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Michigan Gambled on Charter Schools. Its Children Lost.

Free-market boosters, including Betsy DeVos, promised that a radical expansion of charter schools would fix the stark inequalities in the state's education system. The results in the classrooms are far more complicated.

By MARK BINELLI SEPT. 5, 2017

Toss a dart at a map of Detroit, and the bull's-eye, more or less, would be a tiny city called Highland Park. Only three square miles, Highland Park is surrounded by Detroit on nearly all sides, but it remains its own sovereign municipality thanks largely to Henry Ford, who started building Model Ts there in 1910. Ford didn't care for the idea of paying Detroit taxes, so he pressured Highland Park to resist annexation by the larger city. By the end of the decade, his Albert Kahn-designed factory had revolutionized mass production. Five years later, Walter Chrysler started his own car company a few blocks away.

Sylvia Brown lives in the suburbs now, but she still proudly calls herself a Parker, the local term for a Highland Park native. When Brown was a kid, she'd tell people she lived in the capital of Detroit. Her father worked for the city, and her mother taught at the public elementary school. In high school, Brown played on the volleyball and tennis teams and won a scholarship her junior year to study abroad in Japan. She fretted about traveling such a long distance — she never expected the judges to pick a

black girl from Highland Park — but her guidance counselor encouraged her not to be afraid to cross 8 Mile Road, the famous divide between city and suburbs.

So when the offer came last summer to take a job as the superintendent of George Washington Carver Academy, a pre-K-8 charter school in Highland Park, Brown thrilled at the chance to come home. She also had no illusions about what she was signing up for. In 1992, Brown's sophomore year at Highland Park High, Chrysler's corporate headquarters decamped to exurban Auburn Hills, a departure that cost Highland Park a quarter of its tax base and 50 percent of its annual budget. Today the city is staring down the same problems as much of Detroit: crime, abandonment, disinvestment. (A local pastor once described Highland Park to me as "Detroit writ small.") The public library closed in 2002. In 2011, the local power utility dug up two-thirds of the city's streetlights in response to \$4 million of unpaid bills; the mayor-elect advised citizens to leave on their porch lights instead.

A major victim of the city's borderline insolvency was its public-school system, which had been under state control since 2012. (Six different state-appointed emergency managers have run the district since then.) Plummeting enrollment, legacy costs and financial mismanagement had left the school system with a projected deficit of \$10 million. The state's solution that year was to "charterize" the entire district: void the teacher's union contract, fire all employees and turn over control of the schools to a private, for-profit charter operator. But enrollment at Highland Park High continued to decline, so the state closed the school in 2015. Highland Park now has no high school, either public or charter. Families send their children to high schools in Detroit or the suburbs, where they have no electoral influence over local officials or school boards.

The Carver Academy sits a block from the defunct Model T plant, now used primarily as a storage facility. The school building is an old Farmer Jack grocery store that has been converted into classrooms, with an added wing and a handful of trailers. On my first visit, in January, I met with Brown in her office. She had curly hair and a casually stylish work look: black skirt, matching sweater, pearls on her wrists and neck. Brown had been having a rough couple of weeks. Only a few days earlier, Michigan's Department of Education released its annual Top-to-Bottom List of every school in the state, and Carver wound up in the lowest fifth percentile. Brown wasn't

surprised by the ranking: “It’s not like I was hoodwinked and thought I was coming into a top-performing school,” she said. But she also bristled at the “scarlet letter” Carver, and by extension its students, had been branded with. The Top-to-Bottom List, she pointed out, largely reflects the results of a single standardized test, the Michigan Student Test of Educational Progress (M-STEP), and the latest rankings are based on testing data from the two years before she arrived.

Even setting aside standardized test scores, which are debatable as measures of “success” or “failure,” Carver probably isn’t the sort of institution where most school-choice proponents would send their own children. In past years, headlines involving Carver included a 2008 cheating scandal (in which teachers were caught improperly coaching fourth and fifth graders on the answers to standardized tests) and a 2011 felony embezzlement conviction (of the school’s treasurer, who used \$25,000 earmarked for textbooks to buy herself a house). Today, the school still lacks needed funds. The roof leaks: On rainy days, buckets are placed in classrooms and teachers cover their electronic blackboards with garbage bags so they don’t short-circuit. At various points during the winter, children had to be moved to different wings of the building when the heat in their homerooms died. Security doors and cameras need replacing. The neighborhood isn’t safe: After a man in an overgrown lot tried to grab a student on her way to school one morning, parents began their own patrols, flashing headlights at kids to let them know everything was O.K.

