

Online charter school company Stride, formerly K12, Inc., operates two online charter schools in Ohio for a cool \$1,208,902.91 for one and \$3,941,052.41 for the other for the year ending June 30, 2025. This publicly traded company has a history of litigation due to contract issues and other failures.

Stride or K12, Inc. operates two online charter schools in Ohio with a total tax cash grab of \$125 million in fiscal year 2025. The Ohio Virtual Academy has a 4-year graduation rate of 72.1%, and mostly 1 star ratings in six rated components of the [2024-2025 Report Card](#).

It should be incredibly disturbing to Ohio taxpayers that online charter schools are funded by the same formula as brick-and-mortar charters. K12, Inc./Stride company officials are under pressure to satisfy the investors. Hence it is little wonder that profit motive outweighs quality educational programming.

Ohio taxpayers are subsidizing substantial financial gains for K12, Inc./Stride investors!

Charter schools are supposed to be nonprofit. The charter schools are not-for-profit but for-profit companies often operate charter schools.

Most of Ohio's charter schools are sponsored (authorized) by nonprofit organizations. Charter school sponsors can receive up to 3% of the total revenue received by the charter schools they sponsor. Think about how much revenue the Ohio Council of Community Schools receives annually for sponsorship of K12/Stride schools: \$1,250,000? \$2,500,000? \$3,750,000? If you are interested, ask the Council how much it receives for sponsoring the Ohio Virtual Academy and the Ohio Digital Learning School. Also ask what the Council does to earn the funds.

Ron Packard, one of the founders of K12, Inc./Stride left behind a \$5 million annual salary at this company to start his own charter operation. Mr. Packard has a huge footprint in the Ohio charter school industry. Accountability and transparency in the charter industry in Ohio is a sham!

Why do Ohio lawmakers and governors not legislate an objective study of the Ohio charter school industry to determine if it is educationally sound and cost effective? Maybe campaign contributions are a factor as the legislature ignores the shortcomings of the charter industry.

Ohio Virtual Academy [Report Card](#)

Ohio Virtual Academy ODEW SFPR

Ohio Digital Learning School [Report Card](#)

Ohio Digital Learning School ODEW SFPR

Did A Cyber School Giant Try To Hide Its Troubles By Attacking A Public School?

By [Peter Greene](#),

Senior Contributor.

Peter Greene covers classroom impact of education policy and practice

Follow Author

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Stride, a giant in the cyber charter school industry, was accused by a New Mexico school district of violating rules and regulations. Now a lawsuit alleges that Stride responded by mounting a coordinated attack on the district and its superintendent.

In 2020, Gallup-McKinley County Schools [contracted with Stride](#) (formerly known as K12 Inc) to operate its New Mexico Destinations Career Academy. But the district alleges that the for-profit organization

repeatedly cut corners, violated staffing rules, and inflated enrollment numbers. In May 2025, the school board voted to end the contract.

"Our students deserve better," said [School Board President Christopher Mortensen in a press release](#). "This action is not sudden; it is the result of months of effort to address persistent issues with the contractor. We are taking this step to protect our students, uphold academic standards, and meet our obligations under state and federal law."

Within months, the district had filed a complaint against Stride, charging them with fraud, unfair trade practices, civil conspiracy, and seven other counts. [That lawsuit outlines the issues](#) between Stride and the district.

According to the complaint, Stride had continuing issues with meeting requirements for student-teacher ratios, having been notified as early as September 2023 that it was out of compliance. Special education teachers were over their permitted caseloads, and IEP students were not receiving their due process. Further, Stride failed to employ certified teachers, complete background checks, or provide state-mandated occupational and professional trainings to their staff.

The district also alleges that Stride "retained nonexistent students on its rolls" and took school district funds for educating these ghost students. Stride failed to provide timely required communication with the district. Stride's graduation rate, says the district, was "horrific," with a graduation rate of 27.67% in 2024.

The district also claims that through it all, Stride has ["ignored compliance requirements"](#) and failed to produce a remediation plan.

[According to the suit filed by the district](#), a management representative of Stride came forward in May as a whistleblower, declaring that the increases in student-teacher ratios was "intentional... in order to increase profit margins." The whistleblower reported that he made multiple attempts to inform upper management that Stride was out of compliance with state law, and asked for authority to hire the roughly 80 teachers needed. The Vice President of Finance, says the whistleblower, refused to authorize those hires. Instead, in a later meeting, the whistleblower was allegedly told that his "projected profit margin was too low." He was directed to cut staff for the next year to meet projected profit margin."

According to the whistleblower, Stride's plans to deal with their troubles were not focused on meeting their obligations to the district.

