

Charter School Packet Index

1. Education Week Ranking – Quality Counts
2. Prichard Improvement Analysis
3. Charter School Express – Miron
4. Mathematica Lottery Study
5. Wisconsin Charters Significantly Worse Than Public Schools
6. NY City Grade Shock – NY Post
7. 61% of OH Charters Failing – OH Dept. of Ed.
- 8. Ravitch: Charters are a Lead Bullet – Washington Post**
9. FL Charter Schools – Big Money, Little Oversight – Miami Herald
- 10. Report Finds \$100 Million in Charter Fraud**
11. Philadelphia Charter Owner Charged w/Defrauding \$6.5 Million in Tax Dollars
- 12. Study Stings KIPP on Attrition Rates – Education Week**
13. Chicago Urban Prep Academy – Chicago Examiner
14. How Charters Influence Enrollment – Teachers College Record – Columbia Univ.
15. FL Charters Enrolling Low Numbers of Poor Students – Miami Herald
16. GAO Probes Charters Serving Students w/ Disabilities – Education Week
17. GAO – Many Charters Not Reporting ELL Data – Education Week
- 18. Bait and Switch of Ed Reform – David Sirota (National Syndicated Columnist)**
- 19. St. Louis Charter Company Real Estate Deals Fuel Growth – St. Louis Post–Dispatch**
20. Teacher Turnover Study – Vanderbilt Univ.
21. LA Teacher Turnover 3X Higher in Charters – LA Times
22. Charter Principal Turnover Study – Univ. of Washington
23. High NY City Charter Principal Turnover
24. BAEF Funding
25. New Mexico Charters Cost 26% More Per Student – Stateline
26. NAACP Statement on Charter Schools
- 27. Charter Power Broker Turns Public Education Into Private Profits - ProPublica**
- 28. New Report Shines A Light on Charter Schools Black Box –Baker & Miron (NEPC)**
29. Kentucky K-12 Fact Sheet

Quality Counts 2016: State Report Cards Map - Education Week

Thursday, January 7, 2016 3:12 PM

Quality Counts 2016: State Report Cards Map

Select a state in the map or sorted list to view details and data. [What do these indicators mean?](#)

Overall Grades & Scores (2016)

Chance for Success (2016)

K-12 Achievement (2016)

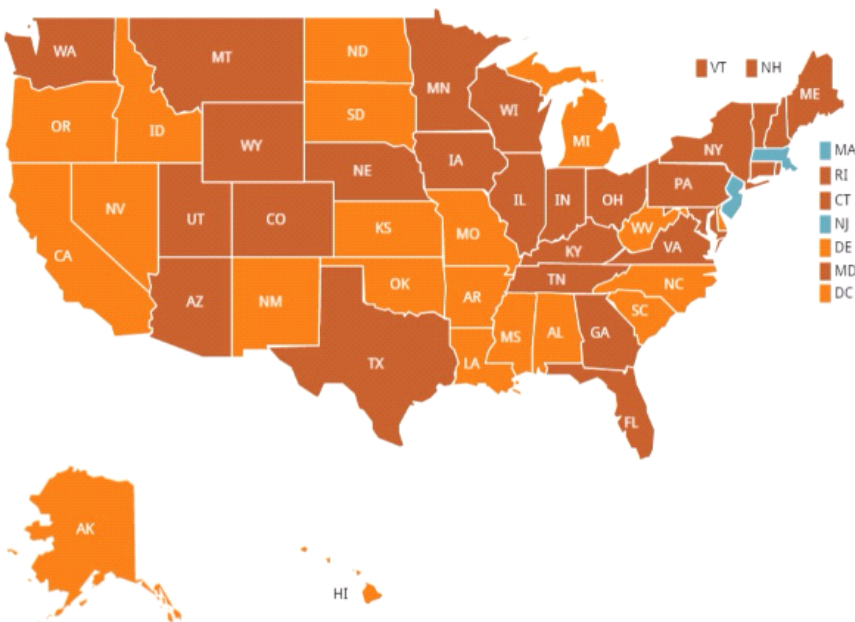
School Finance (2016)

K-12 Achievement (2016)

The Grading Scale: A+ to A- B+ to B- C+ to C- D+ to D- F N/A

U.S. Score = C (74.4)

Sort By Grade Sort B



© Mapbox © OpenStreetMap Improve this map

Select a state above to view details.

#16

MA	B	85.2
NJ	B-	81.0
NH	C+	79.4
VT	C+	78.8
MD	C+	76.8
MN	C	75.9
VA	C	75.8
IN	C	75.3
PA	C	74.6
WI	C	74.6
FL	C	73.9
CT	C	73.3
UT	C	73.2
WA	C	73.2
ME	C-	72.4
KY	C-	72.3
TN	C-	72.0
CO	C-	71.8
NE	C-	71.6
GA	C-	71.2
IL	C-	71.2
WY	C-	71.2
RI	C-	71.0
US	C-	71.0
TX	C-	70.9
AZ	C-	70.7
OH	C-	70.7
NY	C-	70.6
MT	C-	70.5
IA	C-	70.3
CA	D+	69.3
ID	D+	69.2
HI	D+	69.0
NC	D+	69.0
ND	D+	68.1
DE	D+	67.9
MO	D+	67.6
OR	D	66.4
NV	D	66.2
OK	D	66.1
AR	D	66.0
KS	D	66.0
AK	D	65.6
MI	D	65.6
SD	D	65.2
AL	D	64.6
SC	D	64.4
DC	D	63.1
LA	D	62.8
WV	D	62.8
NM	D-	61.8
MS	D-	60.0

Clipped from: <http://www.edweek.org/ew/qc/2016/2016-state-report-cards-map.html>

WEDNESDAY, JANUARY 25, 2012

Kentucky students are not behind Indiana, Ohio, Tennessee, or the nation

After receiving questions regarding the Kentuckians Advocating for Reform in Education's television commercials and website text we researched the data, and this post shares our findings.

The information presented by KARE in commercials [here](#) and [here](#) and website text [here](#) invites serious misunderstandings. No matter your position on charter schools, Indiana, Ohio, Tennessee, and the nation are not doing better than Kentucky on the student performance measures KARE presents.

Fourth-Grade Reading

KARE's commercials cite 2011 NAEP results showing:

- 65% of Kentucky students reading below the proficient level.

That figure is correct, but Kentucky is not scoring behind the states with charter schools listed in the KARE commercial. Instead, the same assessment shows:

- 67% of Indiana students reading below the proficient level.
- 66% of Ohio students reading below the proficient level.
- 74% of Tennessee students reading below the proficient level.
- 68% of students nationwide reading below the proficient level.

Fourth grade reading results do not show Kentucky scoring behind the states listed in the KARE commercial

African-American Eighth Grade Reading

KARE's commercials also cite 2011 NAEP results showing:

- 42% of Kentucky African-American students reading below the basic level.

Again, that does not mean Kentucky students are at a disadvantage compared to the states KARE cites for comparison. The same assessment shows:

- 41% of Indiana African-American students reading below the basic level.
- 42% of Ohio African-American students reading below the basic level.
- 52% of Tennessee African-American students reading below the basic level.
- 42% of African-American students nationwide reading below the basic level.

Graduation Rates

KARE's commercials and website do not give a source for the claim that 25% of Kentucky high school freshmen will not graduate on time. If they add a reference, PrichBlog will be happy to report on how other states compare.

As a first analysis, though, the federal calculations of all states' average freshman graduation rates estimate that for ninth graders from fall 2005 who should have graduated in 2009:

- 23% of Kentucky freshmen did not graduate on time.
- 25% of Indiana's freshmen did not graduate on time.
- 20% of Ohio's freshmen did not graduate on time.
- 23% of Tennessee's freshmen did not graduate on time.
- 24% of freshmen nationwide did not graduate on time.

Other NAEP Results

KARE's website shows some additional NAEP results not included in the commercials. In context, those results show Kentucky tied or ahead of the country and the other three states far more often than Kentucky is behind.

SUBJECT	GRADE	GROUP	KY	US	IN	OH	TN
PERCENT PROFICIENT AND ABOVE (A HIGHER PERCENTAGE IS A GOOD THING)							
Reading	Fourth	African-American	19	16	13	13	11
Reading	Eighth	All	36	32	32	37	27
Reading	Eighth	Low Income	25	18	19	21	17
Math	Fourth	Low Income	26	24	31	30	19
Math	Eighth	All	31	34	34	39	24
Math	Eighth	African-American	12	13	11	12	9
PERCENT BELOW BASIC (A LOWER PERCENTAGE IS A GOOD THING)							
Reading	Fourth	African-American	48	51	56	54	59
Reading	Fourth	Low Income	39	48	45	43	52

Adding Science to the Mix

The KARE site does not share any of Kentucky's 2009 NAEP science results. Here's an important snapshot of Kentucky students results related to the jurisdictions mentioned in KARE's commercials, further clarifying that Kentucky public schools are not falling behind the comparison group.

SUBJECT	GRADE	GROUP	KY	US	IN	OH	TN
PERCENT PROFICIENT AND ABOVE (A HIGHER PERCENTAGE IS A GOOD THING)							
Science	Fourth	All	45	32	35	41	33
Science	Fourth	African-American	15	10	9	10	8
Science	Fourth	Low Income	30	16	21	20	20
Science	Eighth	All	34	29	32	37	28
Science	Eighth	African-American	16	8	8	6	6
Science	Eighth	Low Income	23	14	17	20	14

To restate the main point, whatever the merits of charter schools, Kentucky students are not being left behind the students of Indiana, Ohio, Tennessee, and the nation.

Source Notes: NAEP data downloaded from the [Data Explorer](#) on January 24, 2012. AFGR results downloaded from the [National Center for Education Statistics](#) on January 24, 2012.

Posted by Susan Perkins Weston at 3:53 PM

EDUCATION WEEK

Published Online: October 2, 2009

Published in Print: October 7, 2009

The Charter School Express

Is proliferation interfering with quality?

By Gary Miron & Leigh Dingerson



—Luis Diaz

The latest policy train gathering steam in education focuses on lifting caps, or limits, to charter school expansion. Currently, 24 states and the District of Columbia have some type of limit on charter school growth. These limits, some charter school supporters say, interfere with the goal of a thriving school marketplace.

The latest institution to jump on the expansion express is the U.S. Department of Education. In its July guidelines for the \$4 billion Race to the Top program, Secretary of Education Arne Duncan announced that funding priority would be given to those states that lifted or

removed caps on charter expansion. In reaction, legislatures around the country began doing just that.

We believe there needs to be more consideration of the implications of lifting charter caps before this train leaves the station. **A study** released in June by Stanford University's Center for Research on Education Outcomes found that, overall, charter schools are performing at levels lower than traditional public schools. Combined with evidence from an increasing number of statewide evaluations, the state-level findings from the Stanford study also suggest that *quantity* is the enemy of *quality* in the charter marketplace. ("**Study Casts Doubt on Charter School Results,**" June 15, 2009.)

Charter schools were created nearly two decades ago as a new form of public school that would improve upon traditional public schools by creating small learning communities, developing and sharing innovative practices, and empowering teachers and parents. They won considerable bipartisan support, and have become one of the most prevalent and most talked-about school reforms in the nation. Today there are more than 4,900 charter schools in 40 states and the District of Columbia, enrolling 1.5 million students.

Scores of these schools are beacons in a troubled sea of underperforming public schools. But, overall, the sector has shown little evidence that it is more likely than a traditional school system to develop innovative programs or practices. A study released in late September about oversubscribed New York City charters offers some hope. ("**N.Y.C. Study Finds Gains for Charters,**" Sept. 30, 2009.) But repeated studies over the past decade have failed to find consistent, positive academic change produced by the vast majority of charter schools.

What *has* changed is the focus of the movement. Once dedicated to educational quality, today's charter school movement is increasingly dominated by powerful advocates of market-based reform and privatization in public education.

Their theory of reform assumes that the market must be allowed to proliferate because *expansion itself* creates the competitive pressure to raise the quality of all schools. It also assumes that competition forces failures. Thus the movement has encouraged rapid growth in the name of "choice," and presumed that schools that fail to deliver for their students will be shut down.

These principles have become the engine of the charter movement. The Center for Education Reform's annual ranking of state charter laws, for example, is silent on academic accountability or performance, but identifies the potential for unlimited growth as one of four indicators of a strong charter law. The National Alliance for Public Charter Schools lists expansion of the sector as its top legislative priority, arguing that caps on charter expansion unfairly limit access to good charter schools for those who would enroll in them.

The growing body of evidence, however, raises red flags for the pro-expansion agenda. If, as the Stanford report finds, 17 out of 100 charter schools do indeed improve student outcomes, then opening up 100 *more* charter schools should result in an additional 17 high-quality schools. At the same time, however, doing so also would create twice as many schools—37 out of 100, according to Stanford's researchers—that actually worsen student outcomes.

The Stanford report identified five states with positive results for student-achievement growth, six with negative results, and four with mixed results. Interestingly, states with the most charter schools were also most likely to be found in the poor-performing group, while states with few charters tended to cluster among the most successful. Specifically, states with positive student-achievement growth had only 61.6 charter schools on average, while those with negative growth had an average of 275 charter schools.

We also noticed in the report a relationship between achievement growth and the rate of charter school creation. The states that granted the largest number of charters in their first 10 years are Arizona (which opened 407 schools in 10 years), Florida (326 schools), Ohio (326 schools), California (308), and Texas (259 schools). Stanford's data show that four of these five states posted negative student-achievement results, while the fifth, California, showed no significant difference in student performance between charter and traditional public schools.

Further, the report reveals a relationship between state outcomes and the extent to which the charter schools are operated by private education management organizations, or EMOs. As it turns out, in the poorly performing states, a much higher proportion of charter schools are run by for-profit EMOs. With close to one-third of the nation's charter schools operated by for-profit or nonprofit private management companies, a relationship such as this warrants attention.

More research is needed to understand the negative correlations between charter performance on the one hand, and charter expansion and privatization on the other. For example, perhaps rapid expansion risks overwhelming authorizers, who must provide oversight to their schools. One Ohio authorizer admitted to a journalist that she was “unaware” of gross malpractice at a school under her auspices, until she read about it in the news.

Another possibility is that, in an atmosphere in which rapid expansion is the goal, charters are granted more liberally, on the theory that once schools are up and running, authorizers can sort through the strong ones and the weak ones. A rapidly expanding sector might also attract inexperienced entrepreneurs who believe they can take on the complex task of running a school, or even may think it is an avenue for personal financial gain. Private management companies play a role, too, because they are often used as vehicles to propagate charters.

Whatever the factors, the growing body of independent research suggests that the combination of a rapidly expanding sector and the widely acknowledged challenge of actually closing charter schools once they have opened seems likely to create a train wreck.

As the Obama administration considers how to steer and develop charter schools, it would be wise to articulate a new—or renewed—vision for chartering that focuses on quality over quantity. Then, as Secretary Duncan wields his influence, he can persuade states to make revisions in their charter school laws that reflect those goals and values. Most importantly, such guidance should reward states that create *successful* charter schools, rather than states that simply expand the charter school market.

Finally, authorities need to move more aggressively to close poorly performing charter schools. This will strengthen charter reforms in four ways: lifting the aggregate results for charters that remain; sending a strong message to other charter schools that the autonomy-for-accountability trade-off is real; redirecting media attention from a few scandal-ridden schools to successful schools; and opening up space for new, carefully vetted charters.

Although these suggestions may be seen as antagonistic by the charter school establishment, we believe they will help improve and strengthen such schools in the longer run. The charter school idea was to create better schools for all children, not to divide limited public resources across parallel systems that perform at similar levels and suffer

from similar breaches in accountability. Rapid proliferation in the charter sector appears to be interfering with the original vision for the schools: to serve as a lever of change, spurring public schools to improve both by example and replication.

The only way to ensure quality may be to get off the expansion express.

Gary Miron is a professor of education at Western Michigan University, in Kalamazoo, Mich. Leigh Dingerson is a co-editor of Keeping the Promise? The Debate Over Charter Schools (Rethinking Schools, 2008).

Study Finds No Clear Edge for Charter Schools

By Lesli A. Maxwell

Students who won lotteries to attend charter middle schools performed, on average, no better in mathematics and reading than their peers who lost out in the random admissions process and enrolled in nearby regular public schools, according to a national study released today. [Back to Story](#)

The **federally commissioned study**, involving 2,330 students who applied to 36 charter middle schools in 15 states, represents the first large-scale randomized trial of the effectiveness of charter schools across several states and rural, suburban, and urban locales. The charter schools in the sample conducted random lotteries for admissions, so that only chance determined who attended.

The study, conducted by **Mathematica Policy Research, of Princeton, N.J.**, also concludes that the lottery winners did no better, on average, than the lottery losers on non-academic outcomes such as behavior and attendance.

The findings on academic performance echo, in part, those of researchers at Stanford University, whose 2009 nonrandomized, multistate **study of charter schools** sparked fierce debate when they concluded that, in general, most charters were producing similar or worse achievement results for students than traditional public schools were. ("**Study Casts Doubt on Charter School Results**," June 15, 2009.)

The Mathematica authors add context to the new study's findings, however, by exploring when charters seem to work best, and for which students. They found, for instance, that the charter middle schools serving the most economically disadvantaged students—especially those in urban areas—were more successful than their counterparts serving higher-achieving, more affluent students in producing gains in mathematics.

That finding is similar to that of a **recent study** of 22 middle schools operated by the Knowledge Is Power Program, or KIPP, the nation's largest charter-management organization. ("**KIPP Middle Schools Found to Spur Learning Gains**," June 22, 2010.) That study, also conducted by Mathematica, found that the KIPP students—most of whom were also poor and were members of ethnic- and racial-minority groups—outperformed their peers in regular public schools.

For other student subgroups—those defined by race, ethnicity, and gender—the new study found that the charters made no significant impacts on achievement.

Research Caveats

People involved in the new study cautioned, though, against drawing any sweeping conclusions from it about the overall impact of charter schools on student achievement.

"There's a wide variation in both math and reading impacts, as well as other measures," said Marsha Silverberg, who oversaw the study as a project officer at the Institute of Education Sciences, the research arm of the U.S. Department of Education.

"Generally, we found that these charter schools were more effective for more low-income, lower-achieving students," Ms. Silverberg said, "and less effective for higher-income, higher-achieving students."

"We are not suggesting that charter schools serving lower-income and lower-achieving students would always be more effective," she said, "but that they were more effective than the traditional public schools around them."

The most positive overall impact that all of the charter schools in the study produced, was on the satisfaction levels expressed by parents and students. Parents whose children had won lotteries to attend charters were 33 percent more likely to say the schools were excellent than parents whose children lost the lotteries and attended regular public schools.

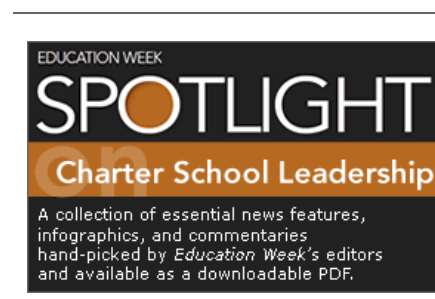
The new study comes out on the same day that charter leaders and advocates will be gathering for an annual national conference in Chicago and follows closely on the heels of the KIPP study, which was released last week.

Heated History

Debate over the impact of the nation's 5,000 charter schools, which are publicly financed but largely autonomous, has been heightened over the past year with calls from President Barack Obama and U.S. Secretary of Education Arne Duncan to expand and replicate charters that have succeeded in raising achievement among the poorest students.

That debate grew more heated after the 2009 release of the multistate study from Stanford, which was produced by the Center for Research on Education Outcomes, or CREDO. ("**Scholars Spar Over Research Methods Used to Evaluate Charters**," October 14, 2009.) It was followed by findings of another Stanford researcher, Caroline M. Hoxby, who concluded the opposite. In her study, which also used lotteries to randomly assign students to either control or experimental schools, Ms. Hoxby found that charter schools in New York City were having positive impacts on student achievement.

"This is not going to settle the debate," Jeffrey R. Henig, an education professor at Teachers College, Columbia University, said of the new study. "There are a lot of folks on both sides who are pretty committed to keeping the debate alive on these terms, but I think on the



overall balance scale, this study adds weight to the side that is suggesting that simply talking about charters versus noncharters is a distraction. There needs to be much more nuance."

The new study included only charter middle schools that had been in operation for at least two years, which Mr. Henig said would undermine past arguments from charter advocates who have said conclusions about the schools' effectiveness shouldn't be drawn until they have had a chance to mature.

Margaret E. Raymond, the director of CREDO and the lead author of the study that it released last year, said the results of this new study are "not surprising."

"This is another layer of evidence that points to the wide variations in the charter school community and highlights, once again, that policy and context really matter," she said. "I think what we really have to do now is get under the hood and find out more about how charters differ and why they differ. We are really just at the front gates of a large body of research that needs to be done."

Researchers involved in the new study declined to disclose the states and communities where the studied schools are located, citing rules about anonymity for individual schools in federal research.

On average, though, the charter middle schools in the study enrolled a lower percentage of students who are eligible for free and reduced-price school meals than charters nationally, and served smaller percentages of students scoring below proficiency levels on state exams than their national peers.

Also, the percentage of African-American students who attended the charter middle schools in the study were smaller when compared with charters nationally.

WEB ONLY

RELATED STORIES

["KIPP Middle Schools Found to Spur Learning Gains,"](#) June 22, 2010.

["Scholars Spar Over Research Methods Used to Evaluate Charters,"](#) October 8, 2009.

["Study Casts Doubt on Charter School Results,"](#) June 15, 2009.

Study shows Wisconsin Report Card scores closely linked to poverty; identifies need for open and accountable approaches to give every child a chance to prosper.

(Executive Summary follows)

A new study conducted by the Forward Institute, a non-profit, non-partisan public policy research and education institute, reveals important findings for the future of educational opportunity in Wisconsin. Our study shows that **poverty is closely linked to school Report Card scores, and Wisconsin's public schools outperform non-traditional charter schools even when adjusting for the effects of poverty.**

Currently more than 4 in 10 school age children in Wisconsin are defined as poor or "economically disadvantaged," up from about 2 in 10 a decade ago. A student from a family qualifying for "free or reduced price lunch" is considered economically disadvantaged for the purposes of DPI scores - over 350,000 children in Wisconsin schools.

Based on data from the new Department of Public Instruction (DPI) Report Cards, our study showed a clear link between low Report Card scores and economically disadvantaged students who already have significant barriers to educational prosperity. **Those schools with higher numbers of economically disadvantaged students had significantly lower scores on the Report Cards.**

The study results show that nearly half of the Report Card score variation from school to school can be explained by the variation in poverty levels from school to school.

Since higher enrollments of economically disadvantaged students are a significant factor in the scores on the DPI Report Card, current proposals to tie school funding and teachers' salaries to Report Card scores would unfairly punish schools in high poverty districts. As the study clearly shows, a very significant factor affecting Report Card scores is poverty, something which is outside the control of teachers and schools.

The data also revealed that **contrary to the assumptions that non-traditional charter schools would be more effective through creating competitive choice, Wisconsin's public schools significantly outperformed charter schools overall. This finding was especially evident in those schools with high poverty enrollment.**

In the last four years, public school budgets have been cut by over \$1 billion, while in 2012 alone, Wisconsin taxpayers provided \$143.6 million to charter schools, the highest amount in state history. These fund increases did not translate into charter school performance over the three years of Report Card data collected.

The Report Card data indicates public schools continue to better educate Wisconsin children than the non-traditional charter schools. Charter schools are underperforming at the core level of their mission – student excellence and achievement, without the taxpayer accountability of public schools.

These findings are important, especially as policy makers look for ways to provide the best educational opportunities for Wisconsin's children while being mindful of the economic burdens on struggling families.

Based on the high rate of Wisconsin school children living in poverty and the clear effects of poverty on education, this study recommends policymakers enhance educational opportunities for our children, and save taxpayer money by redirecting educational funds to the schools most effective at meeting the current needs of Wisconsin children, Wisconsin's public schools.

Executive Summary

This report documents findings from our analysis of the school performance data released through the Wisconsin Department of Public Instruction (DPI) Report Cards. For the purposes of this study, a charter school is defined by DPI in the Report Card data, indicated as “Y” in the “Charter School indicator” column of the DPI data spreadsheet.¹ These charter schools include instrumentality and non-instrumentality entities. Public schools represent 95% (1,772 schools) of the total data set, charter schools 5% (101) of the total. The data show:

- **Higher DPI Report Card scores have a significant correlation with lower economically disadvantaged (ED) enrollment.**
- **Almost half of the variation from school to school in DPI Report Card scores can be explained by the variation from school to school in level of ED enrollment.**
- **On average, public schools have outperformed charter schools on DPI Report Card scores.**
- **Even when adjusting for poverty (e.g. ED enrollment) in the analysis, public schools performed better on the DPI Report Cards than charter schools.**
- **The aforementioned finding becomes most prominent in schools serving the poorest students.**

We urge Wisconsin legislators to work with state educational leadership and citizens to address the significant correlation between economic disadvantage and educational outcome. Based on the Report Card data and this study, it is our recommendation that well-informed public policy should address the following:

- Economic disadvantage should be acknowledged as a significant factor affecting education outcome. Future economic and education policies need to receive equal and collaborative consideration as the highest priority in the state budget. Both have significant impact on each other.
- Any assessment having direct economic consequences for schools or teachers ought to be conducted independent of the current Report Card scoring system. As the study clearly shows, a very significant factor affecting Report Card scores is poverty, something which is outside the control of teachers and schools. Public policy should therefore necessarily address economic justice as part of any serious effort to improve education, and schools today should not be labeled on the basis of factors beyond their control.
- A re-evaluation of charter school performance, standards and accountability needs to be conducted and addressed immediately. It is clear from the results of this study that overall, charter schools are underperforming at the core level of their mission – student excellence and achievement.²
- The data clearly show that public schools are doing a better job offsetting the effects of poverty on education than their charter school counterparts. A concerted effort should be

¹ Wisconsin DPI Report Card Data Spreadsheet

<http://reportcards.dpi.wi.gov/files/reportcards/xls/2011-12reportcarddata.xlsx>

² La Causa charter school mission statement http://wisconsin.webschoolpro.com/la-causa-charter-school_WI07936191121/mission.html

made to ascertain how and why this is the case, replicate that effort in charter schools, and reinforce those standards and methods.

- A significant informational campaign should be engaged to inform the public about the results of this report and encourage participation in the future of education and economics in Wisconsin. Teachers deserve to be restored to their place as legitimate authorities on classroom education policies, as well as public policy addressing the local economic impact on students in classrooms.

Forward Institute, Inc.

**Author – Scott Wittkopf
Co-Authors – Meg Turville-Heitz
Amy Janczy**

Data Analysis – Kirstie K. Danielson, PhD

Forward Institute Board of Directors

**Scott Wittkopf
Meg Turville-Heitz
Julie Wells
Nathaniel Haack
Sara Schulz**

This study was funded by a grant from the Andrew T. Wallen Memorial Education Foundation, Inc.