Charter proponents will point out, correctly, that you could work up a similar indictment of any number of public schools in struggling cities like Detroit. But in theory, at least, public-school districts have superintendents tasked with evaluating teachers and facilities. Carver, on the other hand, is accountable to more ambiguous entities — like, for example, Oak Ridge Financial, the Minnesota-based financial-services firm that sent a team of former educators to visit the school. They had come not in service of the children but on behalf of shareholders expecting a thorough vetting of a long-term investment: Brown was in negotiations with Oak Ridge about refinancing the school’s debt in order to make much-needed repairs, and the firm was performing the sort of oversight normally handled by a school district. Michigan schools remaining in the bottom fifth percentile for three years running must close, which, in the case of Carver, would leave Oak Ridge on the hook for a 13-year loan.

The crisis at Carver Academy was not unfolding in isolation. Michigan's aggressively free-market approach to schools has resulted in one of the most deregulated educational environments in the country, a laboratory in which consumer choice and a shifting landscape of supply and demand (and profit motive, in the case of many charters) were pitched as ways to improve life in the classroom for the state's 1.5 million public-school students. But a Brookings Institution analysis done this year of national test scores ranked Michigan last among all states when it came to improvements in student proficiency. And a 2016 analysis by the Education Trust-Midwest, a nonpartisan education policy and research organization, found that 70 percent of Michigan charters were in the bottom half of the state's rankings. Michigan has the most for-profit charter schools in the country and some of the least state oversight. Even staunch charter advocates have blanched at the Michigan model.

The story of Carver is the story of Michigan's grand educational experiment writ small. It spans more than two decades, three governors and, now, the United States Secretary of Education, Betsy DeVos, whose relentless advocacy for unchecked "school choice" in her home state might soon, her critics fear, be going national. But it's important to understand that what happened to Michigan's schools isn't solely, or even primarily, an education story: It's a business story. Today in Michigan, hundreds of nonprofit public charters have become potential financial assets to outside entities, inevitably complicating their broader social missions. In the case of Carver, interested parties have included a for-profit educational management organization, or E.M.O., in Georgia; an Indian tribe in a remote section of Michigan's Upper Peninsula; and a financial firm in Minnesota. "That's all it is now — it's moneymaking," Darrel Redrick, a charter-school proponent and an administrator at Carver at the time I visited, told me.

Redrick can pinpoint the precise moment he experienced this revelation: "One of my former principals — this is like 10 years ago, at another school — he said: 'Redrick, I can tell you why we don't kick kids out. This child right here represents \$6,700.'" The principal was referring to the per-pupil state funding at the time. "And if you put out 10 kids, Red," the principal went on, "that's about \$70,000. And where are we going to get that money?"

To understand Michigan's educational system, it's crucial to consider the decades-long ideological battle waged by groups like the Mackinac Center for Public Policy. In 2013, the Michigan-based conservative think tank released a celebratory analysis of the privatization of the Highland Park school system, noting that charterizing an entire district was "unprecedented at the time." A 13-minute video released with the report, titled "The Highland Park Transformation," opened with slow-panning, verité-horror-film footage of derelict public school buildings, including a shot of a filthy toilet. Bill Coats, chief executive of Leona Group, the for-profit charter operator that took over the district, told the filmmakers that Highland Park's public schools "had the resources, all right? They just blew them."

Over the last 30 years, the Mackinac Center, which was founded in 1987 by, among others, John Engler, a Republican state senator, has become a model for state-level conservative policy shops around the country. When Engler was elected governor in 1990, the intellectual foundation of his signature policy issue — education reform — came via a Mackinac Center white paper that pushed school choice as a means of breaking up the "bureaucratic monopoly" of a public-education system smothering risk-taking and entrepreneurial moxie. The author of the study, Lawrence W. Reed — then the center's president — argued that it was time "to put our faith in the virtues that made America great in all areas where they have been tried: competition, private initiative and, of course, consumer choice." He cited private-school vouchers as a possible model and also gave a nod to an experiment taking place in Minnesota, where they were testing "independently run public schools, known as 'chartered schools.'"

The Minnesota charter experiment, which began with two schools in 1992, quickly spread to other states — first California and then, in 1994, to Michigan, at Engler's behest. The Soviet Union had just collapsed, and a triumphalist faith in the free market was bleeding into spheres like education. Engler referred to Michigan's public-school system as an "educational gulag," and during a 1993 speech in which he pitched state legislators on the idea of charters, he hoisted a sawed-off 20-gauge shotgun as a prop. (The weapon, he said, had been confiscated from a student.) A year later, in his State of the State address, Engler celebrated the passage of "the nation's most far-reaching charter-school legislation," predicting a "renaissance."

