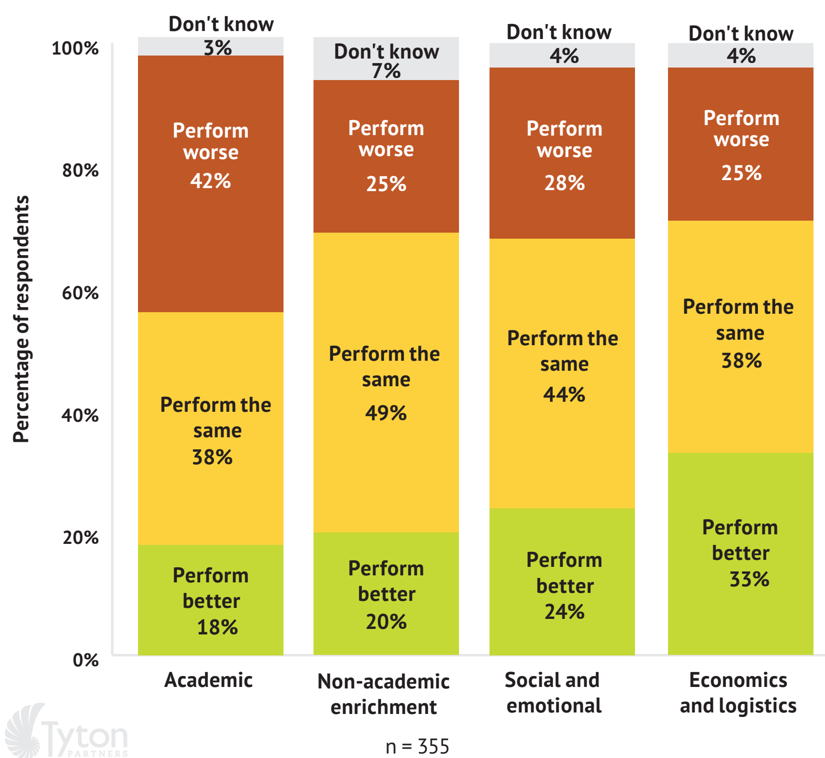
alternative providers. Opportunities exist for various stakeholders – policy makers, investors and philanthropists – to mitigate these barriers and catalyze growth in an ecosystem that could, in the future, become self-sustaining.

Barriers limiting parent appetite for alternative models

Concerns about academic quality: Despite an increased awareness of alternative school types, there remain misperceptions and concerns about these models. Parents whose children enrolled in learning pods or microschools as their core school during COVID-19 report they are apprehensive about the quality of education their child is receiving; 35 percent express concern about the alignment of learning pod and microschool curriculum with traditional schools and 29 percent worry about their child's preparation for standardized tests. In addition, 27 percent say they are apprehensive about their child's ability to transfer back to a traditional school in the future. This highlights the extent to which parents are still evaluating alternative school models along the same dimensions as public schools, rather than through new or different criteria that may be more reflective of these alternatives. While homeschooling has been a more accepted K-12 alternative for longer, some parents continue to doubt how this option tracks against others academically and socially. These sentiments demonstrate the hurdle alternative school types must overcome to attract families in the face of traditional school constructs.

Additionally, we tested four factors influencing a parent's decision when choosing a school for their child – academics, social and emotional health, non-academic enrichment[18] and economics and logistics.[19] Approximately 70 percent of parents believe learning pods and microschools are better than or equivalent to their child's previous school across three of the four factors – all but academics. Only 56 percent of parents think learning pods and microschools are better than or equivalent to their child's original school academically. Improving parents' perceptions of and confidence in the academic quality of these options and how they track against the traditional system is critical to gaining more meaningful traction post-pandemic; failing to

Perception of learning pods/ microschools as compared to traditional schools



Respondents who used learning pods fall 2020-spring 2021 were asked how they think learning pods compared to the school their child was enrolled in for fall 2019, pre-COVID-19 in academics, non-academic enrichment (i.e., arts and athletics), social and emotional learning, and economics and logistics.

18 Examples: sports and esports, art, theatre and dance activities.

19 Examples: tuition, fees, management of alternative educational model, transportation

address this dynamic may present a barrier to their sustainability and growth. Additionally, if when they fully reopen, public and private schools improve their offerings based on what was learned over this past year, parents' perceptions of how alternative school types compare to traditional options may continue to evolve.

Investments required: Many parents who turned to learning pods and microschools approached it as a "do-it-yourself" initiative, which contributed to challenges based on the time and resource commitment required. A majority of parents enrolling their children in learning pods and microschools (83 percent) told us they manage a portion of the pod themselves rather than turning to a commercial provider, such as Prenda, KidzsToPros or Swing Education. This may have been because commercial providers weren't an option due to geography, awareness or resources, or simply because parents preferred to not pay a fee or wanted more control. However, parents who operated a learning pod faced the challenge of having to coordinate all aspects of its daily management, such as finding other families to participate, hiring instructors, ensuring the curricular program was implemented, managing payroll and cleaning the pod space daily. Even though providers can assist in these areas, few currently offer comprehensive services so much of the burden remains on parents. Additionally, the cost to access these resources may be prohibitive for many families.

Learning pod/ microschool types, spring 2021

14%

Commercial

Operations are run by an outside organization or provider (e.g., a school, a community-based organization or a company)

83%

DIY

Operations are run by a parent or group of parents

n = 1,154

Parents were asked who runs the day-to-day operations of the learning pod their child participates in. Parents who reported that their learning pod was run by themselves or other parents were classified as "doing it themselves" or DIY; parents who reported that their learning pod was run by an organization or outside provider were classified as using a commercial learning pod.

1% of respondents selected "other" and 2% selected they were unsure of who ran the day to day operations of their learning pod/ microschool.

Lower-income parents, in particular, report less access to providers to help them set up or run learning pods. In fact, 25 percent of lower-income parents said they did not use a supporting infrastructure organization because they weren't aware they existed, as compared to only 11 percent of higher-income parents.

Although some learning pods are provided free by community organizations or local schools, many families using a learning pod or microschool in fall 2020 invested anywhere from hundreds to thousands of dollars each month.[20] Considering traditional schools plan to return to in-person learning in the fall of 2021, the impetus likely won't be as strong for parents to absorb the economic and logistical costs of managing learning pods and microschools for which most of them had to make sacrifices this year. For example, 30 percent of parents had to work different hours to support having their child in a learning pod and 20 percent had to reduce spending, take on additional jobs or use savings to underwrite this decision. For participation in alternative school types to continue or even grow, additional sources of funding will likely need to be made available to parents. This shift could occur via changes in legislation, philanthropic initiatives or other means, as examples, which could enable continued expansion of learning pods and microschools.