*“**Forward Institute** is a non-partisan, non-profit progressive think tank for public policy issues in Wisconsin. The Institute combines original, government, and academic research with original message and communication methods to educate and inform the public on critical progressive policies.”*

www.forwardinstitutewi.org



Updated: Fri., Oct. 1, 2010, 3:31 PM

Grade shock: Regular schools top charters

By YOAV GONEN Education Reporter

Last Updated: 3:31 PM, October 1, 2010

Posted: 2:45 AM, October 1, 2010

City charters fell harder.

Traditional public schools bested the city's charter schools on annual report-card grades -- scoring 10 points higher on average on a 100-point scale, new data shows.

The city's more than 1,000 public elementary and middle schools averaged a B on their so-called "progress reports," which assign letter grades to schools based largely on how much students improve on state math and reading tests in a given year.

By comparison, the city's 60 charter schools that received letter grades this year averaged a C+.

"This means that either the strategy Mayor Bloomberg and Chancellor [Joel] Klein have touted so often for school reform -- the creation of more charter schools -- isn't working, or that the entire progress-report methodology, which relies almost completely on standardized test scores, is flawed," said United Federation of Teachers President Michael Mulgrew.

His union's UFT Charter School in Brooklyn was among the 70 percent of traditional public and charter schools to see their grades plummet after the state raised the passing bar on math and reading tests this summer.

Charter-school supporters said those adjustments -- along with changes in the way school grades were calculated -- might explain the lackluster ratings of charters.

"Obviously, with the inconsistency and shift in how the grades are actually arrived at, it's hard to know what to make of these grades," said James Merriman, CEO of the New York City Charter Schools Center. "Nonetheless, it is one data point that I certainly would expect charter leaders -- particularly those in schools that did not get good grades -- to look at and figure out why that is."

The overall damage -- which saw 49 schools hit with a D grade and eight branded with a dreaded F out of the 1,140 schools graded this year -- would have been much worse if city officials hadn't set a limit on how far grades could drop.

That policy, which limited a school's downfall to two letter grades, buoyed 110 schools that otherwise would have been slapped with D's or F's, according to Department of Education data.

"In a year like this where there are a lot of changes happening, we just don't think it's fair to see a school go from an A to an F," said Deputy Chancellor for Accountability Shael Suransky. "If a school goes from A to a C, that's a big wakeup call for that school, and they need to really pick up their game."

Last year, after state test scores surged to unprecedented heights, a whopping 97 percent of elementary and middle schools got A's or B's.

It was in part those off-the-charts results that sparked this year's change in the passing mark on state tests.

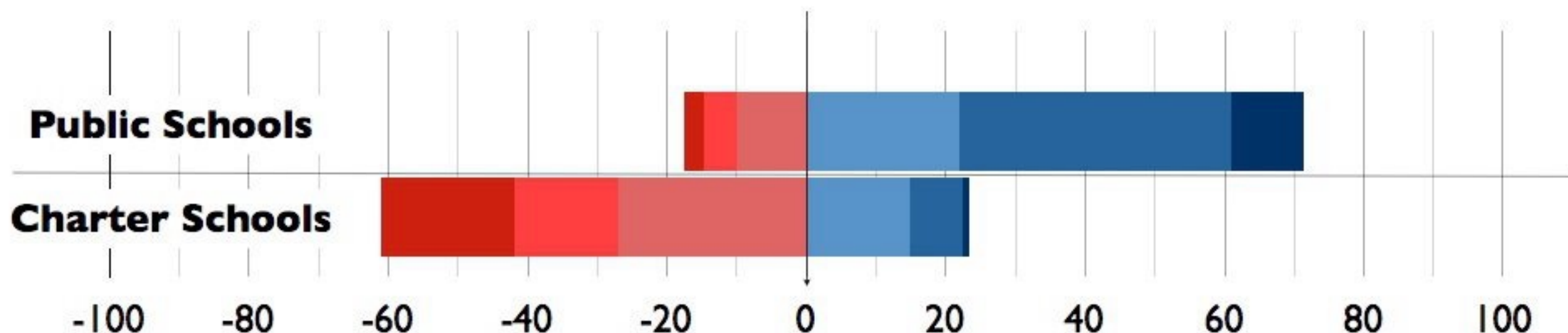
Schools with consecutive years of C's, D's or F's run the risk of being shut down.

yoav.gonen@nypost.com

NEW YORK POST is a registered trademark of NYP Holdings, Inc.
 NYPOST.COM, NYPOSTONLINE.COM, and NEWYORKPOST.COM are trademarks of NYP Holdings, Inc.
 Copyright 2010 NYP Holdings, Inc. All rights reserved. [Privacy](#) | [Terms of Use](#)

61% of Ohio Charter Schools Failing

Source: Ohio Department of Education Oct. 2012



- 61.7 % of Charter Schools receive a negative rating from the Ohio Department of Education.
- 76.8 % of Ohio Public School received a positive rating.

Report Card Rating	Public Schools	Charter Schools
Excellent with Distinction	14.4%	1.1%
Excellent	41%	7.4%
Effective	21.4%	15.6%
Continuous Improvement	10.4%	27.3%
Academic Watch	4.6%	15.6%
Academic Emergency	3.4%	18.8%
Not Rated	4.8%	14.2%

Source: Ohio Department of Education Oct. 2012

The Washington Post

Ravitch: Charters are a lead bullet

This was written by [education historian Diane Ravitch](#) on her [Bridging Differences blog](#), which she co-authors with Deborah Meier on the Education Week website.

Ravitch and Meier exchange letters about what matters most in education. Ravitch, a research professor at [New York University](#), is the author of the bestselling "[The Death and Life of the Great American School System](#)," an important critique of the flaws in the modern school reform movement.

Dear Deborah,

Davis Guggenheim's "[Waiting for 'Superman'](#)" has dominated the air waves for the past few weeks with its message that public education is a failed enterprise and that privately managed charters are the answer to our nation's education problems.

The film doesn't include a single successful public school teacher or public school. It is a one-sided, propagandistic attack on public education which echoes the prescriptions of those who have devoutly wished for the privatization of education. I imagine the shade of Milton Friedman chortling as his ideas about school choice become the rallying cry for the Obama administration, the Gates Foundation, the Broad Foundation, and various big-city superintendents allied with allegedly liberal forces.

Before we hop aboard the charter train, which is now driven by [Race to the Top](#) and other federal funding, we should pay attention to warning signs. There are new ones every day. In the past few days, I have learned of the following issues.

* The [ICEF](#) charter chain in California, teetering on the verge of bankruptcy, was [just bailed out](#) by the Broad Foundation and former Los Angeles Mayor Richard Riordan. The founder of the chain, which enrolls 4,500 students, has resigned. No wonder there is more pressure by foundations and wealthy philanthropists to get more government funding for charters. Many charters and charter chains are not financially sustainable; they have discovered no secrets about economizing

and their financial backers can't always be there to save them.

* The principal of a charter school in Los Angeles was accused of [embezzling](#) more than \$1 million of school funds; auditors said more than \$2 million was missing and that some of it spent for vendors with fraudulent addresses.

* In New York state, the state charter association sued to block any public audits, saying that their charter freed them from such intrusive public oversight. The steady accumulation of financial scandals in these deregulated schools is proof that, where public funds go, public audits must follow, as night follows day.

* Inquiring minds should visit "[charterschoolscandals](#)," a site maintained by Sharon R. Higgins, a diligent, energetic public school parent in Oakland, Calif.

* Newsweek ran [a story about the maltreatment of students](#) with special needs in the New Orleans school districts. Astonishing numbers of children with disabilities are being mistreated, suspended, and failing to make progress in numbers far different from what happens to similar students in comparable districts. Charter schools are taking less than their fair share of students with disabilities. The article asks pointedly: *"...does the much-touted academic progress of New Orleans's post-Katrina charters come in part because special-needs students are being weeded out?"*

* One of New York City's most-publicized charter schools, the Ross Global Academy, is in a heap of trouble. Founded by Courtney Sale Ross, the fabulously wealthy widow of media mogul Steve Ross, the school was a favorite of the New York City Department of Education. Chancellor Joel Klein tried to give it space in the building of a very successful school for gifted children (NEST+M), but the parents fiercely battled against the "co-location" in their building, so Klein opened Ross in the palatial ground floor of the DOE's Tweed headquarters. As it grew, it moved to a larger space, but its problems grew, too. Despite favorable publicity, the school has gone through six principals in five years, has high teacher turnover, high student attrition rates, and poor test scores. The New York Daily News says it is now the lowest-rated elementary or middle school in the city. See [here](#) and [here](#) and [here](#).

* I received an email from Dr. DeWayne Davis, the principal of Audubon Middle School in Los Angeles, which was sent to several public officials. Dr. Davis said

that local charter schools were sending their low-performing students to his school in the middle of the year. He wrote:

"Since school began, we enrolled 159 new students (grades 7 and 8). Of the 159 new students, 147 of them are far below basic (FBB)!!! Of the 147 students who are FBB, 142 are from charter schools. It is ridiculous that they can pick and choose kids and pretend that they are raising scores when, in fact, they are purging nonperforming students at an alarming rate—that is how they are raising their scores, not by improving the performance of students. Such a large number of FBB students will handicap the growth that the Audubon staff initiated this year, and further, will negatively impact the school's overall scores as we continue to receive a recurring tide of low-performing students."

Deborah, in all these stories, I see a theme: Our political leaders are pushing an agenda that is wrong. The research is clear that charter schools vary dramatically in their quality.

Some are excellent, some are awful, some are run by terrific leaders, some are run by incompetents, some use their resources wisely, some are wasteful and/or greedy.

Those promoting the privatization of American public education are blinded by free-market ideology. They refuse to pay attention to evidence, whether it be research or the accumulating anecdotal evidence of misbehavior, incompetence, fraud, greed, and chicanery that the free market facilitates.

Let us celebrate the few charter schools that get, as Davis Guggenheim puts it, "amazing results," but let us recognize that they are not 17 percent of charters (the number in the [CREDO study](#) that outperformed traditional public schools). Doing better than an under-resourced neighborhood school is not the same as getting "amazing results." Very few charters do. Probably less than 5 percent.

Charters are not a silver bullet. They are a lead bullet. Their target is American public education.

Diane

The Miami Herald

Posted on Sat, Dec. 10, 2011

Florida charter schools: big money, little oversight

BY SCOTT HIAASEN AND KATHLEEN McGRORY

shiaasen@MiamiHerald.com



PATRICK FARRELL / MIAMI HERALD STAFF

Jeremy Rosende participates in his first-grade art class at the Renaissance Charter School in Coral Springs.

Preparing for her daughter's graduation in the spring, Tuli Chediak received a blunt message from her daughter's charter high school: Pay us \$600 or your daughter won't graduate.

She also received a harsh lesson about charter schools: Sometimes they play by their own rules.

During the past 15 years, Florida has embarked on a dramatic shift in public education, steering billions in taxpayer dollars from traditional school districts to independently run charter schools. What started as an educational movement has turned into one of the region's fastest-growing industries, backed by real-estate developers and promoted by politicians.

But while charter schools have grown into a \$400-million-a-year business in South Florida, receiving about \$6,000 in taxpayer dollars for every student enrolled, they continue to operate with little public oversight. Even when charter schools have been caught violating state laws, school districts have few tools to demand compliance.

Charter schools have become a parallel school system unto themselves, a system controlled largely by for-profit management companies and private landlords — one and the same, in many cases — and rife with insider deals and potential conflicts of interest.

In many instances, the educational mission of the school clashes with the profit-making mission of the management company, a Miami Herald examination of South Florida's charter school industry has found. Consider:

- Some schools have ceded almost total control of their staff and finances to for-profit management companies that decide how the schools' money is spent. The Life Skills Center of Miami-Dade County, for example, pays 97 percent of its income to a management company as a "continuing fee." And when the governing board of two affiliated schools in Hollywood tried to eject its managers, the company refused to turn over school money it held — and threatened to press criminal charges against any school officials who attempted to access the money.

- Many management companies also control the land and buildings used by the schools — sometimes collecting more than 25 percent of a school's revenue in lease payments, in addition to management fees. The owners of Academica, the state's largest charter school operator, collect almost \$19 million a year in lease payments on school properties they control in Miami-Dade and Broward counties, audit and property records show.
- Charter schools often rely on loans from management companies or other insiders to stay afloat, making charter school governing boards beholden to the managers they oversee. Loans to two Pompano Beach schools were disguised as gifts in financial documents to avoid scrutiny from the school district and make struggling schools appear solvent, the schools' former managers said in court papers.
- At some financially weak schools, tight budgets have forced administrators to cut corners. The cash-strapped Balere Language Academy in South Miami Heights taught its seventh-grade students in a toolshed, records show. The Academy of Arts & Minds in Coconut Grove went weeks without textbooks. Schools have also been accused of using illegal tactics to bring in more money — charging students illegal fees for standard classes, or faking attendance records to earn more tax dollars, court records show.
- Charter schools in Miami-Dade take a disproportionately lower share of black, poor and disabled children, records show. One in three students in Miami-Dade traditional public schools are black, while one in five charter school students are black. School district officials also suspect some charter schools have deliberately sought out high-performing students — contrary to the schools' contracts.

This year, several South Florida charter schools made headlines for violating local rules or state laws, including Arts & Minds, which was accused of charging illegal fees to students, and Balere, which the school district said turned into an after-hours nightclub on weekends. The district withheld funding from both schools — before concluding that it does not have the legal authority to do so.

That's because Florida's charter school laws — considered among the nation's most charter school friendly — are aimed more at promoting the schools than policing them, leaving school districts with few ways to enforce the rules.

When school districts have taken a hard line with charter schools, they have found their decisions second-guessed by state education officials in Tallahassee. And as the number of charter schools has climbed — almost 200 now operate in Miami-Dade and Broward counties alone — state lawmakers have chipped away at local school districts' ability to monitor them.

"It's frustrating for school district officials," said John Schuster, spokesman for the Miami-Dade school district. "The only cases where we can really intervene are safety-to-life, severe financial distress or poor academic performance."

MEDICINE FOR WHAT AILED US

Bringing marketplace principles to education

Charter schools first took hold in Florida in 1996, amid worries of overcrowded classrooms and

poor student performance in urban school districts. They were seen as a cure for many of the problems in public schools, bringing innovative techniques and smaller classes to populations of students struggling to keep up. Charter schools were also designed to give parents more choices, and bring the principles of the marketplace to public education. Competition from charter schools was expected to force public schools to adapt and improve.

In many ways, the plan succeeded. Florida now has 519 charter schools — from small, specialized schools tucked in strip malls and churches to sprawling new campuses with 3,000 kids from kindergarten to 12th grade.

Some charter schools rank among the highest in the state in academic performance. School districts in Miami-Dade, Broward and around the state have responded to the competition by creating more magnet schools and specialized programs.

By design, charter schools are unshackled from many of the bureaucratic rules of traditional public schools, with independent school governing boards making most decisions instead of the local school district. Charter school advocates say this freedom is needed for schools to be creative and nimble, and to encourage start-ups.

While this freewheeling system has minimized the oversight of school districts, it has given rise to a cottage industry of professional charter school management companies that — along with the landlords and developers who own and build schools — control the lion's share of charter schools' money.

In Miami-Dade and Broward, about two in three charter schools are run by management companies, which charge fees ranging from 5 to 18 percent of a school's income. These fees can exceed \$1 million a year at a large charter school.

Some management companies handle only school finances, while others control the budget, hiring and the curriculum.

In some cases, the managers effectively take over the schools, using financial leverage to render the schools' governing boards "irrelevant," said Pam Hackett, a retired legislative aide who has served on the boards of five Broward County charter schools.

"They push the little guy into a corner where they can't afford to do anything but acquiesce or go out of business," Hackett said.

Two years ago, Hackett sparred with the Leona Group, a Michigan-based management company, after the company removed a popular principal from two affiliated Hollywood charter schools on whose board she serves — Sunshine Elementary and Paragon Academy of Technology. When the board tried to rehire the principal, the management company objected, saying it alone had that power.

"They basically told us: 'According to the contract, we can do whatever we want,'" Hackett said.

The board had other complaints with Leona: The management company refused to provide school records, including contracts and spending documents, and failed to follow the school's

education plan, school officials said. The board canceled Leona's contract in July 2009.

When school officials later tried to access the schools' bank accounts, Leona refused to give up the money — and its lawyer accused them of attempting to steal it, court records show.

Leona "is committed to criminally prosecuting those individuals responsible for their attempted theft from the account," attorney Jeffrey Wood wrote in a letter to the schools' attorney. The dispute is now in litigation.

Leona executives did not return phone calls seeking comment.

Hackett says the schools now operate without any for-profit managers; instead, the principals make all financial and educational decisions. "Overall, it's cheaper and more efficient and more accountable," she said.

Many charter schools depend on management companies not just for expertise, but for cash. Schools often borrow money from the managers, creating an uneasy arrangement that can stifle a governing board's independent oversight.

The Leona Group, for example, gave more than \$360,000 to four Broward charter schools — money described as gifts in the schools' financial reports. But in court papers, the management company said the payments were really loans disguised as gifts to make the schools appear financially sound.

"The funds were referred to as a 'one-time gift' so that the schools would not have to show the funds on their balance sheets," the management company's lawyers wrote. The schools insist the payments were gifts, not loans.

It is not uncommon for management companies to give or lend money to schools to get them up and running, said Jonathan Hage, president of Charter Schools USA of Fort Lauderdale, one of the region's largest charter school operators.

Most charter schools lose money in the first year or two as they try to expand enrollment while paying rent, construction costs and other start-up expenses, he said. In addition, new charter schools often find it difficult to get financing from banks.

Hage and other charter school supporters say the state's funding formula for charter schools is inadequate, making it difficult for smaller schools to survive without assistance. Hage's company benefits from scale, he said. "Being able to spread overhead costs over many schools and many students helps."

Statewide, about one in four charter schools have shut down since 1996, either voluntarily or at the command of local school districts — double the national average. Most schools close for financial rather than academic reasons.

SCHOOLS AND THEIR LANDLORDS

For property owners, it's a profitable deal

Charter schools generally receive more than 80 percent of their income in per-student payments

from the state. In addition to the roughly \$6,000 per-student allocation — slightly less than what traditional public schools receive — charter schools also get some state funds for facilities and maintenance.

For most charter schools, finding a location is the greatest difficulty and expense. Most schools rent their facilities — in churches, shopping centers, or brand-new school buildings erected by real-estate developers. Any property used by charter schools is exempt from property taxes.

Some schools devote less than 5 percent of their income to rent. Others pay crippling rates.

“Rent continues to be the greatest financial impact for our school,” administrators at Broward Community Charter West wrote in a report to the state Department of Education last year. The school was \$118,000 in the red that year.

Neither the state nor the local school districts have rules or guidelines on how much a charter school lease should cost; nor are schools required to seek independent appraisals. But Hage, of Charter Schools USA, said a school’s lease should not eat up more than 20 percent of its revenue.

A Miami Herald review found 19 schools in Miami-Dade and Broward with rents exceeding 20 percent of their income in 2010 — about one in seven South Florida charter schools renting property that year. One Miami Gardens school spent 43 percent of its income on rent, according to audit reports.

Many of the highest rents are charged by landlords with ties to the management companies running the schools, The Miami Herald found. At least 56 charter schools in Miami-Dade and Broward counties sit on land whose owners are tied to management companies, property records show.

For example, the Lincoln-Martí Charter School in Hialeah paid \$744,000 in rent last year — about 25 percent of the school’s \$3 million budget, even after the landlord reduced the rent by \$153,000. The previous year, the school spent one-third of its income on rent, audit records show.

Records show the landlord, D.P. Real Estate Holdings, and the management company are run by the same man: former Miami-Dade School Board member Demetrio Perez Jr. Perez’s son, Demetrio J. Perez, works at the management company, which operates three Lincoln-Martí charter schools.

The Lincoln-Martí charter schools were established by three friends of the elder Perez, who owns a string of well-known private schools and daycare centers also called Lincoln-Martí.

The younger Perez said the school buildings are too large for the student body: Only 364 students attend the school, though the facilities can hold up to 1,000 kids. He said the rent, at \$9.78 per square foot, is below market rate; however, the board did not seek an appraisal before approving the lease.

Board member Gil Beltran said the elder Perez plays no role in the school. However, at Perez’s request, the board agreed last year to guarantee \$24 million in loans for his real-estate business,

records show.

After school district officials objected, the bank released the charter schools from the loan last month. “We didn’t see anything inappropriate about it,” Perez’s son said.

His father’s company has also agreed to give the school \$350,000 before the end of the school year as a gift, the younger Perez said. The school currently owes \$250,000 in overdue rent.

School districts don’t have the authority to dictate the terms of a charter school’s lease, or any other financial deals. That role falls to a school’s governing board.

But in many cases, the governing board includes members with ties to the management company or the landlord — creating a potential conflict.

At the Academy of Arts & Minds in Coconut Grove, the school’s founder, Manuel Alonso-Poch, acts as the school’s landlord, its manager and the food-service vendor. For the first three years the school operated, Alonso-Poch also served on the governing board, school records show. He stepped down at the urging of the school district in 2006.

Alonso-Poch still has close ties to the board: His cousin, Ruth “Chuny” Montaner, is the chairwoman of the board, which approved all of the school’s contracts with Alonso-Poch’s companies — including a lease that cost 28 percent of the school’s revenue in 2010. (Montaner did not vote on Alonso-Poch’s \$90,000-a-year management contract.)

Another Arts & Minds board member, Jorge Guerra Castro, was listed as a board member for years, though he lives in Peru. Castro said he was unaware that he was named to the board until he was told about it by a Herald reporter — yet some school board meeting records purport to show his attendance.

In some instances, the landlords hold significant sway with charter schools’ governing boards.

The landlord of the Charter School at Waterstone in Homestead has the right “to be involved” in any decision to remove the school’s management company, under that school’s lease. Last year, landlord Luis Machado warned the school’s board not to renew a contract with a management firm that had sued the school over a contract dispute, records of the school’s Jan. 6, 2010, board meeting show. Machado told the board he wanted to make sure the school operated “within his business philosophy.”

The school’s board dropped the management company. Machado did not return phone calls seeking comment.

WHEN SCHOOLS PURSUE PROFITS

Strange things can happen, like \$600 fees

As statewide budget cuts have hit the bottom line at all public schools, some charters have been accused of cutting costs and boosting revenue at the expense of children and parents.

It’s a story Tuli Chediak knows well. As her daughter was preparing to graduate from the International Studies Charter High School in Miami earlier this year, Chediak was notified that she

had failed to complete the 120 hours of volunteer service required of all parents. Her family was told to pay \$600 — \$5 for each hour — or their daughter could not graduate, Chediak said.

The mother had signed paperwork promising to complete the volunteer service, a common requirement at private schools and some charters. But Chediak said the school offered few opportunities to complete the service. The contract said nothing about a fine or withholding her daughter from graduation, she said.

Chediak refused to pay and complained to the school district, which declined to get involved. The school ultimately allowed her daughter to graduate, and blamed the dispute on a miscommunication. But the experience left Chediak and other parents who were asked to pay frustrated.

“There are people taking advantage of parents,” she said. “It shouldn’t be that way.”

The Balere Language Academy saved cash by teaching nine seventh-graders in a wooden storage shed on campus, records show. One report by the school district said students “had difficulty putting their legs comfortably under the desks.”

The school denied it, but district photographs show colorful posters, a whiteboard and student papers hanging from the walls. The shed is no longer used for classes.

Arts & Minds boosted its bank account for several years by charging student fees for basic classes like math and reading — a violation of state law, school district officials said. The district complained about the practice in September, prompting Arts & Minds administrators to return all checks received from parents this school year.

Parents at Arts & Minds, a school that has relied on loans from its landlord and founder to stay in the black, had also complained that the school did not have enough books for its students, and some classes had no teachers for the first five weeks of this school year.

The complaints aren’t new: Earlier this year, school administrators were photocopying textbooks, until the school’s then-principal questioned whether this violated copyright laws, governing board minutes show.

Insiders at the Mavericks High of South Miami-Dade, a Homestead charter school for at-risk students, also say the school has broken state law to bring in more money.

Kelly Shaw, a former career coordinator at the school, filed a whistleblower suit in June accusing school administrators of defrauding the school district by inflating student attendance and enrollment figures, to increase the amount of money the school collected.

A former Mavericks teacher, Maria del Cristo, filed a separate suit accusing the school of improperly charging fees to students enrolling at the school. Through their attorney, Shaw and del Cristo declined to comment.

Lauren Hollander, the CEO of the school’s management company, Mavericks in Education Florida, denied the allegations, and said both women had been fired “for cause.” The lawsuits are still pending.

Miami-Dade school district officials said they never heard of the allegations.

KEEPING TABS ON PUBLIC DOLLARS

More monitoring urged, less monitoring OK'd

Many problems at charter schools go undetected until they become debilitating — if they're discovered at all.

Charter schools are required to file financial statements with their local school districts. The reports are among the most important monitoring tools districts have to assess the financial health of charter schools.

Still, the statements don't always show the complete picture. The law does not require operators to provide details on day-to-day spending — and governing boards can sometimes be left in the dark.

In 2007, the board of Sunshine Academy in Miramar went to police after discovering that the school's principal, Alcira Manzano, had made unauthorized withdrawals from the school's account — including \$5,200 for a down payment on an SUV, court records show. The board closed the school, and Manzano was arrested on theft charges.

Investigators later found that Manzano had also made loans to the school and personally paid the rent. Broward County prosecutors dropped the charges against Manzano in June.

"The record keeping at the school and oversight of the school by the board of directors was virtually nonexistent," prosecutor Kathryn Heaven wrote in a memo after dropping the case. "The school appears to have been poorly run."

In 2008, a legislative report said the state should adopt stronger monitoring methods to detect struggling schools before they reach the brink of closing.

Instead, lawmakers relaxed the rules even more. Earlier this year, Gov. Rick Scott signed a bill allowing some high-performing schools to file financial reports quarterly, instead of monthly. The Legislature also reduced the amount of money that high-performing charter schools must pay to school districts to cover the costs of oversight.

Even when school districts detect problems, their ability to assess charter schools' conduct and demand compliance is limited.

For example, state law does not spell out clear conflict-of-interest rules for charter schools or their governing boards — a shortcoming highlighted by legislative analysts in 2008, but never changed. Nor does the law clearly define how much control a management company should have.

Earlier this year, Miami-Dade school district auditors questioned whether four schools — two Life Skills charter schools and two Renaissance charter schools — were operating as mere pass-throughs to their for-profit management companies.

The Life Skills schools each paid 97 percent of their money to White Hat Management of Ohio,

which in turn paid the school's expenses — including lease payments to another White Hat company. White Hat officials did not return phone calls seeking comment.