Betsy DeVos, a wealthy, deeply religious conservative willing to spend millions of dollars lobbying for a radical redefinition of public education, and her husband, Dick, the heir to the Amway fortune, provided significant financial backing to the Mackinac Center, as well as to pro-charter lobbying groups like Teach Michigan and their own Great Lakes Education Project. To further set the stage for school choice, Engler backed a 1994 ballot measure described that year by The New York Times as “the nation’s most dramatic shift in a century in the way public schools are financed”: Rather than funding local schools based on property taxes, Michigan would shift to a per-pupil funding model, in which the money would come from state sales taxes. Each district would receive a baseline amount of \$4,200 per student, which would rise over time; districts already spending more money per student — like the wealthy Detroit suburb Bloomfield Hills, which spent \$10,400 per student — would not be subject to cuts, and municipalities could still supplement the state money with bonds and local taxes.

In theory, poorer districts with lower property-tax bases would ultimately benefit, but per-pupil spending increases, bound to the economy of a state facing its own fiscal challenges, were lagging and inconsistent, and the gap between rich and poor districts never closed. A 2016 review commissioned by the National Education Policy Center found that Michigan’s per-pupil spending, compared with that of neighboring Midwestern states, had fallen “from the middle of the pack to near the bottom.” To Gary Miron, a professor in the College of Education and Human Development at Western Michigan University who has long studied the state’s charter movement, per-pupil funding represented a “long game,” a means of paying lip service to greater equality while creating “a more efficient, market-oriented system where money follows students.”

The lack of regulation had the desired effect: Michigan became a boom state for a growing new education sector. By 2000, Michigan had 184 charter schools, by Miron’s count, more than any state but Arizona and California. In a 2002 book that Miron wrote with Christopher Nelson called “What’s Public About Charter Schools?” the authors consider two different charter models deployed by states: competitive and collaborative. While the collaborative approach encouraged the public and private sectors to “share innovations,” Michigan favored the other approach: “Engler wanted to lift public schools,” Miron told me, “but he believed in getting as much

competition as quickly as possible. It became the Wild West state: Push, push, push.” While other states — Miron cited Ohio, Texas and Arizona — also emerged as exemplars of the “competitive” model, most have since reintroduced some regulation. “Michigan is still an outlier,” Miron said. “No state comes near us when it comes to privatization.”

The results have been stark. The 2016 report by the Education Trust-Midwest noted:

Michigan’s K-12 system is among the weakest in the country and getting worse. In little more than a decade, Michigan has gone from being a fairly average state in elementary reading and math achievement to the bottom 10 states. It’s a devastating fall. Indeed, new national assessment data suggest Michigan is witnessing systemic decline across the K-12 spectrum. White, black, brown, higher-income, low-income — it doesn’t matter who they are or where they live. ...

Charters continue to be sold in Michigan as a means of unwinding the inequality of a public-school system in which districts across the state, overwhelmingly African-American — Detroit, Highland Park, Benton Harbor, Muskegon Heights, Flint — grapple with steep population declines, towering financial obligations, deindustrialization and the legacy of segregation. By allowing experimentation, proponents argue, and by breaking the power of teachers’ unions, districts will somehow be able to innovate their way past the crushing underfunding that afflicts majority-minority school districts all around the country. In reality, however, a 2017 Stanford University analysis found that increasing charter-school enrollment in a school district does little to improve achievement gaps. And in unregulated educational sectors like Michigan’s, there’s evidence that charters have actually increased inequality: A 2015 working paper by the Education Policy Center determined that Michigan’s school-choice policies “powerfully exacerbate the financial pressures of declining-enrollment districts” — and districts with high levels of charter-school penetration, the authors found, have fared worst of all. Today, all but seven states have some version of a charter law, though few have adopted a model as extreme as Michigan’s. Twenty-one states have a charter cap, 31 require charters to submit annual reports and 33 have statewide authorizing bodies. Michigan, abiding by none of those rules, has allowed 80 percent of its own charters

to be operated by for-profit E.M.Os. Only 16 percent of charters nationwide are run by for-profit companies.

Nationally, the pro-charter tent is large and unwieldy enough to include education-reform wonks, hedge-fund managers, billionaire philanthropists and politicians from both parties, and Trump's tapping of DeVos has placed the movement in a complex situation. Despite the policy ignorance displayed in her confirmation hearing, she's an ally, and one whose influence on the 2018 Trump administration budget is already evident: Amid huge cuts to overall education spending, there's a \$517 million increase in funding for charters and private-school vouchers and an additional \$1 billion worth of grants set aside for local districts willing to implement "open enrollment" programs (allowing students to attend any area public schools, charters included, and take allotted state and federal funds with them). Eighteen Republican governors sent the Senate's education committee a letter in strong support of DeVos and what they called her promise to "streamline the federal education bureaucracy" and "return authority back to state and local school boards."