Factors limiting commercial alternative school options available to parents

The following relates only to barriers for commercial learning pods and microschools as well as to providers that offer services to help parents with tasks needed to set them up, such as choosing the curriculum and finding teachers or other participating families.

> "You must market to the subsection of parents who do not want religious or elite private schools and do not want to homeschool. That's a small subset. It is a risky and small sector for any investor to buy into.
>
> **– CEO, National Microschool**

School characteristics weaken investment case: A major factor preventing alternative school types from scaling is the lack of investment capital for newer businesses. Investors and more established microschool leaders describe providers with challenging financial profiles as well as the significant risks in funding new school models. With still unproven brands, limited enrollments to-date and lack of clarity regarding the truly addressable market opportunity, investors tend to be hesitant to back these organizations. Additionally, learning pods and microschools are, by definition, small and often rely on customized curriculum and experiences that may be counter to a fast-scaling model.

Limited sales and marketing expertise of operational leaders: Many learning pods and microschools started during the pandemic are run by teachers looking to capitalize on the individualized learning movement. While these educator-entrepreneurs generally have strong teaching acumen, curriculum development capabilities and experience with student development, many have limited exposure to running what is effectively a small business, particularly with activities such as recruiting and enrolling students (i.e., sales and marketing). Lack of experience in these operational areas presents challenges,

20 https://www.cnbc.com/2020/08/10/parents-turn-to-learning-pods-this-fall-amid-covid-what-it-can-cost.html

especially to those educator-entrepreneurs who are juggling operational responsibilities with the already highly demanding role of teaching.

> “I wear so many hats. I am doing all the behind the scenes and administrative work. At the end of the day, it’s really hard and takes away from my focus on the main business - teaching.
>
> – Operator (former K-12 teacher), Learning Pod

Lack of political infrastructure to support expansion: Learning pods and microschools that manage to overcome financial and operational challenges face other hurdles. In some cases, there is pushback from teachers’ unions, who, if these alternative school types gain traction, may lose students, funding and teachers. In addition, state laws regulating everything from licensure of childcare workers to inspections of learning spaces can present significant barriers for learning pods and microschools.

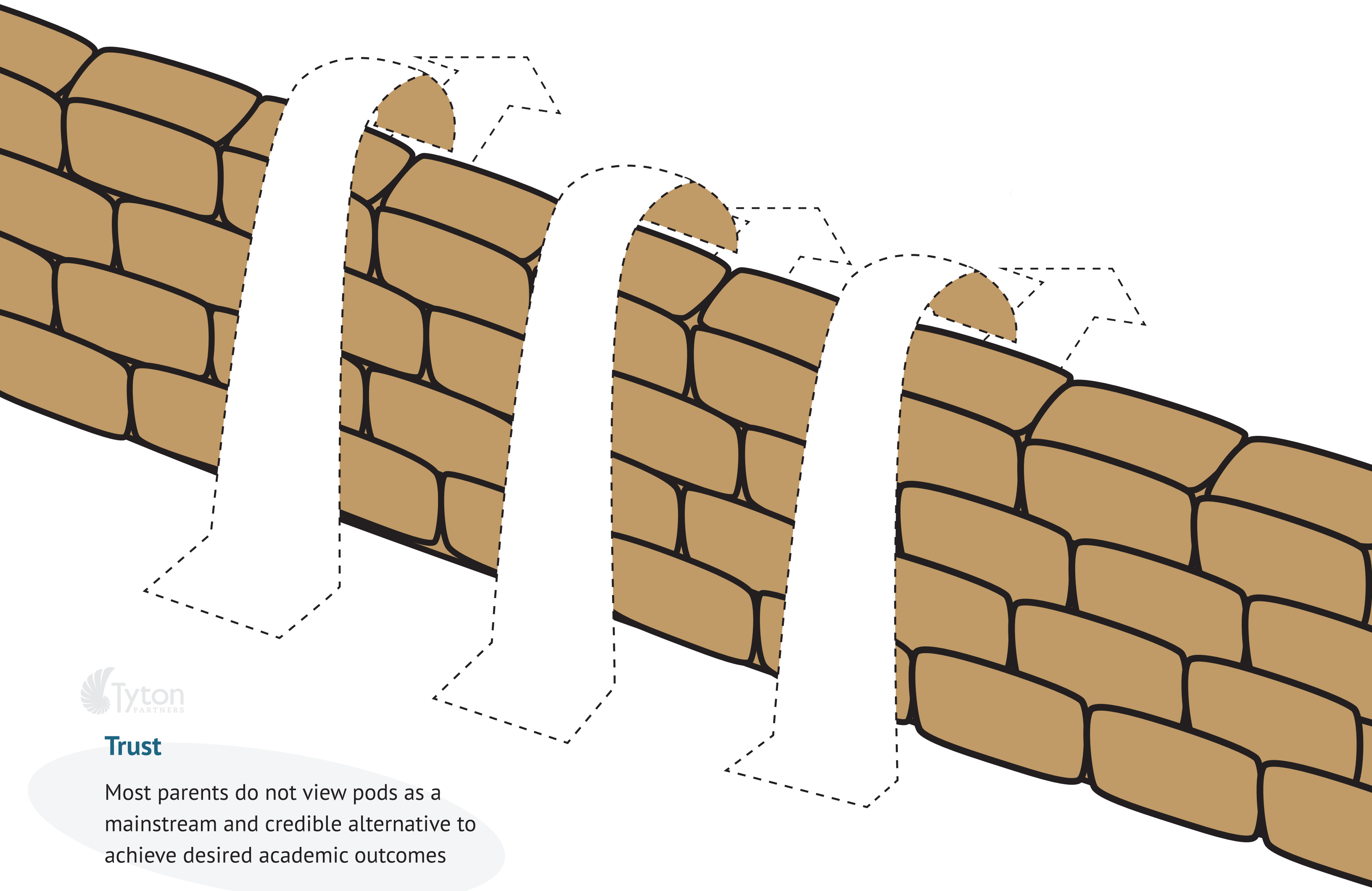
Innovation is never without challenge or controversy – especially in K-12 education – and entrepreneurs and emerging organizations will have to address these and other barriers to enable a more scaled ecosystem of alternative school types.