The school district's audit committee considered asking the schools to modify their contracts, but the district's attorney determined that the district could not take action.

School districts can deny an application for a new charter school or refuse to renew a school's charter. But the state Board of Education has overturned those decisions 30 times since 2003, state records show. (The state upheld 53 denials over the same time period.)

School districts can also close a school that has received consecutive failing grades or has persistent financial problems. But some districts, including Miami-Dade, have had that power questioned, too.

In 2010, the Miami-Dade School Board voted to close Rise Academy in Homestead after the school ended the year \$250,000 in the red. Questionable expenses included \$8,300 at retail clothing stores; \$2,800 at hotels and Orlando theme parks; and \$2,145 at restaurants, according to bank records. Meanwhile, teachers had gone unpaid and textbooks were in short supply.

Weeks later, the decision to close Rise was overturned by the state Board of Education. State education officials said the school, which had boosted its state-issued grade from F to A in a single year, had not received a fair hearing.

Rise never reopened.

Charter school advocates insist the law and state rules provide for enough oversight.

"There is absolute accountability," said Lynn Norman-Teck, a spokeswoman for the Florida Consortium of Public Charter Schools. "Parents, if they see something wrong, will call the school, the district, Tallahassee."

But district officials say it is a frustrating exercise.

"School districts are limited in their authority over charter schools," said Schuster, the Miami-Dade spokesman. "They have minimal ability to impose effective consequences."

[Education Week's blogs](#) > [Charters & Choice](#)

Report Documents \$100 Million in Charter School Fraud in 14 States and D.C.

By [Katie Ash](#) on May 7, 2014 4:15 PM | [4 Comments](#)

An examination of charter schools in 15 charter markets across the United States has exposed nearly \$100 million in losses due to fraud, waste, and abuse, says [a report from Integrity in Education and the Center for Popular Democracy](#).

The report appears to be one of the first shots fired from Integrity in Education, [a newly formed nonprofit](#) that aims to expose corporate interests in public education, and is headed up by Sabrina Stevens, a former teacher and American Federation of Teachers staffer. The organization is decidedly anti-charter, likening [school choice to "a euphemism for school closures"](#) on its website.

The report gathered court cases, media investigations, regulatory findings, audits, and other sources from Arizona, California, Colorado, the District of Columbia, Florida, Illinois, Louisiana, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Texas, and Wisconsin to examine the trends in charter school fraud, waste, and mismanagement.

It found that there were six main categories of fraud, waste, and abuse:

1. Charter operators using public funds for their personal gain.
2. School revenue being used to support other charter operators' businesses.
3. Charter school mismanagement that fails to create a safe environment for students, such as not providing background checks on staff or not properly supervising students.
4. Charters requesting public funds for services they do not provide.
5. Charters inflating their enrollment numbers to boost revenues.
6. Charter operators mismanaging funds and schools.

After examination, the report found that [the most prevalent form of fraud in charters was the first category—charter operators' using public funds for personal use](#).

The report provided several recommendations to help prevent fraud, waste, and abuse from occurring. States should establish an adequately funded office solely dedicated to charter school oversight that has the authority to investigate fraud, waste, and misconduct, the report said. All charters should be independently audited each year, and the schools should be held to the same transparency requirements as regular public schools, the report recommended.

In addition, the charter school's application, contract, financial information, board members and affiliations, vendor contracts over \$25,000, and board-meeting minutes should be made available publicly online, said the report. In addition, relatives of charter school operators should not be allowed to serve on the board, while parents, teachers, and students (in the case of high schools) should be provided representation there, the report recommended.

The report's appendix includes an extensive list of the different charter fraud, waste, and misconduct cases broken down by state with links to media reports about each one.

Categories: [Charters](#)

Tags: [charter schools](#) [charters](#) [fraud](#) [integrity in education](#) [investigation](#) [report](#) [sabrina stevens](#) [school finance](#)

HUFFPOST LIVE

JOIN THE CONVERSATION.

CLICK HERE

July 26, 2012

HUFF
POST

EDUCATION

The Internet Newspaper: News, Blogs, Video, Community**Dorothy June Hairston Brown, Philadelphia Charter School Mogul, Charged With Defrauding \$6.5 Million In Tax Dollars**

Posted: 07/24/2012 6:12 pm Updated: 07/24/2012 6:12 pm



Philadelphia charter school mogul Dorothy June Hairston Brown was charged Tuesday -- along with four colleagues -- with defrauding three charter schools of more than \$6.5 million in tax dollars.

Brown and her executives were indicted on 62 counts of wire fraud, obstruction of justice and witness tampering. She had earned praise for student test scores and had a reputation for [claiming large salaries and filing suits against parents who questioned her](#), the *Philadelphia Inquirer* reports.

Brown founded three Philadelphia charter schools: the Laboratory, Ad Prima and Planet Abacus. She also had a hand in creating the Agora Cyber Charter School, which offers online lessons to students across the state. Brown was reportedly paid \$150,000 for working 30 hours weekly at Laboratory and \$115,904 for a single week at Ad Prima.

"Charter schools are funded with public money [that is intended to help educate children in our communities](#)," Special Agent in Charge George C. Venizelos of the Philadelphia Division of the FBI said in a statement. "When individuals misappropriate those funds, as this indictment today alleges, they trade our children's education and our children's future for their own illegal profit."

Among numerous other falsifications and infractions, Brown and a colleague founded a private, limited liability company that collected "millions of dollars in 'management fees' from Agora [while providing little or no services to Agora](#)," according to court documents.

"Public education is a cornerstone of American life which has provided many with the tools for future success," said U.S. Attorney Zane David Memeger said in an FBI statement Tuesday. "As our public schools are funded through dollars earned by hard working Americans, there is a reasonable expectation that their tax dollars will be used to actually educate students. The indictment in this case alleges that June Brown and her four co-conspirators used the charter school system to engage in rampant fraud and obstruction. My office will continue to vigorously investigate and pursue those charter school operators who defraud the taxpayers and deprive our children of funds for their education."

The Pennsylvania Department of Education filed suit in 2009, discontinuing payments to Agora because of ["ongoing and pervasive unlawful and improper conduct"](#) in misusing taxpayer funds.

The Department of Education's charter issued to Agora prohibited the school from using an external management association, a provision state officials said Agora violated by contracting Brown's private company, which was "disproportionately rewarded for little or no performance."

A December report by the *New York Times* revealed that nearly 60 percent of Agora's students were not at grade level in math, while almost 50 percent were behind in reading. About one-third of those students didn't graduate on time.

In spite of this, Agora represented a ["remarkable success that has helped enrich K12 Inc."](#) the public management company that is also the largest in the online schooling industry. Agora was expecting a \$72 million income for the most recent school year.

Brown's case isn't unique. Cyber charter school funding in Pennsylvania has become an increasingly hot-button issue, as cyber

charters receive funding for students [at a cost to the local school district based on the average cost to educate that pupil](#) -- even though educating that student online costs an average \$3,000 less than in a physical school.

FBI agents earlier this month raided the office of Pennsylvania Charter Cyber school founder Nick Trombetta [under suspicion that he misused state tax dollars](#) to fund his out-of-state ventures. The school enrolled more than 11,300 students in the latest academic year, and critics say that the \$10,000 the school receives from the state per pupil far exceeds the cost of an online education.

Pennsylvania's Frontier Virtual Charter High School, which promised students internship opportunities and language learning, recently closed after just a year of operation. The state Department of Education filed court documents revoking the school's charter as students [were regularly truant or failing](#).

EDUCATION WEEK

Published Online: April 5, 2011

Published in Print: April 6, 2011, as **Study Stings KIPP on Attrition Rates****Study Stings KIPP on Attrition Rates**By **Mary Ann Zehr**

KIPP charter middle schools enroll a significantly higher proportion of African-American students than the local school districts they draw from, but 40 percent of the black males they enroll leave between grades 6 and 8, says a new nationwide study by researchers at Western Michigan University.

"The dropout rate for African-American males is really shocking," said Gary J. Miron, a professor of evaluation, measurement, and research at the university, in Kalamazoo, and the lead researcher for the study. "Kipp is doing a great job of educating students who persist, but not all who come."

With 99 charter schools across the country, most of which serve grades 5 to 8, the **Knowledge Is**

Power Program network has built a national reputation for success in enabling low-income minority students to do well academically. And some studies show that KIPP charter schools have succeeded in significantly narrowing race-based and income-based achievement gaps between students over

time. While not disputing that track record, the new study attempts to probe some of the more unexplored factors that might play into KIPP's success.

It concludes, for instance, that KIPP schools are considerably better funded on a per-pupil basis than their surrounding school districts. The KIPP schools received, on average, \$18,500 per pupil in 2007-08, about \$6,500 more per student than the average for other schools in the same districts, according to the researchers' analysis of federal 990 tax forms filed by schools reporting both public and private sources of funding. The study reports that nearly \$5,800 of that per-pupil amount is private donations and grants.

Mr. Miron said the "\$6,500 cost advantage" raises questions about the sustainability of the KIPP model.

The study also faults KIPP for not serving more students who are still learning English or who have disabilities.

"The limited range of students that KIPP serves, its inability to serve all students who enter, and its dependence on local traditional public schools to receive and serve

the droves of students who leave, all speak loudly to the limitations of this model," the report says.

[← Back to Story](#)

Luis A. Huerta, an associate professor of public policy and education at Teachers College, Columbia University, praised the study for exploring indicators of KIPP's operations other than student achievement, which, while important, doesn't tell the whole story, he said.

"If we can start speaking about these more nuanced layers, and move beyond this discussion of student achievement, we tend to get a real picture," he said. "Here we have schools receiving upwards to \$6,000 or more than traditional schools, and that's not even accounting for the fact they have fewer services than traditional schools, yet the gains they've shown in student achievement are quite modest." Mr. Huerta is a faculty associate of the National Center for the Study of Privatization in Education at Teachers College, Columbia University, which had a hand in distributing the study but did not take part in the research.



The study came in for criticism from KIPP officials, as well as from two other researchers not involved in it. They questioned its methodology and said that while Mr. Miron is asking the right questions about KIPP schools, he hasn't provided adequate evidence to answer them.

"We see this report as having significant shortcomings in the methodologies and reject the core conclusions the report is making," said Steve Mancini, the public-affairs director for the San Francisco-based KIPP network, which was started in 1994.

Methods Differ

The study by the Western Michigan researchers used the federal Common Core of Data as its primary source. The researchers were able to obtain data from 2005-06 to 2008-09 for 60 KIPP schools across the country. The KIPP schools were compared with averages for other, more-traditional schools in the same districts. Besides the 990 forms, the researchers drew financial data on KIPP schools from the same federal database, which had financial data for 25 of those schools.

Robin Lake, the associate director of the Center on Reinventing Public Education, at the University of Washington in Seattle, was one of the scholars who questioned the study led by Mr. Miron.

"It seems he's trying to explain away the KIPP effect rather than explain it," she said. "More work needs to be done to get real answers."

"The main point to make is the kind of data they are looking at is quite different from the kind of data we've been looking at," said Brian P. Gill, a senior fellow for the Princeton, N.J.-based Mathematica Policy Research and a co-author of a study of 22 KIPP middle schools released last June. That study was commissioned by KIPP.

Mr. Gill said that Mathematica based its conclusions, including a finding that attrition of students from KIPP schools is about the same as from neighboring regular public schools, on data from individual students, not on aggregate data sets, as Mr. Miron's study has done.

The study led by Mr. Miron found that approximately 15 percent of students disappear each year from the KIPP grade cohorts, compared with 3 percent per year in each grade in the local traditional school districts. Mr. Miron said that finding doesn't contradict Mathematica's finding that attrition rates are comparable between KIPP schools and local district schools on average, because his research team compared only KIPP "districts"—the cluster of kipp schools in a particular district—and the rest of the schools in districts as a whole, not individual schools with schools.

Mr. Mancini, Ms. Lake, and Mr. Gill share the view that the comparison groups used in the Western Michigan study don't provide reliable information about student attrition. It's not appropriate, they contend, to make conclusions about attrition by comparing the proportion of students who leave a KIPP district with the proportion of students who leave the entire surrounding school district, which might have hundreds of schools.

"You want apples-to-apples comparisons. This is like apples to watermelons," said Ms. Lake.

Unexplored Issue

Mr. Miron said that the Mathematica approach to determining student attrition is "superior" to his. But his study explores an issue that he said Mathematica hadn't addressed: How does the fact that KIPP schools tend not to replace students that leave, particularly in the upper grades, affect attrition?

"The low-performing students are leaving KIPP schools, but they are still in the public school sector," Mr. Miron said.

Mr. Gill said Mr. Miron's study doesn't account for how grade retention, a hallmark of the KIPP model, may account for some of the shrinkage in cohorts of students moving from 6th to 8th grade.

The Western Michigan study doesn't challenge KIPP's positive student outcomes. It says that the nonprofit network's claims that its schools improve students' test scores at a faster rate than regular public schools are backed by "rigorous and well-documented studies," such as Mathematica's.

Mike Wright, who oversees KIPP's network growth and sustainability, characterized the report's findings on the financing of KIPP's schools as misleading.

He focused on the finding that KIPP schools receive nearly \$5,800 more per pupil from private donations than do their surrounding school districts. One problem, Mr. Wright said, is that the finding is based on a sample of 11 KIPP districts that isn't representative of all KIPP schools. (Mr. Miron said he used those 11 districts because they were the only ones that reported public revenues on the 990 tax forms.)

Also, Mr. Wright said of the study's authors, "they are including everything under the kitchen sink, whether starting a school from scratch or investing in facilities" in the figure for private per

RELATED BLOG



[Visit this blog.](#)

pupil funding. He contends it's a "misrepresentation" to imply that KIPP schools are overflowing with resources, when, unlike regular public schools, they are often left on their own to pay for buildings.

Mr. Wright contends that the average funding advantage from private sources for KIPP schools in comparison with their local school districts is closer to \$2,500 per pupil.

Mr. Huerta, however, said Mr. Miron's methodology is strong, even though there are "complications in trying to dig out some of this information."

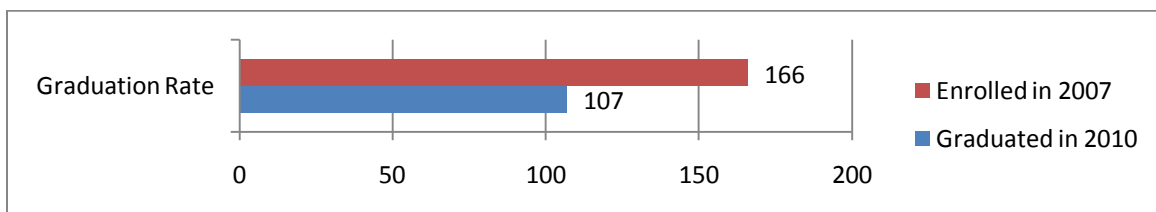
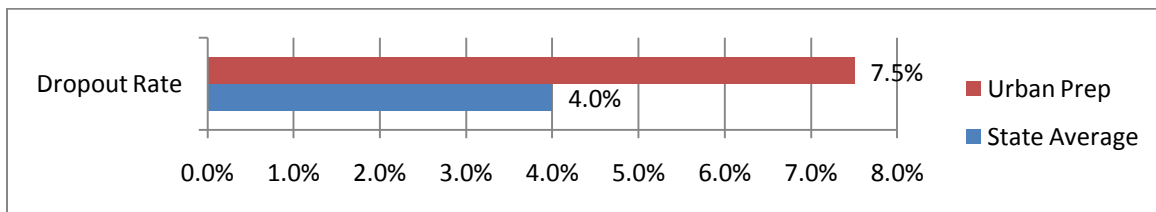
Vol. 30, Issue 27, Pages 1,24-25



The Poster Child of Charter Schools

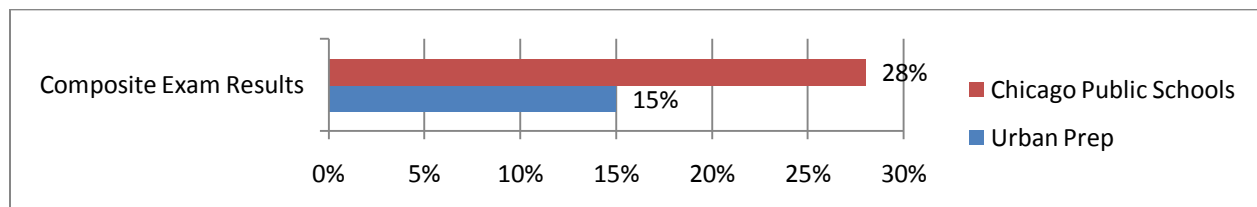
Behind the Pretty Picture are the **REAL NUMBERS!**

Document 13



"According to the Illinois Interactive School Report Card, there were 166 freshmen enrolled in 2007, Urban Prep's first year. Of these original freshmen, the Tribune reports that 107 are graduating seniors. This yields an overall **school graduation rate of 64%**, or nearly **6 points lower than the average district rate of 69.8%**."

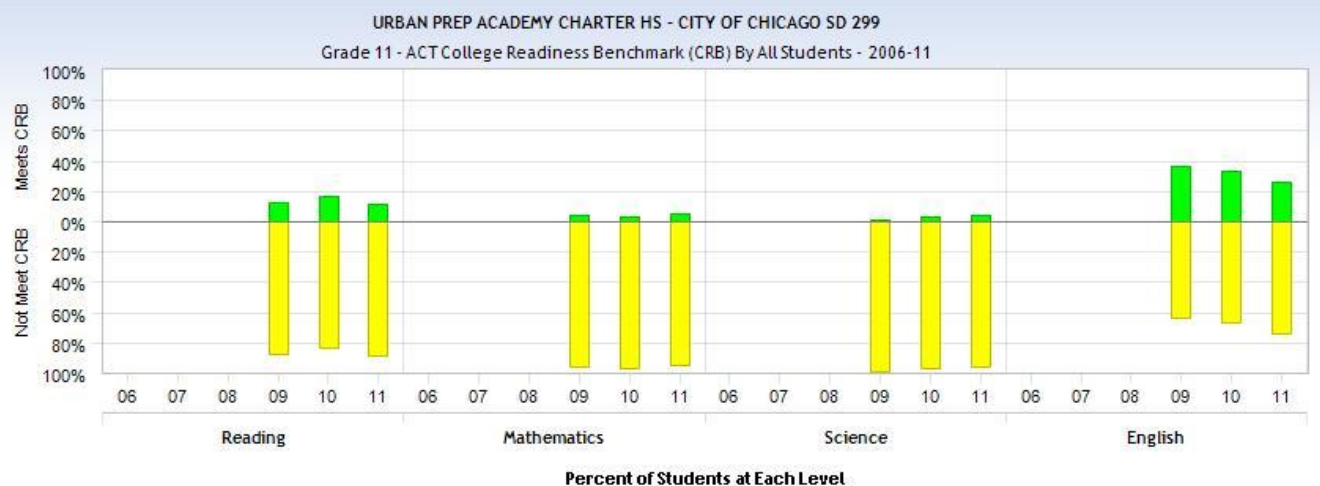
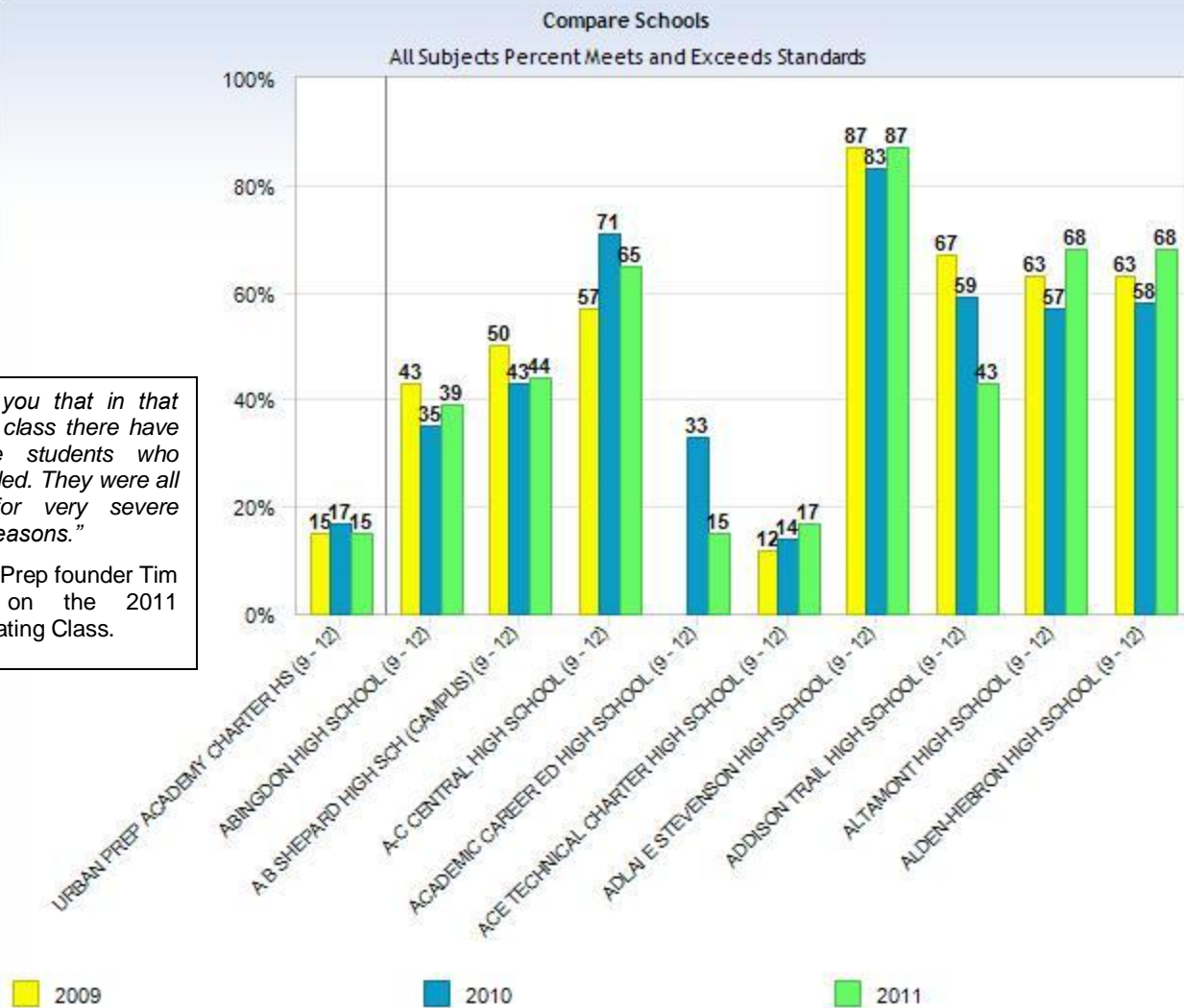
With these new figures, the overall graduation rate at Urban Prep goes down to 57%. So, it begins to look more and more as though Urban Prep's real "accomplishment" is refusing to graduate any senior who has not been accepted into college. - Julie Woestehoff, Chicago Examiner, July 9, 2010



Urban Prep Charter School By the Numbers

"I will tell you that in that graduating class there have been nine students who were expelled. They were all expelled for very severe discipline reasons."

- Urban Prep founder Tim King on the 2011 Graduating Class.



% Meets CRB	-	-	-	12	17	11	-	-	-	4	3	5	-	-	-	1	3	4	-	-	-	36	33	26
% Not Meet CRB	-	-	-	88	83	89	-	-	-	96	97	95	-	-	-	99	97	96	-	-	-	64	67	74
Number of Students Tested																								
(N)*	-	-	-	118	118	111	-	-	-	118	118	111	-	-	-	118	118	111	-	-	-	118	118	111

* - Results for fewer than 10 students are not reported or this subject was not tested for this grade/year.



How Charter Schools Influence Student Enrollment

by Kevin G. Welner — April 22, 2013

This commentary offers a classification of twelve different approaches that charter schools use to structure their student enrollment. These practices impact the likelihood of students enrolling with a given set of characteristics, be it higher (or lower) test scores, students with 'expensive' disabilities, English learners, students of color, or students in poverty.

Informed discussions of whether charter schools are successful include considerations of student differences between different schools. We address "selection bias," "attrition bias" and the like because measured outcomes are undoubtedly affected by inputs. Charter schools tend to have fewer students with disabilities, fewer English learners, and a less poor population of students than their surrounding public schools (Frankenberg, Siegel-Hawley, and Wang, 2010; Miron, et al., 2010; U.S. Government Accountability Office, 2012).

In fact, the patterns are particularly stark when we realize that such at-risk students are disproportionately enrolled in a small subset of "mission-oriented" charters - those dedicated to serving a particular type of at-risk student. For instance, the "majority of charter school students with severe disabilities [in Florida] are concentrated in a handful of schools that specialize in those disabilities...." (O'Connor, J., & Gonzalez, 2011; see also Miron, et al. [2010] for a national picture). This leaves the remaining charters serving even fewer at-risk children.

Yet little attention has been paid to the mechanisms that generate these differences. One exception is an article in February of 2013, written by reporter Stephanie Simon of Reuters, which described a variety of ways that charter schools "get the students they want" (Simon, 2013):

- * Applications that are made available just a few hours a year.
- * Lengthy application forms, often printed only in English, that require student and parent essays, report cards, test scores, disciplinary records, teacher recommendations and medical records.
- * Demands that students present Social Security cards and birth certificates for their applications to be considered, even though such documents cannot be required under federal law.
- * Mandatory family interviews.
- * Assessment exams.
- * Academic prerequisites.
- * Requirements that applicants document any disabilities or special needs. The U.S. Department of Education considers this practice illegal on the college level but has not addressed the issue for K-12 schools.

This article builds on Simon's work and the work of others who have researched charter schools. It offers a taxonomy, a classification of the evidence into twelve different approaches that charter schools use to structure their student enrollment. These practices impact the likelihood of students enrolling with a given set of characteristics, be it higher (or lower) test scores, students with 'expensive' disabilities, English learners, students of color, or students in poverty.

#1: DESCRIPTION AND DESIGN: WHICH NICHE?

The designers of a new charter school face a variety of decisions. Will the school portray itself as focused on rigorous academics? Or perhaps the design will cater to children with autism? Will it have the facilities to provide free or reduced-price lunch? Will it have teachers for English learners and for students with special needs? In short, which niche will it be designed to fill? Given the high-stakes accountability context, a school designed to serve an at-risk student population will face greater survival obstacles. Low test scores lead to lower school performance ratings and eventually to closure. In contrast, high test scores lead to acclaim and to positive word-of-mouth from realtors, press, friends and neighbors. In short, nothing succeeds like success, and the greatest determinants of success are the raw materials - the students who enroll.