But even many charter proponents are troubled by the Michigan model that DeVos had such a crucial role in creating. In a column in *Education Week* published in March, Greg Richmond, the president of the National Association of Charter School Authorizers, corrected "friends and neighbors" who assumed he must be happy about the new education secretary, explaining that he rejected a "free-market approach to charter schooling" that "embraces the principles of choice and autonomy while gutting accountability" and insisting that "true supporters of charter schools will not abide by this co-optation of what it means to be a charter school." With DeVos and her ideas ascendant in Washington, Michigan has become a symbol — and, for some, a cautionary tale — of a movement gone astray.

Before Carver Academy could move ahead on the loan refinancing, the school had to obtain permission from its "authorizer," Bay Mills Community College. Perhaps the most startling feature of Michigan's system is its lack of centralized oversight. In most of the country, state governments play some role in determining who can open charter schools and monitor their progress. But Engler ceded nearly all control to dozens of groups throughout Michigan — universities and community

colleges, as well as existing public-school districts — granting them the power to approve the charters of would-be schools and act as sole oversight bodies. A result has been an inconsistently regulated glut of schools, all fighting over the same pool of students and money, a situation that the authorizers, which receive up to 3 percent of their schools' per-pupil funding, have little incentive to rein in.

There are no geographical rules governing authorizers and their schools, and inconveniently for Sylvia Brown, the campus of B.M.C.C. is 338 miles north of Highland Park, on the shore of Lake Superior. Her appearance in February before the Board of Regents involved a flight to Marquette and a morning drive through a white-out blizzard. More stressful than her journey, though, was the unwelcome news that Carver's low ranking on the Top-to-Bottom List had prompted Oak Ridge Financial to temporarily rescind the refinancing offer. The bank ultimately reconsidered, but it hadn't left Brown and her team much time to prepare for the presentation.

B.M.C.C. is owned and operated by the Bay Mills Indian Community, an Ojibwa tribe with over 2,000 members and 5.5 square miles of reservation land. For years, Indians living on the reservation attended public school in the nearby town of Brimley, but they had a high dropout rate and often felt discriminated against. Bryan Newland, a board member and tribal judge who graduated from Brimley High School in 1999, told me: "I remember in world-history class — this is a very vivid memory — our textbook was divided up into units, and we skipped over 'The Americas Before 1492.' And I raised my hand and asked the teacher, 'Why are we not studying this unit?' And the teacher said, 'We're only studying the things that matter to world history.'" In 2003, the tribe started its own K-8 charter, which would offer classes devoted to Ojibwa language and culture. In addition to serving as authorizer for the tribal school, Bay Mills Community College began authorizing other schools around the state. Today, with 42 schools in locations as far-flung as Flint, Benton Harbor and Detroit, B.M.C.C. is the third-largest charter authorizer in Michigan.

The board meeting took place in a gray-carpeted classroom with a portrait of Chief Pontiac hanging on the wall. Brown looked anxious as she stood before the 12 board members, seated behind long tables, and talked about the importance of Carver to the children of Highland Park. "We provide breakfast, lunch and dinner for

our students,” Brown said. “When we’re not in session, we’re often sending them to a worse environment.” The refinancing would lower monthly debt payments, she noted, freeing up an extra \$63,000 a year to spend on the kids.

The B.M.C.C. president, Mickey Parish, nodded sympathetically as Brown spoke. A jowly, avuncular presence, Parish was the first member of the tribe, 37 years earlier, to earn a law degree. He told Brown the charter office would have to look over the school’s test scores and financials before making a decision. He also asked about Carver’s maximum occupancy. Brown said 650. The school currently had about 550 students, but the other K-8 in Highland Park had only one year left in its contract, and if the school closed, enrollment at Carver would likely increase. “Highland Parkers are loyal,” Brown said. “They’ll come to us.”

At Michigan’s current funding level, roughly \$7,600 per pupil, 100 extra students would translate to \$763,000. An authorizer’s 3 percent cut of its schools’ per-pupil state funding can add up to millions of dollars, if it approves large schools, and enough of them. Keeping the schools open, even if they’re low-performing, can become a temptation, Miron told me. He found authorizers rarely closed schools in Michigan — typically, only if the school had “been shamed by the media.”

