

Feds Spent Hundreds of Millions on Charters That Shut Down or Never Opened, Report Says

By Arianna Prothero on [March 27, 2019 12:46 PM](#) | [No comments](#)

The federal government has awarded hundreds of millions of dollars to charter schools that have shuttered or have never opened, according to an analysis by the Network for Public Education.

The U.S. Department of Education has also largely ignored potential problems flagged over the years by its own internal investigator, such as not providing enough guidance or oversight to grantees, according to the report.

The issues highlighted in the report by the Network for Public Education span both the Trump and Obama administrations and were raised during **Education Secretary Betsy DeVos' testimony before the House education committee** on Tuesday.

The Charter Schools Program currently gives \$440 million to state departments of education and charter management organizations in part to help them launch new charter schools. There are several different kinds of grants under the program, but the report focuses on the expansion and seed money grants that go directly to charter schools or to states to allocate to charter schools.

The Network for Public Education, which advocates for traditional public schools and opposes charter schools, analyzed federal data and found that 1,129 charter schools out of more than 3,700 that received federal grant money between 2006 and 2014 were either closed down or were considered "prospective schools" and had not yet opened.

The advocacy group's said that little has been done by the Education Department to address issues flagged by the agency's Office of Inspector General. Among some of the OIG's findings:

- In a 2018 report, the OIG said that the department needed to do a better job of **probing the closures of charter school grantees**. The OIG examined three states, Arizona, California, and Louisiana, and found that grants were not being properly closed out, assets bought with federal money were not being correctly disposed of, and student information was not being adequately protected.
- In 2016, an OIG audit examined 33 schools in six states and **found several examples of conflicts of interest, related-party transactions**, and insufficient separation of duties—all controls designed to prevent fraud. The OIG warned that a lack of independence between schools and management groups posed a risk to federal funds.
- In 2012, an OIG audit found that the feds were **failing to check if states and charter schools were properly spending grant money**. Problems with handling charter closures addressed in the 2018 report were also raised in this 2012 audit.

The department, under Arne Duncan who was Obama's first education secretary, was also criticized in 2015 for awarding as much as **\$71 million to Ohio to expand its charter schools**.

The Education Department was rebuked by state and federal lawmakers from Ohio, as well as the state's auditor, for pouring millions into the state's charter school sector while it struggled with poor academic outcomes and several high-profile cases of corruption. The Department later added extra **restrictions on when Ohio could draw on its grant funding.**

Issues raised by the OIG date as far back as 2003, when an audit revealed that the Arizona Department of Education improperly gave over \$1 million in **federal grant money to charter schools run by for-profit companies.**

In addition to reviewing those audits, the Network for Public Education also examined individual schools and networks that had received grant funding.

One New Jersey school, highlighted in both the report and a **2012 New York Times piece**, had its charter application rejected three times by the state when the federal Charter Schools Program awarded it \$600,000.

In another case the report cites, California officials awarded \$3 million the state had received in federal grants to a **Los Angeles charter school** network whose founder later pled guilty to misappropriating and embezzling school funds.

The Network for Public Education's report found more issues stemming from the charter schools that received subgrants from state awardees, versus charter schools that received grants directly from the federal government.

President Trump's proposed budget recommends increasing the funding to the Charter Schools Program by \$60 million to a total of \$500 million for the next fiscal year.

The full Network for Public Education report can be found here: **Asleep at the Wheel: How the Federal Charter Schools Program Recklessly Takes Taxpayers and Students for a Ride.**