#2: LOCATION, LOCATION, LOCATION

As has long been recognized by the courts, the siting of a school is an effective way to influence student demographics (Kennedy, 2007). A school that intends to serve students who live in an urban area will locate in that neighborhood, while a school with an intent to serve a suburban population will make a different decision. Because families with less wealth tend to have fewer

transportation options, this is particularly important when thinking about disadvantaged groups.

#3: MAD MEN: THE POWER OF MARKETING AND ADVERTISING

Charter schools are not allowed to directly select students based on those students' demographic characteristics. But if a school wants to enroll English learners, it will produce and distribute materials in the first language of those families. If it does not, it will produce and distribute materials overwhelmingly in English. Similar decisions can be made regarding special needs populations and lower-income populations. And if it wants students with higher incoming test scores and a drive to excel academically, it can advertise as "college prep" and highlight the rigor of its curriculum. Even the visual images used in marketing materials can send distinct messages about who is welcome and who is not. When a school makes deliberate decisions about how and where to market, it is exercising influence over who applies.

#4: HOOPING IT UP: CONDITIONS PLACED ON APPLICATIONS

Through the application process, charter schools can control the pipeline that leads to enrolled students. If less desirable students do not apply, they will not be enrolled. Charter schools are usually in charge of their own application processes, and many impose a daunting array of conditions. These include lengthy application forms such as a required essay simply to get into the lottery, mandatory character references, parents required to visit the school before applying, short time windows to file the applications, special 'pre-enrollment' periods for insiders, and admissions tests to determine grade placement or learning group. These policies and practices can directly turn away families (*I'm sorry, but you can't enroll here because you didn't visit*). Further, they can serve their purpose by discouraging parents who lack the time, resources, or overall commitment to jump through the hoops.

#5: AS LONG AS YOU DON'T GET CAUGHT: ILLEGAL AND DICEY PRACTICES

As noted earlier, Simon (2013) documents instances of charter schools that require applications to "present Social Security cards and birth certificates for their applications to be considered, even though such documents cannot be required under federal law." She also notes some schools that require special needs applicants to document their disabilities - which may or may not be illegal but which is certainly contrary to the intent and spirit of the Individuals with Disabilities Education Act. Such policies will have the effect of discouraging special needs students and, in some communities, minimizing the enrollment of immigrant students. Another troubling, and possibly illegal, practice involves elementary-level charters with attached, private pre-k schools that charge substantial tuition - and the using of that pre-k school to funnel students into the public charter and thereby create a wealthier student demographic (see, e.g., Dreilinger, 2012; Ferguson, 2011; Ferguson & Royal, 2011).

#6: SEND US YOUR BEST: CONDITIONS PLACED ON ENROLLMENT

Simon's (2013) article also pointed to "One charter high school in [California that] will not consider applicants with less than a 2.0 grade point average. Another will only admit students who passed Algebra I in middle school with a grade of B or better." She also points to states that allow a charter school to give an admissions preference to students based on a demonstration of interest in that school's theme or focus: "Some schools use that leeway to screen for students who are ready for advanced math classes or have stellar standardized test scores." Other charter schools, including KIPP, require that students and their families commit to longer school days and school hours. Many also require so-called 'sweat equity' contracts from parents, whereby they commit to contribute service to the school. As with conditions placed on applications, these conditions of enrollment can work by directly turning away families as well as by discouraging families perceived to be less desirable.

#7: THE BUM STEER

Connected to these application and enrollment practices is the old practice of steering away less desirable students (Fiore, et al., 2000). The typical scenario involves the parent of a high-needs child who drops by the school to inquire about enrolling and is told that opportunities for that child will be much richer at the public school down the road. These are among the allegations in the Southern Poverty Law Center's lawsuit against the Recovery School District in New Orleans (Mock, 2010).

#8: NOT IN SERVICE

As noted above, a charter school may or may not have services designed to meet the needs of a given group of higher-needs children. For instance, teachers with TESOL (Teachers of English to Speakers of Other Languages) training or certification may be unavailable. Similarly, a charter school may not have the resources necessary to meet the special needs of a child with so-called low-incidence disabilities. But even reading specialists, for instance, may be unavailable. While a charter school may not, under the Individuals with Disabilities Education Act (IDEA), be legally entitled to reject a student with special needs and his or her individualized education plan (IEP), pointing out the unavailability of resources and services is often sufficient to do the trick (Welner & Howe, 2005).

#9: THE FITNESS TEST: COUNSELING OUT

Parents of less successful students or those who are viewed as a poor fit may simply be told that they should consider a different option. This is usually accomplished through ongoing meetings with the charter schools' teachers and administrators. (*Bobby isn't responding well to instruction, getting along well with other students, etc.*) In a school choice context, a reasonable way to address a disappointing experience is to seek out a different school, and a nudge from school staff can help move this process along.

#10: FLUNK OR LEAVE: GRADE RETENTION

One such nudge can be provided by telling the student and parent that if the student remains at the school, she will be retained in grade. Grade retention is extensively used, for instance, at KIPP charter schools. One effect of such policies is to rebuke less successful students and to suggest that those students may do better elsewhere (and to inform them that they will have to go elsewhere if they want to graduate on time).

#11: DISCIPLINE AND PUNISH

Charter schools' discipline policies generally differ from those of their nearby school districts. Washington DC's charter schools, for example, have much higher expulsion rates than do district schools (Brown, 2013). The *New York Times* reported in 2012 about a charter school in Chicago that has collected hundreds of thousands of dollars in fines from students for infractions like "not looking a teacher in the eye" (Vevea, 2012). Through direct expulsion and through harsh discipline regimes, such charter schools are able to maintain a more controlled school environment, but one effect of doing so is the selective removal of students who are more disruptive - or, in the case of the Chicago school, less able to afford the fines.

#12: GOING MOBILE (OR NOT)

Low-income communities across the country tend to have high rates of student mobility. Many students exit and enter each year and - most disruptively for all - during the school year. Neighborhood public schools generally have no power to limit this mobility and must focus instead on minimizing the disruption. Charter schools, however, can decide to enroll few or no new students during the year or in higher grades. Researchers refer to this addition of new students as a choice of whether or not to "backfill" the students charters lose through normal attrition or through counseling out. A related issue is the common practice among new charter schools of 'feeding from below.' To illustrate, imagine a new charter authorized to serve grades k-8. Such a school would often open with just grades k-2, and then each year would bring in a new kindergarten cohort and extend up one year, to k-3, then k-4, and so on. This approach tends to create stability and to screen out more transient students and families.

* * *

These twelve techniques are not used by all charter schools, nor when applied are they necessarily intended to enroll only more advantaged students. Techniques controlling student populations also provide no evidence to impugn the quality of the education provided at these schools. Nevertheless, they do impact at least three important aspects of the education reform debate: scaling up, evaluations of success, and equity and non-discrimination.

The scaling up concern is straightforward. If charter schools identified as successful are not serving a cross-section of the student population, then where do the students go who are left out? Currently, they can easily go to neighborhood public schools. But in a system dominated by such charters, something must give. Either these charters start to take all comers, or a separate set of charters must thrive with a very different mission: a refuge (or dumping ground) for unwanted children.

The evaluation concern is more about policy and political rhetoric than about the overall research base. Charter school research is now sufficiently established and comprehensive enough that most researchers are comfortable concluding that a school's status as a charter school has no substantial effect - good or bad - on student test scores. But weak research and evaluation reports, which fail to account for all these ways of skewing enrollment, are nonetheless still being issued and trumpeted by advocates. (An example is a recent Florida report that uses school-level data to conclude that charters are outperforming conventional public schools; see Florida Department of Education, 2013). This can result in masking undesirable practices and to making bad policy decisions.

Finally, equity concerns arise whenever a publicly funded opportunity is provided to a more fortunate group of children but denied to others, even if that skimming takes place within a disadvantaged community. This gilds inequalities with socially acceptable language and constructs about individual choice, and it's particularly problematic when children are denied opportunities based on special needs status or English learner status - or when the poorest children in a community are pushed aside.

Charter schools are now an established part of the landscape in most states. As such, they should be understood as a policy tool

that can be included as part of overall state education policy. Like most tools, we can decide how best to use them, to maximize their benefits and minimize their harm. If policy makers hope to improve the education system as a whole, they should take a serious look at the dirty dozen as a starting point.

References

- Brown, E. (2013, January 5). D.C. charter schools expel students at far higher rates than traditional public schools. *Washington Post*. http://www.washingtonpost.com/local/education/dc-charter-schools-expel-students-at-far-higher-rates-than-traditional-public-schools/2013/01/05/e155e4bc-44a9-11e2-8061-253bccfc7532_story.html
- Dreilinger, D. (2012, November 26). Lycée Français CEO abruptly resigns from French immersion charter school. *The Times-Picayune*. http://www.nola.com/education/index.ssf/2012/11/director_leaves_french_immersi.html
- Fiore, T. A., Harwell, L. M., Blackorby, J., & Finnigan, K. S. (2000). *Charter schools and students with disabilities: A national study*. Washington, DC: U.S. Department of Education, Office of Educational Research and Improvement.
- Florida Department of Education (2013). *Student Achievement in Florida's Charter Schools: A Comparison of the Performance of Charter School Students with Traditional Public School Students*. Tallahassee, FL: Author. https://www.floridaschoolchoice.org/pdf/Charter_Student_Achievement_2012.pdf
- Frankenberg, E., Siegel-Hawley, G., & Wang, J. (2010). *Choice without Equity: Charter School. Segregation and the Need for Civil Rights Standards*. Los Angeles, CA: Civil Rights Project at UCLA. <http://civilrightsproject.ucla.edu/research/k-12-education/integration-and-diversity/choice-without-equity-2009-report/frankenbergs-choices-without-equity-2010.pdf>
- Ferguson, B. (2011). Lycee Francais Charter School: Charging Tuition Violates Federal Charter School Funding Rules. New Orleans, LA: Research on Reforms. <http://www.researchonreforms.org/html/documents/Lyceefrancais-CharterSchoolwithTuition.pdf>
- Ferguson, B., & Royal, K. H. (2011). The Deception of the "Lottery" at Lycee Francais and Audubon Schools: The Misuse of Charter Schools, Part II. New Orleans, LA: Research on Reforms. <http://www.researchonreforms.org/html/documents/DeceptionoftheLottery.pdf>
- Kennedy, A. (2007). Concurring opinion in *Parents Involved in Community Schools v. Seattle School District*, 551 U.S. 701.
- Miron, G., Urschel, J., Mathis, W. J., & Tornquist, E. (2010). *Schools Without Diversity: Education Management Organizations, Charter Schools, and the Demographic Stratification of the American School System*. Boulder CO: National Education Policy Center. <http://nepc.colorado.edu/publication/schools-without-diversity>
- Mock, B. (2010, October 6). The Problem With New Orleans's Charter Schools. *Newsweek* and *The Daily Beast*. <http://www.thedailybeast.com/newsweek/2010/10/06/new-orleans-accused-of-failing-disabled-students.html>
- O'Connor, J., & Gonzalez, S. (2011, December 14). Florida Charter Schools Failing Disabled Students. *Morning Edition on NPR*. <http://www.npr.org/2011/12/14/143659449/florida-charter-schools-failing-disabled-students>
- Simon, S. (2013, February 15). Class Struggle - How charter schools get students they want. *Reuters*. <http://www.reuters.com/article/2013/02/15/us-usa-charters-admissions-idUSBRE91E0HF20130215>
- U.S. Government Accountability Office. (2012). *Charter Schools: Additional Federal Attention Needed to Help Protect Access for Students with Disabilities*. Washington DC: Author. <http://gao.gov/assets/600/591435.pdf>
- Vevea, R. (2012, February 17). Questioning the Fairness of a Detention Fee. *New York Times*. www.nytimes.com/2012/02/17/education/at-noble-street-schools-in-chicago-detention-costs-5.html
- Welner, K. G. & Howe, K. R. (2005). Steering toward separation: The policy and legal implications of "counseling" special education students away from choice schools. In Janelle Scott (ed.), *School Choice and Student Diversity: What the Evidence Says* (pp. 93-111). New York: Teachers College Press.

Cite This Article as: *Teachers College Record*, Date Published: April 22, 2013

<http://www.tcrecord.org> ID Number: 17104, Date Accessed: 5/6/2013 8:06:10 PM

[Purchase Reprint Rights for this article or review](#)

The Miami Herald

Posted on Fri, Dec. 16, 2011

Charter schools enrolling low number of poor students

By Kathleen McGrory and Scott Hiaasen

kmcgrory@MiamiHerald.com



Carl Juste / Miami Herald Staff

Charter School at Waterstone in Homestead

The Charter School at Waterstone looms behind a manned guardhouse in an exclusive community in Homestead. With a palm-lined walkway leading to its cool-blue buildings, the school stands apart from the closest alternative: Campbell Drive K-8 Center, the 35-year-old traditional public school down the road.

The students are different, too.

At Waterstone, about 32 percent of students in 2010 qualified for free or reduced-price lunches, an indicator of poverty, according to data from the National Center for Education Statistics. At Campbell Drive, about two miles away, 93 percent of the students qualified.

The trend is evident across Miami-Dade County, where overall, the number of poor children enrolled in charter schools is disproportionately low compared to traditional public schools — an advantage for the charter schools, given that poverty correlates with poor academic performance. Charter schools in Miami-Dade also enroll a smaller share of black students than traditional public schools, according to federal data. In traditional public schools, one-third of children are black, compared to one-fifth of children in charter schools.

The imbalances persist despite local, state and federal rules aimed at promoting open access to charter schools and preventing discrimination. The Waterstone school, for example, is open to all Miami-Dade students under its contract with the school district, while giving preference to students who live within four miles of the school — an area that includes Campbell Drive K-8.

Charter schools, which receive public tax dollars but are run by independent boards, say they do not handpick which students they enroll. Most say they rely on random admissions lotteries.

And in Broward County, the charter school demographics more closely reflect the traditional public schools.

“Charter schools serve the neighborhood kids,” said Robert Haag, president of the Florida Consortium of Public Charter Schools, a lobbying and support organization.

In Miami-Dade, however, the charter school industry has followed a growth strategy that has amplified the disparities. Much of the growth in charter schools has been in the county’s western and southern suburbs rather than the inner city — in part because of the housing boom of the 2000s. Moreover, some schools have adopted outreach strategies that target high-achieving students and children who live in affluent neighborhoods.

Florida school districts are not required to monitor charter schools’ admissions lotteries or marketing methods, and they seldom do — even with millions of dollars in taxpayer money on the line. But in

2009, Miami-Dade school district researchers looking at enrollment patterns found that the Mater and Doral academies, two popular charter school networks managed by the same company, had admitted a disproportionately high percentage of advanced students. The findings raised the possibility “that specific students were targeted in some way,” according to the report.

The school district never pursued the numbers further, and the two school networks denied the accusations.

As charter schools expand their reach, the issue remains a topic of national debate.

“There are questions about whether these schools truly are open to serving everyone,” said Erica Frankenberg, an assistant professor at Pennsylvania State University who studies charter schools.

Charters step in

In its early days, the charter school movement promised to empower parents in low-income communities by providing alternatives to struggling public schools. In 1996, the state’s first charter school, Liberty City Charter School, accomplished that goal.

But early critics worried charter schools would become exclusive academies accessible only to well-to-do families. In fact, many members of the Legislative Black Caucus voted against the original proposal because it did not require charter schools to provide transportation for students, to help poorer families.

There are some safeguards in place. Like traditional schools, charter schools are subject to federal anti-discrimination laws. State law also requires charter schools to reflect the “racial and ethnic balance” of their communities.

“We expect our charter schools to have open enrollment to represent the communities they serve,” said Adam Miller, who oversees charter schools for the state Department of Education. “They cannot pick and choose based on race and ethnicity.”

In Broward County, the charter schools have a slightly larger proportion of low-income and black students than the traditional public schools, federal data show. Broward school district officials say there is a growing number of small, independent charter schools in Caribbean and African-American neighborhoods.

In Miami-Dade, however, Hispanic students are overrepresented, according to the 2010 figures from the National Center for Education Statistics, the most recent available for all public schools.

In the largest charter school networks — the Mater, Doral, Somerset and Pinecrest academies — 90 percent of the students enrolled in 2010 were Hispanic, federal records show, compared to 58 percent in the public school system. These school networks are all managed by Academica, Florida’s largest charter school operator.

Miami-Dade charter schools also enrolled a smaller share of poor students: 54 percent, compared to 74 percent in traditional public schools.

“In Florida, there aren’t as many charter schools that have been really successful in going and serving high free- and reduced-price lunch populations compared to some other states,” said Kevin Hall, CEO of the Colorado-based Charter School Growth Fund, which recently committed \$10 million to help Florida charter schools expand into low-income communities.

In 2010, of the 83 charter schools open in Miami-Dade, more than two dozen had poverty rates more than 30 percentage points lower than the closest traditional public school, a Herald analysis found.

The poverty gap was particularly noticeable in South Dade, where the Charter School at Waterstone is located.

Numbers disputed

Mike Strader, president of the company that manages Waterstone, insisted that the federal poverty data were inaccurate, and said his school actually serves far more impoverished students than the numbers reflect. He said 73 percent of children at the school this year receive free or reduced-price lunches. However, Miami-Dade school district records show that 35 percent of Waterstone's students are currently receiving free or reduced-price lunch benefits. The district keeps close tabs on which charter school students are eligible, because it disburses federal funds for school lunches.

Students targeted?

In 2009, a Miami-Dade school district study of middle-schoolers found that while black students and poor students were less likely to transfer to charter schools, those who were classified as gifted or had earned high marks on the Florida Comprehensive Assessment Tests were more likely to choose charter schools.

The report also found that advanced students were nearly twice as likely to transfer to schools in the Mater and Doral networks of schools as to continue in their home schools.

"It is unlikely that the effects seen for these particular schools can be explained by direct marketing techniques, which are typically ineffective, given that these effects are not seen in other charter schools," the report concluded. "This raises the possibility that specific students were targeted in some way."

Fernando Zulueta, the CEO of Academica — the firm that manages the two networks of schools — said neither one targets certain classes of students. "My philosophy is to let everyone in and you can do amazing work with these kids," he said.

Zulueta said more high-performing children may wind up at Mater and Doral because their parents are better informed about choice options. He criticized the findings of the district's middle-school study, saying they reflected parent dissatisfaction with the traditional public schools, not recruitment practices.

Recruitment practices can, however, help shape a population of students.

Henry Rose, who sits on the executive board of the Florida Consortium of Public Charter Schools, said marketing is an important part of the equation. Student recruitment is frequently discussed at charter school governing board meetings, minutes show.

"You have to figure out what your market is," Rose said. "Do you want to appeal to kids who are struggling? How far outside of the neighborhood do you want to go? How are you going to reach those parents?"

Florida charter schools are expected to "reach out to the community," said Miller, of the state education department.

Some charter operators do. Haag, the consortium president who is also superintendent of the Charter Schools of Excellence network of schools in Broward County, said he places advertisements on public buses and in neighborhood churches. "I've tried every way to reach out to African-American students," he said.

Some South Florida schools avidly court parents in affluent neighborhoods, sending recruitment fliers to homes in high-income ZIP codes. Two charter schools in Coral Gables and South Miami held an invitation-only information session at the posh Biltmore Hotel last year, parents said.

Often, a charter school's best marketing device is a good reputation and high FCAT scores, said Jonathan Hage, president of Charter Schools USA, one of the region's largest charter school management companies.

But for both charter schools and traditional public schools, poverty is linked to low test scores — creating a potential incentive for charter schools to avoid these students.

Most charter schools say they encourage all students to apply and that they admit students based on the results of a random lottery.

State law does not require any oversight of the lotteries, and the Miami-Dade school district has never sought information detailing which students apply to charter schools and which ones get in. Some charter schools contacted by The Miami Herald provided incomplete records, or said their application and lottery records for prior years had been discarded.

While no South Florida schools have been formally accused of excluding children, there have been problems elsewhere: Last July, the Academic Leadership Charter School in New York City was put on probation after hundreds of children were left out of the admissions lottery. One year earlier, an Albany, N.Y., charter school screened out children who had low test scores or learning disabilities.

In Florida, state and federal rules bar charter schools from giving preference to students except in narrow circumstances. For example, nearly all charter schools in South Florida give preference to the children of employees and the siblings of current students. Those run by municipalities can also give preference to residents.

Some schools, however, have created their own rules.

Coral Reef Montessori gives preference to children who have previous Montessori experience, principal Lucy Canzoneri-Golden said. (Many of those children graduate from the pre-kindergarten Golden operates on the same campus, she said.) But Coral Reef's charter — its contract with the school district — says nothing about any preference for prior Montessori experience.

Some schools have created "articulation agreements" with other charter schools, giving preference to students as they advance from one charter school to another. Nothing prohibits a Florida charter school from having a relationship with another school, but the process is frowned upon by federal education officials. The guidelines for receiving federal grant money say charter schools receiving federal start-up grants are not allowed to give preference to students from "affiliated" schools.

Location, location

The location of a charter school also plays an important role in dictating its racial and socioeconomic makeup.

In Miami-Dade, charter schools have proliferated primarily in the suburbs, while inner-city and black communities have remained largely neglected. Last year, one in four traditional public schools were in a neighborhood where at least one-third of the residents were black, a Herald analysis found. But only one in seven charter schools were in a neighborhood with a similar makeup.

Of the charter schools that have closed in Miami-Dade County, 20 out of 30 were in predominantly black neighborhoods.

Experts say charter schools in the inner-city face unique challenges.

Katrina Wilson-Davis, who served as founding principal of the Liberty City Charter School, said finding a building for a school in the urban core can be difficult. There's also the challenge of trying to balance a school's budget in a low-income community.

"Our parents cannot give us money to supplement our budget," Wilson-Davis said. "Our parents don't have the time to volunteer in the office every day. We have to pay for everything."

Despite solid academic performance, Liberty City Charter School closed in 2008, after falling more than \$1 million in debt.

As for transportation — a concern for black lawmakers in 1996 — records show it is provided by only 40 percent of Miami-Dade charter schools.

Haag, the consortium president, said he "strongly" encourages charter schools to provide transportation for their students. "Buses remove the barriers," he said.

State Rep. Dwight Bullard, a Miami Democrat who sits on the House Education Committee, said charter schools have a responsibility to serve all children. "From a moral standpoint, they should be investing their time, energy and efforts into communities that need the most help," he said.

To that end, the state education department and the Charter School Growth Fund recently rolled out a \$30 million fund to help high-performing schools expand into high-poverty neighborhoods.

"We've made it a priority over the last year to incentivize our highest-quality operators to go into our highest-poverty areas," said Miller, the state charter schools director.

Efforts to increase diversity have taken hold in individual schools, too. Keys Gate Charter School and Keys Gate Charter High in Homestead, for example, sent out mailers to homes within a 10-mile radius of the school in hopes of attracting students from across South Dade. The two schools also placed advertisements countywide.

The strategy is working, Keys Gate officials said. This year, 64 percent of students qualified for free or reduced-price lunches, up from about 54 percent the year before.

"The diversity has increased beyond the neighborhood," said Hage, whose company manages the schools. "It is more and more reflective of the city and beyond."

[Education Week's blogs](#) > Charters & Choice

GAO Probes Charters on Serving Students With Disabilities

By [Sean Cavanagh](#) on June 19, 2012 11:00 PM | [2 Comments](#)

By [Sean Cavanagh](#) and [Nirvi Shah](#)

Charter schools across the country, and in most individual states, enroll a smaller percentage of students with disabilities than traditional public schools, though the factors behind those disparities remain unclear, a new report from a federal investigative agency concludes.

The [report](#) from the Government Accountability Office, released late Tuesday, says some charter schools may be discouraging students with disabilities from enrolling or denying them admission, a charge that has been periodically levied at the independent public schools over the years.

But the GAO also explains that much of the information it could gather on that point is anecdotal, and that other factors are likely at work—such as individual families deciding that charter school with distinct missions or academic approaches are not the right fit for children with specific needs.

In other cases, the decision about whether to place special-needs students in a charter school may not belong to individual charters, but rather to school districts, the report said. State funding formulas can also influence whether students with disabilities end up in charters.

"[T]here are no comprehensive data to determine the extent to which charter schools may be discouraging students with disabilities from enrolling or the extent to which such practices actually contribute to differences in enrollment levels," the GAO states.

In a letter released with the report, U.S. Department of Education officials said they were planning to release new guidance to charter schools on their obligations to serve students with disabilities.

Growing Charter Enrollment

The number of charter schools has grown steadily in the sector's two-decade history, and the schools now serve an estimated 2 million students nationwide. Their supporters, including the Obama administration, see charters as laboratories for testing innovative ideas in schools. Some critics, however, say the publicly funded, relatively independent schools are not always held to the same standards for accountability as traditional public schools, and say their academic performance is uneven.

Charter schools, as the GAO report explains, must adhere to a number of federal requirements for serving students with disabilities, including the Individuals with Disabilities Education Act.

Yet by most standards examined by the GAO, charter schools fall short of traditional publics in the extent to which they serve special needs populations.

Overall, the percentage of students with disabilities in charters was smaller, 8.2 percent, than in traditional public schools, at 11.2 percent, for the 2009-2010 year. Moreover, charter schools enrolled a lower percentage of students in each of 13 disability categories identified within the IDEA, which include learning disabilities, visual and hearing impairments, autism, intellectual disabilities, and emotional disturbances, the GAO said.

State Picture

In most states, charter schools enroll a smaller percentage of students with disabilities than traditional public schools do, the report found. In New Hampshire, for example, about 6 percent of students in charters have disabilities, compared with 13 percent in traditional publics. That pattern was not uniform, however: In eight states—Iowa, Minnesota, Nevada, New Mexico, Ohio, Pennsylvania, Virginia, and Wyoming—charters enroll the same, or a higher percentage of students with disabilities than traditional public schools, the report found.

The GAO points out that the **last such guidance** on charter schools' disability was offered 12 years ago, and does not provide enough detailed information to charters. Department officials said they agreed with the recommendation and are "committed to providing meaningful updated guidance" to the schools.

The Department's office for civil rights is also conducting investigations in four states to determine whether charters are adequately serving students with disabilities, the letter said.

Greg Richmond, the president of the National Association of Charter School Authorizers, said the GAO was right to point out that some charters are discouraging families of students with disabilities from applying or enrolling.

"Absolutely that happens," said Richmond, though no one has quantified "how often it's happening."

But Richmond, whose Chicago-based organization seeks to improve charter quality, said other factors are also at work. Some states and districts, for instance, are far more adept than others in ensuring that special-education resources and services, as well as funding, are delivered equitably to both traditional public schools and charters, he said.

The GAO report notes that in states where charter schools essentially act as school districts, states make charters responsible for providing services to special-needs students. But in states where charters are a part of larger school districts, the report notes, the responsibility for providing federally required services belongs to the districts—not the individual charter. In those cases, school districts could "determine that traditional public schools, not charter schools, are in a better position" to serve the needs of a student, depending on the disability, the report says.