At the B.M.C.C. board meeting, two other struggling downstate charters were unanimously reauthorized. The first, the Academy of Warren, sits on a grim stretch of 8 Mile Road, in a largely abandoned strip mall. The school occupies a row of run-down, contiguous storefronts. Little effort has been made to brighten up the exterior of the buildings or landscape the oceanic, mostly empty parking lot. I found it difficult to picture an environment more aesthetically at odds, at least externally, with its supposed goal of nurturing children.

And yet for years now, Detroit parents have been fleeing across 8 Mile to suburbs like Warren, in order to get their children out of the free-falling Detroit public-schools district. Michigan already had an open enrollment program that allowed schools with empty seats to accept students from other districts. It’s no small oddity that formerly lily-white suburbs built on racist housing policies — as recently as the 1990 census, Warren was 96 percent white — now had schools openly courting black children from Detroit, because, like all school districts, they

desperately needed those per-pupil dollars. (Much national focus has been placed on Detroit's declining population, but the state's overall population drop has also been reflected in suburbs like Warren, hence the pupil shortage.)

The Academy of Warren was operated by a large, for-profit E.M.O. called CS Partners. Of the Academy's 646 students, 99 percent qualified for free or reduced breakfast and lunch; it had fallen into the bottom fifth percentile in 2014-15, but notched back up to the bottom sixth percentile last year. Parish, whose face had a resting look of concern, as if he'd just received bad news via whisper, acknowledged the school "has had a few difficulties." Still, he recommended that the board renew the charter for another four years. The charter-office staff "thought four years would give us a chance to review them in the near future and make sure they move forward," Parish explained. Reading from the charter office's report, he noted the school "had an end-of-year balance of over a million dollars, so from a financial standpoint, very stable. They own their facility."

The next charter, a K-7 called the Mildred C. Wells Academy, was located in Benton Harbor, a poor, predominantly African-American city in the southwestern corner of the state, about a seven-hour drive from Bay Mills. Parish offered a blunter assessment this time. The school's facilities, a pair of modular buildings, were "very poor," and the same went for student test scores, though Parish stressed the context: "The level of learning is comparable to that of the local public-school system, which is dismal. So ours is dismal." B.M.C.C.'s curriculum specialist, Kathy Tassier, pointed to selective testing gains, and suggested that the students had been motivated to "really take ownership for that growth" after learning of another local charter's slated closure. Tassier meant the remark as a compliment. But inadvertently or not, she'd applied the language of market capitalism, of increasing productivity via brutal Darwinist competition, to a group of K-7 students. They could have been assembly-line workers being warned that the factory would close if the Chinese kept eating their lunch. The board voted to renew the charter for another four years — again, unanimously, and with minimal debate.

After the meeting, when I spoke with Parish alone, he acknowledged that the 3 percent fee, beyond covering charter-office expenses, "does provide a little bit of extra money to help our college activities." But he said that he had no interest in

expanding the charter office to maximize profit and that he thought there were too many charter schools in Detroit.

When I later spoke to Newland, pointing out the cultural and geographical chasm between B.M.C.C. and the downstate, urban neighborhoods so many of their charters served, he shot back that Indians knew poverty as well anyone. “It’s a different stage for the same play,” he told me. “I think we understand it very well.” Were he “designing an education system from scratch,” Newland continued, he’d make funding levels the same for every district and pay teachers “like the white-collar professionals that they are.” But he wasn’t, so he supported charter schools. Unlike Parish, Newland was willing to discuss DeVos. “I learned at a relatively young age not to ascribe malice to people as a motivation,” he said. “I think when she says, ‘I care about having our kids learn,’ I believe that.” But, Newland went on: “She didn’t go to public school. Her kids didn’t go. My guess is she doesn’t hang out with a lot of people who know what it’s like going to a school with 50 percent people of color. And I haven’t seen evidence that she’s taken the time to learn.”

When Brown took over at Carver Academy, one of the many problems she inherited was enormous real estate debt. The problem is not uncommon: Michigan does not mandate that its charter schools buy or lease property at fair-market prices, resulting — predictably — in wildly inflated real estate spending. In Carver’s case, the situation was especially frustrating because the debt was a legacy from yet another for-profit entity. Though the school was founded in 1999 by Birdlene Esselman, a beloved local educator (she was Brown’s elementary-school principal), it contracted with a for-profit E.M.O. called Mosaica Education. After only a year of operation, Carver, still run by Mosaica, signed a mortgage agreement to buy and upgrade the school property for \$7.1 million — the loan Brown found herself facing down 17 years later.

