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Charter Schools Don't Need an Ad Campaign. They Need Regulation

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This time of year, while classroom teachers and administrators in public schools are busy welcoming students back to a new school year and figuring out how they're going to cope with [devastating financial constraints](#) ^[3], advocates in the charter schools industry are propping up their image with an extensive new [public relations campaign](#) ^[4] called "Truth About Charters."

That contrast alone pretty much tells you everything you need to know about where we are in the nation's parallel education narratives, in which a gritty documentary competes with what is essentially an advertising campaign for a shiny, new product.

There are good reasons for charter schools advocates to feel they need an ad campaign. Recent polling results from the annual [PDK/Gallup Poll of the Public's Attitudes Towards the Public Schools](#) ^[5] show that Americans generally have favorable opinions about charter schools but [don't really know very much about them](#) ^[6].

That situation is eerily similar to what has befallen another education policy favored by influential private interests and federal and state authorities: the Common Core.

[Last year's PDK/Gallup survey](#) ^[7] found that the Common Core was pretty much a mystery to most Americans, although public support for national standards was high. However, as new standards rolled out, and people became more knowledgeable about them and all they entail, opinion gradually changed. According to this year's survey, over 80 percent of Americans have heard about the Common Core – 47 percent indicating they have heard a great deal or a fair amount. And most Americans, 60 percent, now oppose them.

A similar evolution may be occurring with charter schools. Because only about 6 percent of school children are enrolled in charters, the vast majority of Americans have had virtually no actual experiences with these schools. But in communities where charters are more prevalent, public opinion is more starkly divided. In school systems such as [Philadelphia](#) ^[8], [Bridgeport](#) ^[9], [Pittsburgh](#) ^[10], and [Chicago](#) ^[11], where charter schools are major providers, parents and local officials have increasingly opposed charter takeovers of their neighborhood schools.

Probably even more concerning to charter school advocates is the news that the credit rating agency [Standards & Poor's](#) ^[12] recently downrated the nation's charter sector to a "negative" outlook.

What are the concerns? Apparently while charter advocates have their version of "truth," another version of the truth has been playing out in communities around the country.

"A Racket"

A recent article in the online news outlet [The Progressive](#) ^[13] reported, "There's been a flood of local news stories in recent months about FBI raids on charter schools all over the country. From Pittsburgh to Baton Rouge, from Hartford to Cincinnati to Albuquerque, FBI agents have been busting into schools, carting off documents, and making arrests leading to high-profile indictments."

Reporter Ruth Conniff found charter schools allegations range from "taking money that was meant for the classroom," to spending taxpayer dollars on "luxuries such as fine-dining and retreats at exclusive resorts and spas," to engaging in "bribes and kickbacks."

Conniff couldn't help but conclude the special attention from the FBI is due to the likelihood these charter schools are "a racket."

Recent news of charter school financial malfeasance abound.

[The Washington Post](#) ^[14] reported, according to a [pending civil lawsuit](#) ^[15], the District of Columbia financial officer "responsible for monitoring charter schools' business practices and ensuring their compliance with rules meant to prevent financial mismanagement" was instead allegedly receiving \$150,000 to help three former managers of a local charter school chain "evade those rules and take

millions of taxpayer dollars for themselves.”

Another report from [The Post](#) ^[16] revealed that “about 25 percent” of the city’s charter schools pay fees – “ranging from 3 percent to 100 percent” of the schools’ total revenue – to nonprofit or for-profit management companies. Not surprisingly, several of the operating agreements with these management organizations prevent “the kind of transparency necessary to assure that schools are operating appropriately,” a D.C. school board review contended.

In Florida, a [local news outlet](#) ^[17] investigating charter school operations found millions of taxpayer dollars misdirected from classrooms and students to management companies. The report pointed to charter school chain Charter Schools USA that makes “tens of millions” by operating as, essentially, a real estate firm.

CUSA uses tax-exempt bonds to build schools that it then rents to CUSA-affiliated schools. Then the CUSA schools are saddled with rent payments back to CUSA and its management company at rates considerably higher than those charged to other non-CUSA schools in the area.

One CUSA school will pay “more than \$2 million this year in rent” – a 23 percent share of its budget. “That’s money that won’t be spent in classroom resources or teachers,” the report noted.

Education historian [Diane Ravitch](#) ^[18], writing on her personal blog, recently highlighted a report from the Florida League of Women Voters that explained how these charter school real estate schemes work across the state:

After receiving a variety of grants, loans and tax credits for building a charter school, the for-profit chain charges ever escalating rents and leases to the school district, paid by taxpayer education dollars. The for-profit then reaps the profits when the building is sold in a few years. Meanwhile the properties with high, non-taxable, values based on claimed ‘commercial’ revenue streams from public taxpayer dollars are leveraged to borrow additional funds to build more school buildings.