But partly as a result of those arrangements, many parents of students with disabilities have come to assume that charters aren't an option for their children, said Kim Hymes, the director of policy and advocacy for Council for Exceptional Children.

"Forgetting about capacity issues and who is technically responsible—it comes down to: Parents have a right to choose," Hymes said. "[Charters] are not allowing the parents of students with disabilities to have that choice if they abdicate any role they have in carrying out IDEA."

Chronic Concerns

Access to charter schools—or a lack thereof—has been a longstanding concern among advocates for students with disabilities, especially students with less common or more severe needs. Those worries have emerged in the **Los Angeles**, **New York**, and **Chicago** school systems, among other districts.

Like traditional public schools, "charter schools are required to provide children with disabilities a free appropriate public education provided in the least restrictive environment," Hymes said.

She said the report raises many questions about the barriers special education students encounter at charter school doors.

"Financial challenges to providing special education services cannot be a barrier to enrollment for students with disabilities. In order for parents to have a fair choice about what school their child can enroll in, charter schools have to be able to provide the infrastructure and specialized services for all students."

The GAO report found that some students with certain kinds of disabilities are less likely to be enrolled in charter schools than others—such as those with more significant needs, including students with intellectual disabilities.

"I am glad this report dug deep enough to see the discrepancy between disability types," said Ricki Sabia, associate director of education for the National Down Syndrome Society. "We have always known that when charters take students with [intellectual disabilities] it is usually in separate charters for students with disabilities."

Some of the anecdotal issues raised in the GAO report are the same as those that have come to the attention of the National Center for Learning Disabilities, said Laura Kaloi, the group's public policy director. These include parents feeling they were "counseled out" of sending their students to a particular charter school, even after they had won admission through a lottery process, because the schools spelled out what would be demanded of students and said they simply couldn't offer all of the services a child was found to need.

The GAO cited [a 2010 lawsuit](#) filed in Louisiana over charter schools' denial of access to students with disabilities in New Orleans, which is home to more than 50 charters that act as independent school districts. The case is still open, said Eden Heilman, the lead attorney on the case, which is being fought on behalf of students by the Southern Poverty Law Center.

In researching the New Orleans case, her organization knew the issue wasn't unique to New Orleans, but the GAO report gets at just how widespread it is. Some of her clients, whose disabilities range from ADHD to autism, missed months of school as they couldn't find one that would admit them. Eventually, Heilman said, every school in New Orleans may be a charter, leaving them with schools unable or unwilling to serve them and with nowhere to go.

"If they are going to investigate the issues in this report, that's highly encouraging," Heilman said.

Agreed, said Kaloi of the National Center for Learning Disabilities.

"We've never seen that kind of response. That's very positive."

In fact the Education Department noted that it has launched investigations in four states over a variety of issues concerning students with disabilities and charter schools, said Russlynn H. Ali, the assistant secretary for civil rights, in an interview. Those investigations are being conducted in Ohio, Pennsylvania, Texas, and Wisconsin, she said, and the office for civil rights is looking at access issues as well as whether students' needs are being met once they are enrolled in the schools. Her agency has received 263 complaints against charter schools alleging disability discrimination under federal law during the last five years.

Departmental Guidance

The GAO recommended that the Education Department provide more guidance to schools about charter schools' responsibilities to students with disabilities under federal laws that ban discrimination on the basis of a disability.

Much has changed in the charter landscape since the department last issued guidance in 2000, Ali said. Now, there are single charter schools that also function as entire school districts, such as many of those in New Orleans. And there are simply more charter schools than ever. In addition, there are charter schools that enroll students, who then get special education services from the school district where the charter is located, she said. And there are large-scale charter management operators that run dozens of schools in different states across the country.

Kaloi said she was shocked to see that in several states, there was no data on students with disabilities enrolled in charter schools, including the District of Columbia, Mississippi, New York, Rhode Island, Tennessee, and Utah.

"Where are those kids?" Kaloi said.

That's a good question, said Ali. "As a recipient of federal funds you are signing an assurance with the Education Department that you are complying with all civil rights laws. If you don't even know how many students with disabilities you're enrolling ... that seems like an important piece of information to ensure compliance."

Categories: [Charters](#) , [Special Education](#)

Education Week's blogs > Charters & Choice

GAO: Many Charter Schools Are Not Reporting Data on ELLs

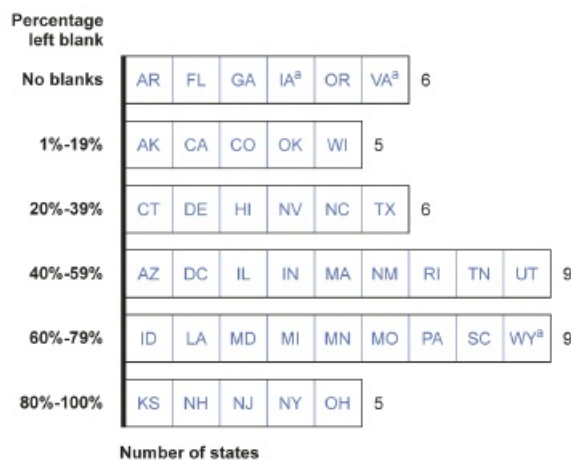
By **Katie Ash** on August 15, 2013 7:18 PM | [3 Comments](#)

A recent report from the Government Accountability Office has found that over a third of charter schools in 2010-11 did not report the number of English-language learners in their data collections for the federal government.

About 37 percent of the data collected from charter schools left the field where the number of ELL students was to be recorded blank, the GAO found. And while a blank field could mean that the charter did not have any ELL students, because of the high number of blank fields, the GAO suspects that it is a result of nonreporting instead.

The GAO includes a chart that details the percentage of charter schools, broken down by state, that left the ELL field blank. (Click to enlarge.)

Figure 2: Percentage of Charter Schools With Blank ELL Enrollment Counts in School Year 2010-11, by State



Source: GAO analysis of Education's school-level ELL enrollment data for SY2010-11.

^aStates with less than 5 charter schools operating in school year 2010-11.

One reason that many charters left the field blank could be definitional, the GAO concludes. The field used to determine the number of ELLs in charter schools asked schools for the number of students enrolled in "English language instruction educational programs." The word "program" was not adequately defined, the report says, which could have led to some of the schools not reporting a number for that field.

However, the field for the number of ELLs in charter schools was not the only field left blank, the GAO says. In fact, some of the charter schools missing ELL counts were also missing data on math and/or reading performance, as well as graduation data, suggesting a broader reporting problem among charter schools.

The GAO report recommends that the U.S. Department of Education conduct a systemic evaluation of data-reporting practices in charter schools to determine the extent to which nonreporting by charter schools happens and to explore the underlying reasons for the nonreporting.

In response, the Education Department said it was putting together a comprehensive directory of all charter schools in the United States, which would help determine the extent of the problem. But the GAO believes that "these efforts are not designed to provide a clear picture of the extent of nor reasons for charter school nonreporting," the report says.

U.S. Reps. George Miller, D-Calif., and Raul Grijalva, D-Ariz., released [a letter addressed to U.S. Secretary of Education Arne Duncan](#) urging him to put forward some concrete steps to improve the quality of data from charter schools.

"It is imperative that [the Education Department] have reliable and accurate data for all public schools, LEAs, and states in fulfilling our mission to equitably serve all children and families," the letter states.

Nina Rees, the president and CEO of the National Alliance for Public Charter Schools, and Greg Richmond, the CEO of the National Association of Charter School Authorizers, [released a joint statement](#) about the report. The statement notes that the GAO did not find that charters were serving ELLs inadequately and calls on charter schools to work with their state education departments to provide appropriate data.

"We hope that all schools—public charter or traditional public—will take reporting requirements seriously and follow the letter of the law," the statement says.

Categories: [Charters](#)

Tags: [charter schools](#) , [data](#) , [george miller](#) , [government accountability office](#) , [investigation](#) , [raul grijalva](#) , [reporting](#) , [U.S. department of Education](#)

MONDAY, SEP 12, 2011 13:39 ET

The bait and switch of school "reform"

Behind the new corporate agenda for education lurks the old politics of profit and self-interest

BY DAVID SIROTA



Bronwyn Photo via Shutterstock

Due to a production error, the first published version of this article was incomplete; this is the complete text. We regret the error.

In recent weeks the debate over the future of public education in America has flared up again, this time with the publication of the new book "Class Warfare," by Steven Brill, the founder of American Lawyer magazine. Brill's advocacy of "reform" has sparked different strands of criticism from the **New York Times**, New York University's **Diane Ravitch** and the Nation's **Dana Goldstein**.

But behind the high-profile back and forth over specific policies and prescriptions lies a story that has less to do with ideas than with money, less to do with facts than with an ideological subtext that has been quietly baked into the very terms of the national education discussion.

Like most education reporters today, Brill frames the issue in simplistic, binary terms. **On one side are self-interested teachers unions who supposedly oppose fundamental changes to schools, not because they care about students, but because they fear for their own job security and wages, irrespective of kids. In this mythology, they are pitted against an alliance of extraordinarily wealthy corporate elites who, unlike the allegedly greedy unions, are said to act solely out of the goodness of their hearts. We are told that this "reform" alliance of everyone from Rupert Murdoch to the Walton family to leading hedge funders spends huge amounts of money pushing for radical changes to public schools because they suddenly decided that they care about destitute children, and now want to see all kids get a great education.**

The dominant narrative, in other words, explains the fight for the future of education as a battle between the evil forces of myopic selfishness (teachers) and the altruistic benevolence of noblesse oblige (Wall Street). Such subjective framing has resulted in reporters, pundits and politicians typically casting the "reformers" arguments as free of self-interest, and therefore more objective and credible than teachers' counterarguments.

This skewed viewpoint becomes clear in this excerpt of a C-Span interview with Brill about "Class Warfare," in which Brill is talking about a group called **"Democrats for Education Reform"** -- a group financed by major hedge fund managers:

"[The group] was created by a small group of frustrated education reformers ... *They happen to be* well-to-do frustrated education reformers who were Democrats and they had an epiphany ... And the epiphany they had was that the Democrats, their party, their party that they thought stood for civil rights, were the political party that was most in the way. And what frustrated them was they consider education reform to be *the civil rights issue of this era*. And they really couldn't believe it was their party that was blocking their idea of *reforms that are necessary*. So they describe it repeatedly ... as a sort of Nixon-to-China gambit in which Democrats are going to reform the Democratic Party and they've made lots of progress." (emphasis added)

Though self-billed as a work of objective journalism, Brill's book reads like an overwrought ideological manifesto because -- like much of the coverage of education -- it frames the debate in precisely these propagandistic terms.

As Brill and most other education correspondents tell it, those most aggressively trying to privatize public schools and focus education around standardized tests just "happen to be" Wall Streeters -- as if that's merely a random, inconsequential coincidence. Somehow, we are to assume that these same Wall Streeters who make millions off of "**parasitic**" investment **schemes** to **leech** public **institutions** for **private profit** couldn't have ulterior motives when it comes to public schools.

No, in the standard fairy tale sold as education journalism, these "reformers" are presented as having had an honest, entirely altruistic "epiphany" that led them to discover that "the reforms that are necessary" (ie., only the policies Wall Street deems acceptable) comprise "the civil rights issue of this era."

In this framing, millionaires and billionaires trying to eviscerate traditional public education from their Manhattan office suites are the new Martin Luther Kings -- even though the **empirical data** tell us that their schemes to charter-ize and privatize schools have been a systemic failure, often further disadvantaging the most economically challenged students of all (one example: see **Stanford's landmark study** showing more than a third of kids whom reformers ushered into charter schools were educationally harmed by the move).

The truth, of course, is that for all the denialist agitprop to the contrary, corporate education "reformers" are motivated by self-interest, too. In a sense, these "reformers" are akin to the Bush administration neoconservatives when it came to Iraq. Some of them wanted to invade for oil, some wanted to invade to create a new sphere of influence, some wanted to invade to further isolate Iran, and still others wanted to invade to "spread democracy." But as **Paul Wolfowitz** famously said, they "settled on the one issue that everyone could agree on which was weapons of mass destruction" as the public rationale for war.

Same thing for those who fund corporate education "reform": they have a lot of different self-interests, but they've settled on schools as a political target that unifies them all.

So, then, what are those self-interests? Here are three of the biggest ones that go almost entirely unmentioned in the ongoing coverage of the education "reform" debate.

Self-Interest No. 1: Pure Profit

First and foremost, there's a ton of money to be made in the education "reforms" that Big Money interests are advocating.

As the **Texas Observer** recently reported in its exposé of one school-focused mega-corporation, "in the past two decades, an education-reform movement has swept the country, pushing for more standardized testing and accountability and for more alternatives to the traditional classroom -- most of it supplied by private companies."

A straightforward example of how this part of the profit-making scheme works arose just a few months ago in New York City. There, **Rupert Murdoch** dumped \$1 million into a corporate "reform" movement pushing to both implement more standardized testing and divert money for education fundamentals (hiring teachers, buying textbooks, maintaining school buildings, etc.) into **testing-assessment technology**. At the same time, Murdoch was buying an educational technology company called **Wireless Generation**, which had just signed a **lucrative contract** with New York City's school system (a sweetheart deal **inked** by New York City school official Joel Klein, who immediately **went to work for Murdoch**).

Such shenanigans are increasingly commonplace throughout America, resulting in a **revenue jackpot for testing companies and high tech firms**, even though many of their products **have not objectively improved student achievement**.

At the same time, major banks are reaping a windfall from "reformers'" successful efforts to take public money out of public schools and put it into privately administered charter schools. **As the New York Daily News recently reported:**

Wealthy investors and major banks have been making windfall profits by using a little-known federal tax break to finance new charter-school construction. The program, the New Markets Tax Credit, is so lucrative that a lender who uses it can almost double his money in seven years...

The credit can even be piggybacked on other tax breaks for historic preservation or job creation. By combining the various credits with the interest from the loan itself, a lender can almost double his investment over the seven-year period.

No wonder JPMorgan Chase announced this week it was creating a new \$325 million pool to invest in charter schools and take advantage of the New Markets Tax Credit.

On top of this, "reformers'" initiatives to divert public school money into voucher schemes -- which data show have **failed** to produce better student achievement -- means potentially huge revenues for the burgeoning **for-profit private school** industry, an industry that "has fascinated Wall Street for more than a decade," reports **PBS Frontline**.

The bottom line is clear: In attempting to change the mission of public education from one focused on educating kids to one focused on generating private profit, corporate leaders in the "reform" movement are pursuing a shrewd investment strategy. Millions of dollars go into campaign contributions and propaganda outfits that push "reform," and, if successful, those "reforms" guarantee Wall Street and their investment vehicles much bigger returns for the long haul.

In light of all the money that's already being made off such "reforms" (and that could be made in the future), pretending that businesspeople who make their living on such transactions are not applying their business strategies to education is to promote the fallacy that the entire financial industry is merely a charitable endeavor.

Self-Interest No. 2: Changing the Subject From Poverty and Inequality

Inconvenient as it is to corporate education "reformers," the well-proven fact is that poverty -- not teacher quality, union density or school structure -- is the primary driver of student achievement. We can see this most easily in two sets of data.

First, as **the Nation** magazine reports, "The research consensus has been clear and unchanging for more than a decade: at most, teaching accounts for about 15 percent of student achievement outcomes, while socioeconomic factors account for about 60 percent." Second, as **Dissent** magazine notes in its examination of U.S. Department of Education data, American students at low poverty schools consistently score near the top on international tests. Indeed, U.S. students in public schools with a poverty rate of less than 10 percent "outperformed students in all eight participating nations whose reported poverty rates fall below 10 percent."

The reason America's overall scores on such tests are far lower is because high poverty schools produce far worse results -- and as the most economically unequal society in the industrialized world, we have far more poverty than our competitors, bringing down our overall scores accordingly. Predictably, as economic inequality and poverty have **spiked** in America during the Great Recession, those poverty-fueled education problems have gotten even worse.

This reality obviously represents a problem for the growing ranks of economically struggling Americans. More and more citizens simply cannot afford to live in rich neighborhoods that benefit from a property-tax-based education financing system which has created gated communities out of school districts. As documented in a **new study by the University of Kansas**, this system allows wealthy enclaves to disproportionately target their tax revenue to their own public schools and "hoard" public monies -- all while other schools in low-income areas are starved for resources.

This structure is hugely beneficial to the super-rich -- but the poverty question poses a potential political problem for them. As the **New York Times** recently put it, if America realizes that "a substantial part of the problem (is) poverty and not bad teachers, the question would be why people like (Wall Streeters) are allowed to make so much when others have so little."

That question, if it became central in our political discourse, would potentially lead the growing ranks of economically struggling Americans to start demanding governmental policies that address wealth inequality and its consequences -- policies such as re-regulating Wall Street, raising taxes on millionaires, eliminating tax policies that allow revenue hoarding, and targeting disproportionately more public funds at schools in high-poverty areas rather than at schools in wealthy neighborhoods.

But, then, those policies are precisely the ones that offend and threaten rich people. So the wealthiest and most politically astute among them have constructed front groups like "Democrats for Education Reform" to press a message of education "reform" that seeks to change the subject from poverty altogether. Their message basically says that the major problem in America is not the fact

that our public policies are helping make more citizens poor, nor the fact that the same economic structure that allows the Walton family to own **more wealth** than the bottom 40 percent of the whole nation has **one in five kids living in poverty**.

No, reformers give us what I've previously called the "**Great Education Myth**," telling America that the *real* problem is supposedly the schools -- and that if we just make radical and empirically unproven school changes then everything will supposedly be great. And, tellingly, the "reformers'" specific policy prescriptions tend only to be those changes that don't ask rich people to share in any sacrifice.

Thus, for instance, **the "reformers" push to tear up teachers union contracts and demonize the structure of public schools, rather than, say, initiating a discussion about raising more revenue for schools most in need.** Seeking to avoid any larger debate about raising taxes on the wealthy to pay for such new education investment, they float their favorite one liner about how we "can't throw money at the problem," even though many of the schools with the biggest challenges need more resources to combat poverty.

You don't have to believe me to know that the need is there; just listen to the corporate education "reformers'" own much-celebrated hero, Harlem Children's Zone's Geoffrey Canada, who insists schools in high-poverty areas "can't succeed ... without substantially increased investments in wraparound social services," reports the **New York Times**. But since those are investments that probably require tax increases, they aren't the thrust of the corporate "reform" movement's agenda.

In the bait-and-switch of the "Great Education Myth," then, the corporate "reformers" get to pretend that they care about poor people and brag that they are benevolently leading "the civil rights issue of this era," when what they are really doing is making sure America doesn't talk about the macroeconomic policies that make Wall Streeters so much money, and impoverish so many others in the process.

Self-interest No. 3: New Front in the War on Unions

Today, unions are one of the last -- and, unfortunately, weakening -- obstacles to corporations' having complete control of the American political system. Whenever there is a fight over economics in particular -- whenever a Wall Street-backed tax, deregulation, Social Security privatization or trade bill comes down the pike -- it is the labor movement that comprises the bulk of the political opposition. Therefore, crushing unions in general has been an overarching goal of the corporate elite, and one way to crush unions is through education policy that undermines one of the largest subsets of the labor movement: teachers unions.

Looked at through this prism, we see a key reason that education "reformers" are not satisfied with merely finding common policy ground with unions on points of potential consensus. They don't want any agreement with unions because the underlying goal is to destroy those unions entirely. Hence, "reformers" are increasingly focused on promoting union-free charter schools and diverting public school money into union-free private schools as a means of crippling the labor movement as a whole.

To know this truth is to know that the Walton family of Wal-Mart fame is now one of the biggest financial forces in the education "reform" movement. As the single most anti-union force in contemporary American society, the family now annually holds out a huge wad of Wal-Mart cash as a hard-to-resist enticement for cities to divert public school money exclusively into union-free charter schools or union-free "innovation" schools. Essentially, the money is offered, but on the condition that policymakers put it into education initiatives that undermine teachers unions.

While the foundation publicly insists it is looking only to help kids excel, union busting -- not student achievement -- is clearly what drives the Walton family's education activism. As but one example proving that motive, consider that just five days after news broke that Los Angeles' traditional public schools are **outperforming** charter schools, the Walton family **announced** it is dumping a massive new tranche of Wal-Mart cash into a plan to expand the city's charter schools. If the family was truly focused on helping kids, it would have put that money into traditional public schools that were showing success. Instead, the money went to the union busters, student achievement be damned.

Brill epitomizes how that motive has been ignored by establishment reporters covering education. After spending years reporting a massive tome on the education debate, he told the **New York Times** with a straight face that "I didn't see it as the rich versus the union guys," as if schools' being an arena for the age-old battle between capital and labor is so preposterous, it didn't even cross his mind.

Brill may be telling the truth here, because corporate education "reformers" are so ubiquitously branded as disinterested altruists, that any other motive probably never did cross his mind, just like it never crosses most other reporters' mind. But just because the union-busting part of the story isn't being told, doesn't mean it isn't a key objective of the "reform" movement.

None of this is to argue that teachers unions don't act out of self-interest. They do. The point, though, is that they do not have a monopoly on self-interest in the education debate. As the modern-day version of what Franklin Roosevelt would call "organized money," the underwriters of the corporate education "reform" movement are just as motivated by their own self-interest. It's just a different portfolio of self-interest.

For Americans looking for credible voices in the confusing education debate, the question, then, is simple: Which self-interest is *more* aligned with improving schools for our kids?

Teachers unions' self-interest means advocating for better teacher salaries and job security -- an agenda item that would, among other things, allow the teaching profession (as in other nations) to financially compete for society's "best and brightest" and in the process help kids. The unions' self-interest also means advocating for decent workplace facilities, which undeniably benefits not only the teacher, but also students. And it means pressing for curricular latitude that doesn't force educators to teach to a standardized test, a notion that would help actually educate students to think critically, rather than train them to be test-taking robots.

Corporate education "reformers'" self-interest, by contrast, means advocating for policies that help private corporations profit off of public schools, diverting public attention from an anti-poverty economic agenda, and busting unions that prevent total oligarchical control of America's political system. In short, it's about the profit, stupid.

Neither side's self-interest is perfectly aligned with the goal of bettering our education system. But one side is clearly far more aligned with that goal than the other.

-- David Sirota

Imagine schools' real estate deals fuel company growth

BY ELISA CROUCH • ecrouch@post-dispatch.com > 314-340-8119

STLtoday.com | Posted: Sunday, October 30, 2011 9:00 am

ST. LOUIS • When students first entered Imagine Academy of Academic Success four years ago, their school was already entangled in a complex series of real estate deals — ones that would divert dollars from their education.

By the time they were on their first summer break, their brown brick building at 1409 East Linton Avenue had been sold three times, the final price nearly 10 times higher than the first. In the process, the company running the school — along with a small group of other players — cashed in.

Imagine Schools Inc., the nation's largest charter school operator, runs six charter schools in St. Louis. Together, their performance on state standardized exams is worse than any school district in Missouri.

Nevertheless, those schools are generating millions of dollars for Imagine and a Kansas City-based real estate investment company through real estate arrangements ultimately supported with public education money.

The deals are part of a strategy that has fueled Imagine's national expansion. In most cases, Imagine sells its buildings to another company that leases them back to Imagine, with the schools themselves shouldering the rent with public funds.

It's a strategy that includes risk. In St. Louis, it has led to one deal gone sour. It has saddled the schools with lease payments that cost more per student than any other charter school in the city. It has led to land purchases on speculation that a school might open.

In downtown St. Louis, it has pushed a school to open in 21 days, while other charter school organizers would take a year or more to prepare. And it has contributed to budget shortfalls at the schools.

Leaders of Imagine Schools Inc., a for-profit charter school management company based in Virginia, say their schools answer the desperate demand for alternatives to failing traditional public schools. They defend their unusual business model as an effective means to meet that demand.

"I think of it as another approach to serving parents of kids and providing a choice to parents who might not otherwise have it," said Barry Sharp, Imagine's chief financial officer.

Imagine officials generally discount their schools' low test scores and point to other indicators of success. Namely, they say, Imagine schools in St. Louis have been popular with parents, drawing 3,800 students this fall — more than 10 percent of those who attend public schools in the city.

"We provide an environment that is warm, an environment that is stimulating, and an environment where there is learning," said Sam Howard, executive vice president for Imagine.

But the Post-Dispatch has found problems at Imagine schools that run far deeper than its low test scores.

Interviews with dozens of parents and educators and review of hundreds of pages of documents related to Imagine's real estate suggest that Imagine's charter schools here have failed students, even as the schools have been structured to support the company's financial success.

The investigation shows the schools have exceeded occupancy limits and were cited for building code violations, including for an inoperable fire alarm, days before opening in 2007. Along the way, Imagine has worked with a real estate investor who pleaded guilty in February to bank fraud for a kickback scheme involving unrelated downtown real estate.

Documents also point to unexplained wire transfers referencing the name of an Imagine executive that were made by the same developer. (See [accompanying story](#).)

In addition to rent, Imagine's charter schools are required to pay the for-profit company 12 percent of their budget each year. Yet some classrooms in Imagine schools lacked basic instructional materials— such as age- and grade-appropriate books, pencils, paper and other supplies — when Missouri Baptist University, the sponsor of Imagine schools, recently evaluated them. Former teachers and parents also describe schools that cut corners even as children fall further behind.

"There are shortages of basic things like toilet paper, soap, paper towels," said Serena Mouyaga, who taught Spanish for two years at Academic Success.

Angela Howard, a former principal at the school for four years, said educating children — most of whom live in poverty and are several grade levels behind their peers — was difficult given budgetary constraints.

"You have a significant amount of children who have asthma, who have bipolar, who are diagnosed with ADHD, and you have limited funds to meet those needs," she said.

A DIFFERENT STRATEGY

As far as brands go, Imagine dominates the charter school industry. Its schools enroll more than 36,000 students at 75 schools in 13 states and the District of Columbia.

The company was formed in 2004, after Dennis W. Bakke retired as chief executive of AES Corp., a global energy supplier. He and his wife, Eileen, used part of their fortune to buy the failed Chancellor Beacon charter school company.

The Bakkes infused Imagine Schools Inc. with \$150 million of their own capital to build what would become the largest commercial charter school operator in the country. According to Imagine's 2010 annual report, revenue grew to \$265 million from \$95 million in 2006.

Charter school management companies such as Imagine are intended to bring greater efficiency and support to schools by centralizing curriculum decisions and administration. But the fees they charge their schools and how they make decisions range widely.

Imagine's approach contrasts with that of most other charter schools.

Imagine schools open big, while other charter schools typically open with a few grades and then grow. For example, in 2007 Imagine opened four campuses in St. Louis for 1,663 students in kindergarten through eighth grade. In contrast, the independent City Garden Montessori opened the next year north of Tower Grove Park with just 52 pupils in kindergarten through third grade.