> “Learning pods that are high quality are really expensive, and that’s what makes it hard for providers to scale up, and be affordable in most places.
>
> – Director, Microschool

> “Parents’ transition to pods is temporary because they aren’t bullish on the fact that it will be a true path towards college or even re-entering into the traditional K-12 system.
>
> – Founder, Learning Plan Consulting Company

> “We got initially about 2,500 emails from people, so there is interest on the school side, but we did not get any interest from the investor side. The risk is just too high for investors.
>
> – Co-Founder and CEO, Service Matching Parents To Learning Resources

Learning pods and microschools barriers to scale



Trust

Most parents do not view pods as a mainstream and credible alternative to achieve desired academic outcomes

Cost

Costs are higher than for alternatives such as public school or homeschooling, limiting ability to serve to broader population

Pushback from establishment

Scaling has not been supported by establishment organizations such as teacher’s unions

Funding

Start-up capital is limited given potentially low ROI and high risk on new schools of the size of learning pods/ microschools

Operational expertise

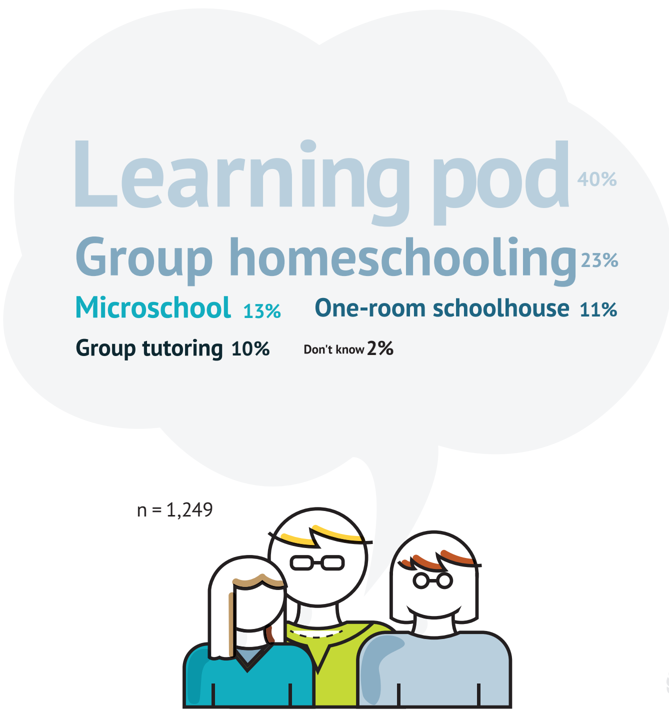
Learning pods/ microschools are often started by parents or teachers; for some, operations, funding and marketing is a learning curve

The future of supplemental learning pods

The 13 percent of parents whose children participated in supplemental learning pods during the 2020-2021 academic year report their children are thriving, showing improvement in their learning and enjoying the experience alongside their peers. Supplemental learning pods took different forms for families during COVID-19; 40 percent of parents used the term "learning pod" to refer to supplemental activities while others viewed it as "group tutoring" or "group homeschooling," highlighting the still-fluid nature of the model.

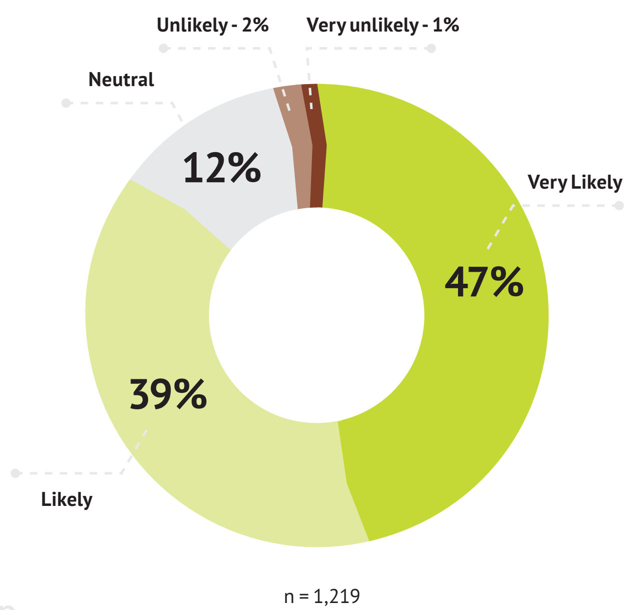
Regardless of the form it took – or the term applied – 86 percent of parents with children in supplemental learning pods say it is likely they will continue next academic year. This indicates supplemental learning pods have the potential to persist – and evolve – as a fixture in the K-12 environment.

Terms used by parents to describe small group learning experiences



Respondents who said they used learning pods at some point since fall 2019 were asked to choose term that best described how they thought of their learning pod.

Likelihood for those who used supplemental learning pods/microschools during spring 2021 to continue into the next academic year



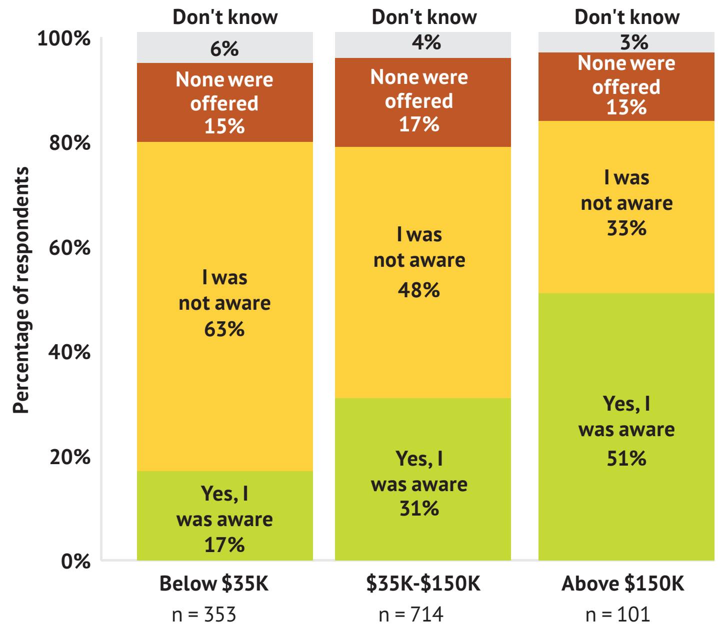
Respondents who used learning pods in fall 2020, or spring 2021 were asked about their likelihood to use supplemental learning pods next year. (Supplemental learning pods are used in addition to their core school.)

Potential for supplemental learning pods with lower- and middle-income parents

Overall awareness of learning pods remains low, particularly among lower-income parents. Only 17 percent of lower-income parents say they are aware of learning pods compared to 51 percent of higher-income parents. However, 28 percent of middle-income parents and 20 percent of lower-income parents indicate although they were not previously aware of supplemental learning pods, they would consider them as an option in the future.