When she began talks with Scott VanderWerp, who runs the public-finance group at Oak Ridge Financial, Brown mainly hoped to lower the school’s annual interest payments. But VanderWerp told her to write up a wish list of capital improvements. After he performed a refinancing analysis on Carver’s outstanding debt, he told her he could deliver nearly \$900,000 in savings over the remaining 13 years of the 30-year loan. A team of educators and financial auditors contracted by

Oak Ridge made a two-day visit to the school and, in Brown's words, "attacked the building," observing classrooms and interviewing everyone: teachers, administrators, security guards. Three weeks later they returned and did it again, analyzing strengths and weaknesses to determine, Brown said, "if we are an investment that is going to make it or not."

Before joining Oak Ridge in 2015, VanderWerp spent nearly three decades in the bond market, often trading riskier, high-yield credits, and became an expert in municipal debt. "Our basic function is to find funding solutions for public and charter schools, private schools, small community hospitals, not-for-profit senior living facilities," VanderWerp told me. In the 2015-16 fiscal year, he said, Oak Ridge was the No. 1 issuer, by total schools, of charter-school debt in Michigan.

Carver's debt made no sense to VanderWerp: \$6.5 million of debt on a building that's surrounded by public-housing complexes, in a place where 49 percent of people live under the poverty rate. "The crime rates are high, there are vacant buildings everywhere," VanderWerp said. "I think you'd readily agree that that building and land isn't worth \$5- or \$6 million. Quite candidly, it's probably worth \$500,000 or \$600,000." He said charters often entered bad deals because authorizers and school boards, which must approve loans, lacked a basic understanding of bond finance. "The vast majority of Michigan authorizers don't have anybody in-house who understands bond financing or researches it, even to the point of becoming a novice," he said. "And in my experience, they rarely say no." (Carver's authorizer was Central Michigan University at the time of the building purchase.)

At the same time, banks and hedge funds, Miron told me, profit greatly from the charter sector, thanks to large tax breaks dating back to the Clinton presidency that benefit investors in schools located in struggling "renewal communities." And with so many eager lenders and bond underwriters lined up, E.M.O.s realized they, in turn, could make money from one of the largest expenses charter schools face. "A bunch of them thought, Wow, I can start a real estate division!" VanderWerp said. "We've run into this all over the place": E.M.O.s buy buildings "for a couple hundred thousand bucks, lease them to the school for a couple of years and then sell them" to the school "for a few million." In Michigan, 80 percent of charters are currently

operated by for-profit E.M.O.s. The state's largest E.M.O., the Grand Rapids-based National Heritage Academies, operates 84 charters in nine states and has been criticized for charging wildly above-market annual rents to its schools: A Detroit Free Press investigation found that 14 National Heritage schools in Michigan pay the company \$1 million or more.

VanderWerp is pro-charter school: "I love to see people compete to teach kids and shake up the norm," he says. But he finds the Michigan model deeply flawed. In Minnesota, he points out, a school must wait five years before purchasing a building, in order to demonstrate a proven track record. Michigan has no such rule, which was why Carver was able to purchase its building after a single year of operation. According to a 2015 study, Michigan was the state leader in charter-school bond defaults, responsible for more than a third of the nationwide total. In his own practice, VanderWerp makes sure the buildings being financed have intrinsic value, so they can be converted into offices or apartments if the charter school fails. "It's a real estate investment," he says, not "an investment in a business that has to stay afloat to pay a real estate loan."

For years, the ultimate proof-of-concept for charter-school advocates in Michigan has been Detroit. Sprawling, billions of dollars in debt, four emergency managers in eight years, some of the worst academic markers in the country: The sheer scale of the school district's problems has made Detroit an irresistible lure for reformers and profiteers alike. Last year, before her Department of Education nomination, Betsy Devos wrote an op-ed in *The Detroit News* calling for the wholesale dissolution of Detroit's public-school district in order to "liberate all students." But more than half of Detroit students already attend charter schools, and studies have found these schools, on average, to be either as poorly performing or only marginally better than the public schools long called a national disgrace. The Detroit charter Hamilton Academy is one school cited in a class-action lawsuit claiming a "persistent, systemic and deliberate failure" by the state of Michigan to provide Detroit schoolchildren "their constitutionally guaranteed fundamental right of access to literacy." According to the lawsuit, when a math teacher at Hamilton abruptly quit, the highest-performing eighth-grade math student taught seventh- and eighth-grade math for a month; the lawsuit also asserts that during the first week of the 2016-17 school year "temperatures of over 100 degrees caused students

and teachers to vomit and pass out.” (A spokesman at Hamilton Academy denied both allegations and said the school had never been contacted by anyone associated with the lawsuit.)