"They just seem to be opening up a large number of schools in a short period of time," said Todd Ziebarth, vice president of state advocacy and support for the National Alliance of Public Charter Schools. "Not to say you can't do that and have high-quality schools. Schools that grow slow tend to perform better in the short and long term. That's kind of anecdotal, but that's what we've seen."

Critics say Imagine's focus on growth compromises how charter schools should be governed. Under Missouri law, charter schools are overseen by independent boards. Those boards, in turn, often hire companies to administer the schools. But Imagine executives operate in reverse, recruiting board members themselves.

"We don't see the boards in charge, we see the management company in charge," said Robbyn Wahby, education liaison for St. Louis Mayor Francis Slay. "That is a significant difference that we think has led to some of the poor outcomes."

Former staff members say the company places a greater emphasis on enrollment than on academics.

In March, Angela Howard said, she would begin receiving emails from the regional office pressuring her to raise enrollment numbers for the next school year. This took her focus off state standardized tests, which few of her students were passing.

"Our test scores were horrible," she said.

COMPLEX DEALINGS

One of the greatest struggles in opening a charter school is finding a suitable building and the money needed to make it a school.

It's a struggle Imagine's business model is built to address.

Just like traditional public schools, charter schools rely on state money to operate. But they receive no state or local funding specifically for buildings and renovations. So every dollar spent on construction or leases is diverted from instruction.

"A new public school can be built on the bond credit of the city. That's not available to charters," said Sharp, who is also the president of Imagine's real estate arm. "To build a school or open a school or refurbish a building like we've done in St. Louis, that's difficult."

Charter school organizers in St. Louis most often lease buildings — such as old warehouses or vacant Catholic schools — and then take out a loan to renovate them.

But Imagine offers a far more complex solution, engaging in a series of transactions that leave future charter schools predestined to have high rent even before they open.

In St. Louis, a common link between those transactions is Samuel Glasser, a developer who recently pleaded guilty to federal bank fraud charges involving a project unrelated to Imagine schools.

For more than a decade, Glasser made his mark downtown by turning pieces of Washington Avenue into a district filled with loft apartments and condominiums.

In 2003, Glasser leased part of the International Shoe Co. building at 1509 Washington Avenue to the now-defunct Ethel Hedgeman Lyle Academy. The school was operated by Chancellor Beacon, the company Imagine would later buy.

And it would be the first in a chain of transactions that would place Glasser at the forefront of Imagine's expansion in St. Louis.

Glasser did not respond to repeated requests for comment. But Imagine officials say he was part of the team that selected sites for future schools. He

bought or arranged the purchases of existing buildings using such names as Stanley H.D. Equities, 3740 Marine Associates and 1901 North Kingshighway.

Two of the buildings — the old King Tri-A and Lowell schools — had belonged to St. Louis Public Schools, which resisted selling property to charter organizers.

To get around this policy, Glasser didn't state his true plans on the sales agreements. After the two buildings opened as Imagine charter schools, district officials temporarily imposed deed restrictions on their buildings to prevent such moves.

Glasser later sold the two buildings to a subsidiary of Imagine Schools — Schoolhouse Finance — at mark-ups of as much as \$665,000.

He profited in other ways. Schoolhouse Finance reimbursed his general contracting company, Samuel & Co., for work done on four of the school sites according to contracts, Sharp said. In addition, Samuel & Co. earned profits and fees for each project. In the case of Imagine Academy of Careers Middle, the company made \$943,244 in construction fees and profit from the \$2.4 million project, according to an audit filed with the Missouri Department of Economic Development.

In 2007, the department awarded Glasser \$478,583 in historic tax credits for work done on the building that houses Imagine Academy of Academic Success. Glasser charged Imagine \$150,000 to apply for those credits, according to a development agreement. And he charged the company similar fees for each of three additional applications he submitted to get historic tax credits on other Imagine school buildings.

BIG INVESTMENTS

Imagine can traffic in such high-dollar transactions thanks in part to a relationship with a key investment partner. And like the relationship with Glasser, it's one that leads to escalating costs for schools.

In 2007, a real estate investment trust founded by Joseph E. Robert Jr., an advocate for school choice, began infusing Imagine with the capital it needed to buy and renovate buildings across the country.

That trust, called JERIT CS Fund I, is now a subsidiary of Kansas City-based Entertainment Properties Trust, which mostly owns multi-plex theaters, wineries and small ski resorts nationwide. Holdings include Hidden Valley in Wildwood, as well as 26 Imagine school buildings in nine states and Washington. Five of the schools are in St. Louis.

The company buys the school buildings from Schoolhouse Finance and leases them back to Schoolhouse. Schoolhouse Finance then subleases the buildings to the charter schools, who get money from the state based on attendance and enrollment. Schoolhouse charges the schools 5 percent to 15 percent more for rent than what it passes on to Entertainment Properties Trust, Sharp said. Imagine spends this difference on property taxes and on rent if a school closes, he said.

In 2010, Entertainment Properties Trust collected \$26.3 million from its leases with Imagine schools, according to an end-of-year financial statement. Within 30 years, the company plans to triple its investment on each school building.

"If you do it right, it can be a steady investment income," said Jerry Earnest, chief investment officer for Entertainment Properties. "If the schools do well academically and do provide good opportunity for kids, the schools will operate for a long period of time and be a good investment."

In June 2008, Entertainment Properties bought the building used by Academic Success on East Linton Avenue for \$4.7 million — almost 10 times what Glasser had paid for the structure in 2006. The company paid Schoolhouse Finance \$11.5 million for Imagine College Prep at 706 North Jefferson, 10 times what Imagine had paid for the building. It also paid \$22.8 million for the building at 1008 Spring Avenue, a former Kroger bakery now used by Imagine Academy of Environmental Science and Math.

Imagine pours millions of dollars into these buildings, filling empty shells with shiny lockers, bright hallways and sunlit classrooms. Sharp said the escalating prices of the transactions merely reflected the renovation costs. In some cases, Imagine lost money on the sales, he said.

Nevertheless, within months of the sales, the boards that oversee those schools approved amended leases with higher rents than the schools had paid to Imagine the year before.

All six Imagine charter schools in St. Louis are paying a higher percentage of their budgets toward rent or mortgages than any other charter school in the city. For example, the three schools that operate under the Imagine Academy of Careers charter spent almost 21 percent of their revenue on rent in the 2009-10 school year. In contrast, City Garden Montessori spent less than 4 percent of its revenue that year to rent part of Tyler Place Presbyterian Church on South Spring Avenue.

Imagine officials stand by their real estate strategy, saying it produces a respectable environment for its schoolchildren.

"You want to treat them like first-class citizens," said Sam Howard, executive vice president for Imagine, and no relation to Angela Howard.

They say the arrangement is not designed to enrich Imagine. In fact, Sharp says Imagine bears the brunt of the financial risk when a charter school closes, as recently happened in Marietta, Ga. In that case, Sharp said, Imagine was left to pay the rent on a school that no longer exists.

But the company recently found a way to turn a similar situation in its favor in St. Louis.

Last year, Ethel Hedgeman Lyle Academy, once an Imagine school, closed because of financial failure.

In August, Imagine opened another school in its place. Imagine Academy of Cultural Arts now serves kindergarten through fifth grade at 1509 Washington Avenue.

"And the underlying real estate never lost a beat," said Greg Silvers, chief operating officer for Entertainment Properties, in a June teleconference with investors.

VIOLATIONS

Imagine's complex real estate transactions produce top-notch school buildings, company officials say. They proudly lead visitors through Imagine Academy of Environmental Science and Math, a school on South Spring Avenue that spent \$2.4 million on rent last school year, according to a school budget.

Museum-quality nature exhibits line the hallways. Several murals were painted by a professional artist.

"I've got to give it to Imagine," said Rep. Tishaura Jones, D-St. Louis. "I've toured a couple of their schools and they're beautiful facilities. ... You walk in, and it leaves you to believe there is learning here."

But public records point to numerous shortcomings at several other Imagine campuses.

In 2007, two weeks before school started, city building inspectors declared Imagine Academy of Academic Success unsafe for occupancy. They found 13 mechanical code violations, ranging from fuel-burning equipment installed without a permit, to a heating system that didn't supply adequate heat for winter, according to city inspection records.

The fire alarm was inoperable, a letter from the fire marshal said. Exit signs didn't illuminate. The sprinkler system wouldn't function.

Frank Oswald, head of the city's Building Division, said that the list of issues was addressed in the days before school started and that Imagine had verbal permission to use the building. However, a letter from the city to Glasser, the building's owner, several weeks later stated otherwise.

It wasn't until Nov. 7 — almost three months after children first sat at their desks — that the city's Building Division gave the school the permit legally needed for occupancy.

Year after year, Imagine violates city safety codes by putting more children in two of its school buildings than the city considers safe. Inspectors set occupancy limits based on the number of exits and how long it would take students to leave the building in an emergency.

"We take those pretty seriously," said Rich Voelker, who supervises fire safety for the Building Division. "Those should be adhered to."

The limit for Academic Success is 400 students, according to a 2007 letter from the city's Board of Public Service. Yet Imagine's enrollment target for the school is 600. According to state data, the school has enrolled 405 to 505 children since it opened.

Imagine Academy of Careers Middle School, 1409 North Kingshighway, has an enrollment limit of 300 students, says a permit on file with the city. Yet the school enrolled 333 children in fall 2008, and 331 children in fall 2009, according to the state.

"I don't know what that's all about," Sam Howard said. "We follow the building code and city procedures."

TIGHT BUDGETS

By the end of its first school year, Academic Success was losing money.

It was running a deficit of \$246,000, according to minutes from the May 2008 board meeting.

Budget constraints were being felt across town at all Imagine schools. According to state financial reports, Imagine schools finished their first year with operating deficits and continue to have negative fund balances.

In addition to rent, Imagine charges schools operating costs, which amount to 12 percent of their annual revenue. The company also charges fees to cover salaries of regional administrators. It charges schools a one-time "development fee" of \$250,000 to cover start-up costs. When schools don't make budget, Imagine lends the schools money with interest.

In November 2008, after one year of operation, Imagine Academy of Environmental Science and Math laid off 17 teachers and staff members, according to minutes from that month's board meeting. The building had just been sold to Entertainment Properties. Annual rent was about to increase to \$2.3 million, from about \$2 million.

"The lease will always be a liability," Lavon Bush, Imagine's regional chief financial officer, said at the November 2008 board meeting.

As the schools struggled financially, Imagine's Schoolhouse Finance spent more than \$4.3 million buying a city block at 4230 Gravois Avenue, according to city records. The property includes an eight-story building once used as a candy factory. Architectural renderings show Imagine's plans to turn it into a performing arts school for elementary, middle and high school students. A regulation-sized soccer field was included.

Imagine is no longer pursuing that option.

"We've written off our investment," Sharp said.

Teachers at Imagine schools say they know very little about the company's real estate ventures. They do know, however, that they have limited supplies and often get no more than two reams of paper a month. Their average salaries in 2010 were between \$35,000 and \$37,000 — compared with almost \$50,000 in the St. Louis Public Schools.

Teacher turnover is a problem. At Academic Success, just 15 of 41 teachers in 2009-10 returned for the 2010-11 school year, according to a report from Missouri Baptist University, sponsor of the Imagine schools.

Angela Howard said she could no longer work for Imagine. She wanted to pay her best teachers more money, she said. The budgetary stresses, among other things, were too much.

Test results show that in 2011, just 5.4 percent of the school's students passed the communication arts section of the state test, and 8.5 percent passed the math portion.

"It was the frustration of the whole setup," Howard said. "To me, the red flag should be your test scores and how they're worse than every other school in the state of Missouri. If that is not a red flag I don't know what is."

David Hunn of the Post-Dispatch contributed to this report.

Teacher Turnover in Charter Schools

David A. Stuit

Thomas M. Smith

Vanderbilt University

NATIONAL CENTER ON
School Choice

VANDERBILT UNIVERSITY  Peabody College

This paper is supported by the National Center on School Choice, which is funded by a grant from the U.S. Department of Education's Institute of Education Sciences (IES) (R305A040043). All opinions expressed in this paper represent those of the authors and not necessarily the institutions with which they are affiliated or the U.S. Department of Education. All errors in this paper are solely the responsibility of the authors. For more information, please visit the Center website at www.vanderbilt.edu/schoolchoice/.

Abstract

This study examines how teacher turnover differs between charter and traditional public schools and seeks to identify factors that explain these differences. Using data from the National Center for Education Statistics' (NCES) 2003-2004 Schools and Staffing Survey (SASS) and Teacher Follow-Up Survey (TFS), we found that 25% of charter school teachers turned over during the 2003-2004 school year, compared to 14% of traditional public school teachers. Fourteen percent of charter school teachers left the profession outright and 11% moved to a different school, while 7% of traditional public school teachers left the profession and 7% moved schools. Using multi-nomial logistic regression, we found the odds of a charter school teacher leaving the profession versus staying in the same school are 132% greater than those of a traditional public school teacher. The odds of a charter school teacher moving schools are 76% greater. Our analysis confirms that much of the explanation of this "turnover gap" lies in differences in the types of teachers that charter schools and traditional public schools hire. The data lend minimal support to the claim that turnover is higher in charter schools because they are leveraging their flexibility in personnel policies to get rid of underperforming teachers. Rather, we found most of the turnover in charter schools is voluntary and dysfunctional as compared to that of traditional public schools.

Keywords: Charter schools, teacher turnover, school organization

Los Angeles Times

LOCAL



[Eat this, feel
and look
younger](#)



[Mysterious fruits
reverse aging, improve
health](#)



[Secret remedy keeps
Hollywood young](#)

L.A. NOW

SOUTHERN CALIFORNIA -- THIS JUST IN

Los Angeles charter schools have high teacher turnover

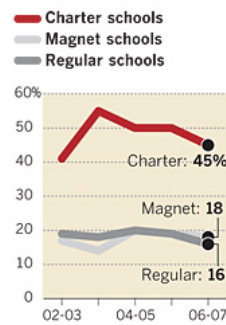
July 19, 2011 / 6:16 pm

Local charter schools serving middle and high school students are losing about half their teachers every year, according to a study of the Los Angeles Unified School District released Tuesday. The rate of turnover is nearly three times that of other public schools, although they also are seeing high rates of departures.

Faculty turnover

Teachers are leaving Los Angeles Unified charter middle schools and charter high schools at rates far exceeding other schools.

Percent of teachers who did not return the following year



Note: Most recent data available
Sources: UC Berkeley PACE Center
KHANG NGUYEN Los Angeles Times

The picture is different for students, although less conclusive: If they attend a charter school, they are more likely to remain there than students in a traditional public school. Magnet schools are even better at retaining students.

The conclusions are based on data from the Los Angeles Unified School District as part of two companion UC Berkeley studies -- one on teachers and the other on students.

The findings about teachers are especially noteworthy, said study co-author Bruce Fuller.

"Earlier research shows that student achievement rests in part on strong, sustained relationships with teachers," Fuller said. "High teacher turnover rates, at the eye-opening levels we discovered, are worrisome."

This research does not address why teachers left or how this affected students. Many charters have posted strong results on state tests.

Charters are independently operated schools exempt from some rules that govern traditional schools, including union work rules. Magnets are special programs initially designed to promote voluntary integration; teachers at magnets work under standard district rules.

The California Charter Schools Assn. said the studies examine important issues but questioned whether their findings derive from a true cross-section of charters. L.A. Unified has more charter schools than any school district in the country, about 10.5% of total enrollment in the nation's second-largest school system.

The researchers said the data on instructors is broadly representative because nearly all charters report teacher data to L.A. Unified or the state. The findings on students are somewhat less representative, because fewer charters report that information.

In the 2007-08 school year, the most recent in the six-year study, 45% of charter secondary teachers-- those in middle and high schools -- had exited before the next school year. The range of annual departures was 41% to 55% over that period. The

range for other public schools was 14% to 23% over that period.

Charters fared better on the study of student enrollment. For the 2007-08 school year, about 2% of students left a magnet school, about 4% left a charter school, about 5% left a newly constructed school and about 6% left all other schools. These are not dropout rates, but rather an indication of what percent of students left a particular school for any reason.

One purpose of the study was to see if L.A. Unified's \$20-billion new school construction program reduced student departures. Over the six years of the study, student turnover was slightly lower overall in the new schools.

The studies were supported with \$110,000 in grants from the New York City-based Ford Foundation, the Menlo Park-based Hewlett Foundation and the Spencer Foundation in Chicago. L.A. Unified contributed staff resources and data.

ALSO:

[Reports say Casey Anthony could be in Southern California](#)

[Chihuahua that thwarted robbers hailed as hero, goes on national TV](#)

[Carmageddon: Forget planking, trio holds 'dinner party' on empty 405](#)

-- Howard Blume

Comments ()

[Terms of Service](#) | [Privacy Policy](#) | Los Angeles Times, 202 West 1st Street, Los Angeles, California, 90012 | Copyright 2011

A Tribune Web site

You're Leaving?

SUCCESSION AND SUSTAINABILITY IN CHARTER SCHOOLS

NOVEMBER 2010
SEATTLE, WASHINGTON

Christine Campbell

Inside Charter Schools

An initiative of the National Charter School Research Project

National Charter School Research Project
Center on Reinventing Public Education
University of Washington

www.ncsrp.org



Executive Summary

Seventy-one percent of charter school leaders surveyed for this study say they expect to leave their schools within five years. For the nation's 5,000 charter schools, this raises important questions. Who will be ready to take over? How will the school maintain its instructional program and culture from leader to leader? How does a school survive founder transitions? Where will new leaders come from and how can they be ready to lead existing schools?

The Center on Reinventing Public Education (CRPE) at the University of Washington spent four years studying charter school teachers and leaders; CRPE's survey of 400 charter school leader respondents and fieldwork in 24 charter schools in California, Hawaii, and Texas has yielded important insights into these questions and the future of maturing charter schools.

CRPE's research finds that many charter schools are unprepared when it comes to leadership turnover. Only half of the charter school leaders surveyed for this study reported having succession plans in place, and many of those plans are weak. Though most school leaders affiliated with charter management organizations (CMOs) reported that their school had a succession plan, there was some confusion as to who would make final decisions—school leaders or CMO leaders. For the few schools with strong plans, two elements were common: the school leaders (all with prior business experience) had taken charge of future plans, and these schools were not in the midst of crisis.

This report concludes with important steps charter schools can take to stabilize a school and better position it to choose the best possible leader. Specifically:

- Charter schools can learn about effective succession management strategies from the nonprofit sector.
- Governing boards need to own one of their most important duties: recruiting and selecting school leaders.
- Authorizers should request strategic plans and emergency leadership replacement plans as part of the application and renewal process.
- Current school leaders need to mentor next-in-line leaders and leadership team members.
- Leaders should consider succession management—an emergency replacement plan, a strategic plan, and strategic development of leadership capacities organization-wide.



News, data and conversation
about schools in New York City.

High Turnover for Charter School Principals, Report Says

7 Comments
Respond

April 30, 2012, 7:14 p.m.

By **Anna M. Phillips**

By their own numbers, New York City charter schools have a tough time holding onto their principals, with nearly one in five of them heading for the door from one year to the next, according to a report released by a charter school advocacy group on Monday.

The New York City Charter School Center, a nonprofit group that supports charters, composed the report, which is a close-up look at the 136 charter schools that have sprung up across the five boroughs in the last 13 years. As the report notes, the schools still tend to be young — most have been open for four years or less. They enroll only about four percent of the city's public school students.

But their numbers are growing — next fall, more than two dozen charter schools will open across the city — and by 2017, the charter school center expects them to account for 10 percent of public school enrollment.

The data, which were available but had not been compiled into one comprehensive report, include some numbers that support critics' complaints about charter schools — for instance, that they have fewer challenging students, like English-language learners and special education pupils. But the data also support the prevailing argument for charters: that they provide a desired alternative to traditional public schools, with five applicants for every available seat.

Like previous studies by researchers at Stanford, the center's report praises the city's charters for their students' positive results on the state math and English tests, which are taken annually by third through eighth graders. Last year, 69 percent of charter school students scored at the "proficient" level or higher in math, compared with 57 percent of students in traditional public schools. On the English exam, the charter school students came out ahead, but not by much.

Despite that academic success, there are staffing problems. About a third of teachers leave charter schools each year, which far exceeds the rate of 15 percent at district schools.

And in 2011, about 18 percent of charter school principals left their jobs, according to the report, which hypothesizes that the schools' reliance on young teachers and "start-up mode" struggles wear out employees after a few years.

"Right now, we don't know a lot about why we're seeing that level of attrition," said James Merriman, the center's director. "I think the interesting point is that charters have managed to prosper academically with that attrition, so it strikes me that the importance of that number is really in the fact that if you can figure out how to lower that attrition level, you have maybe the biggest lever for improving results."

The attrition "is even higher than I thought," said **Mona Davids, the founder of the New York City Charter Schools Parent Association**, which is supportive of charters in general but has been critical of their management.

"I'm really surprised at their honesty," she said of the center's analysis, but **the fact that teachers and principals "jump ship so often makes me question the sustainability of charters."**

The center's report also takes a critical look at the number of special education students and children who are not fluent English speakers who attend charter schools, figures that are significantly lower than in the district schools, as has been reported and pounded by critics.

Last year, about 6 percent of charter school students were English language learners, compared with 15 percent in traditional schools.

And although only seven charter high schools are established enough to have graduated students, they lag behind the district schools in producing graduates who are prepared for college.

In 2011, about 27 percent of citywide graduates had SAT scores and Regents exam scores high enough to qualify them as college ready, by the city's standards, compared with 10 percent of charter school graduates. And once they left high school, a slightly smaller percentage of charter school students went on to college.

Charter school advocates said they expect these numbers to improve as more charter schools expand into the high school grades.

The charter school center has also organized the data by school, which [can be found on its Web site](#).

Anna M. Phillips is a member of the SchoolBook staff. Follow her on Twitter @annamphillips.

Black Alliance for Educational Options

The Black Alliance for Educational Options (BAEO) is seeking to organize the black community in support of legislation to authorize charter schools in Kentucky. The purpose of this review is to share more information regarding BAEO and the organizations that fund and support it. Although the speakers from BAEO portray the organization as a grassroots advocacy group, BAEO is actually a well-funded issue advocacy arm of well-financed political interests that promote privatization of public services.

President George W. Bush received a great deal criticism for funding BAEO with public funds for this reason. Consider what THE BLACK COMMENTATOR had to say about this at the time...

"The Bush Administration is directly funding a media campaign by the Black Alliance for Educational Options (BAEO), the school vouchers propaganda outfit created by the far-right Bradley Foundation. The blatant political nature of the gift could not be plainer. "We want to change the conversation about parental choice by positively influencing individuals who are resisting parental choice options and get them to reconsider their outlook," said Undersecretary of Education Gene Hickok, announcing a \$600,000 grant to the BAEO."

http://www.blackcommentator.com/16_thw.html

A quick internet search reveals the following description of BAEO along with some of its primary funders...

Black Alliance for Educational Options

The **Black Alliance for Educational Options** (BAEO) is an organization dedicated to the eradication of public schools. It received much of its funding from the [Walton Family Foundation](#). According to [Media Transparency](#), BAEO is "actually a project of the [Institute for the Transformation of Learning](#), headed by [Howard Fuller](#), at Marquette University." [1]

Funding

According to Media Transparency, BAEO has received funding from: [3]

- [John M. Olin Foundation](#) - \$100,000 in 2001, "to support parental choice in education"
- [Lynde and Harry Bradley Foundation](#) - \$500,000 in 2001 and \$325,000 in 2003, to support general operations
- [Walton Family Foundation](#) - \$621,374 in 2002, to support education, and \$600,000 in 2003

It is worth looking further into these funders and what other organizations and cause they support...

John M. Olin Foundation

The Foundation is [financed by profits from the Olin chemical and munitions fortune](#) with assets estimated at \$90 million, \$3 million of which goes to conservative advocacy groups. The Foundation "supported right-wing causes for many years but became more focused on grantmaking after [William E. Simon](#) took over as president in 1977." Simon, who had been chosen to lead the Foundation by Olin, was followed by [Michael Joyce](#), who left Olin in 1985 to lead the [Lynde and Harry Bradley Foundation](#). He has since returned to be Olin's president.[6]

Conservative agenda

During a typical funding year, the Foundation gave \$20,482,961 to fund various [right-wing think tanks](#) including:

- [American Enterprise Institute](#) (AEI),
- [Brookings Institution](#),
- [Center for Strategic and International Studies](#) (CSIS),
- [Claremont Institute for the Study of Statesmanship and Political Philosophy](#),
- [Council on Foreign Relations](#) (CFR),
- [Heritage Foundation](#),
- [Hoover Institution on War, Revolution and Peace](#),
- [Hudson Institute](#),
- [Independent Women's Forum](#),
- [Paul H. Nitze School of Advanced International Studies](#) (SAIS) at Johns Hopkins University,
- [Manhattan Institute](#) for Public Policy Research,
- [Project for the New American Century](#) (PNAC).

"The Foundation also gives large sums of money to promote conservative programs in the country's most prestigious colleges and universities."^{[3][4][5]} and it provided funding support, along with the various foundations controlled by [Joseph Coors](#) and family, and [Richard Mellon Scaife](#), to create a chain of anti-environmental, pro-business, legal advocacy organizations.

Lynde and Harry Bradley Foundation

The **Lynde and Harry Bradley Foundation**, according to The Bradley Foundation 1998 Annual Report, was giving away more than \$30 million per year.^[1]

Harry was one of the original charter members of the far right-wing [John Birch Society](#), along with another Birch Society board member, [Fred Koch](#), the father of [Koch Industries](#) billionaire brothers and owners, [Charles](#) and [David Koch](#).^[2]

According to the [Media Transparency](#) web site, the Foundation's "resources, its clear political agenda, and its extensive national network of contacts and collaborators in political, academic and media circles has allowed it to exert an important influence on key issues of public policy. While its targets range from affirmative action to social security, it has seen its greatest successes in the areas of welfare 'reform' and attempts to privatize public education through the promotion of school vouchers...

"The overall objective of the Bradley Foundation, however, is to return the U.S. -- and the world -- to the days before governments began to regulate Big Business, before corporations were forced to make concessions to an organized labor force. In other words, laissez-faire capitalism: capitalism with the gloves off.

"To further this objective, Bradley supports the organizations and individuals that promote the deregulation of business, the rollback of virtually all social welfare programs, and the privatization of government services. As a result, the list of Bradley grant recipients reads like a *Who's Who* of the U.S. Right ... [Heritage Foundation](#) ... [Madison Center for Educational Affairs](#) ... [American Enterprise Institute](#) for Public Policy Research, literary home for such racist authors as [Charles Murray](#) (*The Bell Curve*) and [Dinesh D'Souza](#) (*The End of Racism*), former

conservative officeholders [Jeane J. Kirkpatrick](#), [Jack Kemp](#) and [William J. Bennett](#), and arch-conservative jurists [Robert H. Bork](#) and [Antonin Scalia](#)...^[3]

"Other Bradley grantees include ... [Hoover Institution on War, Revolution and Peace](#); and the [Ronald Reagan Presidential Foundation](#)" ... [Potomac Foundation](#), the [MacIver Institute](#) and [Encounter Books](#).^{[4][5]}

Walton Family Foundation

The **Walton Family Foundation** was established as the culmination of the philanthropic interests of the family of Sam M. and Helen R. Walton, owners of [Wal-Mart](#). **Much of the focus of the foundation is on the eradication of public schools.**

The foundation held assets worth \$733.9 million at the end of 2003. It's director is [Buddy Philpot](#). The foundation is governed by Helen Walton, [Rob Walton](#) and [John Walton](#).