The League’s report noted, “The high per student management fees (around \$450) plus rent/lease fees (at least 20 percent of the total school budget) mean that there is less funding available for ‘instruction,’ including teacher salaries, books, etc.”

The charter school racket goes beyond real estate deals.

[The Arizona Republic](#) ^[19] recently “reviewed thousands of pages of federal tax returns, audits, corporate filings, and records filed with the Arizona State Board for Charter Schools” and found, “Board members and administrators from more than a dozen state-funded charter schools are profiting from their affiliations by doing business with schools they oversee. The deals, worth more than \$70 million over the last five years, are legal, but critics of the arrangements say they can lead to conflicts of interest.”

In Newark, N.J., the money-making opportunity for the charter school chains opened when the federal government made available millions of dollars in school construction bonds for charter schools. Noticing the potential windfall, the administration of governor Chris Christie promptly withheld funds designated for repairing and renovating existing public schools. This created a bonanza for new charter school construction, while local public schools went deeper into disrepair.

As [Owen Davis reported for Truthout](#) ^[20], “By systematically underfunding the public sector while extending market incentives to private actors, the Christie administration has essentially placed its thumb on the scale for charters. The result: Some charters enjoy gleaming new facilities (bankrolled by the same financial milieu that spends its down time plugging them), while the public sector continues its decline.”

The Gülen Factor

An increasingly frequent target for scrutiny is the largest bricks-and-mortar charter-school chain in the United States run by the secretive Turkish cleric, Fethullah Gülen, who lives in exile from Turkey in rural Pennsylvania.

In her Progressive article, Conniff pointed to an August 12 story in [The Atlantic](#) ^[21] that found Gülen schools “don’t have a great track record when it comes to financial and legal transparency.”

Reporter Scott Beauchamp found a Utah Gülen school that was \$350,000 in debt while using much of its publicly provided funds to donate to Gülen-affiliated organizations and “pay the cost of bringing teachers to Utah from Turkey.”

Beauchamp also linked to a report in [The New York Times](#) ^[22] that found two Gülen schools giving \$50 million to Gülen-connected contractors “even though other contractors had offered lower bids.” And in [Georgia](#) ^[23], a county audit found three Gülen schools “skipped the bidding process altogether and paid nearly half a million dollars to organizations associated with the Gülen movement.”

Federal investigations into Gülen schools across the Midwest have found similar shady practices. [The Chicago Sun-Times](#) ^[24] recently reported that Chicago-area Concept Schools, [also part of the Gülen charter chain](#) ^[25], are subjects of an ongoing federal investigation. The enquiry is about nearly \$1 million that has been paid to contractors for work at done at three Chicago-area charter schools run by Concept. The contractors, a management consulting firm, and a foundation – all with ties to the Gülen network – are wrapped up into the scheme.

In [California](#) ^[26], state auditors are looking at the Magnolia network of charter schools, [also affiliated with the Gülen charter network](#) ^[25]. The audit stems from a sampling of transactions from the charter campuses by the inspector general of the Los Angeles school district, who “found over \$43,000 in duplicate payments to vendors.”

Another review revealed, “the schools sent \$2.8 million to the network’s management organization. The funds were poorly

documented loans, and much of the cash was never paid back to classrooms.” Only a judicial intervention has prevented two of the Magnolia schools from being closed, and now the state has to intervene.

In [Ohio](#) ^[27], charter schools operated by Horizon Science Academy, also part of the Gülen Concept network, are accused by the whistleblower website WikiLeaks of being covers for Turkish nationals to get into this country.

According to a [local news report](#) ^[28], four former teachers from one of the Horizon schools, “accused officials at the school of possibly completing state tests for students, of unqualified teachers, of teachers showing videos day after day in class, of women being treated as second-class citizens and of teachers encouraging sexually harassing behavior toward female students.”

Another [Ohio press outlet](#) ^[29] reported that the Gülen schools involved in the scandal are also “related through membership, fundraisers and political giving to the nonprofit Niagara Foundation, which provides trips to Turkey for state, local and federal lawmakers.”

Indeed, the influence of the Gülen network goes beyond the schoolhouse into the statehouse, by “making inroads in US politics,” according to a recent account at [BuzzFeed](#) ^[30].

“Liberal Democrats like Yvette Clarke, Sheila Jackson Lee, and Al Green, and conservative Republicans like Ted Poe and Pete Olson have all benefitted from donors affiliated with Gülen,” reporter Rosie Gray found.

“The patterns of giving suggest some level of coordination,” Gray discerned, and a number of the donations handed over to political campaigns from modestly paid classroom teachers are surprisingly large, the maximums allowed.