For many students in Detroit, this unruly new education sector has made the vaunted ideal of “choice” a question of least-bad options. One afternoon, I had coffee with Aleka Simmons, a senior at the Jalen Rose Leadership Academy, a Detroit charter school, and her mother, Caprice. Aleka had attended another charter, the University Yes Academy, since middle school. Her freshman year, she told me, U.Y.A. expanded to include kindergarten through sixth grade, but the building wasn’t big enough to house all of the students. The school buses became so crowded, six kids would squeeze onto a seat. (Aleka posted photos online, and it became a local news story.) For part of her junior year, all 11th-grade classes were held off-campus, in the basement of Detroit’s African-American history museum, “one big room with wall dividers,” she said. The school explained the move as a “multicultural experience,” Caprice said, but she was convinced “it was really just a space issue.” And then the academy’s high school abruptly closed in August 2016, less than a month before the start of Aleka’s senior year. She and her classmates all had to scramble to find new schools. Aleka had made a couple of friends at Jalen Rose, but at U.Y.A., she said, “I had three best friends — we all had 4.0 G.P.A.s, and we were always together — and we all wound up at different schools. We thought we’d be going to prom together, but now we have a hard time even seeing each other.”

Since 2002, K-12 student enrollment has dropped by 214,000 in Michigan, but the number of charter schools has doubled. In 2011, state lawmakers abolished the longstanding charter-school cap, a project DeVos’s Great Lakes Education Project strongly backed. So many new schools have opened in Detroit that there are an estimated 30,000 empty seats in the district.

Last year, State Senator Goeff Hansen, a Republican from the tiny city of Hart, tried to rein things in. Setting his sights on Detroit, Hansen sponsored a bipartisan bill that would have increased oversight of charters in the city, creating a seven-member Detroit Education Commission with mayoral appointees and a mandate to determine where new charter schools could open and whether existing schools would expand or be closed. The bill passed the Senate with the support of Gov. Rick

Snyder, a Republican, and Detroit's Democratic mayor, Mike Duggan, but it was derailed in the 11th hour by Republicans in the State Legislature — thanks, in large part, to the lobbying efforts of the DeVos family, which, The Detroit Free Press reports, showered the state Republican Party with “near-unprecedented amounts of money” during the campaign cycle. Hansen, in a teary speech on the Senate floor, denounced the gutted version of the bill that eventually passed. “This was a just and honest cause,” he said, adding, “Why should Detroit children accept less than what other children across the state are willing to accept?”

Throughout Michigan, though, the experiment goes on. The latest trend, virtual charter schools, could prove particularly lucrative for operators, who receive the same per-pupil funding as physical schools, but operate entirely online. The Michigan Virtual Charter Academy in Grand Rapids, the largest such school in the state, has over 2,800 students and is operated by a for-profit charter operator based in Virginia called K12 Inc. In a 2013 presentation, the hedge-fund operator and staunch charter proponent Whitney Tilson blasted K12's “dismal academic results” and “sky-high dropout rates” (in some cases more than 50 percent annually), and described the publicly traded company as his “largest short position.” In 2010-11, only 27 percent of K12 schools met national Adequate Yearly Progress measures, versus roughly 52 percent of public schools overall. (Senator Chris Murphy of Connecticut pointed out during DeVos's confirmation hearing that her family had invested in K12.) But after only three years of a pilot program in which the results were, in Miron's words, “just terrible across the board,” the Michigan Legislature voted to gradually lift the cap on virtual charter schools.

“These are the most vulnerable students we have,” Miron said, referring to the students of Detroit. “Why do we experiment on them? If this is such a good idea, why aren't we doing it in West Bloomfield? There has been more than a decade of experimenting on these kids, and we've seen nothing that works.”

One morning while visiting the Carver Academy, I took a seat in the back of Marion Aretha Borden-Davis's first-grade class. The room had bright, cheery décor: a portrait of Barack Obama, a library tucked into a corner, a colorful row of student backpacks dangling from pegs.

Kids sat at desk-clusters of four, wearing neat uniforms (powder blue shirts, navy blue pants or dresses) and appearing alert and engaged. Though the covers of their textbooks featured the hands of a dozen or so children stacked together in a multiracial huddle, all 17 of the girls and boys in Borden-Davis's classroom were black. Today's lesson centered on the conceptual distinction between "wants" and "needs."

Pacing at the front of the room, Borden-Davis began, "We know that 'needs' are things we need in order to ... what?"

"Live!" the first graders shouted.

"Good," Borden-Davis said. "Who can name a need for me? Julian?"

"Water?" Julian offered.

"Water is a need," Borden-Davis said. "Maleah?"

"Air!" Maleah cried.