Grants Include:

[American Education Reform Council](#) - \$1,310,000.00
[American Enterprise Institute](#) for Public Policy Research - \$80,000.00
[Black Alliance for Educational Options](#) - \$600,000.00
[Cato Institute](#) - \$3,000.00
[Center for Education Reform](#) - \$1,177,709.00
[Center for Entrepreneurial Excellence, Inc.](#) - \$5,000.00
[Center for Policy Studies](#) - \$373,444.00
[Children's Educational Opportunity Foundation America](#) - \$10,492,047.38
[Fellowship of Christian Athletes](#) - \$8,000.00
[Florida School Choice Fund](#) - \$1,383,584.50
[Freedom House](#) - \$5,000.00
[Fuller Theological Seminary](#) - \$2,500.00
[Heritage Foundation](#) - \$5,000.00
[Hispanic Council for Reform and Educational Options](#) - \$1,029,500.00
[Hudson Institute](#) - \$25,000.00
[Institute for Humane Studies](#) - \$40,000.00
[Institute For Justice](#) - \$200,000.00
[Institute for Policy Studies](#) - \$5,000.00
[Manhattan Institute](#) for Policy Research - \$75,000.00
[Milwaukee Center for Independence](#) - \$150,000.00
[National Council of La Raza](#) - \$776,250.00
[National Council on Economic Education](#) - \$20,000.00
[National Right to Work Legal Defense & Education Foundation](#) - \$25,000.00
[Oral Roberts University](#) - \$5,000.00
[Pacific Research Institute for Public Policy](#) - \$35,000.00
[Parent Institute for Quality Education, Inc.](#) - \$205,000.00
[Partners Advancing Values in Education](#) - (PAVE) \$280,000.00
[Strategies for the Global Environment](#) - (Sea Change) \$200,000.00
[Students in Free Enterprise](#) - \$150,000.00

Clearly, BAEO and its funders are part of a political movement which is fundamentally at odds with the interests of the very individuals and groups for whom BAEO purports to be advocating.

TOP STORY ■■■

MONDAY, DECEMBER 12, 2011

New Mexico legislators look to curb charter school costs

By Ben Wieder, Stateline Staff Writer

One of Albuquerque's charter schools, Academia de Lengua Y Cultura, offers a dual-language middle-school curriculum, with teachers in some classes giving lessons in English and Spanish on alternating days. Across town, the Cottonwood Classical Preparatory School, which takes students from sixth grade through high school, emphasizes seminar discussions and offers advanced international diplomas. The Southwest Secondary Learning Center, meanwhile, reinforces math, science and engineering lessons by allowing students to maintain and fly real airplanes.



Southwest Learning Centers photo
Students at the Southwest Learning Centers charter school in Albuquerque, New Mexico. Some lawmakers in New Mexico say publicly-funded, privately-run schools are taking advantage of the state's rules to get more than their fair share of education funding.

They represent three of New Mexico's more than 80 charter schools. While some of those schools look and act like private institutions — their leaders have freedom to run them as they see fit as long as students meet state standards — they are part of the public school system, charge no tuition and receive nearly all of their funding from state monies.

But unlike other states, where average per-student funding for charters is typically lower than it is for other public schools, **a legislative report released last month found that charters in New Mexico receive an average of 26 percent more funding per student than traditional public schools.** The report suggested that lawmakers change how schools are funded to address that.

New Mexico is unique in that the vast majority of school funding for all public schools comes from the state. These payments can be increased based on 24 various factors. The report says that some of those criteria, such as per-pupil funding increases based on the percentage of enrollment growth and a school's small size, benefit charters disproportionately. The state's funding formula has been adjusted more than 80 times since it was first created in 1973. The report recommends a complete overhaul of the formula to remove or give different weight to some of those factors.

Rick Miera, chair of the legislative education study committee, says the goal isn't to reduce the level of funding for the schools, but rather make sure that adjustments are serving the purpose they're intended to serve. "We have all these little factors that have come in over the years," the Democratic representative says. "These schools qualify for small schools, but are they small schools?"

How New Mexico compares

Nationally, there are now [more than 2 million students](#) seeking alternative education programs who are enrolled in charter schools, thanks, in part, to recent legislation in several states that lifted caps on the number of charters and made it easier for successful charters to expand. Typically, charters are funded by states in one of three ways, according to Josh Cunningham, a research analyst at the National Conference of State Legislatures.

The most common is for states to give charters the same money for each student as they give traditional public schools in the same district. In other states, funding "follows" students, meaning that they are assigned the same funding as every other student in their home district, even if they choose to attend a charter in another district. Finally, a handful of states give the same level of per-pupil funding to each charter school in the state.

Cunningham says typical per-student funding for charters is lower than at traditional public schools, because many regular public schools make up a big part of their budgets from local property taxes and federal dollars that are harder for charters to obtain. Traditional public schools also generally have more options for raising money to build and maintain facilities. There are some federal funds set aside for charters, and some charters also seek private support, but Cunningham says that normally doesn't make up the differences in funding between charters and their traditional peers.

In Minnesota, where the first charter schools in the country appeared, the funding structure for charters has remained fairly constant since they were first allowed in 1991, says Tom Melcher, the state's school finance director. Charters are funded the same across the state, he says, with adjustments made to match local property taxes that other public schools receive.

Florida is among the states with the biggest jump in charter enrollment in the past year, after it passed a law allowing high-performing charter schools to more easily expand. The state now has more than 500 charter schools serving more than 150,000 students, but funding isn't quite as equitable as in Minnesota. State money for charters flows through the school district in which a charter is located. The district can take out a small percentage of that money for administrative costs and can choose how much of its local property tax revenue to share with charters.

"There's only a few districts that do share that revenue with charter schools," says Cheryl Etters, a spokeswoman for the Florida Department of Education.

In Colorado, which functions similarly to Florida, districts can take up to 5 percent in administrative fees and choose how much or little of local property tax funds to share with

charter schools. But Amy Anderson of the state Department of Education, says that most districts don't take out the full 5 percent fee and that districts now give charters a more equal share of federal and local funds. "With time, more and more districts have become better at recognizing that the kids in the charter schools are kids in their district," she says.

Are funding differences fair?

Charter school advocates argue that funding discrepancies between traditional public schools and charters are unfair, but NCSL's Cunningham says that doing more with less is what charters are all about. "Part of the concept of charter schools is doing things more efficiently," he says.

That's the view taken by Steve Mancini, a spokesman for the Knowledge Is Power Program, or KIPP, which operates a network of 109 charters in 20 states and Washington, D.C. "We're leaner," he says. "We don't have the director of right brain instruction and the director of left-brain instruction."

Still, funding differences in each of the 20 states mean that different KIPP schools have to operate differently. KIPP schools in Newark, New Jersey, he says, receive two-and-a-half times the level of funding per student as KIPP schools in San Francisco. That means the California schools need to raise more money through donations to provide a comparable education.

On average, KIPP's schools across the country receive 85 percent of their funding from public sources and make up the difference with donations and other sources of private income, he says. The goal, though, is to increase the share of public money.

In New Mexico, some of the charter schools with the highest costs say the greater share they receive is justified. Leaders at the dual language Academia de Lengua Y Cultura say their higher costs can be attributed to the school's high percentage of bilingual students and special education students, whose education costs are eligible for higher funding in the formula.

The Southwest Learning Centers are mentioned in the report as an example of potential misapplication of the small-school label. They have students from fourth grade through high school who share the same building and the same upper-level administration, but are considered three separate charters, each of which qualifies as a small school better positioned for higher state funding.

Robert Pasztor, the schools' director of academic support, says the schools would not be able to offer the same technology-rich curriculum — with every student given access to laptops — and support a brand new gym if not for the benefits from the small-school adjustment, particularly since charter schools are on the hook for more of their facility costs. He thinks other schools in the state should follow their model, which yielded better state test results across the board last year than state and city averages.

"We in a sense have created this sort of 21st-century school house," he says. "No single school could afford this facility."

But John Arthur Smith, chair of the state legislative finance committee, says that isn't the intention of the small school adjustment. It was originally designed for small, rural districts, the Democratic senator says. "The bottom line is they're still gaming the formula."

[Comment on this story in the space below by registering](#) with [Stateline.org](#).

ISSUES AND TOPICS ▮▮▮

Topics: Education school funding schools privatization Legislature

COMMENTS (0) ▮▮▮

There are no comments yet, would you like to [add](#) one?

(c) 2009. The Pew Charitable Trusts. All rights reserved.



NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

4805 MT. HOPE DRIVE • BALTIMORE, MD 21215-3297 • (410) 580-5777

BENJAMIN TODD JEALOUS
President & Chief Executive Officer

LEON W RUSSELL
Chairman, Resolutions Committee
National Board of Directors

ROSLYN M. BROCK
Chairman, Board of Directors

The National Association for the Advancement of Colored People (NAACP) is the nation's oldest, largest and most widely-recognized grassroots based civil rights organization. Formed in 1909 by a multiracial group of progressive thinkers, the NAACP is a nonprofit organization established with the objective of ensuring the political, educational, social, and economic equality of people of color. For over 102 years, the NAACP has challenged this nation to uphold its promise of equal opportunity toward the goal of eliminating racial prejudice and removing all barriers of racial discrimination through democratic processes.

In a process established by the NAACP Constitution, this resolution was adopted by the delegates to the 101st Annual Convention in Kansas City, Missouri, during the legislative session in July, 2010. It was subsequently ratified by the NAACP National Board of Directors at its meeting on October 15, 2010. This resolution is now the policy of the Association, and is "binding on the Board of Directors, the Executive Committee, the Officers, and all units."

Charter Schools

WHEREAS, charter schools are public schools which were originally designed to explore new approaches to educate students; and

WHEREAS, in some cases, charter schools have become a school model that is used to segregate students; and

WHEREAS, charter schools have too seldom informed the education community regarding innovative instructional strategies that accelerate academic achievement in the general population of students; and

WHEREAS, the Center for Research in Educational Outcomes (CREDO) which examined charter school data in fifteen (15) states and the District of Columbia confirmed that only 17% of the charter school students in the study outperformed their peers, while 46% performed no better and 37% performed worse; and

WHEREAS, charter schools operate more autonomously than traditional public schools in the use of funds, adherence to state laws and school policies, selection and removal of students, and the selection and removal of staff, thus creating separate and unequal conditions for success; and

WHEREAS, charter schools draw funding away from already underfunded traditional public schools; and

WHEREAS, the NAACP recognizes that at best, quality charter schools serve only a small percentage of children of color and disadvantaged students for whom the NAACP advocates relative to said population left behind in failing schools; and

WHEREAS, the NAACP recognizes the urgent need to provide quality education for all children, not only those fortunate enough to win lotteries to attend existing quality charter schools; and

WHEREAS, the NAACP is committed to finding broad based, effective solutions for immediate implementation to improve the quality of public education for all children.

THEREFORE, BE IT RESOLVED, that the NAACP will strongly advocate for immediate, overarching improvements to the existing public education system; and

BE IT FURTHER RESOLVED, that the NAACP rejects the emphasis on charter schools as the vanguard approach for the education of children, instead of focusing attention, funding, and policy advocacy on improving existing, low performing public schools and will work through local, state and federal legislative processes to ensure that all public schools are provided the necessary funding, support and autonomy necessary to educate all students; and

BE IT FINALLY RESOLVED, that the NAACP will urge all of its Units to work to support public schools throughout the nation to educate all children to their highest potential.



Roslyn M. Brock
Chairman
National Board of Directors



Leon Russell
Chairman
Committee on Resolutions



Benjamin Todd Jealous
President & CEO

Charter School Power Broker Turns Public Education Into Private Profits

Baker Mitchell is a politically connected North Carolina businessman who celebrates the power of the free market. Every year, millions of public education dollars flow through Mitchell's chain of four nonprofit charter schools to for-profit companies he controls.

by Marian Wang

ProPublica, Oct. 15, 2014, 5:45 a.m.



Columbus Charter School in Whiteville, N.C., uses a rigid instructional approach in which teachers stick to a script and drill students, like the kindergarteners above, through call and response. (Travis Dove for ProPublica)

Versions of this story were co-published with The Daily Beast and the Raleigh News & Observer.

In late February, the North Carolina chapter of the Americans for Prosperity Foundation — a group co-founded by the libertarian billionaire Koch brothers — embarked on what it billed as a statewide tour of charter schools, a cornerstone of the group's education agenda. The first — and it turns out, only — stop was Douglass Academy, a new charter school in downtown Wilmington.

Douglass Academy was an unusual choice. A few weeks before, the school had been warned by the state about low enrollment. It had just 35 students, roughly half the state's minimum. And a month earlier, a local newspaper had reported that federal regulators were investigating the school's operations.

But the school has other attributes that may have appealed to the Koch group. The school's founder, a politically active North Carolina businessman named Baker Mitchell, shares the Kochs' free-market ideals. His model for success embraces decreased government regulation, increased privatization and, if all goes well, healthy corporate profits.

In that regard, Mitchell, 74, appears to be thriving. Every year, millions of public education dollars flow through Mitchell's chain of four nonprofit charter schools to for-profit companies he controls.

The schools buy or lease nearly everything from companies owned by Mitchell. Their desks. Their computers. The training they provide to teachers. Most of the land and buildings. Unlike with traditional

school districts, at Mitchell's charter schools there's no competitive bidding. No evidence of haggling over rent or contracts.

The schools have all hired the same for-profit management company to run their day-to-day operations. The company, Roger Bacon Academy, is owned by Mitchell. It functions as the schools' administrative arm, taking the lead in hiring and firing school staff. It handles most of the bookkeeping. The treasurer of the nonprofit that controls the four schools is also the chief financial officer of Mitchell's management company. The two organizations even share a bank account.

Mitchell's management company was chosen by the schools' nonprofit board, which Mitchell was on at the time — an arrangement that is illegal in many other states.

Charters are privately run but government-funded schools that are supposed to be open to all. Policymakers and many parents have embraced charters as an alternative to poorly performing and underfunded traditional public schools. As charters have grown in popularity, an industry of management companies like Mitchell's has sprung up to assist them.

Many of these companies are becoming political players in their states, working to shape the still-emerging set of rules charters must play by. A few, including Mitchell's company, have aligned themselves with influential conservative groups, such as Americans for Prosperity and the Koch-supported American Legislative Exchange Council, or ALEC.

This new reality — in which businesses can run chains of public schools — has spurred questions about the role of profit in public education and whether more safeguards are needed to prevent corruption. The U.S. Department of Education has declared the relationships between charter schools and their management companies, both for-profit and nonprofit, a "current and emerging risk" for misuse of federal dollars. It is conducting a wide-ranging look at such relationships. In the last year alone, the FBI sent out subpoenas as part of an investigation into a Connecticut-based charter-management company and raided schools that are part of a New Mexico chain and a large network of charter schools spanning Illinois, Indiana and Ohio.

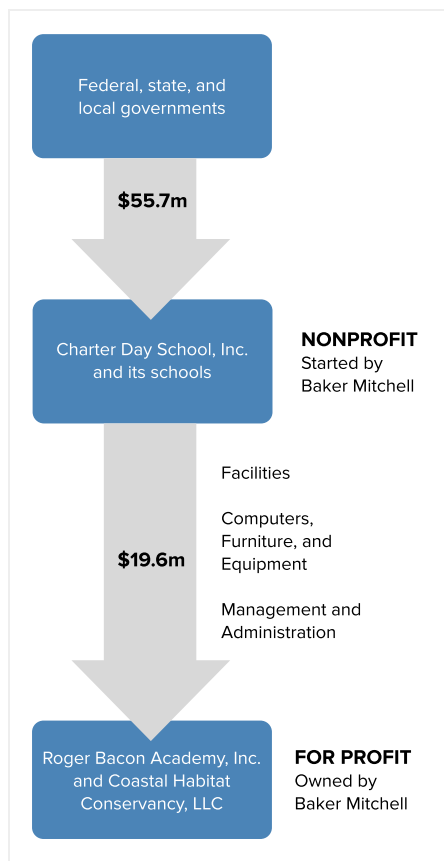
Two of Mitchell's former employees told ProPublica they have been interviewed by federal investigators. Mitchell says he does not know if his schools are part of any inquiry and has not been contacted by any investigators.

To Mitchell, his schools are simply an example of the triumph of the free market. "People here think it's unholy if you make a profit" from schools, he said in July, while attending a country-club luncheon to celebrate the legacy of free-market sage Milton Friedman.

It's impossible to know how much Mitchell is taking home in profits from his companies.

How Public Dollars for Charters Flow to For-Profit Companies

Over six years, Mitchell's two companies have taken in close to \$20 million in fees and rent — some of the schools' biggest expenses. That's from audited financial statements for just two schools. Mitchell has recently opened two more.



He's fought to keep most of the financial details secret. Still, audited financial statements show that over six years, companies owned by Mitchell took in close to \$20 million in revenue from his first two schools. Those records go through the middle of 2013. Mitchell has since opened two more schools.

Many in the charter-school industry say that charter schools are more accountable than traditional public schools because, as Mitchell is fond of saying, "parents can shut us down overnight. They stop bringing their kids here? We don't get any money."

Moreover, Mitchell said, students at his two more established schools have produced higher test scores at lower costs than those in traditional public schools: "Maybe Baker Mitchell gets a huge profit. Maybe he doesn't get any profit. Who cares?"

But many charter supporters question that perspective. The National Association of Charter School Authorizers, a group that promotes best practices for overseeing charter schools, says schools should be independent from their contractors. Mitchell's dual roles as both a charter-school board member and a vendor, for instance, were a blatant violation of those standards.

"This kind of conflict of interest is what I would consider shocking," said Parker Baxter, a program director for the group.

"This isn't as if one of the board members happens to own a chalk company where they buy chalk from, and he recused himself from buying chalk," he said. "This is the entire management and operation of the school."

Mitchell was pushed by North Carolina regulators to step down from his schools' board last fall, a move he derides as unnecessary. "It's so silly," he told ProPublica. "Undue influence, blah blah blah."

But concerns about his influence continued even after he stepped down. One board member resigned in frustration over the role of Mitchell's company. Two others also quit around the same time. Mitchell still serves as secretary for the board, taking notes and doing the meeting minutes. Asked about frustrations among board members over his involvement, Mitchell said, "Everybody's free to their own opinion."

When charter schools were first established in the early 1990s, supporters sought flexibility and freedom from the bureaucratic rules they believed hamstrung traditional schools. Charter schools have leeway over their calendar, curriculum, and who they hire and fire. In most states, they do not have to follow many of the processes meant to prevent corruption and misspending of public dollars, such as putting contracts out for competitive bidding.

Mitchell moved to North Carolina in 1997, a year after the state passed a law allowing charter schools. He said he dreamed of starting a school after selling his computer business in Houston in 1989. He had planned on a private school, but when he moved to North Carolina and read about charters, he said he figured that was his chance. He applied to open his first school in 1999, laying out his plans to teach what his company website describes as a "classical curriculum espousing the values of traditional western civilization." He opened Charter Day School the following year.

Settled into the southeastern part of the state, Mitchell quickly connected with the state's big political players, including conservative kingmaker Art Pope. By 2002, he was sitting alongside Pope on the board of the John Locke Foundation. The foundation is part of the State Policy Network, a Koch-supported group of think tanks whose agenda includes steering public funds away from traditional schools and toward charters, vouchers and tax credits for homeschoolers.

From the beginning, concerns about excessive profits and Mitchell's conflicts of interest dogged the new school. In 2001, the Internal Revenue Service rejected the group's application for tax-exempt status, noting Mitchell's dual roles as both a board member and head of a company doing business with the board. The IRS also noted the bank account shared by the schools' nonprofit and Mitchell's for-profit company, and that the

school was leasing space from another company owned by Mitchell.

"Mr. Mitchell thus controls both your management company and your lessor," the IRS wrote in a denial letter. "He has dual loyalties to you and his private, for-profit companies. This is a clear conflict of interest for him."

The school's board — with Mitchell as a member — protested. It went back and forth with the IRS and eventually made some concessions. For example, it set a limit on the management company's fees and required board members to recuse themselves from votes in which they had financial interests. It also sent along a letter from an independent real-estate professional who evaluated the school's lease and offered assurances that it was at market rate. (The real-estate professional, as it happens, worked at the same firm as the board chair's husband.)

Many of the things flagged by the IRS were left unchanged. Mitchell and an employee of his remained on the board. The joint bank account and the leasing arrangement also stayed the same. But having reached something of a compromise, the IRS approved the school as a tax-exempt nonprofit in March 2002.

Mitchell's second school, Columbus Charter School, opened in 2007, in rural Columbus County. That school and Mitchell's first, Charter Day School, have won recognition several years in a row for their performance on state tests.

But comparing the performance of these two schools to their traditional-school counterparts is complicated by the fact that they have comparatively low percentages of needy students, who tend to score lower on standardized tests. For instance, 37 percent of test-takers at Columbus Charter School earlier this year were "economically disadvantaged," compared to the county's 74 percent. The two schools do not provide busing or participate in the federal free and reduced-price lunch program — services that are considered key to ensuring broad access.

Mitchell says his third school, Douglass Academy — whose diversity was celebrated by a visit from the Koch group — is the only one that provides transportation and food for students. Its target population is children in several Wilmington housing projects. Students at the school, which opened in 2013, haven't yet taken state tests so there's no data to show how they're faring.

Mitchell's schools are also distinguished from public schools by their different tone. Staff and students pledge to avoid errors that arise from "the comfort of popular opinion and custom," "compromise" and "over-reliance on rational argument." Students must vow "to be obedient and loyal to those in authority, in my family, in my school, and in my community and country, So long as I shall live."

The schools also use a rigid instructional approach in which teachers stick to a script and drill students repeatedly through call and response. Latin is taught as early as elementary school.

Mitchell's company has managed the schools' staffs with similar rigor. A strong sense of hierarchy took root as the schools expanded. When a new corporate office was built to house the management company, teachers jokingly began calling it the "White House."

From the "White House," Mitchell and other top administrators could watch teachers in their classrooms via surveillance cameras installed in every classroom, in every school. During a tour of school grounds with this reporter, Mitchell and the school's IT director discussed surveillance software called iSpy. "We need to call it something else," Mitchell



"People here think it's unholy if you make a profit" from schools, Mitchell said. Above, sixth-grade students conduct a mock job interview at Columbus Charter School. (Travis Dove for ProPublica)

offered with a chuckle. "Call it iHelp or something," Mitchell said the cameras give administrators the ability to observe teachers in action and offer them tips and coaching.

As Mitchell was looking to expand his enterprise in the mid-2000s, he ran into a roadblock. North Carolina, like many states, had been cautious when it first allowed charter schools and had placed a cap on their growth.

By the time Mitchell applied in 2007 to open a charter school in Duplin County, the state was nearing that cap — and his plans fell through when the State Board of Education, deciding among three charter applicants, chose the other two schools to fill the spots remaining that year.

Mitchell wanted to get rid of the cap. Restrictions were being lifted or eliminated in many states, thanks to lobbying from the charter sector and to federal incentives set up by the Obama administration, which awarded states money based in part on their openness to charter schools. Mitchell and others favoring charters pushed for North Carolina lawmakers to follow suit.

In 2011, they got what he wanted.

Republicans took control of the state legislature and swiftly eliminated the cap on charter schools. Mitchell was also given a coveted position on the state's new Charter School Advisory Council, an influential committee tasked with reviewing charter applications and making recommendations to the State Board of Education.



Columbus Charter School uses surveillance software in classrooms, which Mitchell said gives administrators the ability to offer teachers tips and coaching. (Travis Dove for ProPublica)

It was a turning point for Mitchell. Over the next two years, he got the go-ahead to open two more schools. With both, he appeared to benefit from unusual exceptions or political intervention.

One of them was Douglass Academy, Mitchell's school for needier students in downtown Wilmington. Under state law, charter schools must have at least 65 students enrolled, but Douglass Academy was well below that. Mitchell's colleagues on the advisory council gave him a temporary waiver that allowed the school to avoid closure while it tried to boost enrollment.

"I would say it was unusual," Joel Medley, head of the state's Office of Charter Schools, said of the temporary waiver. According to Medley, the only other charter schools in the state that received such waivers got them on a permanent basis because of geographic isolation or because they had set out to serve special student populations deemed ill-suited to large-school settings. Neither condition was true of Douglass Academy, whose leadership blamed the enrollment troubles on difficulties securing a facility. The school has since cleared the state's minimum, though enrollment is still far below the school's own projections.

Mitchell's fourth school, South Brunswick Charter School, also lucked out. In 2013, the school's application failed an initial screening and was put in a stack of applications excluded from further consideration. But then the president of the state Senate, Sen. Phil Berger — the same Republican lawmaker who appointed Mitchell to the Charter School Advisory Council — intervened on behalf of frustrated applicants. The whole stack was re-evaluated — a "one-time decision," said a memo from the advisory council, due to "extraneous circumstances." Berger did not respond to a request for comment.

Even upon re-evaluation, a subcommittee of the council voiced unease about aspects of South Brunswick's application, including "concern that two of seven board members are active employees" of its management company.

But Mitchell's fourth school was nevertheless approved, with the stipulation that members of the management company, including Mitchell, step down from the board. South Brunswick Charter School opened its doors this summer at a temporary site. A permanent spot is in the works — on land purchased by another one of Mitchell's for-profit companies with plans to lease it back to the school.

Mitchell's influence has also reverberated beyond his four schools.

In 2013, the state legislature passed a sweeping charter school bill pushed by Mitchell that loosened oversight and regulation. The law relaxed requirements on how many of each charter school's teachers had to be certified, giving schools more flexibility and potential savings on labor costs. It also included a perk — a tax exemption — for landlords who, like Mitchell, rent property to charter schools.

Parts of the bill echo legislation pushed forward in other states. ALEC, for example, has promoted legislation across the country to make it easier for non-teachers to start teaching, sidestepping what it sees as cumbersome licensing requirements. Parts of the North Carolina bill have the same wording as ALEC model legislation.

Mitchell was intimately involved in seeing the bill through as chair of a pro-charter lobbying group, the NC Alliance for Public Charter Schools. Asked about the tax break and whether he had pushed for provisions that would directly benefit him, Mitchell told ProPublica, "There was another group that pushed that through. I didn't have anything to do with it."