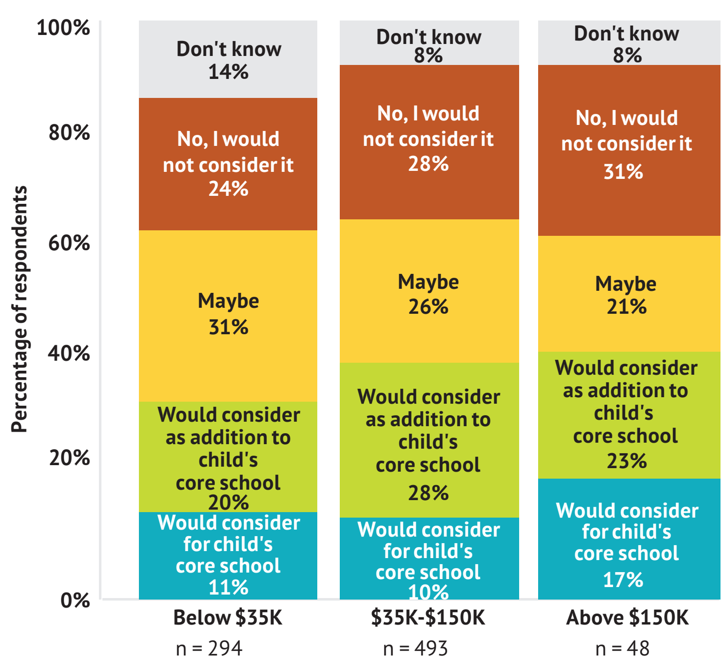
Supplemental learning pods could be more accessible to a broader set of families. With this model, children can remain enrolled in a familiar school environment, while lowering the perceived risk of trying something new (i.e., the learning pod). This model is potentially less disruptive than switching schools and likely lower cost given the experience is intended to be supplemental. However, more widespread participation in supplemental learning pods could heighten concerns regarding the impact on the education equity gap; only 13 percent of those using supplemental learning pods this spring are lower-income families, despite representing 25 percent of the K-12 parent population.

Awareness of learning pods/ microschools, by family income



Parents were asked if they would consider learning pods/ microschools for their child, had they been aware of them.

Openness to use learning pods/microschools if available, for those not previously aware of them, by family income



Parents were asked if they were aware of what learning pods/ microschools were, and if any were available in their community.

COVID-19 school shifts heighten parent expectations of education

Many parents were heavily involved in their child's education prior to the spring of 2020. They attended school programs and parent-teacher conferences, participated in PTA/PTO meetings and maybe even volunteered in the classroom, chaperoned field trips or coached a school team. They, of course, cared about their child's academic progress and overall school experience.

Then March 2020 arrived, and their child's "school" was, in many instances, in their living room, dining room or their child's bedroom. Parents were called upon to help their child connect to remote learning, assist them with math assignments and ensure they stayed on task and were learning, among many other traditional "school" responsibilities. They became acutely aware of when their child was succeeding and when they were struggling – both academically and social emotionally – and a sizable number turned to alternative school types to support their child during this time of disruption.

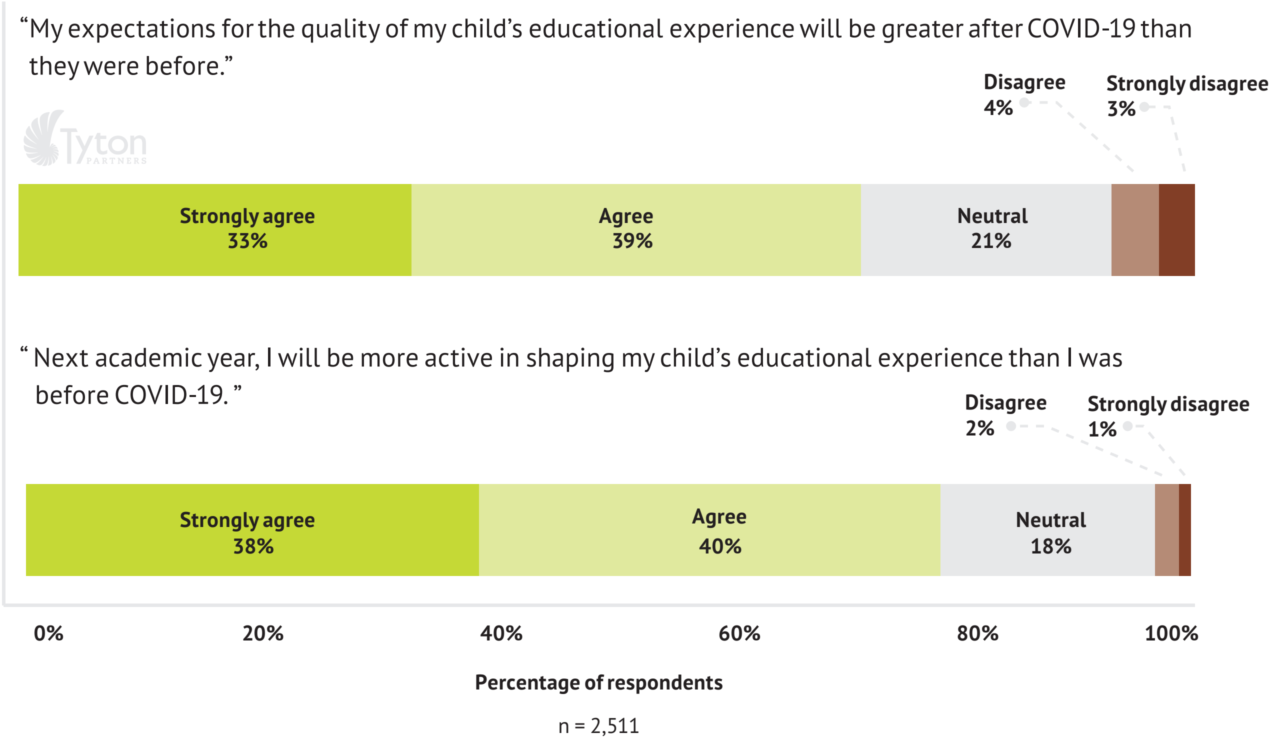
As a result, parents are likely to remain keenly aware of the quality of education their children are receiving and more actively involved in their child's education. In fact, 80 percent of all parents tell us they will be more involved in shaping their child's educational experience next school year. The primary ways they plan to do this is by providing their child with additional tutoring, assisting them with homework and purchasing more educational products.

