

Peter Greene, in his June 5 Curmudgucation, chronicles the current and past misconduct in the Stride (formerly K12 Inc.) online charter school. Stride operates Ohio Virtual Academy.

The operation and misdeeds of the Stride online charter school company (formerly K12, Inc.) should be of interest to Ohio taxpayers since this publicly traded company is taking about \$120 million annually out of Ohio for providing some kind of online education. Stride operates Ohio Virtual Academy (OVA). The current state [statement of settlement](#) for OVA shows that Ohio taxpayers will shell out \$118 million this school year for OVA. The [2023-2024 financial highlights](#) shows the total fiscal picture of OVA. It should also be of interest to Ohioans because Stride's bottom line is making money for investors in the company rather than providing quality education.

It is inconceivable that state officials would allow \$120 million in taxpayer funds to flow to a company that must focus on making money to satisfy shareholders, rather than the education of children and that has a record of misbehaving. Another point of interest to Ohioans is that Ron Packard, at one-point, operated K12, Inc. (now Stride) with a salary of \$5 million annually with stock options. Now Packard's new company operates several charter schools in Ohio. How many millions does Packard pocket annually from his charter school operation in Ohio? Taxpayers will never know because Ohio law does not require that level of transparency for the for-profit charter operators.

NM: Stride Caught Misbehaving Yet Again

[Peter Greene](#)

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A New Mexico school district has terminated its contract with Stride Inc, the 800 pound gorilla of the cyber school world, after a load of legal and academic violations. It's not a new issue with the company, which generally seems to consider educating students a mission secondary to the search for more profit.

Who are these guys?

Stride used to be K-12, a for-profit company aimed at providing on-line and blended learning. It was [founded in 2000](#) 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." Milken was sentenced to ten years, served two, and was barred from ever securities investment. In 1996, he had [established Knowledge Universe](#), an organization he created with his brother Lowell and Larry Elison, who both kicked in money for K12.

Also investing in K12, very quietly, was the financial giant Blackrock, founded and run by Larry Fink. Larry graduated from [the same high school as Milken](#). Larry's brother Steve is a member of the Stride board, and at one point ran division of Knowledge Universe. Larry Fink is [noted for his privacy about family](#), and a search for the two brothers' names turns up only one article— [a Forbes piece from 2000 which notes that](#) Steve Fink, in 1984, moved next door to Micheal Milken and went on to become "one of Milken's most trusted confidants," a "guy he's relied on to fix business trouble."

Have they been in trouble before?

Oh lordy. Here's a partial list.

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-all about their experiences](#). In 2012. Florida caught them [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."

Packard was [himself sued for misleading investors with overly positive public statements](#), and then selling 43% of his own K12 stock ahead of [a bad news-fueled stock dip](#). Shortly thereafter, in 2014, he [stepped down from leading K12](#) to start a new enterprise.

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."

In November of 2021, K12 announced that it would [rebrand itself as Stride](#).

[The New York Times had quoted Packard](#) as calling lobbying a "core competency" of the company, and the company has spread [plenty of money around doing just that](#). And despite [all its troubles](#), Stride was still beloved on Wall Street [for its ability to make money](#).

In 2023, Stride found itself wrapped up in a lawsuit with one of its own division over broken promises and attempts to lie their way out of commitment.

In 2024, analysts were [warning investors away from Stride](#), saying that, among other things, Stride was lying to investors about how many schools were operating and ghost students being used to puss up enrollment numbers. Later that year, Senator and noted MAGA doofus Markwayne Mullin was in trouble for shenanigans with his Stride stock.

So, yes, Stride has never been tightly bound by rules.

Who's actually running the outfit these days?

Since 2021, the CEO has been the former CFO, James Rhyu. He is a corporate bean counter, not an educator. [The Fuzzy Panda report in 2024](#), discussing Rhyu's "colorful leadership style;" FP says that "the phrase asshole came up frequently." Former execs also told FP about incidents of rage and bullying. "management by fear, bullying control freak." I've read plenty of pages of the man's depositions, and "slippery weasel" also comes to mind. This example captures his style pretty well:

Q: Mr. Rhyu, are you a man of your word?

Rhyu: I'm not sure I understand that question.

Q: Do you do what you say you are going to do, sir?

Rhyu: Under what circumstances?

Q: Do you do what you say you are going to do, Mr. Rhyu?

Rhyu: That's such a broad question. It's hard for me to answer.

Is it hard to answer? Because I feel as if it's really easy to answer. It's one thing to offer the "correct" answer and not mean it, but it's a whole other level to pretend that you can't imagine what the correct answer might be.

So what happened in New Mexico?

[Gallup-McKinley County Schools](#) includes 4,957 square miles of territory, including some reservations. There [are 12,518 students](#) enrolled. [48% of the children](#) in the district live below the poverty line.

So the district hired Stride to provide an online program, and that was not going well. According to the district's press release, [the data was looking ugly](#):

- * Graduation rates in GMCS's Stride-managed online program plunged from 55.79% in 2022 to just 27.67% in 2024.
- * Student turnover reached an alarming 30%.
- * New Mexico state math proficiency scores for Stride students dropped dramatically, falling to just 5.6%.
- * Ghost enrollments and a lack of individualized instruction further compromised student learning.

At the special May 16 board meeting to terminate the contract, the board was feeling pretty cranky.

The district said that the company is failing to meet requirements outlined in their contract. "This is something we've literally been working on since the beginning of the year with stride, and we just finally had a belly full of it and we're ready to make a change," said Chris Mortensen, President of Gallup-McKinley Schools Board of Education.

The board voted unanimously [not just to end the contract](#), but to seek damages. Stride filed a motion for a restraining order to keep the board from firing them. [The court said no.](#)

Mortenson has had plenty to say about the situation. From [the district's press release](#):

GMCS School Board President Chris Mortensen stated, "Our students deserve educational providers that prioritize their academic success, not corporate profit margins. Putting profits above kids was damaging to our students, and we refuse to be complicit in that failure any longer."

Stride CEO James Rhyu has admitted to failing to meet New Mexico's legal requirements for teacher-student ratios, an issue that GMCS suspects was not isolated. "We have reason to believe that Stride has raised student-teacher ratios not just in New Mexico but nationwide," said Mortensen. "If true, this could have inflated Stride's annual profit margins by hundreds of millions of dollars. That would mean corporate revenues and stock prices benefited at the expense of students and in some cases, in defiance of the law."

"Gallup-McKinley County Schools students were used to prop up Stride's bottom line," said Mortensen. "This district, like many others, trusted Stride to deliver education. Instead, we got negligence cloaked in corporate branding."

The district is looking for another online school provider, and I wish them luck with that. Parents in the wide-ranging district liked the online option, and want something to replace Stride. But finding a cyber-school company that will provide the oversight, transparency and accountability that GMCS wants (not to mention the non-profitteering) is likely to be a challenge. Because if the high-capacity 800 pound gorilla of cyber-school has to cheat to make a buck in your district, who else is going to do any better?

Of course, that's the Stride business model, so maybe there's hope. Maybe. Stride, for its part, can be expected to just keep grinding away, unchastened and searching for the next district that hasn't done enough homework that they will fall for Stride's sales pitch.

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