But a lobbyist for Mitchell's group, Debbie Clary, said, "It was our bill. I was the only lobbyist working on it." Clary added: "The person most engaged was Baker [Mitchell]."

Mitchell's group also posted a note on Facebook after the bill was signed, calling the new law the culmination of two years of work by the Alliance. "The Alliance was able to gain an exemption from county or city property tax, no matter who owns the property, if it is used exclusively for a Charter School," the note read.

Mitchell has close ties with Sen. Jerry Tillman, the lawmaker who sponsored the bill. "We're good friends," Mitchell said. "We talk." Records show that Mitchell wrote Tillman's campaign a \$4,000 check a month after the bill was signed — the maximum that state law at the time allowed an individual to give directly to a candidate each year. Tillman did not respond to requests for comment.

Mitchell and the Alliance didn't get everything they wanted.

Over the years Mitchell had pressed lawmakers to move charter schools largely out from under the authority of the State Board of Education. Mitchell said he views the state board as a force restricting the free market through overregulation and protecting "the monopoly of the government-run schools."

Parents at Mitchell's schools were urged to press their elected officials to remove charter schools from the purview of the State Board of Education: "Your legislators need to hear from you and know of your support for an *independent Office of Charter Schools*," said a



Headmaster Steve Smith interacts with fourth-grade students at Columbus Charter School. (Travis Dove for ProPublica)

school newsletter. "Let them know you *do not want* the State Board of Education controlling charter schools."

The 2013 bill introduced by Tillman spelled out much of what Mitchell wanted. It proposed the formation of a Charter School Advisory Board that would make all the major decisions about approving new schools and renewing or revoking existing charters without having to answer to the State Board of Education.

But the state's other main pro-charter group deemed the proposal too extreme and came out strongly against it. An amended bill eventually passed that created a new board without all the power Mitchell and the Alliance had sought. And while Mitchell was appointed to the board, he resigned earlier this year while under pressure over conflicts of interest. He told ProPublica he stepped down because it became a lot of work.

Mitchell has also expressed frustration with a state law passed this summer that requires charter schools to comply with public records laws. Still, the new law does not apply to charter management companies such as Mitchell's.

The board of Mitchell's charter schools has repeatedly tangled with local news outlets that have made public records requests seeking salaries and other financial details from the schools. Last month the *StarNews* of Wilmington filed a lawsuit against the schools' nonprofit board, alleging that it has violated the state public records law. (The board chair for Charter Day School, Inc., John Ferrante, did not respond to requests for comment.)

Mitchell himself has taken a hard line against disclosures of financial information concerning his for-profit companies. For private corporations, he wrote on his blog in July, "the need for transparency is superfluous" and is simply a mechanism for the media to "intrude and spin their agenda."

In North Carolina and many other states, the battle over charters is no longer about whether to have them. Instead, it's largely between those who believe in regulating them and creating mechanisms for public accountability and those, like Mitchell, who believe that's the job of the free market.

"That's the fight in North Carolina," said Damon Circosta, executive director of the A.J. Fletcher Foundation, which sees charter schools as a way to improve public education. "That free-market ideology has taken hold with this newer legislature."

Large national for-profit charter management companies have joined regional powers like Mitchell to lead the charge. They've found allies in local lawmakers. Tillman, the co-chair of North Carolina's Senate education committee, for instance, recently berated state regulators because he was upset more schools were not being approved.

North Carolina is at a crossroads when it comes to charters, said Eric Guckian, the top education adviser to Gov. Pat McCrory, a Republican.

Two kinds of people get in the charter-school business, said Guckian: "Group one, they're looking for entrepreneurial opportunities. Group two, they're looking to run high-quality schools. My bias is toward the latter. That's not to say I have anything against entrepreneurship, but I don't think that's a reason for getting into the education space."

Gov. McCrory has tried to step in where the legislature has not. At his urging, the State Board of Education has gone beyond what the law requires and is requiring



In many states, the battle over charters is largely between those who believe in regulating them and those who believe that's the job of the free market. An

schools to submit salary information for employees of charter-management companies — numbers that Mitchell believes should be private.

eighth-grade class at Columbus Charter School is above. (Travis Dove for ProPublica)

"There's no statutory basis for it," Mitchell said of the new requirements. His schools' board submitted basic budget documents in response to the agency's order, but it withheld information on management-company finances, stating that the board "does not possess individual salaries paid by any private corporation that furnishes services." Asked what he'll do if the agency objects, Mitchell said, "We'll see what they say and deal with it when it comes."

He views these new requirements as a sign that North Carolina is moving in the wrong direction, toward an overregulation of charter schools. "I see the banks of the river narrowing," he said. "In a few more years, there will just be a very narrow channel to navigate in. A lot of the freedoms will be regulated out."

Heather Vogell contributed to this story.

If you have information about charter schools and their profits or oversight — or any other tips — email us at charters@propublica.org.

Like this story? Sign up for our daily newsletter to get more of our best work.

© Copyright 2014 Pro Publica Inc.

Steal Our Stories

Unless otherwise noted, you can republish our stories for free if you [follow these rules](#).

Download Our Data

Send Us Tips or Documents Securely



New Report Shines A Light Into The Charter School Black Box

Charter schools are now the most rapidly growing form of schools in the nation's education system, but [surveys show](#) Americans generally don't understand what charters are even if they tend to favor them. Are these schools public? Are they private? Who really runs these schools, and how do they take in and spend money?

According to [charter industry reports](#), more than 500 new public charter schools opened during the 2014-15 school year enrolling an estimated 348,000 additional students, representing a four percent growth in the number of operating public charter schools and 14 percent growth in public charter school students. There are now more than 6,700 public charter schools enrolling about 2.9 million students nationwide.

But [in-depth investigations](#) conducted in communities where these schools proliferate find that government officials who have to deal with the impact of charters generally are perplexed about the "business model" driving these schools. And public school parents who send their children to these schools generally know very little about the financial machinations that support the schools' operations and staffing.

So little is known about how charter schools are organized and operated that they're often referred to as a "[black box](#)."

A new [policy brief](#) from the National Education Policy Center pries at the lid of the charter school black box to shine a light into these institutions and reveal how charter schools blur the line from what it means to be a "public school" and, by their very design, expand opportunities to profiteer from public tax dollars and privatize public assets.

The brief "The Business of Charter Schooling: Understanding the Policies that Charter Operators Use for Financial Benefit" delves into the many ways the design of charter schools complicates any analysis of the flow of money into and out of these schools. The authors Bruce Baker and Gary Miron – university professors from Rutgers and Eastern Michigan, respectively – detail how the very structure of the charter school business introduces new actors into public education who skim money from the system without returning any benefit to students and taxpayers.

In one of the more bizarre schemes the authors examine, [charter operators will use third-party corporations to purchase buildings and land from the public school district itself, so taxpayer dollars are used to purchase property from the public. Thus, the public ends up paying twice for the school, and the property becomes an asset of a private corporation.](#)

[In other examples, charter operators will set up leasing agreements and lucrative management fees between multiple entities that end up extracting resources, which might otherwise be dedicated to direct services for children.](#)

These arrangements, and many others documented in the brief, constitute a rapidly expanding parallel school system in America, populated with enterprises and individuals who work in secret to suck money out of public education.

Charter Schools Aren't Really 'Public Schools'

The first secret of charter schools that keeps their financial workings hidden and their funding prone to exploitation is that they aren't really public schools, despite what charter advocates say.

[As Baker and Miron explain, charters generally aren't subject to the same disclosure laws that apply to state operated entities and public officials, especially when the governance bodies for these schools outsource management services to for-profit management firms, as is increasingly the case.](#)

[As the brief explains, outsourcing school operations to private entities has the potential to make transparency laws – for open meetings, public access to records, and financial disclosures by public officials and state operated institutions – subject to court interpretation. Courts across states have offered mixed opinions as to whether and to what extent to apply transparency laws to charter schools, their authorizers, operators, and governing boards.](#)

[Further, the public-private arrangement of charter schools often place new limits on the constitutional \(and some statutory\) protections that are customarily guaranteed to school employees and students in state operated institutions.](#)

[These important differences between charter schools and traditional public schools are not generally understood or appreciated by even the most knowledgeable people, which is why charter advocates put so much energy and resources in \[marketing their operations\]\(#\) as "public" schools.](#)

How The Charter School Gravy Train Works

Just as the complexity of public-private governance emerging in the charter sector complicates analysis of these organizations' legal rights and responsibilities, it also complicates analysis of how money flows into and out of these schools

Because education management organizations do not report relevant, detailed, and comprehensive expenditures in the same format or with comparable documentation as public districts, charter operations can spend money in ways that would generally be impermissible in public institutions.

The types of controversial expenditures in charter schools – what the NEPC brief calls “excess costs” – include bloated executive salaries, wildly inflated administrative fees, acquisitions and transfers of buildings and property, and “asset hoarding” where school supplies and materials purchased with public tax dollars are retained in private holdings.

Most troubling of the charter school excess costs documented in the brief are the various forms of financial arrangements that steer vast sums of public money designated for education to private investors and their firms.

In one such financial arrangement, charter operators will use independent, though often closely affiliated, private nonprofit or for-profit entities to acquire long-term debt that ultimately must be paid for by the public. In these arrangements, the third party entity repays investors by charging the charter operator exorbitant lease payments – a cost that is ultimately charged back to the public taxpayer. Yet, this lease payment, the brief notes, “doesn’t need to be approved by local taxpayers.”

This arrangement also leads to excess debt service expenses where financial transaction and loan interest costs divert money that had been used for education into the financial industry. Remarkably, the brief notes, these debts generally will not mature until after the year 2040, way beyond when the authorization of most charters will have to be renewed.

In another questionable financial scheme, taxpayer funds are used, without voter approval, to purchase a property from the taxpayers themselves, for someone else – the charter school operator or the education management company. In other words, “the taxpayers are buying the facility a second time, albeit from themselves, but the result is that these taxpayers will no longer own it. Worse, in the process of transferring the property, taxpayer dollars have subsidized substantial fees and interest to various parties. The icing on the cake is that the federal government has spent federal taxpayer dollars to stimulate these transactions.”

As Charters Gain Financially, Students And Schools Lose Educationally

In addition to their financial wheeling and dealing, charter schools also “enhance revenues,” as the authors phrase it, by engaging in practices public schools would never get away with.

“Some charter schools have been found to condition continued student enrollment on parent volunteer activities,” the brief documents. “Others have been found to charge exorbitant fines for student disciplinary infractions.”

Charters also frequently engage in a “head count” game in which they inflate enrollments before a cut-off date in the fall and then retain money given to them by the district as students dis-enroll from the charter throughout the rest of the school year.

Another revenue enhancement strategy frequently employed by charters is to avoid serving children with more severe, more costly disabilities.

After charters have tapped all revenue enhancements related to students and parents, they go after teacher salaries and benefits. The brief documents how charter chains, such as KIPP, slash teacher personnel costs at the same time they spend more than what comparable public schools in their communities spend. Another charter chain, Harmony, cuts teacher expenses to spend considerably more on the operating costs of the schools than what comparable public schools spend.

Often, these lower personnel costs are accomplished by keeping a relatively inexperienced staff of teachers who frequently leave the school and are replaced by other low-cost, inexperienced teachers.

Why Are We Doing This?

What emerges from these revelations should be deeply concerning to government officials, public policy makers, charter school lobbyists, and others who advocate for more expansion of the charter sector.

As the authors state, a “substantial share of public expenditure intended for the delivery of direct educational services to children is being extracted inadvertently or intentionally for personal or business financial gain, creating substantial inefficiencies.”

The outright unlawful costs of charter schools to the public are not a trivial matter. A recent [report](#) from the Center for Popular Democracy and the Alliance to Reclaim Our Schools uncovered over \$200 million in “alleged and confirmed financial fraud, waste, abuse, and mismanagement”

committed by charter schools around the country. Authors of the report called their findings the “tip of the iceberg,” because much of the fraud goes undetected.

Reports of charter schools financial misconduct are now so numerous that it seems every day brings a new revelation of how these schools misappropriate and misspend public money.

However, many of the financial arrangements and business opportunities discussed in the NEPC brief are legally permissible and entirely understandable from the point-of-view of charter schools and their operators. States and authorizers have given these institutions permission to do this.

But authors of the brief ask us to consider whether “that which is legal is not necessarily ethical, or in support of the public interest.”

While charter schools can claim to be doing “a reasonably good job of satisfying parents and students,” the authors contend, the academic results of these schools are mixed at best, and there is considerable evidence charter schools have acted to further racial segregation and privatization of our education system.

Given their findings, Baker and Miron argue that as these public-private relationships have become increasingly complex and opaque, state charter laws have failed to keep pace. They propose reasonable recommendations for revisions of laws and financial reporting requirements and a tightening of the regulatory provisions for these schools.

These revelations and the recommendations they lead the authors to constitute an invaluable service to all who care about our children’s education.

The top 10 facts you should know about K-12 education in Kentucky

- Kentucky's 4-year cohort high school graduation rate is among the top 10 in the nation;¹ Kentucky graduates more of its low income students than any state in the nation, and has the smallest gap between the percentage of low income students and more affluent students who graduate on time.²
- Kentucky elementary and middle school students have registered greater gains in reading and math on the National Assessment of Educational Progress (NAEP) in the past decade than students in almost all other states;³ Kentucky elementary and middle school students now outperform the nation as a whole at most levels in reading, mathematics and science on NAEP.⁴
- In the last five years, Kentucky students have made significantly greater gains on the ACT than the rest of United States.⁵
- More Kentucky students are taking Advanced Placement tests and are scoring higher than ever before.⁶
- Significantly more Kentucky public high school students are graduating from high school college/career-ready. College-ready means students are prepared to take entry-level, credit-bearing, college classes without remediation or additional coursework. Career-ready students earned an Industry-Recognized Career Certificate or a passing score on a Kentucky Occupational Skills Standards Assessment.⁹
- Nearly 90 percent of Kentucky teachers are engaged in the school improvement process.¹¹
- Kentucky ranks 7th in the nation in the percentage of its teachers who hold National Board for Professional Teaching Standards certification.¹²
- Kentucky's adjusted per-pupil expenditure (PPE) is \$1,260 less than the national average. Only 15.8 percent of students go to school in a district with the PPE at or above the national average. Nationally, the number is 41.5 percent.¹³

¹ http://nces.ed.gov/ccd/tables/ACGR_RE_and_characteristics_2013-14.asp

² <http://www.gradnation.org/report/2015-building-grad-nation-report>

³ <http://www.edweek.org/media/ew/qc/2016/shr/16shr.ky.h35.pdf>, page 7

⁴ <https://nces.ed.gov/nationsreportcard/statecomparisons/>

⁵ <http://education.ky.gov/comm/news/Documents/R%2015-091%20ACT%202015%20grads.pdf>

⁶ <http://education.ky.gov/comm/news/Documents/R15-097AP-SAT.pdf>

⁷ <http://www.corestandards.org/standards-in-your-state/>

<https://nces.ed.gov/nationsreportcard/statecomparisons/>

⁸ <http://education.ky.gov/comm/UL/Pages/Kentucky-Core-Academic-Standards-Challenge.aspx>

⁹ <http://applications.education.ky.gov/SRC/AccountabilityByState.aspx> >Learners>CCR

<http://applications.education.ky.gov/SRC/CareerTechEducationByState.aspx> >CTE Specific College/Career-Readiness

¹⁰ <http://education.ky.gov/AA/Assessments/Documents/Kentucky%20State%20Assessment%20time.pdf>

¹¹ <http://www.tellkentucky.org/>

¹² http://www.nbpts.org/sites/default/files/certification_2015/2015_staterankings_all_nbpts_percent_of_teaching_population.pdf

¹³ <http://www.edweek.org/media/ew/qc/2016/shr/16shr.ky.h35.pdf>, page 9

Overall, how does Kentucky stack up against other states?

- Buoyed by increased student achievement and a higher graduation rate, in 2016 **Kentucky moved up two places in the annual *Quality Counts* State-of-the-States Report Card** produced by *Education Week*, a national publication that focuses on P-12 education.
- The report tracks 39 indicators in three areas: K-12 achievement, school finance and chance for success. States earn points based on their performance on the indicators and are assigned grades and a ranking. **Kentucky received an overall grade of C, the same as the nation, putting it in 27th place, up from 29th place last year.**
- **Kentucky's highest ranking came in K-12 Achievement at 16th place in the nation.** Within the category, **Kentucky's strongest showing is based on its improvement over the past 12 years** in 4th-grade scores in math (2nd in the nation with a 13-point gain) and in reading (5th in the nation with a 9-point gain) on the National Assessment of Educational Progress (NAEP). The assessment, often referred to as the nation's report card, is given in every state to a random group of students. In addition, Kentucky's 4th-grade students ranked 9th in the country on the 2015 NAEP reading assessment.
- **Kentucky ranked in 6th place nationwide with a 12.2 percent gain in the improvement in its graduation rate between 2002 and 2012.**
- In addition, the state saw a dramatic increase in the number of high scores on Advanced Placement (AP) tests.
- One of the state's biggest challenges in K-12 achievement is closing the achievement gap. Specifically, the 2016 *Quality Counts* report looked at the gap in performance between students who are eligible for free/reduced-price (F/R) meals – in Kentucky 60 percent of the student population – and those who are not. While a wide achievement gap between low-income students and their wealthier counterparts exists in every state in the nation, **the poverty gap in proficiency rates is lower in Kentucky than in the majority of states.**

2015 COMBINED PROFICIENCY RATES REGIONAL COMPARISON				
	F/R meal non-eligible	F/R meal eligible	Poverty Gap	Ranking
West Virginia	40.2	22.2	18	1
Kentucky	51.6	25.3	26.3	18
Indiana	54.8	27.9	26.9	21
Missouri	49.1	22.1	27	23
Tennessee	49.6	21.6	28.1	29
U.S.	51	20.9	30.1	n/a
Illinois	51.6	20.6	31	39
Ohio	54	21.8	32.2	41
Virginia	54.8	20.7	34.1	46
District of Columbia	56.6	13.3	43.4	51

- This year the state put in place a strategy to reduce the number of novice learners and raise achievement for all students, especially in math.

- The School Finance category has two subcategories – equity and spending – and presents mixed news for the state. With the exception of one indicator, **Kentucky scores in the top 15 of states in equity of school finance** with the highest ranking in the relationship between district funding and local property wealth. The state ranks 45th in the country on the actual spending as a percent of the amount needed to bring all students to the median per pupil expenditure level in the state.
- In spending, the state ranks below the middle on most indicators. Kentucky's adjusted **per-pupil expenditure (PPE) is \$1,260 less than the national average**. However, of greater concern is the fact that only 15.8 percent of students go to school in a district with the PPE at or above the national average. Nationally, the number is 41.5 percent.
- The Chance for Success index captures the importance of education in a person's lifetime from cradle to career. Its 13 indicators span a variety of factors including preparation in early childhood, the performance of public schools, and educational and economic outcomes in adulthood. Kentucky ranked lowest, at 35th in this area, primarily due to high poverty, low parental employment and the relatively low numbers of adults in the state with more than a high school education.

The full 2016 *Quality Counts* report is available on the Education Week [website](#).

The Kentucky-specific report is available at the following link:

<http://www.edweek.org/media/ew/qc/2016/shr/16shr.ky.h35.pdf>.

Other Kentucky K-12 education facts:

GRADUATION RATE

According to the [National Center for Education Statistics](#), the state's 2013-14 **graduation rate of 87.5 percent ranks Kentucky ninth overall and far exceeds the national graduation rate of 82.3 percent**. The state's grad rate increased in the 2014-15 school year to 88 percent. A national comparison is not yet available.

The **2015 Building a Grad Nation** report released annually by the Alliance for Excellent Education, America's Promise Alliance, Civic Enterprises and the Everyone Graduates Center at **Johns Hopkins University called Kentucky "a beacon to all other states."** Even though more than half of the state's students are considered low-income, **Kentucky's graduation rate for low-income students (85.4 percent) is nearly identical to its graduation rate for middle/high-income students (86.8 percent) and well above the national average for all students**. According to the report, **nationwide, low-income students are graduating at a rate 15 percentage points behind their more affluent peers**.

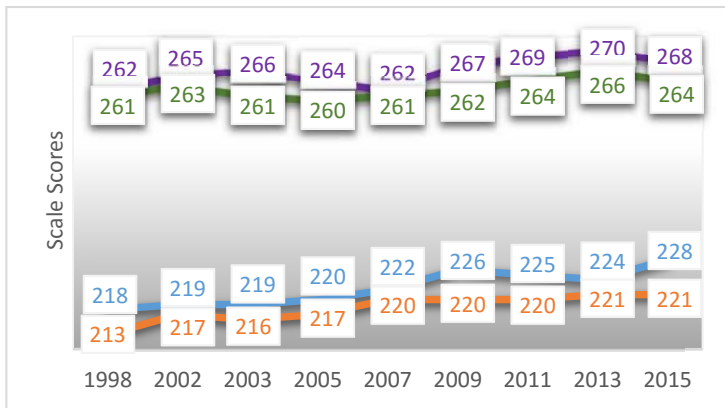
TEACHERS

- Kentucky has a total of 3,273 teachers who have earned National Board for Professional Teaching Standards certification, the 9th most in the nation. Nearly 8 percent of Kentucky's total teaching force is board certified, putting the state in 7th place nationally.

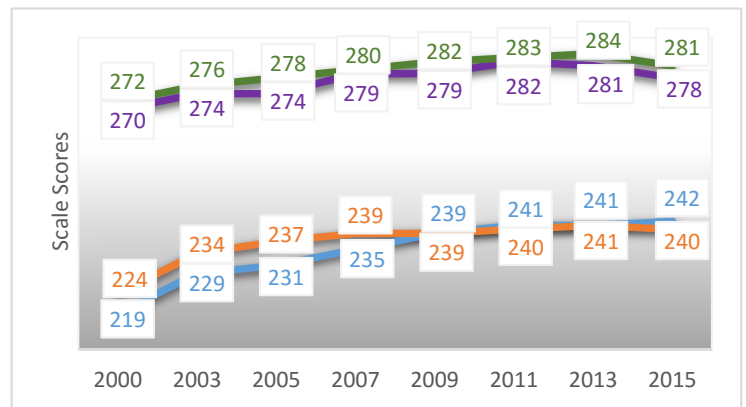
ACHIEVEMENT

According to the National Assessment of Educational Progress (NAEP), also known as the Nation's Report Card, **Kentucky students outperform their peers at most levels in reading, mathematics and science.**

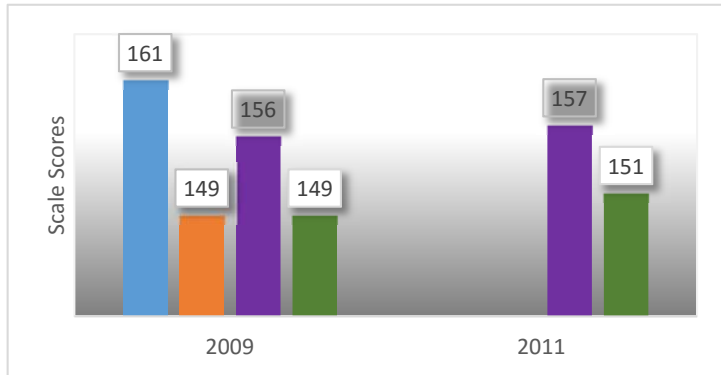
NAEP READING



NAEP MATHEMATICS



NAEP SCIENCE



— Kentucky 4th-Grade — Nation 4th-Grade
— Kentucky 8th-Grade — Nation 8th-Grade

In the last five years, Kentucky students have made greater gains on the ACT than the rest of United States.

Kentucky Public High School Graduates' Average ACT Scores

	2011	2012	2013	2014	2015	KY 5-year gain	US 5-year gain
English	18.7	19.0	19.2	19.4	19.6	+9	--
Mathematics	18.8	19.1	19.2	19.3	19.6	+8	-.1
Reading	19.6	19.8	19.8	20.2	20.3	+7	+.2
Science	19.3	19.5	19.7	20.0	20.1	+8	+.2
Composite	19.2	19.5	19.6	19.9	20.0	+8	+.1

In 2015, more Kentucky public high school students took rigorous Advanced Placement (AP) tests and scored higher than ever before.

Advanced Placement (AP) Tests

	Number of Test-Takers	Number of Tests	Number of Scores 3-5 ¹
2011	23,443	37,818	17,336
2012	26,451	43,079	20,264
2013	28,066	45,419	21,854
2014	30,133	48,734	23,519
2015	31,658	50,593	24,311

¹ Students must earn at least a 3 to earn college credit for the course. Five is the highest score possible.

AdvanceKentucky is a statewide math-science initiative designed to expand access to, and participation and success in academically rigorous coursework such as AP classes. A total of 101 Kentucky public high schools in 74 districts have participated since its inception in 2008. **The AP participation and performance of various student groups in Kentucky's public high schools has increased significantly** under AdvanceKentucky's mission to engage many more students traditionally underrepresented in AP, including minority and low income students.

CAREER EDUCATION

Kentucky has adopted a comprehensive plan to modernize Career and Technical Education with an emphasis on integration of rigorous academic standards, 21st-century skills (such as communication, collaboration, analytical ability, critical thinking and problem solving), project-based learning and the establishment of full-time career and technical education programs aligned with state and regional workforce needs. This effort recognizes career and technical education as a viable pathway for students with the understanding that some sort of postsecondary training or education is normally required.

COLLEGE- AND CAREER-READINESS

In 2015, 66.8% of Kentucky public high school students graduated college- and/or career-ready.

College-ready means students were prepared to take entry-level, credit-bearing, college classes without remediation or additional coursework.

Career-ready students earned an Industry-Recognized Career Certificate or a passing score on a Kentucky Occupational Skills Standards Assessment, aligned to a Career and Technical Education Career Pathway.

According to the Kentucky Center for Education and Workforce Statistics, **students who graduate from high school having reached the Kentucky college/career-readiness benchmarks realize more success their first year in college than those who are not.**

- They have a higher GPA – 2.6 versus 1.7.
- They complete more college hours – 22 versus 11.
- They return for a second year of postsecondary at higher rates –85 percent versus 65 percent.

SCHOOL IMPROVEMENT

- More than 44,900 Kentucky educators (89 percent) completed the 2015 TELL Kentucky Survey which includes questions in the areas of:
 - Community Engagement and Support
 - Teacher Leadership
 - School Leadership
 - Managing Student Conduct
 - Use of Time
 - Professional Development
 - Facilities and Resources
 - Instructional Practices and Support
 - New Teacher Support
- Their opinions will help inform improvement plans in schools and districts across the state and guide policy decisions at the state level.
- Of the 36 Priority Schools assessed during the 2014-15 school year, 11 schools exited Priority status, four scored in the Distinguished category, nine scored in the Proficient category and nine were categorized as Progressing.