When you look at how parents plan to stay involved through an economic lens, lower-income parents say they will be able to support their child's education at substantially lower rates. Nearly 35 percent of higher-income families say they plan to adopt more educational products and 21 percent say they will provide their child with more education-oriented activities and programs. These participation rates compare to 17 percent of lower-income parents who report they will adopt more educational products for their child and nine 9 percent who will pursue more activities for their child, revealing a deepening equity gap.

Heightened parent expectations of quality

Their child's educational experience during COVID-19 also heightened parents' expectations of quality, particularly regarding social-emotional health and individualized learning. More than 70 percent of all parents tell us they have higher expectations for the quality of their child's educational experience. Comparatively, higher-income parents are 20 percent more likely to strongly agree they have greater expectations for their child's education coming out of the pandemic than lower-income parents.

Parents' agreement with the following statements:



Of the four factors influencing parents' choice of school for their child (i.e., academics, social-emotional health, non-academic enrichment and economics/logistics) academics are the highest priority for middle- and higher-income parents. In the spring of 2021, social-emotional health was the most important factor for lower-income parents, compared to pre-pandemic when it was academics.

While parents faced challenges providing their children with quality and safe education over the past year, they are optimistic about the lessons learned during COVID-19 and expect them to become integrated into the traditional K-12 education model. They believe their children had improved interactions with teachers due to the availability and flexibility of connecting virtually. Some parents also saw their children become more independent learners and develop crucial study skills. Moving forward, parents report expecting their children's schools to create more individualized learning experiences, increase the focus on social-emotional health and integrate real-world technology applications into the daily curriculum.

As traditional schools work to overcome the numerous challenges created by COVID-19, it remains to be seen if and how they will respond to new and evolving parent expectations.

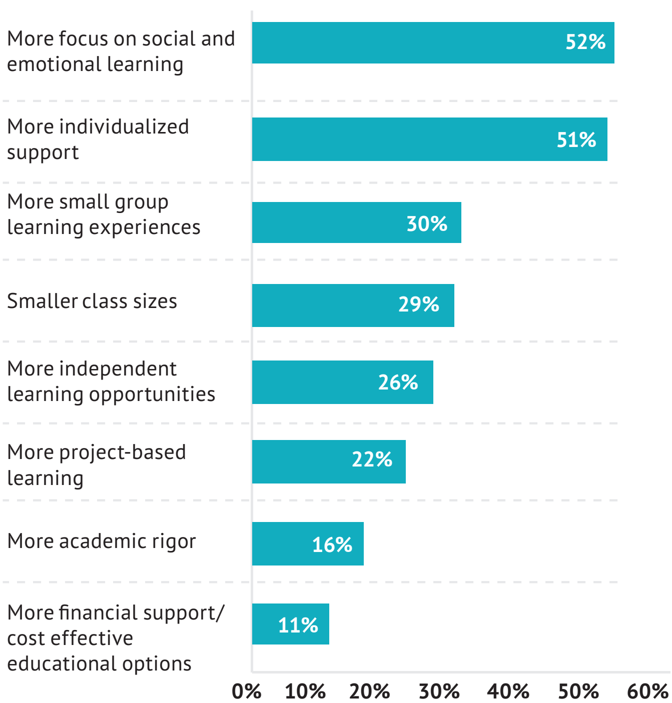
Sustaining positive change

Like so many aspects of our lives, the COVID-19 pandemic brought about significant changes in how parents view their children's educational experiences. The abrupt switch to remote learning in the spring of 2020 fueled increased enrollment in learning pods, microschools and homeschooling, resulting in fewer students enrolled in traditional public and private schools than before the pandemic. In addition, a new model – supplemental learning pods used in conjunction with a child's core school – emerged and continues to expand today.

While school shifts were catalyzed by COVID-19, many parents express high levels of satisfaction with the alternative models they chose – higher satisfaction than with public schools. In addition, a meaningful change in parents' mindsets about their child's education emerged. They have higher expectations of quality with an increased focus on the importance of individualized learning and social-emotional health. In the coming months, traditional K-12 public and private schools will have the opportunity to respond to these heightened expectations. While some families may be satisfied returning to a version of the pre-pandemic model, others might continue looking for options that better reflect their COVID-19 experiences, fueling an expansion of alternatives that could change the contours of the K-12 ecosystem.

Parent expectations post-COVID-19

Expectations for child's educational experience

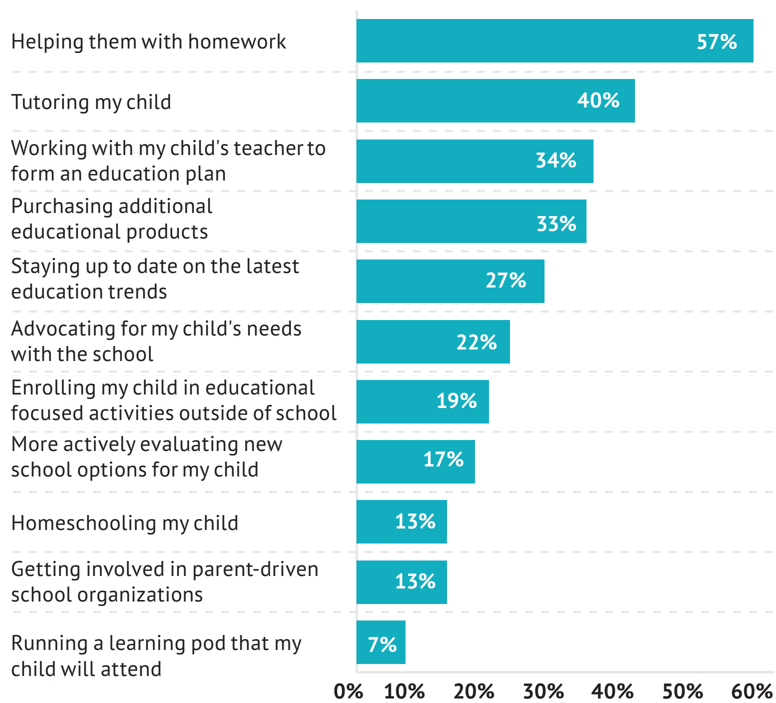


Percentage of respondents

n = 1,798

Ways parents expect their child's educational experience to change after COVID-19

Ways of being more involved



Percentage of respondents

n = 1,939

Ways in which parents are expecting to become more involved in their child's education next academic year

Looking Ahead

One of the most notable findings across our work to-date is the emergence and growth of supplemental learning pods. This model appears to have enhanced children's experience in traditional public and private schools and provided parents with valued support during the pandemic, ranging from helping children with remote learning and offering a safe educational environment to providing childcare and nurturing their child's social-emotional health. Responses from parents who used supplemental learning pods seem to indicate they, in some form, may become part of the overall educational ecosystem for the long term. In the final part of our study, we will further examine this phenomenon and look for answers to questions, such as:

- What did supplemental learning pods look like for different families? What different models emerged and what needs did they address?
- What types of experiences did families have with supplemental learning pods?
- Among parents who did not enroll their children in supplemental learning pods, what needs might pods help them meet and what can be done to improve accessibility?
- What supplemental learning pod model may be most replicable and sustainable across the broadest group of families?