Instead, [the whistleblower says](#), at an April meeting Stride's Senior Vice President of School Development "Peter Stewart said the company should attack first publicly and Stride Inc. should develop a strategy for that" and that Stride CEO "James Rhyu said [to the group] that the Superintendent [for the School District] was in over his skis on this issue."

Alleges the district's suit, "Stride's management, including the individual Defendants, engaged in and agreed to a civil conspiracy to cover up its misconduct and illegal activities acting, by and through its employees, agents and attorneys, in planning and engaging in a systemic public attack on the School District and its Superintendent of Schools to distract from its illegal activities and its breach of the contract with the Board of Education."

And counter-attack they did. [On April 22](#), the district sent Stride a letter charging it had "materially breached" its contract. On April 28, the company filed [an ethics complaint](#) against GMCS Superintendent Michael Hyatt, alleging that he had tried to leverage Stride's contract with the district in order to secure a "lucrative position" with Stride. [Hyatt had applied](#) for a management position with Stride in 2024; the company declined to hire him.

The list of complaints by the district against Stride is long, but the theme is simple enough.

Defendant Stride purposely and willfully disregarded the contractual requirements and the statutory and regulatory requirements in order to defraud the School District to increase its profits...

Defendant Stride, while obligated to provide a certain quality of education to students, disregarded its legal obligations with the sole intent to profit on the education of students that it was supposed to educate, and that profit was obtained illegally through the intentional 27 violations of State law, incomplete and false reporting of student data, withholding technical support and operating and manipulating student counts to include students who had been dropped, withdrawn or were excessively absent.

Asked for comment [on the suit](#), a Stride representative directed me to the company's suit-related web site which argues that the company has been working on an improvement plan, that their student-to-staff ratios are better than those reported by the district, and that "explosive growth" of NMDCA makes it hard to stay caught up with staffing. [A reply to the district's April 22 letter](#) contests virtually every point that the district has made about Stride's performance.

Since being cut loose from GMCS, Stride has [re-opened NMDCA](#) as a cyber charter school partnered with Charna Valley Independent Schools and Santa Rosa Consolidated Schools; a fact sheet from Stride says 3,000 students are enrolled, including 2,300 returning families. Those families, they say, are largely satisfied with the school. They also point out that many students enter the school short of credits, and that the majority of students are closing that gap. The Stride representative also sent a fact sheet alleging that GMCS is facing other legal problems.

But Stride is [no stranger to legal issues](#). It was [founded in 2000 as K12 Inc](#) by Ron Packard, former banker and McKinsey consultant, and quickly became the leading national company for cyber schooling. One of its first big investors was Michal Milken. That investment came a decade after he pled guilty to six felonies in the ["biggest fraud case in the securities industry"](#) ending his reign as the "junk bond king." Besides Milliken, Stride investors [have included](#) brothers Lowell and Larry Elison, [and BlackRock](#), founded by Larry Fink, whose brother Steve sits on the [Stride Board of Directors](#).

In 2011, [the New York Times](#) detailed how K12's schools were failing miserably, but still making investors and officers a ton of money. Former teachers wrote [tell-alls about their experiences](#). In 2012, Florida caught K12 [using fake teachers](#). The [NCAA put K12 schools on the list](#) of cyber schools that were disqualified from sports eligibility. In 2014, Packard turned out to be one of [the highest paid public workers](#) in the country, "despite the fact that only 28% of K12 schools met state standards in 2011-2012."

In 2013 K12 settled [a class action lawsuit in Virginia](#) for \$6.75 million after stockholders accused the company of [misleading them about](#) "the company's business practices and academic performance." In 2014, Middlebury College faculty voted [to end a partnership with K12](#) saying the company's business practices "are at odds with the integrity, reputation and educational mission of the college."

In 2016 K12 got in yet another round of trouble in California [for lying about student enrollment](#), resulting in a \$165 million settlement with then Attorney General Kamala Harris. K12 was repeatedly dropped in some states and cities [for poor performance](#).

In 2020, [they landed a big contract in Miami-Dade county](#) (after a big lucrative contribution to an [organization run by the superintendent](#)); subsequently [Wired magazine wrote a story](#) about their "epic series of tech errors." [K12 successfully defended itself](#) from a lawsuit in Virginia based on charges they had greatly overstated their technological capabilities by arguing that such claims were simply advertising "puffery."

The district is seeking compensatory and punitive damages from Stride. Four Stride executives are named in the suit in addition to Stride Inc itself. The court will decide who's blowing smoke here. In the

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meantime, school districts continue to learn about the price of teaming up with aggressively for-profit partners.

Find [Peter Greene](#) on [LinkedIn](#) and [X](#). Visit [Peter's website](#).

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