A ‘Market For Lemons’

In his Atlantic article on the spread of Gülen-related charter schools, Beauchamp felt compelled to note, repeatedly, that it could seem xenophobic to single out the Gülen schools for their mysterious use of public funds. However, “it isn’t the Gülen movement that makes Gülen charters so secretive,” Beauchamp wrote, “it’s the charter movement itself.”

Indeed, one of the supposed advantages of charter schools was their exemption to laws and regulations that some feel shackle public schools. But do these exemptions, in fact, lead to less transparency and accountability?

For instance, as a post on the Ohio blog [Plunderbund](#) ^[31] recently explained, charter schools in that state are exempt from over 150 laws required of public schools, including “minimum standards” covering such things as training and qualifications of personnel; public disclosure of instructional materials, equipment, and facilities; “organization, administration, and supervision of schools; and “reporting requirements.”

The blogger, “Greg,” wrote, “If it wasn’t so appalling, we might be able to laugh at the continued insistence that Ohio’s charter (community) schools are held to the same level of accountability as are traditional public schools.”

An article appearing on the website for the [University of Connecticut](#) ^[32] reported the conclusions of a professor who found, “the phenomenal growth of charter schools nationwide has been aided by a canny legal strategy in which the schools claim to be public for the purpose of taking in tax dollars but private for the purpose of evading government oversight.”

The article noted, for instance, “While public schools must provide due process to students when making decisions about suspensions or expulsions, most states exempt charter schools from school district discipline policies.”

Another example of how charter schools evade public scrutiny: [A recent law passed in North Carolina](#) ^[33], supported by charter schools lobbyists, “allows private, for-profit charter school management companies to keep their employees’ salaries secret, even though they are paid with public funds.”

Another example: When a [Hartford, CT](#) ^[34] charter management group was recently rocked by scandals involving its leadership, the firm responded to media enquiries by simply closing its books.

Another way charter schools organizations evade public scrutiny is by simply rebranding its services under another corporate name, as the online charter company [K12, Inc.](#) ^[35] recently did with one of its product groups.

The culprits behind all this lack of transparency are, of course, public officials, many of whom – fiercely urged on by powerful charter schools lobbying and public relations efforts – actively support charter schools.

As Rutgers University professor [Bruce Baker](#) ^[36] recently wrote on his personal blog, School Finance 101, “In theory, the accountability and efficiency advantage of charter schooling is driven by the market for choice of one school over another. Increasingly, state education agencies have moved from being impartial technical assistance agencies and accountability reporting agencies to strongly promoting the charter sector.” ^[37] This advocacy behavior corrupts the state agency role and creates what economists refer to as an ‘asymmetry of information’ – in the extreme case a ‘market for lemons.’”

For ‘The Kids’?

Faced with the expanding number of charter schools scandals (keep in mind, the above examples are just a sample of what’s been reported just in the past two months), some government officials are beginning to wake up and act.

As [Education Week](#) ^[38] recently reported, “Charter school authorizing, caps, and performance-based closures are among six policy areas getting growing attention in state charter school laws, according to a [policy brief released by the Education Commission of the](#)

States ^[39] this month.”

One such measure got the attention of Diane Ravitch ^[40] who noted on her blog, “The Massachusetts State Senate voted 26-13 not to increase the number of charter schools in the state. A similar bill cleared the House by a vote of 114-35 in May.”

So how do charter schools proponents respond to this kind of legislation? By fighting it tooth and nail.

As edu-blogger Jennifer Berkshire ^[41] reported on her Edushyster blog, during negotiations on the bill, the positions of the Massachusetts charter lobby were, “any compromise was completely unacceptable.”

And the decision was immediately made a matter of rhetorical overkill by Republican gubernatorial candidate Charles Baker, who according to Ravitch, “issued a statement suggesting the Senate ‘bowed to political pressure and handed urban families stuck in struggling schools a massive defeat by shutting down access to high performing schools.’”

Other charter school proponents ^[42] responded by comparing anyone wanting to put the brakes on charter school expansions to “George Wallace” declaring “segregation now, segregation tomorrow, segregation forever.” Really?

Indeed, when charter proponents aren’t engaged in a clever PR campaign ^[43], they resort to demagoguery ^[44], accusing any and all detractors of charter schools of being engaged in “politics.”

And they say they do this “for the kids”?

Report typos and corrections to corrections@altnet.org.

^[45]

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[4] <http://www.publiccharters.org/truthaboutcharters/>

[5] http://pdkintl.org/noindex/PDK_Poll_46.pdf

[6] http://blogs.edweek.org/edweek/charterschoice/2014/08/many_americans_dont_understand_charter_schools_but_favor_them_anyway.html?cmp=ENL-EU-NEWS2

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