We look forward to sharing the findings from our final survey with you later this year and to providing a perspective on the future of supplemental learning pods and their role in the K-12 ecosystem.

Appendices

Acknowledgements

Many education industry leaders, policy experts and organizational leaders have shared time and insights with us during our work. For this publication, we are particularly thankful to the following organizations for their thought partnership and collaboration:

CoLearn

Expanse

Homeroom

IndED Academies

Inspire Behavioral Learning

Microschool Builders

Microschool Revolution

MYSA School

MySchool

National Association of Independent Schools

Podtique

PodUp

Prenda

The Education Game

Wildflower Schools

We would also like to thank the independent learning pod leaders and facilitators who shared their experience with us in multiple conversations throughout throughout spring 2021, and United Way and Family Aid for offering the perspective of the families they serve.

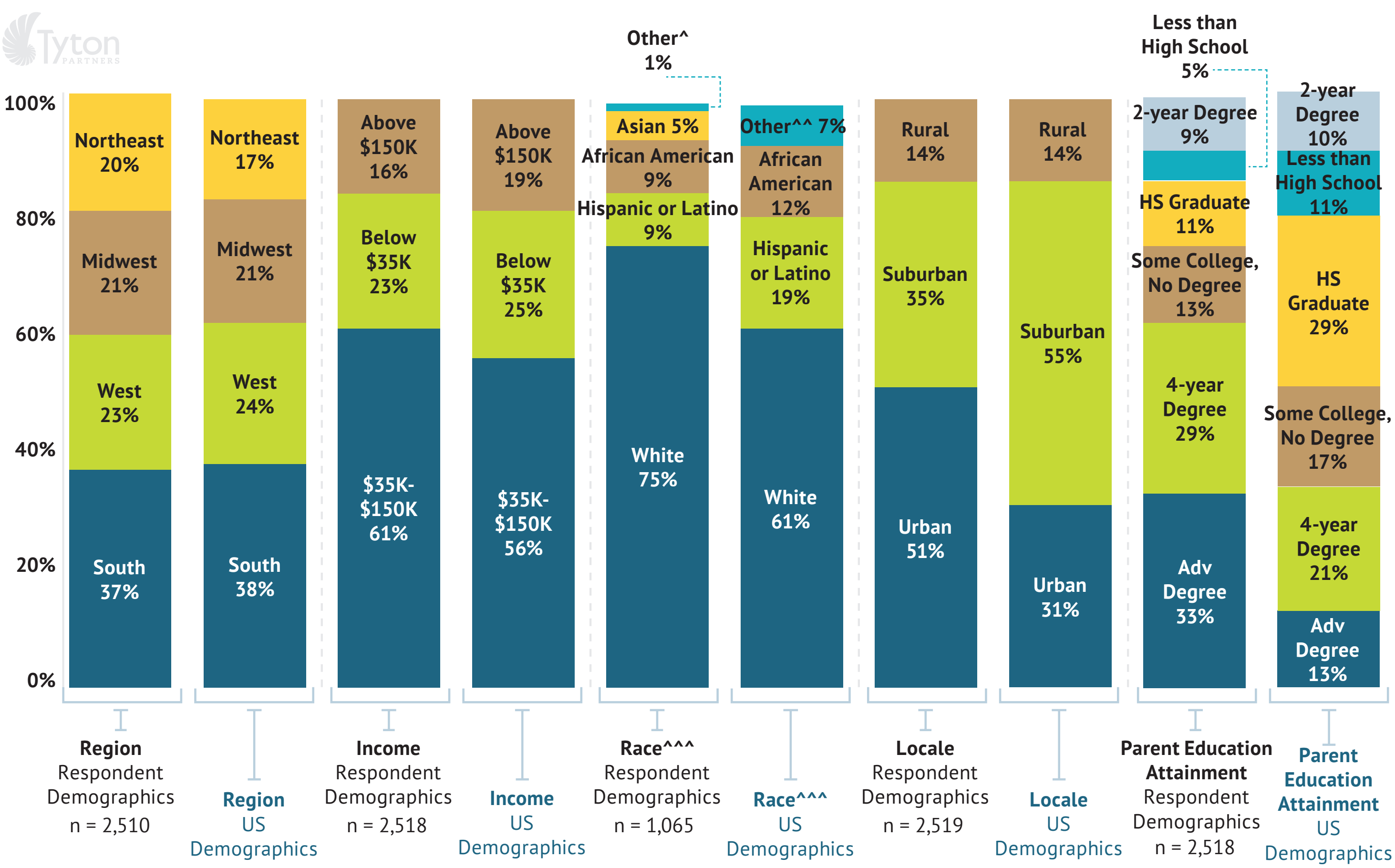
Survey methodology

The survey for this publication was launched and administered by Qualtrics via online panels to source survey participants. Tyton Partners established quotas based on selected demographic criteria to ensure that the sample was representative of the United States population across key dimensions. Quotas sought to ensure that responses were distributed appropriately across the following:

- Income levels
- Geographic region
- Locale (e.g., urban, suburban, rural)
- Child grade level

Other demographic data, such as race and parent's level of educational attainment, was also collected where respondents elected to share it.

Survey demographics*



*Totals may not equal 100% due to rounding.