"Good. Who can name another need?"

"TV?" another boy asked.

"No, you don't need TV in order to live," Borden-Davis said.

"That's a want," someone else chided.

Borden-Davis shot the know-it-all a look. Then she elicited a few other suggestions — "shelter," "food," "clothes" — before shifting the discussion to wants.

"I'd like a cat," one girl said.

"O.K., give me another want."

The children cried out: "A toy!" "A doll!" "Cookies!"

Nobody said "school." But it's an intriguing question: How would you classify free, high-quality primary and secondary education to a roomful of first graders?

Want or need?

When I went back to the superintendent's office, Brown was stewing about the all-important state M-STEP exam, only 27 school days away, the results of which would determine Carver's placement on the following year's Top-to-Bottom List. And then, right after the M-STEP, came the Measures of Academic Progress test administered three times a year to gauge whether students were improving throughout the course of a school year. "There's no way around it, these kids are getting double-tested," Brown said. "We're spending every minute on instruction."

She sighed. Bay Mills had approved the refinancing plan, and Oak Ridge Financial's board was scheduled to finalize its decision shortly. Another disastrous set of M-STEP scores wouldn't necessarily mean the end for Carver, but it would most likely mark the beginning of a death spiral, as parents and teachers, not to mention financial partners like Oak Ridge, picked up on a gathering sense of failure. Brown believed her reforms were already working, but she also understood that they wouldn't necessarily carry over into a single standardized testing day.

After college, Brown spent eight years as the director of a Detroit welfare-to-work program. Most of her clients had never received a high school diploma. "And then I realized, I'm on the wrong end of this," Brown said. She went back to school for a master's in education and began working at a charter school in Oak Park, a Detroit suburb. She had no real opinion of charters at the time, aside from having heard that they paid less. She planned to move to a public school after gaining a couple of years of experience.

But soon, Brown had been won over. Charters, she told me, had less bureaucracy, more freedom to experiment. At Carver, Brown had started an intervention program for at-risk students, brought a reading specialist on board, reinstated art classes. She readily acknowledged the problems with for-profit E.M.O.s. The glut of schools in Michigan had also contributed to a teacher shortage, Brown said, making lower-salaried, nonunionized charter school jobs a tougher sell. Just a week before the start of the school year, one of Brown's science teachers quit unexpectedly, and she'd been unable to find a replacement. When I visited, the classes were still being taught by a substitute, an engineer with little teaching

experience, so Brown had also contracted with a private company called High Touch High Tech to provide hands-on science lessons.

Brown told me she believed that there should be a cap on the number of charters in Michigan, that the unlimited growth had “created a war, an enrollment war, over the last 10 years” and that it had been destructive. “We’re just trading kids,” she said. When I asked Brown her thoughts on DeVos, she said the secretary’s confirmation hearings had raised concerns about her level of understanding. Nonetheless, she appreciated DeVos’s support of charters and hoped she would push for increased funding. Brown’s own children attended public school in West Bloomfield, the affluent Detroit suburb where she and her husband had settled. (Her husband, also an educator, taught at a well-funded public school in Ann Arbor.) At her daughter’s orientation, Brown met teachers who had been at the school for 20 years. She said she’d love to have the financial ability to retain teachers like that.

On my last visit to Carver, though, Brown said the school board had voted, just the night before, to hold off on refinancing the loan. The board’s lawyer had looked at the terms being offered by Oak Ridge Financial and hadn’t liked the fine print, and Oak Ridge’s people “weren’t happy we were asking questions,” Brown said. (Oak Ridge says that the school wasn’t willing to meet the terms set by the team of experts.) She shrugged. “So we’re going to shop around.”

In the meantime, she would gut her budget, cutting popular but unnecessary expenses, like field trips and sports uniforms, in order to cover the repairs, pay for new computers, hire social workers and reading and math specialists. It wasn’t easy, but the school was moving forward, Brown told me a few months later. The roof couldn’t wait.

Correction: September 7, 2017

An earlier version of this article misstated part of the name of an organization. It is the Education Policy Center, not the Education Policy Institute.

Correction: September 11, 2017

A picture of Detroit’s Ronald Brown Academy was posted in error with this article. The photograph has been removed because the academy is not a charter school.

Correction: September 24, 2017

An article on Sept. 10 about Michigan charter schools misstated part of the name of an organization that examined the financial effects of school choice on Michigan school districts. It is the Education Policy Center, not the Education Policy Institute. Mark Binelli is a contributing writer for the magazine and the author of “Detroit City Is the Place to Be.” He last wrote for the magazine about a cross-border shooting in Nogales, Mexico.

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