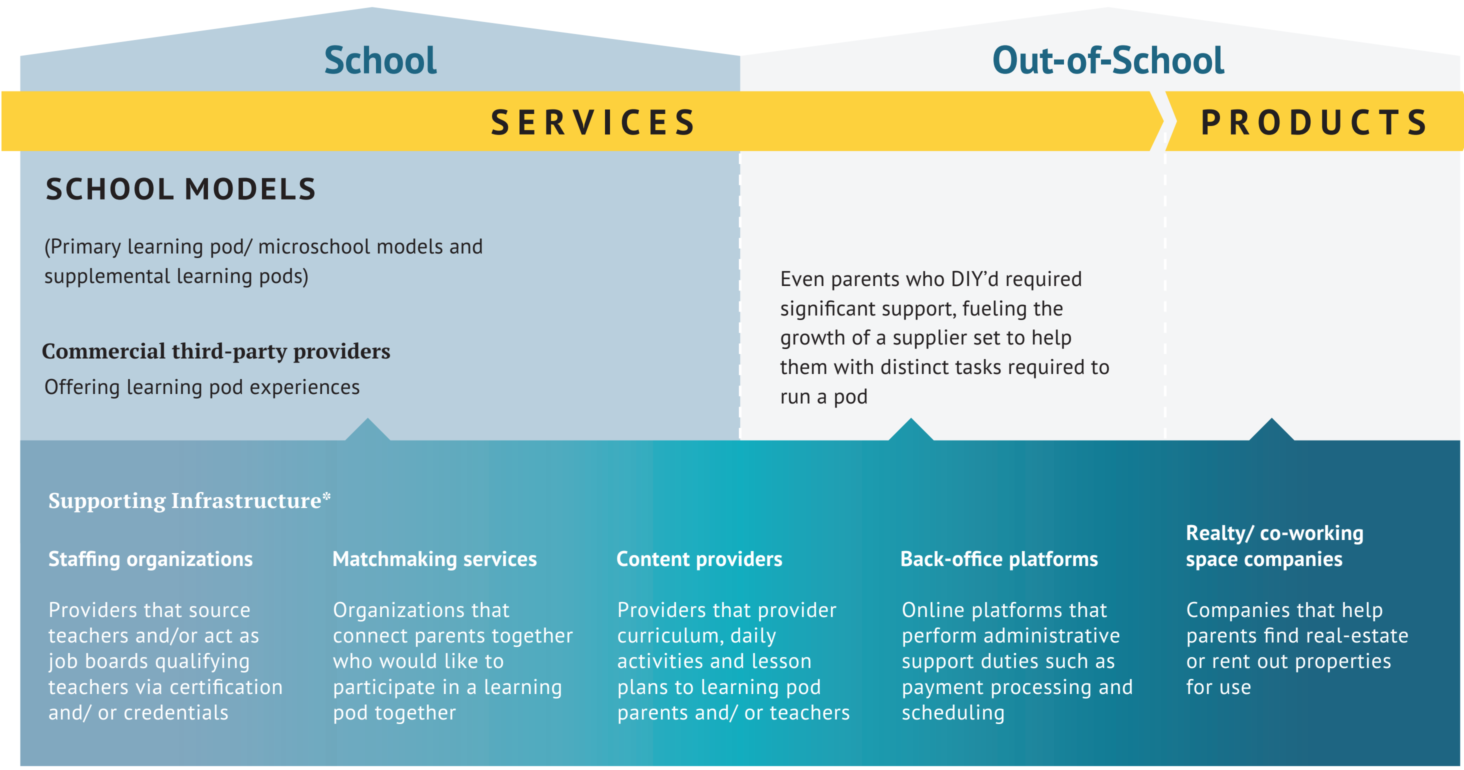
^Other includes Native Hawaiian or Pacific Islander and American Indian or Native American.
^^Other includes Asian, Native Hawaiian or Pacific Islander and American Indian or Native American.
^^^Race question was optional and respondents were able to skip if they did not feel comfortable answering it.

We used these demographic criteria during our analysis to explore the extent to which relationships might exist between parents' decisions and various population segments. Ultimately, we determined to focus our findings – and segmentations – on the variance driven by income level and locale as this is where the most statistically significant differences existed.

Qualtrics works with various panels to try to minimize biases that any particular panel might have; for this survey, five panel partners participated in sourcing candidates. Individual panel respondents are generally compensated through a "point-reward" system. Respondents get points based on the length/ complexity of the survey, and points can be redeemed for various types of gift cards.

Illustrative players in the alternative school types space

As highlighted in this publication, the emergence of supplemental learning pods and the growth in microschools and homeschooling is fueling the emergence of a new set of providers that work to facilitate the process of setting up or operating one of these models. We have identified six segments that reflect various products and services companies are providing to assist school leaders and parents in establishing learning pods and microschools in particular.



*Emerged as a result of COVID-19, includes use of learning pods and microschools used in addition to another primary school option

In an effort to capture the growth that COVID-19 has driven in this space, Tyton Partners started to map existing and emerging providers of commercial alternative schools and supportive infrastructure. The following table includes an illustrative, but not comprehensive, set of companies active in these segments during Spring 2021, with an emphasis on companies and organizations serving the learning pod and microschool markets. We have aligned the organizations to a segment based on our determination of the primary service(s) they offer, although many providers indicate activity in multiple segments. All information was collected through publicly available resources.

Illustrative providers supporting learning pods, microschools and homeschooling during spring of 2021

COMPANY/ ORGANIZATION	PRIMARY MARKET SEGMENT	SERVICES OFFERED	YEAR FOUNDED	REACH	ESTIMATED INVESTMENT RAISED TO DATE	WEBSITE
100 Roads	Matchmaking services	Offers an online co-learning community where parents can connect to share ideas and arrange in person meetings as well as access learning resources	2019	National	N/A	https://www.100roads.org/
Acton Academy	Third-party providers	Offers a proprietary curriculum and guide for microschool creators to enable parents to start microschools using the Acton Academy model	2009	National	N/A	https://www.actonacademy.org/
American Teachers	Third-party providers	Offers general, specialized and extracurricular learning pods	2020	San Francisco, Los Angeles, New York City	N/A	https://www.americanteachers.com/
Anything Academic	Matchmaking services	Offers a database of resources parents can use to search for schools, curriculums, and activities such as summer camps	Not available	National	N/A	https://www.anythingacademic.com/
Camppedia	Third-party providers	Matches students to enrichment camps and supplemental learning coaches	2018	Texas	$75,000	https://www.camppedia.com/
CareVillage	Staffing organizations	Matches parents who are looking for childcare options, playdates, and other activities	2020	National	N/A	https://carevillage.us/
Catalyzing Inspiration	Third-party providers	Runs learning pods focused on real-life education experiences	Not available	National	N/A	https://www.catalyzinginspiration.com/
Challenge Island	Third-party providers	Matches students in small learning goups to complete STEM activities	2003	25+ states (including CA, FL, MA & NY)	N/A	https://challenge-island.com/
CoLearn	Matchmaking services	Offers a database of resources parents can use to search for core and supplemental learning solutions, such as websites, apps, and digital learning tools	2018	National	N/A	https://www.colearn.com/
CovEducation	Third-party providers	Runs in-person and virtual synchronous learning pods, as well as individual tutoring	2020	National	N/A	https://www.coved.org/
Curacubby	Back-office platforms	Facilitates development of enrichment programs by equipping schools with pre-packaged program management tool kits	2016	National	$2 MILLION	https://www.curacubby.com/
Edupreneur Academy	Content providers	Offers courses that teach operational skills needed to start a school	Not available	National	N/A	https://edupreneuracademy.org/
Expanse	Third-party providers	Runs small-group learning programs focused on social-emotional learning	2020	Not available	N/A	https://expanseonline.co/
Friendly Minds	Staffing organizations	Matches learning pod creators with teachers	2020	Virginia	N/A	https://schoolco-op.com/

COMPANY/ ORGANIZATION	PRIMARY MARKET SEGMENT	SERVICES OFFERED	YEAR FOUNDED	REACH	ESTIMATED INVESTMENT RAISED TO DATE	WEBSITE
Home Grown Unit	Third-party providers	Runs virtual learning pods that teach individual courses or a full core education	Not available	National	N/A	https://www.homegrownunit.com/
Homeroom	Staffing organizations	Helps schools run enrichment programs through their platform, which is used to manage extracurricular providers, send booking links to parents, manage payments, and track enrollment	2015	National	$4 MILLION	https://www.homeroom.com/
HomeWork Solutions	Back-office platforms	Equips parents with a payroll platform intended for non-commerical payroll, such as nannies, tutors, or learning pod facilitators	1993	National	N/A	https://www.homeworksolutions.com/
IndEd Academies	Third-party providers	Runs microschools and virtual small-group academic programs	2015	Louisiana	N/A	https://inded.us/
Inspire Behavioral Learning	Third-party providers	Offers enrichment camps in addition to tutors for personalized learning	Not available	California	N/A	https://www.inspirebehavior.com/
JoinMyPod	Matchmaking services	Matches parents searching for learning pods with learning pod creators	Not available	National	N/A	https://joinmypod.org/
KaiPod Learning	Third-party providers	Provides project-based learning pods for middle and high school students	2021	Massachusetts	N/A	https://www.kaipodlearning.com/
KidzToPros	Third-party providers	Provides customizable learning pods and in-person/ online programs including, but not limited to, coding, art skills, origami, film studio, and martial arts	2016	National	$100,000	https://www.kidztopros.com/
Microschool Builders	Content providers	Trains teachers on the business-oriented processes and skills needed to run a microschool	2019	National	N/A	https://microschoolbuilders.com/
Microschool Coalition	Content providers	Offers courses and individual coaching for microschool facilitators that teach them how to start a microschool	Not available	Not available	N/A	http://microschoolcoalition.com/
Microschool Revolution	Matchmaking services	Connects microschool creators to investors, who can provide seed money	Not available	National	N/A	https://www.microschoolrevolution.com/
MYSA Schools	Third-party providers	Matches students to local, in-person microschools, and offers virtual distance-learning in small classes and supervised study groups	2016	Not available	N/A	https://mysaschool.org/
MySchool	Matchmaking services	Connects homeschool communities through the use of an online portal	2018	National	N/A	https://myschoolathome.io/
Pod School Prep	Content providers	Offers an online training program for learning pod facilitators that teaches them how to run a learning pod	Not available	National	N/A	https://www.podschoolprep.com/
Pods Match	Matchmaking services	Matches parents with local learning pods	Not available	National	N/A	https://podsmatch.com/

COMPANY/ ORGANIZATION	PRIMARY MARKET SEGMENT	SERVICES OFFERED	YEAR FOUNDED	REACH	ESTIMATED INVESTMENT RAISED TO DATE	WEBSITE
PodSkool	Content providers	Provides a customized learning pod curriculum for learning pod facilitators	2020	California	N/A	https://podskool.com/
Podtique	Staffing organizations	Connects learning pod creators with teachers who can facilitate their learning pod	Not available	Not available	N/A	https://www.podtique.com/our-mission-and-values/
PodUp	Matchmaking services	Matches families into groups to facilitate sharing of childcare resources	2020	Not available	N/A	https://podupnow.com/
Prenda	Third-party providers	Matches students to local Prenda-run microschools	2017	Arizona	$25 MILLION	https://www.prenda.com/
Prisma	Matchmaking services	Offers online learning cohorts designed to give homeschoolers access to local peers and a learning coach	2020	National	N/A	https://www.joinprisma.com/post/a-stress-free-switch-to-learning-from-home-this-fall
Rebel Educator	Content providers	Offers a service, "The Accelerator", that covers content needed to launch an independent school	Not available	National	N/A	https://www.rebeleducator.com/
SchoolHouse	Matchmaking services	Connects parents to local microschools	2020	National	$8 MILLION	https://www.getschoolhouse.com/
Scoot Education	Third-party providers	Offered supplemental in-person learning pods	2005	California	N/A	https://scoot.education/
Selected	Staffing organizations	Connects schools and families to job-seeking teachers	2016	National	$1 MILLION	https://www.getselected.com/
Swing Education	Third-party providers	Offers in-person learning pods that can be customized according to activities parents choose to prioritize (e.g., distance learning support, homework help, arts)	2015	National	$25 MILLION	https://swingeducation.com/
Teachers on Reserve	Staffing organizations	Provdes partner schools with on-demand access to substitute teachers	1987	California	N/A	https://www.teachersonreserve.com/
TeachMyStudent.org	Staffing organizations	Matches parents to learning pods as well as teachers, tutors, and coaches	2020	Not available	N/A	https://teachmystudent.org/
The Education Game	Content providers	Helps parents develop individualized learning plans for their children, which can be used to personalize teaching in learning pods	Not available	National	N/A	https://theeducationgame.com/
Tinycare	Third-party providers	Runs microschools that follow a Montessori curriculum	2018	California	N/A	https://tinycare.co/
Twine	Back-office platforms	Helps schools manage operations by increasing parent communication with apps, creating an easy to use website, automatic reporting, and a toolkit for online learning	2016	National	N/A	https://choosetwine.com/

COMPANY/ ORGANIZATION	PRIMARY MARKET SEGMENT	SERVICES OFFERED	YEAR FOUNDED	REACH	ESTIMATED INVESTMENT RAISED TO DATE	WEBSITE
WAY Academy	Third-party providers	Runs a virtual microschool focused on self-pacing and personalised learning	2013	National	N/A	https://www.wayacademy.net/
Weekdays	Third-party providers	Matches students to local Weekdays-run microschools	2019	National	N/A	https://joinweekdays.com/
Wildflower Schools	Third-party providers	Enables a network of microschools that follow a Montessori curriculum	2016	10+ states (including CA, MA, NY & PA)	N/A	https://wildflowerschools.org/
Wonderschool	Third-party providers	Enables parents to start microschools in the Wonderschool network, which provides operational support and a posting of the school on their searchable website	2014	National	$25 MILLION	https://www.wonderschool.com/